MAYOR OF LONDON

Agenda

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

Meeting: Board

Date: Wednesday 27 July 2022

Time: 10:00am

Place: Conference Rooms 1 and 2, Ground Floor, Palestra, 197 Blackfriars Road, London, SE1 8NJ

Members

Sadiq Khan (Chair)
Seb Dance (Deputy Chair)
Heidi Alexander
Julian Bell
Kay Carberry CBE
Prof Greg Clark CBE
Anurag Gupta
Bronwen Handyside
Anne McMeel
Dr Mee Ling Ng OBE
Dr Nelson Ogunshakin OBE
Mark Phillips
Marie Pye
Dr Nina Skorupska CBE
Dr Lynn Sloman MBE
Ben Story
Peter Strachan

Government Special Representatives

Andrew Gilligan
Becky Wood

Copies of the papers and any attachments are available on tfl.gov.uk How We Are Governed.

This meeting will be open to the public, except for where exempt information is being discussed as noted on the agenda. There is access for disabled people and induction loops are available. A guide for the press and public on attending and reporting meetings of local government bodies, including the use of film, photography, social media and other means is available on www.london.gov.uk/sites/default/files/Openness-in-Meetings.pdf.

Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: Shamus Kenny, Head of Secretariat Email: ShamusKenny@tfl.gov.uk.

For media enquiries please contact the TfL Press Office; telephone: 0343 222 4141; email: PressOffice@tfl.gov.uk

Howard Carter, General Counsel
Tuesday 19 July 2022

Agenda
Board
Wednesday 27 July 2022

1 Apologies for Absence and Chair's Announcements

2 Declarations of Interests

General Counsel

Members are reminded that any interests in a matter under discussion must be declared at the start of the meeting, or at the commencement of the item of business.

Members must not take part in any discussion or decision on such a matter and, depending on the nature of the interest, may be asked to leave the room during the discussion.

3 Minutes of the Meeting of the Board held on 8 June 2022
(Pages 1 - 16)

General Counsel

The Board is asked to approve the minutes of the meeting of the Board held on 8 June 2022 and authorise the Chair to sign them.

4 Matters Arising, Actions List and Use of Delegated Authority
(Pages 17 - 24)

General Counsel

The Board is asked to note the updated actions list and the use of authority delegated by the Board.

5 Commissioner's Report (Pages 25 - 50)

Commissioner

The Board is asked to note the Commissioner's Report, which provides an overview of major issues and developments since the report to the previous meeting and updates Members on significant projects and initiatives.

6 Elizabeth Line Operations and Further Opening Stages
(Pages 51 - 52)

Commissioner and Chief Operations Officer

The Board is asked to note the paper.

7 TfL Annual Report and Statement of Accounts for the Year Ended 31 March 2022 (Pages 53 - 274)

Chief Customer and Strategy Officer and Chief Finance Officer

The Board is asked to approve the Annual Report for the year ended 31 March 2022 and its publication; to consider the Statement of Accounts for the year ended 31 March 2022 and to delegate its approval to the Audit and Assurance Committee; and to approve the provision of an ongoing parent company guarantee by Transport Trading Limited to a majority of TfL's subsidiary companies.

8 Safety, Health and Environment Annual Report 2021/22
(Pages 275 - 330)

Commissioner and Chief Safety, Health and Environment Officer

The Board is asked to note the Safety, Health and Environment Annual Report 2021/22.

9 Finance Report Quarter 1 Results and Forecast 2022/23 - To Follow

Chief Finance Officer

The Board is asked to note the Finance Report.

10 Slavery and Human Trafficking Statement (Pages 331 - 344)

Chief Capital Officer

The Board is asked to approve the draft Slavery and Human Trafficking Statement, as recommended by the Safety, Sustainability and Human Resources Panel.

11 Report of the meeting of the Finance Committee held on 22 June 2022 (Pages 345 - 350)

Committee Chair, Anne McMeel

The Board is asked to note the report.

12 Report of the meeting of the Safety, Sustainability and Human Resources Panel held on 29 June 2022 (Pages 351 - 354)

Panel Chair, Dr Lynn Sloman MBE

The Board is asked to note the report.

13 Report of the meeting of the Land and Property Committee held on 30 June 2022 (Pages 355 - 358)

Committee Chair, Professor Greg Clark CBE

The Board is asked to note the report.

14 Report of the meeting of the Remuneration Committee held on 6 July 2022 (Pages 359 - 362)

Committee Chair, Kay Carberry CBE

The Board is asked to note the report.

15 Report of the meeting of the Customer Service and Operational Performance Panel held on 13 July 2022 (Pages 363 - 366)

Panel Chair, Mee Ling Ng OBE

The Board is asked to note the report.

16 Report of the meeting of the Elizabeth Line Committee held on 14 July 2022 (Pages 367 - 370)

Committee Chair, Heidi Alexander

The Board is asked to note the report.

17 Report of the meeting of the Programmes and Investment Committee held on 20 July 2022 (Pages 371 - 374)

Committee Chair, Ben Story

The Board is asked to note the report.

18 Any Other Business the Chair Considers Urgent

The Chair will state the reason for urgency of any item taken.

19 Date of Next Meeting

Wednesday 12 October 2022 at 10:00am.

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Transport for London

Minutes of the Meeting

Chamber, City Hall, Kamal Chunchie Way, London, E16 1ZE
10.00am, Wednesday 8 June 2022

Members
Sadiq Khan (Chair)
Seb Dance (Deputy Chair)
Julian Bell
Kay Carberry CBE (via Teams)
Professor Greg Clark CBE
Anurag Gupta
Bronwen Handyside
Anne McMeel
Dr Mee Ling Ng OBE
Dr Nelson Ogunshakin OBE
Mark Phillips
Marie Pye
Dr Nina Skorupska CBE
Dr Lynn Sloman MBE
Ben Story
Peter Strachan

Government Special Representative
Becky Wood

Executive Committee

Andy Byford	Commissioner
Howard Carter	General Counsel
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Stuart Harvey	Chief Capital Officer (via Teams)
Andy Lord	Chief Operating Officer
Gareth Powell	Chief Customer and Strategy Officer
Tricia Wright	Chief People Officer

Staff

Sarah Gasson	Chief of Staff, Commissioner
Jackie Gavigan	Secretariat Manager
Joanna Hawkes	Director of Corporate Finance
Shamus Kenny	Head of Secretariat
Stuart Reid	Head of Insights and Direction (for Lilli Matson, Chief Safety, Health and Environment Officer) (via Teams)
Alex Williams	Director of City Planning

33/06/22 Apologies for Absence and Chair's Announcements

The Chair welcomed everyone to the meeting, which was being broadcast live on the Greater London Authority website and on YouTube to ensure the public and press could observe the proceedings and decision-making.

An apology for absence had been received from Heidi Alexander. Apologies for lateness had been received from Professor Greg Clark CBE and Ben Story.

The Chair thanked Heidi Alexander for agreeing to remain a Member of the Board and as the Chair of the Elizabeth Line Committee, as she had previously considered stepping down once the Elizabeth line went into operational service.

He reported that Julian Bell had stood down as a Councillor for the London Borough of Ealing but would continue to represent London Councils on the Board until his term of office expired in September 2022. The Chair was liaising with London Councils on its nomination for a successor.

May 2022 had been a very busy month for TfL, with three major changes that would boost the economy and support London's recovery.

The most significant change was the successful launch of the Elizabeth line on 24 May 2022, with the opening of the central tunnel section and the rebranding of the services to the east and west. The Chair was proud to join Her Majesty the Queen, the Earl of Wessex, the Prime Minister and the Secretary of State for Transport on 17 May to mark the opening of the line and hundreds of thousands of passengers on 24 May when the Elizabeth line opened to the public. The opening of the Elizabeth line was a landmark moment in the history of TfL's public transport system and a gamechanger for Londoners and visitors to the capital, providing new journey options. Not only would the Elizabeth line help TfL build a better and greener London for everyone, but it would also help ensure that TfL played its part in powering the national recovery from the coronavirus pandemic. A more detailed update was provided elsewhere on the agenda. The Chair thanked everyone involved in getting the line built and launched.

On 16 May 2022, the Bank branch of the Northern line reopened following a blockade required to support a major part of the Bank station capacity upgrade programme. Customers were now using the new spacious southbound platform and new customer concourse. The entire upgrade programme would be completed later in 2022, delivering step-free access to the Northern line, a new station entrance and new, easier and more direct interchanges.

On 21 May 2022, Night Tube services resumed on the Jubilee line, following the earlier return of services on the Central and Victoria lines and some Night Overground services. Night Tube services on the Northern and Piccadilly lines would return later in the year. These services boosted the night-time economy, assisted night workers, made journey times shorter and offered safer routes home for all customers.

With the Elizabeth line now in service, the Crossrail project was moving into its substantial completion phase and, consequently, Mark Wild and other senior Crossrail staff left the project at the end of May 2022. Mark Wild joined TfL in 2016 as the Managing Director of London Underground and stepped in to rebuild and lead the Crossrail programme in November 2018. On behalf of the Board, the Chair expressed his gratitude for Mark's time and commitment to delivering the line into operation and wished him every success for the future. He also thanked Hannah Quince for her contribution as Chief of Staff from September 2019.

On behalf of the Board, the Chair also thanked Alex Batey, the Director of Investment Delivery Planning, who would leave TfL at the end of July 2022 to take up a role at HS2.

Alex started at TfL almost 20 years ago on the civil engineering graduate scheme and had made a tangible and lasting contribution to shaping the future of TfL. The loss of another talented individual highlighted the need to secure certainty on TfL's future funding and address pay disparities, which had seen TfL fall behind other major transport and infrastructure providers.

The Chair reminded those present that safety was paramount at TfL and encouraged Members to raise any safety issues during discussions on a relevant item or with TfL staff after the meeting.

34/06/22 Declarations of Interests

All Members confirmed that their declarations of interests, as published on tfl.gov.uk, were up to date and there were no additional interests that related specifically to items on the agenda.

Since the last meeting of the Board, there had been three changes to declarations made by Members:

(a) Julian Bell had established a management consultancy company and was no longer a strategic advisor for BECG (Built Environment Communications Group). He had also stood down as a Councillor for the London Borough of Ealing, from his role as a member of the association of Labour Councillors and from London Councils' Transport and Environment Committee;
(b) Professor Greg Clark CBE had stepped down from his role at HSBC Group on 26 May 2022; and
(c) Ben Story had started a new role as Chief Operating Officer of Sustainable Development Capital LLP at the start of May 2022.

35/06/22 Minutes of the Meeting of the Board held on 23 March 2022

The minutes of the meeting of the Board held on 23 March 2022 were approved as a correct record and the Chair was authorised to sign them, subject to the following amendments that:

(a) the Minute attendance for Peter Strachan be corrected to read 'up to Minute 21/03/22' in the list of Members' attendance on page 1; and
(b) the spelling of Gareth Powell's name be corrected in paragraphs 16 and 19 in Minute 20/03/22.

36/06/22 Matters Arising, Actions List and Use of Delegated Authority

Howard Carter introduced the paper. Since the last meeting, there had been no use of Chair's Action by the Chair, nor any use of specific authority delegated by the Board to Committees, nor any new Mayoral Directions to TfL.

Members noted the progress against the actions from previous meetings, as set out in Appendix 1 to the paper, most of which were completed.

The Board noted the paper.

37/06/22 Commissioner's Report

Andy Byford introduced the report, which provided a review of the major issues and developments since the last meeting, and updated Members on significant projects and initiatives.

The key issues arising from the overview and discussion are summarised below:

1 It had been an incredible month for the Crossrail project. On 17 May 2022, Her Majesty the Queen and His Royal Highness the Earl of Wessex visited Paddington station in advance of the start of revenue services. They were joined by the Prime Minister, Mayor and Secretary of State for Transport for the unveiling of a plaque to celebrate the completion of the line named in Her Majesty's honour, which will be on permanent display at Paddington station.

2 Ahead of the official opening of the Elizabeth line, the Commissioner was joined by more than 250 colleagues, stakeholders and key figures who had been instrumental in the delivery of the Elizabeth line for an event at Canary Wharf Elizabeth line station on 23 May 2022. In addition to this, iconic locations around the capital turned purple in celebration of the occasion, including Tower Bridge, the London Eye, City Hall and the Gherkin. The launch was also celebrated with the help of local school children who created and displayed decorations and artwork for nine new stations on the Elizabeth line.

3 The line opened for revenue service on 24 May 2022, with customers welcomed by the Mayor, Mark Wild, Howard Smith, Andy Lord and the Commissioner on the first trains from Paddington and Abbey Wood. The successful launch of the Elizabeth Line was the proudest moment of the Commissioner's career. He had said that it would open in the first half of 2022 and had met the key challenge to the team of being open in time for the Queen's Platinum Jubilee.

4 He thanked colleagues for the continuous hard work to get the line opened on time for the capital and the benefits of the railway were also being felt throughout the country. As of 7 June 2022, there had been over 2.6 million trips made on the central line of the Elizabeth line since its opening. Over the Jubilee weekend, 1.16 million journeys were made on the whole line, which stretched from Reading and Heathrow in the west to Shenfield and Abbey Wood in the east. Of these, around 625,000 were made using the central section.

5 Focus had already turned to the opening of Bond Street station and the next phase of the programme, which was getting customers in from the east and the west through the central section tunnels in autumn 2022.

6 The Chair thanked the Commissioner for his leadership and achievements, which led to the successful and flawless opening. He also thanked the team for their incredibly hard work in the operation of trial running and ensuring there were no setbacks when the opening launched.

7 The Commissioner confirmed that work was underway to analyse the complex information on abstraction and modal shift to identify the impact of the Elizabeth line on journey patterns and to ensure TfL was meeting customer needs. A report would be brought to the Board in due course.

[Action: Gareth Powell/Shashi Verma]

8 On 16 May 2022, the Commissioner was joined by the Mayor for the reopening of the Bank branch of the Northern line, following a 17-week closure. He thanked Stuart Harvey and his team for their hard work to get the project delivered on time and on budget. These improvements had been welcomed by Londoners and local businesses using the network.

9 TfL was on track to achieve financial sustainability on its operations by April 2023. At that point, it would no longer need Government operational funding support but would need continued support for vital capital investment to avoid the managed decline of London's transport network.

10 A scenario of managed decline would be a disastrous outcome for London and the UK. It would lead to decreasing service levels, worsening reliability, decreasing income and deteriorating assets leading to increasing maintenance costs. This would ultimately fail to support long-term financial sustainability, as well as failing to meet Mayoral and Government policy objectives, placing jobs around the UK at risk and putting London at a disadvantage against its global competitors. In a managed decline scenario, safety would always remain at the forefront but services would not be at the standards TfL was known for, which was disappointing for its valued customers and staff.

11 The Mayor had already set out a range of proposals that would help support TfL's financial sustainability in the future but it was essential that agreement was reached with Government on longer term capital support during this funding period. This was necessary to protect jobs across the country, ensure London's recovery and deliver for TfL's customers now and for the future. TfL continued to engage with Government officials on the next step of the funding negotiations.

12 Sadly, there had been two cyclist fatalities involving collisions with buses in recent months. The first occurred on Seven Sisters Road at the junction with Stroud Green Road on 16 April 2022and the other at the junction of Lambeth Road and Kennington Road on 2 May 2022.

13 TfL had also tragically lost a trams colleague in a cycling collision on 30 May 2022. Thoughts and condolences from TfL colleagues were extended to their family and friends during this difficult time and TfL continued to offer any support it could.

14 All of these incidents were currently under investigation to help the organisation and police colleagues determine root cause and contributory factors.

15 Now more than ever, TfL needed to agree a longer-term funding agreement with Government to ensure it had the funding required to achieve the Vision Zero ambition of eliminating all death and serious injury on the road network by 2041.

16 The Commissioner apologised to Londoners for the impact of the industrial action on the London Underground network on 6 June 2022. The action was damaging

to London and the economy, especially at a time when public transport played a crucial role in the capital’s recovery. TfL continued to engage with the National Union of Rail, Maritime and Transport Workers (RMT) to find a resolution to the dispute to avoid future disruption.

17 The Commissioner thanked colleagues for their support in keeping the network going as much as possible. Due to their efforts, TfL was able to operate some level of service across 170 of London Underground’s 272 stations and was also able to run services on all lines other than the Victoria and Waterloo & City lines.

18 On 1 June 2022, TfL launched proposals on reshaping the central and inner London bus network. The six-week consultation set out how TfL would ensure the bus network continued to provide Londoners with the service they needed, while responding to Government requirements to make further savings.

19 The Government set a number of conditions before providing emergency funding, including requiring a plan setting out how to achieve significant financial savings and reduce service levels. This plan included proposals for reducing the extent of the bus network by four per cent by 2024/25.

20 TfL had worked to ensure that the bus kilometres removed from the network were in locations that already had a higher provision of buses. The bus routes proposed for changes or withdrawal were already well served by other routes meaning services would more than meet demand and allow passengers to still make the same journeys, with an additional interchange in some instances.

21 Taking this approach reduced the effect on passengers as much as possible and allowed for investment in outer London where there was a clear need for more buses due to higher demand, whilst ensuring a continued reliable network of routes in central and inner London. Passengers could also make use of the ‘Hopper’ fare introduced by the Mayor, meaning no extra costs would be incurred by passengers for changing buses within an hour.

22 While buses remained the most popular form of transport in London, demand on many central and inner London bus routes had reduced. Ridership on some routes had been declining since 2014, and by 2019 passenger levels had fallen by nine per cent as improvements to rail services and walking and cycling infrastructure provided new alternatives, especially in central and inner London.

23 If a sustainable new funding agreement could not be achieved, TfL could be required to reduce bus services by nearly 20 per cent. This was an outcome that it would continue to try and avoid, as a 20 per cent reduction of the bus network would see some Londoners disconnected from communities and places of work, with a disastrous outcome to the economy.

24 On 20 May 2022, TfL launched a consultation on plans to expand the Ultra Low Emission Zone (ULEZ) to cover almost the whole of the capital from 29 August 2023. This was one of many schemes proposed by TfL and the Mayor to help tackle the capital's toxic air crisis, the climate emergency and traffic congestion. This consultation would also be supported by a revision of the Mayor's Transport Strategy.

25 TfL was also asking Londoners to help shape the future of road user charging in the capital, which could include scrapping existing charges such as the Congestion Charge, and replacing them with a single road user charging scheme that used more sophisticated technology to make it as simple and fair as possible for Londoners.

26 The tough emission standards had already been hugely successful in central London, helping reduce lethal nitrogen dioxide at the roadside by around half. In outer London, more than four out of five vehicles were already compliant with the ULEZ standards, representing great progress towards TfL's goal of cleaner air for the capital. The organisation also continued to ensure that its own bus fleets reduced harmful emissions, with more than 800 zero emission tailpipe buses, making it the largest green fleet in western Europe.

27 The Commissioner thanked the Mayor for sharing his concerns over loss of key personnel that had come about during this period of ongoing financial uncertainty. Another departure, albeit always planned, was that of Mark Wild, Chief Executive Officer for Crossrail, who was stepping down following the successful transfer of the Elizabeth line to TfL. The Commissioner thanked Mark for his incredible hard work and support during his time on the Crossrail project. Andy Lord, Chief Operating Officer, and Howard Smith, Director of the Elizabeth Line, would now be responsible for the service and the delivery of the next stage of the project.

28 Mark had joined the Crossrail programme on 19 November 2018 to lead the hugely complex project through its final phases, including trial running, trial operations and the opening of the central section following the departure of former chairman Sir Terry Morgan. Previous to joining the team, Mark was Manging Director for London Underground bringing his previous experience as special advisor to the Minister and Secretary of The State Government of Victoria in Australia. The Commissioner wished Mark all the best in his future endeavours.

29 On the sustained loss of talent and qualified people from TfL due to future uncertainties, Tricia Wright confirmed that a deeper dive discussion into the retention and attraction of staff would be carried out at the Safety, Sustainability and Human Resources Panel and that the details would be shared with Members.
[Action: Tricia Wright]

30 It was the first year under the Talent Strategy that the revised performance and readiness model had been used for employees and lessons were being learnt. Information would be included in the pay gap report being taken to the next meeting of the Safety, Sustainability and Human Resources Panel on how the Talent Strategy and succession planning was being used to further reduce the ethnicity and gender pay gaps, including action to increase declaration rates for the disability pay gap. The report would include emerging data and themes on employee readiness to stretch and strengthen in their careers.
[Action: Tricia Wright]

31 Howard Carter confirmed that TfL was proactive in bringing prosecutions wherever it could to tackle fraud on the network, resulting in some good successes. Publicity of the action taken was also an effective deterrent and was often picked up by local newspapers. The Press office would consider whether there was any further action that could be taken to widen circulation and raise public awareness. **[Action: Matt Brown]**

32 Some Members had recently attended a briefing on Cyber Security and noted that TfL faced several threats and vulnerabilities, which was normal for an organisation of its size and particularly in the current climate. Andy Byford confirmed that activity in this area would be highlighted as a specific item in his Commissioner's reports to the Board going forward. **[Action: Andy Byford]**

33 On the coroner's inquest into the tragic fatality that occurred on the Bakerloo platform at Waterloo underground station on 26 May 2020, Andy Lord confirmed that a full investigation was carried out with and lessons learnt. TfL would be participating in the inquest later this year and measures to further improve risk assessment had been introduced, including upgrading the quality of driver CCTV.

34 On the Rotherhithe Tunnel refurbishment, Andy Lord confirmed that, owing to the current funding challenges, the tendering process for the detailed design and build stage had been paused. He would look at the current prioritisation to see if any progress could be made on the project, although it was a significant expenditure. **[Action: Andy Lord/Stuart Harvey]**

The Board noted the Commissioner's Report.

38/06/22 Elizabeth Line Operations and Further Opening Stages

Andy Byford introduced the item, which provided a status update of the Elizabeth line operations and on the readiness for further opening stages of the Elizabeth line railway, including the remaining work on the Crossrail project.

The Elizabeth line opened on 24 May 2022 to an incredible reception from Londoners and transport enthusiasts from around the world. The celebratory response to the opening saw around 260,000 journeys made on the new central section between Paddington and Abbey Wood across its opening day. Across the whole line from Reading and Heathrow in the west to Shenfield and Abbey Wood in the east, more than 460,000 journeys were made.

The Elizabeth line would have a transformational impact on London. The railway had opened up new journey options, was supporting jobs and generating a huge economic boost, not only for London but for the whole country. The increase in central London's rail capacity of 10 per cent was the largest single increase in decades and would support the capital's regeneration and recovery from the pandemic.

Initial reliability of the central section had been good, with 100 per cent of services achieving the reliability standard on the second day of operations. While long term performance would inevitably be slightly lower, the first few days of reliability reflected the additional resources in place to support opening and the work put in by the operations team.

TfL Rail services on the east and west delivered a performance measure of 92.3 per cent during period 13 (6 – 31 March 2022). The overall annual trend ended the year at 94.2 per cent. Going forward, performance of operational service would be reported as the Elizabeth line as all services between Reading and Heathrow to Paddington and Shenfield to Liverpool Street, previously operating as TfL Rail, had been rebranded.

Work continued to allow a series of testing and software updates in preparation for more intensive services. Bond Street's new Elizabeth line station would open to passengers later this year. Following the opening of the central section, direct services from Reading, Heathrow and Shenfield were expected to connect with the central section in autumn 2022 and with full services across the entire route introduced by May 2023.

The works to support this were being progressed with the development of the Delivery Control Schedule, which would provide a baseline to measure performance and outline all remaining works to the final stage of the programme. The start date for full Elizabeth line services was linked to improved reliability growth and successful commissioning of further upgrades to signalling and rolling stock software, which were planned for after the opening of the central section of the railway.

Network Rail station upgrade works on the east continued at Ilford and Romford. Ilford's entry into service was currently forecast for summer 2022, with good progress being made in relation to the ticket hall slab replacement and associated demolition works. Romford station had experienced delays with gaining acceptance of the fire strategy and design, as well as general assurance to enable handover, however all parties were collaborating to achieve the earliest possible opening date.

The Board noted the paper.

39/06/22 Finance Report - Quarter 4, 2021/22

Patrick Doig introduced the report, which set out TfL's financial results to the end of Quarter 4, 2021/22, the year-to-date ending 31 March 2022. It provided a summary of financial performance against the Revised Budget approved by the Board on 28 July 2021 and last year.

The TfL Budget 2022/23, presented to the Board on 23 March 2022, confirmed its path to financial sustainability from April 2023. The 2022/23 financial year would be the last year it required Government revenue support due to the coronavirus pandemic.

The results for the financial year 2021/22 showed that TfL was on track for financial sustainability and that, through its strong management grip, had carefully controlled costs whilst attracting customers back to the network. The combination of rising income and flat costs meant it was on a declining trajectory of Government revenue support which provided the confidence needed to achieve financial sustainability.

However, the organisation faced several significant external headwinds and risks, such as funding uncertainty, low economic growth, rising inflation and the cost-of-living crisis. It was also facing the dire consequences of implementing the current managed decline budget, unless further capital funding could be secured from Government. These risks highlighted the critical importance of securing longer-term funding from Government.

There were 16 days left until the current funding agreement expired, and although TfL had been in regular dialogue with Government, it still had not received substantive detail on the Government's proposal that would enable meaningful discussions to start. TfL was confident it had delivered each and every funding condition and met every information request. It now needed the Government to deliver on its commitment and provide a longer-term capital funding proposal.

The pandemic had a devastating impact on TfL's income. In the financial year 2020/21, passenger income fell to only £1.6bn, down two-thirds from £4.8bn the previous year. The pandemic was the sole reason that TfL needed Government revenue support to continue its operations. It was grateful to Government for the ongoing revenue support provided, now totalling around £5bn. In financial year 2020/21, TfL received £2.4bn in Government grant and borrowed an additional £600m, totalling around £3bn of support to offset the income lost from the pandemic.

The financial results for 2021/22 showed that TfL and London were recovering from the pandemic and the organisation was on the path to financial sustainability with a declining trajectory of Government revenue support. Increasing revenue and careful cost control meant that TfL only received £1.7bn of Government revenue support. Combined with utilising £300m of its cash reserves, TfL required £2bn of pandemic support in 2021/22, down from around £3bn the year before.

This was achieved by drawing customers back onto the network. Journeys were up from 40 per cent of pre-pandemic levels at the start of the year to 68 per cent at the end of the year. Overall, the number of passenger journeys had almost doubled compared to 2020/21. Accordingly, passenger income doubled to over £3.1bn but remained around £1.6bn lower than pre-pandemic levels. However, passenger income was just over £300m down from Budget, largely as a result of a more limited return to the workplace than expected, driven by the ongoing impacts of the Delta variant last summer, as well as the impacts from the two Omicron waves. This shortfall in revenue was offset through the top-up mechanism in the funding agreement with Government.

Other operating income was £42m lower than Budget, driven by lower ULEZ income. The expanded ULEZ zone introduced in October 2021, alongside the tighter Low Emission Zone standards for heavy vehicles introduced in March 2021 across London, were expected to reduce nitrogen oxide emissions from road transport by 30 per cent. However, the positive outcome of higher than expected compliance rates and lower volumes meant revenue had been significantly lower than budgeted. Due to the uncertainty on ULEZ volumes prior to go-live, TfL held a central contingency to cover a potential financial shortfall so the contingency provision was used to offset the shortfall experienced in ULEZ income.

In terms of Government grant, the Revised Budget set out a Government base funding requirement of £1.9bn for 2021/22. TfL received only £1.4bn of base funding during the year so £500m less than needed. To manage within that reduced envelope, TfL maintained tight operating cost control, with like-for-like costs flat for the past five years. In real terms adjusting for inflation, costs were down £700m since 2017/18. Last year, operating costs were £450m lower than Budget, with underlying cost reductions and savings of almost £200m, which contributed to meeting the shortfall in Government funding.

The remainder of the shortfall was offset by constraining capital investment. TfL's capital expenditure was just over £350m lower than Budget. The lack of Government funding, coupled with the short-term and stop-start nature of the agreements, meant TfL was not able to commence new enhancements schemes or proactively manage the renewals portfolio to the Budget figure. Consequently, this created a backlog of work leading to additional resource and cost pressures. The external auditors, EY, had recently written to the Audit and Assurance Committee to highlight the issue that short-term funding was having on TfL's ability to deliver value for money.

These measures meant TfL was able to manage within the reduced Government funding envelope received, whilst maintaining cash reserves above the minimum of £1.2bn. However, this could not be repeated with less funding than requested in the financial year 2022/23, as the latest Budget was already on a managed decline basis. All the uncommitted enhancement schemes had already been removed, capital renewal had been reduced to the bare minimum and TfL had already removed almost all the contingencies and provisions from the Budget.

In the current financial year ahead, TfL remained on the path to financial sustainability and continuing declining trajectory of Government revenue support. The Budget for financial year 2022/23 was based on a total of £1.2bn Government revenue support, with no further borrowing or use of cash. The required pandemic support had decreased from £3bn in 2020/21, to £2bn last year, to £1bn this year and would reduce to zero next year.

Although journeys have been steadily rising, the Budget assumed further growth over the coming year with London Underground forecast to reach 80 per cent of pre-pandemic demand in the autumn and buses up to around 85 per cent. Post-pandemic travel patterns and new behaviours were not clear and, although the Budget was prudent, this remained a risk as further growth may not occur.

This was compounded by macroeconomic uncertainty. Weak economic growth and the cost of living crisis would be a downward pressure on demand. Furthermore, inflationary pressures were increasing on TfL's cost base, making it harder to keep like-for-like costs flat. TfL now had less resilience to manage these risks. During last year due to explicit Government funding conditions, it had run down its cash reserves and was now managing to an average of £1.2bn, rather than this being an absolute minimum. The year end cash position was slightly above £1.2bn, but only due to the timing of payments and receipts over year-end.

All these risks had led to the recent credit rating downgrade by Moody's from A3 to Baa1. Although Standard & Poor's had recently reaffirmed its A+ rating, this was based on the expectation of securing longer-term Government funding.

Securing longer-term Government funding would remove the funding uncertainty risk and would largely remove the risks TfL was facing on demand, by continuing the revenue top-up mechanism. Having a longer term deal would allow TfL to plan effectively and to have the management space to best manage the inflationary pressure on costs. Securing additional capital funding would allow the worst of the managed decline scenario to be avoided.

Patrick Doig confirmed that the annual business planning process had started and a longer-term funding deal would allow TfL to look at key drivers, inflationary and downside scenarios and how to mitigate them, and build them into a return to more strategic planning. He would be engaging with the Board and seeking Members input on the Business Plan in autumn 2022. **[Action: Patrick Doig]**

The Board noted the report.

40/06/22 Delivering the Mayor's Transport Strategy 2021/22 Annual Update

Alex Williams introduced the fifth annual progress report summarising delivery of the Mayor's Transport Strategy (MTS) and the relevant elements of the London Environment

Strategy. A cohesive, strengthened approach to the MTS was required to enable TfL to protect the health of Londoners, to prevent a long-term car-led recovery, and to respond to the climate emergency. TfL continued to successfully work with the Government and London boroughs to improve levels of active travel, reduce road danger, and better public transport to encourage new homes and jobs, but securing stable long-term funding for TfL was key to unlocking the full benefits of the MTS vision.

The overarching aim of the MTS was to reduce Londoners' dependency on cars and to increase the active, efficient and sustainable mode share of trips in London to an ambitious 80 per cent by 2041. Progress toward that target had been impacted by the coronavirus pandemic but there was a steady progress on public transport demand, though still below the pre-pandemic level.

Members commended the Chair on being led by strategy, standing by it and having clear metrics against which progress could be measured. The impact of TfL's financial position was evident on the trajectory toward many ambitious targets and the MTS and available funding would feed into the next business planning round. Members also recognised that many measures required TfL to work in partnership with London Councils and the boroughs and an active programme of engagement took place.

On healthy streets, the introduction of low traffic neighbourhoods, which was accelerated during the pandemic, had generated strong views from different interest groups. Members commended the Mayor and the Councillors that had supported these measures and welcomed the growing body of evidence that showed their positive impact on safety and environmental improvements. Members also welcomed the delivery on cycling infrastructure and the Cycling Action Plan, which was also addressing diversity issues. It was recognised that more work was required in some boroughs, particularly in outer London and engagement was underway with Chief Executives and borough leaders following the recent local elections. TfL was also doing more to promote the evidence for the benefits of increased walking and cycling.

On the environment, there had been big improvements in air quality supported by the Ultra Low Emission Zone. More work was required to address higher standards introduced to tackle Particulate Matters and Nitrous Oxide levels. Carbon emissions had been reduced as people moved to cleaner vehicles though the target to decarbonise by 2030 remained ambitious. Work continued to improve the availability and location of electric vehicle charging infrastructure. TfL was also working on how to better publicise the importance of improving air quality for health and the positive impact of measures introduced to reduce transport pollution. TfL was also working collaboratively with boroughs to ensure they worked on complementary measures and looked at things beyond transport that would also improve air quality.

On a good public transport experience, the introduction of the Bus Action Plan was very important. Substantial progress had been made on step-free access, supported by the Northern line extension and the Elizabeth line but financial support was required to drive this work forward. An update would be provided to the Customer Service and Operational Performance Panel on the progress on step-free access and options to review and revise the target to reduce journey times for journeys that were not step-free.

[Action: Alex Williams]

The recommencement of Night Tube services was welcomed, with more lines to restart later in the year. Work was ongoing to address the industrial action. Work was also continuing to address noise complaints, particularly on the Northern line.

On new homes and jobs, TfL's investment in schemes like the Northern line extension, the Elizabeth line and the Barking Riverside extension to the Overground had a significance impact. TfL had its own ambitious plans to develop housing on its own land and Members emphasised the need to encourage the development of net-zero homes, particularly given the environmental and cost of living benefits and to look at the experience of other major transport organisations across the world that had developed their land. This work would be overseen by the new Land and Property Committee.

The Board noted the paper.

42/06/22 Collective Executive Decision Making

Howard Carter introduced the item, which sought to enable TfL's Chief Officers to make certain decisions collectively and sought approval to amend TfL's Standing Orders to facilitate that and related changes.

The Board noted the paper and authorised the General Counsel to implement the changes to Standing Orders, as described in the paper.

43/06/22 Board Effectiveness Review 2022

Howard Carter introduced the paper, which provided an update on the issues for consideration that arose from the Board Effectiveness Review 2021, reported to the Board on 8 December 2021. Members were also asked to approve the proposed scope of an externally led Board Effectiveness Review for 2022.

Members noted that there had been four new Members appointed to the Board, including a new Deputy Chair, after the fieldwork for the 2021 review had been completed. Members believed that the Board was working effectively and continued to provide support and challenge to the executive.

For the 2022 review, Members suggested that this also consider how the Government Special Representatives and the London Council's representative on the Board had operated.

The Board noted the paper and approved the scope for the externally led Board Effectiveness Review 2022, as set out in the paper.

44/06/22 Report of the meetings of the Elizabeth Line Committee held on 24 March and 25 May 2022

In the absence of the Chair, the Vice-Chair of the Committee, Anne McMeel, introduced the item. The key issues considered by the Committee had been covered earlier in this meeting. The meeting of the Committee, held on 25 May 2022, agreed it would now focus on the final phases of delivery and receiving operational performance metrics, which was currently proving extremely reliable. The Committee had also given its thanks to Mark Wild and Hannah Quince for their contribution to the project.

The Board noted the report.

45/06/22 Report of the meeting of the Programmes and Investment Committee held on 18 May 2022

The Chair of the Committee, Ben Story, introduced the item. He highlighted the cross-cutting reviews by the Independent Investment Programme Advisory Group. These showed that the Project Management Office had been reinvigorated and TfL was spending its money wisely and getting good value for money. Good progress was also being made on reducing the number of outstanding recommendations from assurance reviews, which had risen during the coronavirus pandemic.

The Committee was aware of and concerned by the impact on TfL of the lack of funding certainty and the loss of key talent. An example of the negative impact was that the Surface Transport Asset Renewals Programme had a budget significantly lower than the 'Do Minimum' scenario needed to maintain the current condition of the assets. Consequently, TfL's assets were now subject to a 'Managed Decline' scenario where it was forecast that asset condition would deteriorate in 2022/23.

The Board noted the report.

46/06/22 Report of the meeting of the Audit and Assurance Committee held on 6 June 2022

The Chair of the Committee, Mark Phillips, introduced the item. The meeting reviewed the draft Annual Report and Statement of Accounts and thanked the Finance team for the huge amount of work undertaken, alongside the work on securing funding settlements and meeting funding conditions.

The Annual Report was a high-quality document and reflected the enormous amount of work that TfL had done over the last financial year.

The external auditors, EY, had raised the ongoing impact on efficiency caused by the short-term funding settlements as well as progress on improving procurement. The Committee had a helpful discussion with EY on TfL's financial position and a further briefing would be held prior to the accounts being submitted to the Board to discuss any issues arising from the audit and EY's view on TfL as a going-concern in light of the funding situation at the time.

The Committee also discussed internal assurance processes and welcomed the responses from management on recommendations.

The Board noted the report.

47/06/22 Any Other Business the Chair Considers Urgent

There was no other urgent business.

48/06/22 Date of Next Meeting

The date of the next meeting was scheduled for Wednesday 27 July 2022 at 10.00am.

The meeting closed at 1.10pm.

Chair: ___________________________________

Date: ___________________________________

Board

Date: **27 July 2022**

Item: **Matters Arising, Actions List and Use of Delegated Authority**

This paper will be considered in public

1 Summary

1.1 This paper informs the Board of any use of Chair's Action or authority delegated by the Board, any Mayoral Directions to TfL and progress against actions agreed at previous meetings, since the last meeting of the Board on 8 June 2022.

1.2 There have been two uses of Chair's Action by the Chair of the Finance Committee in relation to approving short extensions to the funding settlement with Government.

1.3 There has been no other use of specific authority delegated by the Board to Committees, nor any new Mayoral Directions to TfL.

1.4 Appendix 1 sets out the progress against actions agreed at previous meetings.

2 Recommendation

2.1 **The Board is asked to note the paper.**

3 Use of Chair's Action

3.1 Under Standing Order 113, in situations of urgency, the Board delegates to each of the Chair and the Chairs of any Committee or Panel the exercise of any functions of TfL on its behalf. Any use of Chair's Action is reported to the next ordinary meeting. The Board on occasion will also make specific delegations to its Committees which, when exercised, are reported to the next ordinary meeting of the Board, as well as the next meeting of the relevant Committee.

3.2 There have been two uses of Chair's Action since the last meeting by the Chair of the Finance Committee.

3.3 On 23 June, approval was given to a roll-over of the existing funding settlement for a further two weeks until 13 July 2022.

3.4 On 12 July, approval was given to a further roll-over of the existing funding settlement for a further 15 days to 28 July 2022.

4 Use of Delegated Authority

4.1 There has been no use of authority relating to matters reserved to the Board.

5 Actions List

5.1 Appendix 1 sets out the progress against actions agreed at previous meetings.

6 Mayoral Directions to TfL

6.1 The Greater London Authority (GLA) Act 1999 (as amended), permits the Mayor to issue to TfL general directions as to the manner in which TfL is to exercise its functions or specific directions as to the exercise of its functions (or not to exercise a power specified in the direction). Directions are also often made in relation to the implementation of matters in respect of which the Mayor delegates statutory powers to TfL.

6.2 The Mayor makes Mayoral Directions through Mayoral Decisions. Papers for Mayoral Directions set out the financial and other implications. If those implications change over time, that will be reported to the GLA.

6.3 All Mayoral Decisions are issued in writing, with the information that is not exempt from publication included on the GLA's Decisions Database on its website: https://www.london.gov.uk/about-us/governance-and-spending/good-governance/decisions?order=DESC.

6.4 Mayoral Directions fall into three broad categories: those addressing technical issues relating to statutory powers; those related to commercial development activities; and those related to projects and programmes. Mayoral Directions relating to TfL are reported to the Board's Committees for discussion as soon as possible after they are received by TfL or published. Regular reports will list the relevant Directions for as long as they are applicable.

6.5 Annually the Audit and Assurance Committee considers the list as part of its consideration of the annual audit plan to ensure that appropriate audit resource is applied to assurance on TfL's work in implementing Mayoral Directions. This will also be kept under review at each quarterly meeting of that Committee.

6.6 A summary of current Mayoral Directions to TfL is maintained on the "How we are governed" page on our website, with links to the relevant Mayoral Decisions: https://tfl.gov.uk/corporate/about-tfl/how-we-work/how-we-are-governed.

6.7 There have been no Directions issued to TfL since the last meeting.

List of appendices to this report:

Appendix 1: Actions List

List of Background Papers:

Minutes from previous meetings.

Contact Officer: Howard Carter, General Counsel
Email: HowardCarter@tfl.gov.uk

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Appendix 1

Board Actions List (to be reported to the meeting on 27 July 2022)

Actions from the meeting held on 8 June 2022

Minute No.	Item/Description	Action By	Target Date	Status/Note
37/06/22 (1)	**Commissioner's Report: Elizabeth line impact** Work was underway to analyse the complex information on abstraction and modal shift to identify the impact of the Elizabeth line on journey patterns and to ensure TfL was meeting customer needs. A report would be brought to the Board in due course.	Gareth Powell / Shashi Verma	September 2022	An update would be provided to the next meeting of the Elizabeth Line Committee.
37/06/22 (2)	**Commissioner's Report: Retaining talent.** A deep dive discussion into the retention and attraction of staff would be carried out at the Safety, Sustainability and Human Resources (SSHR) Panel and that the details would be shared with Members.	Tricia Wright	June 2022	**Complete.** The SSHR Panel considered two papers on the attraction and retention of employees, including the dedicated Enterprise Risk.
37/06/22 (3)	**Commissioner's Report: Talent Strategy** Information would be included in the pay gap report to the SSHR Panel on how the Talent Strategy and succession planning was being used to further reduce the ethnicity and gender pay gaps, including action to increase declaration rates for the disability pay gap. The report would include emerging data and themes on employee readiness to stretch and strengthen in their careers.	Tricia Wright	September 2022	On SSHRP forward plan.

Minute No.	Item/Description	Action By	Target Date	Status/Note
37/06/22 (4)	**Commissioner's Report: Tackling fraud on the network** Howard Carter confirmed that TfL was proactive in bringing prosecutions wherever it could to tackle fraud on the network, resulting in some good successes. Publicity of the action taken was also an effective deterrent and was often picked up by local newspapers. The Press office would consider whether there was any further action that could be taken to widen circulation and raise public awareness.	Matt Brown	July 2022	The Press Office will work with colleagues to use appropriate communication channels to raise public awareness of the action taken and consequences of conducting fraud on our network. It has previously facilitated the successful documentary series Fare Dodgers At War With The Law on Channel 5 that shone a light on the work to tackle fraud and fare evasion.
37/06/22 (5)	**Commissioner's Report: Cyber security** Activity in this area would be highlighted as a specific item in his Commissioner's reports to the Board going forward.	Andy Byford	July 2022	**Complete.** Included in the Commissioner's Report elsewhere on the agenda.
37/06/22 (6)	**Commissioner's Report: Rotherhithe tunnel** Owing to the current funding challenges, the tendering process for the detailed design and build stage had been paused. Andy Lord would look at the current prioritisation to see if any progress could be made on the project, although it was a significant expenditure.	Andy Lord / Stuart Harvey	September 2022	This will be considered as part of the Business Plan discussion in September 2022.
39/06/22	**Finance Report, Quarter 4, 2021/22: Business planning** Patrick Doig would be engaging with the Board and seeking Members input on the Business Plan in autumn 2022.	Patrick Doig	September 2022	Members are being canvassed for availability in September 2022.
40/06/22	**Delivering the Mayor's Transport Strategy 2021/22 Annual Update: Step-free Access** An update would be provided to the Customer Service and Operational Performance (CSOP) Panel on the progress on step-free access and options to review and revise the target to reduce journey times for journeys that were not step-free.	Alex Williams	September 2022	On CSOP Panel forward plan. See also action 05/02/22 (4) below.

Actions arising from previous meetings

Minute No.	Item/Description	Action By	Target Date	Status/Note
05/01/20 (2)	**Commissioner's Report – Bus Safety Standard Visit** Members would be offered a visit to see a bus that met the new Bus Safety Standard.	Andy Lord / Lilli Matson	TBC 2022	Members will be consulted on availability.
67/11/21 (2)	**Commissioner's Report – Safety at junctions** An update including timeframes would be brought to a future meeting of the SSHR Panel.	Gareth Powell	September 2022	On SSHR Panel forward plan.
67/11/21 (3)	**Commissioner's Report – Safety for women and girls** The impact of the comprehensive programme to improve safety for women and girls travelling on the network would be assessed and the outcomes would be considered at a future meeting of the SSHR Panel.	Lilli Matson / Matt Brown	September 2022	On SSHR Panel forward plan.
67/11/21 (4)	**Commissioner's Report – London Overground Incident at Enfield Station 12 October 2021** An investigation was underway and any developments and lessons learnt would be considered at a future meeting of the SSHR Panel.	Lilli Matson / Andy Lord	TBC	On SSHR Panel forward plan.
74/10/21	**Report of the Customer Service and Operational Performance Panel – Briefing on Action on Inclusion programme.** The Director of Diversity, Inclusion and Talent would develop a comprehensive inclusion programme and the Board would receive a briefing when the work was completed.	Tricia Wright / Director of Diversity, Inclusion and Talent	TBC	Briefing to be scheduled when the work is completed.
75/11/21	**Report of the Programmes and Investment Committee – Value for money** The Board would receive a briefing on the work undertaken on the Value for Money framework.	Stuart Harvey / David Rowe	July 2022	**Complete.** A paper is on the agenda for the meeting of the Programmes and Investment Committee on 20 July 2022, to which all Members have been invited.

82/12/21 (3)	**Commissioner's Report – passenger incident at Tottenham Court Road station 3 December 2021** An investigation was underway and Members would be kept informed of the outcomes.	Andy Lord	TBC	Once the investigation is completed, Members will be updated via the Commissioner's Report and through the SSHR Panel.
05/02/22 (1)	**Commissioner's Report: 30 January 2022 car and tram collision on Oaks Road, Croydon** The SSHR Panel would be updated when the investigation concluded.	Andy Byford / Lilli Matson	TBC	Once the investigation is completed, Members will be updated through the SSHR Panel.
05/02/22 (3)	**Commissioner's Report: Asset maintenance and safety improvements** Members requested a briefing on the balance between asset maintenance and safety improvements in the TfL Budget.	Lilli Matson	September 2022	This will be considered as part of the Business Plan discussion in September 2022.
05/02/22 (4)	**Commissioner's Report: Step-free access** The results of the recently launched consultation to help shape future step-free access priorities and improvements on the London Underground network would be submitted to the CSOP Panel for feedback and then to the Board.	Andy Lord / Alex Williams	September 2022	On CSOP Panel forward plan.

Board

Date: **27 July 2022**

Item: **Commissioner's Report**

This paper will be considered in public

1 Summary

1.1 This report provides a review of major issues and developments since the meeting of the Board on 8 June 2022.

2 Recommendation

2.1 The Board is asked to note the report.

List of appendices to this report:

Appendix 1: Commissioner's Report – 27 July 2022

List of Background Papers:

None

Andy Byford
Commissioner
Transport for London

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Commissioner's report

July 2022

MAYOR OF LONDON

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

Contents

Introduction

The new Barking Riverside Extension marks another transformative addition to our services

We continue to improve transport services across the capital

Page 29

Following on from the opening of a new Northern line platform at Bank and the launch of the Elizabeth line, I am delighted that the Barking Riverside Extension opened to customers on 18 July.

This incredibly important 4.5km extension on the London Overground Gospel Oak to Barking route offers a new step-free station at the heart of Barking Riverside, and drastically cuts journey times from Barking to Barking Riverside, a journey which currently takes around 25 minutes by bus.

In addition to the transformative boost to transport services in the area, the extension will enable the construction of 10,000 homes, a new school, healthcare facilities and a new district centre with commercial and leisure facilities, high-quality public spaces, and connections to walking and cycling routes.

As the summer holidays begin for many, we have played an integral role in supporting a busy calendar of events in the capital. For me, the highlight was the series of events celebrating the Queen's Platinum Jubilee, which took place over the special bank holiday weekend in June. I know I am not alone in the admiration and gratitude I feel towards the Queen for her 70 years of service, and the weekend was a fantastic occasion for London and the whole country to celebrate this historic milestone. I want to thank, in particular, the huge number of colleagues who helped make the weekend's events such a success.

I am also extremely pleased that the Elizabeth line, which we strived to open in time to mark the celebrations, was part of our service offering to support the Jubilee weekend. The Elizabeth line has been an unrivalled success since its opening, delivering an excellent service and seeing more than a million journeys a week in the central section.

I remain completely focused on safety, so I was pleased to see that the number of people killed on London's roads fell to the lowest level on record in 2021. However, we need to continue our utmost efforts to achieve our Vision Zero goal to eliminate all deaths and serious injuries from our roads by 2041, and I was pleased to attend our Vision Zero summit in July to reaffirm my commitment to this work.

When considering safety, it is important we take a broad view and look not only at our organisation and our city, but also our planet. I am therefore especially pleased to see that we have now started procurement on our first Power Purchase Agreement, which forms the next major step in our quest to make all our services powered via renewable electricity by 2030.

I want to take the opportunity to offer my immense gratitude to the colleagues who helped keep London moving during the industrial action that took place across June. I know how incredibly hard you worked to deliver the best service we could during the strikes, and appreciate the complexity of working with a huge range of stakeholders and other agencies to give our customers the most up-to-date information on the services available.

Finally, an update on our funding. On 13 July, we agreed with the Government to extend our existing funding agreement until 28 July so that discussions can continue. I make no apologies for saying again that it is essential London receives sustained long-term Government funding to avoid a period of managed decline of London's transport network. I hope these discussions can be concluded successfully soon.

Safety and environment

We continue to ensure that the network is safe and secure

The safety of our customers and staff remains a priority

Sandilands prosecutions

The Sandilands tragedy will never be forgotten, and our thoughts remain with everyone affected. We continue to offer support to those people directly affected as well as the wider community.

We have worked closely with the Rail Accident Investigation Branch (RAIB) and the Office of Rail and Road (ORR) since November 2016 to introduce a new safety regime and implement all the recommendations from the organisations across the tram network. This has made the network safer for everyone, and we continue to work tirelessly to ensure that such a tragedy could never occur again. We agreed to all of the RAIB's safety recommendations and accepted liability to ensure civil claims could proceed as soon as possible. We have also worked to address the issues raised by the Coroner in her Prevention of Future Deaths report following the Inquests.

We have delivered robust and lasting safety improvements since 2016 and we continue to review our operations and work with the wider tram industry to ensure that we have the safest possible network.

Following the conclusion of the Inquests, the ORR has issued criminal proceedings against TfL, Tram Operations Limited (TOL) and the driver of the tram for breaches under the Health and Safety at Work etc, Act 1974 (the 1974 Act). TfL and TOL have both been charged with an offence under section 3 of the 1974 Act which requires employers to ensure that their employees and third parties are not exposed to risks to their health and safety. The driver is charged with an offence under section 7 of the 1974 Act which requires employees while at work to take reasonable care for their own health and safety, as well as the health and safety of others who may be affected by their acts or omissions at work.

After careful consideration, at the first procedural hearing that took place at Croydon Magistrates' Court on 10 June, TfL indicated a guilty plea to the charge. Tram Operations Limited also pleaded guilty at the same hearing. The driver indicated a not guilty plea. It was agreed by the Magistrates' Court that all three cases should be transferred to the Crown Court. On 8 July, a procedural hearing took place in Croydon Crown Court concerning the driver. TfL and TOL attended and the court confirmed that they would not be needed until after the conclusion of the driver's trial. The court granted the driver's application to transfer the case to a different court in London in the interests of justice. The trial is estimated to last four to five weeks and, once the relevant court is identified, will be listed from the first available date from February next year.

Crime and antisocial behaviour on public transport

We continue to work in partnership with the Metropolitan Police Service (MPS) and the British Transport Police (BTP) to ensure that the network is safe and feels safe for our customers and staff.

Our focus continues to be on high-harm offences including sexual harassment, hate crime, serious violence, keeping knives off the network and tackling violence and aggression against our frontline transport workers.

Our Safer Transport Teams worked across London with the volunteer police cadets, and local schools to deliver assemblies on staying safe, and sustainable travel. Many teams are assisting in the Junior Citizenship schemes across London talking to Year 6 students as they transition into Year 7. Our Police Teams are also assisting with Safe Camp run with London Sports Trust, which aims to give young people the chance to be active and sociable through the summer break and stay safe.

Tackling violence against women and girls
We continue to make good progress in our activity to end violence against women and girls, while also looking at what more we can do. On 4 July the BTP released the first edition of their new mobile reporting app, making it easier to report and access support. We have collaborated with them on the design and continue to work closely on integrating this platform into other apps and tools. Additionally, the Mayor published his strategy for tackling violence against women and girls on 15 June. We are proud to have been involved in its development and will work with the Mayor's Office for Policing and Crime and other partners to deliver it.

The delivery of our 'zero tolerance to sexual harassment' training to frontline customer-facing transport staff continues. Our 500 enforcement officers have been trained and training programmes have launched for staff that work in our bus and Tube stations. This training is supported by a comprehensive internal communications plan to raise awareness and provide guidance to staff. Sexual harassment will also be covered in the new diversity and inclusion training being rolled out to 25,000 bus drivers starting later this year.

We continue to run our communications campaign across our networks that reinforces our zero tolerance to sexual harassment. The primary aim of the campaign is to send a strong message to offenders that sexual harassment behaviours are wrong and harmful and not tolerated on our network. On our rail network, we have seen an increase in the reporting of sexual harassment behaviours as a result of the work we have done to increase awareness and encourage reporting. There were 1,363 reports of sexual harassment made between October 2021, when the campaign launched, and the end of April 2022. This is up from 575 reported offences in the same period the year before.

Our domestic abuse policy
We launched our first-ever domestic abuse policy on 31 May. This is a key action in our programme to tackle violence against women and girls, which covers all employees who are experiencing domestic abuse and need support. It strengthens our ability to provide a safe and inclusive work environment for those affected by domestic abuse by:

- raising awareness of how to spot signs of abuse
- signposting to specialist support
- keeping colleagues safe while at work
- ensuring necessary adjustments are made to support victims and survivors

In addition to the policy, we have provided guidance and resources for line managers and colleagues including an information portal, e-learning module and supporting communications to raise awareness and destigmatise domestic abuse so we can better support our people who are experiencing domestic abuse. The policy and guidance have been informed by the expertise of specialist domestic abuse organisations, as well as the lived experience of colleagues who are experiencing or who have survived domestic abuse, and managers who have supported staff through these difficult times.

Vision Zero
Safer Junctions
In April 2017, the Safer Junctions programme highlighted 73 of the most dangerous junctions on our road network, defined as those with the highest vulnerable road user collision rates. Improvements have been made at 43 of these junctions. Design work continues on the remaining 30 junctions, including detailed design of York Road roundabout and Holloway Road/Drayton Park, which are respectively delivering motorcycle and pedestrian safety measures. Detailed design work has started on a new 20mph speed limit through the junction of A205 Upper Richmond Road with Putney Hill/Putney High Street, the first phase of a three-stage approach to reduce road danger at this location.

In November 2021 a new pedestrian crossing was commissioned at Battersea Bridge, where a pedestrian was tragically killed at the beginning of 2021 – with the second phase planned for public engagement this summer. Subject to further funding, we propose to engage on 10 further Safer Junctions by 2024.

Lowering speed limits
Lowering the speed of vehicles in London is key to reducing both the likelihood of a collision occurring and the severity of the outcome.

The second phase of the programme is under way, and as detailed in the recent Vision Zero progress report, aims to reduce speeds on a further 140km of our roads.

Raised pedestrian crossings will soon be introduced in eight locations in Westminster to further reduce danger to people walking and increase compliance with the new speed limit, as well as introducing accessibility benefits for mobility impaired customers.

Detailed design work is under way on proposals for a 30mph speed limit in Gants Hill town centre (currently 40mph), 40mph on the A4 Bath Road (currently 50mph), and 20mph in Putney town centre (currently 30mph). Concept design work is complete to introduce a new 20mph speed limit on a further 31km of our roads which we plan to deliver by the end of this year, subject to funding. This will see a consistent 20mph speed limit across the majority of roads in Camden, Islington, Hackney, Tower Hamlets and Haringey.

Concept design work has also started to lower the posted speed limit on a further 73km of our roads, which comprises the third wave of delivery under Phase 2 of the programme.

Police activity to support Vision Zero

Police activity and enforcement is an essential part of our approach to achieving our Vision Zero ambition of eliminating all death and serious injury on the road network by 2041. Throughout the months of May and June, our policing partners issued a total of 15,647 traffic offence reports for risky, dangerous and antisocial driving such as excessive speed, distraction, drink and drugs, no insurance and non-compliance with road rules. There were also 1,563 arrests for drink and drug driving.

During May and June, an additional 105,684 speeding offences were enforced by the MPS through safety cameras. With the Roads and Transport Policing Command (RTPC), we launched a mobile safety camera capability at the end of January 2022 to be more responsive to local community concerns and emerging issues. By the end of June, 4,300 speeding offences had been enforced.

Every year, the MPS's Roads and Transport Policing Command supports a programme of national road safety campaigns led by the National Police Chiefs' Council (NPCC). This month, the RTPC supported the NPCC's Child Safety week which ran from 7 to 12 June, and the NPCC's Seatbelt campaign which ran from 13 to 22 June. During these operations, the MPS dealt with 2,268 road traffic offences, 75 of which were for drink or drug related offences.

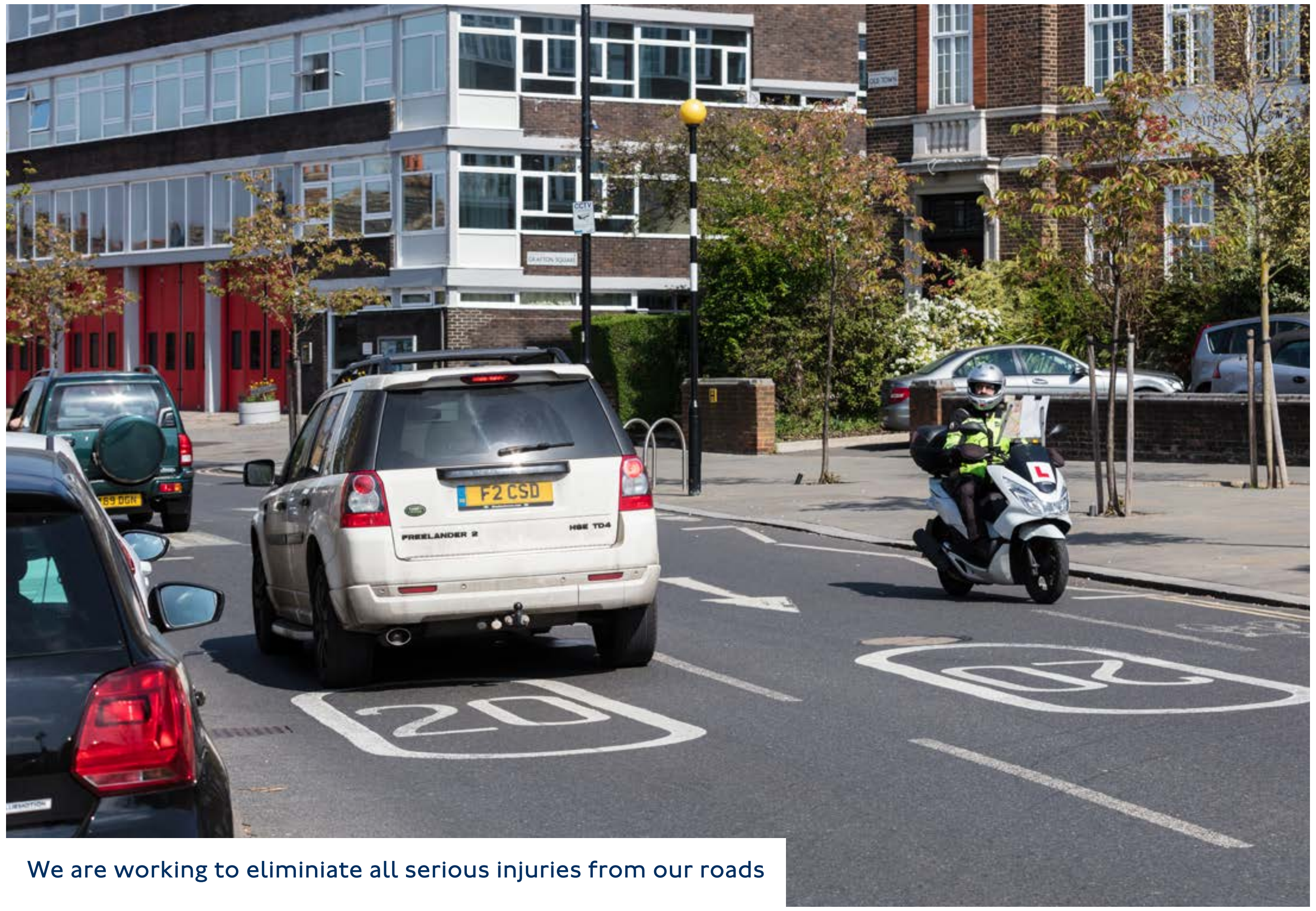
Mandatory cycle lane enforcement

At the beginning of June, the Government introduced new powers enabling us and London local authorities to enforce moving traffic contraventions in cycle lanes and cycle tracks in the same way we do for bus lanes and yellow box junctions.

Following the introduction of these new powers, from 27 June 2022 we began civil enforcement of motor vehicles driving in cycle lanes using our existing CCTV network. Protecting designated cycling infrastructure through CCTV enforcement will improve cycle safety and confidence to cycle.

Motorcycle safety behaviours campaign

Powered two-wheelers make up three per cent of vehicle kilometres travelled but account for 26 per cent of people being killed or seriously injured on London's roads. Riders are the highest risk on the roads but also pose the greatest risk of serious injury to other road users. Our powered two-wheelers behaviour change road safety campaign aims to influence both the rider and driver, targeting them with a simple unified message to watch out



We are working to eliminiate all serious injuries from our roads

for each other. From 27 June, to coincide with Vision Zero week, a new phase of the campaign went live across video on demand and digital display channels.

Vision Zero week

Between 27 June and 3 July, we held Vision Zero week. This was an opportunity to highlight the scale of the problem of road trauma and generate awareness of Vision Zero by having a week of focused communications. It also provided an opportunity to engage with new stakeholders, encouraging them to support our ambition that by 2041, all deaths and serious injuries will be eliminated from London's roads and transport network. During the week, we collaborated with the Greater London Authority (GLA), the MPS and other partners to highlight the work that is already under way to achieving Vision Zero.

Page 32

Throughout the week, all London boroughs, key stakeholders and partners were invited to participate, including engaging on social media using the hashtag #VisionZeroLDN. The road danger reduction dashboard was highlighted as a key tool to share each borough's road safety performance. Other highlights included a youth panel interview of our Head of Insights and Direction (Safety), which was livestreamed on Instagram, as well as an interview with Dr Gareth Grier, Consultant in Emergency Medicine and Pre-Hospital Care at The Royal London Hospital by the road safety campaigner Victoria Lebrec which was livestreamed on Facebook, and included in a parliamentary briefing with Ruth Cadbury MP.

Vision Zero week culminated in the Vision Zero Summit titled 'Healthy Streets need Safe Streets' on 5 July, which I was delighted to speak at and take part in. Held in partnership with the MPS, speakers also included the Deputy Mayor for Transport Seb Dance, our Chief Safety, Health and Environment Officer Lilli Matson, Walking and Cycling Commissioner Will Norman, Dr Sarah O'Toole, Superintendent Dan Card, and Yair, a road crash victim.

Road safety data – 2021 factsheet

To coincide with the Department for Transport (DfT) publishing its report on provisional estimates for 2021 road casualties in Great Britain, we published a 2021 factsheet of road casualty data in London on 30 June.

Key highlights include:

- Significant changes in the number of people killed or seriously injured in 2021 as a result of the pandemic. This was mainly due to new travel patterns. There was a 20 per cent reduction in pedestrian fatalities and a 55 per cent reduction in motorcyclist fatalities in 2021 compared to 2020, while cycling fatalities and serious injuries rose by fifteen per cent compared to 2020
- A total of 23,310 reported collisions in London, resulting in 75 people being killed, 3,505 being seriously injured and 23,096 being slightly injured
- The number of people killed on London's roads fell to the lowest level ever recorded. There was a 22 per cent reduction in fatalities between 2020 and 2021, and a 44 per cent reduction in people killed or seriously injured on our roads from the 2005-09 baseline. The number of children, aged zero to 15, who have been killed or seriously injured has decreased by 68 per cent
- We achieved the Mayor's Transport Strategy target of a 70 per cent reduction in people killed or seriously injured in or by a bus from the 2005-09 baseline for the second year in a row

Security

Through the maintenance and operation of a transport network that employs thousands and transports millions of people, we play a critical role in the security of London and the nation. We are continuing to progress security improvement programmes across our organisation and are delivering a core security culture programme to equip our colleagues to better protect TfL and respond to suspicious activity. We also continue to work towards achieving full compliance with security regulations and national guidance, engaging with our DfT regulators and rail operators to achieve this.

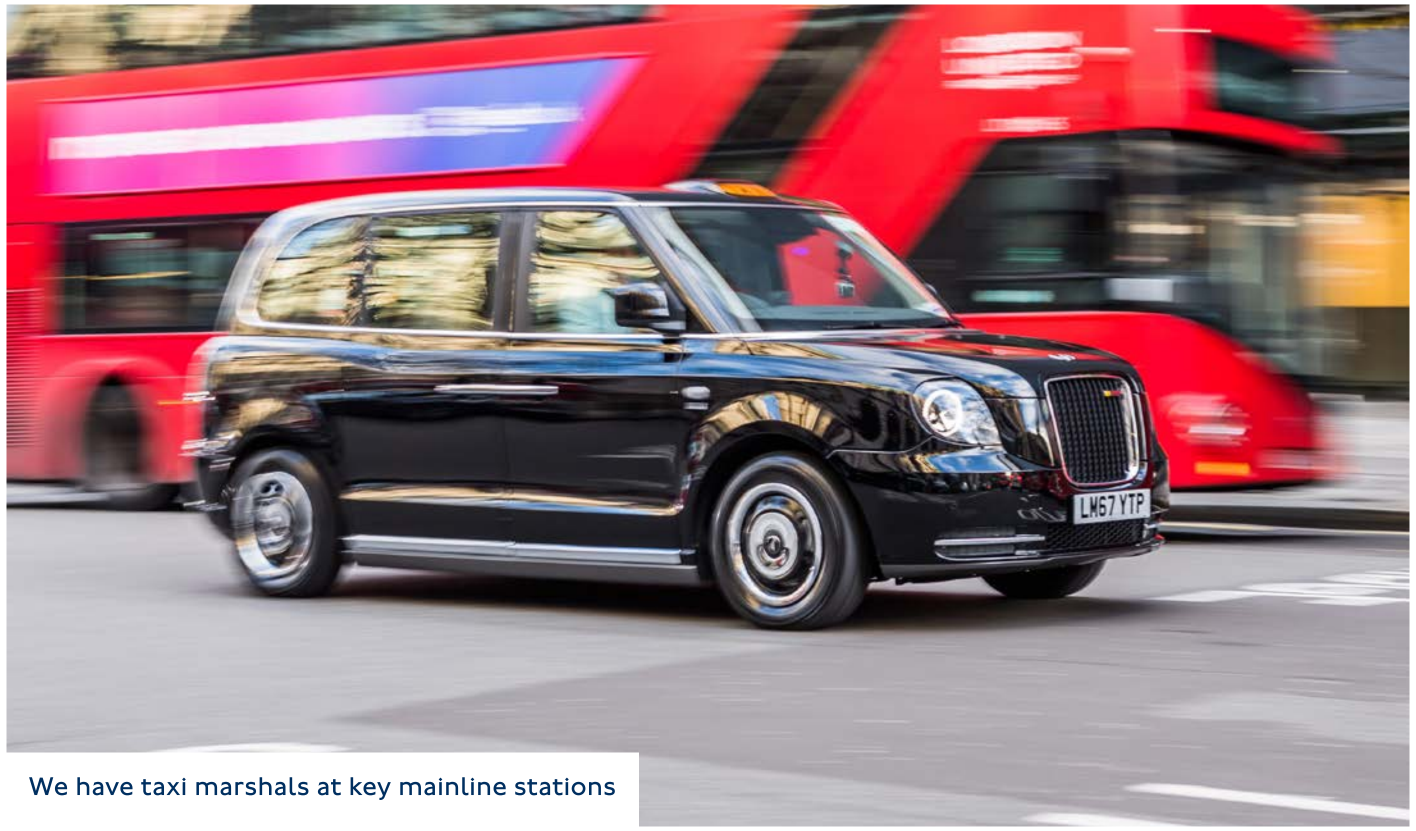
Technology is a fundamental part of how we deliver our services and therefore the cyber security of those systems is critical. Cyber security has become fundamental for all organisations, as reliance on technology is increasing and threats have become more destructive, particularly over the last five years. We operate a large and complex technology estate and, like other organisations of our size, we continue to see a variety of attempted attacks against us. In response, we continue to invest in accelerating our cyber security improvement programme which is focused on improving protective, detective and recovery capability. The dedicated Cyber Security team works closely with other business, technology and security functions to support management of cyber security risk across the organisation.

Taxi and private hire vehicles

Consultation on taxi and private hire vehicle best practice guidance

On 28 March the DfT published a consultation on proposed amendments to their best practice guidance for taxi and private hire vehicle licensing. The proposed changes highlight its views on specific topics such as accessibility, vehicle signage and training. Our response to the consultation provides our views on the proposed guidance, highlighting any circumstances that are unique to London to ensure that they are taken into consideration in the final version of the best practice guidance, due later in the year.

While we support the role the best practice guidance can play in ensuring taxi and private hire services are safe, inclusive and accessible, we continue to urge the Government to introduce legislation that will address fundamental issues in the industry, including the introduction of national minimum standards, addressing problems caused by cross border hiring, and the introduction of enhanced enforcement powers. We welcome the commitment made by Baroness Vere in the recent Queen's Speech debate to modernise the laws around taxis and private hire vehicles and look forward to working with the DfT to achieve these outcomes.



We have taxi marshals at key mainline stations

Our new taxi marshalling service

Any industrial action on the rail and Tube network causes widespread disruption for passengers and taxis play a vital role in helping passengers move around the capital. As the demand for taxis typically exceeds the supply of vehicles, we have deployed taxi marshals at key mainline stations in London so they can put effective taxi sharing arrangements in place.

All taxi marshals have completed learning, or are studying, the Knowledge of London so are quickly able to assess a passenger's destination and group passengers together into one taxi. This proved popular with passengers and drivers during the strike action in March and June as queues for taxis were well managed. Due to the clear benefits of this approach, a procurement exercise is now under way to be able to call up these services for any future industrial action.

Taxi and private hire vehicle licensing service

We have recently signed a long lease for a new taxi and private hire vehicle inspection centre in Rainham as part of the taxi and private hire re-let project. The new site is modern and spacious and part of our plan to reduce the overall number of vehicle inspection centres from six to five without reducing our capacity. The lease will be in place for the next 10 to 15 years and the location has been chosen through the help of discussions with the industry.

Air quality and the environment

Emissions-based road user charging schemes

Our 10-week consultation continues, seeking views from members of the public, businesses and stakeholders on our proposals to expand the Ultra Low Emission Zone (ULEZ) across the capital and changes to the Mayor's Transport Strategy, as well as their input on the issues to consider in any future road user charging schemes across London. More than 36,000 responses have been received to date and the consultation will run until 29 July, after which we will use the feedback received to inform our proposals.

Future of temporary active travel schemes

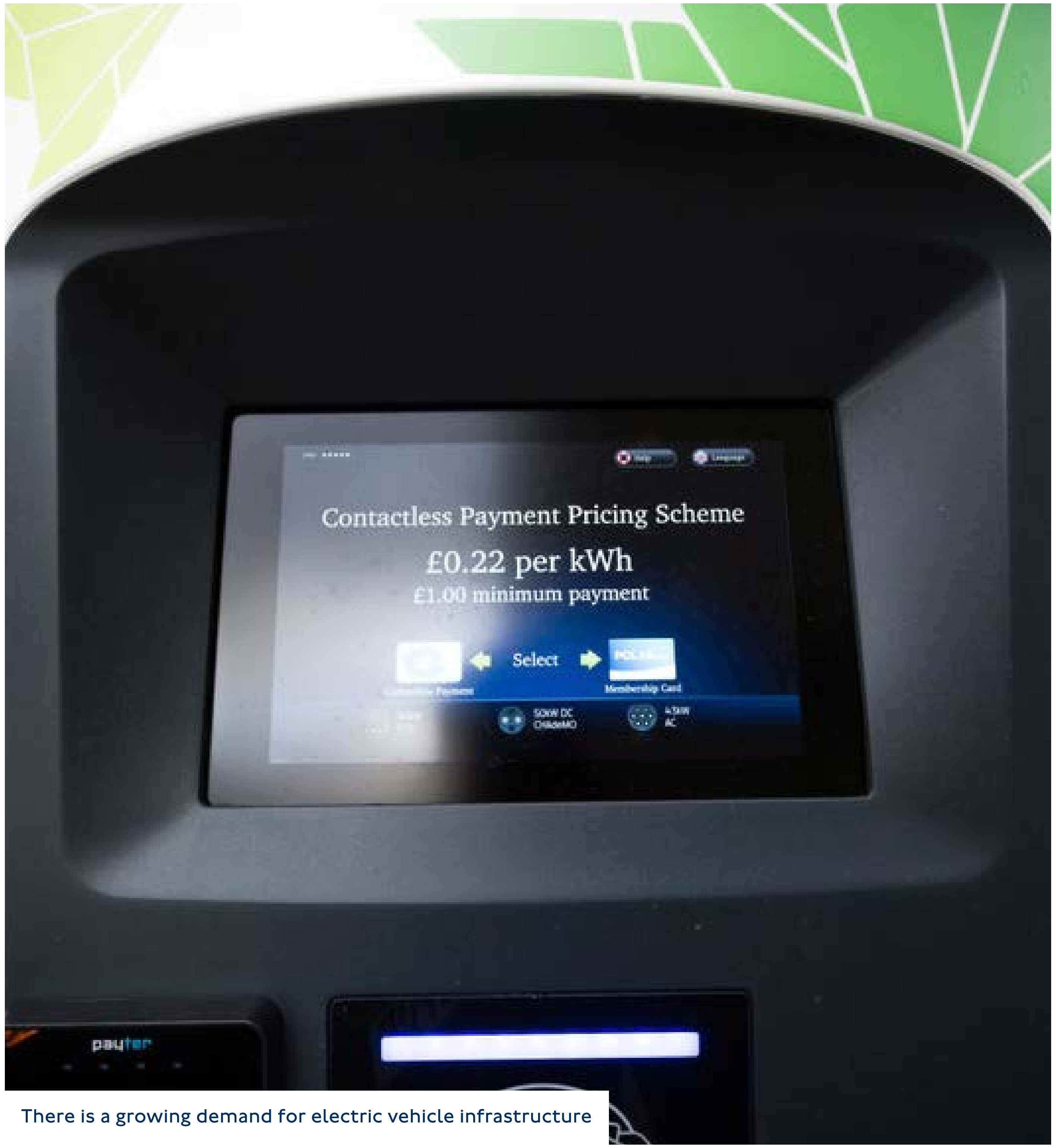
Since May 2020, the Streetspace for London programme has introduced more than 100km of new or upgraded cycle routes. The priority for us and the boroughs is to finalise the work in deciding whether to retain schemes permanently, implement experimental schemes or remove schemes.

Some recent highlights have included works starting on site on 20 June to make some further improvements to the Park Lane cycle scheme, prior to a public consultation taking place in late summer. We also made an announcement on 13 June that we will largely be removing the temporary east-bound cycle lane on Euston Road, but plan to retain three banned turns that the scheme introduced, for safety reasons. The Euston Road scheme is being removed due to upcoming High Speed 2 construction works at Euston, which will need to use some of the road space, and also to relieve bus delays which are impacting a number of routes that connect people to the national rail stations.

The public consultation for our experimental cycling scheme on the A21, between Lewisham and Catford, launched on 30 May and will run until 30 November. During this time, we will continue to monitor the performance of the scheme.

On 23 May we also completed works to alter the temporary scheme on Waterloo Road by replacing water-filled barriers with footway build outs. Works have been completed at Brixton Town Centre to amend the footway build out that was installed in spring 2020. Bus services that had been temporarily moved away from the town centre stops were returned by 24 June. Both these schemes provide important additional space for pedestrians.

As the Active Travel Fund enters its closing stages, London's boroughs continue to progress delivery of the final tranche of Low Traffic Neighbourhoods funded by the programme, with 11 new schemes due for completion by the end of the calendar year.



There is a growing demand for electric vehicle infrastructure

Electric vehicle infrastructure delivery

The number of electric vehicles in London continues to increase rapidly, with new data from the DfT indicating plug-in vehicles made up 20 per cent of all new vehicles registered in London in 2021. With the Government's plan to phase out cars and vans that use petrol and diesel by 2030, we must ensure the delivery of infrastructure keeps up with demand. Our London 2030 electric vehicle infrastructure strategy forecasts London could need around 40,000 to 60,000 charge points by 2030.

The Electric Vehicle Infrastructure Delivery Plan is the keystone commitment within the strategy, designed to use GLA member organisations' land to accommodate charge point infrastructure. Work continues at pace on the first tranche, which aims to deliver the initial 100 rapid charging bays.

Following some detailed market engagement, including interviews with key electric vehicle industry suppliers and charge point operators, we have identified a single preferred option for a tranche one delivery model. The model removes the need for capital investment from TfL or GLA member organisations, while leasing out sites to charge point operators and negotiating a share of the potential revenue. Work is under way to finalise relevant procurement documentation to produce a procurement strategy by autumn. We have also now assessed more than 925 potential charge point locations across the GLA estate, with approximately 70 per cent passing the initial stage of site evaluation. The first batch of sites is on track to be tendered in autumn, subject to approval of the procurement strategy.

E-scooter rental trial

The London e-scooter rental trial has been operating for more than a year, with ten participating boroughs making up a continuous trial area. In the period ending 3 July 2022, 180,000 trips were made with a total fleet size of 4,125 vehicles. This was an increase of 35,000 trips from the previous period, bringing the total to 1.28 million trips for the trial to date. The trial has been extended to November this year, which will enable us to further explore how e-scooters could play a role in a sustainable transport network.

Shaping a greener and more sustainable future for the capital

London Transport Museum, in partnership with its industry sponsors Mott McDonald, Cubic Transportation, Sopra Steria and Mastercard, are continuing to engage people with the role transport can play in shaping a greener, more sustainable future for the capital. On 2 and 3 July, the London Transport Museum depot was opened to the public for a weekend of family activities exploring the role of public transport in helping to protect the climate and make London a greener city.

The museum's iconic RMI Routemaster, built in 1954, was displayed alongside one of London's most revolutionary 'green' buses, the ADL/BYD Enviro 400 Electric, the best-in-class bus from route 63. Knowledgeable volunteers and science, technology, engineering and mathematics (STEM) ambassador engineers from Abellio were on hand to talk about the latest technology as visitors peeked under the hood to discover how these brand-new buses really work.

Our Renewable Corporate Power Purchase Agreement

We marked London Climate Action Week by launching the tender for our first power purchase agreement, which aims to purchase more than 10 per cent of our required electricity from renewable energy sources and new build assets.

As one of the largest consumers of electricity in the UK, we will be playing a major part in meeting the Mayor of London's ambition for the capital to become a net zero-carbon city by 2030. The Mayor, through the London Environment Strategy, has also set us the goal of achieving a zero-carbon railway by 2030.

The launch of the tender on 27 June forms part of our long-term strategy to ensure that all the electricity it uses is generated by 100 per cent renewable origins. By using a phased approach, we can also benefit through being able to learn and adapt as the renewable market evolves.

This tender will guarantee that the energy supplied is from renewable energy sources, comprising wind or solar power, rather than a mix of power generators that emit carbon into the atmosphere. By confirming the demand for renewable energy, the power purchase agreement will also lead to the creation of new build assets across the UK, such as solar or wind generation, by enabling the selected supplier to confidently invest in the delivery of new renewable energy sources.

Focus on sustainability

London Climate Action Week provided the opportunity for us to launch a short video on our current actions and future plans across the three pillars of sustainability: society, environment and economy. The video summarises our first Sustainability Report, published in autumn last year, and can be viewed on our website.

Transport plays a big role in making the capital more sustainable

Operations and customers

We continue to monitor the pandemic closely and will keep our approach under regular review

Transport services in east London are getting a significant boost

Barking Riverside Extension
The extension of London Overground to a brand-new station at the heart of Barking Riverside opened to customers on 18 July, months ahead of schedule, providing new quicker, easier and sustainable journey options to this key regeneration area.

The new station is fully step-free, bringing the total number of step-free stations across the London Overground network to more than 60, helping make London a more accessible city for everyone and supporting independent travel.

The new route has reduced journey times to Barking to just seven minutes, a journey which previously took 25 minutes by bus. The route operates four trains per hour, connecting Barking Riverside with the District and Hammersmith & City lines into central London and c2c trains at Barking. Customers can easily interchange with the new Elizabeth line at Forest Gate, just a short walk from Wanstead Park station, as well as River Bus services from Barking Riverside pier.

The Barking Riverside development is a joint venture between L&Q and the Mayor of London that will deliver more than 10,000 new homes along with a range of community, commercial and retail spaces along a 2km stretch of River Thames frontage. The new extension and station vastly improves connectivity to one of London's fastest growing areas, helping residents and visitors travel using public transport and through active travel quicker and more easily.

Crucially, like we showed in the construction of the Elizabeth line, investment in transport benefits the whole of the UK. From supporting jobs and businesses across the country to ensuring supply chains and manufacturers can retain the skill base and resources to realise transport projects in other regions easily and affordably. Delivered by Morgan Sindall Infrastructure and VolkerFitzpatrick as a joint venture on behalf of TfL, the project's supply chain partners have supported businesses of all sizes with apprenticeships, skills and the creation of jobs. This includes steelwork from Scotland and the east of England, precast concrete from the north west of the country and Northern Ireland, innovative slab track from the East Midlands and trains built in Derby.

Recovery
We recognise that COVID-19 remains a transmissible disease so, as we look to the future, we have developed a plan for 'living with COVID-19' which allows us to be flexible, robust and responsive. All decisions will be based on keeping our colleagues and customers safe and healthy, particularly considering those who may be more vulnerable.

Following discussions with London's public health experts, we have made a number of changes, including our customer messaging in relation to the wearing of face coverings, which will help ensure our colleagues and customers are safe. These are covered in further detail below. We continue to monitor the pandemic closely, review our approach and do whatever is needed to keep our customers and colleagues safe.

Face coverings
On 13 June, we changed our position on face coverings. We are now encouraging staff and customers to take appropriate action to keep themselves safe – including using hand sanitiser and wearing a face covering if this helps them to travel with confidence. We will keep our approach to face coverings under review.

Cleaning
We led the way in cleaning at the start of the pandemic and we recognise that our enhanced cleaning regime has provided significant reassurance to our colleagues and our customers. However, the consequences of being infected have changed significantly since the start of the pandemic. As a result, we have updated our cleaning regime to reflect the risk of transmission.

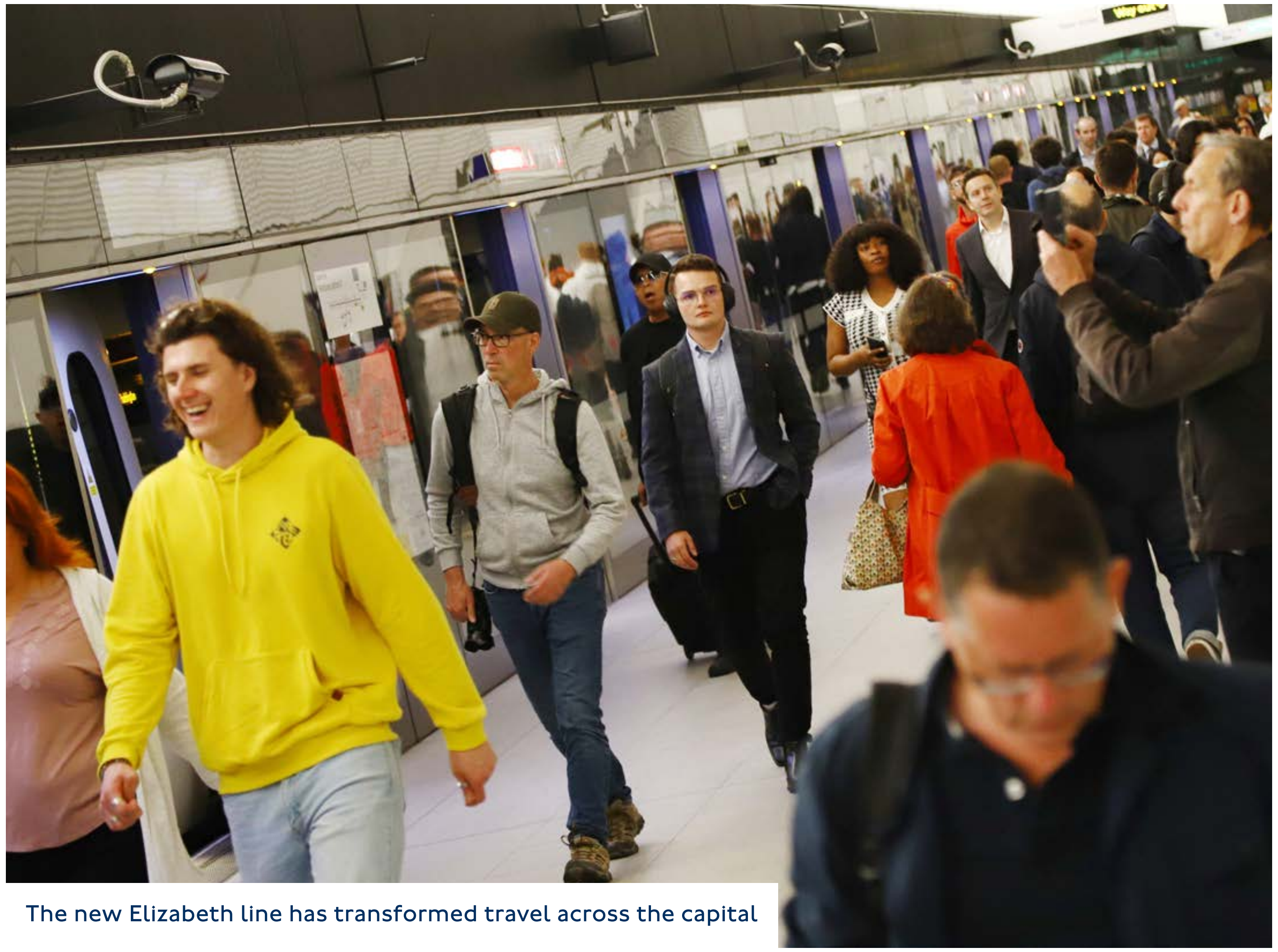
At the start of the pandemic we introduced two industry-leading cleaning solutions that helped us protect our services quickly and effectively. We have learnt more about the transmission of the virus, including that most transmission is airborne. However, we want to continue to provide protection to our customers and colleagues so we will continue to use a high-grade, anti-viral cleaning solution across our network that kills COVID-19 on surfaces as well as other bacteria and viruses. Following a review, we will use one anti-viral product, rather than two, from the start of July. We have updated our risk assessments and consider this a safe and sensible step forward.

Testing
We continue to offer our employees COVID-19 test kits. Boxes of five lateral flow tests are available for colleagues to collect, with a limit of up to one box per week, at our head office buildings. We continue to encourage staff to test regularly, up to twice per week, to ensure the safety of our colleagues.

Imperial College London sampling
Imperial College London has been undertaking monthly air and surface sampling on the bus and Tube network since September 2020. This testing concluded in June, as the managing of the pandemic moves into the next phase across the country. We continue to investigate potential areas for future COVID-19-related research and investigation on the network.

Public transport recovery campaign
Our campaign to promote public transport and encourage more people back onto the network continued from the end of June into July. We have reminded Londoners how public transport connects them to do more of the things they love across the capital and encouraged them to use the netwrok more. Our activity ran on outdoor posters, in cinemas and on TV throughout the campaign period. We have established several partnerships. We continue to work closely with London & Partners, supporting their domestic and international tourism campaign.

Reassurance
To support our recovery, we have continued to reassure our customers that we are working hard to help everyone



The new Elizabeth line has transformed travel across the capital

travel safely by highlighting our ongoing cleaning measures, ventilation on modes and availability of hand sanitising points on the network. In mid-June, we changed our customer communications around face coverings, encouraging customers to wear them if it helps them to travel with confidence. The message ran across our on-system posters, customer information posters, loudspeaker announcements and mass customer emails, to help to ensure we continue to build customer confidence in using public transport.

Elizabeth line
The opening of the central section of the Elizabeth line, heralded in our special edition of my report, was a landmark moment in the history of London's public transport system.

Page 39

I am delighted to say that since the launch of the central section of the Elizabeth line, we have continued to deliver an excellent service, achieving more than 98 per cent reliability.

It's great to see so many people using the line. By 20 June, around 10.25 million passenger journeys had taken place across the whole route since it launched on 24 May, with roughly five million of those journeys taking place through the new central section, between Paddington and Abbey Wood. That represents at least 200,000 journeys in the central section on most weekdays, showing the popularity and benefits that the line is already bringing to so many Londoners.

However, the job is not complete yet. We are working hard to deliver the final stages of the project, and services from Reading, Heathrow and Shenfield will connect with the central tunnels in autumn, when frequencies will also be increased to 22 trains per hour in the peak between Paddington and Whitechapel. Work is continuing to open Bond Street station in the autumn. We also continue to work hard towards the full integration of services across the Elizabeth line by May 2023.

Keeping London moving

Industrial action

Since my last report, there have been a several days of industrial action by the RMT, Unite and ASLEF unions. The first London Underground strike was on 6 June, followed by a further strike on 21 June, which coincided with action on national rail services. Additional national rail strike days on 23 and 25 June impacted some of our services, including London Overground, Elizabeth Line (Liverpool Street to Shenfield and Paddington to Reading/Heathrow) and sections of the Bakerloo and District lines. Tram services were also impacted on 28 and 29 June, and 13 and 14 July due to strike action by ASLEF Union members.

Our control centres and teams across the business worked together throughout the strike action to keep as much of the network running as possible and ensure that information was communicated to customers. Regular strike planning meetings took place and were chaired by a member of the Network Management Control Centre senior management team to coordinate the response, enhance situational awareness, and ensure we had a robust and agile operational plan to support our customers. We monitored the impact on events taking place across London, including supporting the transport plans to and from The O2 arena by enhancing bus and river services, running later and on certain modes, providing staff to support customers around the venue and helping procure buses for their park and ride plan.

All our planning and delivery was complemented with a comprehensive communications and travel demand management plan that provided a wide range of information, including posters, public announcements, emails, social media posts, messages on our website, Journey Planner and TfL Go. We also engaged with a range of stakeholders to ensure awareness among Train Operating Companies, boroughs, elected representatives, business as well as safety, accessibility and other groups. This continued with the rail strike action that continued across the country later in the week.

Our services supported a wide range of events over the summer

Events in the capital

Focus over the period for our Network Management Control Centre has been on keeping the network flowing as we moved into the busy summer calendar of events, as well as planning and delivering our response to industrial action.

From 29 May to 6 June, we saw the culmination of months of planning for the new RideLondon event, the four days of events for the Queen's Platinum Jubilee celebrations and industrial action on the Tube.

The RideLondon event was planned and delivered within a year of conception, on an entirely new route that took in some of London's most iconic locations, but also travelled out to Essex on a 100-mile route, finishing on Tower Bridge. There was a FreeCycle event on the same day, enabling members of the public to take advantage of London's traffic-free roads, and then to finish off the celebration of cycling, the Women's Classique race event took place on the same central London route. We then transitioned into the delivery of the Queen's Platinum Jubilee, with the event taking place over four days. Extensive work across all parts of the business ensured the safe delivery of both events, providing public transport for our customers and once again showcasing London to the world. Our command and control structure was activated for the duration of both events and ensured we were fully aligned with our partner agencies and stakeholders, engaging with them at regular intervals to ensure a common view of operations. Our teams across the business worked extremely hard to delivery these iconic events, while planning for industrial action on 6 June immediately after the Queen's Platinum Jubilee weekend.

Events and disruption continued through the period, including the Superbloom event at Tower Hill which started on 1 June, and various protests and demonstrations, in particular the Trade Union Congress march on the 18 June. A memorial service to mark the fifth anniversary of the Grenfell Tower tragedy was held in Westminster Abbey 14 June. In addition, we saw the return of the British Summer Time events in Hyde Park as well as full capacity concerts at Wembley Stadium, Emirates Stadium and the London Stadium. The All-England Lawn Tennis Championship at Wimbledon took place as well as the Wireless Festival events in Finsbury Park and Crystal Palace.

Night Tube

We reinstated Night Tube services on the Northern line on the evening of 2 July, providing a further boost to London's night-time services after these were suspended in March 2020 due to the pandemic. The return of Night Tube services on the Northern line follows these services already having resumed on the Central and Victoria lines in November 2021, and which were further bolstered in May by the return of Night Tube services on the Jubilee line. In addition, the London Overground night service between Highbury & Islington and New Cross Gate resumed in December 2021. Night Tube services on the Piccadilly line will return this summer.

Bus service changes

We launched a consultation for the restructuring of the central London bus network on 1 June. We are consulting on withdrawing some individual bus routes or sections of routes where they are covered by other high-frequency services or are close to alternative stops. The changes being consulted on have been designed to minimise the impact on customers and ensure that the majority still have a direct bus for their journey, while making the savings required by the Government.

We have worked to ensure that the bus kilometres removed from the network are proposed in locations that already have a higher provision of buses and that buses continue to serve the areas that need them most. The bus routes proposed for changes or withdrawal are already well served by other routes, meaning services would more than meet demand and enable customers to still make the same journeys, though with an additional interchange in some instances.

This is a consultation and we want as many people as possible to have their say. We extended the closing date to 7 August due to interest in the consultation remaining exceptionally high after the first four weeks.

Bank station capacity upgrade

Works continue to open the interchanges between the newly opened Northern line platform and concourse areas with both the Central line and DLR platforms this summer. This will include six new escalators and two new moving walkways and will provide greatly improved journey times for customers interchanging between these lines.

Works are progressing on the new station entrance at Cannon Street, which is due to be completed later this year. It includes step-free access to the Northern line platforms and improved step-free access to the DLR.

Preparations have also begun to demobilise from key worksites on the project as we near the completion of the Bank station capacity upgrade, starting with the removal of the gantry crane on Arthur Street which has served as the main logistics route for more than six years.

Silvertown Tunnel

Good progress has continued at Silvertown Tunnel, including significant piling operations and excavation works to construct the three chambers to launch, rotate and retrieve the tunnel boring machine. The main components of the machine, including the cutterhead, have now been lowered into the launch chamber and are being assembled ahead of its launch this summer. We have also confirmed that the tunnel boring machine will be called 'Jill' in honour of Jill Viner, the first female bus driver to drive a London bus in June 1974.

Other significant works include the completion of the replacement river wall on the north bank of the Thames to ensure its stability during our tunnelling works. This will also provide additional habitat and future-proof flood defences to support wider development plans in the area.

Rotherhithe Tunnel refurbishment

We have completed the design work and preparation of tender documents for the detailed design and build procurement stages of the project. However, owing to the current funding and financing challenges the organisation faces, the tendering process for the detailed design and build stage remains paused. A series of short-term capital interventions are being put in place to ensure the tunnel remains safe and operable until the main refurbishment project can be progressed. The procurement activity for some of the short-term capital interventions is expected to begin, with contractor appointments planned for August 2022.

A40 Westway
Work on the replacement of a major joint on the Westway, which enables the structure to expand and contract as designed, has been completed ahead of schedule using the weekend and lane closures. The road is now fully open, and no further closures are planned. Some access and drainage works are being carried out on the underside of the joint, which are expected to be finished in July 2022.

The remaining works on the Westway will be carried out, subject to funding, as a separate work package. Concept design work for this package is under way and due to be completed by October this year.

Old Street
The Old Street Roundabout project continues to remain on track for completion in spring 2023, with the highway works substantially completed at the end of this year. Construction continues on the paving and kerbing works on the four approach arms to the junction, including the infilling of Subway 1, the northeast entrance to the station, which is now completed. The stairs for the southwest entrance to the station, Subway 3, were closed on 15 June following successful implementation of the final traffic management phase during the weekend of 10 to 13 June.

Construction of the concrete shafts for both the new passenger lift and new goods lift are complete in readiness for the installation of the new lift cars from the beginning of August. Construction of the new main station entrance is continuing with the superstructure works, with the new station entrance stairs scheduled to open for public use on 25 July, while work continues on the above roof structure and glazing. The Subway 3 ramp will also be closed on 25 July once the main station entrance is opened. Refurbishment of the clerestory roof structure is continuing with installation of the external cladding and construction of the bin store.

Modernising the Circle, District, Hammersmith & City and Metropolitan lines
We continue to make good progress on the programme, which is delivered by progressively installing new signalling onto sections of the railway called signal migration areas (SMAs). The section of signalling between Sloane Square, Paddington, Fulham Broadway and Barons Court, called Signalling Migration Area 5 (SMA5), went live on 27 March. This allows a new timetable to be introduced in September, which will enable a journey time improvement of around five per cent on average on the Circle and District lines between Monument, Fulham Broadway, Barons Court and Paddington in September. As an example, this means a journey between Barons Court and Monument will be reduced by more than a minute.

Software development continues for future signalling migration areas covering the eastern end of the District line (SMA6 and 7) and the Metropolitan line between Finchley Road and Preston Road (SMA8), including the interface with Neasden Depot and the Jubilee line. Following a recent review of our programme, we currently expect SMAs 6 and 7 to go live in early 2023. An additional software update will also be introduced by November to reduce the volume of operational restrictions and to introduce further improvements to the software.

Piccadilly line upgrade
Phase one of our upgrade of the Piccadilly line will provide 94 new generation, high capacity, walk-through, air-conditioned trains and supporting infrastructure. These will replace some of the oldest trains on our network and will enable a peak frequency increase from 24 to 27 trains per hour.

In June, Siemens completed assembly of the first in type intermediate car, including painting in TfL livery. This sees the early delivery of the Piccadilly line upgrade's first Tier 1 strategic milestone for the year. Completion enables the car to move to the next stage of manufacture, which includes installation of internal equipment.

In July we successfully brought into use four new roads in South Harrow Sidings. These roads can stable both existing and new Piccadilly line trains. The final eight roads will be delivered in December. This is a key enabler to the introduction of the new Piccadilly line trains on our network for testing in 2024 and in passenger service from 2025.

Station enhancements
Two station enhancement projects on the London Overground have opened, bringing improvements to two busy stations. On 1 July a new second entrance opened at Hackney Central on Graham Road, easing congestion and improving links to the town centre. The scheme supports a green recovery, providing new cycle parking spaces and additional trees and greenery.

An additional footbridge has been installed, alleviating congestion around the existing entrance, and improving links to the Hackney Downs interchange. At Imperial Wharf, on 28 June, a new entrance has connected to the northbound platform, enabling a one-way system for passengers and alleviating congestion at the existing staircase.

Bus Priority Programme
We are exploring potential locations for the next wave of ambitious corridor-wide bus priority schemes, which could begin planning later this year subject to funding. This will strengthen the existing pipeline of corridor schemes already in the programme, feed the delivery of our bus priority programme and help to achieve the target of delivering 25km of new and improved bus infrastructure by 2025.

The traffic signals workstream continues to deliver efficiencies for buses. So far this financial year, 90 signal timing reviews have been completed, and 10 traffic signals have been upgraded. Following the new DfT guidance, we have undertaken a trial across 12 sites to reduce the traffic stage minimum green time from seven seconds to five seconds on low flow approaches. This enables us to allocate more green time to buses and pedestrians, improving journey times and reducing pedestrian wait times. Initial results have demonstrated up to 11.5 minutes per day being given back to buses at some sites. A second phase of the trial is proposed for this financial year, where we will test more complex sites.

Adiona bus monitoring system

On 20 June we launched a new system for managing and monitoring the bus network and coordinating bus service changes. Adiona replaced unsupported legacy systems such as BusNet and Caesar with a new solution for managing information on routes, stops, stands, service changes and timetables as well as introducing a collaboration portal which will be used by bus operators to submit bus schedules. The change improves resilience and provides a quicker, more flexible platform that will support iBus 2 when it goes live later in the year and assist us in improving the information we provide to customers on service disruption and route diversions.

We would like to thank all partners in the delivery of these schemes, including Network Rail, London Borough of Hackney and Arriva Rail, as well as the scheme funder, the DfT. We would also like to thank the contractor, KN Circet UK, and design and management team, The Trevor Patrick Partnership, who delivered the project within a very constrained site and on an extremely busy road and bus route.

Government Levelling Up Fund second round

The Government's Levelling Up Fund is designed to invest in infrastructure that improves everyday life across the UK. The £4.8bn fund will support town centre and high street regeneration, local transport projects, and cultural and heritage assets. We are supporting boroughs in submitting bids to the second round of funding. In many cases our support is required as a prerequisite of bidding. A total of 23 borough bids are being supported along with our own bid for station upgrades at Leyton and Colindale which would deliver step-free access and secure regeneration in areas of deprivation. The majority of borough bids are for transport projects with a small number of public realm bids. The deadline for bids was originally 6 July but this has now been extended to the end of the month.

Cycleways

Cycleway 4

Construction work along Evelyn Street is progressing well, with the focus of works now at New King Street in the London Borough of Lewisham. All remaining works are planned for completion in early autumn. The cycle track on the Creek Road section of the route opened on 27 June and the Royal Borough of Greenwich's works to Creek Road Bridge has been rescheduled for winter this year to follow on after the Cycleway 4 extension work is complete.

Cycleway 9

Work to transform Hammersmith Gyratory completed on 30 June and the cycle track is open. Work along Chiswick High Road from Chiswick Lane to Goldhawk Road, which was delivered by the London Borough of Hounslow, was also completed on 8 July, and this section of the route is open. The next phase of works on Chiswick High Road between Chiswick Lane and Heathfield Terrace will be delivered by the London Borough of Hounslow and is due to start on site in late August.

Cycleway 23

Construction work by the London Borough of Hackney on the Millfields Park section of the route will complete and be open to cyclists in July. The detailed design for Lea Bridge Roundabout is progressing and construction is planned for early 2023. The London Borough of Hackney will start detailed design work for Lea Bridge Road westbound following completion of the Millfields Park works in summer 2022.

Santander Cycles

Our Santander Cycles scheme continues to go from strength to strength and has had seven months of record usage. The May bank holiday was the busiest ever May bank holiday for hires, achieving more than 100,000 hires just across the weekend. We also reached more than one million hires in April 2022, and currently are in our eighth month of record hires. On the day of industrial action on the London Underground and across National Rail services (21 June), there were 65,317 hires. This was the fourth busiest day across the scheme ever. The week ending the 26 June was also the second busiest week ever.

June was also the busiest month in the history of the scheme. A total of 1,280,009 hires took place across the month, which surpassed the previous best, recorded in July 2018, by 26,204 hires.

Between March 2020 and March 2022, we offered free cycle-hire access codes to NHS staff and other key workers. The free key worker promotional code ended in March 2022 following more than 25,000 redemptions. The free NHS promotional code continues to be used and has been redeemed more than 150,000 times.

The programme to modernise and electrify the Santander Cycles scheme is continuing as planned.

Our contract with ABM UK

A comprehensive review of our current approach to cleaning, which concluded earlier this year, recommended that we continue outsourcing our cleaning services under the current financial pressures while also considering other factors, such as expertise and innovation. This was communicated to the relevant trade union colleagues in late February. On 28 March, a decision was made to extend our current contract with ABM UK for a further three years.

We continue to enhance our station retail facilities

Cleaners on the transport network, alongside other key workers, have done and continue to do an amazing job in these challenging times and we are extremely grateful for everything they are doing. Cleaners on our network all receive the London Living Wage as a minimum, but we will assess our approach to cleaning contracts again with another review starting by April 2023 at the latest.

Customer experience

Station retail

We continue to welcome retail partners to the station retail estate, further enhancing the 52 new openings from April 2021 to March 2022, including recently completed leases with Greggs, Pret A Manger and Chopstix, which have a combined value of £575,000 across four locations. It is worth noting that the new retail spaces created out of the re-use of operational space have an average rental income of £83,500 per annum, which is far greater than the average rental income from the existing portfolio at £28,000 per annum.

On the Elizabeth line, station retail has eight new small and medium enterprises on the eastern section with more to follow. On the western section we are currently marketing four new units aimed at local traders which will enhance the customer experience. On the central section new retail units at Custom House and Woolwich are being marketed and we are seeing interest from national operators. These, along with three mobile retail pitches under offer at Paddington, Tottenham Court Road and Liverpool Street add even further benefits for passengers across the network.

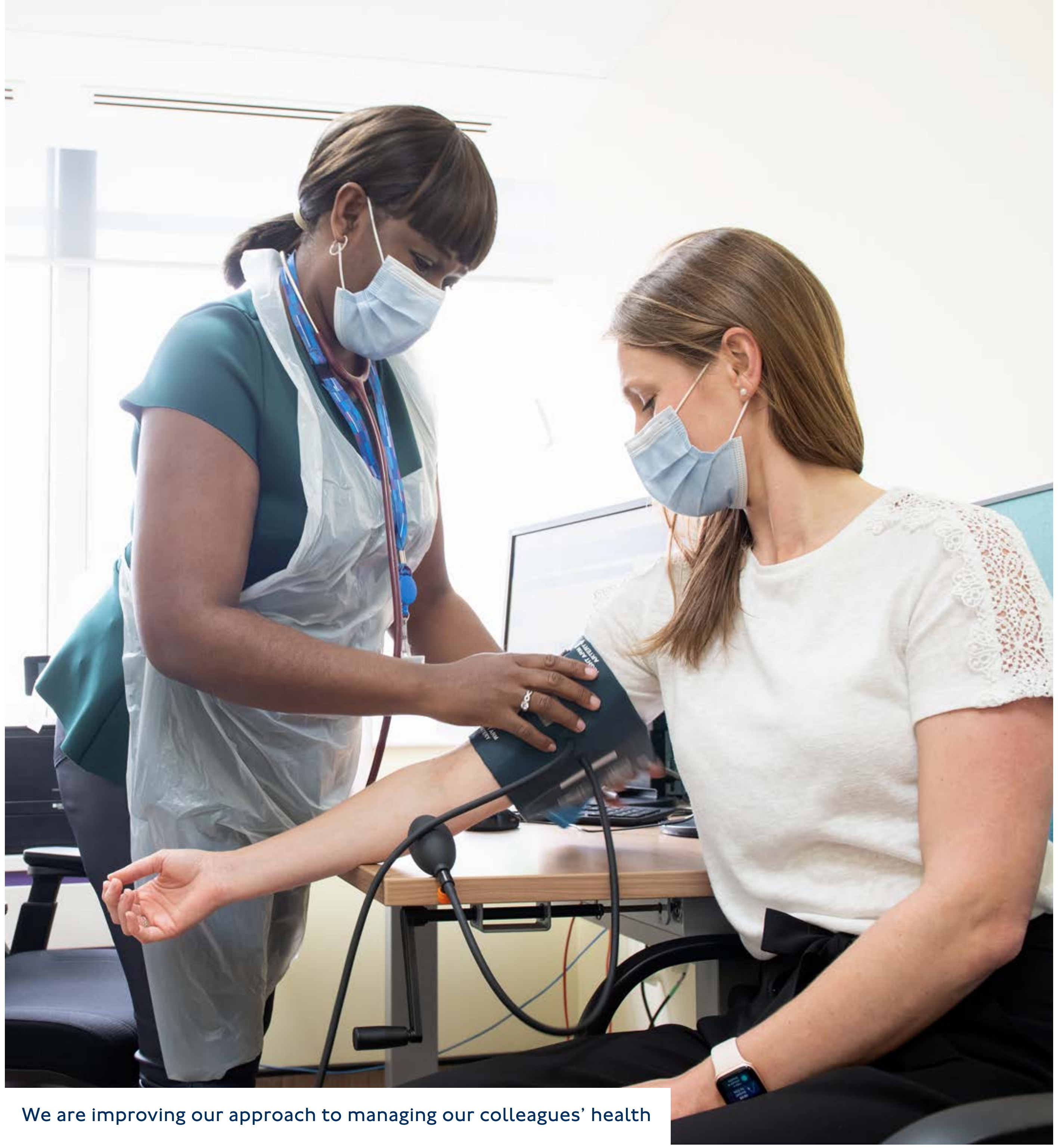
National Railway Heritage Award at Victoria Station Arcade

On 15 June, the Deputy Commissioner and Director of Customer and Strategy, Gareth Powell, joined the trustees from the National Railway Heritage Trust to unveil the GWR National Railway Heritage Award for Craft Skills at Victoria Station Arcade. The arcade was opened in 1911, and received its English Heritage Grade II listing in 2014 as an exemplar of Edwardian retail architecture.

Over the past three years, the Commercial Development team has been working to restore the arcade, expanding the units while repairing many of its original features, including the stonework outside the arcade, the chequerboard flooring and storefront detailing. The arcade has also had new signage added to complement the heritage features.

Our people

We are committed to protecting our people from potential health risks



We are improving our approach to managing our colleagues' health

Page 44

Health and wellbeing

Health

Taking care of the health of our colleagues is a top priority for us. We're committed to protecting our people from potential health risks and have controls in place to prevent harm. We recently updated our approach to health risk to our colleagues, with a specific focus on health surveillance. In April, the Health and Safety Executive identified a number of areas where we could improve our approach to managing the health risks to our colleagues. We put a new Health Surveillance Action Plan in place to address these issues. This will ensure that all our colleagues who work with certain chemicals or have prolonged exposure to loud noise have the right health checks so that everyone is confident that we are protecting our colleagues' health. In June, the agency confirmed that it was satisfied with our approach and emphasised the importance of maintaining a continued focus on this issue.

New definition of employee wellbeing

A new definition of employee wellbeing for TfL was agreed on 1 June, which is based on the Chartered Institute of Personnel Development (CIPD) 2016 definition. Our colleague roadmap focuses on showing that safety and wellbeing matter most and we will do this by 'creating an environment which enables employees to flourish and achieve their full potential for the benefit of themselves and their organisation'.

We will use the CIPD model of five domains of organisational wellbeing: health, work, values/principles, collective/social and personal growth/wellbeing.

Well@TfL mobile health unit

The Well@TfL health bus arrived late May and will be delivering onsite mobile health checks, health surveillance and periodic medicals. The mobile health bus will provide a convenient and cost-effective way for employees to receive onsite support on their health and wellbeing, as well as to attend medicals. Since launching the Well@TfL project in August 2021, more than 800 employees have received a mobile health check. I visited the Well@TfL Health Bus at the end of June, discussing the benefits with the team of early identification of health risks and receiving onsite wellbeing support.

Phase two of Well@TfL Acton pilot project

The Acton pilot project aimed to help our colleagues to learn more about their health and how they can improve it. The project started with wellbeing checks, including measurements like cholesterol, blood glucose and blood pressure. Participants were then invited for a three-month follow-up call and six-month follow-up appointment. The six-month follow-up health checks outlined a significant benefit to employee's wellbeing. The comparison between first and last health check physical results indicated:

- A reduction in mean waist circumference
- A reduction in the mean diastolic and systolic blood pressure recordings
- A reduction in mean relative risk (the risk of a cardiovascular event) and an increase in individuals who had the recommended relative risk of 1.0 or below

- 100 per cent of employees that attended three-month follow-up calls said they had made changes to improve their health and wellbeing

RESET Health

We joined forces with RESET Health in December 2021 to support our employees in taking control of their health. Specifically, the programme aims to reverse the conditions of those living with diabetes or prediabetes, as well as those who are obese or overweight.

Data of members at key milestone of 12-week provides promising improvements.

- Of the 29 members who have reached the 12-week mark, more than 60 per cent lost more than 5 per cent of their body weight and of these, 6 members lost more than 10 per cent of their bodyweight.

- There is a 19 per cent reduction in the proportion of members who were living with obesity when first joining the programme.

- Four member who were living with prediabetes when joining the programme reversed their condition after 12 weeks

National Volunteer Week

National Volunteer Week began on 1 June, giving us an opportunity to celebrate and recognise the valuable contribution our volunteers make supporting our employability and young people outreach programmes.

Volunteer graduates and apprentices attended early career events both virtually and in person to engage with young people in schools, colleges and community groups to tackle underrepresentation in our sector. They help support the Mayor's ambition for young people to pursue careers in STEM subjects.

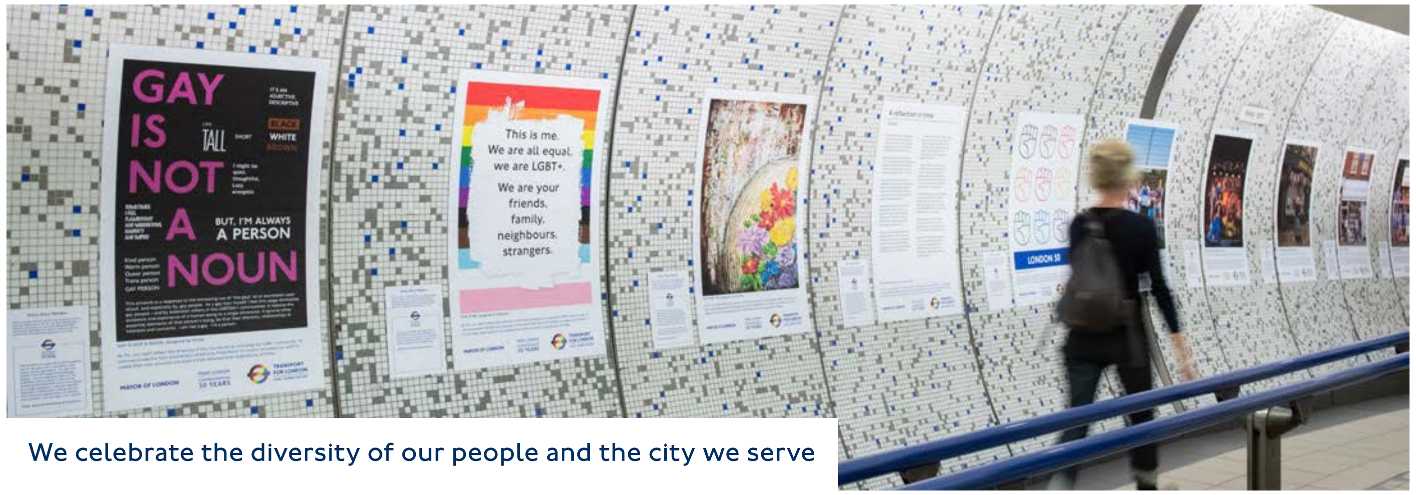
To help with their personal development, our volunteers also provided mentoring support and guidance to other attendees. To support the Mayor's New Deal for Young People we have partnered up with different mentoring organisations to help support some of the most deprived students in the UK.

Diversity and inclusion

Celebrating Pride

June is Pride month and we always strive to celebrate the diversity of our people with a range of activities and events taking place across the organisation to highlight our LGBT+ colleagues and allies, leading up to our presence at the main Pride events across London.

This year marks the 50th anniversary of the first Pride protest march in London. Many people use Pride as a time to reflect and be grateful for the many LGBT+ people and allies who have fought to advance rights globally. We were proudly represented at the Pride in London parade on 2 July, had a presence at Croydon PrideFest on 16 July, and will be represented at UK Black Pride on 14 August.



We celebrate the diversity of our people and the city we serve

Following on from the success of the special roundels created last year, the OUTbound staff network has invited colleagues to submit artwork that will be selected and displayed across our estate during Pride month. We have also reached out to inspirational LGBT+ luminaries from outside the organisation to submit artwork.

Anti-racism leadership charter event

In February 2021, we launched our anti-racism leadership charter, asking our leadership team and senior stakeholders to sign up to the initiative and make a commitment and to take active steps towards fighting racism in the workplace.

To drive this conversation forward, we invited colleagues from across our organisation to attend our first event at our Endeavour Square office on 9 June.

I attended the event, along with our Executive Committee, Deputy Mayor for Transport Seb Dance, and external speakers Afua Hirsch and Nova Reid who provided their experiences of racism and discussed how we can bring our anti-racism leadership charter to life.

Defence Employer Recognition Scheme Gold award

This month, I was delighted to hear that we have been re-awarded the Gold Employer Standard – the highest award an employer can receive from the Ministry of Defence for their work in supporting ex-service personnel, veterans, reservists, and their families. The scheme encompasses bronze, silver and gold awards for employer organisations that pledge, demonstrate or advocate support to defence and the armed forces community, and align their values with the Armed Forces Covenant. We are incredibly proud of our commitment to support those leaving the armed forces into civilian employment, and this excellent achievement demonstrates our commitment to doing so.

Finance

We continue to work towards financial sustainability while controlling our costs

We are building affordable housing across the capital

Funding agreement

On 25 February, we reached a four-month funding agreement with the Government to 24 June, replacing our previous agreement and covering the Fourth Funding Period. This funding agreement was extended to the 13 July and has now been further extended to 28 July. Over this extension period from 24 June 2022 to 28 July, there will be a continuation of a revenue top-up mechanism, which reduces the risk of passenger demand being lower than expected, and there will not be any additional base funding. We continue to require about £0.9bn of revenue support for the rest of this financial year, after which we aim to be financially sustainable without support from the Government.

We are working with the Government on securing this revenue support, as well as longer-term capital support, and this latest extension will allow time to continue these discussions and hopefully have more clarity. Reaching agreement on this is crucial for the coming years for us to move off the trajectory of managed decline and instead move towards our other ambitions such as decarbonisation, Vision Zero, accessibility, active travel and our work on other important programmes.

Performance

This year's Budget sets out our path to achieve financial sustainability by April 2023, making this the last financial year in which we require Government revenue support as a result of the pandemic. The required Government revenue support of £1.2bn for 2022/23 is on a clear declining trajectory from previous years. We have already secured around £300m of revenue support this year but require around a further £900m for the remainder of the year.

Our year-to-date results to the end of Quarter 1 show we are on track to deliver this year's Budget.

Journeys continue to recover, with total journeys at 76 per cent of pre-pandemic levels in the latest period, up from 68 per cent at the end of last year. Journeys are only one million lower than Budget so far this year, with the opening of the Elizabeth line resulting in an additional 6 million journeys. Passenger income is £910m in Quarter 1, £331m higher than the same time last year. Underlying passenger income, after adjusting for Oyster write-off income, is £5m better than Budget.

Operating costs were £1,643m in Quarter 1 and are broadly in line with Budget which is less than 1% favourable. Pension costs are £18m lower than Budget this year following the recent triannual valuation for 31 March 2021 and interim valuation for 31 March 2022. We have seen some cost pressures of £24m on Road User Charging bad debt, from lower payment rates on penalty charge notices during the initial discounted period, as well as the impacts of inflation on external contracts. Pressures have so far been offset by the pensions upside and other savings across the Group.

Capital investment is £293m in the year to date, within 1% per cent of Budget – we have clear controls in place to manage the Budget figure over the full year.

TfL cash balances (excluding balances committed to Crossrail construction and property development) are £1,248m at the end of Quarter 1, which is £35m lower than Budget mainly due to the timing of a VAT receipt. Our latest forecast is that cash balances will reduce to around £450m at year end without further support from the Government.

Preserving liquidity by maintaining a minimum cash balance of £1.2bn is crucial to our financial resilience. Our cash reserves ensure we can deal with a range of short- and longer-term uncertainties and provides assurance to our lenders, suppliers, and credit rating agencies that we can meet our commitments.

Route to financial sustainability

Material savings in train maintenance

We have been exploring ways to reduce the cost of purchasing the components we use in both the regular maintenance and heavy overhaul of our rolling stock. The scope of the programme is to target cost savings in a number of specific ways, from developing technical specifications for components that make it easier for us to tender competitively at a lower price, to designing modifications that make components last longer. This will make our network safer and more reliable, while saving money in the long term.

Since its conception in 2018, the latest reports show the programme has saved around £5m to date, which is predicted to rise to around £27m taking in the estimated duration of assets that are currently in use.

New homes and TfL Property

We were delighted to announce in June that the £200m debt facility that will provide funding certainty for our commercial and other property assets for the next three years was completed.

The funding comes from three banks and confirms their confidence in our ability to deliver the homes, jobs and growth that London needs.

This is a significant milestone for TTL Properties, our consolidated property arm, in its journey to be financially independent from TfL. The credit line allows us to commit to long-term investments with confidence, including confirming to Grainger plc that we will be proceeding with the developments at Arnos Grove, Montford Place and Nine Elms – delivering 780 homes across these three sites, 40 per cent of which will be affordable. We will also see a major increase in investment in our existing assets.

Barkingside

We held a number of events in June to get feedback on our plans to build 98 new affordable homes in Barkingside. Working with Vistry Partnerships and Peabody, we are looking to develop the site that is currently used as a builder's yard next to Barkingside Tube station. Sustainability is embedded throughout our design, with the incorporation of air source heat pumps, green roofs, new allotments and communal gardens for residents. Our plans will also see us provide new pedestrian crossings outside the station, which can be used by residents or the public.

Snaresbrook

We have been speaking to the local community about our plans to build new affordable homes on the land that is currently used as a car park at Snaresbrook Tube station. We have selected Pocket Living as our partner to bring forward the proposals to deliver 70 affordable homes.

Earl's Court

There has been much activity at our development in Earl's Court. Through pop-ups, workshops and an exhibition, we have been talking to the local community about our ambitious plans for the 40-acre site, which we are developing in partnership with The Earls Court Development Company. The site has also been hosting the Underbelly Festival, featuring a circus, cabaret, theatre and comedy, for the second summer in a row. We will start the next phase of engagement in September, which will contain more details on height and the number of homes we are planning to build.

Our Film Office

We continue to progress the recovery of our Film Office, following its complete closure over the course of the pandemic. Across the first two periods of this year, a strong start was made with more than £125,000 received for the filming of five TV dramas, two features and four documentaries, with many more enquiries in the pipeline. In addition, more than £11,000 has also been raised through the use of our intellectual property in filming.

Southfields station

In celebration of the Wimbledon Tennis Championships, the Lawn Tennis Association has once again undertaken a station domination at Southfields station to mark the event as well as welcome guests. The transformation included the painting of some of the station assets, the installation of branded artificial grass across the platforms and special advertisements.

Bus shelter advertising

Our current concession for bus shelter advertising across our estate expires at the end of December 2023. In preparation, early market engagement activities took place on 17, 22 and 28 June to discuss our ideas with the potential partners in the market and help inform our procurement process.

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' and helping to create a safer, 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 by walking, cycling or using public transport by 2041. To make this a reality, we prioritise sustainability, health and the quality of people's experience in everything we do.

We run most of London's public transport services, including the London Underground, London Buses, the DLR, London Overground, Elizabeth line, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the London Cable Car. The experience, reliability and accessibility of these services is fundamental to Londoners' quality of life.

We manage the city's red route strategic roads and, through collaboration with the London boroughs, we are helping to 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, improve air quality, revitalise town centres, boost businesses and connect communities. As part of this, our expanded Ultra Low Emission Zone and fleets of increasingly environmentally friendly and zero-emission buses are helping to tackle London's toxic air.

During the pandemic, we took a huge range of measures to ensure people were safe while traveling. This included extensive cleaning regimes across the public transport network and working with London's boroughs to introduce the Streetspace for London programme, which provides wider pavements and cycle lanes so people can walk and cycle safely and maintain social distancing. London's recovery is vital to the UK's recovery as life returns to normal. We want to ensure London avoids a car-led recovery and we continue to reassure people the capital and our transport network is safe and ready for them.

We have constructed many of London's most significant infrastructure projects in recent years, using transport to unlock much needed economic growth. This includes major projects like the extension of the Northern line to Battersea Power Station and Nine Elms in south London, as well as our work at Barking Riverside and the Bank station upgrade.

Working with Government, we completed the Elizabeth line in time for Her Majesty the Queen's Jubilee. This transformational new railway adds 10 per cent to central London's rail capacity and supports the delivery of high-density, mixed-use developments, which are planned around active and sustainable travel to ensure 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 using intel, 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 who 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. By working together, we can create a better city as London's recovery from the pandemic continues.

July 2022

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Board

Date: **27 July 2022**

Item: **Elizabeth Line Operations and Further Opening Stages**

This paper will be considered in public

1 Summary

1.1 This paper provides the status update of the Elizabeth line operations and on the readiness for further opening stages of the Elizabeth line railway including the remaining work on the Crossrail project.

2 Recommendation

2.1 The Board is asked to note the paper.

3 Performance of Operational Service

3.1 The reliability of the Elizabeth line has been very good. In Period 2 (1-28 May 2022) the Elizabeth line (including what was known as TfL Rail prior to 24 May) delivered reliability of 95.1 per cent (measured against Public Performance Measure or 'PPM') against the target of 94.25 per cent. Following the start of revenue service in the central section on 24 May, performance between Paddington and Abbey Wood was 97.8 per cent over the first five days of service, with 100 per cent delivered for three of those five days. Performance on the east was 95.9 per cent during Period 2 whilst the west was 93.3 per cent.

3.2 During Period 3 (29 May – 25 June) the Elizabeth line delivered reliability of 94.9 per cent (PPM). This exceeded the overall target of 94.25 per cent. The year-to-date average is 94.7 per cent. In Period 3 the central section PPM was 96.8 per cent.

3.3 In the first four weeks of operation as the Elizabeth line there have been around 10.25 million passenger journeys across the whole route, of which around five million are estimated to have been on the section from Paddington to Abbey Wood, averaging over 200,000 journeys per day on the central section.

4 Update on Further Opening Stages

4.1 Work continues in engineering hours and on Sundays to complete outstanding works, in particular the updating of signalling software in preparation for more intensive services later this year.

4.2 Nine of the ten new central section stations have now been commissioned and transferred to TfL. Bond Street is now the only station site with substantial construction, testing and commissioning activity still underway. The station continues to make good progress and the team are working hard to open the station to customers later this year.

4.3 The plan to complete the end-to-end railway entails a set of graduated steps (‘Stage 5’): a 22 trains per hour peak (16 trains per hour off-peak) frequency in the central section (Paddington to Whitechapel), which can commence outside of a National Rail timetable change and is planned for the Autumn; and then a further increase of the peak frequency to 24 trains per hour which is planned no later than the National Rail timetable change in May 2023. A T-Minus process has been established that builds on the approach taken to the countdown to commence revenue service on the Elizabeth line.

4.4 Reliability will be a key factor in commencing and moving through the Stage 5 stages with the reliability on each of the west, central and east sections needing focus and management. Further trials for 20 trains per hour will take place at weekends. The transitions to and from the Central section will also be key to supporting Stage 5, we are working with our signalling supplier on this.

List of Appendices:

None

List of Background Papers:

None

Contact Officer: Howard Smith, Director, Elizabeth line
Email: HowardSmith@tfl.gov.uk

Board

Date: **27 July 2022**

Item: **TfL Annual Report and Statement of Accounts for the Year Ended 31 March 2022**

This paper will be considered in public

1 Summary

1.1 This paper presents the draft Annual Report and TfL Group Statement of Accounts for the year ended 31 March 2022 and requests the Board's:

(a) approval of the Annual Report for the year ended 31 March 2022 and its publication;

(b) consideration of the Statement of Accounts for the year ended 31 March 2022 and delegation of its approval to the Audit and Assurance Committee; and

(c) approval for the provision of an ongoing parent company guarantee by Transport Trading Limited (TTL) to a majority of TfL's subsidiary companies.

1.2 On 6 June 2022, the Audit and Assurance Committee considered the draft Statement of Accounts for the year ended 31 March 2022. Comments made by the Committee have been addressed in the documents.

2 Recommendations

2.1 The Board is asked to note the paper and:

(a) approve the 2021/22 Annual Report, subject to any comments Members might have;

(b) authorise the Chief Customer and Strategy Officer to make any further design or editorial changes to the Annual Report as may be required, including changes to reflect the position on TfL funding;

(c) consider the Statement of Accounts and, recognising that a decision on approval of the Statement of accounts cannot currently be made, delegate approval of the Statement of Accounts the Audit and Assurance Committee and the provisions of Standing Order 108 are disapplied for these purposes;

(d) subject to the approval of the Audit and Assurance Committee, agree that the statutory Chief Finance Officer will make any adjustments arising from

the work prior to the auditors, Ernst & Young LLP, signing their opinion. or from any comments made by the board of any Subsidiary company. Should any changes be required to the Statement of Accounts, other than the going concern conclusion which, in the opinion of the statutory Chief Finance Officer, are material, he will seek the approval of the Board or the Audit and Assurance Committee to these changes;

(e) note that the Chair of the Audit and Assurance Committee will sign and date the Statement of Accounts in due course;

(f) confirm overall approval of the provision of an ongoing guarantee by Transport Trading Limited of all the outstanding liabilities of those of its subsidiary companies listed below, such guarantee enabling those subsidiaries to be exempt from the need to have their accounts audited:

(i) Woolwich Arsenal Rail Enterprises Limited;
(ii) City Airport Rail Enterprises Limited;
(iii) London Underground Limited;
(iv) LUL Nominee BCV Limited;
(v) LUL Nominee SSL Limited;
(vi) Docklands Light Railway Limited;
(vii) Tube Lines Limited;
(viii) Rail for London Limited;
(ix) Rail for London (Infrastructure) Limited
(x) Tramtrack Croydon Limited;
(xi) London Buses Limited;
(xii) London Bus Services Limited;
(xiii) London River Services Limited;
(xiv) Transport for London Finance Limited;
(xv) Victoria Coach Station Limited;
(xvi) TTL Properties Limited;
(xvii) TTL Blackhorse Road Properties Limited;
(xviii) TTL Build to Rent Limited
(xix) TTL Earls Court Properties Limited;
(xx) TTL FCHB Properties Limited;
(xxi) TTL Kidbrooke Properties Limited;
(xxii) TTL Landmark Court Properties Limited;
(xxiii) TTL Northwood Properties Limited;
(xxiv) TTL South Kensington Properties Limited:
(xxv) TTL Southwark Road Properties Limited; and
(xxvi) TTL Wembley Park Properties Limited; and

(g) note that, as a result of the application of IFRS 9 Financial Instruments, TfL's auditors, Ernst & Young LLP, requested that letters of financial support previously provided by Transport for London in respect of the liabilities of its subsidiaries be re-signed annually by TfL's Chief Finance Officer. Board approval for the issue of such letters was granted when the subsidiaries were first established or acquired.

(h) note that, on 28 June 2022, the letters of financial support previously provided by Transport for London to TTL Properties Limited and its subsidiaries were withdrawn and replaced by letters of financial support from TTL Properties Limited to its subsidiaries.

3 Background

3.1 TfL is required under section 161 of the Greater London Authority Act 1999 (the GLA Act) to produce a report on its achievements and the performance of its functions during the year. Approval of the Annual Report is a matter reserved to the Board under TfL's Standing Orders. The Annual Report includes the information that is required under the GLA Act.

3.2 TfL is also required, under the Accounts and Audit Regulations 2015 (the Regulations) to prepare a Statement of Accounts each year. The Regulations further require that the Statement of Accounts is approved by a resolution of a committee or by members meeting as a whole.

3.3 The 2021/22 Annual Report will include TfL's Statement of Accounts for the year ended 31 March 2022. While this is not a legal requirement, it is regarded as good practice and will assist key audiences in understanding TfL's financial and operational performance over the year.

3.4 The structure of the report has been designed for the web and it will be available on TfL's website, electronically and in other formats on request.

4 Statement of Accounts

4.1 The Statement of Accounts has been prepared in accordance with the provisions of the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 ("the Regulations"). The form, content and accounting policies followed in preparing the Statement of Accounts are as prescribed in the Regulations and by the Code of Practice on Local Authority Accounting which is developed and published by the CIPFA/LASAAC joint committee (the Code). The Code is based on International Financial Reporting Standards (IFRS).

4.2 The Regulations also require that the responsible financial officer, namely the Statutory Chief Finance Officer, sign and date the Statement of Accounts before the commencement of the period for the exercise of public rights, and certify that it presents a true and fair view of the financial position of TfL at the end of the year to which it relates and of TfL's income and expenditure for that year.

4.3 The Statement of Accounts (unaudited) was certified by the statutory Chief Finance Officer and published on the tfl.gov.uk on 31 May 2022 as part of the Audit and Assurance Committee papers, with the Annual Governance Statement published on 27 May 2022. Appropriate notices were placed on TfL's website, and media briefings were offered. The period for exercise of public rights was announced to commence on 1 June and concluded on 15 July 2022.

4.4 On 24 June 2022, the current extraordinary funding and financing agreement between TfL and the DfT was extended until 13 July 2022. A further extension was then agreed on 13 July 2022 to 28 July 2022. These recent extensions have not been reflected in the TfL Statement of Accounts due to the late stage at which they were agreed and the ongoing discussions on longer term funding.

4.5 It is recognised that Government funding for TfL is in place, subject to conditions, until 28 July 2022. An update on funding will be provided at the meeting. Government has, in all the funding letters it has provided for TfL following the start of coronavirus pandemic, confirmed that TfL's long term funding needs are recognised and that they will be met, through a combination of measures from TfL, the Greater London Authority and Government. Given the timing for agreement of any arrangements for further Government funding after 28 July, it is proposed that the Board is asked to consider the Statement of Accounts but not approve it, with approval authority being delegated to the Audit and Assurance Committee instead. This will allow time for the required financial statement disclosures to be completed and TfL's external auditors to complete their audit work before the deadline for publication of the approved Statement of Accounts of 30 September 2022.

4.6 The Accounts and Audit Regulations 2015 provide that the statement of accounts need to be considered by way of Committee or by the Members of the Board meeting as a whole and approved by a resolution of that Committee or meeting. Should the Board agree to delegate approval of the statement of accounts to the Audit and Assurance Committee, the Chair of the Committee would be required to sign and date the accounts once they are approved in accordance with the Regulations as the person presiding at the Committee.

4.7 Approval of the Statement of Accounts is a matter ordinarily reserved to the Board under TfL's Standing Orders, paragraph 99(c). To facilitate the proposed delegation to the Audit and Assurance Committee, it is also proposed that Standing Order 108 be disapplied.

4.8 Given the materiality of further funding to TfL's going concern status, the Statement of Accounts will be updated following agreement of funding beyond 28 July 2022.

4.9 Once this has been completed, the statutory Chief Finance Officer will again certify the Statement of Accounts and they, with the addition of the Independent Auditor's Report, will be presented to the Audit and Assurance Committee for consideration and approval.

5 Subsidiary Companies Audit Exemption

5.1 For the year ended 31 March 2014, the Group took advantage of changes under section 479A of the Companies Act 2006 that enable certain UK subsidiary companies to claim exemption from audit of their accounts.

5.2 The exemption is conditional on a parent undertaking giving a guarantee to its subsidiary in respect of all liabilities of that subsidiary outstanding at the balance sheet date, and on 5 June 2014, under authority delegated by the Board on 26

March 2014, the then Finance and Policy Committee agreed that, for the year ended 31 March 2014 and for future years until withdrawn, the holding company for TfL's trading subsidiaries, Transport Trading Limited, will offer the guarantee to a majority of its subsidiaries.

5.3 For the year ended 31 March 2022, the majority of TTL's subsidiaries claimed exemption from audit.

6 Audit and Assurance Committee Review

6.1 On 6 June 2022, the Audit and Assurance Committee considered the draft Statement of Accounts and the Annual Governance Statement.

TfL's Statement of Accounts for the Year Ended 31 March 2022

6.2 The Committee noted the draft Statement of Accounts and authorised the Statutory Chief Finance Officer to make any adjustments arising from the ongoing audit work, prior to the submission to the Board.

6.3 The Committee recommended that the Board confirm its overall approval of the provision of an ongoing guarantee by Transport Trading Limited of all the outstanding liabilities of those of its subsidiary companies previously provided with a guarantee. While the accounts of Transport Trading Limited are audited, those subsidiaries given a guarantee are exempt from the need to have their accounts audited, which results in savings in audit fees.

6.4 The Committee noted that TfL Finance had worked to the original timetable to ensure that the statutory accounts were properly prepared in accordance with good practice, and this had been achieved thanks to the hard work and co-operation of TfL staff and Ernst & Young during the challenging circumstances.

Review of Governance and the Annual Governance Statement for Year Ended 31 March 2022

6.5 The Committee welcomed the refreshed format of the Annual Governance Statement and noted the overall assessment was similar to previous years.

6.6 The Committee approved the Annual Governance Statement for signing by the Chair of TfL and the Commissioner, for inclusion in the 2021/22 Annual Report and Accounts.

6.7 The Committee also reviewed the progress against the Governance Improvement Plan 2021/22 and the supported the improvement plan for 2021/22.

7 Annual Report 2021/22

7.1 The Annual Report may need minor editorial changes, excluding updates for a funding settlement. However, these changes are not expected to be substantive.

List of appendices to this report:

Appendix 1: Draft Annual Report and Statement of Accounts 2021/22 (provided as a separate printed document)

List of Background Papers:

Audit Exemption for Subsidiary Companies – Finance and Policy Committee paper June 2014.

Contact Officer: Gareth Powell, Chief Customer & Strategy Officer
Email: GarethPowell@tfl.gov.uk

Contact Officer: Patrick Doig, Statutory Chief Finance Officer
Email: PatrickDoig@tfl.gov.uk

DRAFT

Moving London forward safely, inclusively and sustainably

Annual Report and Statement of Accounts
2021/22 XX July 2022

MAYOR OF LONDON

TRANSPORT
FOR LONDON
EVERY JOURNEY MATTERS

My year at TfL

With great people working at the beating heart of our organisation, we will build back better, stronger and more reflective of the city we serve.

Throughout this report, where you see this ‘My year at TfL’ badge, we have highlighted the challenges and achievements of some of our people over the year. All our people perform a vital role in keep London moving, working and growing and this is just a snapshot of some of the incredible work that our colleagues do.

Our people on the front cover

1 **Brooke Knight – Page 46**
Network Sponsorship, Investment Delivery Planning
Having completed her apprenticeship during a difficult period for London, Brooke is looking forward to the future and continuing to develop her career with us.

2 **Jenita Treacy – Page 52**
Analytics Product Manager in Technology and Data
Jenita is pioneering women’s role in technology, as well as supporting our RACE Staff Network Group and improving processes for parents at work.

3 **Jermaine Harrison – Page 41**
Open Innovation Graduate
Working through our graduate programme, Jermaine has been able to explore all areas of the organisation and enjoyed the networking opportunities that came with it.

4 **Hayley Magorian – Page 25**
Customer Operations Modernisation Manager, London Underground
As Chair of our Women’s Staff Network Group, Hayley helped with the many activities we ran to celebrate International Women’s Day.

5 **Finnbarr Connolly – Page 30**
Advanced Train Maintainer on the Central line fleet
Having gained promotion from the apprenticeship scheme this year, Finnbarr’s positive outlook has helped him overcome challenges in his role.

Contents

Mayor's foreword

As TfL remains crucial to London's recovery, we must explore a long-term funding agreement

As the pandemic recedes, London is taking firm steps towards recovery. As ever, the dedication of our transport workers has not waivered. My sincere thanks go to them all for keeping our city moving.

However, we sadly lost 105 colleagues from TfL and its partner organisations to COVID-19 and I pay tribute to every single one of them. We will remember them. Last autumn, TfL announced that it would build a permanent memorial and we have this year submitted planning permission for a site in Aldgate.

As London began returning to normal, we were able to resume two Night Tube lines as well as the Night Overground. Meanwhile our Let's Do London campaign is reminding Londoners and visitors of the city's endless opportunities.

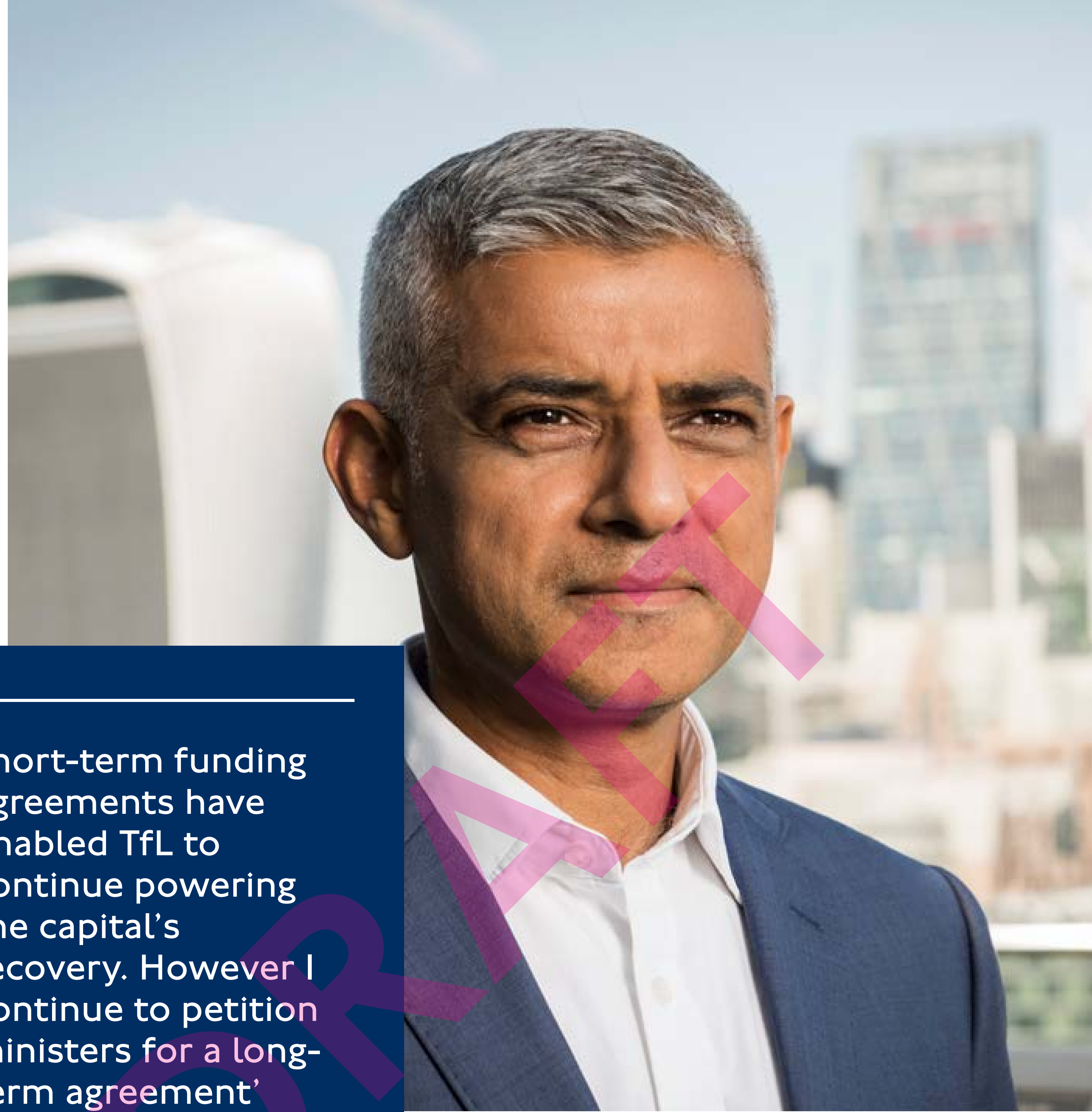
We continue our efforts to tackle London's toxic air. In September, I announced that all new TfL buses will be zero-emission and accelerated our target of a 100 per cent zero-emission fleet from 2037 to 2034. In October, we expanded the Ultra Low Emission Zone (ULEZ) out to the North and South Circular roads and in March 2022, I announced that my favoured future road user charging option is London-wide expansion of the ULEZ in 2023, with TfL investigating a distance-based scheme for the second half of the decade. This will further reduce air pollution, carbon emissions and congestion.

I remain committed to Vision Zero, my plan to eliminate deaths and serious injuries from our roads by 2041. In November, we published a progress report highlighting the actions we have taken to make London's road safer such as lowering speed limits, increasing enforcement and expanding our high-quality cycle network. TfL's world-first Direct Vision Standard, which reduces lethal blind spots on lorries, is already helping to save lives and prevent life-changing injuries. Around 117,000 zero-star rated HGVs have now had Safe Systems fitted.

These safety improvements are making it easier and more attractive for people to walk and cycle in London. Last year, the proportion of journeys made in London by cycling rose by almost 50 per cent. In 2021, 31 per cent of Londoners said they were walking to places where they used to travel by a different mode. Meanwhile, my Streetspace for London programme has further expanded the capital's strategic cycle routes and led to quieter roads in local neighbourhoods.

TfL celebrated 11 years of successful partnership with the Santander Cycles hire scheme with 500 new electric bikes joining the fleet, while NHS staff and key workers made good use of free cycle hire.

I want to thank Heidi Alexander, who stepped down as Deputy Mayor for Transport, for everything she has done for the capital since 2018. I am delighted to welcome my new deputy, Seb Dance, who brings a wealth of experience to the role.



> 'Short-term funding agreements have enabled TfL to continue powering the capital's recovery. However I continue to petition ministers for a long-term agreement'

TfL's funding remains a challenge. Short-term funding agreements have enabled TfL to continue powering the capital's recovery. However, while I have asked TfL to explore all options, I continue to petition ministers for a long-term agreement. That is what we need not just for London but for the whole country, via the jobs and the recovery that we underpin nationwide. London is the world's greatest city: with the transport system it deserves, it can help the whole nation get back on its feet.

SIGNATURE

Sadiq Khan
Mayor of London

Commissioner's foreword

Transport is crucial for the growth of London and the UK and there is even more we could do

London's transport system is at the heart of our road to recovery from the pandemic. I'm delighted to see both Londoners and visitors returning to the transport network in ever-greater numbers, and I would like to thank all our colleagues for the hard work and dedication they have shown to make this a reality. Around 70 per cent of the customers that we served pre-pandemic are now travelling again. We continue work to welcome them back to the network, providing assurance that it is safe, accessible, clean and well-managed, so that everyone has the confidence to travel.

At the same time, we cannot forget the hardships of the pandemic, above all the deaths of 105 transport workers across London who lost their lives to coronavirus. Our plans to remember our colleagues with a permanent memorial will ensure that we never forget them.

We continue to make progress on the five priorities I set for the organisation: securing our future funding; completing transformative projects; recovering from the pandemic; creating a new vision for our people with greater diversity and inclusion; and delivering a green and sustainable future. This past year, we have together created our new Vision and Values to unite us all. We have also published our first ever Sustainability Report and Corporate Environment Plan. Meanwhile we will soon release our action plan for diversity and inclusion.

Despite the pandemic, we continue to add to London's transport network. The Northern Line Extension delivered two new stations in September last year; Nine Elms and Battersea Power Station, and last month we saw the milestone of one million customers having used these stations. Meanwhile the Bank station upgrade is nearing completion. But these exciting developments were dwarfed by the Elizabeth line when it arrived on 24 May, a transformative project that will add ten per cent to the city's rail capacity.

At the same time, active travel plays a vital role in the city's recovery – and in its future. The Mayor's Transport Strategy has a target of 80 per cent of London journeys being made in 2041 by cycling, walking or public transport. In 2021, we added or improved 21.5 kilometres of high-quality cycle lanes, as well as creating more temporary space for walking and cycling during the pandemic. TfL was also closely involved in the creation of hundreds of low traffic neighbourhoods by boroughs, which have had a transformative effect across the city. We want to create an environment where cycling and walking is a safe and pleasant transport option for everyone.

All this costs money: we continue to work with Government to find a long-term financial agreement to support more improvement works and new projects for the capital.

> 'We continue work to welcome people back to the network, providing assurance that it is safe, accessible, clean and well-managed, so that everyone has the confidence to travel'

Our current financial support ends in June 2022. We need the long-term certainty of funding to keep serving London and its visitors – and to plan for a brighter future for this great city.

SIGNATURE

Andy Byford
Commissioner

Background of this report

All our work is underpinned by our key pillars and the Mayor's priorities for London

Our Annual Report details our achievements and updates from the last financial year, which runs from 1 April 2021 to 31 March 2022. It shows the progress we have made against our scorecard targets.

Safety

The safety and security of our customers and workforce continues to be our number one priority in all we do.

Sustainability

Sustainability is core to our purpose and underpins everything we do, from our day-to-day work to future projects.

Inclusivity

We continue to work to ensure we are inclusive organisation that truly reflects the great diversity of the city we serve

As a publicly funded organisation, it is important that we are transparent with our finances, our investments and the work we are doing to help shape our city. Sustainability and our environmental impact are at the heart of our decisions and a key thread throughout everything we do.

Our reporting is shaped by the ambitions of the Mayor's Transport Strategy, which acknowledges the key role transport plays in shaping London and enforcing its global competitiveness. It also emphasises the way that effective and well-planned transport projects and improvements can play a vital part in improving the health, opportunities and quality of life of those who live and work in our city.

The central aim of the strategy is to create a place that is not only home to more people but is a better space for them to live, work and visit. This means a safer, healthier, cleaner, greener, more inclusive and better-connected city. This was particularly highlighted by the pandemic, which underlined the importance of continuing to make progress on all elements of the strategy.

All our work, from our daily running to our investment programmes, follows the key themes as set out in the Mayor's Transport Strategy. These are Healthy Streets and healthy people, a good public transport experience and new homes and jobs.

Throughout this report, we have showcased our achievements and project milestones against these three key areas and reported on the progress we are making towards achieving the Mayor's vision for the future of London.

Healthy Streets and healthy people

We aim to improve the experience of being in the places where people live, work, spend time and travel. We will reduce traffic dominance and encourage people to walk, cycle and use public transport.

A good public transport experience

We will ensure public transport is an increasingly attractive alternative to the car, through whole-journey planning to help integrate public transport in our schemes and projects

New homes and jobs

Transport is vital for creating the new homes and jobs London needs. This includes creating communities where amenities are within walking and cycling distance.

Emerging from the pandemic

We continue to adapt to the changing situation and are supporting London's recovery

While people continue to return to the transport network, the effects of the pandemic have not gone away and working habits have likely changed for good. The Mayor is encouraging employers to work with their staff to build systems that work both for those who would prefer to work from home and those who would rather return to the office on a more regular basis.

In July 2021, the Mayor invested £7m in the #LetsDoLondon campaign to encourage people back onto the network. This was our largest public transport focused integrated campaign since the London 2012 Olympic and Paralympic Games. The campaign was designed to remind people what they have missed most about our city. We installed roundels with messages capturing the spirit of London life, including 'Going Out Out' at Shoreditch High Street, 'Retail Therapy' at Bond Street, 'Opening Night' in the West End and 'Best Day Ever' at Gloucester Road.

As we continue to recover from the pandemic, on 24 February we made the decision to no longer require customers to wear face coverings on our services. We considered a variety of factors including the shift in the Government's approach towards living with the virus and decreasing infection rates in London. We also considered the results of independent testing by Imperial College London, which found no traces of coronavirus on the transport network since testing started in September 2020, as well as feedback from stakeholders.

Ridership on the Tube is now at around 68 to 70 per cent of pre-pandemic levels for weekdays, which is around 2.8 million journeys a day. On weekends, this reaches around 80 per cent. On buses, ridership is around 75 to 80 per cent throughout the week, with around 4.8 to 5 million journeys made every weekday.

The pandemic highlighted disparities and existing inequalities, such as poverty, systemic racism, attainment in education and access to meaningful work experience. During National Careers Week, we launched our Everyone's Future Counts programmes, which are designed to support those whose education, careers and work prospects are most held back because of the barriers they face. These programmes provide targeted provision and skills development, helping to reduce the impact of those barriers. They are delivered internally, through our supply chain, our construction partners and London Transport Museum. Realising the potential of all Londoners is key to moving the capital forward, safely, inclusively and sustainably.

The stories and achievements outlined in this report reflect how we have started our journey to recovery in the aftermath of the pandemic.

Londoners have once again enjoyed all that the city has to offer

Our year at a glance

Despite the challenges faced during the year, we achieved a number of major milestones as we helped to support London's recovery

April 2021
Debden Tube station becomes step-free, enabling those who need step-free access to use the station and the wider network

May
We unveil the 18 pedestrian crossings that will feature our innovative pedestrian priority technology to encourage people to walk in London

June
We launch our latest campaign to stamp out hate crimes and abuse on our network and to encourage people to report any incidents

July
Our Santander Cycles scheme celebrates its 11th birthday, with figures showing the cycle hire scheme is more popular than ever

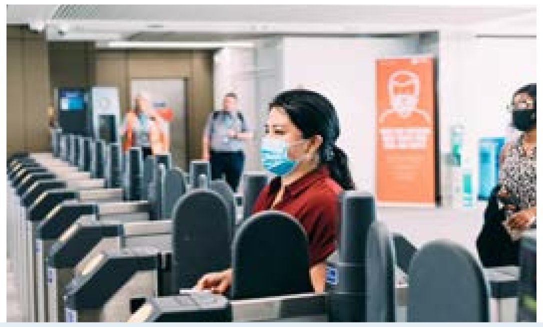
August
Our rental e-scooter trial area extends to Westminster as we continue to assess the safety of e-scooters and their wider impacts

September
The first major Tube extension this century opens at Battersea Power Station and Nine Elms, improving access for this part of south London

October
The Ultra Low Emission Zone is expanded up to, but not including the North and South Circular roads as we work to improve air quality

November
Trial operation exercises begin ahead of the opening of the Elizabeth line, involving members of TfL staff working through real-life scenarios

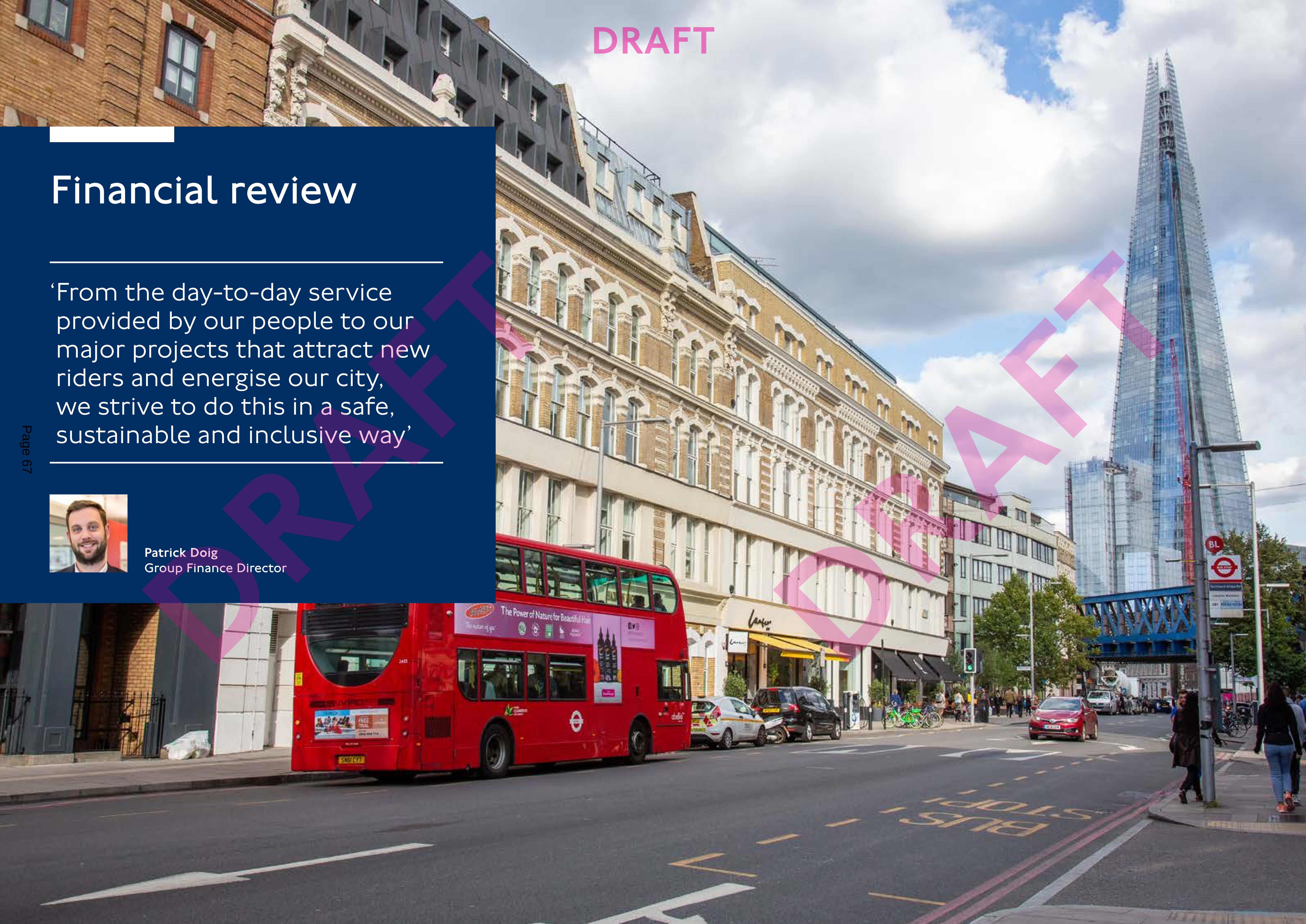
December
Three and EE join the BAI Communications network to offer high-speed mobile connectivity across the whole Tube network



January 2022
Customers are reminded to continue to wear face coverings on our services as coronavirus restrictions are lifted in England

February
The latest 13.7km of roads that we will work on are identified as part of our work to introduce 20mph speed limits on 220km of roads by 2024

March
Harrow-on-the Hill becomes the 91st step-free Tube station, meaning a third of the Tube network has now been made step-free



Financial review

'From the day-to-day service provided by our people to our major projects that attract new riders and energise our city, we strive to do this in a safe, sustainable and inclusive way'

Patrick Doig
Group Finance Director

A message on our finances

We continue to support London's growth but must ensure long-term financial support

This year, we have been completely focused on helping to drive London's recovery from the pandemic by getting people moving again, building our ridership and working our way towards financial sustainability.

From the day-to-day service provided by our people to delivering major projects that attract new riders and energise our city, we always strive to do this in a safe, sustainable and inclusive way.

We have had to do this with the support of Government funding, which was essential due to the devastating impact of the pandemic on our ridership since it began in March 2020. We are grateful to have received £5bn, which has enabled us to keep our services running. However, our goal is to be financially self-sufficient for our day-to-day expenditure and to secure a long-term funding agreement for investment so we can plan the future of London's transport network effectively, deliver efficiently and offer certainty for our people, customers and supply chain.

We have continued our enhanced cleaning regime and promoted our safety messages throughout the recovery phase to help rebuild people's confidence to travel. Passenger demand increased from around 25 per cent of pre-pandemic levels at the start of 2021/22 to around 70 per cent by the end of 2021/22. This means we are on a declining trajectory of emergency Government support.

We know that the way people travel has changed, and we will continue to look at what London needs to support that. We have made strong progress on many projects, with the central section of the Elizabeth line opening on 24 May and the completion of the Northern Line Extension with the opening of two new stations at Battersea and Nine Elms. We have also progressed a number of smaller projects that push forward on a healthy and sustainable recovery through investing in pedestrian and cycling infrastructure.

We are working closely with Government to achieve a longer-term funding agreement and fulfil the strict conditions attached to the current short-term agreements in place. Our current agreement ends on the 24 June 2022 and we are working towards achieving financial sustainability by April 2023. A key condition of our funding agreements was to review new income sources that could generate between £0.5bn and £1bn of additional net revenue per annum from April 2023.

However, even with these potential new income sources, and like other transport organisations, we will require Government commitment to ongoing additional capital funding for major asset replacements and major projects.

This longer-term funding is needed to ensure London's transport network remains reliable and efficient, can support the jobs and new homes that rely upon it, and can support the economic recovery of the capital and the country as a whole. This will also enable us to progress our key outcomes such as decarbonisation, active travel, accessibility, and also ensure we avoid service reductions.

> 'Like other transport organisations, we will require Government commitment to ongoing additional capital funding for major asset replacements and major projects'

SIGNATURE

Patrick Doig
Group Finance Director

Financial sustainability

Our trajectory to achieving our goal of financial sustainability by April 2023

Before the pandemic, our efficiency programme had put us on a path to breakeven on our cost of operations, maintenance, financing costs and core renewals in 2022/23. We had taken almost £1bn out of our net operating costs over the four years to 2020. We had also started generating new sources of commercial income and built our financial resilience with a cash balance of more than £2bn, which gave us the agility to manage the headwinds at the time of a subdued economy and Brexit.

However, the pandemic devastated our fares income, which meant we required emergency Government support to run our transport services. One of the commitments we made in accepting this support was to set a plan to become financially sustainable by April 2023. This means we would only require central Government support for major capital enhancements and renewals, which is in common with other transport authorities.

Our latest Budget, published in March 2022, shows we require around £1.2bn of emergency Government support in 2022/23, although this is on a clear declining trajectory compared to the level of support required in previous years. Crucially, it also shows a balanced budget from 2023/24 onwards and the rebuilding of our cash reserves, which have been drawn down to our minimum of £1.2bn due to the impact of the pandemic.

Our path to financial sustainability is founded on continuing to support the return of passengers to the network while delivering operating and capital efficiencies. The Budget includes our commitment to deliver £730m per annum in recurring operating savings by 2024/25.

The Budget also includes the proposals to meet the Government's funding condition of raising at least £500m per annum in new income sources from 2023/24 onwards. These proposals, which will be subject to consultation, stakeholder engagement and impact assessment as appropriate, include:

- Proposed fare policy changes including withdrawal from the Travelcard Agreement, all-day peak fares to Heathrow, phased increase of the age of eligibility for the 60+ concession, and retaining the current restriction on use of 60+ concessionary fares to after 09:00
- Proposed two years of further council tax increases of £20 a year for the average household
- Extension of the Ultra Low Emission Zone London-wide to meet policy objectives

However, due to the lack of capital funding certainty from Government, the Budget does not assume any funding from Government from April 2023 onwards. Therefore, even with the cost savings and additional income proposals, the Budget has had to assume a 'managed decline' scenario to be financially balanced. This scenario involves deteriorating asset conditions, no new enhancement schemes and very significant service reductions of 18 per cent reduction overall in buses and a nine per cent reduction in Tube and rail services.

This would be disastrous for London and the wider UK, and it is therefore critical that we secure longer-term Government capital funding for major enhancements and renewals. Securing Government capital funding for committed major asset replacements, such as the Piccadilly line rolling stock, would enable us to use our operating income to support our services and avoid the drastic level of service reductions the Budget currently assumes.

Our preferred scenario is the 'Decarbonise by 2030' one outlined in our Financial Sustainability Plan, which we submitted to Government in January 2021. This scenario minimises bus service reductions to only four per cent, which we believe is justified by the change in travel patterns as a result of the pandemic.

'Decarbonise by 2030', with sufficient Government capital funding, would also deliver significant benefits for London and the UK economy – meeting the Government's stated objectives of economic recovery, decarbonisation, improved air quality and making transport better for users.

We have made significant progress towards being financially sustainable, in line with Government conditions:

£68m
in recurring savings in 2021/22, following recurring savings of £157m in 2020/21

4.4%▼
reduction in Tube service levels for 2023/24, compared to pre-pandemic levels

1.6%▼
reduction in bus services we operate

£15▲
increase in council tax in 2021 and further £20 in 2022 for the average household, as decided by the Mayor

RPI+1%▲
increase in fares in March 2021 and March 2022

1st
Capital Efficiency Plan submitted

Our scorecard

We assess our progress against a range of agreed measures

Our scorecard is designed to measure our progress against the key policy objectives of the Mayor's Transport Strategy and is structured on the measures of our safety, operations, people, finance, customers and overall delivery. The scorecard covers the financial year from 1 April 2021 to 31 March 2022. All results are subject to approval by the Chair of the Audit and Assurance Committee.

Measure	Results	Target	Floor target
Safety			
People killed or seriously injured on our roads (per million journey stages)	0.32	0.43	0.45
All customer injuries (per million passenger journeys)	2.77	2.54	2.65
All workforce injuries (number of injuries)	1,397	1,791	2,090
Operations			
Reliability – bus journey time (%)	31.9	32.9	33.5
London Underground trips operated, against schedule (%)	88.5	91.0	84.0
Asset condition – state of good repair (%)	77	77	75
CO^2 emissions from TfL operations and buildings (tonnes)	832,000	915,000	950,000
People			
Total engagement (percentage points)	60.7	62	57
Inclusion index (percentage points)	51.1	54	52
Wellbeing index (percentage points)	57.4	59	57
Finance			
Closing cash balance (£m)	1,287	1,200	1,200
Total operating expenditure cost (£m)	(£6,478)	(£6,931)	(£6,931)
Total capital expenditure cost, including renewals (£m)	(£1,368)	(£1,735)	(£1,683)
Customer			
People who think TfL cares about its customers (%)	57	56	53
Passenger journeys compared to pre-pandemic levels (%)	62	67	62
Delivery			
Milestone delivery (%)	80.6	90	75
Elizabeth line Trial Operations milestone	November 2021	October 2021	January 2022
Complete the Northern Line Extension	September 2021	September 2021	October 2021
Start of Ultra Low Emissions Zone expansion operations	October 2021	October 2021	Pass/fail

Key

Achieved	
Partially achieved	
Not achieved	

London's newest railway

We have welcomed our first customers onto the Elizabeth line

This year, we have seen Crossrail's full transition from a construction project to an operational railway environment in which we became fully responsible for operating and maintaining the new infrastructure.

On 24 May, just before the UK celebrated the Queen's Platinum Jubilee, London witnessed a historic moment as the Elizabeth line launched with a new passenger service between Paddington and Abbey Wood, with the new tunnels and trains under central London bringing benefits to passengers travelling between these stations, with 12 trains per hour in each direction. Direct services from Reading, Heathrow and Shenfield are expected to connect with this section in the autumn, with full end-to-end services set to launch no later than May 2023.

We began the Trial Running phase through the central tunnels in May 2021 to build reliability and flush out any issues with systems and signalling software. We initially ran four trains per hour between Paddington and Abbey Wood to enable us, as the infrastructure manager, to do a number of activities to achieve full readiness. The number of trains was then gradually increased to 12 trains per hour.

In November, we reached a major milestone ahead of opening the Elizabeth line when Trial Operations began on the new line. These operations involved exercises to ensure the safety and reliability of the railway for public use, and to fully test the timetable. More than 150 operational scenarios were carried out over a number of months to ensure the readiness of the railway for passenger service. These included exercises designed to make sure that all systems and procedures are working and staff can respond safely and effectively to any incidents. The scenarios ranged from customers being unwell, signal failures, and broken down train rescues. We also carried out larger and more complex joint exercises with the emergency services. As part of the this phase, we ran a number of mass volume exercises, which saw 5,000 members of staff participate as 'passengers' in controlled evacuation scenarios.

We made significant progress towards completing the new railway during the Christmas period, with a number of planned upgrades taking place. The latest Siemens signalling software for the railway was commissioned along with the installing the updated Alstom train software on trains. There were also upgrades to both the control communications system and the tunnel ventilation system.

Along the western route of the Elizabeth line, new lifts, ticket machines and other station improvements, including clearer customer information for planning onward journeys, have been provided at Acton Main Line, West Ealing, Ealing Broadway, West Drayton, Southall and Hayes & Harlington since March 2021. Network Rail's enhanced station upgrade works continue at Ilford and Romford. Ilford's new ticket hall and lifts are currently forecast to open in the summer, although this is under review. Romford station remains on track to complete refurbishment in the coming months. Network Rail continues to assess the programme for both stations.

> 'Trial Operations involved exercises to ensure the safety and reliability of the railway for public use'

Mark Wild
Crossrail Chief Executive Officer

Work is ongoing at Bond Street station, which means it did not open with the other stations on 24 May. The station continues to make good progress and the team are working hard to open the station to customers later this year.

The special-purpose committee of the TfL Board, the Elizabeth Line Committee, which includes an observer from the Department for Transport (DfT), continued to meet every eight weeks to fulfil its remit. The future of the committee will be reviewed in autumn 2022.

The Elizabeth line update this year

May 2021
We begin Trial Running of trains, starting with four trains per hour

November 2021
Trial Operations begin through the central section of the line

December 2021
Series of upgrades take place as we get closer to completing works

May 2022
The Elizabeth line opens to customers

A sustainable future

We are working to ensure our priorities support a sustainable future for the capital

In September 2021, we published our first Sustainability Report and Corporate Environment Plan, setting out our ambitions to address the climate crisis and support London's green and inclusive recovery so it can become an even more economically, environmentally and socially sustainable place to live, work and travel.

Our environmental sustainability is linked to our financial sustainability, and with the right capital investment, we can accelerate our ambitious plans to become a zero-carbon city by 2030.

Unprecedented weather events, including flooding in July 2021 and severe storms in February 2022, showed that climate change is already impacting the UK. In response to this, the Mayor convened a series of roundtables, which he attended alongside the Deputy Mayors for Transport and Environment and Energy, as well as representatives from TfL, the London Fire Brigade, the Environment Agency, Thames Water, London Councils and various London boroughs. Discussions included identifying joint learnings and actions from the flooding that could result in improved responses by authorities in future. One outcome was to create a time-limited Task and Finish Group, which includes representatives from TfL, to set out how London can best adapt to future demands.

With the right capital investment, we can accelerate our ambitious plans to become a zero-carbon city by 2030

We have established and continue to chair the quarterly Transport Adaptation Steering Group, which brings together stakeholders, such as Network Rail and National Highways, and experts, including the London Climate Change Partnership.

We have established a research programme with a range of partners to determine how extreme weather events affect our operations, ranging from the impact of rainfall and flooding on our road network, to the impact of high temperatures on the Tube. We have completed high-level climate risk assessments to understand our vulnerabilities to changing climate and extreme weather events. This has helped us to understand the key physical risks to our assets and our people.

Our plans will help support London's green and inclusive recovery

Our financial disclosure on climate change

Ensuring our future resilience in an ever-changing environment

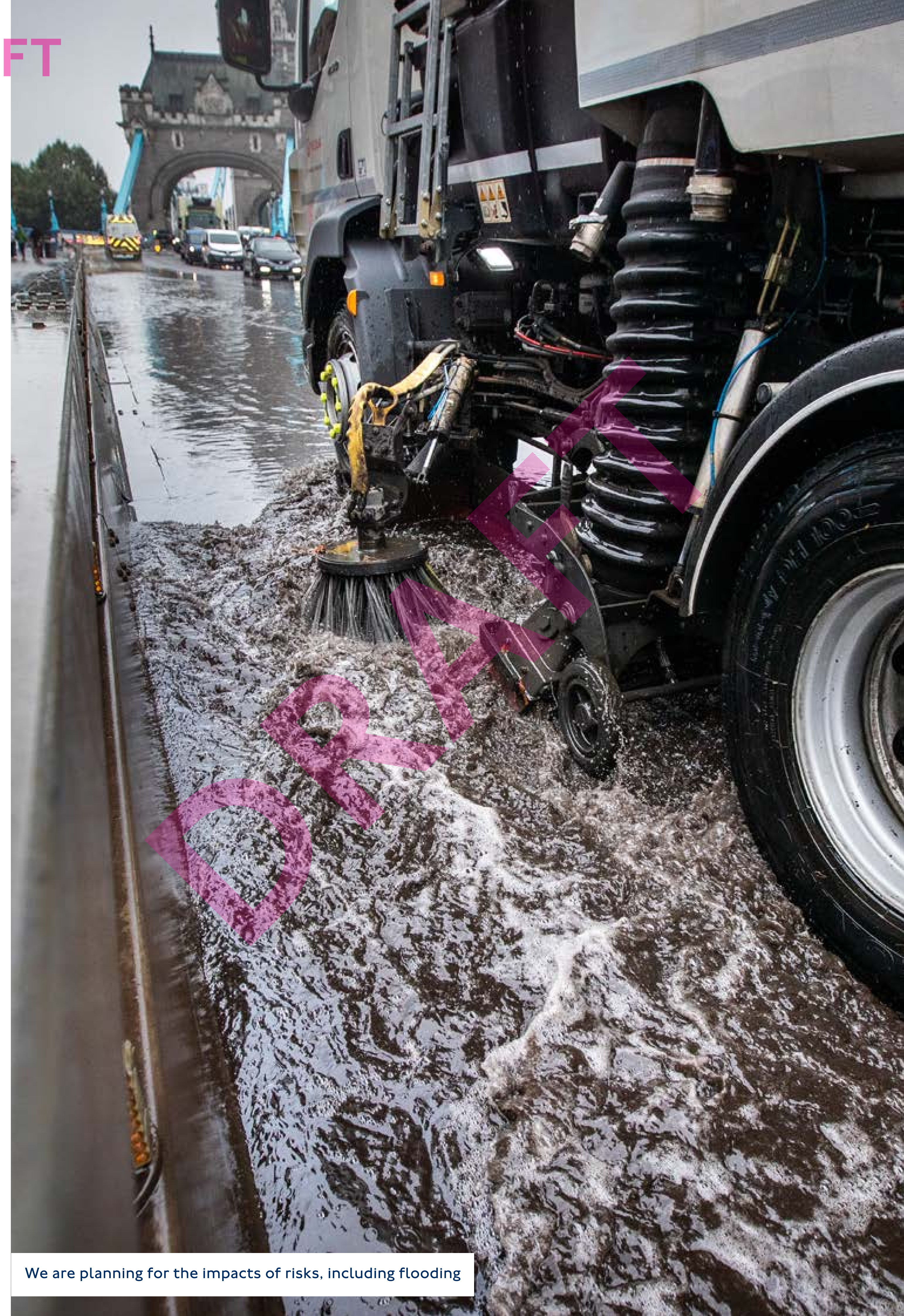
Climate change poses significant financial risks, as well as opportunities for us. Addressing climate change is an urgent and complex challenge, requiring a fundamental transformation of the global economy. The transport sector has a critical role to play and we are determined to play our part.

The financial impacts of climate change to us are increasingly acknowledged. We are progressing with our plans and continuing to refine our approach to reach net zero by 2030, which will have a financial cost for us. Physical climate risks could pose the greatest financial risk to us through increased extreme weather events and longer-term changes in climate. Alongside disclosure of our governance, strategy and metrics for managing climate change risk, our Adaptation Report 2021, which is available on our website, assesses our physical risks. These results are stark. In the near-term, 20 risks are identified as being severe or major. Severe risks are highly likely and of critical impact. Using representative concentration pathways projections, without intervention, we will have 107 major and severe risks by 2080.

The financial impacts of physical risks and of transitioning to a low-carbon world have been identified qualitatively.

As severe weather is expected to become more frequent, financial costs needed for climate resilience measures will increase. Investment in climate adaptation will provide many long-term benefits

Financial impacts include loss of revenue, increased asset repair costs, adaptation costs, and increased construction and procurement costs. To manage the financial risks and opportunities of climate change, we are applying the recommendations developed by the G20 Financial Stability Board's Task Force on Climate-related Financial Disclosures. These recommendations cover governance, strategy, risk management, and targets and metrics, and provide guidance on how companies can disclose and address risks and opportunities from a changing climate.



We are planning for the impacts of risks, including flooding

Governance

Our board has oversight and advisory responsibility regarding climate risk, external governance is provided through our Audit and Assurance Committee and the Safety, Sustainability and Human Resources Panel. The responsibility for climate risk across the organisation rests with our Executive Committee, although almost every team has some level of responsibility for our day-to-day work.

Strategy

Our Climate Change Strategy is set out in our Corporate Environment Plan, which is available on our website. The Corporate Environmental Plan outlines our approach to achieving our environmental ambitions through our operations, maintenance and construction activities..

Risk management

In 2021, our Board made the decision that climate risk would become a standalone Level 1 risk within the Enterprise Risk Management system. Climate change also appears in enterprise risks of major safety, health or environmental incidents or crisis; major service disruption; and asset condition unable to support our outcomes.

1/4
of all the London's carbon emissions come from the transport sector

30
Tube stations were fully or partially closed as a result of two storms in July 2021

£2m
cost to us from the impact of storms in July 2021

Climate change risks

Our climate-related financial risks and opportunities fall under physical environment risks and transition risks.

Acute physical risk

This includes flooding, heatwaves, storms and drought events. The financial impacts of these include loss of revenue from service disruption and customers avoiding our services, asset damage and repair, increased resilience costs, higher people costs and compensation payments, and higher insurance premiums.

Chronic physical risk

This includes overall rising temperatures, seasonal rainfall changes and rising sea levels. The financial impact of these are increased operating costs and higher costs from lower asset resilience and increased asset replacement.

Transition risk

As we transition to a low-carbon world, we will see financial impacts of higher costs through our net-zero ambition. We will also experience higher costs of materials and construction activities, increased contract and procurement costs. However, there is an opportunity associated with being more energy efficient, using renewable energy and waste heat, as well as revenue from electric vehicle charging points. There is a reputational opportunity as we pursue greener methods.

Assessing the risks

We have completed a high-level climate risk assessment for our assets. Our risks were categorised as being either severe, major, moderate or minor. Our most severe risks range from tunnel water ingress, overwhelmed drainage and flooding causing asset failure. The highest rated temperature risks, include depot staff overheating and staff being exposed to high temperatures and UV levels.

Severe risks

High rainfall over a season or longer

Tunnel water ingress due to rising groundwater, or due to soil saturation from a prolonged period of heavy rainfall. Leading to potential pumping station failure due to overloading.

Flooding

High volumes of water overwhelm the drainage system leading to flooding impacting on network reliability and safety.

Extreme high rainfall in a single event

High volumes of water overwhelm the drainage system leading to flooding impacting on network reliability and safety.

Extreme short-term high temperatures

Depot staff will not be able to work under extreme heat, train maintenance could be delayed, which would affect reliability of operations.

Safety

‘The safety and security of our customers and colleagues remains our number one priority and underpins everything we do’

Lilli Matson
Chief Safety, Health & Environment Officer

We work closely with our police partners to keep our customers safe

Page 76

Tackling work-related violence

We take a zero-tolerance approach to all forms of abuse on our network. We work hard to ensure our staff and customers are safe, feel safe and have the confidence to report any incident knowing that it will be taken seriously and investigated. In July 2021, our Safety, Sustainability and Human Resources Panel approved our annual delivery plan for tackling violence and aggression towards our staff. This included prevention and policing activity, prioritising the investigation of offences and improving support for staff after an incident.

Our transport support enforcement officers support customers and our staff working on the frontline. They are trained and equipped to deal with the triggers of work-related violence and aggression through engagement, enforcement and problem-solving. They work closely with our transport police partners and are deployed to locations with higher levels of incidents or where there are emerging issues with customer behaviour. By the end of 2021/22, we had recruited 90 enforcement officers and our ambition is to increase this to 135 by the end of 2022/23.

The rollout of body-worn video during the pandemic is an important measure in keeping our staff safe and securing successful prosecutions against anyone who causes harm. Working with transport police, we will always seek to bring offenders to justice using all available evidence including CCTV and body-worn camera footage.

Zero tolerance towards violence against women and girls

We were shocked by the recent murders of women by strangers in public places, which intensified the focus on violence against women and girls and what authorities like us are doing to end it. Women and girls are disproportionately affected by sexual offences and harassment while using public transport, taxis and private hire vehicles, walking and cycling, and we are working with our transport policing partners to tackle it.

Along with our police partners, we reviewed our plans this year. Our work builds on the measures already in place to ensure the safety of staff and customers, including good lighting, CCTV, passenger alarms and crime prevention advice, as well as having trained frontline staff and police. Our programme covers policy, environment and infrastructure measures, communications, training, and legislation. This complements our other activity such as the safeguarding of children and vulnerable adults, tackling hate crime and work-related violence and aggression, and improving customer care.

We are rolling out sexual harassment training to all frontline staff and enforcement officers to help them respond to reports, support customers and each other, and challenge behaviour, with hundreds of staff already completing the training. Sexual harassment will form part of the new training being rolled out to all 25,000 bus drivers from 2022/23.

We were pleased to be accredited by White Ribbon UK, a charity engaging with men and boys to end violence against women. We also work with the Mayor's Office for Policing and Crime and the Night Czar to coordinate activity around the Mayor's pledge to make London one of the safest cities for women and girls. We are also engaging with women's safety organisations to better understand and respond to the issues facing women and girls.

DRAFT

Making our roads safer

We maintain and improve our roads and crossings to ensure they are safe and reliable

Page 77

New safety measures and cycle lane installed on Westminster Bridge

Work began in November on new safety measures on Westminster Bridge, which included replacing temporary barriers that were installed following the 2017 terrorist attacks with permanent structures. These will protect people walking and cycling, creating a permanent protected cycle lane and footway.

During the works, the bridge was restricted to one lane and there were overnight closures and cyclists continued to cross the bridge. We ran an awareness campaign to ensure road users and local residents could plan ahead.

Safety-critical work in the Blackwall Tunnel

In July, we carried out safety-critical repairs to the southbound Blackwall Tunnel, which involved installing a linear heat detection system above the carriageway, as part of an upgrade of the previous fire detection system.

This enables automated detection of fires and for us to deploy our pre-defined fire plans, including evacuation activity, through our electronic tunnel management system.

To do the work, we had to close the southbound tunnel for three-nights, although the northbound tunnel remained open throughout. We supported motorists and local residents by offering travel advice and giving advance warning of the closure.

Work to improve safety on Battersea Bridge

In November, we completed work to make it safer for people to walk at Battersea Bridge. Improving safety on London's roads is a vital part of our Vision Zero commitment to eliminating death and serious injury on the transport network.

Among the improvements were a new signalised pedestrian crossing, expanded pavements on both sides of the road and new tactile paving to improve accessibility. We also reduced the speed limit on Chelsea Embankment from 30mph to 20mph.

A vision for reducing road danger

We continue to develop our Direct Vision Standard for heavy vehicles

Working with the London boroughs, freight industry and campaign groups, last March we radically reduced road danger through our Direct Vision Standard. This vital lorry safety scheme is already helping to save lives and prevent life-changing injuries.

The scheme requires owners of heavy goods vehicles (HGVs) weighing more than 12 tonnes to apply for a free permit to drive in London. The permit rates vehicles on how much the driver can see through their cab windows. If the vehicle fails to meet the minimum rating, it must be retrofitted with Safe System improvements. Around 117,000 zero-star rated HGVs have now had safe systems fitted. The Direct Vision Standard is now operating 24 hours a day, seven days a week, London-wide. The standards are set to tighten further in 2024, delivering even safer lorries across the whole of the country.

117,000

zero-star rated HGVs have had Safe Systems fitted to comply with the Direct Vision Standard

'We want to thank all of the freight operators who have led the way in ensuring they only operate the safest lorries in London and across the UK and we would like to encourage any freight operators who haven't yet applied for a safety permit to do so'

Christina Calderato
Director of Transport Strategy & Policy

We have worked to lower speed limits across certain roads

20 is plenty on our roads

We have been introducing new lower speed limits at key locations across the capital

In February, we continued with our plans to introduce new, lower speed limits on five roads in London, in partnership with the boroughs.

We used a risk-based approach to identify the sites, with four 20mph speed limits being introduced, including the A10-A503 corridor in Haringey, the A13 Commercial Road in Tower Hamlets, the A23 London Road in Croydon and the A107 corridor in Hackney.

We also introduced a 30mph speed limit on a section of the A10 Great Cambridge Road in Enfield and Haringey.

The new speed limits were supported by new signs and road markings, and we continue to work closely with the Metropolitan Police Service to ensure that drivers understand and comply with the new lower speed limits in these parts of London.

We used a risk-based approach to identify the sites, with four 20mph speed limits being introduced in Haringey, Tower Hamlets, Croydon and also in Hackney

Ban on carrying all private e-scooters on our services

Last December, we introduced a ban on privately owned e-scooters on our services, following fires on our premises and services caused by battery explosions. All privately owned e-scooters and e-unicycles, including those that can be folded or carried, are not permitted on any of our services or premises.

Mobility scooters and foldable e-bikes are permitted on our network. Non-foldable e-bikes will continue to be allowed on some parts of the network at certain times of the day. E-bikes are generally subject to better manufacturing standards and the batteries are usually positioned in a place where they are less likely to be damaged and are less of a fire risk.

Our progress to achieving Vision Zero

Our roadmap towards eliminating all deaths and serious injuries on London's roads

London has made huge strides in reducing road deaths since we launched the first Vision Zero action plan in 2018, which set out new tougher measures for eliminating deaths and serious injuries from our roads by 2041. Our activities so far include rolling out the world-first Direct Vision Standard on all roads and our ground-breaking bus safety standard.

Despite our progress, there are still too many people losing their lives on London's streets. In 2020, 96 people were killed and 2,974 people suffered serious injuries on the capital's roads. In November, we published a progress report on our Vision Zero ambition, in partnership with London Councils and the Metropolitan Police Service The report highlighted actions such as lowering speed limits, increasing speed enforcement activity and expanding our high-quality cycle network to reach more people which would all play a role in helping us reaching our Vision Zero ambition.

There was also an update on specific activities to protect people riding motorcycles, including mopeds and scooters, who make up only three per cent of vehicle kilometres but account for 32 per cent of people killed in London in 2020. We also launched a new campaign to encourage safer behaviours and challenge the deep-rooted culture that accepts road danger and risk taking, while also encouraging Londoners to look out for each other as they travel on the roads.

We launched a new campaign to encourage safer behaviours and challenge the deep-rooted culture that accepts road danger and risk taking

We do not accept that road deaths or serious injuries is inevitable

My year at TfL

Tackling workplace violence

Carol Quearney, Operations Manager for Transport Support and Enforcement, Compliance, Policing and On Street Services

Working alongside two other managers, Carol runs a team of around 90 transport support and enforcement officers. 'The role was created as part of the Workplace Violence and Aggression Strategy to help eradicate violence and combat anti-social behaviour on our network,' she explains.

One of Carol's biggest challenges was adapting to the changing regulations. 'Our officers rose to this challenge by being flexible and adapting to the changing environment,' she says. 'They helped to promote the compliance of face covering by actively engaging with passengers.'

Carol was pleased with the way her team responded. 'I am very proud of all my officers who help keep passengers and staff safe,' she explains. 'They deal with the most challenging situations and always maintain great customer service and reduce incidents of violence and aggression against their colleagues.'

Healthy Streets and healthy people

'London continues to lead the way in improving streets for people walking and cycling, ensuring a green, clean and healthy recovery from the pandemic'

Will Norman
London's Walking and Cycling Commissioner

Cycling success stories

There has been a boom in active travel as more people take to two wheels

More people choosing to cycle and walk

There was an increase in cycling and walking in London in 2021 as our Travel in London report showed more people were choosing active travel options. The proportion of journeys made by cycling rose by almost 50 per cent from the year before, while there was also a significant increase in the number of trips walked in 2020. In 2021, 31 per cent of Londoners said they were walking to places where they used to travel by a different mode, and 57 per cent said they went on more walks for exercise or were walking for longer than they did before.

Data from our network of cycle counters also suggested that leisure cycling boomed since the start of the pandemic, with the number of journeys at weekends regularly double those of equivalent weekends in previous years. The vital role of Santander Cycles during the pandemic was highlighted, with the scheme seeing record numbers of casual users.

Milestone for Santander Cycles

We celebrated the 11th anniversary of our popular cycle hire scheme in July, as 2021/22 saw the Santander Cycles hire scheme go from strength to strength, with 11.8 million hires. This number surpassed the previous best record set in 2018/19 by 907,000 hires.

This year also saw one million different customers using the cycles for the first time in a financial year. We also saw 178,000 new members join the scheme, which is a seven per cent increase on 2020 and more than double that of any year prior to 2020.

During the pandemic, Santander Cycles continued to support NHS staff and other key workers by offering free cycle hire access codes, with more than 64,000 free 24-hour access periods given out to NHS and keyworkers in 2021.

Encouraging London's diverse communities to take up cycling

It is vital that we enable Londoners from all backgrounds to have the confidence to cycle

In October, we published new data showing that long-term trends in the people cycling in London has changed, with participation much more representative of Londoners than previous years.

For the first time Black, Asian and minority ethnic Londoners are just as likely to have cycled in the last 12 months as White Londoners. Out of all Londoners, 27 per cent had cycled during the past year, compared to 24 per cent of Black people, 25 per cent of Asian people and 31 per cent of people from mixed ethnic backgrounds. This was based on independent research from a representative sample of 3,500 Londoners.

While cycling levels have increased overall, it is vital that people from all backgrounds feel comfortable cycling. The research found that 49 per cent of Black and 46 per cent of Asian non-cyclists were open to trying it.

We want to ensure investment continues to be targeted at breaking down barriers in cycling. Together with British Cycling and other stakeholders, we hosted a summit to discuss actions to diversify cycling. The results are being used to shape a new joint approach to include more people in cycling that can be delivered by a wide range of organisations, funders, campaigners, authorities and community groups.

For the first time Black, Asian and minority ethnic Londoners are just as likely to have cycled in the last 12 months as White Londoners

Latest data shows there is more diversity among people cycling

My year at TfL

Promoting the roles of women in transport

Hayley Magorian, Customer Operations Modernisation Manager, London Underground

Juggling her role as Customer Operations Modernisation Manager with her position as chair of our Women's Staff Network Group, Hayley has been involved in some inspirational projects, including our International Women's Day celebrations.

'We delivered 27 events in March, attended by almost 1,000 colleagues,' she explains. 'The events covered a variety of topics, with everything from career journeys and how to close the gender pay gap to a panel discussion with speakers.'

This year hasn't always been easy for Hayley, particularly as working practices were adjusted in line with pandemic restrictions. 'I am a very social person and the working from home arrangements were challenging from an isolation perspective,' she admits. 'I have learnt a lot about mental health and the importance of building strong relationships.'

We created more space for walking and cycling during the pandemic

The long-term vision of our Streetspace for London programme

Providing more space for people to safely walk and cycle on our roads

During the pandemic, we created temporary walking and cycling schemes to support social distancing and encourage people to walk and cycle, through our Streetspace for London programme. These changes were vital in helping people cope with and manage social distancing in the lockdowns, with some of these changes having the potential to be made permanent.

In summer 2021, we held a consultation on the changes we made to Earls Court Road. After reviewing the issues raised by respondents, we announced in December that we would permanently retain the scheme. In other cases, we tested the effects as the roads returned to normal. We began a consultation on changes to the temporary scheme at Bishopsgate in early 2022. Further consultations will follow on schemes we introduced at other locations, including London Bridge and Borough High Street, the A21 between Lewisham and Catford, Cycleway 9 on Chiswick High Road and Park Lane.

Our Streetspace for London programme was vital in helping people cope with and manage social distancing in the lockdowns, with some of these changes having the potential to be made permanent

Cycleway 4 to south London

In February, we announced plans to make a series of trial changes on Tooley Street and Duke Street Hill, which will extend the new Cycleway 4 route and enable safer journeys between London Bridge, Rotherhithe and beyond. The changes include light segregation in both directions using wands and creating a new pedestrian space near London Bridge Hospital.

Construction work on Cycleway 4 started in July 2019 and the first section of the route, completed in September 2020, is already connecting neighbourhoods in southeast London to central London via a fully protected cycle route. We will continue to work with local councils on plans to build the remaining sections of Cycleway 4 between Rotherhithe and Greenwich, which will further boost connections via high-quality cycle routes.

Clearing the air

Our initiatives are helping to bring the health benefits of clean air to many more Londoners

Expanding the Ultra Low Emission Zone

In October, we expanded the Ultra Low Emission Zone (ULEZ) from central London up to, but not including, the North and South Circular roads, making it the largest zone of its kind in Europe. This expanded zone, alongside tighter Low Emission Zone standards for heavy vehicles introduced in March 2021 across London, is expected to reduce nitrogen oxides emissions from road transport by 30 per cent.

In January, the Mayor published an independent report by Element Energy to develop pathways toward his target of London reaching net-zero carbon by 2030. The report outlines the urgent action we need to tackle the climate emergency and to create a greener, healthier city that is fit for the future. As well as the urgent need to reduce carbon and address climate change, we still need to reduce toxic air pollution and cut congestion. To tackle these three challenges, the Mayor announced his intention to consult on a London-wide expansion of the ULEZ in 2023.

We will also develop proposals for consolidating existing road user charging schemes into one simple and fair scheme, which could be introduced later this decade. It will potentially involve drivers paying different rates for using their vehicles depending on, for example, how polluting they are, the distance driven and the time of the journey.

We launched a 10-week public and stakeholder consultation on the 2023 proposals and elements of a potential future scheme.

Congestion Charge consultation

In December, we confirmed some permanent changes to the Congestion Charge to help reduce traffic and congestion in central London. This followed an extensive public consultation that saw nearly 10,000 responses.

In 2020, we introduced temporary changes as an emergency measure in response to the pandemic to ensure traffic was reduced so that essential journeys could continue to take place. These temporary changes were brought forward in accordance with a condition in the May 2020 funding settlement with the Government, and included raising the charge from £11.50 to £15 and increasing the operating hours to include evenings and weekends. The main permanent changes mean that, since February 2022, there are no charges in the evenings after 18:00, and operating hours on weekends and bank holidays have been reduced to 12:00-18:00. The increased charge level of £15 has been retained.

Reimbursement arrangements have been retained for essential trips made by certain NHS patients, care home workers, local councils and charities during epidemics and pandemics. We also listened to feedback and reopened the 90 per cent residents' discount for new applicants. These changes aimed to directly address the traffic challenges in central London and were implemented to ensure gains made in reducing car dependency over more than 15 years are not lost.

The site at Glass Yard features eight electric rapid charging points

Page 86

Charging ahead with electric vehicle infrastructure in London

Our vision for how we will support the uptake of electric vehicles

In December, we published our electric vehicle infrastructure strategy for London's charging infrastructure up to 2030, by which time the Government plans to end sales of new petrol and diesel-powered cars.

This strategy sets out how we will accelerate the transition to zero-emission vehicles through the requirements for infrastructure provision, focusing on essential trips. As well as providing forecasts for London's charging needs up to 2025 and 2030, the strategy sets how the public and private sectors can further support the delivery of electric vehicle infrastructure. Reassuring drivers that they will have a place to plug in is key to helping them switch to electric. In September, we opened a new rapid charging hub at Glass Yard in Woolwich. This service station for electric vehicles enables drivers to charge up in 20-30 minutes. There are eight rapid charging points, which means a space is more likely to be available.

Another site at Baynard House in the City of London is being constructed and the private sector is also opening hubs across other parts of the capital.

We are assessing how we can support further charging using GLA group land.

'There are more than 10,000 publicly accessible charge points and more than 86,000 registered electric vehicles in London. Working with the boroughs and the private sector, we will continue to increase the supply of charging points to support the transition to electric vehicles'

Alex Williams
Director of City Planning

Rental e-scooter trial continues to go from strength to strength

On 7 June 2021, we launched a trial of rental e-scooters in collaboration with London Councils, London boroughs and operators Dott, Lime and TIER. The e-scooters used in the trial have safety standards that go beyond existing national standards, including a speed limit of 12.5mph, larger wheels and lights that are always on throughout any rental.

In January, the operators announced plans to collaborate with UCL's world-leading research facility, PEARL, to develop a standardised sound for all operators to use. This builds on work done by the operators and is supported by us as it could improve safety across the industry by helping people, particularly those with visual impairments, identify rental e-scooters.

London's trial is one of 32 authorised by the DfT around the UK, which is gathering data to inform future policy and legislation around e-scooters. The Government recently announced that the forthcoming Transport Bill would introduce a new category of low-speed, zero-emission vehicles, which could include e-scooters and ensure they are regulated, safe and licensed.

The London trial has been extended to November to enable us to learn even more about this new category of vehicles before any new legislation comes into force, as well as assess how micromobility could make a positive contribution to transport in London.

12.5mph
speed limit of the e-scooters used in our trial in London

Building a green future

Sustainability is a key focus across our projects

Bus summit to explore greener options for our bus fleets

In September, we held a summit, in conjunction with the Mayor and Campaign for Better Transport, to examine how we can accelerate the roll-out of zero-emission buses across England. The summit saw representatives from central and local government, bus operators and manufacturers come together share ideas. During the summit, the Mayor announced that all new buses in our fleet will be zero emission and accelerated our target of delivering a 100 per cent zero-emissions bus fleet from 2037 to 2034. This is subject to longer-term funding certainty.

With additional Government funding, the entire fleet could be zero emission by 2030, which would save four million tonnes of carbon by 2037 and moving the date forward to 2030 will save an additional one million tonnes.

With additional Government funding, the entire fleet could be zero emission by 2030, which would save four million tonnes of carbon by 2037

Our first roadside rain garden

In November, we delivered our first innovative kerb-side rain garden, which uses surface water run off to irrigate the flora at the side of the road.

The sustainable drainage system we used captures the surface water from the footway via a kerb with drainage slots, which is then carried along three gullies to a connected pipe. The rain garden is planted with vegetation that can withstand occasional high levels of water.

The project was part of a wider development on Lavender Hill, Latchmere Road and Elspeth Road in Battersea.

Rain gardens provide a better environment for pedestrians, making routes to and from public transport more pleasant.

500m²
of surface water run off captured by our sustainable drainage system

My year at TfL

Positive thinking

Finnbarr Connolly, Advanced Train Maintainer on the Central line fleet

Having completed his apprenticeship, Finnbarr has enjoyed a successful year in his career. ‘My biggest achievement was to roll off my apprenticeship and being promoted to my current role,’ he says.

With a varied workload, Finnbarr enjoys the camaraderie of his current role. ‘I like working with my team to overcome fleet problems and finding the best solution to solve them,’ he explains.

However, it was not all plain sailing. ‘Being the youngest advanced train maintainer in my depot, I found it a challenge to get to grips with a new depot and staff,’ he admits. ‘I overcame this by having a positive outlook for every shift no matter what it threw at me and just being able to learn on the job quickly to ensure I can perform at my best every time I attend work.’

The first step to safer junctions

Our pedestrian priority crossing technology is helping to encourage more people to walk around London

In February, we published new data that shows how our innovative pedestrian priority signals could be used to make it easier and safer to walk in London.

In May 2021, we installed the new technology, which shows a continuous green signal to pedestrians until a vehicle approaches at 18 crossings across London. The data from the trial suggests that these signals reduced journey times for people walking and made it easier and safer for them to . The number of journeys made on foot has hugely increased throughout the pandemic, with data from earlier this year showing that 31 per cent of Londoners say they are walking to places where they used to travel by a different mode.

The data also shows that the signals had virtually no impact on traffic, with only minimal changes to journey times for buses and general traffic – the largest increase for buses was only nine seconds and for general traffic only 11 seconds. Several sites even showed improvements in journey times. We are assessing how the technology could be further improved and used at other locations across London. The technique could also be used elsewhere in the UK and we will engage with local authorities to see how it could benefit other towns and cities.

‘We are determined to keep people on London’s roads moving as safely, sustainably and efficiently as possible, so it is brilliant to see the positive results of this trial’

Glynn Barton
Director of Network Management

The crossings give pedestrians priority over vehicles

Securing our sustainable future

Our ambition is to operate in a financially sustainable way and improve social values for a resilient and good quality of life for all Londoners. This is why we published our first Sustainability Report and Corporate Environment Plan in September.

The Sustainability Report sets out our approach to the three pillars of sustainability – Society, Economy and Environment. It highlights the related outputs and benefits of our activities, showing our work to date, with key performance metrics that will be used to monitor progress against our strategies, commitments and priorities. The Corporate Environment Plan underpins the environment pillar in our sustainability approach by detailing our ambition and targets for improving our environmental performance. Key performance metrics used to document our work so far will help us monitor our progress.

Sustainable freight futures

Supporting the freight industry to enable consumers to consider sustainable shopping

The pandemic further bolstered the nation's existing appetite and pivot towards online shopping, with the instruction to stay at home at the height of the pandemic seeing online click and collect dip, while delivery orders peaked.

Our focus is to see a safe, clean and efficient freight industry. Some of the greatest barriers to this are associated with e-commerce delivery practices that cater to convenience. We have been working with stakeholders, retailers, goods carriers and consumers to look at addressing this.

Last autumn, we ran an online session with retailers to assess if they would consider using click-and-collect locker box business locations on our land. We are developing a Cycle Freight Strategy to enable the use of cargo bikes as a viable alternative to vans, which would drastically reduce the number of motorised vehicles being used on our roads, improve air quality and reduce congestion. We are also working with retailers to help them adopt sustainable messages on their consumer websites.

Other options include asking consumers to adopt more responsible purchasing behaviours, such as using standard delivery options rather than choosing next-day deliveries, limiting the multiple size ordering to reduce returns, and linking peak shopping activity such as Black Friday and Christmas. Work continues to address the growing impact of online retail.

90%
of goods delivered in London are transported by road

A good public transport experience

'We must ensure that our public transport network remains a safe, reliable and affordable option for all Londoners, especially as we continue to recover from the pandemic'

Gareth Powell
Chief Customer & Strategy Officer

Northern Line Extension

Sustainability is a key focus across our projects

Two new stations giving south London a boost

We opened the doors to two new Tube stations at Nine Elms and Battersea Power Station in September, marking the completion of the Northern Line Extension, the first major Tube extension this century. Major construction on the three-kilometre, twin-tunnel railway between Kennington and Battersea Power Station, via Nine Elms, began in 2015. Despite the challenges of the pandemic, the construction project stayed on track and opened on time.

The first Tube services started running at 05:28 on the 20 September, with passengers on the first day including the Mayor, Secretary of State for Transport Grant Shapps and Transport Commissioner Andy Byford. In addition, the Battersea Power Station Community Choir sang at the new station to mark its opening day. The two step-free Zone 1 stations have dramatically improved the connectivity of these growing south London neighbourhoods and will support the capital's recovery from the pandemic at a vital time. A peak-time service of six trains per hour operates on the extension and this will increase to 12 trains per hour by mid-2022 as more people move into new housing in the area and the demand increases. There are five trains per hour during off-peak times, with this set to double to 10 trains per hour next year.

During works, 92 per cent of the waste excavated from the sites was carried in barges along the Thames to East Tilbury, where it was used to create material suitable for farmland.

'It has been a monumental effort during the most challenging of times, but the opening of the Northern Line Extension could not have come at a more vital moment as London's recovery from the pandemic gathers pace. The extension has delivered two new step-free stations, creating greater connectivity for south London neighbourhoods'

Andy Lord
Chief Operating Officer

Battersea Power Station and Nine Elms on Tube map

Ahead of the launch of the Northern Line Extension, we unveiled a new map putting Nine Elms and Battersea Power Station on our Tube map for the very first time.

The two new stations brought the total number of step-free stations on the Tube network to 88 and total number of Underground stations to 272.

The new map went up in stations prior to the launch, as well as being available as a pocket Tube map on our website and on the TfL Go app.

Launching London's newest railway

Trial Operations successfully completed as the Elizabeth line became a reality

In November, we reached a major milestone ahead of opening the Elizabeth line when Trial Operations began. These operations involved exercises to ensure the safety and reliability of the railway and to fully test the timetable. More than 150 scenarios were carried out to ensure the readiness of the railway for passenger service.

These included exercises designed to make sure that all systems and procedures work effectively and staff can respond to any incidents safely and effectively. The scenarios ranged from customers being unwell, signal failures and rescues from broken down trains. We also carried out larger and more complex joint exercises with the emergency services.

We ran a number of mass volume exercises, which saw 5,000 members of staff play the role of passengers in controlled evacuation scenarios. There was an evacuation at Custom House, a train evacuation in the tunnels to stations at Farringdon and Canary Wharf, an evacuation using an emergency escape shaft at Limmo, two rescue train scenarios, and a mass volume timetable test from Paddington station. Among the volunteers were people with a range of disabilities, demonstrating our response for those requiring additional assistance.

Some of the events were attended by Commissioner Andy Byford, Chief Operating Officer Andy Lord and Chief Executive Officer of Crossrail Mark Wild. The BBC filmed the test at Canary Wharf for a documentary that will launch later in the year.

The start of Trial Operations was the latest milestone in turning the project into a live railway, which has been the focus since the project's governance was transferred to us in October 2020. As joint sponsors of Crossrail, along with the DfT, we worked closely with Crossrail to implement the transition plan, as we took full responsibility for delivery of the line. This ensured that decision-making was seamless during the critical final phases of the programme.

Trial Running of trains through the central tunnels began in May 2021, with 12 trains per hour in regular operation to build reliability and flush out any issues with systems and signalling software.

The Elizabeth line opened for passenger services between Paddington and Abbey Wood in May 2022. The final step saw a period of shadow running, operating timetabled services ahead of the line being opened.

Page 93

A positive step

We have made even more of our stations step-free throughout this year

Improving step-free access across the Tube network

We launched a number of new and improved step-free stations throughout the year. This supports our turn-up-and-go service, which enables all customers at Tube, London Overground and our rail stations to request help on arrival at the station without needing to pre-book assistance. All our staff are trained to offer support and advice to help customers with accessibility needs to help them complete their journeys.

London Underground staff will also assist wheelchair users if required by pushing their wheelchair and can guide visually impaired customers by the arm.

During the pandemic, staff guiding visually impaired customers wore single-use disposable sleeves to give both customers and staff additional protection.

Step-free stations this year

9 April 2021
Debden

27 May
Ealing Broadway

23 June
Ickenham

5 July
Moorgate

21 July
West Drayton

23 August
Whitechapel

25 August
Wimbledon Park

26 August
Southall

14 September
Hayes & Harlington

8 October
Osterley

30 December
Sudbury Hill

11 March 2022
Harrow-on-the-Hill

Listening to London as part of our major step-free consultation

Our step-free programme will shape the future of our accessibility ambitions

In November, we launched a consultation into the future of step-free access. It was the biggest consultation of its kind and the first in 15 years. It focused on step-free access priorities to help shape and inform our approach to step-free improvements at Tube stations in the future.

The consultation was designed to help us identify which aspects of making Tube stations more accessible should be prioritised. Respondents were asked whether they would prefer future funding to focus on upgrading a single station, or be divided between smaller or medium sized stations located outside of central London.

They were also asked whether they would prefer for future funding to be used to improve clusters of accessible stations to create a close group of accessible stations or upgrade areas with limited accessibility, or a combination of both.

The consultation ran until early February 2022 and received more than 5,500 responses. The next stage will be to analyse the responses and combine this information with our own passenger and station data.

We will outline the findings from the consultation this summer.

Our consultation will help improve accessibility options for customers

‘By launching this important public consultation, we heard directly from Londoners about how we could best make Tube stations more accessible through the provision of step-free access when more funding is available’

Esther Sharples
Director of Asset Performance and Capital Delivery

My year at TfL

Innovative thinking

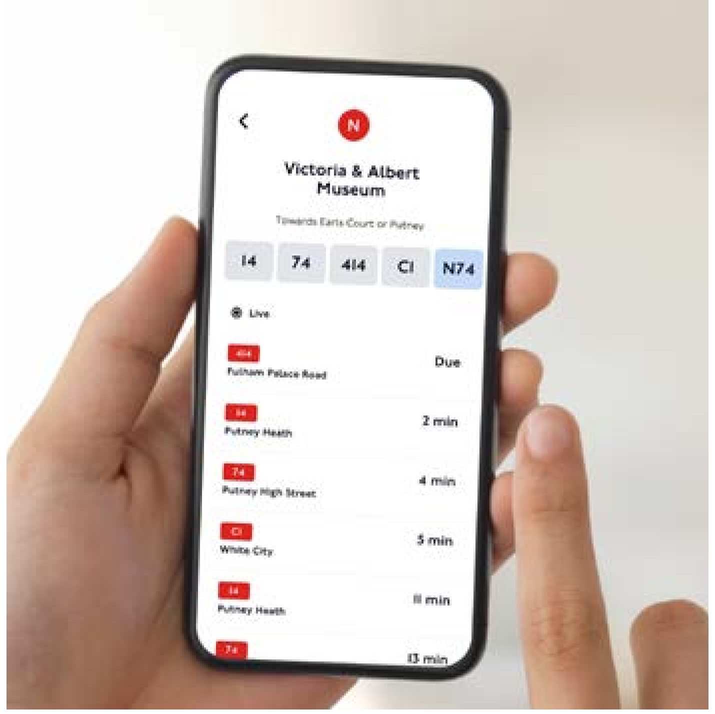
Oliver Punter, Open Innovation Graduate

During the past year, Oliver has been leading on a process improvement project that could deliver annual savings of £246,400 once it is introduced. ‘We have also looked at re-scoping this and if the business agrees to the changes, could save a potential of £1.2m per year through time savings,’ he explains.

One of the challenges he has overcome this was in the 5G trials. Having identified issues in our current systems, Oliver reached out to colleagues to help find a solution. ‘I identified key issues that this technology would solve and then worked with four business areas to create added value.

‘This meant that we not only hit our original objective during the nine month program, but was able to advise other areas of the business on how they could utilise the technology,’ he explains.

DRAFT



TfL Go app gets an upgrade

The app launched in 2020 and is built around Harry Beck's Tube map and our iconic design language. The first phase included multi-modal journey planning, live Tube & rail status, nearby bus stops and live arrivals.

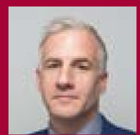
During 2021/22 we launched live busyness information for Underground stations, further reassuring customers as they return to the network. Customers can see whether stations are 'quiet now', 'busy now' or 'very busy now', alongside the expected quieter times to travel on any given day.

Our focus on inclusivity is a key differentiator, and the app was nominated for a D&AD Award for inclusive design in 2021. For the first time we're showing detailed accessibility information for stations and platforms, including live step-free access status based on lift availability.

1.2million

times the app has been downloaded since its launch

'The Bank Station Capacity Upgrade will provide an important boost for the City and the capital in general. The improvements we're making at Bank station will be finished by the end of this year and transform journeys through the station'



Stuart Harvey
Chief Capital Officer

Improving the experience at Bank station

Our work will improve the customer experience as we support recovery and growth in the City

Ahead of a 17-week closure of the Northern line Bank branch in January, we ran a London-wide communications campaign to give customers the tools they needed to retime, reroute or use alternative options for their journeys.

We provided a new bus route, number 733, from Oval to Moorgate, Finsbury Square and extra Tube services. We also asked customers to travel at quieter times, consider using active travel options and to check before they travelled using the TfL Go App.

The closure was to enable the completion of vital and complex work on the new Northern line tunnel. The station reopened on May 16, with customers now benefitting from a new concourse, a new railway tunnel. Later this year, customers will also have more direct routes within the station and a new station entrance on Cannon Street.

Improvements at Bank, located at the heart of London's financial district, are critical to supporting the growth and success of the City.

The work at Bank will provide a range of benefits for customers

Getting back on track

Some of our key services resumed as we continued to support London's recovery

Night Tube services help London bounce back from the pandemic

Night Tube services resumed on the Central and Victoria lines in late November, providing more options for customers who need to travel at night either for leisure or for work, while also making journey times shorter and offering safer routes home for women, girls and all Londoners.

The Night Tube was suspended during the pandemic when drivers were needed to ensure we could keep the Tube running during the day, when demand was highest. London Underground was impacted by staff absences caused by coronavirus, while the pandemic also affected our ability to train new drivers to replace those who have left. The Central and Victoria lines were previously two of the busiest lines on the Night Tube network and provide crucial links between large parts of London and the centre of the city. Restoring night running on these lines was a boost for businesses like bars, clubs and restaurants as London's night-time economy started its recovery.

It also provides a safe, quick travel option for Londoners and visitors looking to make the most of all the capital has to offer in the evenings, and those who need to travel to or from work at night.

The Tube continues to operate between around 05:30 and 00:30 through central London from Monday to Saturday, and we have started running some trains earlier on Sunday mornings to help customers travel at these times.

We also announced that Jubilee line Night Tube services will resume from May 2022, followed by Northern and Piccadilly lines later this summer.

Return of the Night Overground

The Night Overground returned to service in December, in time to support Londoners as they celebrated Christmas. The all-night services, which link key areas in the city's night-time economy such as Shoreditch, Hoxton and Islington, were suspended since March 2020 because of the impact of the pandemic.

Night Overground services between Highbury & Islington and New Cross Gate started running every 15 minutes throughout the night on Fridays and Saturdays from 17 December. Reintroducing these services at weekends also helps the 1.6 million people who work at night in London and will provide another safe transport option for all Londoners.

Waterloo & City line returns

The Waterloo & City line returned to a full weekday service on 22 November in a further boost to London's recovery from the pandemic, with services running every three minutes during peak hours and five minutes off peak.

The line was closed in March 2020 in response to the Government's advice for people to work from home as demand plummeted. In June 2021, we reintroduced peak-time only weekday services on the line, to support those gradually returning to the office.

Drivers from the line were needed to operate Central line services, where demand was highest. This ensured we could run as many services as possible to enable social distancing.

Improving mobile connectivity

In December 2021, we announced that customers on Three and EE will join the BAI Communications network to provide 4G and 5G ready mobile connectivity across the London Underground. Negotiations are ongoing with Virgin Media O2 and Vodafone.

We are excited that this project will give customers on these networks access to uninterrupted coverage while on the Tube and within the stations. When completed, the network will be the most advanced of any city in the world.

By 2024, customers will be able to enjoy uninterrupted 4G mobile coverage in all ticket halls, platforms and tunnels. Furthermore, the networks will be able to provide mobile connectivity services, to enable emergency services teams throughout the London Underground environment to communicate.

£1bn
expected to be invested by BAI in the Connected London programme to improve digital connectivity

'Providing mobile connectivity to customers within the tunnels and on platforms across London will help them stay connected more easily and will both provide a long-term revenue stream for TfL and support economic growth across the city'

Shashi Verma
Chief Technology Officer

Helping Londoners and visitors get back to what they missed

In May, we supported the Mayor's #LetsDoLondon campaign to encourage people to explore all the things that were happening across the capital during the summer.

The promotion, which was run in collaboration with London & Partners, was launched to attract domestic visitors to the city and bring central London's economy back to life. We welcomed customers back to our network and helped them make the most of the increased leisure activities that were increasingly available, including the reopening of museums, cultural attractions and indoor dining. We ran an extensive campaign covering TV, radio and newspaper advertising.

During the October half-term, we produced cultural maps and guides detailing fun family activities, autumn ideas and late events. This included highlighting places along Tube lines, London Overground and the DLR for people of all ages to visit. We reminded customers of our network clean and safe.

The Mayor's campaign encouraged people to enjoy London

Tackling crime

We take a zero tolerance approach to hate crimes and unwanted sexual behaviour on our network

Zero tolerance to sexual harassment

We are working with our transport policing partners to make sure our public transport networks are safe, and feel safe, for all our customers and staff. In October 2021, we launched our communications campaign to tackle sexual harassment on public transport.

The campaign was developed in partnership with the Rail Delivery Group, British Transport Police, Metropolitan Police Service and women's safety groups. It forms an important part of our approach to tackling this behaviour, along with other measures such as staff training, policing and enforcement activity, and sexual harassment sessions in schools.

The campaign aims to challenge sexual harassment, sending a message to offenders that it is wrong, harmful and won't be tolerated on our services. We are also asking those that experience or witness sexual harassment to report it so that we can work to prevent it and to take action against offenders.

Our customers and staff should never be subjected to this behaviour when travelling in London. Our job, together with our police partners, is to stop this intolerable behaviour and make our network a hostile place for offenders and a safe welcoming place, especially for women and girls.

Standing together against hate

Everyone should be safe and feel safe when on London's transport network. In June, we launched our Hands Up communications campaign, which is aimed at raising awareness of hate crime, encouraging people to report it and reassuring customers and staff that all incidents are treated seriously. The campaign was developed by working with community groups and frontline staff to better understand the lived experiences and concerns about hate crime.

Woking with our police partners, we continued our engagement events to raise awareness, understand concerns and provide support to victims or those who feel vulnerable. Our surveys and community engagement shows that hate crime is significantly under-reported, so educating users of the transport network on how to respond and report if they witness or experience a hate crime continues to be a focus.

Each year, we work with our policing partners to support National Hate Crime Awareness Week. This year, we worked with community and partner organisations including StopHate UK, Tell MAMA, Covid19 Anti-Racism Group, Gallop and London TravelWatch to improve our understanding of hate crime. This insight was, and continues to be, invaluable in helping to shape our campaigns, engagement activities and interventions, ensuring that our approach and activities are impactful in both reaching and reassuring the communities they represent.

Through our school's outreach Sustainable Travel, Active, Responsible Safe (STARS) Programme, secondary schools are also being given additional support to educate children about the impact of hate crime, encouraging pupils to share the solidarity message that hate crime will not be tolerated.

My year at TfL

Delivering across all areas

Jermaine Harrison, Finance Graduate Scheme

Through his work on the graduate scheme, Jermaine has discovered the depth and breadth of TfL's remit. 'TfL has exposed me to so many different areas of the business, such as Cycle Hire, Elizabeth line, London Overground and more – this is all within one year!' he says.

'Everyday, we contribute to keeping London moving and making a real differences for the people of London.'

His best achievement has been developing his contacts through networking. 'From meeting with other graduates and apprentices from different schemes to a brief conversation with Andy Byford, I have really engaged with a large number of stakeholders. I have also volunteered at events such as the Finance Business Partner Wellbeing event and various finance events for new intakes.'

Ensuring we emerged safely as London opened

Keeping customers safe as we adjusted to pandemic restrictions

We implemented a range of measures to ensure customers could travel safely and confidently on our services during the pandemic. This included an enhanced cleaning regime, improved ventilation, requiring face coverings as a condition of carriage both before and after they were a legal requirement, and we continued to strongly encourage their use.

National regulations mandating the use of face coverings on public transport were in place from 15 June 2020 to 19 July 2021, and reintroduced on 30 November 2021 to 27 January 2022. During the time then no national regulations were in place, we retained the requirement to wear a face covering on our public transport services and stations, unless people were exempt, as one of our conditions of carriage.

Our 500 enforcement officers were redeployed from their core activities to focus on face covering compliance and enforcement activity. Under the Government's regulations, we, together with the police, were given powers to issue Fixed Penalty Notices or prosecute customers for not wearing face coverings.

In line with the Government decision to lift restrictions on 27 January 2022, which removed legal powers for us and the police to robustly enforce the regulations on the network, we also took the decision to remove it from our conditions of carriage from 24 February 2022.

During the time when no national regulations were in place, we retained the requirement to wear a face covering on our public transport services and stations, unless people were exempt, as one of our conditions of carriage

We adapted and adjusted to the changing regulations

Providing safe, reliable and accessible bus travel in London

Putting plans in place to improve safety and reliability of our buses

In March, we published our Bus Action Plan to set out our long-term vision for bus travel to 2030 and beyond. Buses are already the most used form of public transport in the capital, and our new plan aims to make this mode even more attractive for customers, including improving customer information, refurbishing bus stations and upgrading existing bus stops to meet wheelchair accessible standards.

We aim to provide a faster and more efficient bus network, with journeys 10 per cent quicker than in 2015, with initiatives including the aim to introduce 25km of new and improved bus lanes by 2030. We will improve connections via a bus network better suited to longer trips with better interchanges, especially in outer London and ensuring residents remain close to a bus stop. We will also bring our decarbonisation and climate resilience objectives to life with a zero-emission bus fleet to tackle climate change and improve air quality.

Further measures in our strategy include strengthening safety and security, with an ambition that nobody will be killed on, or by, a bus by 2030. We want all elements of the Bus Safety Standard implemented by 2024, ensuring customers and staff feel confident, including through improved bus driver training.

10%
improvement in bus journey times compared with 2015

We want all elements of the Bus Safety Standard implemented by 2024, ensuring customers and staff feel confident, including through improved bus driver training

Sporting success

We have enabled some high profile events across the capital

Helping to give our Paralympians a heroes homecoming welcome

Londoners turned out to welcome back our athletes from the ParalympicsGB team at a special Homecoming event at OVO Arena Wembley in September.

There was a stellar line up of artists from the world of music and entertainment to provide a fitting tribute to our athletes, who finished second in the medals table.

We supported the spectacular event, which was held during a weekend where Wembley Park station was closed in both directions. There was also no Jubilee line service between West Hampstead and Stanmore stations and on the Metropolitan line between Aldgate and Harrow-on-the-Hill stations.

We provided guests with additional advice on alternative accessible routes using the Bakerloo line and London Overground services, as well as replacement bus services for the closed Tube routes. We also worked with our National Rail partners to help promote the increased services on Chiltern Rail before and after the event.

Supporting the return of the London Marathon this year

We supported organisers of the Virgin Money London Marathon when it returned to its traditional course in the capital in October, having been cancelled the previous year because of the pandemic.

The London Marathon is one of the largest mass-participation events in the world with thousands of people, including world class athletes, celebrities and eager runners, raising millions of pounds for charities.

We advised Londoners and visitors of the road closures to support the event and also of essential planned closures on the Central line and London Overground. We encouraged everyone to plan their journeys in advance and check our website or TfL Go app for the latest travel information.

The route took runners past some of London's most famous and historic landmarks and visitors were advised to plan their day carefully and to avoid busy areas, in particular Greenwich Town Centre, Cutty Sark and Tower Bridge.

Works on Hammersmith Bridge

In July 2021, Hammersmith Bridge was re-opened by the London Borough of Hammersmith & Fulham for people to walk and cycle across and for river traffic to pass beneath, following an inspection by safety advisers. It has remained closed for motor traffic.

The council started onsite work to stabilise the bridge in February 2022. This is designed to make it safe and enable it to continue to be used by pedestrians and cyclists. This work is expected to finish in the autumn. Work continues on the design for the strengthening works on the bridge, which will enable it to be reopened to buses and motorists in the long term.

We are working with the DfT and the borough to explore arrangements for how the long-term repairs will be funded.

The Lane Rental scheme charge of £350 per day for utility company works is designed to minimise disruption

Reducing roadwork disruption

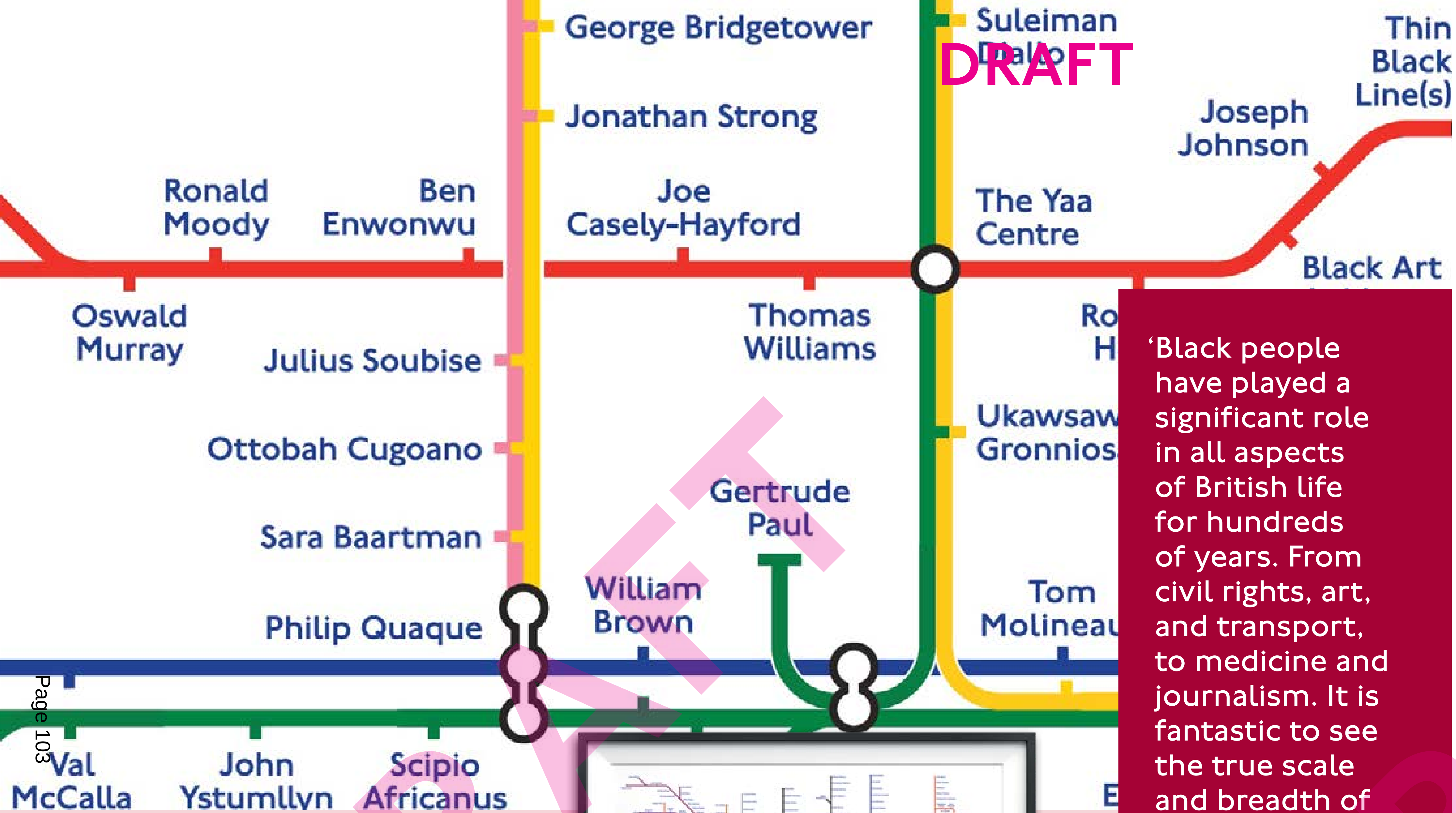
Our Lane Rental scheme is helping to coordinate works on our roads

In May 2021, we extended our Lane Rental scheme, which charges utility companies a daily fee for digging up the busiest sections of London's roads, to cover roadworks on 20 pavements across London. The charge of £350 per day for works is designed to minimise disruption for people walking.

In July, we announced the scheme had supported 79 projects that improve how roadworks are carried out. These included a project with Thames Water to trial new technology that creates a new lining within an existing pipe on Seven Sisters Road as an alternative to replacing the road's water main.

Other projects to receive funding include the creation of an augmented reality mapping application to display abandoned mains and spare infrastructure, developing an artificial-intelligence disruption-detection engine that proactively spots and identifies issues, and testing a multi-sensor inspection survey robot that can be used on large sewers.

We have worked to reduce the impact of roadworks on pedestrians



‘Black people have played a significant role in all aspects of British life for hundreds of years. From civil rights, art, and transport, to medicine and journalism. It is fantastic to see the true scale and breadth of this contribution commemorated on TfL’s iconic Tube map – a symbol so synonymous with London and the UK’

Marcia Williams
Director of Diversity, Inclusion and Talent

Celebrating the contributions of Black people in London

To mark Black History Month, we teamed up with heritage centre Black Cultural Archives to launch the first ever Black History Tube map in October, celebrating the rich and varied contribution that Black people have made to London and the UK. The reimagined map replaced station names with notable Black people from history, with the associated Tube lines renamed to link them together by common themes – Firsts and Trailblazers; Georgians; Sports; Arts; LGBT+; Physicians; Performers; Literary World and Community Organisers. The map highlighted how Black people played an intrinsic role in all parts of British life for hundreds of years.

Among the fascinating figures featured on the map were Cecile Nobrega, a composer, poet, sculptor and educator who led a campaign to establish the first public monument to Black women to be on permanent display in England. Co-founded the Notting Hill Carnival Claudia Jones replaced Camden Town station and Joe Clough, London Transport’s first Black motorbus driver in 1910, replaced Elm Park.

Showing our Pride for London

In September, we showed our support for London’s LGBT+ community by launching a range of specially designed Pride roundels, which were displayed across the network.

The 10 special roundels were designed by our staff and talented and inspiring LGBT+ Londoners, including broadcaster and historian Tim Dunn, activist and campaigner Marc Thompson, and prominent museum curator Dan Vo, with each location specially chosen by the creators to best reflect their designs.

Their designs carried stories of lived experiences, personal journeys and hopes for the future across the LGBT+ community. Information about the designer, as well as explanations about the design, were displayed next to each roundel.

In addition to the special roundels, there was also a public poster campaign featuring proud TfL LGBT+ staff members at North Greenwich, Vauxhall and Green Park Tube stations.

E-scooter hires on the rise

Londoners embracing this new transport mode as part of our trial

Our e-scooter rental trial proved popular with Londoners, with more than 800,000 trips made using them by the end of March 2022. By the end of March 2022, the busiest month was October, as people returned to offices and London Borough of Camden joined the scheme. The most popular hour to ride an e-scooter was between 17:00 and 18:00.

The trial has been expanded significantly, with the number of vehicles increasing from 600 to 4,010 and the number of participating London boroughs doubling from five to 10.

More than two million kilometres of trips have been made to date, covering a distance of 60 times around the world.

There are now more than 500 designated parking locations across the whole of the trial area, with plans to expand this number over the coming year to further increase parking density.

London's trial is one of 32 authorised by the DfT around the UK, which are gathering data to inform future policy and legislation around e-scooters.

800,000

rental e-scooter trips have been made

P **500**

designated parking locations across the e-scooter trial area

Our e-scooter rental scheme is available across certain London boroughs

My year at TfL

Stepping up the plate

Brooke Knight, Network Sponsorship, Investment Delivery Planning

Brooke has enjoyed a significant year, having completed an apprenticeship with TfL. 'My biggest achievement was delivering my first ever scheme since I rolled off from my apprenticeship,' she says. 'I also got a promotion to the role of sponsor last year.'

Her biggest challenge was dealing with the funding uncertainty and constraints as the impact of the coronavirus lockdowns were felt across London. 'It was a challenging situation and what that meant for the borough we sponsor,' she explains. 'To overcome this, we shared all the information we could with the borough and explained the methodology behind some of the decisions that were made.'

Brooke enjoys her career at TfL. So what makes it special? 'The people,' she enthuses. 'Everyone is so knowledgeable and friendly, which is great when working collaboratively.'

Our women at work

We have shone a spotlight on the amazing work of women in shaping London

Afe Komolafe,
Engagement Officer

Putting women on the map as part of international day of celebration

As part of our International Women's Day celebrations in March, we teamed up with Reni Eddo-Lodge, Rebecca Solnit and actress Emma Watson to create a City of Women London Tube map, celebrating the lives of women and non-binary people who have left a lasting impact on our city.

The reimagined Underground map replaced the names of familiar stations with those of notable figures from arts, sports, activism, science, media, law and medicine. Instead of Bond Street, Notting Hill Gate, Warren Street, Paddington, Euston Square, Waterloo, Bank or Lancaster Gate, the map invited us to mind the gap at Audrey Hepburn, Claudia Jones, Virginia Woolf, Mary Seacole, Noor Inayat Khan, Agnes Beckwith, Boudica or Jung Chang.

Trailblazing women from our London's transport history were also included such as Hannah Dadds, the first female Tube driver; Jill Viner, the first female bus driver; and current emergency planning manager Joan Saunders-Reece – who was not only the first woman to drive a Victoria line train, but also the first female Tube driver instructor.

Putting our women in the frame

To mark International Women's Day in March, we launched a new exhibition at Victoria station showcasing portraits of women who work across the transport network.

The 56 women featured all help to keep London moving, working on both today's journeys and the projects of the future, by operating trains, managing bus stations and responding to major incidents. Others featured in the exhibition work in areas such as architecture, engineering, city planning and coding.

The portraits aimed to inspire and encourage more women to explore transport as a career, as well as recognising the work that still needs to be done to increase the number of women in the sector.

The exhibition was on display for six weeks at Victoria station and also exhibited at West Croydon London Overground station, Poplar DLR station and Hammersmith bus station.

London's only cable car celebrates landmark number of customers

Ahead of the expiration of our sponsorship agreement with Emirates for our cable car, we announced our search for a new partner in December 2021.

The short-term sponsorship package we have put together includes one-year naming rights to the cable car, which is currently called the Emirates Air Line, branding across the capital on our Tube map, high-impact presence at some of our busiest stations and content creation through cabin branding.

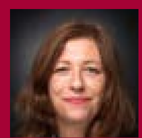
It was also a year of celebration for the cable car as it welcomed the 13 millionth customer in September. The cable car, which opened in 2012 as part of London's Olympic and Paralympic Games, has complemented major regeneration in both the Royal Docks and the Greenwich Peninsula.

Northern line station advertising

The new stations at Nine Elms and Battersea Power Station presented an exciting addition to our out-of-home advertising landscape. Both stations have tens of thousands of customers passing through them each week, with many being new to the network, providing a new opportunity for advertisers to take advantage of the brand-new, targeted digital screens.

This will add value to advertisers wanting to target residents and shoppers in Zone 1, alongside traditional advertising formats.

> 'This fantastic installation shows a different way to use our stations in a creative and engaging way to connect with tens of thousands of people'



Julie Dixon
Interim Customer and Revenue Director

Commercial thinking

Supporting business and driving revenue

Green Planet take over

To mark the launch of television legend Sir David Attenborough's latest series The Green Planet, in January we worked with the team at BBC Creative to transform Green Park Underground station into a vivid experience that celebrated plant life.

The station was rebranded from Green Park as 'Green Planet', to create an immersive experience for our customers. We presented a range of plants that were featured in the series across every poster space on the southbound spaces of the Victoria line.

The BBC campaign saw Green Park rebranded as Green Planet

New jobs and homes

‘Our ongoing projects of work will help support the development of new homes that London vitally needs and an array of employment opportunities alongside these’

Graeme Craig
Director of Commercial Development

Eyes down for a full house

Our housing developments are delivering the new homes that London needs

Page 108

Major development at Blackhorse Road site as we deliver more housing

In October, we joined our development partners to celebrate a key moment in the Blackhorse View housing development. We joined then-Deputy Mayor Heidi Alexander and developers L&Q and Barratt London to celebrate the occasion by laying the final brick on top of Alder Point, the 21-storey tower that forms the centrepiece of Blackhorse View.

Located directly opposite Blackhorse Road station, the 1.82-acre development is bringing forward 350 homes, alongside 17,500 square feet flexible commercial floorspace. Due for completion in late 2022, Blackhorse View offers a choice of one, two and three-bedroom apartments with views across the Walthamstow Wetlands.

The scheme will create up to 300 new jobs for local people, with more than 10 apprentices already working on the scheme and a range of opportunities available for those people who have taken part in our Construction Skills programme.

New homes at Arnos Grove

Our proposals for 162 new homes by Arnos Grove Tube station were given the green light in March 2022. The project is our fifth Build to Rent development to be given a resolution to grant planning permission, and is being delivered by Connected Living London, our long-term strategic partnership with Grainger plc.

The plans will deliver 40 per cent affordable housing, alongside a new public square outside the station making it easier and safer for people to walk and cycle to Arnos Grove. The new homes, designed by Maccreanor Lavington, will be delivered across four buildings, and will be a mix of one-, two- and three-bedroom properties providing suitable homes for all types of households.

The affordable homes will be provided at a discount to open market rates for rent and all residents will equally benefit from a range of on-site amenities, such as the residents' lounge, gym and dedicated onsite Resident Services team.

Sustainability is a core focus of the plans and the development intends to optimise building performance with respect to energy, carbon, water and waste. It will also include solar panels and wildlife-friendly landscaping, including integrated play-space.

Our arches provide a base for a range of businesses and retailers

Under the arches

Supporting our tenants as we celebrated Arches Day together

We encouraged Londoners to support their local businesses based in railway arches and #loveyourlocalarches on Arch Day on 3 July.

The scheme, which is supported by The Arch Co, Network Rail and us, works to highlight the many services, products and activities that can be found under these often-forgotten Victorian railway arches. It also aims to encourage local people to explore the offerings that are available and shop with these great local businesses and retailers.

Transport Commissioner Andy Byford visited businesses in Haggerston that are based in arches managed by us. He discussed their experiences during the pandemic and recognised them for their commitment to the local community as part of our Love your Local Arches Awards.

During the pandemic, we worked hard to support our tenants by offering significant rent, emotional and practical support. We are committed to working with our tenants as partners, getting to know them better and actively supporting business recovery.

800

arches that we own and manage across London

> The scheme works to highlight the many services, products and activities that can be found under these often-forgotten Victorian railway arches

My year at TfL

Making a difference in all areas

Jenita Treacy, Analytics Product Manager in Technology and Data

This year has been one to celebrate for Jenita, having won the Tech 100 Women award. However, her achievements didn't stop there.

'I became a leadership member for our RACE Staff Network Group,' she explains. 'I also helped change our internal processes to ensure that people on maternity leave or long-term sick are not disadvantaged when they return to work, as well as working on new fertility and surrogacy guidance.'

As many people found when working from home, there have been challenges along the way. 'My role involves understanding operational requirements and issues that sometimes need me to observe or speak candidly to stakeholders,' she explains. 'It took longer to achieve this from my home office, but getting back to the office lately has helped to re-enable this.'

Celebrating our in-station retail

We have continued to grow our offering to provide retail space for even more businesses

Following a positive end to 2021, there was a strong start for our in-station retail activity in 2022. A new retail unit at White City Bus Station opened on Boxing Day along with several businesses opening at King's Cross, Baker Street and Parsons Green Tube stations in January. These units provide us with an additional revenue stream, while improving the customer experience.

The unit at White City is one of the 38 we uncovered as part of a programme that began in early 2020 to bring our forgotten, empty retail units back into use. As the unit had been empty since 2018, we had to restore it, including carrying out fire safety and asbestos checks, to ensure it met health and safety standards. By the end of the 2021/22 financial year, we had reached 52 completions since February 2020, which was just before the first national coronavirus lockdown began.

These deals generate an additional £1.8m of new income for use each year, plus additional turnover-based payments, while improving our customers' experience and enhancing station environments. We are working to source and support new and evolving retail businesses of all sizes and have many more in the pipeline for the coming year.

> We are working to source and support new and evolving retail businesses of all sizes

Our retail spaces support business and improve our customer experience

Launching our innovative Sustainable Development Framework

Our plans for supporting a cleaner, greener and fairer society through development

This year, we developed our Sustainable Development Framework, which is based on nearly three years of developing, piloting and collaborating. The framework sets out our approach to delivering social impact, driving economic development and embodying environmental stewardship in all our projects. It tackles not just the climate emergency, but also balancing a host of wider environmental, social, and economic issues.

We shared the framework with our partners, building contractors and key stakeholders to invite feedback. By sharing what we have done and learnt, we hope to use our broad portfolio of projects to lead the commercial building sector in delivering sustainable development for all Londoners.

We will continue to engage with our partners and stakeholders to finalise the detailed guidance that will support the framework. We will then look to launch the framework officially and use it as a key tool to underpin how we will work with partners and stakeholders going forward on our commercial development projects.

On the property ladder

Following discussions with the Mayor, central Government, and our Board, we have created a commercial property company, TTL Properties (TTLP), which is wholly owned by us. TTLP will provide sustainable revenue to reinvest in public transport, while delivering thousands of new homes for the capital, a high proportion of which will be affordable.

We are constructing more than 1,700 homes, with work forecast to start in 2022/23 on 12 more sites that will deliver a further 2,400 homes. As well as developing new homes, we also have an existing estate of some 2,000 businesses, and TTLP will continue to invest in this estate to ensure it continues to be a sustainable powerhouse for small- and medium-sized businesses.

Our people

‘Once again, our people have gone above and beyond to deliver the essential services that London needs as it continues to strengthen after the impact of the pandemic’

Tricia Wright
Chief People Officer

Remembering our colleagues

Following the Mayor's opening of the Cherry Blossom Memorial Garden at the Queen Elizabeth Olympic Park in May 2021, to remember all Londoners who have sadly died from COVID-19, we announced our plans to create a fitting memorial. In October 2021, we notified affected families of our plans to unveil a memorial to honour the contribution of the transport workers who kept the capital moving during one of its most challenging times.

In spring 2022, London Borough of Tower Hamlets granted us planning permission at our preferred site on Braham Street in Aldgate. The space will contain a plaque paying tribute to London's transport workers as well as a blossom tree and benches to create a contained space that can be used for quiet reflection and remembrance.

Tragically, we have lost 105 transport workers to COVID-19 during the pandemic. We are also aware of a number of taxi and private hire drivers and colleagues from other transport organisations who have sadly died and, alongside trade union colleagues, we continue to offer their families support. We plan to unveil the memorial this autumn.

Showing support for our Armed Forces on Remembrance Day

Our poppy tributes to service men and women

We paid tribute to servicemen and women ahead of Remembrance Day in November, replacing several station roundels with the iconic poppy symbol at 10 Underground stations and 14 London Overground stations.

We also decorated six London buses with a special poppy-themed wrap. Poppy vinyls were also displayed on DLR and TfL Rail services, a number of trains and some Santander Cycles. Our piers were also proudly flying poppy flags.

We also partnered with the Royal British Legion to support its fundraising, with collections at 50 stations across London.

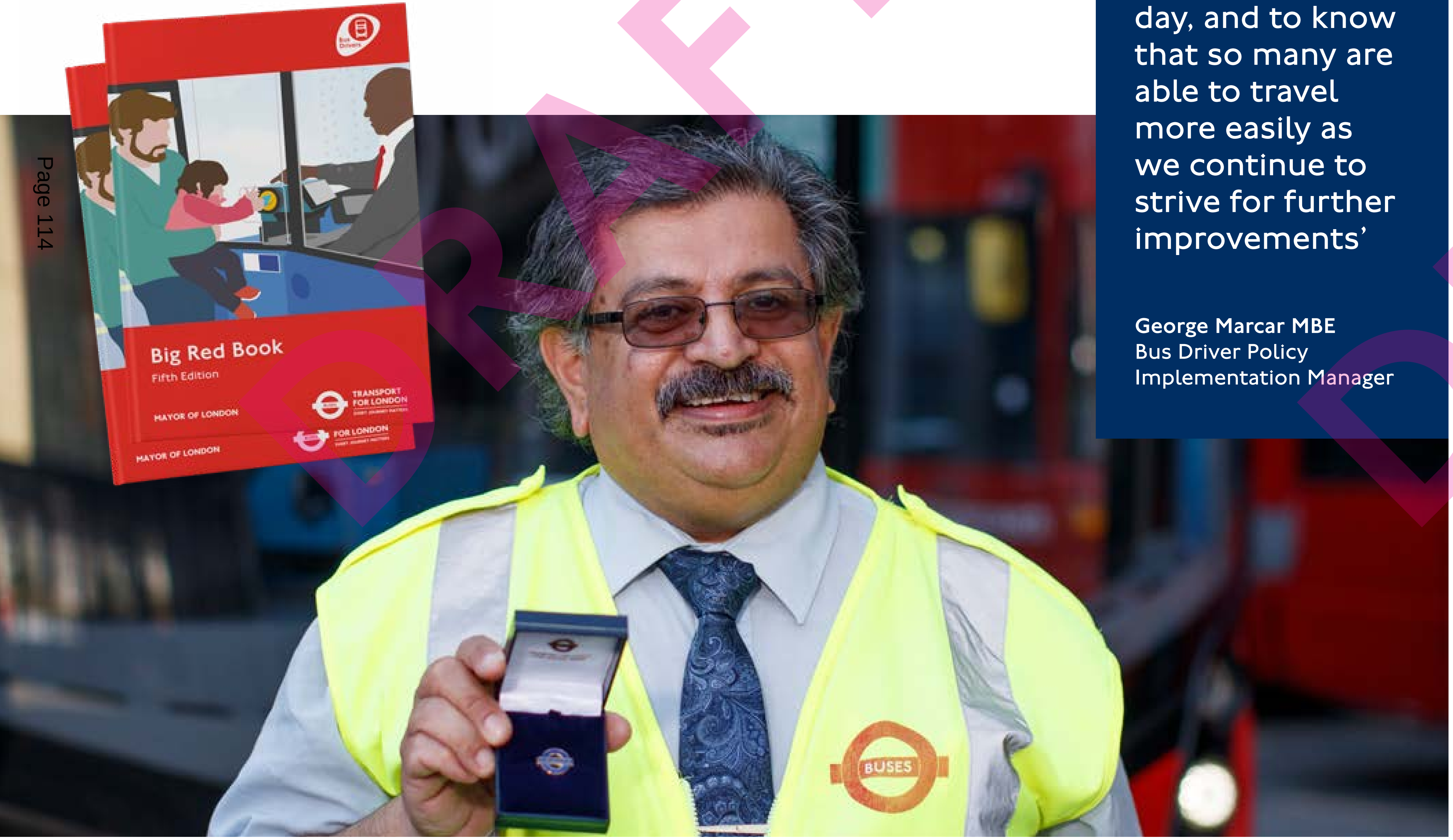
More than 3,000 volunteers and fundraisers have come together to collect donations across the TfL Rail and Underground network, including members of the Armed Forces from the British Army, Royal Navy and Royal Air Force. Some of our staff are veterans themselves whose service gave them critical skills for the jobs they do now.

Our special bus wraps helped to show our support for the Armed Forces

Royal honour for a pioneer of bus accessibility

In December, Bus Driver Policy Implementation Manager George Marcar was honoured in the Queen's New Year's Honours with an MBE for his work in promoting accessibility on the bus network. George was recognised for going above and beyond for many years of service in his role and his continued dedication in improving accessibility for all, including older and disabled people.

He has also made great strides in raising awareness of those with hidden disabilities, such as dementia and autism. During his years of campaigning, he also developed the Big Red Book – a guidebook with detailed information used to help and guide London's 25,000 bus drivers. George was also recognised at our employee Transport You Matter awards 2021 with a Lifetime Achievement award for his work.



'I am proud to now see so many people – all from different backgrounds and each with their own story to tell – using our buses every day, and to know that so many are able to travel more easily as we continue to strive for further improvements'

George Marcar MBE
Bus Driver Policy Implementation Manager

My year at TfL

Positive promotion

Chris Eller, Customer Services Manager

Having been diagnosed with epilepsy in 2019, Chris struggled with the challenges this presented. However, he has managed to overcome this and has grown in his role.

'I recently achieved a promotion to Customer Service Manager at Mile End,' he explains. 'This was my greatest achievement this year. Following my diagnosis, and it was a mental struggle, but my head of customer service on the Piccadilly line, as well as other customer service managers and area managers have been so supportive in helping me get through it mentally and pushing me for promotion.'

One of the best things about TfL is the supportive nature, Chris says. 'I like how diverse the company is and it gives staff opportunity to grow.'

Working together for all

We are developing approaches to ensure we are a great place for everybody to work

Listening to our colleagues to shape our new Vision and Values

In October 2021, we launched our internal Visions and Values strategy, setting out our long-term ambition for the future of our organisation.

Everyone from across the organisation was invited to shape how we should bring about a clear direction to our story and goals, with thousands of colleagues providing feedback. We listened to our staff to shape the direction of our Visions and Values, which will play a key role in delivering a sustainable, green future for London.

Delivering this new vision will be split into six themes of Safety, Operations, Customer, People, Finance and Delivery.

Engagement with our colleagues on this important piece of work demonstrated that input from different voices can successfully formulate a clear roadmap needed to achieve what will be best for the future of London's transport network and ensure we can successfully represent the great diversity of this city that we serve.

Leading the way forward

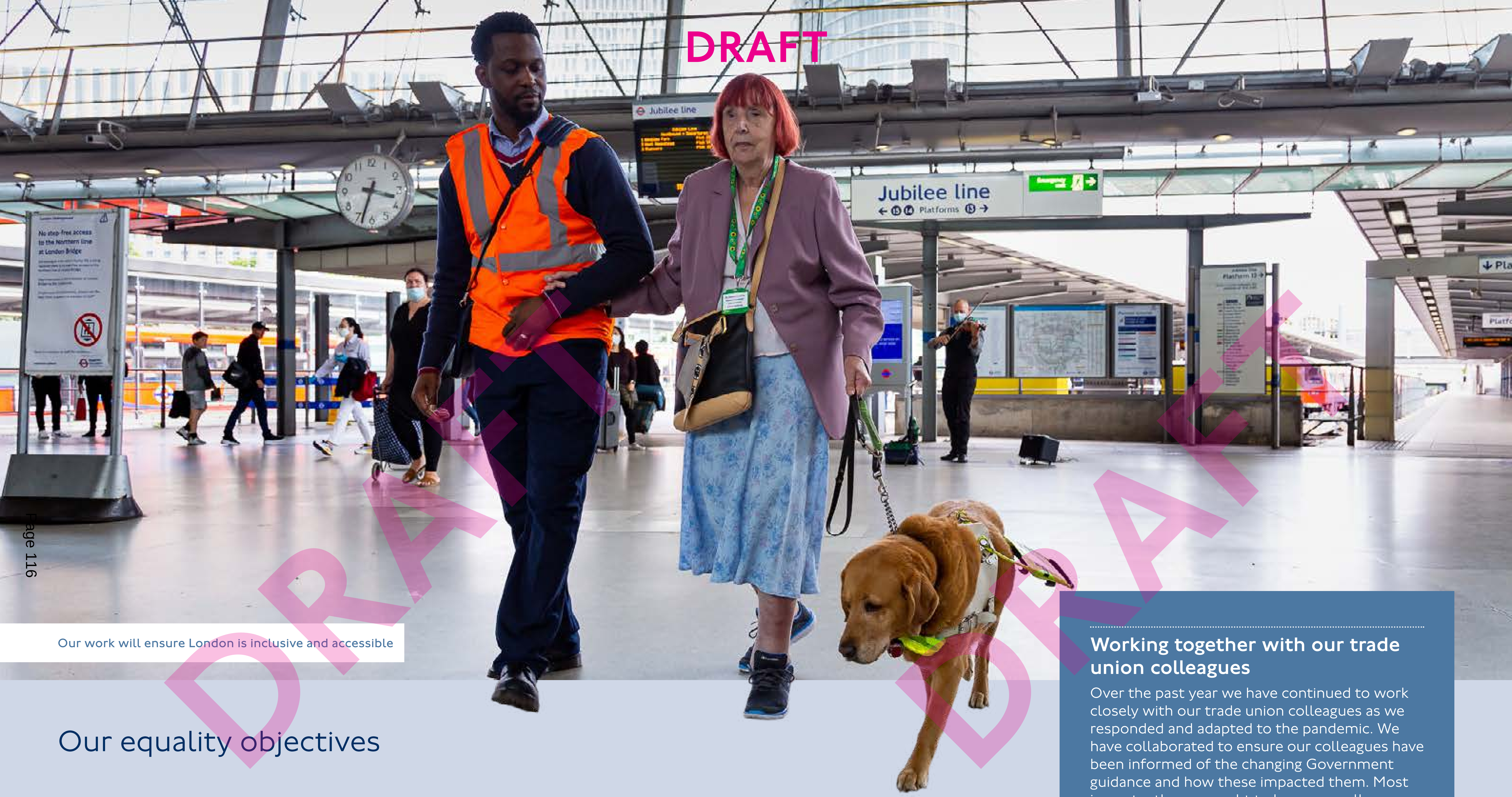
In January, Transport Commissioner Andy Byford set out our new executive team structure to best meet the challenges and opportunities as we work towards the next phase of our recovery from the pandemic. The new team has reduced from 11 to seven.

Gareth Powell moved from Managing Director of Surface Transport to become the Chief Customer and Strategy Officer. Stuart Harvey, moved from Director of Major Projects to become our Chief Capital Officer.

Andy Lord moved from Managing Director of London Underground to become our new Chief Operating Officer, bringing all of our operations together in one place for the first time. Our new executive team officially took effect from 1 February 2022.

At the same time as the restructuring, our Managing Director for Customers, Communication & Technology Vernon Everitt and our Chief Finance Officer Simon Kilonback left the organisation.

Group Finance Director, Patrick Doig, will report directly to the Commissioner as an interim measure and is an alternative to appointing an interim Chief Finance Officer, as was announced on 4 March 2022. Patrick will also continue to be our statutory Chief Finance Officer, a role he has held with us since May 2021.



Our work will ensure London is inclusive and accessible

Our equality objectives

Pushing to create a more equal and inclusive organisation and city

We published our equality objectives at the end of 2021, setting out our commitments to promoting equality for our customers, colleagues and stakeholders.

These objectives enable us to perform against our Public Sector Equality Duty, under section 149 of the Equality Act 2010. We recognise we still have a lot of work to do to ensure London's streets and public transport are equitable and accessible for all. We also know we need to do more to ensure our organisation is a truly inclusive place to work.

Our objectives will help us improve London's transport network for all and drive forward our vision for a more inclusive, diverse, equal organisation for our colleagues.

Working together with our trade union colleagues

Over the past year we have continued to work closely with our trade union colleagues as we responded and adapted to the pandemic. We have collaborated to ensure our colleagues have been informed of the changing Government guidance and how these impacted them. Most importantly, we sought to keep our colleagues safe together.

The devastating impact of the pandemic on our finances has meant we have to identify savings and efficiencies to cover our operating costs. Over the past year, our trade union colleagues have worked with us to help find solutions to these challenges.

Our apprenticeship scheme offers people a pathway into work

Offering a route into the transport sector

Celebrating National Apprenticeship Week for the next generation

We celebrated National Apprenticeship Week in February by showcasing the range of opportunities across TfL and our supply chain. Our award-winning apprenticeship programme supports people of all ages, helping them to learn new skills while in employment.

This September, we are creating another 143 apprenticeship roles with a further 25 to start in the following January. Applicants can choose from a range of roles including 74 apprenticeships across various disciplines in London Underground, 19 positions in IT and software development and 15 roles in project management. The schemes range from Apprenticeship Levels 2 to 6, with a Level 2 apprenticeship being the equivalent to five GCSEs, while those on a Level 6 apprenticeship can earn a degree while gaining work experience.

We are committed to improving diversity across the industry. Through our work to encourage women to consider engineering roles, we have taken our Level 3 Engineering Apprenticeship scheme from having no women represented in 2018, to 27 per cent being women in 2021.

143
apprenticeships that are available each September

We have taken our Level 3 Engineering Apprenticeship scheme from having no women represented in 2018, to 27 per cent being women in 2021

Remuneration report 2021/22

'The Remuneration Committee is responsible for setting a policy that enables TfL to be competitive in line with peer organisations to attract the right talent'

Kay Carberry
Chair of TfL Remuneration Committee

Message from the Chair

I took over as chair of TfL's Remuneration Committee in January 2022, having been Vice Chair until then. It is my role to ensure that TfL has an appropriate remuneration policy to attract and retain senior employees with the right experience to lead and manage the organisation. This year's Annual Report shows the progress TfL has made in winning back customers while continuing to face significant financial challenges. This is down to the hard-working employees across the organisation and good leadership.

Over the last year, the Committee recognised that the decision to defer pay-out of the 2019/20 performance awards, although the right thing to do given TfL's financial circumstance, had a negative impact on staff. These are most of the same staff that have been subject to a pay freeze since 2016. At our meeting in July 2021, members of the Committee acknowledged that the performance scheme is an integral part of the remuneration package for senior staff and the pay freeze and withdrawal of performance awards from 2020/21 meant there was significant competitive external pressure for TfL's people.

In November, we approved the revised performance awards scheme for financial years 2021/22 and 2022/23. The awards are subject to a financial overlay trigger, which means TfL must achieve financial sustainability by April 2023 and run its operations free of extraordinary Government funding for revenue support to trigger payment of any awards from the schemes.

TfL's people are at the heart of how it works and we very much value their effort every day. The revised arrangement reflects the need for TfL to ensure that it can sustain a fair reward package and retain talent at such a vital time while it is working to reach financial sustainability by April 2023.

It remains imperative that TfL has the right leadership to navigate the organisation through funding discussions with the Government. We need motivated and committed people to keep London moving and working in a safe and sustainable way.

The Committee is responsible for setting a policy that enables TfL to be competitive in line with peer organisations to attract the right talent. This must be done in a fair way, rewarding employees for their individual contributions to TfL's successes while not paying more than is necessary. This is the right approach to rewarding senior staff whose talents are essential to TfL achieving its long-term plans.

SIGNATURE

Kay Carberry CBE
Chair, TfL Remuneration Committee

'TfL's people are at the heart of how it works and we very much value their effort every day'

Our Remuneration Committee

Kay Carberry CBE*
Chair

Peter Strachan**
Vice Chair

Seb Dance***

Dr Nelson Ogunshakin OBE**

* Vice Chair until 31 December 2021
Chair from 1 January 2022

** Appointed 1 January 2022

*** Appointed 3 February 2022

Former Committee members

- Ben Story – Chair until 31 December 2021
- Heidi Alexander – Member until 2 February 2022
- Ron Kalifa OBE – Member until 6 May 2021

Role and responsibilities

Our remuneration policy is set by our Remuneration Committee to attract, motivate and retain high-calibre, suitably qualified people to successfully manage our large and complex business. The Committee considers the need to remunerate at a competitive level compared with the external market and peer organisations while also, in a fair and reasonable manner, rewarding them for their individual contributions to our long-term success, without paying them more than is necessary.

The Committee's full terms of reference are published on our website. These essentially involve keeping an overview of our reward and remuneration policies and the arrangements for talent management and succession planning. From time to time, the Committee will review and set the remuneration of the Commissioner, chief officers and other direct reports of the Commissioner. The Committee also helps review the remuneration strategies for the entire senior manager group, particularly regarding performance-related pay.

Committee meetings

The Committee met on 7 July 2021 and 10 November 2021.

Committee activities

At the meeting on 7 July 2021, the Committee considered what should happen for the performance years 2021/22 onwards and whether performance award schemes should be reinstated. Members recognised that the scheme was integral to the remuneration package for senior staff and supported our goals by being linked to scorecards.

The Committee recognised the need for pay restraint given our financial position. However, benchmarking showed that pay for many staff was significantly below our competitors. Attraction and retention would continue to be a significant issue if staff were going above and beyond to deliver but were again asked to forgo part of their remuneration package.

TfL was asked to develop options for the performance award scheme for 2021/22. All options would be linked to performance against the scorecard and attaining financial sustainability, with payments only made when we no longer require support from the Government for our operational costs.

The Committee approved performance award schemes for 2021/22 and 2022/23 at the November meeting. These are subject to the additional condition that payment can only be considered if TfL has achieved the financial overlay trigger, which is to achieve financial sustainability by April 2023. By this, we mean that we can run our operations free of extraordinary Government funding for revenue support.

Whether TfL has achieved that trigger of financial sustainability will be seen in the Budget and Business Plan for 2023/24. TfL would therefore expect to be able to confirm whether performance awards will be paid out in respect of 2021/22 and 2022/23 in early 2023/24.

Also at the November meeting, the Committee noted the proposed methodology for strategic workforce planning, short- and medium-term risks to our ability to recruit and retain key skills, and the mitigating actions being put in place to ensure we can effectively plan our resourcing strategy. These actions focus on succession planning and identification of critical roles, the graduate and apprentice pipeline, managing talent and reward.

The Committee noted an update on the Gender and Ethnicity Pay Gap reports from 2020 and the work taking place to reduce these, including the development of a four-year Pay Gap action plan. This will cover three key areas: Governance and data; policies, systems and processes; and leadership, culture and behaviour. It will be developed in discussion with our Staff Network Groups and trade unions, and be underpinned by local diversity and inclusion plans.

Throughout the year, the Committee has been responsible for approving salaries of £100,000 or more for any new appointments.

Policy

Board remuneration
Board members receive a basic fee of £16,000 per annum. Additional fees are paid for each appointment to a committee or panel, up to a maximum of £20,000 per annum.

The additional fees are paid at the rate of £1,000 per annum as a member and £2,000 per annum as the Chair of a committee or panel. Members are also entitled to receive free travel on our network, but no allowances are paid to members.

Any expenses claimed by members in relation to fulfilling their role as a board member are published on our website, along with details of any gifts or hospitality received.

The remuneration for each member for the year ended 31 March 2022 is shown in Appendix 5. No fee is paid to the Chair or Deputy Chair of TfL.

General remuneration
Our general policy is to provide remuneration that attracts, retains and motivates people of the right calibre to manage a large, complex organisation. Remuneration packages reflect responsibilities, experience, performance and the market we recruit from.

The reward structure we have developed is commensurate with this policy. It includes a base salary and a performance award scheme against a range of safety, operational, customer, people, delivery and financial targets.

The main objective of the remuneration policy is to ensure that reward is based on performance to drive delivery while ensuring the overall package is affordable.

Executive remuneration
The base pay and the total remuneration of the Commissioner, chief officers and other direct reports of the Commissioner is set by the Remuneration Committee, which uses external benchmarking and other comparative information to determine remuneration. This is broken down into the following components:

Component	Purpose	Operation	Maximum
Base pay	To reflect the individual's role, experience and contribution. This is set at a level to attract and retain individuals of the calibre required to lead a business of our size and complexity.	We take into account: • Remuneration benchmark information from a specific peer group to identify a market median range of base pay, which reflects what our Commissioner and chief officers would receive if they worked in a similar role in another company of similar size, complexity and scope • The scope and responsibility of the role • The individual's skill, experience and performance against targets • Affordability for us	There is no prescribed maximum salary. There will be no increases to base pay, where the accountabilities for the role remain unchanged, for the Commissioner, chief officers and directors during the Mayor's current term in office.

Component	Purpose	Operation	Maximum
Performance-related pay	To incentivise delivery of stretching one-year key performance targets, both individual and collective, as measured through individual performance rating and scorecard results. The payment of senior management performance awards for 2019/20 were deferred to 2021/22 and paid in June 2021. There was no performance award scheme for the 2020/21 performance year. A revised performance award scheme, approved by the Remuneration Committee, was launched in November 2021 that allowed performance award schemes to operate for 2021/22 and 2022/23 in line with the 1 June 2021 Government funding agreement.	Performance awards are calculated using a matrix, which sets out the percentage performance award an employee will receive based on a combination of the scorecard result and their individual performance rating. Depending on the business area that the employee works in, either our scorecard alone or a combination of our scorecard and the Delivery Business Scorecard sets the budget available for performance awards. An employee's contribution, in the form of a personal performance rating, determines the percentage performance award received from the available budget using a multiplier approach. Awards are paid in the following financial year.	The maximum award for the Commissioner is 50 per cent of base pay. The maximum award for chief officers is 30 per cent of base pay.

Component	Purpose	Operation	Maximum
Benefits	To provide a competitive total reward package that supports attraction, retention and motivation.	The Commissioner and chief officers receive the same core benefits as all our other employees. The only enhancements are full family cover for private medical benefit and an annual health assessment, which is available to all TfL directors. Membership of the TfL Pension Fund, a 'defined benefit' scheme that provides for a pension payable from the age of 65, based on 1/60th of pensionable salary for each year of service or, if invited and eligible, similar benefits provided on an unfunded basis. Some legacy arrangements apply for certain employees whereby an employer contribution of 10 per cent of salary is paid to either a defined contribution arrangement or as cash supplement at a discounted amount.	Pensionable salary is capped at: • £170,400 from 6 April 2020 to 5 April 2021 • £172,800 from 6 April 2021 to 5 April 2022 for members who joined after 31 May 1989

The remuneration received by the Commissioner and chief officers for 2021/22 is shown in Appendix 2.

Performance-related pay

Our 2021/22 scorecard was developed to support the continued recovery of the organisation and London from the pandemic. The measures focused on our key priorities, which are prioritising safety and working towards financial sustainability. We are determined to do this while continuing to provide travel services to support London's public health and economic recovery, encouraging customers back to our network and pivoting our capital investment to a green recovery.

The scorecard was updated during the year to align to the Revised Budget, which was approved by our Board in July 2021, and the measures will be used to determine any performance-related pay. These payments will be made in 2023/24, if we achieve financial sustainability. The scorecard results for 2021/22 are set out on page 12 of our Annual Report.

Severance policy

Most employees who leave through redundancy do so under our voluntary severance arrangements. These terms may include the following, dependent on circumstances:

- A number of weeks of pay based on length of service, age and weekly pay
- Notice period that an employee may work or receive as a payment in lieu of notice
- Outplacement support or an equivalent cash payment
- Enhanced pension provision

There are minimum service requirements for some of these terms and some elements vary if people volunteer to leave early during organisational change. There are also some variations to these terms, which have been agreed as local arrangements for the small number of employees who are members of the Local Government and Principal Civil Service Pension Schemes.

Following the Dawn Jarvis report (published on 12 February 2019), which was commissioned by the Mayor to review termination clauses and payments for senior employees across the GLA Group, the Remuneration Committee has oversight of any proposed exit payments for the Commissioner, chief officers and other senior directors reporting to the Commissioner.

The Committee will also consider any exit payment outside the standard redundancy terms and which exceeds £100,000, excluding notice periods, which are contractual.

In non-redundancy situations, we may enter into severance arrangements where it is in the interests of the organisation and represents value for money. These arrangements are considered on a case by case basis.

Our specialist teams have worked on some of our key projects

Remuneration

Benchmarking of senior executives' pay

The Remuneration Committee uses data from remuneration consultants Aon to benchmark the remuneration for the Commissioner and chief officers using two separate peer groups. The first is made up of comparable, in terms of scale, complexity and sector, private and public sector companies. The data is mainly derived from Aon's Executive Total Reward Survey (ETRS). This survey peer group comprises of 182 organisations focusing on the transport, infrastructure and engineering sectors, and excludes less relevant sectors such as financial services. This provides a broad cross section of the UK private sector market while incorporating some key public sector businesses as well.

The second peer group is solely from publicly accountable organisations, which comprises 14 UK organisations with some degree of public accountability and, in most cases, a focus on infrastructure and transport.

Each role is benchmarked against its respective counterparts in comparator organisations, with the scope of each role matched using Aon's Job Link system and our internal Hay job evaluation scores. For combined roles, or where someone has remit over multiple functions, data is provided separately for each relevant role match.

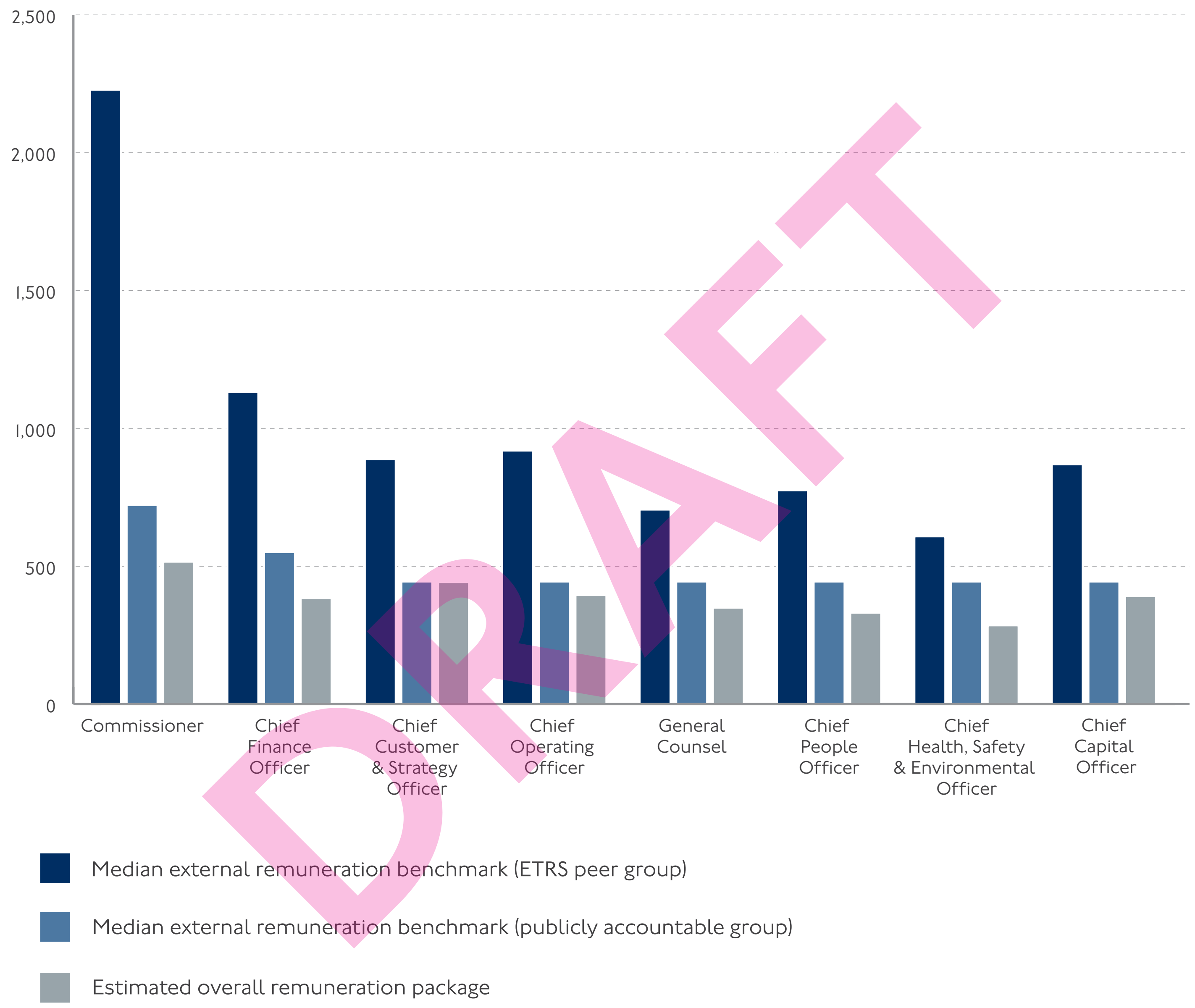
Job Link levels are assigned to market data based on the scope and responsibilities of individual roles, as well as their seniority within their organisation and the scope of the organisation itself, typically with reference to group or divisional revenue. Therefore, role matching based on Job Link ensures a like-for-like comparison between each role at TfL and the market data.

Estimated overall remuneration for each role includes the base salary and estimates for performance-related pay and pension provision.

Performance-related pay has been based on the average level of performance over recent years and the value of the pension provision is based on standard actuarial assumptions. The value of the estimated overall remuneration package will therefore be different to the actual remuneration paid.

The benchmarking has shown that the base salaries and comparable remuneration for the Commissioner and chief officers are significantly below the market level, with total estimated overall remuneration an average of 42 per cent of the ETRS peer group benchmark levels and 79 per cent of the publicly accountable group market benchmark levels.

Benchmarking for Commissioner and chief officers (£000s)



Commissioner remuneration ratio

In total remuneration terms, the Commissioner earns 6.3 times that of the median employee, excluding Crossrail. This ratio has dropped since 2019/20 as the current Commissioner has not received any performance-related pay since joining in June 2020.

	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019/20	12.9:1	9.6:1	8.5:1
2020/21	8.7:1	6.3:1	5.6:1
2021/22	8.5:1	6.3:1	5.5:1

The Commissioner's base salary in 2021/22 was £355,000. This compares with the median base salary of £54,000 and the lowest base salary, excluding apprentices, of £20,181.

Employees' remuneration is consistent with the definition in Appendix 1, and includes salaries, fees, performance-related pay, benefits in kind, lump sums and termination payments. It excludes employer pension contributions and employer national insurance contributions and is based on remuneration received by employees during the relevant year.

Employee information (audited)

The average headcount, including permanent and fixed-term contract employees, reduced by 284 since last year.

Total remuneration costs increased by £220.3m compared to 2020/21, which includes IAS 19 pension charges of £652.5m in 2021/22 (£442.4m in 2020/21).

Year	Average headcount audited	Total remuneration costs audited (£m)
2017/18	26,994	2,250.6
2018/19	26,372	2,176.8
2019/20	25,814	2,172.9
2020/21	25,692	2,029.1
2021/22	25,408	2,249.4

Average headcount and total remuneration costs include permanent and fixed-term contracts.

239
increase in total headcount from 31 March 2021 to 31 March 2022

27,034
total headcount within the organisation as of 31 March 2022

Other employees' remuneration (audited)

We publish the remuneration of all employees, including those working in our subsidiaries, whose total remuneration was more than £50,000 during the course of the financial year. This is shown in Appendix 1.

The impact of the transfer of employees into and out of the Corporation, which is made of London Streets, Taxi and Private Hire and the corporate centre, which for legal and accounting purposes constitutes TfL, from subsidiaries can cause distortion for year-on-year comparisons. An additional voluntary disclosure for the Group, which is made up of the Corporation and its subsidiaries, is provided and shows the combined employee bands for TfL and its subsidiaries.

The remuneration disclosure is also affected by the Crossrail project. The number of Crossrail Limited employees receiving total remuneration of £50,000 or more decreased from 202 in 2020/21 to 191 in 2021/22. The corresponding figures for those receiving total remuneration of more than £100,000 per year increased from 35 in 2020/21 to 40 in 2021/22, owing to an increase in the number of employees leaving with voluntary severance as the project nears completion.

Total remuneration of more than £100,000 (audited)

Throughout 2021/22, 161 people earned total remuneration of more than £100,000 and had a base salary of £100,000 or more per year, compared with 162 in 2020/21. As of 31 March 2022, 151 people were on a base salary of more than £100,000 compared to 155 people the previous year. This is a reduction of 19.7 per cent compared to 31 March 2016 when there were 188 employees on a base salary of more than £100,000.

In 2021/22, we made payment of all 2019/20 performance-related pay awards that had been deferred for 12 months due to the impact of the pandemic on our revenue. A total of 184 people, compared with 73 in 2020/21, who were on a base salary of less than £100,000 per year, received a performance-related award that took their total remuneration above this threshold.

No performance-related pay awards will be made in respect of 2020/21 and any performance award for any future years will only be made when TfL achieves financial sustainability.

Among our specialist engineers and highly skilled project employees, 190 earn a base salary of less than £100,000 per year, but the overtime they worked took their total remuneration above the threshold, compared with 161 in 2020/21. Many of these people are specialist engineers working overnight and at weekends on major projects, such as the Northern Line Extension, Bank station upgrade and installing new signalling on the Circle, District, Hammersmith & City and Metropolitan lines, which were either completed or substantially progressed throughout the last year.

There were 22 people, compared with 24 in 2020/21, who were on a base salary of less than £100,000 per year and received a one-off voluntary severance payment that took their total remuneration above this threshold. This is largely due to people leaving as part of our transformation programme, which is reducing management layers and eliminating duplication to improve efficiency and deliver recurring savings.

Therefore the total number of our staff (excluding Crossrail) who received total remuneration of more than £100,000, including severance payments and overtime, was 557 in 2021/22 compared with 420 in 2020/21.

	2021/22 audited	2020/21 audited
Base salary of £100k or more	161	162
Base salary between £80k and £100k	184	73
Voluntary severance payments taking earnings over £100k	22	24
Level of overtime worked taking earnings over £100k	190	161
Total TfL	**557**	**420**
Crossrail	40	35
Total (including Crossrail)	**597**	**455**

Appendix 1

Number of employees receiving total remuneration of more than £50,000 (audited)

This includes salaries, fees, performance related pay, benefits in kind, lump sums and termination payments, but excludes pension contributions paid by the employer. All information is subject to audit. The TfL Group is made up of the Corporation and its subsidiaries while the Corporation is made up of London Streets, Taxi and Private Hire, and the corporate centre, which for legal and accounting purposes, constitutes TfL

Remuneration (£)	Group 2022 audited	Group 2021 audited	Corporation 2022 audited	Corporation 2021 audited*
50,000 - 54,999	2,550	2,512	879	853
55,000 - 59,999	4,725	4,691	689	745
60,000 - 64,999	2,398	2,603	530	532
65,000 - 69,999	1,517	1,730	465	597
70,000 - 74,999	1,161	1,248	285	405
75,000 - 79,999	884	840	257	244
80,000 - 84,999	622	652	162	192
85,000 - 89,999	447	456	123	112
90,000 - 94,999	340	329	81	68
95,000 - 99,999	284	229	80	55
100,000 - 104,999	182	120	40	29
105,000 - 109,999	98	83	33	22
110,000 - 114,999	73	49	23	14
115,000 - 119,999	49	33	13	10
120,000 - 124,999	34	32	12	10
125,000 - 129,999	23	25	7	16
130,000 - 134,999	23	19	7	10
135,000 - 139,999	18	7	13	2
140,000 - 144,999	15	14	9	9
145,000 - 149,999	7	7	3	4
150,000 - 154,999	4	13	1	6
155,000 - 159,999	7	4	3	3
160,000 - 164,999	9	4	7	2
165,000 - 169,999	6	6	4	4
170,000 - 174,999	4	2	3	1
175,000 - 179,999	4	4	3	1
180,000 - 184,999	3	6	2	4
185,000 - 189,999	1	2	-	2
190,000 - 194,999	1	1	1	1
195,000 - 199,999	2	-	1	-
200,000 - 204,999	2	2	1	1
205,000 - 209,999	2	2	-	2
210,000 - 214,999	1	-	-	-
215,000 - 219,999	1	-	1	-
220,000 - 224,999	1	2	1	1
225,000 - 229,999	1	1	1	1
230,000 - 234,999	1	4	-	3
235,000 - 239,999	3	-	2	-
240,000 - 244,999	2	3	2	3
245,000 - 249,999	3	1	1	-
250,000 - 254,999	1	-	1	-

* restated to reflect employees not deemed to have transferred to TTL Properties Limited from 1 April 2020

Remuneration (£)	Group 2022 audited	Group 2021 audited	Corporation 2022 audited	Corporation 2021 audited*
255,000 - 259,999	2	-	1	-
265,000 - 269,999	-	1	-	1
275,000 - 279,999	1	1	1	1
285,000 - 289,999	-	1	-	-
290,000 - 294,999	-	1	-	1
295,000 - 299,999	1	-	1	-
305,000 - 309,999	-	1	-	1
310,000 - 314,999	-	1	-	1
315,000 - 319,999	2	1	2	1
330,000 - 334,999	1	-	-	-
340,000 - 344,999	1	-	1	-
350,000 - 354,999	1	-	1	-
360,000 - 364,999	1	1	-	-
370,000 - 374,999	1	-	1	-
375,000 - 379,999	1	-	1	-
405,000 - 409,999	2	-	2	-
445,000 - 449,999	1	1	-	-
625,000 - 629,999	1	-	1	-
Total	**15,525**	**15,745**	**3,758**	**3,970**

* restated to reflect employees not deemed to have transferred to TTL Properties Limited from 1 April 2020

Remuneration for senior employees

The Accounts and Audit Regulations 2015 require us to disclose individual remuneration details for senior employees with a base salary of £150,000 or more, calculated on a full-time equivalent basis for those working part-time.

Disclosure is made for each financial year under various categories and set out in Appendix 2.

Employer's pension contributions include the contribution in respect of future benefit accrual. Member contributions are payable by employees at a fixed rate of five per cent of pensionable salary.

Salary, fees and allowances are disclosed on an earned basis. Although performance-related pay is reported on a cash paid basis, it may not be determined for many months after the end of the relevant year.

Appendix 2

Employees receiving a base annual salary of £150,000 or more (audited) (£)

Name	Notes	Salary (including fees & allowances) 2021/22 audited	Performance-related pay and retention payments paid in the year 2021/22 audited**	Compensation for loss of employment 2021/22 audited	Benefits in kind 2021/22 audited	Total remuneration excluding pension contributions 2021/22 audited	Employer's contribution to pension 2021/22 audited***	Salary (including fees & allowances) 2020/21 audited	Performance-related pay and retention payments paid in the year 2020/21 audited**	Total remuneration excluding pension contributions 2020/21 audited****
Andy Byford, Commissioner	a	355,000	-	-	792	355,792	46,474	268,438	-	269,018
Howard Carter, General Counsel	b	*248,373	67,291	-	2,227	317,891	-	*247,782	-	249,968
Stuart Harvey, Chief Capital Officer	c	*289,171	84,365	-	1,740	375,276	-	*277,136	-	278,842
Simon Kilonback, Chief Finance Officer		*327,409	77,825	-	2,227	407,461	-	*312,733	-	314,919
Andy Lord, Chief Operating Officer	d	*320,032	23,711	-	2,227	345,970	-	*315,717	-	317,903
Lilli Matson, Chief Safety, Health and Environmental Officer	e	180,068	22,518	-	1,740	204,326	45,391	168,910	-	170,616
Gareth Powell, Chief Customer & Strategy Officer	f	*323,935	54,132	-	2,227	380,294	7,836	*306,954	-	309,140
Tricia Wright, Chief People Officer	g	*232,780	63,675	-	876	297,331	-	*231,860	-	232,629
Matt Brown, Director of Communications & Corporate Affairs	h	138,041	25,515	-	-	163,556	34,631	135,000	-	135,000
Fiona Brunskill, Director of People & Cultural Change	i	176,104	-	-	2,227	178,331	41,323	155,142	-	157,328
Louise Cheeseman, Director of Bus	j	139,233	-	-	1,133	140,366	30,945	-	-	-
George Clark, Chief Engineer, TfL		165,000	8,910	-	1,740	175,650	-	165,000	-	166,706

Page 129

* salary, fees and allowances include an allowance paid as a result of the individual opting out of part or all of the benefits provided by the TfL Savings for Retirement Plan or TfL Pension Fund. The allowance is paid at the rate of the employer contribution foregone, discounted by the employer rate of National Insurance to ensure no additional employer cost is incurred. It also includes an allowance available to those employees who are employed on fixed term contracts and who choose to join a defined contribution scheme rather than the TfL Pension Fund

** the payment of all 2019/20 performance-related pay awards was deferred until 2021/22 and no awards will be made in respect of the 2020/21 financial year

*** a number of senior employees opted out of the TfL Pension Fund during 2015/16. They are instead accruing equivalent benefits under an unfunded defined benefit pension scheme

**** total remuneration for 2020/21 also includes benefits in kind as reported in last year's Statement of Accounts

a entered service 29 June 2020

b salary sacrificed for pension of £8,638 (2020/21 £8,517)

c changed role in 2021/22

d changed role in 2021/22

e changed role in 2021/22

f changed role in 2021/22

g salary sacrificed for pension of £8,638 (2020/21 £8,517)

h changed role in 2021/22

i changed role in 2021/22

j entered service 2 August 2021

Name	Notes	Salary (including fees & allowances) 2021/22 audited	Performance-related pay and retention payments paid in the year 2021/22 audited**	Compensation for loss of employment 2021/22 audited	Benefits in kind 2021/22 audited	Total remuneration excluding pension contributions 2021/22 audited	Employer's contribution to pension 2021/22 audited***	Salary (including fees & allowances) 2020/21 audited	Performance-related pay and retention payments paid in the year 2020/21 audited**	Total remuneration excluding pension contributions 2020/21 audited****
Andrea Clarke, Director of Legal	k	183,000	60,524	-	1,740	245,264	43,698	165,369	24,805	191,880
Graeme Craig, Director of Commercial Development		185,000	9,398	-	1,740	196,138	46,474	185,000	-	186,706
Nick Dent, Director of Customer Operations	l	180,000	26,651	-	1,740	208,391	39,555	150,658	-	152,364
Patrick Doig, Group Finance Director	m	185,589	34,020	-	1,740	221,349	46,474	180,000	-	181,706
Stephen Field, Director of Compensation and Benefits	n	*189,908	50,575	-	1,740	242,222	-	*189,906	-	191,612
Lester Hampson, Property Development Director		175,807	79,352	-	1,740	256,899	45,391	176,135	-	177,841
Michael Hardaker, Director, Network Extensions		183,310	34,020	-	2,227	219,557	46,474	180,000	-	182,186
Joanna Hawkes, Corporate Finance Director	o	*210,977	27,000	-	-	237,977	-	*210,542	18,000	228,542
Chris Hobden, Project Director, Four Lines Modernisation		150,000	10,500	-	1,740	162,240	38,666	150,000	-	151,706
Lorraine Humphrey, Director of Risk & Assurance	p	134,561	9,016	-	784	144,361	23,064	90,890	-	91,659
Peter McNaught, Director of Operational Readiness	q	188,510	51,372	-	784	240,666	35,140	180,988	-	182,012
Helen Murphy, Director of Consulting and International Operations		151,000	19,660	-	1,740	172,400	38,935	151,000	-	152,706
Gabriella Neudecker, Customer and Revenue Director	r	74,589	-	-	263	74,852	19,303	-	-	-

* salary, fees and allowances include an allowance paid as a result of the individual opting out of part or all of the benefits provided by the TfL Savings for Retirement Plan or TfL Pension Fund. The allowance is paid at the rate of the employer contribution foregone, discounted by the employer rate of National Insurance to ensure no additional employer cost is incurred. It also includes an allowance available to those employees who are employed on fixed term contracts and who choose to join a defined contribution scheme rather than the TfL Pension Fund

** the payment of all 2019/20 performance-related pay awards was deferred until 2021/22 and no awards will be made in respect of the 2020/21 financial year

*** a number of senior employees opted out of the TfL Pension Fund during 2015/16. They are instead accruing equivalent benefits under an unfunded defined benefit pension scheme

**** total remuneration for 2020/21 also includes benefits in kind as reported in last year's Statement of Accounts

k performance-related pay disclosed includes retention payment

l changed role in 2020/21

m changed role in 2021/22

n salary sacrificed for pension of £8,437 (2020/21 £8,439). Performance-related pay disclosed includes retention payment.

o performance-related pay disclosed relates to retention payment only

p changed role in 2021/22

q performance-related pay disclosed includes retention payment

r entered service 18 October 2021

Name	Notes	Salary (including fees & allowances) 2021/22 audited	Performance-related pay and retention payments paid in the year 2021/22 audited**	Compensation for loss of employment 2021/22 audited	Benefits in kind 2021/22 audited	Total remuneration excluding pension contributions 2021/22 audited	Employer's contribution to pension 2021/22 audited***	Salary (including fees & allowances) 2020/21 audited	Performance-related pay and retention payments paid in the year 2020/21 audited**	Total remuneration excluding pension contributions 2020/21 audited****
Jonathan Patrick, Chief Procurement Officer	s	221,923	93,600	-	784	316,307	46,474	225,000	-	225,769
Esther Sharples, Director of Asset Performance and Capital Delivery, London Underground	t	170,000	15,574	-	784	186,358	35,910	145,002	-	145,771
Jadon Silva, Supply Chain Director	u	16,977	-	-	73	17,050	4,131	-	-	-
Howard Smith, Chief Operating Officer, Elizabeth line	v	*181,391	24,325	-	1,740	207,455	-	*181,786	-	183,492
Shashi Verma, Director of Strategy & Chief Technology Officer		234,611	42,525	-	784	277,920	57,411	234,611	-	235,380
Jonathan Wharfe, Supply Chain Director	w	33,034	-	-	320	33,354	8,423	-	-	-
Alex Williams, Director of City Planning		*206,553	34,000	-	-	240,553	-	*206,553	-	206,553
Ken Youngman, Divisional Finance Director, Commercial Development		155,000	89,125	-	1,740	245,865	40,011	155,000	-	156,706
Crossrail current office holders/employees										
Mark Wild, Chief Executive Officer		*445,977	-	-	1,740	447,717	-	*446,147	-	447,853
Susan Beadles, General Counsel		156,163	-	-	1,740	157,903	30,463	156,163	-	157,869
Chris Binns, Chief Engineer	x	185,000	9,250	-	1,740	195,990	18,500	182,010	-	183,716
Jim Crawford, Chief Programme Officer		359,040	-	-	1,740	360,780	-	359,040	-	360,746

* salary, fees and allowances include an allowance paid as a result of the individual opting out of part or all of the benefits provided by the TfL Savings for Retirement Plan or TfL Pension Fund. The allowance is paid at the rate of the employer contribution foregone, discounted by the employer rate of National Insurance to ensure no additional employer cost is incurred. It also includes an allowance available to those employees who are employed on fixed term contracts and who choose to join a defined contribution scheme rather than the TfL Pension Fund

** the payment of all 2019/20 performance-related pay awards was deferred until 2021/22 and no awards will be made in respect of the 2020/21 financial year

*** a number of senior employees opted out of the TfL Pension Fund during 2015/16. They are instead accruing equivalent benefits under an unfunded defined benefit pension scheme

**** total remuneration for 2020/21 also includes benefits in kind as reported in last year's Statement of Accounts

s salary sacrificed for Cycle to Work scheme of £3,077 (2020/21 £nil)

t changed role in 2021/22

u entered service 21 February 2022

v salary sacrificed for pension of £8,437 (2020/21 £8,439)

w entered service 19 January 2022

x performance-related pay disclosed relates to retention payment

Name	Notes	Salary (including fees & allowances) 2021/22 audited	Performance-related pay and retention payments paid in the year 2021/22 audited**	Compensation for loss of employment 2021/22 audited	Benefits in kind 2021/22 audited	Total remuneration excluding pension contributions 2021/22 audited	Employer's contribution to pension 2021/22 audited***	Salary (including fees & allowances) 2020/21 audited	Performance-related pay and retention payments paid in the year 2020/21 audited**	Total remuneration excluding pension contributions 2020/21 audited****
Stacey Kalita, Finance Director	y	131,783	-	-	784	132,567	18,871	100,700	-	101,469
Rachel McLean, Chief Finance Officer, Crossrail & Divisional Finance Director, London Underground	z	234,072	23,300	-	2,227	259,599	46,474	233,000	11,650	246,836
Andy Weber, Delivery Construction Manager	aa	150,958	-	-	784	151,742	15,113	150,395	-	151,164
Former Employees										
Carole Bardell-Wise, Health, Safety, Quality and Environment Director, Crossrail	ab	136,284	18,000	76,097	1,311	231,692	13,500	180,639	18,000	200,345
Mike Brown MVO, Commissioner	ac	-	168,006	-	-	168,006	-	*146,600	-	147,231
Michèle Dix, Managing Director, Crossrail 2	ad	*88,504	36,784	-	907	126,195	-	*169,027	-	170,733
Vernon Everitt, Managing Director, Customers, Communication and Technology	ae	200,294	71,180	352,697	1,866	626,037	-	243,003	-	245,189
Antony King, Group Finance Director	af	*36,698	36,000	-	296	72,994	-	*230,542	-	232,248
Chris MacLeod, Customer Director	ag	*51,711	31,185	-	-	82,896	-	*207,411	-	207,411
Caroline Sheridan, Director of TfL Engineering & Asset Strategy	ah	76,932	22,240	-	344	99,516	17,675	166,240	-	167,009
Brian Woodhead, Director of Customer Service	ai	*40,495	40,560	-	325	81,380	-	*230,542	-	232,248

* salary, fees and allowances include an allowance paid as a result of the individual opting out of part or all of the benefits provided by the TfL Savings for Retirement Plan or TfL Pension Fund. The allowance is paid at the rate of the employer contribution foregone, discounted by the employer rate of National Insurance to ensure no additional employer cost is incurred. It also includes an allowance available to those employees who are employed on fixed term contracts and who choose to join a defined contribution scheme rather than the TfL Pension Fund

** the payment of all 2019/20 performance-related pay awards was deferred until 2021/22 and no awards will be made in respect of the 2020/21 financial year

*** a number of senior employees opted out of the TfL Pension Fund during 2015/16. They are instead accruing equivalent benefits under an unfunded defined benefit pension scheme

**** total remuneration for 2020/21 also includes benefits in kind as reported in last year's Statement of Accounts

y changed role in 2021/22

z performance related pay disclosed relates to retention payment

aa salary sacrificed for Cycle to Work scheme of £167 (2020/21 £234) and childcare vouchers of £nil (2020/21 £496)

ab left service 31 December 2021. Performance-related pay disclosed relates to retention payment

ac left service 10 July 2020

ad left service 8 October 2021

ae left service 26 January 2022

af left service 28 May 2021

ag left service 30 June 2021

ah left service 3 September 2021

ai left service 3 June 2021

Appendix 3

Severance payments (audited)
We have also published the number and cost of compulsory and voluntary severance termination packages agreed during the year. This is in line with the Code and our policy on severance can be seen on page 65.

Termination payments include Crossrail and are reported on a cash paid basis to provide certainty on the amounts reported, and include pension contributions in respect of added years, ex-gratia payments and other related costs.

	Group 2022 audited (number)	Group 2022 audited (£m)	Corporation 2022 audited (number)	Corporation 2022 audited (£m)	Group 2021 audited (number)	Group 2021 audited (£m)	Corporation 2021 audited (number)	Corporation 2021 audited (£m)
Non-compulsory exit packages (£)								
0 - 20,000	26	0.3	1	-	15	0.2	4	-
20,001 - 40,000	66	2.0	4	0.1	18	0.6	4	0.1
40,001 - 60,000	96	4.8	8	0.4	11	0.5	7	0.4
60,001 - 80,000	30	2.0	6	0.4	8	0.5	4	0.3
80,001 - 100,000	8	0.7	2	0.2	17	1.5	14	1.2
100,001 - 150,000	9	1.1	5	0.6	16	2.0	11	1.3
150,001 - 200,000	3	0.5	-	-	4	0.7	3	0.5
200,001 - 250,000	2	0.4	1	0.2	1	0.2	1	0.2
250,001 - 300,000	1	0.3	1	0.3	-	-	-	-
350,001 - 400,000	1	0.4	1	0.4	-	-	-	-
Total non-compulsory exit packages	**242**	**12.5**	**29**	**2.6**	**90**	**6.2**	**48**	**4.0**
Compulsory exit packages (£)								
0 - 20,000	-	-	-	-	2	-	-	-
Total	**242**	**12.5**	**29**	**2.6**	**92**	**6.2**	**48**	**4.0**

Appendix 4

Representation of equalities groups at different pay levels as at 31 March 2022, excluding Crossrail and our apprentices (this is not subject to audit)

	<£30,000		£30,001 to £40,000		£40,001 to £50,000		£50,001 to £60,000		£60,001 to £70,000		£70,001 to £80,000		£80,001 to £90,000		£90,001 to £100,000		>£100,000	
	No	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**
Gender																		
Female	484	39	1,995	34	1,003	28	1,743	20	574	16	268	14	95	18	41	20	43	28
Male	761	61	3,814	66	2,557	72	6,929	80	2,976	84	1,592	86	420	82	164	80	108	72
Total	**1,245**		**5,809**		**3,560**		**8,672**		**3,550**		**1,860**		**515**		**205**		**151**	
Ethnicity																		
Black, Asian and minority ethnic	363	29	2,366	41	1,216	34	2,904	34	914	26	407	22	81	16	22	11	14	9
White	295	24	2,091	36	1,905	54	4,551	52	2,184	61	1,234	66	375	73	156	76	124	82
Not stated	587	47	1,352	23	439	12	1,217	14	452	13	219	12	59	11	27	13	13	9
Total	**1,245**		**5,809**		**3,560**		**8,672**		**3,550**		**1,860**		**515**		**205**		**151**	
Disability status																		
Disabled	47	4	177	3	106	3	202	2	88	3	51	3	27	5	4	2	3	2
No disability	439	35	3,159	54	1,887	53	4,686	54	1,849	52	918	49	267	52	128	62	110	73
Not stated	759	61	2,473	43	1,567	44	3,784	44	1,613	45	891	48	221	43	73	36	38	25
Total	**1,245**		**5,809**		**3,560**		**8,672**		**3,550**		**1,860**		**515**		**205**		**151**	

Appendix 5

Board remuneration for the year ended 31 March 2022 (£)

Board member	Audited
Sadiq Khan, Chair	Not remunerated by TfL
Seb Dance, Deputy Chair*	Not remunerated by TfL
Heidi Alexander**	4,833
Cllr Julian Bell	18,000
Kay Carberry CBE	20,000
Professor Greg Clark CBE	20,000
Anurag Gupta***	6,953
Bronwen Handyside	18,000
Anne McMeel	20,000
Dr Mee Ling Ng OBE	20,000
Dr Nelson Ogunshakin OBE	19,000
Mark Phillips****	19,247
Marie Pye***	6,953
Dr Nina Skorupska CBE	19,000
Dr Lynn Sloman MBE****	19,247
Ben Story	20,000
Peter Strachan***	7,726
Members who have left during the year	
Ron Kalifa OBE (6 May 2021)	1,973
Dr Alice Maynard CBE (5 September 2021)	7,792

* Appointed to the Board 1 January 2022

** Stood down as Deputy Mayor and so eligible for remuneration from 24 December 2021

*** Appointed to the Board 11 November 2021

**** Remuneration increased from 1 January 2022 to reflect Committee and Panel appointments

Page 135

Appendix 6

Trade union facility time (not subject to audit)

The Trade Union (Facility Time Publication Requirements) Regulations 2017 mean we must collate and publish a range of data on the amount and cost of trade union facility time within the organisation each year. Facility time is the provision of paid or unpaid time off from an employee's normal role for trade union duties and activities as a union representative.

The trade unions represented in our organisation are:

- ASLEF
- PCS
- Prospect
- RMT
- TSSA
- UNISON
- Unite

877

members of staff elected as union representatives as at 31 March 2022

Working hours spent on facility time

Percentage of time	Number of employees
0	-
1-50	818
51-99	24
100	35
Total	**877**

We allow representatives paid time off for union duties and meeting these costs represents 0.3 per cent of our total wage bill.

Total cost of facility time (£m)	7.1
Total remuneration costs for all TfL employees (£m)	2,249.4
Percentage of pay bill spent on facility time (%)	0.3

We do not provide paid time off for representatives for union activities. The approach to paid time off, and the number of representatives for our 27,000 employees, is in line with legislation guidelines from ACAS and agreements with the trade unions.

Statement of Accounts

‘As we continue our recovery from the pandemic, we are maintaining our focus on achieving financial sustainability while delivering the vital services London needs’

Patrick Doig
Statutory Chief Finance Officer

Statement of Accounts – contents

DRAFT

Narrative Report and Financial Review

Overview

Before the pandemic, TfL had been close to reaching financial sustainability in terms of its operational activities, without the need for direct Government grant. Between 2015/16 and 2019/20, we were focused on improving our financial position and resilience. We had reduced the net cost of operations, excluding Government funding, by almost £1bn over that period, and we had increased cash reserves to more than £2bn, giving ourselves a cash buffer that was crucial in being able to continue operating in the first phase of the pandemic while Government support was negotiated.

However, the pandemic devastated our fares income, which meant that, since March 2020, we have required extraordinary funding support from Government. This support peaked in 2020/21 when we received a total of £2,457m of extraordinary funding grant, in addition to drawing down £600m of additional borrowings and utilising around £800m of our own built-up cash reserves to fund our committed expenditure. In 2021/22, a combination of easing restrictions, leading to recovering income, and ongoing careful cost control enabled us to move to a declining trajectory of extraordinary Government support and we are on track to achieve financial sustainability from an operating activities perspective from April 2023.

During 2021/22, under a series of funding agreements from the Department for Transport (DfT), TfL received extraordinary grant totalling £1,717m (2020/21 £2,457m). On 25 February 2022, the latest in this series, being a four-month funding settlement with the Government to 24 June 2022, was put in place. It enables us to continue to operate and maintain essential transport services in London in a safe way, enabling us also to continue our vital contribution to the economic recovery of the capital and the country as a whole.

The settlement, in line with earlier agreements, confirms the Government's intention to continue to support with the cost of operations beyond June, as we work our way towards achieving financial sustainability by April 2023. Over the four-month funding period, we will receive base funding of £200m, as well as the continuation of a revenue top-up mechanism, which reduces the risk around passenger demand being lower than expected.

As in previous agreements, the DfT has set several conditions in relation to the provision of this funding. These include a requirement to manage our cash balances at an average of £1.2bn during the period of the current letter and to provide a plan outlining options for generating up to £400m of appropriate revenue sources and/or cost-saving initiatives in 2022/23 (in addition to £730m savings already embedded in our plans). We are also required to progress work on the new revenue stream options which were submitted to the Government in December and presented to the Board in February, which could raise between £0.5bn to £1bn a year from 2023. All options would be subject to appropriate consultation, stakeholder engagement and impact assessments. Further detail of the conditions is set out in the going concern section of our Accounting Policies.

Recognising the need for certainty and stability for our capital investment pipeline, the Government has also agreed to set out a proposal on longer-term capital support during this funding period. Reaching agreement on this is crucial for the coming years to avoid a 'managed decline' of London's transport network. Under this scenario, the combination of uncertainty over the quantum of long-term funding, lower income levels and increasing inflationary pressures mean that, to balance our budget, we would be facing deteriorating asset conditions, which would impact on the reliability and operability of our public transport and road networks. We would have to offer reduced service levels and be unable to enter contracts for new enhancement projects. This, in turn, would mean a failure to deliver on our policy goals of tackling climate change, air quality improvements, reduced congestion, and delivering our Vision Zero ambition for people being killed or seriously injured on our networks.

The Government has recognised that we are not able to fund the replacement of major assets such as rolling stock and signalling solely from our own operating income and, in our discussions with them, we have set out a requirement for around £0.5-£1bn of additional funding per annum over the medium to long term to replace London's strategic national transport assets and support other transport priorities. Longer-term Government funding will enable us to deliver major renewals. This enables TfL and its supply chain to plan more effectively, improving efficiency and supporting investment in jobs around the UK. A number of studies, including those commissioned by Government, have estimated that long-term funding can enable cost efficiencies of between 10-30 per cent. This level of funding would enable us to avoid the significant service reductions required under the managed decline scenario and create the conditions required to support long-term financial sustainability.

Organisational overview

Acting fairly between our stakeholders

TfL is a statutory corporation established by section 154 of the Greater London Authority Act 1999 (GLA Act 1999). It is a functional body of the Greater London Authority (GLA) and reports to the Mayor of London. We focus on promoting the success of the organisation through the delivery of an integrated transport service to Londoners and benefitting all our stakeholders. As a public body our activities and engagement are concentrated on delivering the Mayor's Transport Strategy and the needs of our passengers, our people, the general public, our supply chains and service providers.

Key priorities in the Mayor's Transport Strategy are: creating healthy streets and healthy people, creating a good public transport experience and delivering new homes and jobs (see page 6).

Narrative Report and Financial Review (continued)

High standards of business conduct
Our governance and decision-making arrangements ensure we manage the organisation responsibly and effectively and to high standards of business conduct (see Annual Governance Statement on page 207). This includes operating within the requirements of relevant legislation (including Local Authority legislation), as well as understanding our responsibilities to spend public funds efficiently and manage risks effectively. TfL conducts, at least annually, a review of the effectiveness of its governance framework, including the system of internal control, which is reported to the Audit and Assurance Committee. There is also an annual Board Effectiveness Review.

The opinion for the year ending 31 March 2022 concluded that TfL's governance framework was satisfactory for TfL's needs and operated in an effective manner. The opinion highlighted the progress to address previously disclosed weaknesses in several audits of governance and financial controls relating to procurement and contract management.

We have established a Committee and Panel structure to which we delegate detailed scrutiny of key areas of our responsibilities. We have ensured the TfL Board has the right range and depth of knowledge, skills and experience to run the organisation effectively. We refreshed our Board membership, in line with best practice, so it remained relevant and up to date (the list of our members is on pages 210 to 214). At the date of this report, 47 per cent of our Board members are women. We understand the benefits of diversity and are continually seeking to improve this across our Board and executive teams.

We also have a series of policies and guidance setting out expected standards of behaviour and conduct. These include the TfL Code of Conduct, anti-fraud and corruption policy and the whistleblowing policy.

In an organisation as large as TfL, we partly fulfil our duties by delegating day-to-day decisions to employees within our governance framework.

Coronavirus
Our priority during the coronavirus pandemic has been to follow Government recommendations for action and keep services running, while ensuring the safety of staff and customers.

In support of the Government's efforts to stop the spread of coronavirus and mitigate the financial impact of the lockdown, examples of measures implemented include:

- Using long-lasting, hospital-grade cleaning substances that kill viruses and bacteria on contact
- Cleaning key interchanges more frequently throughout the day
- Trialling continuous UV cleaning of escalator handrails
- Wiping down all touch surfaces on buses, such as poles and doors, with strong disinfectant every day
- More than 1,000 hand sanitiser points across the network
- Actively managing demand across the network and promoting travel during quiet times to ensure that those who needed to travel could continue to do so safely

We continued to support the recovery of London following the Government's roadmap for coming out of lockdown. Passenger journeys have seen significant growth since the removal of Government restrictions, with total TfL journeys increasing to 68 per cent of pre-pandemic levels at the end of 2021/22.

We oversaw and monitored the response of our executive leadership team to the crisis and ensured that appropriate governance and decision-making frameworks were put in place. We ensured that key decisions were taken in a timely manner to safeguard our people, our passengers, and the public, and to support the country by ensuring essential services continued to run, particularly for key workers.

We maintained regular and open communications with our people, our passengers, train operating companies, key stakeholders, and supply chain to support good decision making.

Likely consequences of decisions in the long term
The Mayor's Transport Strategy sets out plans to transform London's streets, improve public transport and create opportunities for new homes and jobs. We develop our strategy in consultation with our stakeholders, to improve the services we provide to our passengers. This includes how we engage and work with suppliers, communities, and our people. We have created our new Vision and Values – a bold, long-term vision for the next era for TfL – that sets out our ambitions for the future and outlines what we need to achieve them. We have developed a set of five Roadmaps that chart our next steps towards becoming London's strong, green heartbeat. These Roadmaps are:

- Colleague Roadmap – be a great place to work for everyone to thrive
- Customer Roadmap – give customers more reasons to choose sustainable travel
- Finance Roadmap – rebuild our finances, be more efficient and secure our future
- Green Roadmap – reduce emissions in London and protect and improve our environment
- Our Foundation – operational and project delivery

Interests of the Group's employees
We strive to create a workplace that is safe, secure and contributes to an engaged workforce.

Our Vision and Values is a culmination of what our people said our future should look like and how they said we should work together to achieve it. This includes our organisational values – caring, open and adaptable.

Narrative Report and Financial Review (continued)

Our colleague roadmap sets out how we will deliver our ambition to be a great place to work for everyone to thrive. We have recently introduced a new approach to managing talent and career progression, supporting everyone to have regular conversations about their role and their development.

We continue to work closely with our Trade Unions, ensuring that local, functional and company-level meetings take place across different parts of the organisation.

As coronavirus restrictions ease, we are supporting those employees who have been working remotely to come in and spend more time in the office. We are operating a hybrid-working approach, which offers more flexibility and means we can offer a richer, more enjoyable working experience.

The wellbeing of our employees remains a priority and we continue to offer a range of services and resources to support physical and mental health.

Ensuring we hear the voice of our employees remains important to us. While our Trade Union relationships play a significant role in achieving this, our staff network groups provide employees the chance to share ideas and support each other in developing our equality agenda in all areas of employment.

Impact of operations on the community and the environment

Streamlined Energy and Carbon Reporting helps businesses across the UK in scope of the 2018 Regulations to comply with their legal obligations in respect of energy usage and carbon emissions reporting.

Streamlined Energy & Carbon Reporting 2021/22

Description	Amounts	Units	2021/22 comparison
Total Electricity consumption	1,542,260,719	kWh	1,464,725,952
Total Gas consumption	80,574,572	kWh	89,969,770
Total Fuel for company fleet	1,510,631	litres	1,489,042
Purchased District Heating and Cooling	4,076,143	kWh	3,298,494

Emissions Breakdown	Amounts	Units	Conversion factor ($kgCO_2e$)
Scope 1 Emissions from combustion of gas	14,758	tCO_2e	0.18316 (natural gas)
Scope 1 Emissions from combustion of fuel for transport purposes	3,751	tCO_2e	2.51233 (diesel) 2.19352 (petrol)
Scope 2 Emissions from purchased electricity	327,468	tCO_2e	0.21223 (UK grid electricity)
Scope 2 Emissions from purchased heating and cooling	540	tCO_2e	0.1983 (district heating) 0.0517 (district coolth)
Total Gross CO_2e based on the above	**346,517**	**tCO_2e**	
Total Gross CO_2e including energy/ fuel purchased by public transport service operators	**831,624**	**tCO_2e**	

Intensity metric	Amounts	Units
Operated train km	93,672,854	$3.7kgCO_2e$/ operated train km
Average headcount	25,048	$13.8tCO_2e$/ employee

Reporting methodology

We have used invoiced consumption and metered data, and have calculated emissions using government conversion factors for company reporting of greenhouse gas emissions 2021. District heating and cooling factors are specific to the Olympic Park district heating system.

Energy efficiency action

In line with our 2018 Energy Strategy, we have established a clear hierarchy for reducing our operational carbon emissions. The top of this hierarchy is the removal of fossil fuel use and improving our energy efficiency. We are prioritising energy efficiency measures by carbon and cost savings, starting with rolling out more LED lighting replacements across London Underground stations and depots.

On an annual basis, the safety, health and environment reports, containing details of TfL's carbon emissions, environmental performance and action plans, are published on the TfL website. Further detail on how we monitor and report on climate change risk and adaptation is set out in the principal risks section of this Narrative Report.

Narrative Report and Financial Review (continued)

Fostering business relationships with suppliers, customers and others

Working alongside our suppliers and Trade Union partners, we have put measures in place to protect staff and customers during the pandemic.

During the year, we developed initiatives to make us more dependable and easier to work with by working smarter with our supply chain partners and involving them earlier in the planning phase to help us improve efficiency. Our Procurement and Commercial team has seen significant changes in its management, who are leading a programme of transformation activity that will also strengthen commercial and procurement controls.

Financial review

Summary of financial performance for the TfL Group

Total revenues, excluding grant funding, for the year came in at £4,313m, compared with a total of £2,396m for 2020/21, reflecting recovering fares revenues as passengers returned to the network. However, journeys at the end of the year remain at 68 per cent of pre-pandemic levels, necessitating the continued provision of extraordinary grant funding from the Government.

Gross expenditure of £7,771m has increased from the prior year total of £7,405m, primarily from the increase in current service costs associated with the TfL Pension Fund, which are reflected in staff costs. Operating costs are consistent with the prior year total, despite inflationary pressures, demonstrating our commitment to reducing our core costs where possible. This has been achieved through continued tight cost controls and progressing our long-term savings programme.

In 2021/22, our net financing and investment expenditure decreased from £549m to £299m, primarily reflecting the fact that investment property valuation gains of £93m replaced prior year losses of £83m. Net gains on disposals of investment properties also increased from £36m to £105m.

Grant income, at £4,351m, was £381m below the level seen in 2020/21, primarily reflecting reduced levels of extraordinary funding grant received in the year. The share of net profits from our associated undertakings and joint ventures increased from a loss of £3m in 2020/21 to a profit of £32m in 2021/22, primarily a result of revaluation of development assets at Earl's Court.

These items, combined with Corporation tax of £86m, results in an overall Group surplus after tax for the year of £504m, compared with a prior year deficit of £911m. After reserves transfers, this translated to a decrease in usable reserves from £887m as at 31 March 2021 to £681m at 31 March 2022.

In addition to £551m (2020/21 £367m) of spend on renewals works, capital spend included new investment of £568m (2020/21 £704m) on the Crossrail project and £980m (2020/21 £1,049m) on other investment projects. Major projects progressed in the year included the Four Lines Modernisation project, Barking Riverside, the opening of the Northern line extension, the Bank Station upgrade and the design and planned construction of DLR rolling stock and systems integration.

Funding sources

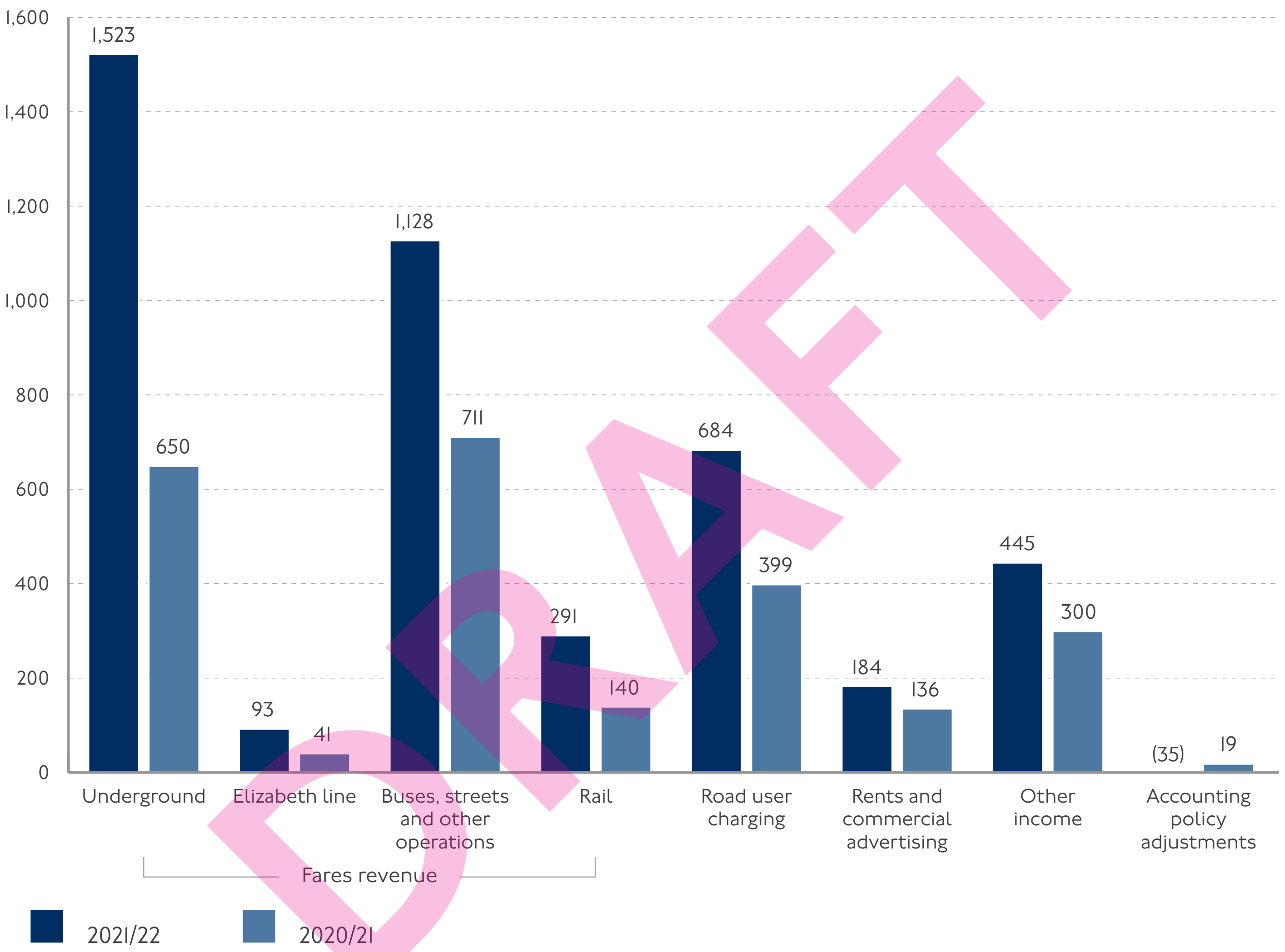
Our activities are funded from four main sources:

- Passenger fares income – historically this has been the largest single source of our income, but was significantly impacted by the pandemic in 2020/21 and 2021/22
- Other income, including commercial activity and income from the Congestion Charge and other road-user charges
- Grant income, including an extraordinary funding grant from the DfT, and a share of London Business Rates passed down to TfL from the GLA
- Prudential borrowing (the amount and profile of which has been agreed with the DfT) and cash reserves

TfL's Business Plan is financially balanced over the medium term, with planned funding sources sufficient to meet planned expenditure. Short-term timing differences between expenditure and funding are managed through transfers to or from our cash reserves. Work remains ongoing within TfL and through discussions with the DfT to determine how previously planned activity and funding plans will need to change to ensure that we are able to continue to balance our Business Plans and Budgets in a post-coronavirus operating environment.

Narrative Report and Financial Review (continued)

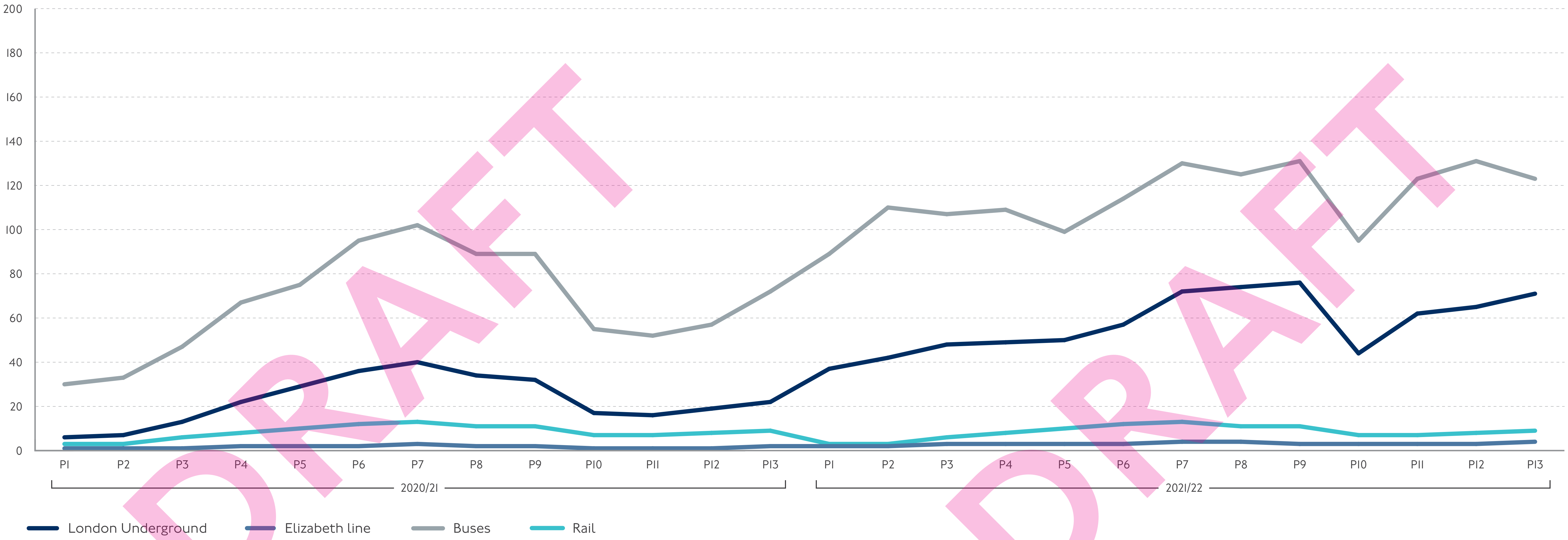
Gross income (£m)



Total gross income increased by 80 per cent from £2,396m in 2020/21 to £4,313m in 2021/22, reflecting the reduction in pandemic-related restrictions, meaning that customers have been freer to travel and to use our services.

TfL's primary source of income comes from passenger fares income. Currently fares make up around 73 per cent of TfL gross income. Fares income has increased from £1,600m in 2020/21 to £3,154m in 2021/22, almost double that of last year, although it has not fully recovered, reflecting the varying Government restrictions and guidance throughout the year as the pandemic evolved and the changes in travel patterns the pandemic has caused.

Passenger journeys per period (millions)



As well as the increase in passenger journeys, passenger revenues also reflect the fares price increases that came into effect in March 2021. TfL fares decisions are taken annually by the Mayor who, following five years of fare freezes, increased overall fares from 1 March 2021 by 2.6 per cent (RPI plus one per cent). This was a condition of the funding agreement with the Government in October 2020. The 1 June 2021 funding agreement included a commitment that TfL will continue with its existing plan to increase fares, under the Mayor's control, by an average of 4.8 per cent (again reflecting RPI plus one per cent). The implementation date has since been agreed to be from March 2022.

Narrative Report and Financial Review (continued)

Total gross income by operating division (£m)

Total gross operating income for the Underground was £1,547m, which is £883m higher than 2020/21. The fares component made up the majority of this increase as a result of the increase in passenger journeys from 296 million to 748 million in 2021/22 (a 153 per cent increase). At the end of 2021/22 we are still running at around 65 per cent of pre-pandemic levels indicating the need for continued Government support.

Gross income for the Elizabeth line division (operating as 'TfL Rail' during the financial year) increased by 145 per cent from £49m in 2020/21 to £120m in 2021/22. Within this total, passenger income increased from £41m to £93m, reflecting the 100 per cent rise in journeys over the year.

Income from Buses, streets and other operations rose 60 per cent from £1,225m in 2020/21 to £1,959m in 2021/22. Within this total, passenger income for the Buses, at £1,121m, was £412m more than the previous year, owing to the reduction of pandemic-related restrictions which had impacted passenger demand. Fares income from the Emirates Air Line, at £7m for the year, was £5m higher than the prior year total.

Road user charging income, at £684m, was £285m higher than 2020/21 levels. Congestion Charge revenues for the full year increased from £316m in 2020/21 to £423m in 2021/22. In December 2021, we confirmed some permanent changes to the Congestion Charge to help reduce traffic and congestion in central London. This followed an extensive public consultation that saw nearly 10,000 responses. Since February 2022, there are no charges in the evenings after 18:00, and operating hours on weekends and bank holidays have been reduced to 12:00-18:00. The increased charge level of £15 has been retained.

In October 2021, we expanded the Ultra Low Emission Zone (ULEZ) from central London up to, but not including, the North and South Circular roads, making it the largest zone of its kind in Europe. This expanded zone, alongside tighter Low Emission Zone standards for heavy vehicles introduced in March 2021 across London, is expected to reduce nitrogen oxide emissions from road transport by 30 per cent. The expansion of ULEZ saw income rise from £77m in 2020/21 to £226m in 2021/22.

In the Rail division, income at £304m was 108 per cent above prior year levels. Within this, passenger income of £291m increased £151m above the 2020/21 total, with the increase in passenger demand and the return of the Night Overground services. Passenger journeys on the London Overground increased to more than double the prior year figures, from 54 million to 112 million, while journeys on the DLR increased from 40 million in 2020/21 to 77 million in 2021/22.

Narrative Report and Financial Review (continued)

Within the Property division income rose slightly from £71m in 2020/21 to £80m in 2021/22 as revenue streams continue to be impacted by the pandemic, as footfall and therefore trade was reduced for our tenants and at our car parks. The Group's focus throughout the pandemic has been to support and retain tenants, enabling them to continue trading over the long term as far as possible. Towards the later part of the year, trade started returning to more normal levels, with new lease activity picking up.

Within the other divisions, Media saw a 94 per cent increase in revenues to £97m in 2021/22 as passengers returned to our services and confidence in the advertising industry strengthened and Major projects remained consistent at £9m.

Income from Group items relates to a variety of activities, including taxi and private hire licensing, estates management and travelcard administration.

Government grants and other funding

In 2021/22, TfL received short-term funding deals from the Government to support the running of our operations following the dramatic fall in our fares. The DfT contributed revenue grant funding totalling £1,717m to TfL in 2021/22 (2020/21 £2,457m) under a number of Extraordinary Funding and Financing Agreements. In addition, TfL continued to receive funding from the GLA as part of local authority devolved arrangements. The Mayor retains a share of London's business rates and then allocates a proportion of this to TfL as a resource grant.

Other sources of grant income included specific capital grant from the GLA for the Crossrail project and other projects, such as DLR rolling stock replacement, Elephant and Castle infrastructure projects, communication networks on the Underground and other contributions from third parties.

The total of resource and capital grants receivable by TfL in 2021/22 amounted to £4,351m (2020/21 £4,732m).

Prudential borrowing

Movement in borrowing during 2021/22 (£m)

Opening borrowing at 1 April 2021 as per the accounts	12,968
Public Works Loan Board (PWLB) loans – eight tranches borrowed, due between 2029-2056	728
DfT Crossrail loans	74
Repayment of rolling short-term Commercial Paper	(108)
Scheduled repayments on PWLB and European Investment Bank (EIB) loans	(696)
Closing borrowing at 31 March 2022 as per the accounts	**12,966**

The authorised limit for direct borrowings for the Corporation set by the Mayor for 2021/22 was £14,494.8m.

In addition to these sources of financing, other sources include Private Finance Initiative (PFI) contracts (note 27 to the accounts) and other leasing arrangements, which are discussed in more detail in note 14 to the financial statements.

Narrative Report and Financial Review (continued)

Uses of funding
Gross expenditure

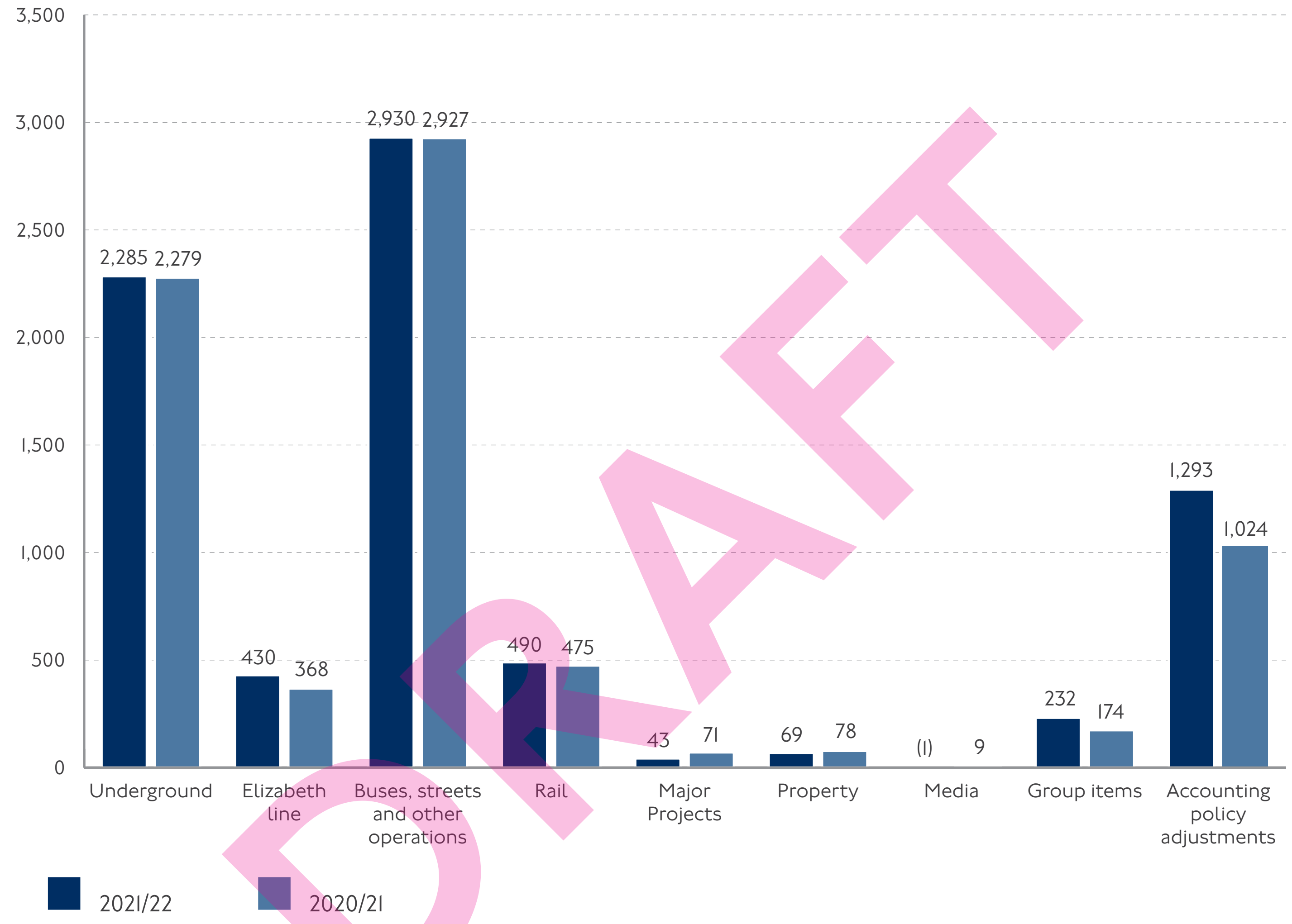
Gross expenditure, which includes day-to-day operating costs as reported to management (see note 2 to the financial statements) and central items not reported on a segmental basis (including depreciation and amortisation) increased by five per cent from £7,405m in 2020/21 to £7,771m in 2021/22. Excluding accounting policy adjustments, expenditure increased by 1.5 per cent from £6,381m to £6,478m.

Like-for-like operating costs have remained stable, with only a 0.9 per cent increase after adjusting for new services such as the Northern line extension, the ULEZ expansion and the Elizabeth line. We remain focused on increased spending controls and reducing our core costs where possible.

Year-on-year costs of operations (£m)

	2021/22	2020/21
Cost of operations as per internal management reports	**(6,478)**	**(6,381)**
Adjust for one-off items incurred	35	177
Adjust for investment programme operating costs included in operating expenditure	157	255
Adjust for Elizabeth line direct operating costs	422	337
Adjust for other new services	85	9
Adjust for one-off coronavirus savings	-	(126)
Cost of operations (like-for-like basis)	**(5,779)**	(5,729)
Year-on-year increase	**(50)**	
Year-on-year percentage increase	**0.9%**	

Gross expenditure by operating division (£m)*



On the Underground, costs increased marginally by £6m (0.3 per cent) in the year, reflecting a continued emphasis on driving down costs while maintaining a safe and reliable network, as well as savings derived from lower indirect overheads allocated to the division.

Total operating expenditure on the Elizabeth line at £430m was £62m (17 per cent) higher than the prior year figure of £368m, as costs increased resulting from preparations leading up to the successful opening of the Elizabeth line on 24 May 2022.

* Figures for 2020/21 have been restated to align with revised internal management structures

Narrative Report and Financial Review (continued)

The cost of operating Buses, streets and other operations at £2,930m was broadly in line with the prior year figure of £2,927m.

Operating expenditure for the Rail division increased by three per cent from £475m in 2020/21 to £490m in 2021/22.

Property and Media costs, however, both decreased during the year – from £78m to £69m for Property, and from £9m to a surplus of £1m in Media, owing to the reversal of a IFRS 9 expected credit loss provision, following the settlement of outstanding roadside advertising for 2020/21.

Spend in Major projects decreased, by 39 per cent to £43m. During 2020/21, TfL brought all construction project costs to a temporary Safe Stop during the initial phases of the first lockdown, which increased non-capitalisable spend in the prior year.

Operating costs included within Group items reflect the fact that the internal management recharge of central overheads to divisions includes elements of income (including amounts for taxi and private hire licensing, estates management and travelcard administration). At the total Group level, for management reporting purposes, this income is shown as an element of 'total income'. In the divisional analysis of performance, however, this income is included in the management recharge of net central overheads in the Operating Accounts of individual divisions.

As set out in note 2, central items not reported on a segmental basis represent charges not included in internal management reporting. The most significant line item within this balance comprises depreciation, amortisation and impairment charges recognised in relation to property, plant and equipment and intangible assets. The total of these charges increased from £1,351m in 2020/21 to £1,410m in 2021/22. This category also absorbs the difference between the accounting methodologies used in the statutory versus the management accounts. The most significant of these relate to the treatment of defined-benefit pension schemes, and to the treatment of former operating lease payable arrangements. In our management accounts the costs of these items are recognised within operating expenditure based on cash flows, whereas in the statutory financial statements, as set out in the Accounting Policies notes to the accounts, IFRS 16 Leases and IAS 19 Employee Benefits are applied.

Net interest and finance income/charges

Gross financing and investment expenditure for the year was £502m, £97m below the prior year.

This decrease was primarily a reflection of valuation losses of £83m recognised in relation to the Group's investment property portfolio in the prior year. In 2021/22, £93m of valuation gains had been recognised within financing and investment income.

Also within this overall total, interest payable on direct borrowings decreased by one per cent from £437m to £433m. This decrease is the result of lower market rates achieved on borrowing refinanced during 2021/22. As at 31 March 2021, TfL had a nominal £12.995bn of borrowings, of which approximately £0.8bn was short-term borrowing under the Commercial Paper programme. The weighted average interest rate was 3.2 per cent and the borrowings had a weighted average remaining life to maturity of 16.8 years. As at 31 March 2022, the nominal value of borrowings outstanding had decreased to £12.994bn, of which £0.7bn was short-term Commercial Paper. The weighted average interest rate was 3.2 per cent and the borrowings had a weighted average life to maturity of 16.7 years.

Interest payable on borrowings was offset, to a degree, by the amount of interest capitalised into the cost of qualifying property, plant and equipment. Interest capitalised in 2021/22 totalled £115m (£90m in 2020/21).

Interest payable on leases, including contingent rentals in respect of PFIs, fell from £73m in 2020/21 to £71m in 2021/22, primarily reflecting the fact that a number of the Group's PFI liabilities were fully settled during the year. The Group's net interest expense in respect of its defined benefit pension scheme obligations increased from £90m in 2020/21 to £106m in 2021/22.

Gross financing and investment income totalled £203m, an increase of £153m from 2020/21. The increase was primarily a reflection of the fact that £93m of investment property valuation gains were recognised within financing and investment income in 2021/22, which replaced valuation losses of £83m in 2021/21.

Gains from the disposal of investment properties increased from £36m in 2020/21 to £105m in 2021/22. Interest receivable on finance leases held in respect of advertising assets reduced from £3m in 2020/21 to £1m in 2021/22.

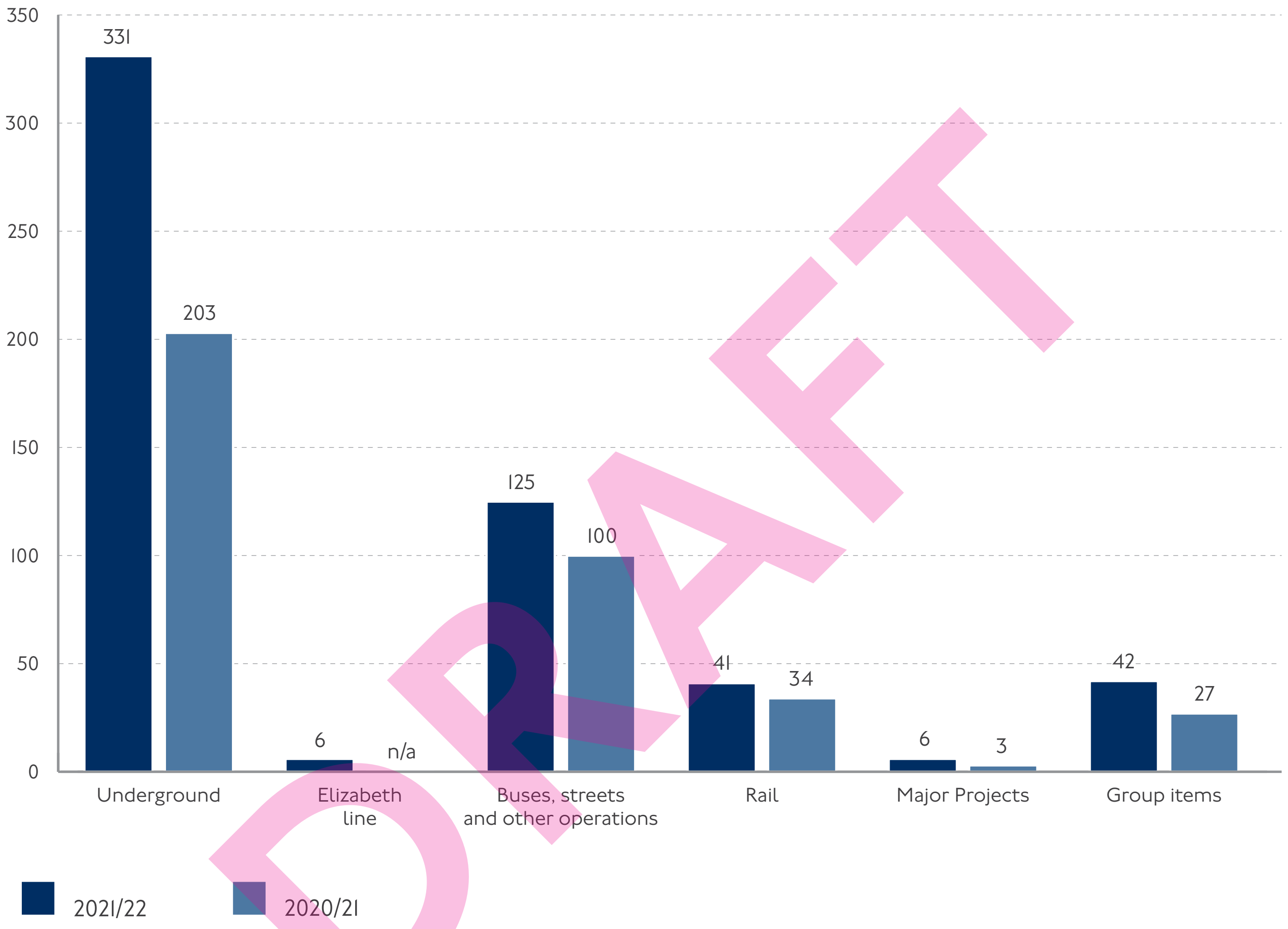
Investment returns on cash and other investment balances fell during the year, from £7m in the prior year to £3m in 2021/22, reflecting both lower average cash balances during the year, and lower rates of return.

Capital expenditure

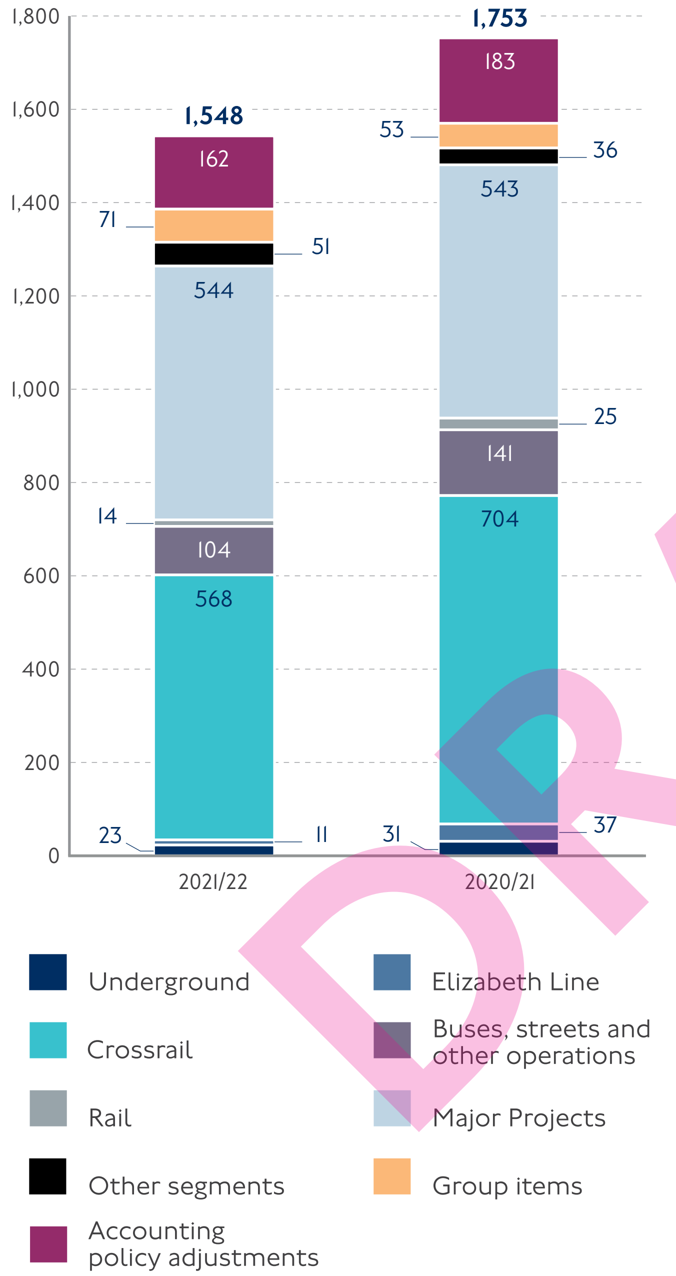
Total Group capital expenditure for the year, including Crossrail, totalled £2,099m (2020/21 £2,120m). Non-Crossrail related expenditure totalled £1,441m (2020/21 £1,416m). Within this total £551m was spent on capital renewals (2020/21 £367m) and £890m (2020/21 £1,049m) was spent on new capital investment.

Narrative Report and Financial Review (continued)

Capital renewals by business area (£m)



New capital investment by business area (£m)



Page 148

Narrative Report and Financial Review (continued)

On the Underground, capital expenditure totalled £354m, up from £234m in the prior year as we started to recover from the pandemic. This included £23m of new capital investment and £331m of asset renewals spend.

Harrow-on-the-Hill was the 12th station to be delivered by the Accessibility programme and means that 33.5 per cent of Tube stations are now step-free. Work on the final three stations in the current programme has been paused while our funding position is clarified.

The redevelopment scheme at Tottenham Hale, which includes a new integrated ticket hall providing seamless step-free interchange with National Rail, was successfully brought into customer service on 13 December 2021.

Work is progressing on co-funded station enhancement schemes at Knightsbridge and Paddington, which are on target to be open to the public next year.

We achieved our key programme milestone by installing eight kilometres of new track in the year and replaced 12 sets of points at Northfields over the Christmas period, which will enable the future Piccadilly line trains to be introduced and run safely through the area. We took delivery of two rail-mounted cranes and eight tilting wagons for modular points and crossings renewals, which will yield significant time and quality benefits.

Our ongoing programme of modernisation works on the Bakerloo, Central and Jubilee line fleets is critical to improving safety, reliability, accessibility and lowering our running costs. These projects continue to progress with detailed design validation through the installation and testing of prototype systems. In addition, we are continuing to deliver large-scale heavy maintenance work on our fleet.

Contracts have been signed for the Central line signalling and control system life extension. The first five-year tranche of the incremental signalling upgrade programme is progressing well, with concept and detailed design starting on updating the Bakerloo line control system.

We are continuing to upgrade key components of our Connect radio system and are now focusing on rolling out new radio hardware base-stations which will enable the Connect system to function into the 2030s. We have delivered Critical Incident Management functionality at 62 stations, enabling us to remotely control and evacuate a station in the event of a critical incident, and upgraded our CCTV at 75 stations. To tackle fare evasion, we have continued work to enable us to target fare evasion more effectively, which has directly contributed to the identification and prosecution of fare evaders.

On the Elizabeth line, capital investment expenditure of £17m was incurred, primarily in relation to station improvements.

Total capital expenditure within the Buses, streets and other operations division of £229m is £12m lower than in 2020/21. Within this total, the amount spent on renewals increased from £100m to £125m.

Despite the continued impact from the pandemic the division delivered significant projects in the year, including the expansion of the ULEZ to the North and South Circular roads, the continued addition of zero-emission buses to the London fleet, and the publication of the Electric Vehicle Infrastructure Strategy. The commitment to cutting carbon is in support of the Government's wider plans to cut CO_2 emission in the UK by 68 per cent by 2030, compared to 1990 levels. The compliance figures for vehicles to meet the ULEZ standards have been higher than expected and is a strong indicator in the success of the scheme.

On the roads, we continue to prioritise and deliver key asset renewals, and we balance a core of smaller annualised schemes with a number of key asset interventions. Our work on the A40 Westway has seen us complete a number of full weekend closures, and we are on track for delivery of the first phase of work by summer 2022. We broadly completed our scheme on Westminster Bridge to install Hostile Vehicle Mitigations, which will improve safety on the bridge. We continued our programme of essential carriageway renewals by delivering over 350,000m^2 of works.

Active Travel investment continues to be a shared objective between TfL, GLA and the Government, and we have delivered some really good outcomes in 2021/22. More than 20km of cycling routes were completed or under construction by 31 March 2022. Work is progressing on Old Street Roundabout, and we expect to complete the scheme in Spring 2023. In 2021/22 we reduced the speed limits on almost 30km of TfL's road network, surpassing our strategic milestone of 25km.

The Major Projects Directorate is responsible for our largest and most complex projects, which include line upgrades, network extensions, major station upgrades and capacity improvements. Capital expenditure in the directorate totalled £550m in 2021/22, including £544m of new capital investment.

Within this overall total, £53m was spent during 2021/22 on the Northern Line Extension. On 20 September 2021, two new stations at Nine Elms and Battersea Power Station welcomed their first customers. The two step-free Zone 1 stations have improved the connectivity of these vibrant south London neighbourhoods and have contributed to the capital's recovery from the pandemic. The team is now focused on closing out snagging items, completing assurance documentation, and working towards project closure in 2022. The project came in £160m under planned spend, bringing its estimated final total cost to £1.1bn, despite the cost pressures brought about by the pandemic.

There was £132m spent on the Four Lines Modernisation project. This project is transforming some of the world's oldest Underground lines into a high-performing, modern railway. Following the introduction of 192 new, larger, walkthrough trains across the Circle, District, Hammersmith & City and Metropolitan lines, we are now in the process of replacing and improving outdated signalling, power and depot assets. Two major signalling milestones were achieved in this financial year, firstly on 24 April 2021 when Signalling Migration Area 4 went live. This extended the section of new signalling on the District and Circle lines from Monument to Sloane Square, paving the way for frequencies to be increased and service reliability to be further improved once the whole route has been similarly automated. Secondly, on 27 March 2022 when a new signalling system went live in Signalling Migration Area 5 between Sloane Square, Paddington, Fulham Broadway and Barons Court. This phase involves upgrading the highly complex junction at Earl's Court and marks completion of upgrades to the new signalling system on the entire Circle line.

A further £153m was invested in relation to manufacture of the new Piccadilly line rolling stock. The stage one assurance for the new trains was completed on 14 December 2021, ahead of target. On 15 December 2021, the new Piccadilly line train cab mock-up arrived at the Tunnelling and Construction Academy in East London from Siemens in Germany, before moving to the innovation hub at Siemens manufacturing facility in Goole. The Mayor and Chief Capital Officer visited Goole in March, accompanied by news and trade journalists. The visit was intended to showcase not only the new trains (via the cab and saloon mock-ups both now located there) but also that investing in London supports jobs and growth throughout the UK. We awarded the HV Power Immunisation Design and Build contract and expect to award the HV Power Immunisation framework in Spring 2022. We also awarded the depot delivery integrator contract to the joint venture of Lendlease Construction (EMEA) Ltd & Jacobs UK Ltd in December 2021.

The programme has established a carbon footprint baseline which will be used to identify top carbon risks and opportunities as well as to monitor effectiveness of programme delivery in support of both the Mayor's and TfL's ambition for a zero-carbon railway by 2030.

There was £74m invested in the Major Stations Upgrade programme. At Bank Station, the preparatory works for the Northern Line Bank branch closure were concluded and the 17-week line closure between Kennington and Moorgate started as planned on 15 January 2022. We ran an extensive communication, marketing and operational campaign to manage travel demand and minimise the impact on customers during this time. The line re-opened right on schedule on 16 May 2022 and when our customers arrive at Bank, they will be greeted by a new, wider southbound Northern line platform and a spacious new customer concourse. Three new passageways have also been completed, which will make moving around the station quicker and easier for customers. The installation of 12 escalators, two moving walkways, power, lighting, fire and communications systems has progressed to plan. The testing and commissioning of all systems is being conducted in tandem to prepare for handover to operation for passenger use.

Our new DLR rolling stock programme is manufacturing 43 new trains – 33 to replace the expired B92 fleet and 10 to increase capacity. It also includes an expanded depot at Beckton to stable and service the new fleet and signalling modifications to the Thales automatic train operation system to work with the new trains' functionality. There was £93m spent on the programme in this financial year. Rolling stock manufacturing is under way by Construcciones y Auxiliar de Ferrocarriles (CAF). With 20 car bodies in production and the first two trains assembled, Dynamic Testing is proceeding to plan on the manufacturer's test track in Spain. We have completed the acquisition of the land at Beckton adjoining the current depot, which is needed for the construction of the additional sidings funded by the Housing Infrastructure Fund. Activities are under way for the submission of planning permission to allow works on the land later in the year. We are awaiting confirmation from Government before activating an option in the existing rolling stock contract to purchase trains 44 to 54, providing additional capacity and unlocking further housing benefits.

There was £29m spent on Barking Riverside Extension, a London Overground extension between Gospel Oak and Barking to serve a new station at Barking Riverside, which is the largest housing development in east London, with planning permission for up to 10,800 new homes. Delivery of the physical works is well advanced, with the installation of track on the viaduct completed as planned in October 2021.

We are installing the remaining rail systems on the viaduct, ahead of the final signalling stage commissioning.

Other projects progressed by the Major projects division included the Silvertown Tunnel, a new 1.4km long twin-bore road tunnel linking the A102 Blackwall Tunnel Approach on the Greenwich Peninsula to the Tidal Basin Roundabout in the Royal Docks area. The design, build, finance and maintain contract was awarded to the RiverLinx consortium in 2019. Good progress has continued on site this year, including significant piling operations and excavation works to construct the tunnel-boring machine launch, rotation and retrieval chambers, and the main components of the tunnel-boring machine have arrived on site. Our contracts for further transport and traffic, socio-economic and environmental monitoring are progressing well, with significant further modelling and analysis work now under way. This will support us in setting the initial user charges at the Silvertown and Blackwall tunnels, developing the new cross-river bus services, and allow a refreshed assessment of the scheme's environmental effects in advance of opening in 2025.

New capital investment in the 'Other' category totalled £51m, reflecting expenditure in the Property division on both the existing commercial estate and new housing developments.

We continue to make progress across our estate to deliver new homes for Londoners, and improve our existing property assets, which are home to hundreds of small- and medium-sized businesses across London.

Narrative Report and Financial Review (continued)

We gained approval from the Secretary of State for our project at Wembley Park being delivered with Barratt London. Enabling works started at the end of the financial year, and the site is being transformed into 454 homes, with 40 per cent affordable housing alongside a new retail facility, improvements for the local community, and refurbished space for operational staff. This brings our total number of homes currently in construction to 1,700.

Connected Living London (CLL) – our joint venture partnership with Grainger plc – will be delivering 162 quality rental homes. Our proposals will have a beneficial impact on the area, with high-quality design, respectful of the Grade II listed station building, which will reduce vehicle traffic.

Our search for a development partner to build our 852-home project at Bollo Lane, Acton also progressed. We shortlisted four potential delivery partners and hope to appoint a partner at the end of 2023. We completed our deal at Liberty of Southwark with our development partner U+I. This will deliver around 141,000 square feet of commercial workspace and 36 homes, including 50 per cent affordable housing.

During the year, £568m was spent on the Crossrail project. Delivery of the Elizabeth line is now in its complex final stages of delivery. The latest milestone being the opening of the central operating section on 24 May 2022.

In March 2021, the Project hit the important milestone of entering the Trial Running phase under Railways and Other Guided Systems regulations. This involved operating multiple trains within the new tunnels to demonstrate how the infrastructure and operating software performed. Trial Operations commenced in Nov 2021 and involved operational exercises being carried out to ensure the safety and reliability of the railway for public use, and to fully run the timetables.

More than 150 real-life scenarios were carried out to provide key learnings ahead of Passenger Service, making sure that all systems and procedures work effectively, and staff can respond to any incidents. This involved collaborating on the response to trial scenarios with thousands of staff volunteers and emergency services. Following the completion of Trial Operations, there was a period dedicated to timetabled running to demonstrate improved reliability across the railway.

All central section stations, except for Bond Street, are now ready to support passenger service. Bond Street has been decoupled from the opening of the railway as per the Earliest Opening Plan agreed with the Sponsors in 2019. Good progress continues to be made at Bond Street station, but this will not be fully operational until after the opening of the central section in May 2022.

Following the opening of the Central Operating Section, Elizabeth line services from Reading and Heathrow through the central tunnels to Shenfield and Abbey Wood could be implemented from late 2022, with the final timetable being in place in 2023.

Expenditure of £113m on Group items included £49m of new capital investment spent on the Emergency Services Network – a programme, funded by the Home Office, to deliver a new 4G emergency services mobile communications solution. Once live, the network will provide mobile connectivity services to enable emergency services teams throughout the London Underground environment to communicate. Completion of this network has now been incorporated into the Telecommunications Commercialisation Project Concession Agreement. Additionally, through investment by the concessionaire, Commercial Mobile Services will also be offered in addition to the creation of a Fibre Network and the utilisation of TfL's Streetscape Assets for the deployment of small cells enhancing 5G coverage.

Cash and investments

Total cash, cash equivalents and investments with maturities greater than three months held by the Group at 31 March 2022 amounted to £1,409m, a decrease of £320m since the end of 2020/21, driven by the impact of the coronavirus pandemic. Of the total cash balance, £122m is held for the Crossrail project, London Transport Museum Limited, London Transport Insurance (Guernsey) Limited and TTL Properties Limited. Our cash position reflects £4.8bn, received from the Government as part of the extraordinary financing and funding packages since the start of the pandemic.

Our liquidity policy requires us to maintain cash reserves equivalent to at least 60 days' worth of forecast annual operating expenditure (currently around £1.2bn). During 2021/22, our cash reserves remained above this minimum level.

The average yield from TfL's cash investments for 2021/22 was 0.10 per cent, down from 0.12 per cent in 2020/21. The low investment yield reflects the low interest rates environment and the conservative nature of TfL's investment strategy. Earmarked reserves for TfL's future investment programme, including the Crossrail project, at 31 March 2022 amount to £156m.

Treasury risk management

In March 2021, the Board approved TfL's Treasury Management Strategy (TMS) for 2021/22 and its treasury policies. The strategy and policies have regard to the principles of the Code of Practice and Cross-Sectoral Guidance Notes for Treasury Management in the Public Services (2017 Edition) and to the Prudential Code for Capital Finance in Local Authorities (2017 Edition), both issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). CIPFA published a revision to these two Codes of Practice in December 2021, which are to be fully implemented for the 2023/24 financial year. The revisions include additional disclosure requirements for investment categories and new indicators, which will be incorporated into TfL's TMS and treasury policies, as appropriate, in due course. TfL's TMS and treasury policies also have regard to the Statutory Guidance on Local Authority Investments issued by the Ministry of Housing, Communities and Local Government (as was), and last updated in February 2018.

Narrative Report and Financial Review (continued)

Senior management directly control day-to-day treasury operations. The Finance Committee (a committee of the TfL Board) is the primary forum for discussing the annual TMS, policy matters and for submitting proposals to the Board. From 2021/22 the approval of TfL's treasury strategy and policies was delegated from the Board to the Finance Committee.

Treasury is managed on a centralised, non-speculative risk basis. Its purpose is to identify and mitigate residual treasury-related financial risks inherent to the Group's operations.

Senior management continually monitor the Group's overall exposure to currency, inflation and interest rates as they affect its operating and commercial activities, as well as its financing activities (financial costs and investment returns on cash balances). TfL's objective under the 2021/22 borrowing strategy was to manage its borrowings in a manner that is affordable, sustainable and prudent, and combines value for money, flexibility, security of access to funds, and diversity of funding sources. TfL's investment strategy continues to reflect a low-risk appetite consistent with the good stewardship of public funds and prioritises security and liquidity over yield.

The primary treasury-related financial risks faced by the Group are counterparty credit, liquidity, foreign exchange and interest rate movements. These are the focus of treasury policies, as set out below:

Counterparty credit

The Group's exposure to credit-related losses, i.e. non-performance by counterparties on financial instruments, is mitigated by setting a minimum required credit rating and applying financial limits based on credit ratings. For 2021/22, TfL continued to follow a conservative investment strategy, investing in: the UK Government and its executive agency, the UK Debt Management Office (DMO); selected financial institutions with high (investment grade) credit ratings; selected supranational or sub-sovereign agencies; selected Money Market Funds; highly rated corporates; and other highly rated sovereign governments. In addition to Sterling investments, TfL had investments in Euros, which were swapped back into Sterling as a matter of course. The amounts that can be invested with the UK Government and the UK DMO were not limited, while amounts invested with other institutions were based on their credit rating. Investments outstanding at 31 March 2022 were with counterparties with credit ratings of P-1/A-1 or higher. Credit ratings are obtained from the three main rating agencies and are kept under review on an ongoing basis.

Funding and liquidity

In the year to 31 March 2022, primary funding sources comprised passenger fares income, other income including commercial activity and Road User Charging, grant income (including extraordinary grant from the DfT and TfL's share of London's Business Rates) and cash reserves as well as Prudential Borrowing within approved Mayoral and Government affordable debt limits. By harnessing the assortment of funding sources available to TfL, liquidity risk is primarily managed by maintaining a minimum level of cash reserves of at least 60 days' worth of forecast annual operating expenditure, equivalent to approximately £1.2bn.

Maintaining sufficient cash reserves and having access to a range of flexible funding sources ensures the Group has sufficient liquidity to meet its liabilities, in both normal and stressed conditions. Although it has no immediate plans to borrow in the near term, TfL is able to access several sources of debt funding within the prudential borrowing limit set by the Mayor, including direct access to the UK DMO via the PWLB, the Commercial Paper market and debt capital markets, subject to market conditions.

With respect to managing the affordability of debt financing, debt maturities are diversified across short-, medium- and long-term horizons that broadly equate to the lives of assets purchased with this source of funding. The maturity profile of borrowing and other financial liabilities outstanding at 31 March 2022 is set out in note 34 to the accounts.

Foreign exchange rates

The Group's exposure to movements in foreign currency mainly arises from the procurement of goods or services. TfL's risk-management strategy provides for measures to address highly probable exposures with a highly certain risk profile, including entering into derivative contracts.

Interest rates

The proportion of fixed-rate borrowings at 31 March 2022 was 91.3 per cent; the remaining 8.7 per cent constituted PWLB floating rate loans and Commercial Paper borrowing, which, although it has fixed rates of interest, in practice behaves more like floating rate debt if used on a rolling basis.

Pensions

As at 31 March 2022, the majority of TfL's employees were members of the TfL Pension Fund. The Public Sector Section's deficit decreased from £5,372m at the start of the year to £2,997m at the end of the year, as a result of a change in the financial assumptions adopted. The increase in gilt yields decreased the liabilities over the accounting period. This was partially offset by an increase in expected inflation.

Other factors that contributed to the decrease in the deficit were the return on assets being higher than expected (based on last year's discount rate), updating the base mortality assumption to reflect the latest triennial valuation for the Fund and updating to the latest model for mortality rate improvements.

The total deficit recognised in respect of all funded and unfunded pension arrangements at 31 March 2022 amounted to £3,201m (2021 £5,603m).

Narrative Report and Financial Review (continued)

The latest available full actuarial valuation of the TfL Pension Fund was carried out as at 31 March 2021. The 2021 valuation showed a combined surplus on the Public Sector and Tube Lines Sections for funding purposes of £179m; and, as a result of this, the employers agreed a revised Schedule of Contributions with the Pension Fund.

Prospects, outlook, and principal risks

Viability statement

TfL is one of the only major cities in Europe not to receive a regular Government grant to cover day-to-day operations, with fares making up over 70 per cent of our operating budget, pre-pandemic. Our efficiency programme meant that we had been on a path to break even on the cost of operations, maintenance, financing costs and core renewals, having taken almost £1bn out of our net operating costs over the four years prior to the pandemic. Despite this, we still required external support for capital investment. While, historically, TfL was able to borrow to fund its capital plans, the fact that its debt burden has now reached the limits of affordability means it can no longer continue to borrow significantly in the future without substantial new income streams. As a result, even before the pandemic, an expected shortfall of around £1bn per annum in constant prices had been identified from 2025 onwards in relation to the delivery of the 2019 capital plan.

The pandemic has acted to decimate our finances and has exposed the inadequacy of our current funding model. TfL's significant exposure to changes in demand due to its high fixed costs and dependence on fares revenue mean that it is particularly susceptible to recessions and other travel demand shocks.

To keep the city moving throughout the pandemic while supporting the Government's guidance on social distancing, we have had to secure emergency financial support from the Government.

For the period 1 April 2020 to 31 March 2022, the Secretary of State for Transport has provided £4,174m of extraordinary funding grant through four distinct funding agreements. On top of this grant funding, a further £600m of additional borrowing from the PWLB was agreed in 2020/21.

In addition to this, under a further financing package agreed with the DfT in December 2020, an additional funding shortfall for Crossrail was covered by the GLA borrowing up to a further £825m from the DfT to be given, by the GLA to TfL, as a grant.

Despite this support, we have experienced a reduction in our cash and cash equivalents, and short-term investments from £2,209m at 31 March 2020 to £1,409m at 31 March 2022, as well as finding £160m of operating savings in the period from October 2020 to March 2021, and £300m of operating savings from April 2021 to March 2022, over and above those already planned as part of the TfL Efficiency Programme.

Due to the Omicron variant and Plan B restrictions, new demand insights have been limited, though pre-existing patterns continue to be observed. While it is not yet clear how travel patterns might change and how quickly demand levels will return to pre-pandemic levels, it is clear that a significant financial gap will remain over the next few years.

On 25 February 2022, the latest funding arrangement was agreed covering the period to 24 June 2022. This provides TfL with a further £200m of base funding support in the first quarter of 2022/23, as well as continued revenue guarantee to the DfT's revenue scenario. Further details of conditions are set out in the going concern section of our Accounting Policies. We anticipate further government grant will be needed to support ongoing operating activities until 1 April 2023. To achieve the Government's stated key priorities, additional government support will be required on a longer-term basis to fund the capital investment programme.

The latest TfL Budget, published in March 2022, shows TfL requires circa £1.2bn of additional Government support in 2022/23, but this is on a clear declining trajectory from previous years. Crucially, it also shows a balanced budget from 2023/24 onwards without any emergency Government support. Therefore, this demonstrates TfL is on track to be financially sustainable from April 2023 onwards, in line with the requirements of the funding settlements.

However, without any certainty on future capital funding support from Government, the TfL Budget has had to assume no capital funding is provided from April 2023. Therefore, while the TfL Budget shows the organisation can be financially sustainable without additional funding from April 2023, it delivers very different outcomes to the recommended 'Decarbonise by 2030' scenario outlined in the Financial Sustainability Plan (FSP). The 'Decarbonise by 2030' plan would have delivered significant benefits for London and the UK economy, whereas the current TfL Budget is based on an approach of 'managed decline' – deteriorating asset conditions, no new enhancement schemes, and very significant service reductions, which specifically entails an 18 per cent reduction of the bus network, and a nine per cent reduction on the Underground.

The Budget shows fare payers, London residents and road users (through the net proceeds of charging schemes being applied for relevant transport purposes) all contributing to closing TfL's capital funding gap, but excludes any national contribution, despite the benefits of London to the UK economy. These budgeted income sources collectively are not sufficient to cover the whole gap, because TfL has to not just replace lost passenger revenues from the pandemic, but also solve the structural funding issue that existed even before the pandemic, due to the inability to continue to borrow to fund investment.

Without additional funding, deferring asset replacements and not enhancing London's transport network will continue into the long term. This constitutes the foundation for discussions with the Government for the long-term capital funding that is required for TfL to move beyond the Managed Decline scenario and improve the outcomes TfL can deliver for London and in turn the UK.

The FSP, TfL and the Mayor have made significant progress in delivering Government conditions that move TfL towards financial sustainability, while also mitigating additional pressures that have emerged, to ensure that TfL reaches financial sustainability by April 2023. A path to financial sustainability that TfL were on prior to the pandemic.

Narrative Report and Financial Review (continued)

Passenger income

Rebuilding TfL's ridership has been a key area of focus through the pandemic recovery. TfL has continued to do what is within its control to attract customers back onto its network, including delivering exceptional customer service, and creating a safe and clean environment on its buses, trains and in stations through its enhanced cleaning regime. At the end of 2021/22, the demand for services has now recovered to 68 per cent of pre-pandemic levels.

The central section of the Elizabeth line opened on 24 May 2022 and will create a new revenue stream, boosting TfL's fares income.

To help TfL reach financial sustainability, fares on TfL services rose by RPI+1 per cent on 1 March 2022 and TfL continues to plan on the basis that its fares are uplifted by RPI+1 per cent on average in January 2023 and annually for at least the next three years, noting that this will be subject to a Mayoral decision.

In addition to this, to help meet the demand from the Government to raise additional revenue for TfL, there are several potential modifications to fares structures and ticketing, which are expected to raise between £60-£80m per year. These will all be subject to full impact assessment and stakeholder engagement and/or consultation as appropriate. Decisions about fares are for the Mayor to take. Options include:

1. Apply an all-day peak fare for London Underground journeys between Zone 1 and Heathrow on the Piccadilly line
2. Explore the option to withdraw from the Travelcard Agreement
3. Make permanent the start time of 09:00 for free travel on TfL services available to holders of the 60+ photocard and the older person's Freedom Pass
4. Increase the age of eligibility for the 60+ concession

Commercial Development activity

On 1 April 2022, TTL Properties Limited (TTLP) was financially separated from TfL as a fully self-financing commercial property company. TTLP has the twin objectives of supporting TfL's financial sustainability through delivering an increasing annual income stream and helping London's post-pandemic recovery, including through building thousands of new homes. TTLP's funding will come from a combination of receipts from property disposals and commercial debt. TTLP's capital programme sits outside the scope of TfL's core business and is not part of its definition of financial sustainability.

Other income sources

The FSP assumed that there would be £500m in new income by 2023/24. In addition to the fares options detailed earlier in this section, an increase of £20 in the council tax Mayoral precept was implemented from the beginning of the 2022-23 financial year. This change will raise an estimated £172m for TfL annually over the next three years.

TfL is also consulting on a proposal to expand the ULEZ London-wide in 2023. The proposal is primarily designed to improve London's air quality but it is also expected to result in some revenue for TfL.

Operating expenditure

Financial sustainability cannot be achieved without TfL making significant savings in its cost base. Rising inflation poses a significant risk to TfL's operating costs. RPI assumptions have increased from 3.1 per cent in the FSP to 5.7 per cent in the TfL Budget for 2022/23. However, RPI is currently running higher than these assumptions.

Many savings established in the FSP have already been realised, with further savings planned and embedded in its budget including the commitment to delivering £730m recurrent operating expenditure savings during the 2019 Business Plan period (2019/20 to 2024/25).

Significant ongoing focus has been invested across TfL in identifying and delivering sustainable savings plans that protect service performance, customer satisfaction and revenues as far as possible. This includes extensive modernisation programmes in our customer services, line operation and asset operation functions, contract savings, and operating model changes for our professional services.

Service levels

To meet the Government's requirements for savings, TfL is seeking to reduce service levels in a targeted, evidence-led way that reflects as best as possible emerging post-pandemic demand forecasts.

On TfL's bus network, to date there have been 8million km of annual service reductions, of the approximately 19million km that would constitute the four per cent reduction set out in the FSP.

On the Underground network, there have been off-peak service reductions on the Northern, Bakerloo, Jubilee and Waterloo & City lines. These changes constitute a 0.93million km reduction in annual train km operated.

Because of the potentially severe funding shortfall in the absence of further funding, recent TfL Budgets have had to assume we implement a 'Managed Decline' that would include, over time, a package that goes beyond the changes detailed above, and specifically entails an 18 per cent reduction of the bus network, and a nine per cent reduction on the Underground. This assumption has been made for entirely financial reasons. We continue to believe implementing these changes would be deeply harmful and is not justified by the demand trends we are observing.

They are also likely to be commercially inefficient and require very substantial internal resource to implement. It will therefore be a priority to use any additional funding we can secure to avoid this outcome.

Pay, benefits and pensions

We will continue to keep our reward strategy, including the pension arrangements offered to all TfL employees, under review to ensure the reward package is affordable while remaining fair and competitive.

Base pay was frozen across TfL in 2021 (with the exception of pre-agreed pay agreements such as those in place in London Underground). It also suspended all performance award schemes for the year 2020/21. For 2021/22 and 2022/23, TfL has embedded within all its Performance Award arrangements an additional performance condition referred to as the 'Financial Overlay Trigger'. This additional condition means that no performance awards can be paid to TfL staff for the financial years 2021/22 and 2022/23 unless TfL achieves financial sustainability by April 2023.

TfL's June 2021 Extraordinary Funding and Financing Agreement contained a requirement from Government for us to carry out a review of the TfL pension scheme. The decision was taken that this review would be conducted independently, to be led by Sir Brendan Barber. An interim report was published in December 2021, which was followed by a Final Report in March 2022.

Renewals

The renewals forecast in the Budget is significantly below the requirement set out in the FSP. The budgeted renewals represent a 'do minimum' forecast based on TfL's asset management strategy.

The planned expenditure is a top-down financial constraint based on the need to have a balanced budget. TfL is in the process of a detailed review of its renewals requirements over the course of 2022, which will determine an affordable, deliverable level of optimal asset investment in the medium term.

Enhancements

Within the Budget, TfL is still spending significant amounts on capital enhancements. This is largely due to a small number of large, contractually committed projects where it is not economical to pause or cancel the project.

However, TfL's investment programme is missing significant opportunities to progress outcomes, which are shared priorities with national Government.

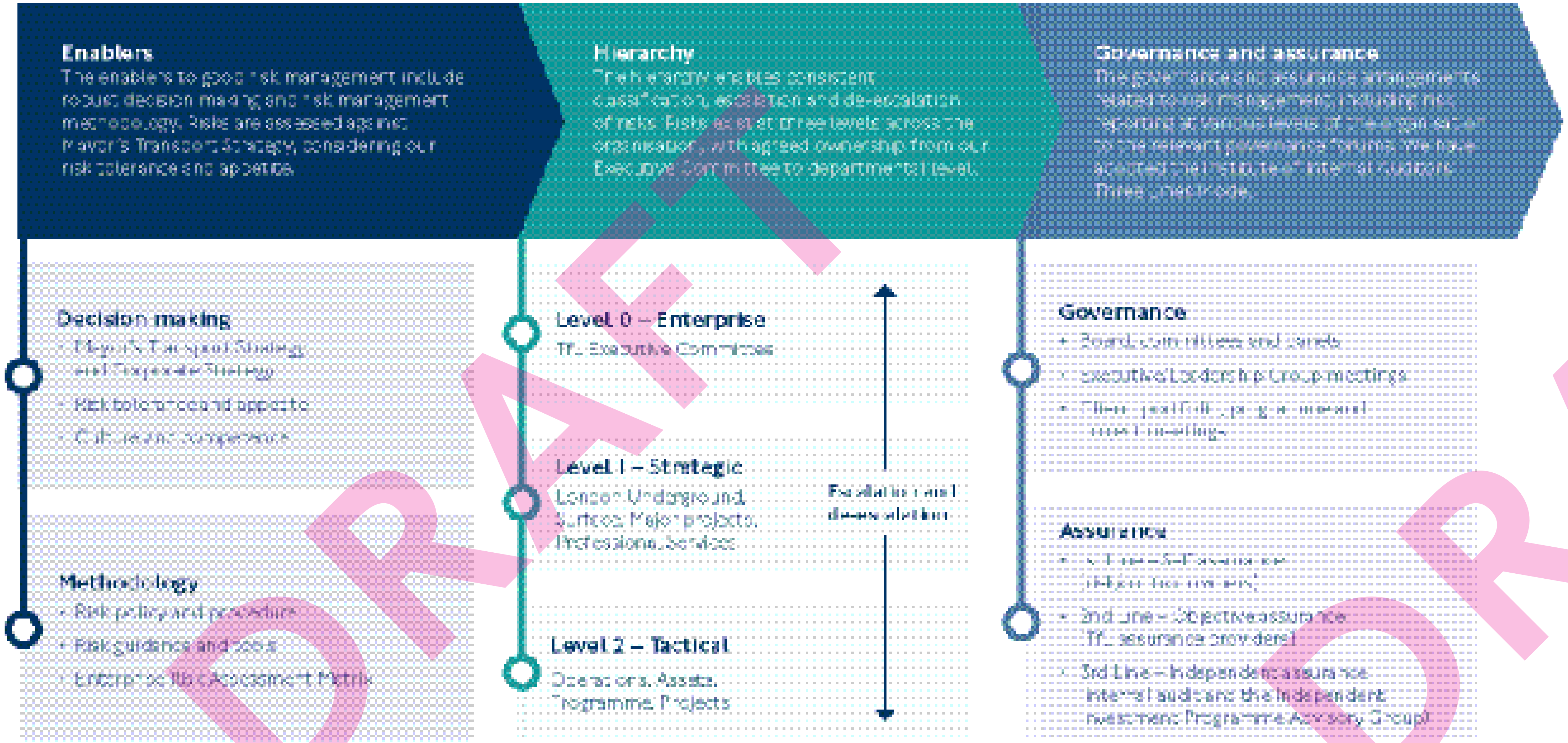
In July 2021, TfL delivered its Capital Efficiency Plan to the Government, which set out how we will consistently target, deliver and track efficiencies across all our capital delivery. It presented our aims for delivering significant capital savings over a five-year period to 2025/26, specifying the actions and milestones required to deliver these. TfL has been progressing with these actions since the report was delivered including publishing an annual update report in May 2022.

Long-term funding

Although TfL has been very successful as a city planner, system integrator, network manager, operator and delivery body, the current funding model with its reliance on fares and the annual cycle (or shorter) of funding decisions by Government, adversely impacts our ability to operate in the most economic and efficient manner and ensure value for money. Without a clear picture of future resources, TfL cannot plan for the future of its network and optimise the benefits it can bring nationally. This short-term approach and lack of certainty undermines the ability of the supply chain to invest, limiting job creation, skills development and ability to command more efficient prices for work – for TfL and other transport operators in the UK and beyond.

TfL is therefore seeking to agree with Government a proposal that will allow funding from Government and outputs from TfL to be set over the medium to long term. In addition, continuing to discuss with Government the introduction of a revised structural framework, taking some of the relevant principles of the sort commonly used to regulate rail networks, airports and other forms of utility-type infrastructure, would enable TfL to achieve security of funding, where better medium- to long-term planning and greater assurance can deliver more efficient decision making and value for money.

Enterprise Risk Management Framework



TfL's Enterprise Risk Management Framework (ERMF) supports a broader and more integrated approach to managing risks across the organisation, enabling a co-ordinated process, including the provision of governance and assurance activities.

The risk hierarchy shown below will be updated to reflect the new TfL organisational structure. The update will take place following the informal risk discussion session with the Board and Executive Committee on 4 May 2022.

Additionally, TfL's current 14 Enterprise risks and risk appetite will be reconsidered to reflect the key challenges cited by the Executive Committee and Board members. We are also looking to align the Enterprise risks to TfL's Vision and Values roadmaps.

Principal risks

The TfL Board has overall accountability for risk management and setting TfL's risk tolerance and appetite levels. Progress of management of all key risks continues to be presented to TfL's committees and panels at least once a year. Here, members of the Board have an opportunity to scrutinise, challenge and provide recommendations as appropriate.

TfL's Executive Committee reviews and discusses enterprise risks quarterly, once a full assessment of each enterprise risk is carried out. The Audit and Assurance Committee is updated on key risk management activities every quarter and reviews the effectiveness of the risk process at least annually.

To ensure TfL continues to focus on the right risks as it emerges from the pandemic, our top-level enterprise risks are to be re-assessed and then will be considered individually by the Executive Committee, in line with an agreed schedule. New themes have been emerging, and TfL needs to focus its efforts on identifying and mitigating challenges to achieving the five Vision and Values ambitions Roadmaps: Customer, Green (including safety), Colleague, Finance and Foundation.

TfL has modelled the systemic interconnectivity of its current risks to better understand causality and enable the identification of more effective strategic mitigations, as illustrated below. Enterprise Risk 7 is excluded from the table as our long-term funding is the subject of ongoing discussions with the Government.

Narrative Report and Financial Review (continued)

Risks mapped to key mitigations for the current Enterprise

Risk	Title	Mitigations
ER01	Major Safety, Health or Environmental incident or crisis	• Improvements to the Safety, Health and Environment Management System • Contracts and Regulations • Policies and Programmes • Monitoring and benefits realisation • Strategies and targets that promote active, efficient and sustainable transport modes
ER02	Attraction, retention and wellbeing of our employees	• Annual People Planning activity • Wellbeing Interventions • Talent Management • Reward Management • Critical role identification
ER03	Major service disruption	• Maintenance and renewals programmes • Weather plans • Operational and asset incident management • Operational resilience • Supplier management • Readiness review for major investments • 24/7 response with 'command and control'
ER04	Major security incident	• Security strategy, governance, and culture • Threat intelligence and security liaison • Security risk management systems • Security incident preparedness • TfL whistleblowing policy • Cyber security
ER05	Supply chain disruption	• Risk and issues register • High-risk supplier contingency plans • Regular communication with suppliers • Financial monitoring • Individual action plans
ER06	Loss of stakeholder trust	• Media monitoring and management • Election planning and political monitoring • Engagement programme • Active strategy to build consensus and alliances • Delivering funding campaign • Working with Stakeholders

Page 157

Risk	Title	Mitigations
ER08	Delivery of TfL key investment programmes and projects	• Project Management Office operating model • Capital Improvement Group (CIG) • Capital Efficiencies Plan (CEP) • Central project list and baseline
ER09	Changes in customer demand	• Scenario and risk-based planning • Business planning and budgeting • Transport Innovation • Forecasting methods
ER10	Inability to support new ways of working	• New ways of working steering group • Technology improvements, including asset refresh, roll out of Windows 10/Evergreen and training • Staff support, support for managers
ER11	Disparity leading to unequal or unfair outcomes	• Action on inclusion strategy • Inclusive design framework and programme • Equality impact assessments • Stakeholder engagement • Local community engagement and consultation
ER12	Asset condition unable to support TfL outcomes	• Asset inspections and monitoring • Asset maintenance regimes • Asset renewals • Renewals, maintenance and technical assurance • Information analysis and risk assessment
ER13	Governance and controls suitability	• Standing orders • Governance framework and management system • Integrated assurance plan • Privacy and Data Protection compliance programme • Enterprise Risk Management Framework
ER14	Opening of the Elizabeth line	• TfL Board oversight via Elizabeth Line Committee • Delivery management • Funding compliance • Critical resources management • Main contractor liaison

Narrative Report and Financial Review (continued)

Page 158

Climate change risk

Climate change risk is a growing threat that touches on a number of the enterprise risks and is captured within ER01 Major Safety, Health or Environmental incident or crisis. Further to this, work is in progress to develop an enterprise-level Climate Adaptation risk.

The number and intensity of extreme weather events is increasing over time, with periods of hot and cold weather, flash flooding and storm events. This year was the first time the UK experienced three named storms (Dudley, Eunice and Franklin) within a week since the current naming system was introduced. Storm Eunice resulted in widespread disruption across our operations, with trees and debris blown onto our networks. On 12 and 25 July 2021, heavy rainfall led to severe disruption on roads and Underground services, as well as damaging our assets. Extensive flooding or failure of assets (for example, embankments and failure of flooding controls and defences) have the potential to be catastrophic for London and TfL.

Our data collection and monitoring systems do not currently allow for quantitative or comprehensive assessments of the impact of current weather events on our operations. Given funding constraints, this is likely to remain a challenge in the future. In the meantime, we have a dedicated programme of research to understand current and future extreme weather impacts, to help inform adaptation requirements.

This is a medium-term programme over several years that is being supplemented by collaborative projects by universities and outside groups to highlight the impacts of extreme weather on our operations. This information helps make climate change adaptation a priority in our decision making.

Effective adaptation of London's transport networks cannot be designed and implemented in isolation. Cross-team, sectoral and cross-sector collaboration is crucial to ensure that gaps are avoided, duplication is minimised, and lessons are learned quickly to avoid unnecessary costs. Consequently, we are a regular and contributing member of several key groups.

Adaptation is now a key environmental priority for TfL's Asset Strategy. We have completed our Adaptation Reporting Power 3 submission to the Department for the Environment, Food and Rural Affairs. This report sets out our main climate risk governance, strategy, approach to risk management and a high-level asset climate risk assessment. The main risk areas for our assets are changes to temperature, precipitation and storms, all of which have at least one risk score, which is considered 'major' or above today. The number of risks scoring major or above is set to rise by 2050 and 2080. This assessment is vital in informing our long-term asset planning, to improve safety and reliability of our assets and services and will increase the cost effectiveness and timeliness of investment.

We are developing a pan-TfL climate change adaptation plan, which will focus on the actions needed across the organisation to improve our maturity in adapting to climate change impacts, and how we will report on progress. We are also working to increase awareness of the importance of green infrastructure for climate change adaptation. We aim to protect and increase green infrastructure and sustainable drainage measures, for example, to help mitigate surface water flood risk and provide shade and local cooling.

External audit

Appointment, re-appointment and assessment of effectiveness

In July 2016, the Secretary of State specified Public Sector Audit Appointments Limited (PSAA) as an appointing person under the Local Audit and Accountability Act 2014. This meant that for audits of accounts from 2018/19, PSAA was responsible for appointing an auditor to, and setting the level of audit fees for, relevant bodies that have chosen to opt into its national auditor appointment scheme. TfL has opted into this scheme.

Appointments were made for the duration of the five-year appointing period, covering the audit of the accounts from 2018/19 to 2022/23.

In order for an audit firm to be eligible to tender for an audit contract with PSAA, the firm must appear on the Institute of Chartered Accountants in England and Wales (ICAEW) register of Local Auditors, having fulfilled the criteria determined by legislation as evaluated by the ICAEW (The Recognised Supervisor Body). Contracts were awarded after a competitive tender that balanced audit quality with price. The primary consideration in allocating proposed appointments to individual opted-in bodies was to ensure independence. TfL's appointed external auditor is Ernst & Young LLP.

For 2021/22 a new audit partner, Janet Dawson, was appointed before the beginning of the financial year. TfL's Audit and Assurance Committee, through the use of questionnaires and reports, formally reviews the performance of the external auditors at least annually against the four criteria of:

- Qualification
- Expertise and resources
- Effectiveness
- Independence

The Audit and Assurance Committee remains satisfied with the quality, integrity and effectiveness of the work undertaken by Ernst & Young LLP. The Committee carries out regular reviews to ensure that auditor objectivity and independence is maintained at all times.

Non-audit services

Under guidance issued by the Financial Reporting Council in December 2019, only non-audit work that is closely related to the statutory audit may be undertaken by an entity's auditor. Furthermore, total fees for non-audit services provided is limited to no more than 70 per cent of the average of the fees paid in the last three consecutive financial years for the audit of the audited entity and its controlled undertakings, and of the consolidated financial statements of that group of undertakings.

Under TfL's policy on external audit services, Ernst & Young LLP is required to report to the Committee every six months on fees billed for non-audit services. During 2021/22, the non-audit services provided by Ernst & Young LLP were in respect of audit-related services provided in relation to the use of grant monies received and for procedures relating to regulation 4 of the Railway Safety Levy Regulations 2006. Total non-audit fees for the TfL Group represented two per cent of the total statutory audit fees paid in respect of the combined audit for the TfL and Transport Trading Limited (TTL) Groups, and 32 per cent of the audit fee of the Corporation as a single entity for 2021/22.

Accounting statements

TfL is a statutory corporation established by section 154 of the GLA Act 1999. It is a functional body of the GLA and reports to the Mayor of London.

The legal structure is complex in comparison to that of most local authorities and comprises:

- The Corporation, which is made up of London Streets, Taxi and Private Hire, and the corporate centre which, for legal and accounting purposes, constitutes TfL
- The TfL Group, which is made up of the Corporation and its subsidiaries, joint ventures and associated undertakings as set out in notes 16, 17 and 18

Under the GLA Act 1999, the Corporation is treated as a Local Authority for accounting purposes and the Statement of Accounts, which includes the individual financial statements of the Corporation as well as those of the TfL Group, has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), which is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements.

TfL's subsidiaries are subject to the accounting requirements of the Companies Act 2006 and separate statutory accounts are prepared for each subsidiary and for the TTL Group. These accounts are prepared under International Financial Reporting Standards as adopted by the UK. Appropriate adjustments are made to the accounting policies of the subsidiaries upon consolidation into the TfL Group financial statements to ensure they are aligned to the requirements of the Code.

The financial statements for the TfL Group, which consolidate the accounts of the Corporation, its subsidiaries, and the Group's share of the results and net assets of its joint ventures and associated undertakings on the basis set out in the Statement of Accounting Policies (paragraph c), are here presented alongside the financial statements of the Corporation.

The Statement of Accounts comprises:

- The Group and Corporation Comprehensive Income and Expenditure Statements, Balance Sheets, Cash Flow Statements and the Movement in Reserves Statements
- The Expenditure and Funding Analysis
- The Statement of Accounting Policies
- The Statement of Responsibilities for the Accounts
- Notes to the Group and Corporation financial statements

Within the Statement of Accounts, references to the 'Corporation' relate to the transactions, assets and liabilities of TfL. References to the 'Group' relate to the accounts of TfL and its subsidiaries.

Purposes of major schedules within the financial statements

The nature and purpose of the primary schedules included within the financial statements are set out below:

Comprehensive Income and Expenditure Statement

This statement shows both the revenue received and the costs incurred in the year of providing services, in accordance with Generally Accepted Accounting Practices. Other comprehensive income and expenditure comprises unrealised gains and losses, including revaluation gains on property, plant and equipment, fair value movements on derivative financial instruments and remeasurement gains or losses on defined-benefit pension schemes.

The Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by TfL. The net assets of TfL (assets less liabilities) are matched by the reserves held by TfL. Reserves are reported in two categories. The first category is usable reserves, being those reserves that TfL may use to provide services, subject to the need to maintain a prudent level of reserves. The second category is those reserves that TfL is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold, and reserves that hold timing differences shown in the movement in reserves statement line 'Adjustments between accounting basis and funding basis under regulations'.

Narrative Report and Financial Review (continued)

The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of TfL during the financial year. The statement shows how TfL generates and uses cash and cash equivalents by classifying cash flows as derived from operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of TfL are funded by way of passenger income and grants. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to TfL's future service delivery.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by TfL, analysed into usable reserves and other reserves. The surplus or deficit on the provision of services is different from the statutory amounts required to be charged to the General Fund balance. The net increase/decrease before transfers to Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from Earmarked Reserves.

Expenditure and Funding Analysis

The Expenditure and Funding Analysis, although not a primary statement, is presented alongside and shows how annual expenditure is used and funded from resources (such as grants and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with Generally Accepted Accounting Practices. It also shows how this expenditure is allocated for decision making purposes between TfL's operating segments. Income and expenditure accounted for under Generally Accepted Accounting Practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Statement of Responsibilities for the Accounts

The Corporation is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Statutory Chief Finance Officer) has responsibility for the administration of those affairs
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts

The Statutory Chief Finance Officer is responsible for the preparation of the Statement of Accounts for the Corporation and the Group in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Statutory Chief Finance Officer has:

- Selected suitable accounting policies and applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code
- Kept proper accounting records, which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Corporation and Group at the accounting date and of the income and expenditure for the year ended 31 March 2022.

Patrick Doig
Statutory Chief Finance Officer
XX July 2022

Group Comprehensive Income and Expenditure Statement

Year ended 31 March	Note	Gross income 2022 £m	Gross expenditure 2022 £m	Net income/ (expenditure) 2022 £m	Gross income 2021 £m*	Gross expenditure 2021 restated £m*	Net income/ (expenditure) 2021 restated £m*
Operating segment							
Underground		1,547.0	(2,285.0)	(738.0)	664.0	(2,279.0)	(1,615.0)
Elizabeth line		120.0	(430.0)	(310.0)	49.0	(368.0)	(319.0)
Buses, streets and other operations		1,959.0	(2,930.0)	(971.0)	1,225.0	(2,927.0)	(1,702.0)
Rail		304.0	(490.0)	(186.0)	146.0	(475.0)	(329.0)
Other segments		186.0	(111.0)	75.0	128.0	(158.0)	(30.0)
Group items		232.0	(232.0)	-	165.0	(174.0)	(9.0)
	2	4,348.0	(6,478.0)	(2,130.0)	2,377.0	(6,381.0)	(4,004.0)
Central items not reported on a segmental basis	2	(34.6)	(1,292.5)	(1,327.1)	18.8	(1,023.8)	(1,005.0)
Net cost of services before exceptional items	2	4,313.4	(7,770.5)	(3,457.1)	2,395.8	(7,404.8)	(5,009.0)
Exceptional items	6			-			(29.4)
Net cost of services after exceptional items				(3,457.1)			(5,038.4)
Other net operating expenditure	7			(36.2)			(63.4)
Financing and investment income	8			202.6			49.4
Financing and investment expenditure	9			(501.8)			(598.6)
Grant income	10			4,351.1			4,732.3
Surplus/(deficit) on the provision of services				558.6			(918.7)
Group share of profit before tax of joint ventures	17			7.9			0.7
Group share of profit/ (loss) before tax of associated undertakings	18			24.0			(3.5)
Group surplus/(deficit) before tax				590.5			(921.5)
Taxation	11			(86.2)			10.5
Group surplus/(deficit) after tax				504.3			(911.0)

Year ended 31 March	Note	Gross income 2022 £m	Gross expenditure 2022 £m	Net income/ (expenditure) 2022 £m	Gross income 2021 restated £m*	Gross expenditure 2021 restated £m*	Net income/ (expenditure) 2021 restated £m*
Group surplus/(deficit) after tax				504.3			(911.0)
Other comprehensive income and expenditure							
Items that will not be subsequently reclassified to profit or loss							
Surplus on the revaluation of property, plant and equipment**	13			21.9			11.4
Surplus on the valuation of newly created investment properties	15			49.0			72.6
Deferred tax on the surplus on valuation of newly created investment properties	11			(54.7)			(0.7)
Net remeasurement gain/ (loss) on defined benefit pension schemes**	35			2,790.9			(1,361.0)
				2,807.1			(1,277.7)
Items that may be subsequently reclassified to profit or loss							
Movement in the fair value of derivative financial instruments**	37			52.7			5.1
Derivative fair value loss reclassified to income and expenditure**	37			10.2			9.3
Discontinued hedging relationship	37			(15.0)			-
				47.9			14.4
				2,855.0			(1,263.3)
Total comprehensive income and expenditure				3,359.3			(2,174.3)

* Figures for 2020/21 have been restated to reflect a revised allocation of overheads to each internal management operating segment (see note 2).

** There is no tax effect of these items on other comprehensive income and expenditure in the years ended 31 March 2022 or 2021 (see note 11).

Group Balance Sheet

	Note	31 March 2022 £m	31 March 2021 £m
Long-term assets			
Intangible assets	12	**256.5**	149.3
Property, plant and equipment	13	**43,791.5**	43,093.9
Right-of-use assets	14	**2,209.9**	2,329.5
Investment property	15	**1,713.3**	1,458.7
Investment in joint ventures	17	**47.3**	41.3
Investment in associated undertakings	18	**197.5**	166.9
Derivative financial instruments	30	**13.2**	0.2
Finance lease receivables	19	**23.2**	28.6
Debtors	21	**72.2**	52.2
		48,324.6	47,320.6
Current assets			
Inventories	20	**58.1**	51.5
Debtors	21	**523.7**	493.1
Assets held for sale	22	**160.9**	95.5
Derivative financial instruments	30	**1.4**	6.5
Finance lease receivables	19	**13.8**	15.4
Other investments	23	**19.0**	19.0
Cash and cash equivalents	24	**1,390.2**	1,710.2
		2,167.1	2,391.2

	Note	31 March 2022 £m	31 March 2021 £m
Current liabilities			
Creditors	25	**(1,846.9)**	(2,077.9)
Borrowings	26	**(1,423.0)**	(1,198.1)
Right-of-use lease liabilities	14	**(334.1)**	(329.3)
PFI liabilities	27	**(10.6)**	(9.9)
Other financing liabilities	28	**(6.4)**	(6.2)
Derivative financial instruments	30	**(6.5)**	(12.0)
Provisions	29	**(99.3)**	(109.1)
		(3,726.8)	(3,742.5)
Long-term liabilities			
Creditors	25	**(82.3)**	(56.7)
Borrowings	26	**(11,543.3)**	(11,769.7)
Right-of-use lease liabilities	14	**(2,102.2)**	(2,179.8)
PFI liabilities	27	**(91.0)**	(101.7)
Other financing liabilities	28	**(121.7)**	(128.1)
Derivative financial instruments	30	**(14.2)**	(47.3)
Deferred tax liabilities	11	**(375.2)**	(234.3)
Provisions	29	**(86.6)**	(60.9)
Retirement benefit obligation	35	**(3,201.5)**	(5,603.1)
		(17,618.0)	(20,181.6)
Net assets		**29,146.9**	25,787.7
Reserves			
Usable reserves		**681.2**	886.9
Unusable reserves	37	**28,465.7**	24,900.8
Total reserves		**29,146.9**	25,787.7

The Expenditure and Funding Analysis on page 110 and the notes on pages 132 to 136 form part of these financial statements.
These financial statements were approved by the Board on XX July 2022 and signed on its behalf by

Sadiq Khan
Chair of TfL

Group Movement in Reserves Statement

	Note	General Fund £m	Earmarked Reserve £m	**General Fund and Earmarked Reserves £m**	Street Works Reserve £m	**Usable reserves £m**	Unusable reserves £m	**Total reserves £m**
At 1 April 2020		500.0	1,080.7	**1,580.7**	23.5	**1,604.2**	26,357.3	**27,961.5**
Movement in reserves during 2020/21								
Group deficit after tax		(180.2)	-	**(180.2)**	-	**(180.2)**	(730.8)	**(911.0)**
Other comprehensive income and expenditure		-	-	**-**	-	**-**	(1,263.3)	**(1,263.3)**
Total comprehensive income and expenditure		(180.2)	-	**(180.2)**	-	**(180.2)**	(1,994.1)	**(2,174.3)**
Derivative fair value loss reclassified to the Balance Sheet	37	-	-	**-**	-	**-**	0.5	**0.5**
Adjustments between accounting basis and funding basis under regulations	38	(538.4)	-	**(538.4)**	1.3	**(537.1)**	537.1	**-**
Net (decrease)/increase before transfer to/from Earmarked Reserves		(718.6)	-	**(718.6)**	1.3	**(717.3)**	(1,456.5)	**(2,173.8)**
Transfer to/from Earmarked Reserves		718.6	(718.6)	**-**	-	**-**	-	**-**
(Decrease)/increase in 2020/21		-	(718.6)	**(718.6)**	1.3	**(717.3)**	(1,456.5)	**(2,173.8)**
Balance at 31 March 2021		**500.0**	**362.1**	**862.1**	**24.8**	**886.9**	**24,900.8**	**25,787.7**
Movement in reserves during 2021/22								
Group surplus after tax		134.5	-	**134.5**	-	**134.5**	369.8	**504.3**
Other comprehensive income and expenditure		-	-	**-**	-	**-**	2,854.0	**2,854.0**
Total comprehensive income and expenditure		134.5	-	**134.5**	-	**134.5**	3,223.8	**3,358.3**
Derivative fair value loss reclassified to the Balance Sheet	37	-	-	**-**	-	**-**	0.9	**0.9**
Adjustments between accounting basis and funding basis under regulations	38	(340.6)	-	**(340.6)**	0.4	**(340.2)**	340.2	**-**
Net (decrease)/increase before transfer to/from Earmarked Reserves		(206.1)	-	**(206.1)**	0.4	**(205.7)**	3,564.9	**3,359.2**
Transfer to/from Earmarked Reserves		206.1	(206.1)	**-**	-	**-**	-	**-**
(Decrease)/increase in 2021/22		-	(206.1)	**(206.1)**	0.4	**(205.7)**	3,564.9	**3,359.2**
Balance at 31 March 2022		**500.0**	**156.0**	**656.0**	**25.2**	**681.2**	**28,465.7**	**29,146.9**

Page 163

The Earmarked Reserve has been established to finance future projects and form part of the overall funding available for the Investment Programme and revenue projects. Application of funds against specific projects is dependent on the level and mix of other sources of funding also available to fund TfL's Investment Programme.

Capital receipts received in the Corporation are fully applied during the year and a Capital Receipts Reserve has not been shown in this statement. Refer to Note 39.

Group Statement of Cash Flows

Year ended 31 March	Note	2022 £m	2021 £m
Surplus/(deficit) on the provision of services		**558.6**	(918.7)
Adjustments to the result on the provision of services for non-cash movements	36b	**1,688.9**	1,473.8
Adjustments to the result on the provision of services for investing or financing activities	36c	**(2,170.6)**	(905.9)
Net cash flows from operating activities		**76.9**	(350.8)
Investing activities	36d	**(64.4)**	(472.2)
Financing activities	36e	**(332.5)**	966.4
(Decrease)/increase in net cash and cash equivalents in the year		**(320.0)**	143.4
Net cash and cash equivalents at the start of the year		**1,710.2**	1,566.8
Net cash and cash equivalents at the end of the year	24	**1,390.2**	1,710.2

Corporation Comprehensive Income and Expenditure Statement

Year ended 31 March	Note	2022 £m	2021 £m
Highways and Transport Services			
Gross income		**857.7**	534.3
Gross expenditure	3	**(1,477.0)**	(1,174.9)
Net cost of services before exceptional items*		**(619.3)**	(640.6)
Net cost of services after exceptional items		**(619.3)**	(640.6)
Other net operating expenditure	7	**(2.7)**	(20.4)
Financing and investment income	8	**540.4**	436.7
Financing and investment expenditure	9	**(547.0)**	(534.9)
Grant income	10	**4,289.5**	4,613.2
Grant funding of subsidiaries		**(3,526.5)**	(4,034.2)
Surplus/(deficit) on the provision of services		**134.4**	(180.2)
Other comprehensive income and expenditure			
Items that will not be subsequently reclassified to profit or loss			
Surplus on the revaluation of property, plant and equipment	13	**0.1**	2.8
Surplus on the valuation of newly created investment properties		**0.8**	-
Net remeasurement gain/(loss) on defined benefit pension schemes	35	**2,773.2**	(1,324.5)
		2,774.1	(1,321.7)
Total comprehensive income and expenditure		**2,908.5**	(1,501.9)

* Decisions taken by the Board about resource allocation are made using internal management reports that show total expenditure for the TfL Group. No segmental disclosures are included for the Corporation as the Corporation's results are not reported to the Board on a segmental basis.

Corporation Balance Sheet

	Note	31 March 2022 £m	31 March 2021 £m
Long-term assets			
Intangible assets	12	**184.5**	86.9
Property, plant and equipment	13	**4,181.7**	4,253.7
Right-of-use assets	14	**368.5**	391.3
Investment property	15	**97.1**	11.6
Investments in subsidiaries	16	**12,782.5**	12,222.5
Debtors	21	**12,360.9**	12,259.5
		29,975.2	29,225.5
Current assets			
Debtors	21	**262.9**	439.9
Assets held for sale	22	**12.1**	17.5
Cash and cash equivalents	24	**1,231.8**	1,628.4
		1,506.8	2,085.8
Current liabilities			
Creditors	25	**(558.1)**	(907.0)
Borrowings	26	**(1,423.0)**	(1,198.1)
Right-of-use lease liabilities	14	**(27.0)**	(26.7)
PFI liabilities	27	**(10.6)**	(9.6)
Provisions	29	**(53.3)**	(64.9)
		(2,072.0)	(2,206.3)

	Note	31 March 2022 £m	31 March 2021 £m
Long-term liabilities			
Creditors	25	**(54.4)**	(24.6)
Borrowings	26	**(11,547.3)**	(11,774.1)
Right-of-use lease liabilities	14	**(367.1)**	(386.8)
PFI liabilities	27	**(91.0)**	(101.6)
Provisions	29	**(41.0)**	(29.6)
Retirement benefit obligation	35	**(3,158.8)**	(5,546.3)
		(15,259.6)	(17,863.0)
Net assets		**14,150.4**	11,242.0
Reserves			
Usable reserves		**681.2**	886.9
Unusable reserves	37	**13,469.3**	10,355.1
Total reserves		**14,150.4**	11,242.0

The Expenditure and Funding Analysis on page 110 and the notes on pages 132 to 136 form part of these financial statements. These financial statements were approved by the Board on XX July 2022 and signed on its behalf by:

Sadiq Khan
Chair of TfL

Corporation Movement in Reserves Statement

	Note	General Fund £m	Earmarked Reserve £m	**General Fund and Earmarked Reserves £m**	Street Works Reserve £m	**Usable reserves £m**	Unusable reserves £m	**Total reserves £m**
At 1 April 2020		500.0	1,080.7	**1,580.7**	23.5	**1,604.2**	11,139.7	**12,743.9**
Movement in reserves during 2020/21								
Deficit on the provision of services		(180.2)	-	**(180.2)**	-	**(180.2)**	-	**(180.2)**
Other comprehensive income and expenditure		-	-	**-**	-	**-**	(1,321.7)	**(1,321.7)**
Total comprehensive income and expenditure		(180.2)	-	**(180.2)**	-	**(180.2)**	(1,321.7)	**(1,501.9)**
Adjustments between accounting basis and funding basis under regulations	38	(538.4)	-	**(538.4)**	1.3	**(537.1)**	537.1	**-**
Net (decrease)/increase before transfer to/from Earmarked Reserves		(718.6)	-	**(718.6)**	1.3	**(717.3)**	(784.6)	**(1,501.9)**
Transfer to/from Earmarked Reserves		718.6	(718.6)	**-**	-	**-**	-	**-**
(Decrease)/increase in 2020/21		-	(718.6)	**(718.6)**	1.3	**(717.3)**	(784.6)	**(1,501.9)**
Balance at 31 March 2021		**500.0**	**362.1**	**862.1**	**24.8**	**886.9**	**10,355.1**	**11,242.0**
Movement in reserves during 2021/22								
Surplus on the provision of services		134.5	-	**134.5**	-	**134.5**	-	**134.5**
Other comprehensive income and expenditure		-	-	**-**	-	**-**	2,774.0	**2,774.0**
Total comprehensive income and expenditure		134.5	-	**134.5**	-	**134.5**	2,774.0	**2,908.5**
Adjustments between accounting basis and funding basis under regulations	38	(340.6)	-	**(340.6)**	0.4	**(340.2)**	340.2	**-**
Net (decrease)/increase before transfers to/from Earmarked Reserves		(206.1)	-	**(206.1)**	0.4	**(205.7)**	3,114.2	**2,908.5**
Transfer to/from Earmarked Reserves		206.1	(206.1)	**-**	-	**-**	-	**-**
(Decrease)/increase in 2021/22		-	(206.1)	**(206.1)**	0.4	**(205.7)**	3,114.2	**2,908.5**
Balance at 31 March 2022		**500.0**	**156.0**	**656.0**	**25.2**	**681.2**	**13,469.3**	**14,150.5**

The Earmarked Reserve has been established to finance future projects and form part of the overall funding available for the Investment Programme and revenue projects. Application of funds against specific projects is dependent on the level and mix of other sources of funding also available to fund TfL's Investment Programme.

Capital receipts received in the Corporation are fully applied during the year and a Capital Receipts Reserve has not been shown in this statement. Refer to Note 39.

Corporation Statement of Cash Flows

Year ended 31 March	Note	2022 £m	2021 £m
Surplus/(deficit) on the provision of services		**134.4**	(180.2)
Adjustments to the result for non-cash movements	36b	**449.7**	535.0
Adjustments to the result for investing or financing activities	36c	**(842.6)**	(796.8)
Net cash flows from operating activities		**(258.5)**	(442.0)
Investing activities	36d	**(100.2)**	(583.4)
Financing activities	36e	**(37.9)**	1,243.1
(Decrease)/increase in net cash and cash equivalents in the year		**(396.6)**	217.7
Net cash and cash equivalents at the start of the year		**1,628.4**	1,410.7
Net cash and cash equivalents at the end of the year	24	**1,231.8**	1,628.4

Our investment is vital to help keep London moving

Expenditure and Funding Analysis

For the year ended 31 March 2022	London Underground £m	Elizabeth line £m	Buses, streets and other operations £m	Rail £m	Other segments £m	Group items £m	**Total per management reports £m**	Central items not reported on a segmental basis £m	**Total per the Group Comprehensive Income and Expenditure Statement £m**	Less amounts recognised in subsidiaries £m	**Total per the Corporation Comprehensive Income and Expenditure Statement £m**	Adjustments between accounting basis and funding basis under regulations £m	**Amounts remaining chargeable to the General Fund £m**
Gross income	1,547.0	120.0	1,959.0	304.0	186.0	232.0	**4,348.0**	(34.6)	**4,313.4**	(3,455.7)	**857.7**	–	**857.7**
Gross expenditure	(2,285.0)	(430.0)	(2,930.0)	(490.0)	(111.0)	(232.0)	**(6,478.0)**	(1,292.5)	**(7,770.5)**	6,293.5	**(1,477.0)**	217.1	**(1,259.9)**
Net cost of services before exceptional items	(738.0)	(310.0)	(971.0)	(186.0)	75.0	–	**(2,130.0)**	(1,327.1)	**(3,457.1)**	2,837.8	**(619.3)**	217.1	**(402.2)**
Exceptional items	–	–	–	–	–	–	**–**	–	**–**	–	**–**	–	**–**
Net cost of services after exceptional items	(738.0)	(310.0)	(971.0)	(186.0)	75.0	–	**(2,130.0)**	(1,327.1)	**(3,457.1)**	2,837.8	**(619.3)**	217.1	**(402.2)**
Other net operating expenditure	–	–	–	–	–	–	**–**	(36.2)	**(36.2)**	33.5	**(2.7)**	2.7	**–**
Financing and investment income	–	–	–	–	–	–	**–**	202.6	**202.6**	337.8	**540.4**	(135.5)	**404.9**
Financing and investment expenditure	(279.0)	(93.0)	(27.0)	(40.0)	–	–	**(439.0)**	(62.8)	**(501.8)**	(45.2)	**(547.0)**	104.8	**(442.2)**
Grant income	–	–	–	–	–	2,704.0	**2,704.0**	1,647.1	**4,351.1**	(3,588.1)	**763.0**	(738.6)	**24.4**
Group share of profit before tax of joint ventures	–	–	–	–	–	–	**–**	7.9	**7.9**	(7.9)	**–**	–	**–**
Group share of profit before tax of associated undertakings	–	–	–	–	–	–	**–**	24.0	**24.0**	(24.0)	**–**	–	**–**
Capital renewals	(331.0)	(6.0)	(125.0)	(41.0)	(6.0)	(42.0)	**(551.0)**	551.0	**–**	–	**–**	–	**–**
(Deficit)/surplus before tax	(1,348.0)	(409.0)	(1,123.0)	(267.0)	69.0	2,662.0	**(416.0)**	1,006.5	**590.5**	(456.1)	**134.4**	(549.5)	**(415.1)**
Taxation	–	–	–	–	–	–	**–**	(86.2)	**(86.2)**	86.2	**–**	–	**–**
(Deficit)/surplus after tax	(1,348.0)	(409.0)	(1,123.0)	(267.0)	69.0	2,662.0	**(416.0)**	920.3	**504.3**	(369.9)	**134.4**	(549.5)	**(415.1)**
Employer's pension contributions and direct payments to pensioners payable in the year											**–**	280.9	**280.9**
Minimum revenue provision											**–**	(60.2)	**(60.2)**
Amortisation of premium on financing											**–**	(11.8)	**(11.8)**
Net decrease in 2021/22											**134.4**	(340.6)	**(206.2)**
Balance of General Fund and Earmarked Reserves at 1 April 2021													**862.1**
Balance of General Fund and Earmarked Reserves at 31 March 2022													**655.9**

Management has concluded that the Expenditure and Funding Analysis presents a true and fair view of the Group's financial performance. TfL has complied with the Code, except that it has departed from particular requirements in order to achieve a true and fair view. The nature of these departures are central items not reported on a segmental basis, which are required to be allocated and the resulting presentation. These items are not reported to management or maintained on a segmental basis and the presentation more accurately reflects our activities. The effect of this is presented on a separate line item and disclosed in Note 2.

Expenditure and Funding Analysis (continued)

For the year ended 31 March 2021	London Underground £m	Elizabeth line £m	Buses, streets and other operations £m	Rail £m	Other segments £m	Group items £m	**Total per management reports* £m**	Central items not reported on a segmental basis £m	**Total per the Group Comprehensive Income and Expenditure Statement £m**	Less amounts recognised in subsidiaries £m	**Total per the Corporation Comprehensive Income and Expenditure Statement £m**	Adjustments between accounting basis and funding basis under regulations £m	**Amounts remaining chargeable to the General Fund £m**
Gross income	664.0	49.0	1,225.0	146.0	128.0	165.0	**2,377.0**	18.8	**2,395.8**	(1,861.5)	**534.3**	-	**534.3**
Gross expenditure	(2,279.0)	(368.0)	(2,927.0)	(475.0)	(158.0)	(174.0)	**(6,381.0)**	(1,023.8)	**(7,404.8)**	6,229.9	**(1,174.9)**	184.0	**(990.9)**
Net cost of services before exceptional items	(1,615.0)	(319.0)	(1,702.0)	(329.0)	(30.0)	(9.0)	**(4,004.0)**	(1,005.0)	**(5,009.0)**	4,368.4	**(640.6)**	184.0	**(456.6)**
Exceptional items	-	-	-	-	-	-	**-**	(29.4)	**(29.4)**	29.4	**-**	-	**-**
Net cost of services after exceptional items	(1,615.0)	(319.0)	(1,702.0)	(329.0)	(30.0)	(9.0)	**(4,004.0)**	(1,034.4)	**(5,038.4)**	4,397.8	**(640.6)**	184.0	**(456.6)**
Other net operating expenditure	-	-	-	-	-	-	**-**	(63.4)	**(63.4)**	43.0	**(20.4)**	20.4	**-**
Financing and investment income	-	-	-	-	-	-	**-**	49.4	**49.4**	387.3	**436.7**	(30.9)	**405.8**
Financing and investment expenditure	(279.0)	(93.0)	(27.0)	(40.0)	-	(1.0)	**(440.0)**	(158.6)	**(598.6)**	63.7	**(534.9)**	92.0	**(442.9)**
Grant income	37.0	1.0	9.0	-	2.0	3,494.0	**3,543.0**	1,188.3	**4,732.3**	(4,153.3)	**579.0**	(786.3)	**(207.3)**
Group share of profit before tax of joint ventures	-	-	-	-	-	-	**-**	0.7	**0.7**	(0.7)	**-**	-	**-**
Group share of loss before tax of associated undertakings	-	-	-	-	-	-	**-**	(3.5)	**(3.5)**	3.5	**-**	-	**-**
Capital renewals	(203.0)	-	(100.0)	(34.0)	(3.0)	(27.0)	**(367.0)**	367.0	**-**	-	**-**	-	**-**
Deficit before tax	(2,060.0)	(411.0)	(1,820.0)	(403.0)	(31.0)	3,457.0	**(1,268.0)**	345.5	**(921.5)**	741.3	**(180.2)**	(520.8)	**(701.0)**
Taxation	-	-	-	-	-	-	**-**	10.5	**10.5**	(10.5)	**-**	-	**-**
Deficit after tax	(2,060.0)	(411.0)	(1,820.0)	(403.0)	(31.0)	3,457.0	**(1,268.0)**	356.0	**(911.0)**	730.8	**(180.2)**	(520.8)	**(701.0)**
Employer's pension contributions and direct payments to pensioners payable in the year											**-**	49.8	**49.8**
Minimum revenue provision											**-**	(55.7)	**(55.7)**
Amortisation of premium on financing											**-**	(11.7)	**(11.7)**
Net decrease in 2020/21											**(180.2)**	(538.4)	**(718.6)**
Balance of General Fund and Earmarked Reserves at 1 April 2020													**1,580.7**
Balance of General Fund and Earmarked Reserves at 31 March 2021													**862.1**

Management has concluded that the Expenditure and Funding Analysis presents a true and fair view of the Group's financial performance. TfL has complied with the Code, except that it has departed from particular requirements in order to achieve a true and fair view. The nature of these departures are central items not reported on a segmental basis, which are required to be allocated and the resulting presentation. These items are not reported to management or maintained on a segmental basis and the presentation more accurately reflects our activities. The effect of this is presented on a separate line item and disclosed in Note 2.

* The divisional split of management reporting has been restated to reflect revised internal management operating segments.

Accounting Policies

a) Code of practice
TfL is required to prepare an annual Statement of Accounts under Section 3 of the Local Audit and Accountability Act 2014, and by the Accounts and Audit Regulations 2015 (the 2015 Regulations). The 2015 Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. The Statement of Accounts has therefore been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code Board under the oversight of the Financial Reporting Advisory Board. The Code constitutes proper accounting practice for the purpose of the 2015 Regulations.

The Code for 2021/22 is based on International Financial Reporting Standards (IFRS) adopted by the EU (Adopted IFRS) and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements. It requires that local authorities prepare their financial statements in accordance with the International Accounting Standards Board (IASB) 'Framework for the Preparation and Presentation of Financial Statements' as interpreted by the Code.

CIPFA/LASAAC announced its plans to delay implementation of IFRS 16 Leases in the Code until 1 April 2022. IFRS 16 Leases (mandatory for years beginning on or after 1 January 2019 under Adopted IFRS) replaces the previous guidance in IAS 17 on leases. However, as a significant proportion of the Group's activities are conducted through subsidiary companies, which were obliged, under UK Adopted IFRS to apply IFRS 16 from 1 April 2019, CIPFA included a provision in the Code that permits TfL to adopt IFRS 16 from the same date. The Group has therefore adopted IFRS 16 in its financial statements from 1 April 2019.

The areas where the Code differs materially from Adopted IFRS are listed below:

Capital grants and contributions
Capital grants and contributions are recognised immediately in the Comprehensive Income and Expenditure Statement once there is reasonable assurance that all conditions relating to those grants have been met. Under Adopted IFRS, capital grants and contributions are recorded as deferred income and recognised in the Comprehensive Income and Expenditure Statement over the useful life of the assets funded by that grant.

FRS 102 The Financial Reporting Standard: Heritage assets
The Code has adopted the requirements of FRS 102 in respect of its rules on accounting for heritage assets. The Group has taken the exemption available under the Code to hold heritage assets at historical cost less any accumulated depreciation or impairment losses and has made additional disclosures on its heritage assets as required by the standard. There is no equivalent standard for accounting for heritage assets under Adopted IFRS.

IAS 36 Impairment of Assets
The Code requires that impairments be accounted for in accordance with IAS 36 Impairment of Assets, except where interpretations or adaptations to fit the public sector are detailed. Consequently, these financial statements have been prepared in accordance with the guidance contained in IPSAS 21 Impairment of Non-Cash-Generating Assets and IPSAS 26 Impairment of Cash-Generating Assets. This guidance stipulates that where an asset is not held primarily with the intention of generating a commercial return, that asset's value in use should be regarded as the present value of its remaining service potential, rather than the present value of the future cash flows that are expected to be derived from it.

Peppercorn rents
The Code includes an adaptation to IFRS 16 Leases in respect of the accounting for peppercorn lease arrangements for lessees. Leases with payments at peppercorn or nominal consideration that are provided at substantially below market terms, and leases for nil consideration, are accounted for as follows:

a) Any portion of the lease that is payable is accounted for in the same way as other lease obligations under IFRS 16 Leases.

b) The difference between the present value of any future lease payments due and the fair value of the lease on initial recognition is recognised as a fair value right-of-use asset on the Balance Sheet, with a corresponding gain recognised in grant income within the surplus or deficit recognised on the provision of services.

TfL has a number of leases over property and other transport infrastructure under which it pays £nil or peppercorn rents. A majority of these leases were held at peppercorn rents by a previous lessee, prior to the leases being taken on by TfL. We have undertaken an exercise to assess the fair value of the assets leased under these arrangements and have concluded that they have no material value. No amounts have therefore been recorded in these financial statements in respect of these leases.

b) Basis of preparation
The accounts are made up to 31 March 2022. The Corporation is a single service authority and all expenditure is attributable to the provision of highways, roads and transport services.

The Corporation has granted a standing delegation in its Standing Orders by which each wholly owned subsidiary (Subsidiary Entity) is delegated power to discharge any functions of TfL relevant to that Subsidiary Entity's role and responsibilities within the Group, except those functions reserved to the TfL Board. Those subsidiaries therefore directly discharge TfL's statutory functions and do so within the scope of the same statutory arrangements that apply to TfL itself.

The accounting policies set out below have been applied consistently across the Group and to all periods presented in these financial statements. The accounts have been prepared under the accruals concept and in accordance with the historical cost accounting convention, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accounting Policies (continued)

Where items are sufficiently significant by virtue of their size or nature, they are disclosed separately in the financial statements in order to aid the reader's understanding of the Corporation's and Group's financial performance.

c) Basis of consolidation
The Code requires local authorities with, in aggregate, material interests in subsidiary and associated companies and joint ventures, to prepare group financial statements.

The Group financial statements presented with the Corporation's financial statements consolidate the individual financial statements of TfL and its subsidiary undertakings. A subsidiary undertaking is an undertaking controlled by the Corporation. Control is achieved when the Corporation: has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Corporation reassesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of these elements of control.

The Group incorporates its share of the profits or losses and its share of the net assets of associated undertakings and joint ventures using the equity accounting method. Associate undertakings are those where the Group is considered to have the power to significantly influence, but not control, the financial and operating policies of the investee. Joint ventures are those where the Group has an interest in the net assets of an investee and has joint control over its financial and operating policies.

The acquisition method of accounting has been adopted for acquisitions or disposals into the Group of subsidiary undertakings. Under this method, the identifiable assets and liabilities of an acquired entity are recorded at their fair values at the date of acquisition. Costs of acquisition are expensed in line with IFRS 3 (revised) Business Combinations. The results of subsidiary undertakings acquired or disposed of are included in the Group Comprehensive Income and Expenditure Statement from the date of acquisition until the date of disposal.

d) Going concern
The financial statements have been prepared on a going concern basis as the Board remains confident that TfL will continue in operational existence for at least 12 months from the date of signing these financial statements and will meet its liabilities as they fall due for payment.

As set out in the Narrative Report, the unprecedented global outbreak of coronavirus significantly impacted the organisation's ability to execute its activities.

The Group has continued delivering essential transport services throughout the pandemic and is well positioned to partner with the Government in driving economic recovery and growth. Nevertheless, the pandemic has acted to decimate our finances and has exposed the inadequacy of the Group's current funding model. TfL's significant exposure to changes in demand due to its high fixed costs and dependence on fares revenue mean that it is particularly susceptible to recessions.

During 2020/21 and 2021/22 TfL secured a series of Extraordinary Funding and Financing Agreements from the Secretary of State, as set out in the Viability Statement section of the Narrative Report, which give it secure access to funding in the form of a mixture of Government grant and borrowing from the Public Works Loan Board until 24 June 2022. These agreements contain an acknowledgement from the Secretary of State for Transport that further financial support from the Government will be needed until April 2023, with longer term external funding being required to support TfL's capital investment programme.

A number of conditions were attached to the latest funding arrangement agreed with the DfT on 25 February 2022, details of which are set out on TfL's website (www.tfl.gov.uk). This funding arrangement is in place until the 24 June 2022.

The funding arrangement states that TfL can continue to maintain useable cash reserves of no more than an average of £1.2bn throughout, and at the end of the funding period. TfL are to provide a weekly closing cash balance of its Usable Cash Reserves, reporting the difference between TfL's cash balances and TfL's Usable Cash Reserves, identifying each third-party grant. If an average of £1.2bn is exceeded no top-up grant will be paid until TfL's Usable Cash Reserves fall below £1.2bn, taken as an average over the Reporting Period. No payments under this agreement will take TfL's Usable Cash Reserves above £1.3bn at the end of the funding period.

Over the course of the funding period to 24 June 2022, TfL will be supported by the DfT in implementing a programme of work designed to allow TfL to reach a financially sustainable position as soon as possible, with a target of no later than April 2023 and a declining trajectory, in the meantime, of temporary Government grant support. TfL will also be required to make rapid progress on longer term reforms, which are likely to be implemented beyond 2023.

The programme of work seeks to progress many of the actions delivered under the previous Extraordinary Funding and Financing Agreement dated 1st June 2021 and will include the following initiatives (among others):

- TfL will provide a plan demonstrating the options that exist to achieve up to and including £400m of appropriate revenue sources and/or cost savings initiatives in 2022/23
- TfL to progress its plan to generate between £0.5bn – £1.0bn of additional revenue from 2023. TfL will progress its recommended options through public consultation with a view to implementation by 2023
- TfL will implement the acceleration identified in its £730m modernisation plan. TfL will also provide a summary and periodic cumulative savings trajectory of the strategic initiatives identified within the plan

Accounting Policies (continued)

- TfL will agree a capital plan with government in conjunction with any long-term settlement and report to DfT on delivery, including realisation of capital efficiencies as set out in the capital efficiencies plan
- TfL will continue to deliver the service level changes that it committed to in its Financial Sustainability Plan and continue to monitor demand across its network. TfL will make an assessment on whether any future service level changes are required to support the achievement of financial sustainability by the target date of April 2023
- TfL to ensure the dedicated commercial property company established by TfL will have the required operational and financial independence to deliver housing in a high-demand area and to provide an increased revenue stream
- TfL will continue to carry out a review of its pension scheme and reform options and consider and progress, as appropriate, any proposals that may be recommended by the final report in order to move the Fund into a financially sustainable position
- A DfT-led joint programme on the implementation of Driverless Trains on the London Underground
- Build on the joint review of options for longer-term reform of the funding framework for TfL

The above initiatives and savings are within TfL's control to deliver, given the commitment from the DfT to work collaboratively with TfL over the funding period.

The Government has recognised the need for certainty and stability in TfL's capital investment pipeline and they are therefore willing to support in the short and medium term, through extraordinary grant funding, plus capital investment in renewals and enhancements. They are willing to consider a longer-term capital settlement for TfL from the start of 2022/23 for a period of one to three years.

TfL has received government's outline capital proposal and is working collaboratively with government to reach a capital settlement for TfL, which meets the shared objectives through a simple mechanism and provides certainty for TfL as it becomes financially sustainable.

In the most recent budget presented to TfL's Board in March 2022 a 'managed decline' scenario is still assumed, which includes unacceptable levels of service reductions, no new enhancement schemes and declining asset conditions – even with £500m of new revenue sources committed to TfL by the Mayor. While financially balanced, the current Budget only includes capital enhancements (major and minor) that are contractually committed, financially positive, third-party funded, or the highest-priority safety schemes. The level of net operating surplus that TfL can generate is insufficient to fund its ongoing requirement for major enhancements (including the replacement of life-expired rolling stock and signalling) and major renewals.

Reaching agreement on the capital settlement is crucial for the coming years if the 'managed decline' of London's transport network is to be avoided, and for funding security to be provided for major enhancements and major renewals, to improve the outcomes that TfL can deliver and allow TfL to use its operating incomes to mitigate the need for major service reductions on the bus network.

These current capital discussions only cover the CSR period (up to 2024/25). TfL has indicated to government that the mechanisms for capital support are likely to be needed beyond that period. This therefore creates uncertainty as to the level of longer-term capital support that will be agreed, and what this means for the shape of TfL's planned future activities beyond 2024/25.

As at 31 March 2022, TfL had capital projects in the course of construction totalling £20bn, of which £15bn related to Crossrail and £0.8bn to the Four Lines Modernisation project. The remaining balance related to a range of projects across the network at varying stages of completion. Through the work outlined above, and through ongoing discussions with the Government and the GLA, management believe that all projects in progress at 31 March 2022 should continue to be funded. However, until a longer-term financing package is formally agreed, a material level of uncertainty remains as to whether all projects in the course of construction at 31 March 2022 will be fully funded to completion.

Uncertainty also exists in respect of the levels of future funding available to support our operational services. If future funding levels are set such that the level of services currently operated needs to be revised, some assets in use as at 31 March may no longer have the useful economic lives assumed in these financial statements. If projects or non-essential elements of in-progress projects are not funded, or if changes in services provided are required, there could be a possible further impairment of carrying values at 31 March 2022, which is not reflected in these financial statements.

As at 31 March 2022, the Group had usable reserves totalling £681.2m.

Accounting Policies (continued)

e) The application of new and revised standards
The Code stipulates that the requirements of IFRS and other pronouncements by the International Accounting Standards Board (as adopted by the EU) be applied unless specifically adapted or otherwise stated by the Code. The following new standards and amendments have therefore been applied for the first time in these financial statements:

- Reporting requirements of Interest Rate Benchmark Reform

  Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform and additional disclosures related to interest rate benchmark reform.

  The impact of the IBOR reform has been documented and it has been assessed to have minimal impact on TfL's Accounts for year ending 31 March 2022. The instruments that used to reference GBP LIBOR are lease contracts and interest rate swaps hedging the finance cost related to those leases and commercial papers. The interest rate swaps have been treated under the normal IFRS 9 hedge discontinuation rules as they were terminated, while the leases met the economically equivalent criteria for the application of the practical expedient allowed under the guidance for derecognition.

- Definition of a Business: Amendments to IFRS 3

  Definition of a Business: Amendments to IFRS 3 has been introduced in the 2021/22 Code. The amendments clarify the definition of a business, with the aim of helping entities to determine whether a transaction should be accounted for as an asset acquisition or a business combination. This amendment has had no impact on the consolidated financial statements of the Group.

f) Accounting standards that have been issued but have not yet been adopted
The following revisions to IFRS are expected to be applicable in future periods, subject to endorsement where relevant. These have been issued by the EU, but have not been applied in these financial statements:

- IFRS 17 Insurance Contracts (mandatory for years commencing on or after 1 January 2023)

- IFRS 17 will replace IFRS 4 and provides an accounting model for insurance contracts that is more useful and consistent for insurers than existing standards. This standard is not expected to have a significant impact for the TfL Group

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (effective for annual periods beginning on or after 1 January 2022)
  The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment must be applied retrospectively only to assets made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (effective for annual periods beginning on or after 1 January 2022)

  The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specifies that only directly related costs need to be included when assessing whether a contract is onerous or loss-making. The directly related costs include both incremental costs (e.g. the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g. depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded, unless they are explicitly chargeable to the counterparty under the contract.

  The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2023)

  The amendments clarify the requirements for classifying liabilities as current or non-current.

- Reference to the Conceptual Framework – Amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022)

  The amendment adds an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

Accounting Policies (continued)

- The amendments must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards.

- Amendments from the 2018-2020 annual improvements cycle consisting of:

  (i) Subsidiary as a first-time adopter of International Financial Reporting Standards (IFRS 1). The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

  An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted

  (ii) Fees in the '10 per cent' test for derecognition of financial liabilities under IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method)

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3.

- Amendment to IAS 8 on Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023) – The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors

- Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (effective for annual periods beginning on or after 1 January 2023) – The entity is now required to disclose its 'material' accounting policy information

- Amendment to IAS 12 on Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023) – The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense)

The Group does not consider that any standards, amendments or interpretations issued by the IASB, but not yet applicable, other than those indicated in the paragraphs above, will have a significant impact on the financial statements.

g) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative Comprehensive Income and Expenditure Statement is re-presented as if the operation had been discontinued from the start of the comparative period.

h) Uses of estimates, judgements and errors

The preparation of financial statements in conformity with the Code requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed below. It is not considered likely that any reasonably possible changes in key assumptions in the next 12 months would have a material impact on the carrying amounts of Balance Sheet items not already held on the Balance Sheet at fair value.

Use of judgement

Determining whether an arrangement contains a lease

In determining whether an arrangement contains a lease, as required by IFRS 16 Leases, there is significant judgement in determining whether the arrangement conveys the right to control the use of an identified asset and in determining the lease term, particularly in respect of whether the Group is reasonably certain to exercise extension options or renewal options.

For arrangements where TfL is a lessor there is significant judgement involved in respect of whether the arrangement is a finance or an operating lease.

Accounting Policies (continued)

Classification of investment properties
The Code requires that properties be classified as investment properties where they are held solely for the purpose of capital appreciation or to earn rentals. The Group owns a number of commercial properties as part of its infrastructure where part of the property is leased out to third parties. Judgement needs to be exercised in determining whether these properties can be separately identified and classified as investment properties in accordance with the requirements of the Code. As investment properties are valued at fair value with movements in the fair value being recorded in the Comprehensive Income and Expenditure Statement this could have a significant effect on the financial performance of the Group.

Leases
From the lessor's perspective in assessing whether a lease is an operating lease or a finance lease, judgement needs to be exercised in determining whether or not substantially all the risks and rewards of ownership of the leased asset are retained by the Group or are transferred to the lessee. Given that assets leased under a finance lease are derecognised from the Balance Sheet, and assets leased out under operating leases are not, this can have a significant effect on the reported financial position of the Group.

Availability of future capital funding
In assessing whether any impairment of the carrying value of assets under construction on the Balance Sheet date is required, management exercises judgement as to the level of funding that may be available to fund future expenditure on these projects through to completion. If insufficient future funding is anticipated, management reviews the carrying value of existing assets under construction for possible impairment.

Capitalisation of assets with third party interest
In assessing situations where TfL assets are constructed on, or have significant involvement with, external third parties, judgement is exercised in determining whether substantially all the risks and rewards of ownership of the asset are held by the Group.

Use of estimates

Useful economic life of property, plant and equipment
In determining the useful economic life of property, plant and equipment management estimate the length of time that the assets will be operational.

Post-retirement benefits
The pension costs and defined benefit plan obligations of the Group are calculated on the basis of a range of assumptions, including the discount rate, inflation rate, salary growth and mortality. Differences arising as a result of actual experience differing from the assumptions, or future changes in the assumptions will be reflected in subsequent periods. A small change in assumptions can have a significant impact on the valuation of the liabilities. More details are given in note 35.

Financial derivative instruments
The Group uses financial derivative instruments to manage certain exposures to fluctuations in foreign currency exchange rates and interest rates. In making its assessment and judgements, the Group assesses the effectiveness of the derivatives and changes in their fair values. Note 34 and Accounting Policy aj) on financial instruments provide detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as a sensitivity analysis for these assumptions. Management believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

Provisions
Estimation techniques are employed in the calculation of the best estimate of the amount required to settle obligations, including determining how likely it is that expenditure will be required by the Group. This can be very complex, especially when there is a wide range of possible outcomes. More details are given in note 29.

Expected credit loss allowance
The expected credit loss allowance recognised in respect of financial assets is based on a forward-looking probability-weighted measure considering reasonable and supportable information on past events, current conditions and the time value of money. As at 31 March 2021 and 2022, management were required to make estimates regarding future losses based on the impact of the coronavirus outbreak on credit risk. Given the unprecedented nature of the pandemic, a greater than usual level of judgement was involved in reaching this estimate.

Taxes
Deferred tax assets are recognised for unused tax losses only to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses carried forward with a tax value of £1,313.4m (2021 £999.0m). These losses relate to subsidiaries that have a history of losses, do not expire, and may be used to offset future taxable income in those subsidiaries. If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by £2,950.1m (2021 £2,119.9m).

Investment property
Investment property, which is property held to earn rentals and/or capital appreciation, is stated at its fair value (open market value), as estimated by external, professionally qualified surveyors in accordance with Royal Institution of Chartered Surveyors (RICS) guidelines. Gains and losses from changes in the fair value of investment property are included in the Comprehensive Income and Expenditure Statement for the period in which they arise.

Office buildings
Owner-occupied office buildings held within property, plant and equipment are held at their existing use value, as estimated by external, professionally qualified surveyors in accordance with RICS guidelines. Movements in the value of the property are taken to the revaluation reserve.

Accounting Policies (continued)

Leases

When the interest rate implicit in the lease cannot be readily determined, TfL's incremental borrowing rate (IBR) at the lease commencement date is used to calculate the present value of the lease payments. This is the interest rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. When no observable inputs are available, the Group estimates the IBR, making assumptions to reflect the terms and conditions of the lease and certain entity-specific estimates. These assumptions include the consideration of a number of components including the risk-free rate, the lease term, the credit spread and adjustments related to the specific nature of the underlying asset.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or change in circumstances occurs that affects this assessment.

Valuation of peppercorn leases

TfL has a number of leases over property and other transport infrastructure under which it pays nil or peppercorn rents. It has undertaken an exercise to assess the fair value of the assets leased under these arrangements and has concluded that they have no material value. No amounts have therefore been recorded in the financial statements in respect of these leases.

Defined benefit plans

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality.

Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high-quality corporate bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates.

Further details about pension obligations are provided in note 35.

i) Revenue recognition

Revenue includes income generated from the provision of travel, other fees and charges, the letting of commercial advertising space and the rental of commercial properties.

Revenue is measured after the deduction of value added tax (where applicable).

Fares revenue

Revenue from annual or periodic tickets and Travelcards is recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the period of validity of the ticket or Travelcard as TfL has a stand ready obligation to provide unlimited travel over the period of validity of the ticket or Travelcard. Oyster pay as you go revenue is recognised on usage and one-day Travelcards and single tickets are recognised on the day of purchase.

Revenue received in advance and not recognised in the Comprehensive Income and Expenditure Statement is recorded in the Balance Sheet and held within current liabilities – contract liabilities representing creditors' receipts in advance for Travelcards, bus passes and Oyster cards.

Revenue in respect of free and reduced fare travel for older customers and disabled customers

Revenue from the London Borough Councils in respect of free travel for older and disabled customers is recognised on a straight-line basis over the financial year to which the settlement relates, as TfL has a stand ready obligation to provide unlimited travel over the financial year to which the settlement relates.

Congestion Charging

The standard daily Congestion Charge, including those paying through auto-pay, is recognised as income on the day the eligible vehicle enters the Congestion Charge zone.

Income from penalty charge notices is recognised at an amount adjusted for the probability of cancellation, as payment becomes due. Each increase in charge results in income being recognised in full at the date the increase is applied.

Road network compliance

Income from penalty charge notices for traffic and parking infringements on red routes is recognised as it becomes due. Each increase in charge results in income being recognised in full at the date the increase is applied.

Taxi licensing

Income from taxi and private hire licences is recognised on a straight-line basis over the term of the licence.

Accounting Policies (continued)

Commercial advertising
TfL grants a concessionaire partner control over certain advertising assets to facilitate the generation of advertising income across its estate and receives income from this arrangement. This is considered a lease arrangement for accounting purposes.

Where the arrangement is viewed as an operating lease under IFRS 16, revenue is recognised on a straight-line basis over the term of the contract.

Where the arrangement is viewed as a finance lease (where the lease transfers substantially all the risks and rewards of ownership of the underlying asset to the third party), a lease receivable is recognised. Finance income is recognised over the term of the lease, based on a pattern reflecting a constant periodic rate of return on the lease receivable. Lease receipts are allocated between reducing the principal balance and interest income.

TfL, through its concessionaire partner, also sells advertising space to customers and receives income from such arrangements under a revenue share agreement with its concessionaire. Revenue share income is dependent upon the revenue generated by the concessionaire and is therefore contingent in nature. Such revenue is recognised in the period when it is earned.

The Group receives performance monitoring credits when certain performance standards are not met. The performance monitoring credits are recognised as revenue when they are earned.

Rental income
Rental income from operating leases of properties, ATMs and car parks is recognised on a straight-line basis over the term of the lease. Rent-free periods, incentives, or fixed annual increases in lease payments are spread on a straight-line basis over the lease term. Any inflation linked annual increases in rentals are treated as contingent rents and are recognised as income when they occur. Rental income based on tenant turnover is considered to be variable income and is therefore recognised as income in the period in which it is earned.

As a result of the pandemic, there have been instances where credit notes have been issued to tenants after the invoices have been issued. In such instances, it is our accounting policy to account for the rent forgiveness as a loss (that is, not a reduction in lease income) in the income statement, with a corresponding reduction to the lease receivable in the period in which the reduction is contractually agreed.

For finance leases, where the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the customer, a lease receivable is recognised. Finance income is recognised over the term of the lease, based on a pattern reflecting a constant periodic rate of return on the lease receivable. Lease receipts are allocated between reducing the principal balance and interest.

Third party contributions to operating costs
Revenue from third-party contributions to operating costs is earned on services performed by TfL in conjunction with other organisations or Government in relation to works such as dropping curbs, building roundabouts, installing traffic lights, installing shelters, escalators or elevators in stations, installing bus shelters, etc.

Revenue from third-party contributions is measured on the basis of progress towards completion, calculated using the proportion of costs incurred to date in relation to the total costs to be incurred on the entire project.

Revenue from telecoms concessionaire arrangements
Revenue from the concessionaire arrangements relates to the exclusive right granted to the concessionaire to access TfL's broader asset base to install and maintain its new telecommunications assets. The Fixed Concession Fee is recognised on a straight-line basis over the period of the concessionaire term. Revenue share fees are recognised as income when they occur.

Cycle hire scheme revenues
Sponsorship revenue is recognised on a straight-line basis over the term of the contract, as it represents an obligation to provide branding promotion to the customer during the period of the contract.

Annual memberships scheme revenue is recognised on a straight-line basis over the membership period, as it represents an obligation to provide specific numbers of memberships to clients during the membership period.

Daily access fees are recognised upon providing the customer with access to the bicycles.

Museum income
Store sales
Revenue from store sales is recognised at the point of sale to the customer.

Venue hire revenue
Revenue from venue hire is recognised on the date when the space is provided to the customer.

Venue hire catering commission
Venue hire catering commission is recognised upon completion of the event based on the estimated consideration receivable from the customer.

Corporate membership scheme
Corporate membership scheme revenue is recognised on a straight-line basis over the period of membership, as it represents a stand-ready obligation to provide unlimited entry during the period of membership.

Café concessionaire commission
Revenue from café concessionaire commission income is recognised over the term of the concessionaire contract and measured based on the estimated consideration receivable from the concessionaire in each period.

Ticket and photocard commission income
Revenue from ticket and photocard commission income is recognised upfront when the ticket or photocard is issued.

Accounting Policies (continued)

j) Segmental reporting
In accordance with the Code, the Group's operating segments have been determined by identifying the segments whose operating results are reviewed by the Board, when making decisions regarding the allocation of resources and for the assessment of performance.

The operating segments of the Group and their principal activities are as follows:

- Underground – Provision of passenger rail services on the London Underground and refurbishment and maintenance of certain parts of the rail network
- Elizabeth line – Delivery of passenger rail services on the Elizabeth line and services currently operating as TfL Rail
- Buses, streets and other operations – Provision of bus services; maintenance of London's roads and cycle routes; and provision of other operations, including Dial-a-Ride, London River Services, Taxi and Private Hire, Santander Cycles, Victoria Coach Station and the Emirates Air Line
- Rail – Provision of passenger rail services through contracted third-party operators on the DLR, London Overground and London Trams
- Major projects – Delivery of TfL's largest and most complex infrastructure projects
- Property development – Investment in our commercial and residential estate and building portfolio
- Media – Advertising estate and digital marketing infrastructure

Within these financial statements, the Major projects, Property and Media segments outlined above have been combined and disclosed collectively as 'Other segments'. Amounts included in TfL Group level management reporting, but excluded from divisional breakdowns, are referred to as 'Group items'.

TfL's management reports to the TfL Board are presented using a basis of preparation that differs to the accounting requirements of the CIPFA Code. A reconciliation between the operating performance of the Group as reported to the Board to amounts included in the Group Comprehensive Income and Expenditure Statement is set out in note 2.

k) Exceptional items
Exceptional costs are costs that are unusual, infrequent and which do not occur in the normal course of operations. An unusual event or transaction has a high degree of abnormality and is clearly unrelated to (or only incidentally related to) the ordinary activities of the organisation, taking into account the operating environment. Infrequent refers to events and transactions that would not reasonably be expected to recur in the foreseeable future, taking into account the operating environment.

The significant costs incurred in relation to the coronavirus pandemic, such as costs incurred in bringing construction projects to a Safe Stop, were considered exceptional items. These costs were identified separately below the net cost of services on the face of the Comprehensive Income and Expenditure Statement.

l) Grants and other funding
The main source of grant funding during 2021/22 and 2020/21 was the Extraordinary Funding Support Grant from the DfT. Other grants included a share of Business Rate Retention received from the GLA, which is classified as a resource grant; and specific capital grants from the GLA for the Crossrail project.

In the accounts of the Corporation and Group, all non-specific grants are credited to the Comprehensive Income and Expenditure Statement upon receipt or when there is reasonable assurance that the grant will be received. If a capital grant is received but certain conditions remain before it may be applied, it will be held, in the first instance, as capital grant received in advance, within the payables section of the Balance Sheet. Once any relevant conditions have been met, the capital grant is credited to the Comprehensive Income and Expenditure Statement.

Where expenditure on property, plant and equipment is financed either wholly or partly by capital or non-specific grants or other contributions, the amount of the grant applied is credited to the Capital Adjustment Account through the Movements in Reserves Statement. Amounts not utilised in the year are credited to the Capital Grants Unapplied Account, a usable reserve, for application in future periods.

Amounts of non-specific grants not used in the year are credited to the General Fund balance or to an Earmarked Reserve for specific use in future periods, where appropriate.

Grant received on the Furlough Scheme in 2020/21 was credited to the Comprehensive Income and Expenditure Statement upon receipt.

m) Overheads
Overheads are recognised in the Comprehensive Income and Expenditure Statement on an accruals basis.

n) Financing and investment income and expenses
Financing and investment income comprises interest income on funds invested, interest received in relation to finance leases, and premia received on the early settlement of borrowings. Interest income is recognised in the Comprehensive Income and Expenditure Statement as it accrues, using the effective interest rate method.

Financing and investment costs comprise the interest expense on borrowings and lease liabilities and the net financing cost on defined benefit pension obligations. Also included are premia paid on the early settlement of borrowings and interest rate derivatives. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the Comprehensive Income and Expenditure Statement using the effective interest rate method (see also Accounting Policy z) Borrowing costs).

Also included within financing and investment income or expenditure are fair value gains or losses recognised in relation to the revaluation of investment properties, and any profits or losses recognised on disposal of investment properties.

Accounting Policies (continued)

o) VAT
VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

p) Taxation
Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Comprehensive Income and Expenditure Statement except to the extent that they relate to a business combination, or to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of offset.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

q) Business combinations
On the acquisition of a business, fair values are attributed to the identifiable assets and liabilities and contingent liabilities unless the fair value cannot be measured reliably in which case the value is subsumed into goodwill. Where fair values of acquired contingent liabilities cannot be measured reliably, the assumed contingent liability is not recognised but is disclosed in the same manner as other contingent liabilities.

Goodwill is the difference between the fair value of the consideration payable and the fair value of net assets acquired.

r) Intangible assets
Goodwill
Where the cost of a business combination exceeds the fair values attributable to the net assets acquired, the resulting goodwill is capitalised and tested for impairment at each Balance Sheet date. Goodwill is allocated to income-generating units for the purpose of impairment testing.

Other intangible assets
Software costs are measured at cost less accumulated depreciation and accumulated impairment losses.

Amortisation is charged to the Comprehensive Income and Expenditure Statement on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, unless such lives are indefinite.

The useful lives and amortisation methods for software costs are as follows:

Software costs	Straight-line	Up to 10 years

s) Property, plant and equipment
Recognition and measurement
Infrastructure consists of roads, tunnels, viaducts, bridges, stations, track, signalling, bus stations and stands; properties attached to infrastructure which are not separable from infrastructure; and properties attached to infrastructure that are used to facilitate the service provision but are limited in use by operational constraints. Some of these properties generate revenues which are considered to be incidental to the Group's activities.

Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives, they are recognised separately.

Infrastructure, plant and equipment and rolling stock are measured at cost less accumulated depreciation and accumulated impairment losses. Assets under construction are measured at cost less any recognised impairment loss.

Owner-occupied office buildings are valued at existing use value by external, professionally qualified surveyors in accordance with RICS Guidelines. Existing use value is the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at the measurement date. In determining the existing use value, the capitalisation of net income method and

Accounting Policies (continued)

the discounting of future cash flows to their present value has been used. This is based upon various assumptions including the anticipated future rental income, maintenance costs and the appropriate discount rate, making reference to market evidence of transaction prices for similar properties. A deduction is made to reflect purchaser's acquisition costs.

Valuations are performed annually. Movements in the value of the property are taken to the Revaluation Reserve, with the exception of permanent diminutions in value which are recognised in profit or loss.

The cost of certain items of property, plant and equipment was determined by reference to a revalued amount determined under a previous accounting regimen. The Group elected to apply the optional exemption to use this previous valuation as deemed cost at 1 April 2009, the date of transition to IFRS.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, borrowing costs on qualifying assets for which the commencement date for capitalisation is on or after 1 April 2009, and any other costs directly attributable to bringing the assets to a working condition for their intended use. Where there is a legal obligation to remove the asset and/or restore the site on which it is located at the end of its useful economic life, the costs of dismantling and removing the items and restoring the site on which they are located are also included in the cost of the asset.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. When components are replaced, the costs of the overhaul are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognised net within other gains and losses in the Comprehensive Income and Expenditure Statement.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less the expected residual value at the end of its useful economic life.

Depreciation is recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Tunnels and embankments	up to 120 years
Bridges and viaducts	up to 120 years
Track	up to 120 years
Road pavement	up to 40 years
Road foundations	up to 50 years
Signalling	up to 40 years
Stations	up to 120 years
Other property	up to 120 years
Rolling stock	up to 50 years
Lifts and escalators	up to 40 years
Plant and equipment	up to 75 years
Computer equipment	up to 15 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate, the effect of such adjustment being prospectively recognised as a change of estimate.

t) Heritage assets

Property, plant and equipment includes a number of assets classified as heritage assets in accordance with the Code. Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. These provisions apply to the collection of transport-related artefacts held at London Transport Museum. Due to the diverse nature of the assets held and the lack of comparable market values, the cost of obtaining a valuation of TfL's heritage assets is such that it would not be commensurate with the benefits provided to users of the financial statements. TfL has therefore taken the exemption available under the Code to hold its heritage assets at historical cost less any accumulated depreciation or impairment losses.

u) Investment property

Investment property is property held solely either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Investment property is measured initially at cost, including transaction costs, and subsequently measured at fair value, with any change therein recognised in profit or loss within financing and investment income or expenditure. During 2020/21 and 2021/22, as part of an exercise undertaken by management to create a consolidated commercial property portfolio, new lease structures created allowed the recognition, for the first time, of newly separable investment property assets which were recorded within investment property at fair value at the date of creation of the lease structure. Due to the fact that these assets were created through the separation of new lease structures from larger items of transport infrastructure (included within property, plant and equipment) and the revaluation uplift recorded on initial recognition does not fairly represent the increase in value in the period of the underlying assets, these valuation gains were recognised directly within other comprehensive income. Movement in the fair values of existing investment properties continued to be recognised within financing income or expenditure.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. Investment properties held at fair value are not subject to depreciation.

Accounting Policies (continued)

Investment properties are valued annually at fair value by external, professionally qualified surveyors in accordance with RICS Guidelines. Fair value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The methodology assumes the valuation is based on the highest and best use of the asset. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value has been used. This is based upon various assumptions including the anticipated future rental income, maintenance costs and the appropriate discount rate, making reference to market evidence of transaction prices for similar properties. A deduction is made to reflect purchaser's acquisition costs. Properties are therefore categorised as Level 3 in the fair value hierarchy, as the measurement technique uses significant unobservable inputs to determine the fair value measurements.

Revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. Any such gains and losses recognised by the Corporation are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and transferred to the Capital Adjustment Account.

v) Investment in joint ventures

A joint venture is a type of joint arrangement wherein the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment is initially recognised on the Balance Sheet at cost and is thereafter adjusted to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

w) Investment in associated undertakings

An associate is an entity over which the Group has significant influence, but not control. The results and assets and liabilities of associates are incorporated in these consolidated accounts using the equity method of accounting from the date on which the investee becomes an associate. Under the equity method, the investment is initially recognised on the Balance Sheet at cost and is thereafter adjusted to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

x) Inventories

Inventories consist primarily of fuel, uniforms, and materials required for the operation of services and maintenance of infrastructure. Equipment and materials held for use in a capital programme are accounted for as inventory until they are issued to the project, at which stage they become part of assets under construction.

Inventories are stated at cost less a provision for excess and obsolete inventories. Cost comprises direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

y) Assets held for sale

Long-term assets (and disposal groups comprising a group of assets and potentially some liabilities that an entity intends to dispose of in a single transaction) are classified as held for sale if: their carrying amount will be recovered principally through sale rather than continuing use, they are available for immediate sale and sale is highly probable.

On initial classification as held for sale, long-term assets or disposal groups are measured at the lower of their previous carrying amount and fair value less costs to sell. No amortisation or depreciation is charged on long-term assets (including those in disposal groups) classified as held for sale.

z) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (those necessarily taking a substantial period of time to get ready for their intended use) are added to the cost of those assets, until such time as the assets are ready for their intended use. The Group has opted to use the date of transition to IFRS (1 April 2009) as the effective date for applying IAS 23 Borrowing Costs (IAS 23).

In the initial phase of the first lockdown in 2020, on-site works on our capital projects were brought to a temporary Safe Stop. During this period, capitalisation of borrowing costs was temporarily paused and interest incurred during this period was recognised within financing and investment expenditure.

All other finance and borrowing costs are recognised in the Comprehensive Income and Expenditure Statement in the period in which they are incurred.

aa) Provisions

Provisions are recognised on the Balance Sheet when a present legal or constructive obligation exists for a future liability in respect of a past event and where the amount of the obligation can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the Balance Sheet date and are discounted to present value where the effect is material.

ab) Foreign currencies

Transactions in currencies other than sterling are recognised at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Accounting Policies (continued)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Accounting Policy aj) below for hedging accounting policies).

ac) Leases (the Group as lessee)

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

The lease liabilities arising from a lease are initially measured on a present value basis comprising the following lease payments:

- Fixed payments (including in-substance fixed payments) less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option
- Lease payments to be made under reasonably certain extension options

The lease payments are discounted using the TfL Group's incremental borrowing rate, being the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

For the current year, TfL's incremental borrowing rate for each tenor consists of Public Works Loan Board (PWLB) as this is the source of borrowing we have used during the pandemic.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate takes effect, then the lease liability is re-measured using the changed cash flows and changed discount rate. Further, a corresponding adjustment is also made to the right-of-use asset.

Lease payments are allocated between the repayment of principal and a finance cost. The finance cost is charged to the Comprehensive Income and Expenditure Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use assets are measured at cost comprising the following:

- The amount of initial measurement of lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs
- Restoration costs

The right-of-use assets are generally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If it is reasonably certain that the Group will exercise a purchase option, then the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and with low-value assets are recognised on a straight-line basis as an expense in the Comprehensive Income and Expenditure Statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

IFRS 16 permits the use of a practical expedient that permits lessees to make an accounting policy election, by class of underlying asset, to account for each separate lease component of a contract and any associated non-lease components as a single lease component. Contracts for bus services contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. TfL's accounting policy is to apply this expedient to other equipment as a class of underlying asset. If the non-lease components over the contract duration total less than five per cent of the total contract value or £500,000, whichever is lower, then the non-lease and lease components are treated as a single lease.

Peppercorn leases

Leases with payments at peppercorn or nominal consideration that are provided at substantially below market terms, and leases for nil consideration, are accounted for as follows:

- Any portion of the lease that is payable is accounted for in the same way as other lease obligations under IFRS 16 Leases
- The difference between the present value of any future lease payments due and the fair value of the lease on initial recognition is recognised as a fair value right-of-use asset on the Balance Sheet, with a corresponding gain recognised in grant income within the surplus or deficit recognised on the provision of services

TfL has a number of leases over property and other transport infrastructure under which it pays £nil or peppercorn rents. It has undertaken an exercise to assess the fair value of the assets leased under these arrangements and has concluded that they have no material value. No amounts have therefore been recorded in the financial statements in respect of these leases.

Accounting Policies (continued)

ad) Leases (the Group as lessor)
Lease income from operating leases is recognised as income on a straight-line basis over the lease term. Rent free periods, incentives, or fixed annual increases in the lease payments are spread on a straight-line basis over the lease term. Any inflation linked annual increases in rentals are treated as contingent rents and are recognised as income when they occur. Rental income based on turnover is considered variable and therefore is recognised in the period in which it is earned. The respective leased assets are included in the Balance Sheet within property, plant and equipment based on their nature.

Lease income from finance leases is recognised over the lease term at an amount that produces a constant periodic rate of return on the remaining balance of the net investment in the lease. The net investment in the lease is the sum of lease payments receivable during the lease term discounted at the interest rate implicit in the lease.

Lease income in respect of property leases has been adversely impacted by the coronavirus pandemic. Bespoke support has been provided to tenants on a case-by-case basis and includes the grant of rent-free periods and other arrangements reflecting the position of each customer. The accounting treatment for the tenant support, which results in some divergence between net rental income on a reported basis and cash flow basis, is as follows:

- Rent-free periods are generally considered to constitute a lease modification under IFRS 16, with the lease incentive deferred over the remaining lease term. The lease incentive balance will be assessed for impairment at each reporting date. If the pandemic continues and if the level of tenant failures is higher than expected, the impairment of tenant incentives and bad debt expense is also expected to increase
- Lease income from finance leases is recognised over the lease term at an amount that produces a constant periodic rate of return on the remaining balance of the net investment in the lease. The net investment in the lease is the sum of lease payments receivable during the lease term discounted at the interest rate implicit in the lease
- On lease commencement the carrying value of the asset is derecognised, the net investment in the lease is recognised as a finance lease receivable and any selling profit or loss is recognised in the Comprehensive Income and Expenditure Statement

ae) Private Finance Initiative (PFI) transactions and similar contracts
The Code requires the Group to account for infrastructure PFI schemes where it controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement. TfL therefore recognises such PFI assets as items of property, plant and equipment together with a liability to pay for them. The fair values of services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

a) The service charge

b) Repayment of the capital

c) The interest element (using the interest rate implicit in the contract)

Services received
The fair value of services received in the year is recorded under the relevant expenditure headings within 'gross expenditure'.

Assets
Assets are recognised as property, plant and equipment or intangible assets when they come into use. The assets are measured initially at fair value in accordance with IPSAS 32 Service Concession Arrangements – Grantor (IPSAS 32).

Where the operator enhances assets already recognised in the Balance Sheet the fair value of the enhancement in the carrying value of the asset is recognised as an asset.

Liabilities
A PFI liability is recognised at the same time as the assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the year and is charged to financing and investment expenditure within the Comprehensive Income and Expenditure Statement.

The element of the unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

Life cycle replacement
Components of the asset replaced by the operator during the contract (lifecycle replacement) are capitalised where they meet the Group's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

af) Impairment of non-financial assets
Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Other intangible assets, property, plant and equipment and investments in subsidiaries, joint ventures and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

Impairment occurs when an asset's carrying value exceeds its recoverable amount. An asset's recoverable amount is the higher of its value in use and its fair value less costs to sell.

Accounting Policies (continued)

In accordance with the Code, when an asset is not held primarily for the purpose of generating cash flows but for service provision, value in use is the present value of the asset's remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential. This is the case for the majority of the Group's assets.

ag) Employee benefits

Defined benefit pension plans

The majority of the Group's employees are members of the Group's defined benefit plans, which provide benefits based on final pensionable pay. The assets of schemes are held separately from those of the Group.

On retirement, members of the schemes are paid their pensions from a fund which is kept separate from the Group. The Group makes cash contributions to the funds in advance of members' retirement.

Every three years the Group's schemes are subject to a full actuarial funding valuation using the projected unit method. Separate valuations are prepared for accounting purposes on an IAS 19 basis as at the Balance Sheet date. Pension scheme assets are measured using current market bid values. Pension scheme defined benefit obligations are measured using a projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the defined benefit obligation.

The difference between the value of the pension scheme assets and pension scheme liabilities is a surplus or a deficit. A pension scheme surplus is recognised to the extent that it is recoverable and a pension scheme deficit is recognised in full. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which it occurs. Remeasurement recognised in other comprehensive income will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit obligation or asset. Defined benefit costs are categorised between;
(a) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements),
(b) net interest expense or income, and
(c) remeasurement. The Group presents the first two components in profit or loss within the surplus on the provision of services before tax. Curtailment gains and losses are accounted for as past service costs.

Multi-employer exemption

For certain defined benefit schemes, the Corporation and/or the Group is unable to identify its share of the underlying assets and defined benefit obligations of the scheme on a consistent and reasonable basis. As permitted by the multi-employer exemption in the Code, these schemes are accounted for as defined contribution schemes. Contributions are therefore charged to the Comprehensive Income and Expenditure Statement as incurred.

Group schemes under common control

The Corporation and certain of its subsidiaries are members of a Group defined benefit plan wherein risks are shared between the entities under common control. There is no contractual arrangement in place to apportion the net defined benefit cost across the member entities. Accordingly, in line with the provisions of IAS 19, the total net defined benefit obligation is recognised in the individual financial statements of the sponsoring employer, the Corporation.

Unfunded pension schemes

Ex gratia payments are made to certain employees on retirement in respect of service prior to the establishment of pension funds for those employees. Supplementary payments are made to the pensions of certain employees who retired prior to the index linking of pensions. The Group also augments the pensions of certain employees who retire early under voluntary severance arrangements. In addition, certain employees also accrue benefits under an unfunded pension arrangement. These unfunded pension liabilities are provided for in the Balance Sheet.

Defined contribution plans

Some employees are members of defined contribution plans. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the Comprehensive Income and Expenditure Statement in the periods during which services are rendered by employees.

Other employee benefits

Other short- and long-term employee benefits, including holiday pay and long service leave, are recognised as an expense over the period in which they accrue.

ah) Reserves

Reserves consist of two elements, usable and unusable.

Usable reserves are those that can be applied to fund expenditure. They are made up of the General Fund, Earmarked Reserves, the Capital Grants Unapplied Account and the Street Works Reserve. Amounts in the Street Works Reserve represent the net income/expenditure generated from lane rental revenues. These net revenues may only be employed in funding the reduction of disruption and other adverse effects caused by street works.

Accounting Policies (continued)

Unusable reserves cannot be applied to fund expenditure as they are not cash backed. They include the Capital Adjustment Account, Pension Reserve, the Hedging Reserve, the Financial Instruments Revaluation Reserve, the Financial Instruments Adjustment Account, the Retained Earnings Reserve in subsidiaries and the Fixed Asset Revaluation Reserve.

ai) Expenditure and Funding Analysis
The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (grants, business rates, etc.) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between TfL's operating segments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

aj) Financial instruments
Financial instruments within the scope of IFRS 9 Financial Instruments (IFRS 9) are classified as:

- Financial assets measured at amortised cost
- Financial assets measured at fair value through other Comprehensive Income and Expenditure (FVTOCI)
- Financial assets measured at fair value through the Comprehensive Income and Expenditure Statement (FVTPL)
- Financial liabilities measured at amortised cost
- Financial liabilities at fair value through the Comprehensive Income and Expenditure Statement (FVTPL)

The Group determines the classification of its financial instruments at initial recognition. Financial assets may be reclassified only when the Group changes its business model for managing financial assets, at which point all affected financial assets would be reclassified. Financial liabilities are not reclassified subsequent to initial recognition.

When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus any directly attributable transaction costs. The exception to this is for assets and liabilities measured at fair value through the Comprehensive Income and Expenditure Statement, where transaction costs are immediately expensed.

The subsequent measurement of financial instruments depends on whether they are financial assets or financial liabilities and whether specified criteria are met.

Financial assets are measured at amortised cost if:

- It is the objective of the Group to hold the asset in order to collect contractual cash flows; and
- The contractual terms give rise to cash flows, which are solely repayments of a principal value and interest thereon

After initial recognition, these assets are carried at amortised cost using the effective interest rate method if the time value of money is significant. Gains and losses are recognised in the Comprehensive Income and Expenditure Statement when the asset is derecognised or a loss allowance applied, as well as through the amortisation process.

Financial assets are measured at FVTOCI if:

- Assets are non-derivative and held within a business model whose objective is to realise their value through either the collection of contractual cash flows or selling of the financial assets; and
- The contractual terms of the financial asset give rise to periodic cash flows that are the payment of principal and interest

After initial recognition, interest is taken to the Comprehensive Income and Expenditure Statement using the effective interest rate method and the assets are measured at fair value with gains or losses being recognised in Other Comprehensive Income and Expenditure (and taken to the Financial Instruments Revaluation Reserve), except for impairment gains or losses, until the investment is derecognised, or reclassified at which time the cumulative fair value gain or loss previously reported in reserves is included in the Comprehensive Income and Expenditure Statement. For equity instruments, unlike debt instruments, there is no transfer of accumulated amounts in Other Comprehensive Income to the Comprehensive Income and Expenditure Statement.

Financial assets are measured at FVTPL if they are:

- Derivatives
- Not held as amortised cost or at FVTOCI
- Financial assets that were elected to be designated as measured at FVTPL

After initial recognition, assets are carried in the Balance Sheet at fair value with gains or losses recognised in the Comprehensive Income and Expenditure Statement.

Financial liabilities are measured at amortised cost if they are non-derivative with limited exceptions.

After initial recognition, non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are measured at FVTPL if they are:

- Derivatives
- Other liabilities held for trading
- Financial liabilities that were elected to be designated as measured at FVTPL

Loans to subsidiaries
Loans to subsidiaries are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Loans are classified as amortised cost.

Accounting Policies (continued)

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and investments that are readily convertible to cash and with an outstanding maturity, at the date of acquisition, of less than or equal to three months. Cash and cash equivalents are classified as financial assets at amortised cost.

Other investments
Short-term investments with an outstanding maturity, at the date of acquisition, of greater than three months and less than or equal to a year, are classified as short-term investments on the basis that they are not readily convertible to cash. Short-term investments are classified as financial assets at amortised cost.

Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently classified as financial assets at amortised cost.

Finance lease receivables
Finance lease receivables are recognised initially at fair value and subsequently classified as financial assets at amortised cost.

Trade and other creditors
Trade and other creditors are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method.

Interest-bearing loans and borrowings
All loans and borrowings are classified as financial liabilities measured at amortised cost.

Obligations under leases and PFI arrangements
All obligations under leases and PFI arrangements are classified as financial liabilities measured at amortised cost.

Other financing liabilities
Other financing liabilities are classified as financial liabilities measured at amortised cost.

Financial derivative instruments
The Group uses financial derivative instruments to manage certain exposures to fluctuations in foreign currency exchange rates and interest rates. The Group does not hold or issue derivative instruments for speculative purposes. The use of derivatives is governed by the Group's Treasury Management policies, approved by the Board.

Derivative assets and derivative liabilities are classified as FVTPL. Such financial derivative instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated in an effective as a hedge relationship, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of the foreign currency risk of firm commitments (cash flow hedges).

The fair value of derivatives are classified as a long-term asset or a long-term liability if the remaining maturity of the derivative contract is more than 12 months and as a short-term asset or a short-term liability if the remaining maturity of the derivative contract is less than 12 months.

Hedge accounting
In order to qualify for hedge accounting, at inception of the transaction the Group formally designates and documents the hedging relationship, which includes the Group's risk management strategy and objective for undertaking the hedge, identification of the hedging instrument, the hedged item, the ratio between the amount of hedged item and the amount of hedging instrument, the nature of the risk being hedged and how the Group assesses that the hedging instrument is highly effective including analysis of potential sources of hedge ineffectiveness.

At the inception of the hedge relationship and prospectively on an ongoing basis, the Group assesses three criteria in determining the hedge is effective and qualifies for hedge accounting, namely:

- An economic relationship exists such that the fair value or cash flows attributable to the hedged risk will be offset by the fair value of the hedged instrument
- Credit risk does not dominate changes in the value of the hedging instrument or hedged item
- The hedge ratio used for hedge accounting purposes is the same as that used for risk management purposes and is to be maintained as initially set throughout the hedge relationship

Where derivatives or portions of hedges do not qualify for hedge accounting, they are recorded at fair value through the Comprehensive Income and Expenditure Statement and any change in value is immediately recognised in the Comprehensive Income and Expenditure Statement.

Cash flow hedges
Hedge relationships are classified as cash flow hedges when they hedge the Group's exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. Derivative instruments qualifying as cash flow hedges are principally interest rate swaps (where floating rate interest is swapped to fixed) and foreign currency forward exchange contracts.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred in reserves. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts deferred in reserves are recycled to profit or loss in the periods when the hedged items (the hedged asset or liability) affect the Comprehensive Income and Expenditure Statement. When the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in reserves are transferred from reserves and are included in the initial measurement of the cost of the related asset or liability. For transaction-related hedged items, this will occur once the hedged transaction has taken place.

Accounting Policies (continued)

For time-period related hedged items, the amount that is accumulated in reserves is amortised on a systematic and rational basis as a reclassification adjustment.

Hedge accounting is discontinued when the hedging instrument expires, is sold, terminated, exercised or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in reserves at that time remains in reserves and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in reserves is recognised immediately in profit or loss.

Fair value measurement of financial instruments

The fair value of quoted investments is determined by reference to bid prices at the close of business on the Balance Sheet date, within Level 1 of the fair value hierarchy as defined within IFRS 13.

Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length transactions; reference to the current market value of another instrument which is substantially the same; and discounted cash flow analysis and pricing models.

In the absence of quoted market prices, derivatives are valued by using quoted forward prices for the underlying commodity/currency and discounted using quoted interest rates (both as at the close of business on the Balance Sheet date). Hence, derivatives are within Level 2 of the fair value hierarchy as defined within IFRS 13.

Impairment of financial assets

At each reporting date, the Group assesses whether the credit risk on a significant financial asset measured at amortised cost or FVTOCI has increased significantly since initial recognition and subsequently measures an expected credit loss allowance for that financial instrument.

The expected loss allowance is a measurement based on the probability of default over the lifetime of the contract for trade receivables, lease receivables or contract assets in scope of IFRS 15. For other financial assets, the allowance is based on the probability of default occurring in 12 months providing credit risk is assessed as low.

The expected credit loss is based on a forward-looking, probability-weighted measure considering reasonable and supportable information on past events, current conditions and the time value of money. Where financial assets are determined to have shared risk characteristics they are assessed collectively, otherwise, they are reviewed on an individual basis.

No loss allowance for expected credit loss is recognised on a financial asset where the counterparty is central government or a local authority and where relevant statutory provisions prevent default. Expected credit loss allowances are recognised in the Comprehensive Income and Expenditure Statement.

Embedded derivatives

Derivatives that are embedded in other financial instruments or other host contracts are treated as separate derivatives when:

- The host contract is a financial liability or an asset not within the scope of IFRS 9; and
- The derivative's risks and characteristics are not closely related to those of the host contract;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The host contracts are not carried at fair value

In such cases, an embedded derivative is separated from its host contract and accounted for as a derivative carried on the Balance Sheet at fair value from inception of the host contract. Unrealised changes in fair value are recognised as gains/losses within the Comprehensive Income and Expenditure Statement during the period in which they arise.

ak) Climate change

TfL makes use of reasonable and supportable information to make accounting judgement and estimates. This includes information about the observable effects of physical environment and transition risks. The following items represent the most significant effects:

Financial impact of acute physical risk resulting in service disruption and asset damage

Financial impact of chronic physical risk resulting in increased operating costs and higher costs from lower asset resilience and replacement

Financial impact of transition risks such as higher costs through our net-zero ambition and cost of materials, construction and procurement. In addition, the impact on our assessment of asset impairments

Opportunities from being more energy efficient, using renewable energy and waste heat, as well as revenue from electric vehicle charging points

TfL is developing a pan-TfL climate change adaptation plan, which will focus on the actions needed across the organisation to improve our maturity in adapting to climate change impacts, and how we will report on progress. Many of the effects of climate change will be long term in nature, with an inherent level of uncertainty, and have limited effect on accounting judgement and estimates for the current period.

Notes to the Financial Statements
1. Gross income

a) Group gross income

Year ended 31 March	2022 £m	% of total	2021 £m	% of total
Passenger income	2,880.2	66.8	1,284.6	53.6
Revenue in respect of free travel for older and disabled customers	273.7	6.3	315.0	13.1
Congestion Charging	423.3	9.8	315.7	13.2
Ultra Low Emission Zone charges	225.7	5.2	77.1	3.2
Low Emission Zone charges	34.6	0.8	5.7	0.2
Charges to London Boroughs and Local Authorities	12.6	0.3	12.4	0.5
Charges to transport operators	21.3	0.5	1.6	0.1
Road Network compliance income	68.3	1.6	47.4	2.0
Commercial advertising receipts	105.1	2.4	58.9	2.5
Rents receivable	78.4	1.8	77.1	3.2
Contributions from third parties to operating costs	28.6	0.7	56.7	2.4
Taxi licensing	32.9	0.8	26.5	1.1
Ticket and photocard commission income	11.6	0.3	7.6	0.3
General fees and charges	11.2	0.3	7.5	0.3
ATM and car parking income	10.5	0.2	3.3	0.1
Museum income	8.3	0.2	3.9	0.2
Training and specialist services	26.2	0.6	13.5	0.6
Cycle hire scheme	15.2	0.4	16.8	0.7
Other	45.7	1.0	64.5	2.7
	4,313.4	100.0	2,395.8	100.0

b) Corporation gross income

Year ended 31 March	2022 £m	% of total	2021 £m	% of total
Congestion Charging	423.3	49.4	315.7	59.1
Ultra Low Emission Zone charges	225.7	26.3	77.1	14.4
Low Emission Zone charges	34.6	4.0	5.7	1.1
Charges to London Boroughs and Local Authorities	11.8	1.4	11.9	2.2
Road Network compliance income	68.3	8.0	47.4	8.9
Rents receivable	0.7	0.1	0.5	0.1
Contributions from third parties to operating costs	24.3	2.8	24.5	4.6
Taxi licensing	32.9	3.8	26.5	5.0
General fees and charges	4.0	0.5	3.2	0.6
Training and specialist services	17.1	2.0	12.1	2.3
Other	15.0	1.7	9.7	1.7
	857.7	100.0	534.3	100.0

c) Congestion Charging

Year ended 31 March	Group and Corporation 2022 £m	Group and Corporation 2021 £m
Income	423.3	315.7
Toll facilities and traffic management	(107.5)	(83.0)
	315.8	232.7
Administration, support services and depreciation	(8.5)	(8.5)
Net income from Congestion Charging	307.3	224.2

Net income from the Congestion Charge (above), Low Emission Zone and Ultra Low Emission Zone (page 131) is spent on delivering the Mayor's Transport Strategy.

Notes to the Financial Statements

1. Gross income (continued)

d) Low Emission Zone (LEZ) Charging

Year ended 31 March	Group and Corporation 2022 £m	Group and Corporation 2021 £m
Income	34.6	5.7
Toll facilities and traffic management	(0.8)	(0.7)
	33.8	5.0
Administration, support services and depreciation	-	-
Net income from LEZ Charging	33.8	5.0

e) Ultra Low Emission Zone (ULEZ) Charging

Year ended 31 March	Group and Corporation 2022 £m	Group and Corporation 2021 £m
Income	225.7	77.1
Toll facilities and traffic management	(106.9)	(33.1)
	118.8	44.0
Administration, support services and depreciation	(7.4)	(6.4)
Net income from ULEZ charging	111.4	37.6

f) Street works

Year ended 31 March	Group and Corporation 2022 £m	Group and Corporation 2021 £m
Income	8.9	8.7
Allowable operating costs of managing the lane rental scheme	(2.0)	(2.0)
Application of Street Works Reserve to projects reducing the adverse effects caused by street works	(6.4)	(5.4)
Net income recognised within net cost of services	0.5	1.3
Allowable capital costs of managing the lane rental scheme	(0.1)	-
Net income for the year transferred to the Street Works Reserve	0.4	1.3

Under the London lane rental scheme, introduced in 2012, TfL receives payments where utilities carry out certain street works in circumstances significantly affecting traffic. The legislation (SI 2012/425) requires TfL to apply the net proceeds of these payments to reducing the adverse effects caused by street works. The net income shown above has been transferred to the Street Works Reserve.

Notes to the Financial Statements
2. Segmental analysis

2a) Segmental analysis
The breakdown of performance reporting by segment is presented in the Expenditure and Funding Analysis on page 110. The analysis only shows Group segmental information and no disclosures are included for the Corporation. This is because the Corporation's results are not reported to the TfL Board on a segmental basis.

No Balance Sheet information is reported internally by segment and there is accordingly no requirement under the Code to disclose segmental Balance Sheet information in the Statement of Accounts.

2b) Reconciliation of the Operating Account as included in internal reports to management to the Group Comprehensive Income and Expenditure Statement
The segmental information presented in the Expenditure and Funding Analysis reflects the presentation of the Operating Account as included in internal management reports, published on TfL's website in the form of Quarterly Performance Reports. The methodology for preparation and the presentation of figures within the Operating Account differs in several respects from the Group Comprehensive Income and Expenditure Statement as presented in these financial statements. To aid understanding of TfL information as reported in Quarterly Performance Reports, a reconciliation of the Operating Account to the Group Comprehensive Income and Expenditure Statement is presented on the following pages.

Our investment is helping to open up more of the capital

Notes to the Financial Statements

2. Segmental analysis (continued)

Reconciliation of the Operating Account as included in internal reports to management to the Group Comprehensive Income and Expenditure Statement (CI&E)

Year ended 31 March 2022	Operating Account as reported to management £m	Items included in the CI&E but excluded from the Operating Account £m	Items included in the Operating Account but excluded from the CI&E £m	Reclassifications between line items £m	Items with different accounting treatment (see note 2c) £m	Group Comprehensive Income and Expenditure Statement £m
Gross income/(total operating income)	4,348.0	-	-	-	(34.6)	4,313.4
Gross expenditure/(operating cost)	(6,478.0)	(2,071.3)	750.9	-	27.9	(7,770.5)
Net cost of services before exceptional items/ (divisional net operating deficit excluding grant income)	(2,130.0)	(2,071.3)	750.9	-	(6.7)	(3,457.1)
Net cost of services after exceptional items	(2,130.0)	(2,071.3)	750.9	-	(6.7)	(3,457.1)
Other net operating expenditure	-	(36.2)	-	-	-	(36.2)
Grant income	2,704.0	2,014.3	-	-	(367.2)	4,351.1
Group share of profit before tax of joint ventures	-	7.9	-	-	-	7.9
Group share of loss before tax of associated undertakings	-	24.0	-	-	-	24.0
(Capital renewals)	(551.0)	-	551.0	-	-	-
(Net cost of operations before financing)	23.0	(61.3)	1,301.9	-	(373.9)	889.7
Financing and investment income	-	198.6	-	4.0	-	202.6
Financing and investment expenditure	-	(51.7)	-	(443.0)	(7.1)	(501.8)
(Net financing costs)	(439.0)	-	-	439.0	-	-
Group surplus before tax/ (net cost of operations after extraordinary grant)	(416.0)	85.6	1,301.9	-	(381.0)	590.5
Taxation income	-	(86.2)	-	-	-	(86.2)
Group surplus after tax	(416.0)	(0.6)	1,301.9	-	(381.0)	504.3

Notes to the Financial Statements

2. Segmental analysis (continued)

Reconciliation of the Operating Account as included in internal reports to management to the Group Comprehensive Income and Expenditure Statement (CI&E) (restated)

Year ended 31 March 2021	Operating Account as reported to management £m	Items included in the CI&E but excluded from the Operating Account £m	Items included in the Operating Account but excluded from the CI&E £m	Reclassifications between line items £m	Items with different accounting treatment (see note 2c) £m	Group Comprehensive Income and Expenditure Statement £m
Gross income/(total operating income)	2,377.0	–	–	–	18.8	2,395.8
Gross expenditure/(operating cost)	(6,381.0)	(1,802.5)	751.5	29.4	(2.2)	(7,404.8)
Net cost of services/(divisional net operating deficit excluding grant income)	(4,004.0)	(1,802.5)	751.5	29.4	16.6	(5,009.0)
Exceptional items	–	–	–	(29.4)	–	(29.4)
Net cost of services after exceptional items	(4,004.0)	(1,802.5)	751.5	–	16.6	(5,038.4)
Other net operating expenditure	–	(63.4)	–	–	–	(63.4)
Grant income	3,543.0	933.5	–	–	255.8	4,732.3
Group share of profit before tax of joint ventures	–	0.7	–	–	–	0.7
Group share of loss before tax of associated undertakings	–	(3.5)	–	–	–	(3.5)
(Capital renewals)	(367.0)	–	367.0	–	–	–
(Net cost of operations before financing)	(828.0)	(935.2)	1,118.5	–	272.4	(372.3)
Financing and investment income	–	35.8	–	13.6	–	49.4
Financing and investment expenditure	–	(146.0)	–	(453.6)	1.0	(598.6)
(Net financing costs)	(440.0)	–	–	440.0	–	–
Group deficit before tax/(net cost of operations after extraordinary grant)	(1,268.0)	(1,045.4)	1,118.5	–	273.4	(921.5)
Taxation income	–	10.5	–	–	–	10.5
Group deficit after tax	(1,268.0)	(1,034.9)	1,118.5	–	273.4	(911.0)

Where line item descriptors differ between the Operating Account and the Comprehensive Income and Expenditure Statement, those used in the Operating Account are shown within parentheses in the above tables.

Notes to the Financial Statements

2. Segmental analysis (continued)

2c) Detailed reconciliation of segmental information reported in internal management reports to amounts included in the Group (deficit)/surplus

The segmental analysis is prepared using internal management reporting accounting methodologies. In some cases, these methodologies are different from the accounting policies used in the financial statements. Where there are accounting policy differences between management reports and the statutory accounts, statutory accounting adjustments are not recorded by segment in the underlying accounting records. It is not therefore possible to produce a segmental breakdown of the Group financial statements on a statutory basis of reporting. Differences between the methodologies are explained in the paragraphs and table below

- Depreciation, amortisation of intangibles and impairment charges are not included in the segmental analysis

- The cost of retirement benefits is recognised within gross expenditure in the Operating Account as a charge based on cash contributions paid during the year, rather than the pension service cost and net interest charge on defined benefit pension obligations recognised in the Comprehensive Income and Expenditure Statement. This better reflects the actual charge made to the General Fund in respect of pension costs which is calculated based on actual contributions paid as opposed to the charges flowing through the Comprehensive Income and Expenditure Statement as calculated under IAS 19

- The Operating Account excludes the net gain on disposal of investment properties and the change in fair value of investment properties that are included within financing and investment income in the Comprehensive Income and Expenditure Statement. Fair value movements are excluded from management reporting as these gains or losses are unrealised. The net proceeds from disposals, meanwhile, are included in the Capital Account for management reporting purposes, as these income streams may only be employed by the Corporation to fund capital expenditure and do not represent an ongoing revenue stream that can be employed to meeting the day-to-day operating costs of the network

- Similarly, the Operating Account excludes gains and losses on the disposal of property, plant and equipment and intangible assets recognised within other operating expenditure, and instead includes the net proceeds from these disposals in the Capital Account

- Internal management reporting includes a charge within operating expenditure for the costs of right-of-use leases, based on cash payments made in the period in relation to those leases. In the net cost of services in the Comprehensive Income and Expenditure Statement, this charge has been stripped out and replaced with the amortisation charge in respect of right-of-use assets within net cost of services and a financing charge included within financing and investment expenditure

- The Operating Account includes a charge for capital renewals expenditure which, in the statutory financial statements, is included within additions to property, plant and equipment. Renewals expenditure is included in the Operating Account for management reporting purposes to allow the Operating Account to present the ongoing, full, day-to-day cost of running and maintaining our existing network

- The Operating Account excludes the adjustment to financing expenditure made in respect of borrowing costs capitalised into qualifying assets (see note 9). Instead this charge is left within net financing costs so that amounts charged to the Operating Account reflect the full cost to the Group of financing its debt

- Certain grants received (primarily Business Rates Retention) are treated as capital grant for management reporting purposes and are thus excluded from the Operating Account (being instead included in the Capital Account). For statutory reporting purposes, however, all grant is recognised as income in the Comprehensive Income and Expenditure Statement. Moreover, certain grants badged as ‘capital grant’ for management reporting purposes, under law constitute resource grants, and may only be classified as capital grant where they have been applied to fund capital expenditure during the year

- The results of joint ventures and associated undertakings are excluded from the Operating Account as the TfL Group does not hold a controlling interest in these undertakings

- Other minor differences between the Comprehensive Income and Expenditure Statement and the Operating Account are collectively referred to as Central items and are not included in reports to management

Notes to the Financial Statements

2. Segmental analysis (continued)

Detailed reconciliation of net cost of operations per internal management reports to net cost of services per the Comprehensive Income and Expenditure Statement

Year ended 31 March	Note	2022 £m	2022 £m	2021 £m	2021 £m
Net cost of operations after Extraordinary grant per internal management reports			(416.0)		(1,267.0)
Adjustments between management and statutory reports:					
Add amounts included in the Comprehensive Income and Expenditure Statement not reported in management reports					
Depreciation	3	(940.4)		(939.7)	
Amortisation of right-of-use assets	3	(361.6)		(367.6)	
Amortisation of software intangibles	3	(50.2)		(37.2)	
Impairment	3	(57.8)		(6.3)	
Pension service costs	35	(661.3)		(451.7)	
			(2,071.3)		(1,802.5)
Other net operating expenditure	7		(36.2)		(63.4)
Group share of profit before tax of joint ventures	17		7.9		0.7
Group share of loss before tax of associated undertakings	18		24.0		(3.5)
Change in fair value of investment properties included in financing and investment income	8	93.4		-	
Net gain on disposal of investment properties	8	105.2		35.8	
			198.6		35.8
Net interest on defined benefit obligation	9	(105.9)		(90.1)	
Interest payable on lease and PFI liabilities	9	(60.4)		(63.0)	
Change in fair value of investment properties included in financing and investment expenditure	9	-		(83.3)	
Amounts capitalised into qualifying assets	9	114.6		90.4	
			(51.7)		(146.0)
Capital grant income	10		2,014.3		933.5
Tax	11		(86.2)		10.5
			(0.6)		(1,034.9)

Year ended 31 March	Note	2022 £m	2022 £m	2021 £m	2021 £m
Less items included in the Operating Account but excluded from the Comprehensive Income and Expenditure Statement					
Cash payments under PFI and lease arrangements		373.0		351.2	
Pension payments charged to operating costs		377.9		400.3	
			750.9		751.5
Capital renewals			551.0		367.0
			1,301.9		1,118.5
Amounts subject to differing accounting treatment between the Operating Account and the Comprehensive Income and Expenditure Statement					
Grant income			(367.2)		254.8
Central items			(13.8)		17.6
			(381.0)		272.4
Group surplus/(deficit) after tax per the Comprehensive Income and Expenditure Statement			504.3		(911.0)

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Notes to the Financial Statements

3. Gross expenditure

Gross expenditure recognised in the Comprehensive Income and Expenditure Statement comprises:

Year ended 31 March	Note	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021* £m Restated
Staff costs:					
Wages and salaries**		1,431.5	1,422.8	394.2	401.5
Social security costs		165.4	163.9	45.7	46.4
Pension costs	35	652.5	442.4	379.6	169.2
		2,249.4	2,029.1	819.5	617.1
Other service expenditure***		3,926.3	3,896.7	266.6	288.7
Credit loss expense		184.8	128.2	171.7	85.7
Depreciation	13	940.4	939.7	142.0	131.2
Amortisation right-of-use assets	14	361.6	367.6	29.8	30.0
Amortisation of software intangibles	12	50.2	37.2	26.7	22.2
Impairment	13	57.8	6.3	20.7	-
		7,770.5	7,404.8	1,477.0	1,174.9

* Restated to reflect £14.4m staff costs for employees not deemed to have transferred to TTL Properties Limited from 1 April 2020.

** Wages and salaries include amounts provided for the cost of voluntary severance.

*** Included in the Corporation's other service expenditure is £81.9m (2020/21 £108.5m) relating to financial assistance to London Boroughs and other third parties (see note 41 for detailed analysis).

The average number of persons employed in the year was:

Year ended 31 March	Group 2022 Number	Group 2021 Number	Corporation 2022 Number	Corporation 2021**** Number Restated
Permanent staff (including fixed term contracts)	25,408	25,692	7,282	7,175
Agency staff	1,586	1,175	1,093	838
	26,994	26,867	8,375	8,013

**** Restated to reflect employees not deemed to have transferred to TTL Properties Limited from 1 April 2020.

4. External audit fees

External audit fees are made up as follows:

Year ended 31 March	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Auditor's remuneration:				
for statutory audit services	1.6	1.8	0.1	0.1
for non-statutory audit services	-	0.1	-	-
for non-audit services*****	-	-	-	-
	1.6	1.9	0.1	0.1

***** The Audit and Assurance Committee reviews and notes the nature and extent of non-audit services provided by TfL's external auditor to ensure that independence is maintained.

5. Remuneration

Disclosures in respect of the remuneration of employees (including senior employees) and of termination payments made during the year may be found in the Remuneration Report on pages 60 to 77.

6. Exceptional items

Year ended 31 March	**Group 2022 £m**	Group 2021 £m	**Corporation 2022 £m**	Corporation 2021 £m
Exceptional costs relating to the coronavirus pandemic	**-**	29.4	**-**	-

Exceptional costs included in the table above comprise costs relating to the safe stop of capital projects during the lockdown phase of the pandemic.

7. Other operating expenditure

Year ended 31 March	**Group 2022 £m**	Group 2021 £m	**Corporation 2022 £m**	Corporation 2021 £m
Net loss on disposal of property, plant and equipment	**36.2**	63.4	**2.7**	20.4
Total other operating expenditure	**36.2**	63.4	**2.7**	20.4

8. Financing and investment income

Year ended 31 March	**Group 2022 £m**	Group 2021 £m	**Corporation 2022 £m**	Corporation 2021 £m
Interest income on bank deposits and other investments	**1.6**	2.2	**1.5**	2.1
Realised exchange gain on foreign currency investments	**-**	4.1	**-**	-
Interest income on loans to subsidiaries	**-**	-	**403.3**	400.1
Change in fair value of investment properties (including those classified as held for sale)	**93.4**	-	**50.5**	-
Net gain on disposal of investment properties	**105.2**	35.8	**85.0**	30.9
Interest receivable on finance lease receivables	**1.1**	2.7	**-**	-
Other investment income	**1.3**	4.6	**0.1**	3.6
	202.6	49.4	**540.4**	436.7

9. Financing and investment expenditure

Year ended 31 March	Note	**Group 2022 £m**	Group 2021 £m	**Corporation 2022 £m**	Corporation 2021 £m
Interest payable on loans and derivatives		**433.3**	437.3	**414.5**	415.5
Interest payable on right-of-use lease liabilities		**55.5**	57.5	**11.0**	11.6
Interest payable on PFI liabilities		**4.9**	5.5	**4.8**	5.2
Contingent rentals on PFI contracts		**10.5**	9.7	**10.2**	9.5
Change in fair value of investment properties (including those classified as held for sale)		**-**	83.3	**-**	2.3
Net interest on defined benefit obligation	35	**105.9**	90.1	**104.8**	89.7
Other financing and investment expenditure		**6.3**	5.6	**1.7**	1.1
		616.4	689.0	**547.0**	534.9
Less: amounts capitalised into qualifying assets	13	**(114.6)**	(90.4)	**-**	-
		501.8	598.6	**547.0**	534.9

10. Grant income

Year ended 31 March	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Non ring-fenced resource grant from the DfT used to fund operations	**1,716.8**	2,457.2	**1,716.8**	2,457.2
Non ring-fenced Business Rates Retention from the GLA used to fund operations	**494.1**	1,189.4	**494.1**	1,189.4
Other revenue grant received	**74.3**	146.2	**72.4**	104.4
Council tax precept	**51.6**	6.0	**51.6**	6.0
Total grants allocated to revenue	**2,336.8**	3,798.8	**2,334.9**	3,757.0
Ring-fenced grant from the GLA used to fund capital expenditure relating to Crossrail	**554.0**	46.0	**554.0**	46.0
Non ring-fenced Business Rates Retention from the GLA used to fund capital	**1,350.2**	689.6	**1,350.2**	689.6
Other capital grants and contributions received	**110.1**	197.9	**50.4**	120.6
Total grants allocated to capital	**2,014.3**	933.5	**1,954.6**	856.2
Total grants	**4,351.1**	4,732.3	**4,289.5**	4,613.2

Allocation of capital grants

Year ended 31 March	Note	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Capital grant funding of subsidiaries		**-**	-	**1,216.0**	69.9
Applied capital grants	37	**2,014.3**	933.5	**738.6**	786.3
Total capital grants		**2,014.3**	933.5	**1,954.6**	856.2

11. Taxation

TfL Corporation is exempt from Corporation Tax, but its subsidiaries are assessable individually to taxation in accordance with current tax legislation.

a) Corporation Tax

The Group tax expense for the year, based on the rate of Corporation Tax of 19 per cent (2020/21 19 per cent) comprised:

Year ended 31 March	Group 2022 £m	Group 2021 £m
UK Corporation Tax – current year charge	**-**	-
UK Corporation Tax – adjustments in respect of prior years	**-**	(1.6)
Total current tax income	**-**	(1.6)
Deferred tax – current year charge/(credit)	**86.2**	(8.9)
Total tax charge/(credit) for the year	**86.2**	(10.5)

Reconciliation of tax expense

Year ended 31 March	Group 2022 £m	Group 2021 £m
Surplus/(deficit) on the provision of services before tax	**590.5**	(921.5)
Surplus/(deficit) on the provision of services before tax multiplied by standard rate of Corporation Tax in the UK of 19% (2020/21 19%)	**112.2**	(175.1)
Effects of:		
Non-taxable income/non-deductible expenses	**(65.9)**	99.0
Prior period adjustments	**-**	(1.6)
Permanent difference in TfL Corporation	**(97.1)**	8.0
Amount charged to current tax for which no deferred tax was recognised	**138.9**	58.7
Utilisation of tax losses carried forward for which no deferred tax was recognised	**(0.9)**	(0.9)
Overseas earnings	**(1.0)**	1.4
Total tax charge/(credit) for the year	**86.2**	(10.5)

Notes to the Financial Statements

11. Taxation (continued)

b) Unrecognised deferred tax assets

The Group has a potential net deferred tax asset of £2,950.1m (2021 £2,119.9m) in respect of the following items:

	Group 2022 £m	Group 2021 £m
Deductible temporary differences	**1,636.7**	1,120.9
Tax losses	**1,313.4**	999.0
Unrecognised deferred tax asset	**2,950.1**	2,119.9

No net deferred tax asset has been recognised in respect of the above as it is not considered probable that there will be sufficient future taxable profits available against which the unused tax credits can be utilised. The tax losses and the deductible temporary differences do not expire under current tax legislation.

The net deferred tax asset excludes any amounts connected to the pension deficit.

c) Movement in recognised deferred tax assets and liabilities during the year

Deferred tax assets have been recognised only to the extent that they are considered available to offset deferred tax liabilities as at the Balance Sheet date. Their movements during the year were in respect of the following items:

For the year ended 31 March 2022	Balance at 1 April 2021 £m	Movement in the provision of services £m	Movement in other comprehensive income during the year £m	Balance at 31 March 2022 £m
Deferred tax assets				
Property, plant and equipment	14.5	44.5	–	**59.0**
Derivative financial instruments	20.7	(9.1)	–	**11.6**
Total	35.2	35.4	–	**70.6**
Deferred tax liabilities				
Investment properties	(254.7)	(120.0)	(54.7)	**(429.4)**
Assets held for sale	(14.8)	(1.6)	–	**(16.4)**
Total	(269.5)	(121.6)	(54.7)	**(445.8)**
Net deferred tax liability	(234.3)	(86.2)	(54.7)	**(375.2)**

Notes to the Financial Statements

11. Taxation (continued)

c) Movement in recognised deferred tax assets and liabilities during the year (continued)

For the year ended 31 March 2021	Balance at 1 April 2020 £m	Movement in the provision of services £m	Movement in other comprehensive income during the year £m	Balance at 31 March 2021 £m
Deferred tax assets				
Property, plant and equipment	16.0	(1.5)	-	14.5
Derivative financial instruments	23.3	(2.6)	-	20.7
Total	39.3	(4.1)	-	35.2
Deferred tax liabilities				
Investment properties	(263.9)	9.9	(0.7)	(254.7)
Assets held for sale	(17.9)	3.1	-	(14.8)
Total	(281.8)	13.0	(0.7)	(269.5)
Net deferred tax liability	(242.5)	8.9	(0.7)	(234.3)

The key movements in the period were due to the following:

- An increase in the UK Corporation Tax rate to 25 per cent, with effect from 1 April 2023, was substantively enacted in the period. As the deferred tax balances are not expected to be settled until after 1 April 2023, they have been calculated at a rate of 25 per cent (2020/21: 19 per cent). This change in tax rate has led to an increase in all deferred tax liabilities and assets
- The deferred tax liability arising on investment properties, including those classified as assets held for sale, has increased due to the revaluation movements recognised in financing and investment income and Other Comprehensive Income during the year
- Certain properties that had not previously been held at a value were reclassified as investment property and valued at open market value prior to transfer to TTL Properties Limited (a subsidiary of the Corporation) during the year. It is not considered that sufficient deferred tax assets will be available to offset this deferred tax liability in full. A deferred tax liability has been recognised in Other Comprehensive Income in relation to the revaluation gain recognised in Other Comprehensive Income in respect of these assets
- The property, plant and equipment deferred tax asset has changed in the period due to assets acquired in the year, movements in the market value of assets held and capital allowances claimed
- Included in the deferred tax balances for property, plant and equipment is the deferred tax movement on revaluation gains recognised in Other Comprehensive Income
- The deferred tax asset arising in respect of derivative financial instruments has decreased during 2021/22 due to movement in the fair value of derivatives

UK Corporation Tax is calculated at a rate of 19 per cent (2020/21: 19 per cent). In the Spring Budget 2021, it was announced that the main rate of Corporation Tax will increase to 25 per cent with effect from 1 April 2023, this amendment was substantively enacted in May 2021. As the Group's deferred tax balances are not expected to be settled until after 1 April 2023, deferred tax balances at 31 March 2022 have been calculated at a rate of 25 per cent.

No deferred tax asset has been recognised on the Corporation's pension deficit as the principal employer is not a taxpaying entity. Future tax deductions for some contributions will be made in the taxable entities, however, as at 31 March 2022, no deferred tax assets have been recognised in these entities.

Notes to the Financial Statements

12. Intangible assets

a) Group intangible assets

	Note	Software costs £m	Intangible assets under construction £m	Goodwill £m	Total £m
Cost					
At 1 April 2020		463.7	16.5	351.8	832.0
Additions		37.8	1.9	-	39.7
Net transfers from property, plant and equipment	13	28.1	-	-	28.1
Transfers between asset classes		0.1	(0.1)	-	-
At 31 March 2021		529.7	18.3	351.8	899.8
Additions		**8.2**	**50.4**	**-**	**58.6**
Net transfers from property, plant and equipment	13	**8**	**91.2**	**-**	**99.2**
Transfers between asset classes		**131.8**	**(131.8)**	**-**	**-**
Disposals		**(167.8)**	**-**	**-**	**(167.8)**
At 31 March 2022		**509.9**	**28.1**	**351.8**	**889.8**
Amortisation and impairment					
At 1 April 2020		364.1	-	349.2	713.3
Amortisation charge for the year	3	37.2	-	-	37.2
At 31 March 2021		401.3	-	349.2	750.5
Amortisation charge for the year		50.2	-	-	50.2
Net transfers from property, plant and equipment	13	0.4	-	-	0.4
Disposals		**(167.8)**	**-**	**-**	**(167.8)**
At 31 March 2022		**284.1**	**-**	**349.2**	**633.3**
Net book value at 31 March 2022		**225.8**	**28.1**	**2.6**	**256.5**
Net book value at 31 March 2021		128.4	18.3	2.6	149.3

Intangible assets under construction comprise software assets under development by the Group.

b) Corporation intangible assets

	Note	Software costs £m	Intangible assets under construction £m	Total £m
Cost				
At 1 April 2020		331.9	10.5	342.4
Additions		31.4	-	31.4
Transfers between asset classes		2.6	(2.6)	-
At 31 March 2021		365.9	7.9	373.8
Additions		**8.0**	**32.9**	**40.9**
Net transfers from property, plant and equipment	13	**8.0**	**75.7**	**83.7**
Transfers between asset classes		**104.3**	**(104.3)**	**-**
Disposals		**(167.7)**	**-**	**(167.7)**
At 31 March 2022		**318.5**	**12.2**	**330.7**
Amortisation and impairment				
At 1 April 2020		264.7	-	264.7
Amortisation charge for the year	3	22.2	-	22.2
At 31 March 2021		286.9	-	286.9
Amortisation charge for the year	3	**26.7**	**-**	**26.7**
Net transfers from property, plant and equipment	13	**0.4**	**-**	**0.4**
Disposals		**(167.8)**	**-**	**(167.8)**
At 31 March 2022		**146.2**	**-**	**146.2**
Net book value at 31 March 2022		**172.3**	**12.2**	**184.5**
Net book value at 31 March 2021		79.0	7.9	86.9

Intangible assets under construction comprise software assets under development by the Corporation.

Notes to the Financial Statements

13. Property, plant and equipment

a) Group property, plant and equipment at 31 March 2022 comprised the following elements:

	Note	Infrastructure and office buildings £m	Rolling stock £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost or valuation						
At 1 April 2021		35,121.0	5,050.7	2,240.2	20,038.7	62,450.6
Additions		421.1	23.1	34.1	1,508.9	1,987.2
Transfers to intangible assets	12	(8.0)	-	-	(91.2)	(99.2)
Transfers to investment properties	15	(5.3)	-	-	(89.8)	(95.1)
Transfers to assets held for sale	22	-	-	-	(83.4)	(83.4)
Transfers between asset classes		2,385.1	13.7	66.6	(2,465.4)	-
Disposals		(13.1)	-	(111.1)	-	(124.2)
Write offs		-	-	(5.3)	(30.9)	(36.2)
Revaluation		13.1	-	-	-	13.1
At 31 March 2022		37,913.9	5,087.5	2,224.5	18,786.9	64,012.8
Depreciation and impairment						
At 1 April 2021		15,467.4	2,383.6	1,500.8	4.9	19,356.7
Depreciation charge for the year	3	702.8	123.1	114.5	-	940.4
Impairment charge for the year	3	-	-	6.4	51.4	57.8
Transfers to investment properties	15	(0.5)	-	-	-	(0.5)
Transfers to intangible assets	12	(0.4)	-	-	-	(0.4)
Disposals		(8.6)	-	(115.3)	-	(123.9)
Revaluation		(8.8)	-	-	-	(8.8)
At 31 March 2022		16,151.9	2,506.7	1,506.4	56.3	20,221.3
Net book value at 31 March 2022		21,762.0	2,580.8	718.1	18,730.6	43,791.5
Net book value at 31 March 2021		19,653.6	2,667.1	739.4	20,033.8	43,093.9

b) Group property, plant and equipment at 31 March 2021 comprised the following elements:

	Note	Infrastructure and office buildings £m	Rolling stock £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost or valuation						
At 1 April 2020		34,182.4	4,976.6	2,129.7	19,252.7	60,541.4
Additions		953.2	74.1	126.5	894.8	2,048.6
Transfers to intangible assets	12	-	-	-	(28.1)	(28.1)
Transfers to investment properties	15	(21.1)	-	-	-	(21.1)
Transfers between asset classes		0.2	-	21.3	(21.5)	-
Disposals		(1.1)	-	(35.8)	(3.0)	(39.9)
Write offs		-	-	(1.5)	(56.2)	(57.7)
Revaluation		7.4	-	-	-	7.4
At 31 March 2021		35,121.0	5,050.7	2,240.2	20,038.7	62,450.6
Depreciation and impairment						
At 1 April 2020		14,754.8	2,266.1	1,427.9	-	18,448.8
Depreciation charge for the year	3	716.8	117.5	105.4	-	939.7
Impairment charge for the year	3	-	-	1.4	4.9	6.3
Transfers to investment properties	15	(0.2)	-	-	-	(0.2)
Disposals		-	-	(33.9)	-	(33.9)
Revaluation		(4.0)	-	-	-	(4.0)
At 31 March 2021		15,467.4	2,383.6	1,500.8	4.9	19,356.7

Notes to the Financial Statements

13. Property, plant and equipment (continued)

The Group holds its office buildings at valuation. All other items of property, plant and equipment are held at cost.

As set out in the going concern note to the accounting policies, as part of the wider Government review of the Group, a review of the capital programme has been conducted and a Financial Sustainability Plan has been drawn up identifying capital projects that remain priorities for future funding. TfL's current and planned future capital investment projects have been categorised by management according to their relative funding priority, taking into consideration such factors as health and safety requirements, the phase at which a project sits in its lifecycle, Government and mayoral priorities, sources of funding and penalties that may be incurred if projects are paused or permanently halted. Certain lower priority projects where termination penalties are not prohibitive have been paused or terminated during the year and related assets under construction have been written off or impaired as appropriate in the table above. Management believe that all capital projects in progress at 31 March 2022 should continue to be funded. However, until a longer-term financing package has been formally agreed, a material level of uncertainty remains as to whether all projects in the course of construction at 31 March 2022 will be fully funded to completion.

Borrowing costs are included in the costs of qualifying assets to the extent that the asset is funded by borrowings. As a result, the total borrowing costs capitalised during the year were £114.6m (2021 £90.4m). The cumulative borrowing costs capitalised are £923.4m (2021 £808.8m). Borrowings are capitalised at the rate of interest directly incurred on the specific borrowings taken out to fund the asset in question.

At 31 March 2022, the Group had capital commitments which are contracted for but not provided for in the financial statements amounting to £1,103.7m (2021 £1,240.9m).

On 21 November 2019, the Corporation entered into an agreement with RiverLinx Limited for the design, build, financing, operations and maintenance of Silvertown Tunnel, connecting the Greenwich Peninsula and the Royal Docks in London. Our financial obligations to make payments to RiverLinx Limited will start once the tunnel is open, currently planned in early 2025 (the 'Permit to Use Date'). From the Permit to Use Date, the Corporation will make performance-based availability payments, initially at £65m annually and indexed until the expiry date of the agreement in January 2050.

c) Group PFI assets

The net book value above includes the following amounts in respect of PFI assets:

	Infrastructure and office buildings £m	Rolling stock £m	Plant and equipment £m	Total £m
Gross cost	**432.9**	**45.3**	**16.7**	**494.9**
Accumulated depreciation	**(183.0)**	**(45.3)**	**(16.7)**	**(245.0)**
Net book value at 31 March 2022	**249.9**	**-**	**-**	**249.9**
Net book value at 31 March 2021	254.8	-	-	254.8

d) Depreciation charge

The total depreciation charge for the Group for the year comprised:

Year ended 31 March	Note	2022 £m	2021 £m
Depreciation of owned assets		**935.5**	934.8
Depreciation of assets held under PFI arrangements		**4.9**	4.9
Total depreciation	3	**940.4**	939.7

Notes to the Financial Statements

13. Property, plant and equipment (continued)

e) Group office buildings

The existing use value of owner-occupied office buildings at 31 March 2022 has been arrived at on the basis of a valuation carried out at that date by CBRE, a real estate advisory business not connected with the Group, and by chartered surveyors working for TfL. In determining the existing use value, the capitalisation of net income method and the discounting of future cash flows to their present value has been used. This is based upon various assumptions including the anticipated future rental income, maintenance costs and the appropriate discount rate, making reference to market evidence of transaction prices for similar properties. A deduction is made to reflect purchaser's acquisition costs.

Properties are valued in accordance with the Red Book, RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors.

Valuations are performed annually. The value of these buildings at 31 March 2022 was £74.1m (2021 £185.2m) and the depreciated historical cost value was £26.9m (2021 £36.6m). A related revaluation gain for the year of £21.9m (2020/21 a gain of £11.4m) has been recognised within Other Comprehensive Income and Expenditure.

Page 203

f) Group and Corporation heritage assets

Property, plant and equipment includes a number of assets of importance to the history of London transport which are classified as heritage assets in accordance with the Code. These comprise transport-related objects and material (including vehicles, posters and photographs) held to advance the preservation, conservation and education objects of London Transport Museum. The collection consists of more than 400,000 items and is housed at the Museum's sites in Covent Garden and Acton.

These assets are primarily former operational assets of the TfL Group whose legal title is retained by the Corporation or another of its operating subsidiaries. Due to the diverse nature of the assets held and the lack of comparable market values, the cost of obtaining a valuation of TfL's heritage assets is such that it would not be commensurate with the benefits provided to users of the financial statements. The assets therefore remain recorded in the accounts at historical cost less accumulated depreciation. The collections have been externally valued for insurance purposes only. Management do not consider these insurance valuations to be necessarily indicative of open market fair value and hence have not incorporated the insurance values into the financial statements. No valuation was carried out during the year. The last valuation was carried out as at 31 March 2021 resulting in a value of £37.5m. The net book value of these assets at 31 March 2022 was £nil (2021 £nil).

g) Corporation property, plant and equipment at 31 March 2022 comprised the following elements:

	Note	Infrastructure and office buildings £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost or valuation					
At 1 April 2021		5,522.5	293.3	1,301.3	7,117.1
Additions		43.6	20.3	153.3	217.2
Net transfers to intangible assets	12	(8.0)	-	(75.7)	(83.7)
Transfers to investment properties	15	-	-	(31.1)	(31.1)
Transfers between asset classes		907.7	27.2	(934.9)	-
Disposals		0.1	(70.3)	(2.9)	(73.1)
Intercompany transfer		(9.5)	-	-	(9.5)
Revaluation		0.1	-	-	0.1
At 31 March 2022		6,456.5	270.5	410.0	7,137.0
Depreciation and impairment					
At 1 April 2021		2,662.0	201.4	-	2,863.4
Depreciation charge for the year	3	118.1	23.9	-	142.0
Impairment charge for the year	3	-	-	20.7	20.7
Transfers to intangible assets	12	(0.4)	-	-	(0.4)
Disposals		(0.1)	(70.3)	-	(70.4)
At 31 March 2022		2,779.6	155.0	20.7	2,955.3
Net book value at 31 March 2022		3,676.9	115.5	389.3	4,181.7
Net book value at 31 March 2021		2,860.5	91.9	1,301.3	4,253.7

Notes to the Financial Statements

13. Property, plant and equipment (continued)

h) Corporation property, plant and equipment at 31 March 2021 comprised the following elements:

	Note	Infrastructure and office buildings £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost or valuation					
At 1 April 2020		5,356.9	253.1	1,274.1	6,884.1
Additions		163.2	40.2	47.6	251.0
Disposals		–	–	(1.5)	(1.5)
Write offs		–	–	(18.9)	(18.9)
Revaluation		2.4	–	–	2.4
At 31 March 2021		5,522.5	293.3	1,301.3	7,117.1
Depreciation					
At 1 April 2020		2,549.2	183.4	–	2,732.6
Depreciation charge for the year	3	113.2	18.0	–	131.2
Revaluation		(0.4)	–	–	(0.4)
At 31 March 2021		2,662.0	201.4	–	2,863.4

The Corporation holds its office buildings at valuation. All other items of property, plant and equipment are held at depreciated cost.

Direct borrowing costs are included in the cost of qualifying assets to the extent that the asset is funded by borrowings. Total borrowing costs capitalised during the year were £nil (2021 £nil). The cumulative borrowing costs capitalised are also £nil (2021 £nil).

At 31 March 2022, the Corporation had capital commitments which are contracted for but not provided for in the financial statements amounting to £43.2m (2021 £64.9m).

In addition, and as described in section b) to this note, the Corporation has entered into an agreement with RiverLinx Limited for design, build, financing and maintenance of a Silvertown Tunnel, connecting the Greenwich Peninsula and the Royal Docks in London. Our financial obligations to make payments to RiverLinx Limited will start once the tunnel is open, currently planned in early 2025, initially at £65m annually and indexed until the expiry date of the agreement in January 2050.

i) Corporation PFI assets

The net book value above includes the amounts in the table below in respect of PFI assets:

	Infrastructure and office buildings £m	Plant and equipment £m	Total £m
Gross cost	**209.1**	**16.7**	**225.8**
Depreciation	**(99.0)**	**(16.7)**	**(115.7)**
Net book value at 31 March 2022	**110.1**	**-**	**110.1**
Net book value at 31 March 2021	112.8	-	112.8

j) Depreciation charge

The total depreciation charge for the Corporation comprised:

Year ended 31 March	Note	**2022 £m**	2021 £m
Depreciation of owned assets		**139.3**	128.6
Depreciation of assets held under PFI		**2.7**	2.6
Total depreciation	3	**142.0**	131.2

Notes to the Financial Statements

13. Property, plant and equipment (continued)

k) Corporation office buildings and other infrastructure assets held at valuation
The existing use value of owner-occupied office buildings at 31 March 2022 has been arrived at on the basis of a valuation carried out at that date by CBRE, a real estate advisory business not connected with the Group, and by chartered surveyors working for TfL. In determining the existing use value, the capitalisation of net income method and the discounting of future cash flows to their present value has been used. This is based upon various assumptions including the anticipated future rental income, maintenance costs and the appropriate discount rate, making reference to market evidence of transaction prices for similar properties. A deduction is made to reflect purchaser's acquisition costs.

Properties are valued in accordance with the Red Book, RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors.

Valuations are performed annually. The value of these buildings held by the Corporation at 31 March 2022 was £0.6m (2021 £10.2m) and the depreciated historical cost value was £nil (2021 £nil). A related revaluation gain for the year of £nil (2020/21 a gain of £2.8m) has been recognised within Other Comprehensive Income and Expenditure.

14. Right-of-use assets and related lease liabilities

This note provides information for leases where the Group and/or Corporation is a lessee. For leases where the Group and/or Corporation is a lessor, see note 19.

As described in note e) to the Accounting Policies, the IASB issued COVID-19-Related Rent Concessions – amendment to IFRS 16 Leases to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the coronavirus pandemic. In a few instances, particularly on property leases, a rent concession in the form of a rent holiday was received in 2020/21. We applied the practical expedient where TfL as a lessee elected not to assess whether a COVID-19-related rent concession from a lessor was a lease modification. This resulted in a remeasurement of the lease liability with a corresponding adjustment to the right-of-use asset.

a) Group right-of-use assets at 31 March 2022 comprised the following elements:

	Note	Infrastructure and office buildings £m	Rolling stock £m	Buses £m	Motor vehicles £m	Other equipment £m	Total £m
Cost or valuation							
At 1 April 2021		577.5	1,495.7	1,006.6	13.7	119.3	3,212.8
Additions		8.7	44.5	176.5	0.3	6.6	236.6
Lease terminations		-	-	(7.2)	-	(5.4)	(12.6)
Valuation adjustment		(0.9)	6.3	-	-	-	5.4
At 31 March 2022		**585.3**	**1,546.5**	**1,175.9**	**14.0**	**120.5**	**3,442.2**
Amortisation							
At 1 April 2021		77.4	324.4	438.4	5.5	37.6	883.3
Charge for the year	3	39.1	80.6	219.6	3.0	19.3	361.6
Disposals		-	-	(7.2)	-	(5.4)	(12.6)
At 31 March 2022		**116.5**	**405.0**	**650.8**	**8.5**	**51.5**	**1,232.3**
Net book value at 31 March 2022		**468.8**	**1,141.5**	**525.1**	**5.5**	**69.0**	**2,209.9**
Net book value at 31 March 2021		500.1	1,171.3	568.2	8.2	81.7	2,329.5

Notes to the Financial Statements

14. Right-of-use assets and related lease liabilities (continued)

b) Group right-of-use assets at 31 March 2021 comprised the following elements:

	Note	Infrastructure and office buildings £m	Rolling stock £m	Buses £m	Motor vehicles £m	Other equipment £m	Total £m
Cost or valuation							
At 1 April 2020		555.8	1,384.7	762.1	11.4	111.3	2,825.3
Additions		23.2	127.3	244.5	2.3	8.0	405.3
Valuation adjustment		(1.5)	(16.3)	-	-	-	(17.8)
At 31 March 2021		577.5	1,495.7	1,006.6	13.7	119.3	3,212.8
Amortisation							
At 1 April 2020		38.3	245.5	213.8	2.5	15.6	515.7
Charge for the year	3	39.1	78.9	224.6	3.0	22.0	367.6
At 31 March 2021		77.4	324.4	438.4	5.5	37.6	883.3

c) Group lease liabilities in relation to right-of-use assets

At 31 March	2022 £m	2021 £m
Principal outstanding		
Short-term liabilities	**334.1**	329.3
Long-term liabilities	**2,102.2**	2,179.8
	2,436.3	2,509.1

d) Group maturity analysis of right-of-use lease liabilities

At 31 March	2022 £m	2021 £m
Contractual undiscounted payments due in:		
Not later than one year	**365.5**	361.8
Later than one year but not later than two years	**328.4**	334.4
Later than two years but not later than five years	**580.3**	596.6
Later than five years	**1,799.6**	1,875.8
	3,073.8	3,168.6
Less:		
Present value discount	**(637.4)**	(659.2)
Exempt cashflows	**(0.1)**	(0.3)
Present value of minimum lease payments	**2,436.3**	2,509.1

Notes to the Financial Statements

14. Right-of-use assets and related lease liabilities (continued)

e) Analysis of amounts included in the Group Comprehensive Income and Expenditure Statement

Year ended 31 March	Note	2022 £m	2021 £m
Amortisation of right-of-use assets	3	361.6	367.6
Interest payable on right-of-use lease liabilities (before impact of interest rate hedges)		59.5	61.8
Expense relating to short-term leases (included in gross expenditure)		3.0	0.5
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in gross expenditure)		0.1	-
Income from sub-leasing right-of-use assets (included in gross income)		12.5	10.7

f) Analysis of amounts included in the Statement of Cash Flows

The total cash outflow in the Group in respect of leases was £376.6m (2020/21 £357.2m).

g) The Group's leasing activities and how these are accounted for

As a lessee, the Group leases various infrastructure and office buildings, rolling stock, buses, motor vehicles and other equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The accounting for these leases is described within the Accounting Policies, note ac).

h) Future cash flows to which the lessee is potentially exposed that are/are not reflected in the measurement of lease liabilities

Variable lease payments

Most of the Group's infrastructure and office buildings have variable lease payments linked to a consumer price index. Rolling stock contracts have variable lease payments interest linked to a floating rate. When there is a change in cash flows because of the change in consumer price index or change in floating rate, then the lease liability is re-measured to reflect those revised lease payments and corresponding adjustments are made to the right-of-use asset.

Extension and termination options

Some of the Group's lease contracts have extension and termination options. These options and related payments are only included when the Group is reasonably certain that it will exercise these options. At the date of these financial statements, there are no facts and circumstances that create an economic incentive for the Group to extend or terminate the lease.

Leases not yet commenced to which the TfL Group as a lessee is committed

As at 31 March 2022, one rolling stock contract had commenced. However, while a certain number of units of rolling stock had been accepted and leased under this contract as at 31 March, the entire quota in this contract had not yet been received or recognised. The right-of-use asset and the related lease liability in relation to the rolling stock accepted at 31 March 2022 were £226.5m and £248.6m respectively (2021 £911.4m and £1,037.5m respectively), out of a total commitment of £268.1m (2021 £1,100m) in the contract. Because the contractual payments under these lease arrangements are set at the outset of the contract in relation to the full quota of trains to be received, and the total contractual payments are not linked to the timing of acceptance of specific batches of trains, the Incremental Borrowing Rate at the commencement of the lease has been applied as the rate at which future liabilities relating to all trains under these contracts are discounted, irrespective of the date of their acceptance into use by TfL.

Further in the current year, for one of the lease contracts all the rolling stock units have been accepted this year and hence the entire liability is recorded at 31 March 2022.

Notes to the Financial Statements

14. Right-of-use assets and related lease liabilities (continued)

i) Corporation right-of-use assets at 31 March 2022 comprised the following elements:

	Note	Infrastructure and office buildings £m	Other equipment £m	Total £m
Cost or valuation				
At 1 April 2021		430.8	19.1	449.9
Additions		-	7.0	7.0
Disposals		-	(3.8)	(3.8)
Revaluation		-	-	-
At 31 March 2022		430.8	22.3	453.1
Amortisation				
At 1 April 2021		50.4	8.2	58.6
Charge for the year	3	25.1	4.7	29.8
Disposals		-	(3.8)	(3.8)
At 31 March 2022		75.5	9.1	84.6
Net book value at 31 March 2022		355.3	13.2	368.5
Net book value at 31 March 2021		380.4	10.9	391.3

j) Corporation right-of-use assets at 31 March 2021 comprised the following elements:

	Note	Infrastructure and office buildings £m	Other equipment £m	Total £m
Cost or valuation				
A 1 April 2020		432.3	17.4	449.7
Additions		(0.1)	1.7	1.6
Revaluation		(1.4)	-	(1.4)
At 31 March 2021		430.8	19.1	449.9
Amortisation				
At 1 April 2020		25.2	3.4	28.6
Charge for the year	3	25.2	4.8	30.0
At 31 March 2021		50.4	8.2	58.6

Notes to the Financial Statements

14. Right-of-use assets and related lease liabilities (continued)

k) Corporation lease liabilities in relation to right-of-use assets

At 31 March	2022 £m	2021 £m
Principal outstanding		
Short-term liabilities	**27.0**	26.7
Long-term liabilities	**367.1**	386.8
	394.1	413.5

l) Corporation maturity analysis of right-of-use lease liabilities

At 31 March	2022 £m	2021 £m
Contractual undiscounted payments due in:		
Not later than one year	**37.3**	37.6
Later than one year but not later than two years	**37.0**	35.8
Later than two years but not later than five years	**102.9**	101.2
Later than five years	**307.7**	340.4
	484.9	515.0
Less:		
Present value discount	**(90.8)**	(101.5)
Present value of minimum lease payments	**394.1**	413.5

m) Analysis of amounts included in the Corporation Comprehensive Income and Expenditure Statement

Year ended 31 March	Note	2022 £m	2021 £m
Amortisation of right-of-use assets	3	**29.8**	30.0
Interest payable on right-of-use lease liabilities		**11.0**	11.6
Expense relating to short-term leases (included in gross expenditure)		**-**	-
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in gross expenditure)		**-**	-
Income from sub-leasing right-of-use assets (included in gross income)		**-**	-

Notes to the Financial Statements

14. Right-of-use assets and related lease liabilities (continued)

n) Analysis of amounts included in the Corporation Statement of Cash Flows
The total cash outflow in the Corporation in respect of leases in 2021/22 was £37.3m (2020/21 £37.7m).

o) The Corporation's leasing activities and how these are accounted for
As a lessee, the Corporation leases various office buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The accounting for these leases is described within the Accounting Policies, notes s) and ac).

p) Future cash flows to which the lessee is potentially exposed that are/are not reflected in the measurement of lease liabilities.
Variable lease payments
Most of the Corporation's office buildings have variable lease payments linked to a consumer price index. When there is a change in cash flows because of the change in consumer price index or change in floating rate, then the lease liability is remeasured to reflect those revised lease payments and a corresponding adjustment is made to the right-of-use asset.

Extension and termination options
Some of the Corporation's lease contracts have extension and termination options. These options and related payments are only included when the Corporation is reasonably certain that it will exercise these options. At the date of these financial statements, there are no facts and circumstances that create an economic incentive for the Corporation to extend or terminate the lease.

Leases not yet commenced to which the Corporation as a lessee is committed
As at 31 March 2022 the Corporation is not party to any lease arrangements to which the Corporation as a lessee is committed but for which it has not yet recognised any right-of-use asset or liability on the Balance Sheet (2021 none).

q) Peppercorn leases in the Group and Corporation
TfL has a number of leases over property and other transport infrastructure under which it pays £nil or peppercorn rents. It has undertaken an exercise to assess the fair value of the assets leased under these arrangements and has concluded that they have no material value. No amounts have therefore been recorded in these financial statements in respect of these leases.

15. Investment properties

	Note	Group £m	Corporation £m
Valuation			
At 1 April 2020		1,430.5	14.1
Additions		22.7	17.7
Transfers to subsidiary undertakings		-	(1.6)
Transfers from assets held for sale	22	19.7	1.0
Transfers from property, plant and equipment	13	20.9	-
Disposals		(22.3)	(17.7)
Fair value adjustments	8	(12.8)	(1.9)
At 31 March 2021		1,458.7	11.6
Additions		**43.9**	**7.3**
Transfers to subsidiary undertakings		**-**	**-**
Transfers to assets held for sale	22	**(10.3)**	**(0.7)**
Net transfers from assets held for sale	22	**19.5**	**27.3**
Transfers from property, plant and equipment	13	**94.6**	**31.1**
Disposals		**(18.1)**	**(9.5)**
Fair value adjustments		**125.0**	**30.0**
At 31 March 2022		**1,713.3**	**97.1**

The fair value of the Group's investment properties at 31 March 2022 has been arrived at on the basis of valuations at that date by CBRE, a real estate advisory business not connected with the Group, and by chartered surveyors working for TfL. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value has been used. This is based upon various assumptions including the anticipated future rental income, maintenance costs and the appropriate discount rate; making reference to market evidence of transaction prices for similar properties. A deduction is made to reflect purchaser's acquisition costs. Values are therefore calculated under level 3 of the fair value hierarchy. In estimating fair value, the highest and best use of the properties is assumed to be their current use. There were no transfers of properties in or out of level 3 of the fair value hierarchy during the year (2020/21 none).

Properties are valued annually in accordance with the Red Book, RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors.

Notes to the Financial Statements

15. Investment properties (continued)

In order to create a consolidated commercial property portfolio, assets previously held at a depreciated historical cost value within property, plant and equipment, have been identified and transferred into a designated investment portfolio alongside a range of existing investment properties. In addition, the creation of new lease structures allowed the recognition, for the first time, of newly separable investment property assets which have been recorded at fair value at the date of creation of the lease structure. These assets have been combined into a vehicle to deliver homes under the Mayor's Transport Strategy, and a growing sustainable income stream, as well as to facilitate the ability to generate both debt and equity to fund capital requirements. In the year to 31 March 2022, a total net revaluation gain of £142.4m (including movements on investment properties held for sale) was recognised for the Group (2020/21 a net revaluation loss of £10.7m). Of this, a gain of £49.0m (2020/21 £72.6m) in relation to the initial valuation of newly created assets was recognised within other comprehensive income. The remaining £93.4m net gain (2020/21 £83.3m net loss) relating to movements in the valuation of assets already held at valuation has been reflected within financing income/ expenditure.

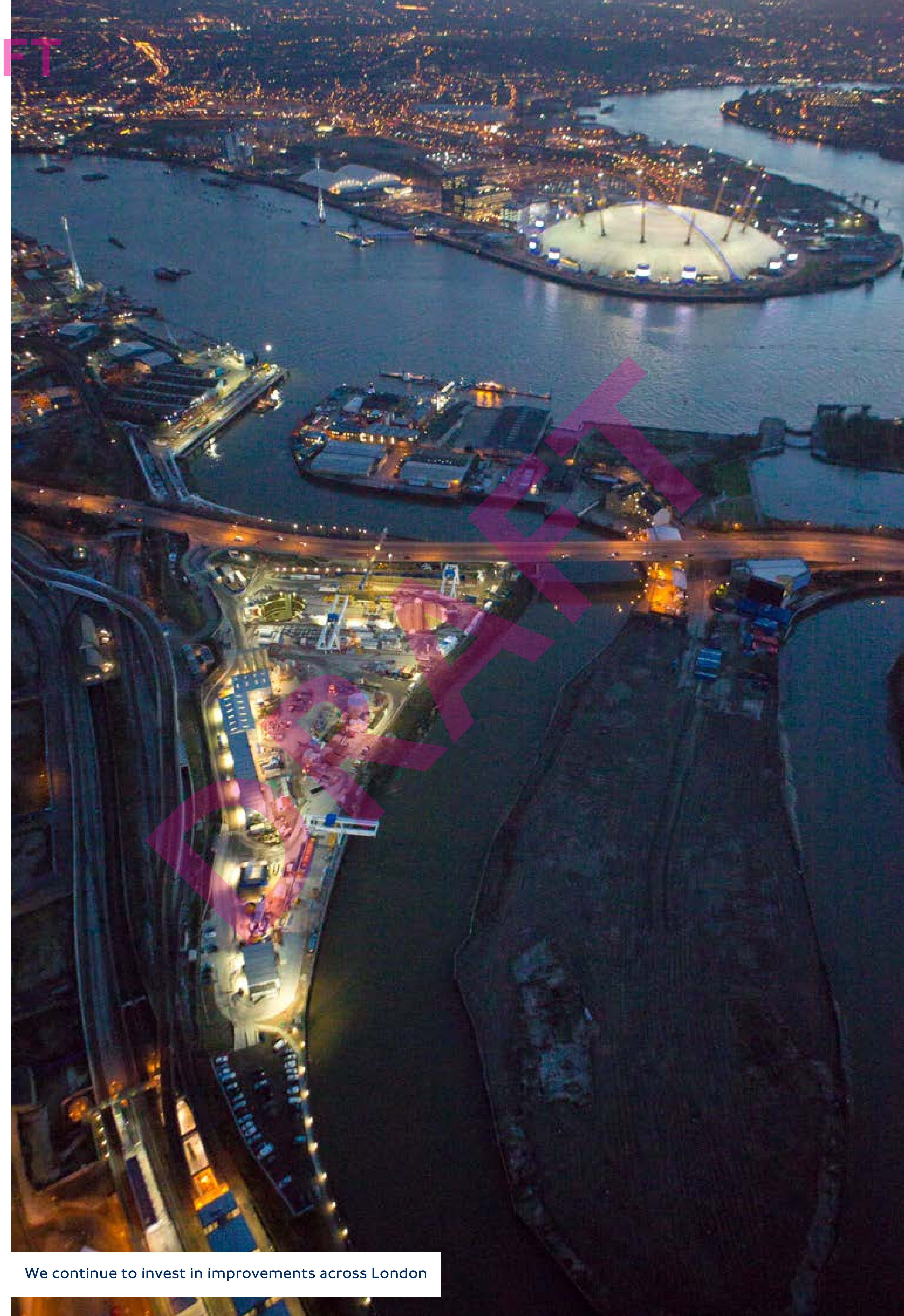
Rental income earned in relation to investment properties is disclosed in note 1. Operating expenditure for the year in respect of investment properties totalled £39.8m for the Group (2020/21 £55.7m).

Information about the impact of changes in unobservable inputs (level 3) on the fair value of the Group's investment portfolio is set out in the table below.

All other factors being equal:

- A higher equivalent yield or discount rate would lead to a decrease in the valuation of an asset
- An increase in the current or estimated future rental stream would have the effect of increasing the capital value

However, there are interrelationships between the unobservable inputs which are partially determined by market conditions, which would impact on these changes.



We continue to invest in improvements across London

Notes to the Financial Statements

15. Investment properties (continued)

Information about fair value measurements for the TfL Group using unobservable inputs (level 3) for the year ended 31 March 2022

		Estimated value £m Yield shift (0.5)%	% change from baseline Yield shift (0.5)%	Estimated value £m Yield shift (0.25)%	% change from baseline Yield shift (0.25)%	**Estimated value £m Yield shift 0.0%**	**% change from baseline Yield shift 0.0%**	Estimated value £m Yield shift 0.25%	% change from baseline Yield shift 0.25%	Estimated value £m Yield shift 0.5%	% change from baseline Yield shift 0.5%
Estimated rental value	**(10)%**	1,774.0	3.55%	1,678.3	(2.04)%	**1,593.3**	**(7.00)%**	1,563.3	(8.75)%	1,473.4	(14.00)%
	(5)%	1,842.5	7.55%	1,742.3	1.70%	**1,653.4**	**(3.49)%**	1,622.2	(5.31)%	1,528.3	(10.79)%
	0%	1,910.6	11.52%	1,805.7	5.40%	**1,713.2**	**0.00%**	1,681.3	(1.86)%	1,583.2	(7.59)%
	5%	1,978.6	15.49%	1,870.0	9.15%	**1,773.8**	**3.54%**	1,740.1	1.57%	1,637.8	(4.40)%
	10%	2,046.8	19.47%	1,933.7	12.87%	**1,834.0**	**7.05%**	1,799.2	5.02%	1,693.0	(1.18)%

The table above shows the sensitivity of the valuation of the investment property portfolio to a five or 10 per cent increase/(decrease) in estimated rental values, combined with a 0.5 or 0.25 per cent increase/(decrease) in yield from the baseline assumptions used to calculate the values as recorded in these accounts.

Notes to the Financial Statements
16. Investments in subsidiaries

Cost	Corporation 2022 £m	Corporation 2021 £m
At 1 April	**12,222.5**	11,562.5
Investments in year	**560.0**	660.0
At 31 March	**12,782.5**	12,222.5

During the year, the Corporation increased its investment in the ordinary share capital of Transport Trading Limited (TTL) by £560m (2020/21 £660.0m). TTL subsequently increased its investment in the ordinary share capital of Crossrail Limited by £560m.

The Group holds 100 per cent of the share capital of all subsidiaries. All companies listed in the table below, with the exception of London Transport Insurance (Guernsey) Limited, are registered in England and Wales; and their financial statements are lodged at Companies House and also at the Charity Commission for London Transport Museum Limited. London Transport Insurance (Guernsey) Limited is registered in Guernsey.

We want to ensure all customers benefit from our services

Notes to the Financial Statements
16. Investments in subsidiaries (continued)

The Group's subsidiaries are:

Subsidiaries	Principal activity
City Airport Rail Enterprises Limited	Dormant company
Crossrail 2 Limited	Dormant company
Crossrail Limited	Construction of Crossrail infrastructure
Docklands Light Railway Limited	Passenger transport by rail
London Bus Services Limited	Passenger transport by bus
London Buses Limited	Dial-a-Ride services
London Dial-a-Ride Limited	Dormant company
London River Services Limited	Pier operator
London Transport Insurance (Guernsey) Limited	Insurance
London Transport Museum (Trading) Limited	Trading company
London Transport Museum Limited	Charitable company
London Underground Limited	Passenger transport by underground train
LUL Nominee BCV Limited	Dormant company
LUL Nominee SSL Limited	Dormant company
Rail for London Limited	Passenger transport by rail
Rail for London (Infrastructure) Limited	Infrastructure manager for the Crossrail Central Operating Section
TfL Trustee Company Limited	Pension Fund Trustee

Subsidiaries	Principal activity
Tramtrack Croydon Limited	Passenger transport by light rail
Transport for London Finance Limited	Manages financial risk of the Group
Transport Trading Limited	Holding company
TTL Blackhorse Road Properties Limited	Holding company
TTL Build to Rent Limited	Holding company
TTL Earls Court Properties Limited	Holding company
TTL FCHB Properties Limited	Dormant company
TTL Kidbrooke Properties Limited	Holding company
TTL Landmark Court Properties Limited	Holding company
TTL Northwood Properties Limited	Dormant company
TTL Properties Limited	Property investment and development
TTL Southwark Properties Limited	Property investment
TTL South Kensington Properties Limited	Property investment
TTL Wembley Park Properties Limited	Dormant company
Tube Lines Limited	Maintenance of underground lines
Tube Lines Pension Scheme Trustees Limited	Pension Fund Trustee
Victoria Coach Station Limited	Coach station
Woolwich Arsenal Rail Enterprises Limited	Dormant company

Notes to the Financial Statements
17. Investment in joint ventures

a) Connected Living London (BTR) Limited
In 2019/20, the Group via its subsidiary, TTL Build to Rent Limited, acquired a 49 per cent interest in a joint arrangement called Connected Living London (BTR) Limited (CLL), which was set up as a partnership together with Grainger Plc, to fund the development of a major build to rent portfolio across London. The registered office address of CLL is Citygate, St James Boulevard, Newcastle Upon Tyne, Tyne & Wear, United Kingdom, NE1 4JE.

As the Group has joint control over the net assets and operations of its investment through equal representation on the board and equal voting rights, it has equity accounted for its investment as a joint venture in these consolidated financial statements. The financial year end of CLL is 30 September.

During 2021/22 the Group invested a further £2.8m in the equity of CLL (2020/21 £1.6m). Summarised financial information in respect of the Group's investment is set out below. Amounts presented are taken from unaudited management accounts made up to 31 March.

Balance Sheet of Connected Living London (BTR) Limited at the 100 per cent level

At 31 March	Group 2022 £m	Group 2021 £m
Long-term assets		
Investment property under construction	17.9	15.5
	17.9	15.5
Current assets		
Cash	4.5	3.2
Other short-term assets	-	0.2
	4.5	3.4
Current liabilities		
Other short-term liabilities	(2.9)	(1.8)
	(2.9)	(1.8)
Long-term liabilities		
Borrowings	-	-
Other long-term liabilities	-	-
	-	-

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 March	Group 2022 £m	Group 2021 £m
Net assets at 100%	19.5	17.1
Percentage held by the TfL Group	49%	49%
Carrying amount of the Group's equity interest in CLL	9.6	8.4

Notes to the Financial Statements

17. Investment in joint ventures (continued)

Group share of comprehensive income and expenditure of CCL

At 31 March	Group 2022 £m	Group 2021 £m
Group share of loss from continuing operations	(1.7)	(0.4)
Group share of other comprehensive income	-	-
Total Group share of comprehensive income and expenditure for the year	(1.7)	(0.4)

The share of loss from continuing operations reflects administrative expenditure relating to the operations of the company.

b) Kidbrooke Partnership LLP

The Group, through its subsidiary, TTL Kidbrooke Properties Limited, holds a 49 per cent holding in the members' interest of Kidbrooke Partnership LLP (KP LLP), a property development partnership. Through a combination of its voting rights, Board representation and other rights embedded in the relevant management agreements, the Group is assessed as having joint control. The investment has therefore been accounted for as a joint venture using the equity method in these financial statements.

KP LLP has a 299 year lease over the land lying to the South East of Kidbrooke Park Road and is developing the site as a mixed use development incorporating affordable housing. The financial year end of KP LLP is 31 March.

During 2021/22 the Group had no additional investment in the equity of KP LLP (2020/21 £3.6m). Summarised financial information in respect of the Group's investment in KP LLP is set out below. Amounts presented are taken from unaudited management accounts made up to 28 February.

Balance Sheet of Kidbrooke Partnership LLP at the 100 per cent level

At 31 March	Group 2022 £m	Group 2021 £m
Current assets		
Cash	8.9	2.3
Other short-term assets	31.0	36.6
	39.9	38.9
Current liabilities		
Other short-term liabilities	(2.5)	(1.3)
	(2.5)	(1.3)

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 March	Group 2022 £m	Group 2021 £m
Net assets at 100%	37.4	37.6
Percentage held by the TfL Group	49%	49%
Carrying amount of the Group's equity interest in KP LLP	18.3	18.4

Group share of comprehensive income and expenditure of Kidbrooke Partnership LLP

Year ended 31 March	Group 2022 £m	Group 2021 £m
Group share of loss from continuing operations	(0.1)	-
Group share of other comprehensive income	-	-
Total Group share of comprehensive income and expenditure for the year	(0.1)	-

Notes to the Financial Statements

17. Investment in joint ventures (continued)

c) Blackhorse Road Properties LLP
In 2019/20 the Group acquired a 49 per cent holding in the members' interest of Blackhorse Road Properties LLP (BRP LLP), a newly created property development partnership, for a cash consideration of £11.3m. The investment was purchased through a newly incorporated subsidiary of the Group, TTL Blackhorse Road Properties Limited. Through a combination of its voting rights, Board representation and other rights embedded in the relevant management agreements, the Group is assessed as having joint control. The investment has therefore been accounted for as a joint venture using the equity method.

During 2019/20, the Group granted a 999 year lease over land at Blackhorse Road to BRP LLP for a consideration of £15.9m. The financial year end of BRP LLP is 30 June.

Summarised financial information in respect of the Group's investment in BRP LLP is set out below. Amounts presented are taken from unaudited management accounts made up to 28 February.

Balance sheet of BRP LLP at the 100 per cent level

At 31 March	Group 2022 £m	Group 2021 £m
Current assets		
Cash	**21.3**	9.4
Other short-term assets	**21.5**	28.8
	42.8	38.2
Current liabilities		
Other short-term liabilities	**(8.2)**	(8.7)
	(8.2)	(8.7)

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 March	Group 2022 £m	Group 2021 £m
Net assets at 100%	**34.6**	29.5
Percentage held by the TfL Group	**49%**	49%
Carrying amount of the Group's equity interest in BRP LLP	**17.0**	14.5

Group share of comprehensive income and expenditure of BRP LLP

Year ended 31 March	Group 2022 £m	Group 2021 £m
Group share of profit from continuing operations	**7.3**	1.1
Group share of other comprehensive income	**-**	-
Total Group share of comprehensive income and expenditure for the year	**7.3**	1.1

Notes to the Financial Statements

17. Investment in joint ventures (continued)

d) Landmark Court Partnership Limited

In 2021/22 the Group acquired a 49 per cent holding in the members' interest of Landmark Court Partnership Limited (LCP Limited), a newly created property development partnership, for a cash consideration of £1. The investment was purchased through a newly incorporated subsidiary of the Group, TTL Landmark Court Properties Limited. Through a combination of its voting rights, Board representation and other rights embedded in the relevant management agreements, the Group is assessed as having joint control. The investment has therefore been accounted for as a joint venture using the equity method.

During 2021/22, the Group granted a 299 year lease over land at Liberty, Southwark site, at 15-33 Southwark Street to LCP Limited for a consideration of £41.8m. The financial year end of LCP Limited is 31 March.

Summarised financial information in respect of the Group's investment in LCP Limited is set out below. Amounts presented are taken from unaudited management accounts made up to 31 March.

Balance sheet of LMCP Limited at the 100 per cent level

At 31 March	Group 2022 £m	Group 2021 £m
Current assets		
Cash	1.3	-
Other short-term assets	46.5	-
	47.8	-
Current liabilities		
Other short-term liabilities	(38.2)	-
	(38.2)	-

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 March	Group 2022 £m	Group 2021 £m
Net assets at 100%	9.6	-
Percentage held by the TfL Group	49%	-
Net assets at 49%	4.7	-
Adjustment for distribution of land receipt*	(2.3)	
Carrying amount of the Group's equity interest in LMCP Limited	2.4	-

Group share of comprehensive income and expenditure of LMCP Limited

Year ended 31 March	Group 2022 £m	Group 2021 £m
Group share of profit from continuing operations adjusted for distribution of land receipt	2.4	-
Group share of other comprehensive income	-	-
Total Group share of comprehensive income and expenditure for the year	2.4	-

* Available profits in relation to the land receipt are distributed at 25% to TTL Landmark Court Properties Limited

Notes to the Financial Statements
18. Investment in associated undertakings

a) Earls Court Partnership Limited

The Group holds a 37 per cent holding in the ownership and voting rights of Earls Court Partnership Limited (ECP), a property development company incorporated in England and Wales. Through its voting rights and representation on the Board of Directors of ECP, the Group has significant influence but not control over the relevant activities of ECP. The Group's investment is therefore accounted for using the equity method in these consolidated accounts.

The Group has invested share capital and non-interest bearing loans into ECP. The loan notes are non-interest bearing and have no fixed repayment date. They have therefore been treated in these financial statements as an investment in the equity of ECP. As at 31 March 2022 the Group had invested £44.4m (2021 £44.4m) in share capital and a further £423m (2021 £416.2m) in loan notes.

The financial year end of ECP is 31 December. For the purposes of applying the equity method of accounting, the financial statements of ECP for the year ended 31 December have been used. There were no material movements in net income/expenditure or in the net assets of ECP between 31 December 2021 and 31 March 2022.

Summarised financial information in respect of the Group's investment in ECP is set out below:

Balance Sheet of Earls Court Partnership Limited at the 100 per cent level

At 31 December	Group 2022 £m	Group 2021 £m
Current assets	8.1	6.9
Long-term assets	596.0	516.2
Current liabilities	(1.7)	(1.8)
Long-term liabilities	(74.7)	(73.4)

Included within current assets above at 31 December 2021 is £6.4m of cash (2020 £5.7m). Long-term liabilities represent third-party borrowings.

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 December	Group 2022 £m	Group 2021 £m
Net assets at 100% at 31 December	527.7	447.9
Percentage held by the TfL Group	37%	37%
TfL Group share of net assets at 31 December	195.3	165.7
Investment in equity loan notes between 31 December and 31 March	2.2	1.2
Carrying amount of the Group's equity interest in Earls Court Partnership Limited at 31 March	197.5	166.9

Group share of comprehensive income and expenditure of Earls Court Partnership Limited

Year ended 31 March	Group 2022 £m	Group 2021 £m
Group share of profit/(loss) from continuing operations	24.0	(3.5)
Group share of other comprehensive income	-	-
Total Group share of comprehensive income and expenditure for the year	24.0	(3.5)

The share of profit from continuing operations primarily reflects fair value gains recognised in respect of the revaluation of the Earl's Court development site.

Notes to the Financial Statements

19. Finance lease receivables

Group finance lease receivables
The Group leases certain items of plant and equipment related to its media activities to a third party under a finance lease arrangement.

Finance lease receivables on the Balance Sheet are calculated as the present value of minimum lease payments outstanding. Interest is accrued at a rate of 6.29 per cent per annum.

As at 31 March	2022 £m	2021 £m
Principal outstanding		
Short-term	**13.8**	15.4
Long-term	**23.2**	28.6
	37.0	44.0

As at 31 March	2022 £m	2021 £m
Principal outstanding		
At 1 April	**44.0**	52.7
Additions	**8.7**	7.0
Interest	**(1.9)**	2.6
Repayments	**(13.8)**	(18.3)
	37.0	44.0

At 31 March	2022 £m	2021 £m
Minimum cash receipts in:		
Not later than one year	**14.7**	17.2
Later than one year but not later than five years	**23.7**	29.7
	38.4	46.9
Less unearned finance income	**(1.4)**	(2.9)
	37.0	44.0

20. Inventories

As at 31 March	Group 2022 £m	Group 2021 £m
Raw materials and consumables	**57.3**	50.7
Goods held for resale	**0.8**	0.8
	58.1	51.5

There is no material difference between the balance sheet value of Group inventories and their net realisable value. The Corporation had no inventories as at 31 March 2022 or 31 March 2021.

The movement on inventories was as follows:

	Group £m
Balance at 1 April 2020	58.9
Purchases in the year	50.4
Recognised as an expense in the year:	
Consumed/sold in the year	(54.9)
Net write offs in the year	(2.8)
Balance at 31 March 2021	51.5
Purchases in the year	**78.0**
Recognised as an expense in the year:	
Consumed in the year	**(70.1)**
Goods sold in the year	**(1.2)**
Net write offs in the year	**(0.1)**
Balance at 31 March 2022	**58.1**

Notes to the Financial Statements
21. Debtors

At 31 March	**Group 2022 £m**	Group 2021 £m
Short-term		
Trade debtors	**133.7**	140.3
Capital debtors	**55.3**	5.5
Other debtors	**28.0**	76.7
Other tax and social security	**62.4**	58.8
Grant debtors	**48.2**	68.5
Interest debtors	**2.6**	1.2
Contract assets: accrued income	**40.6**	35.7
Prepayments for goods and services	**152.9**	106.4
	523.7	493.1
Long-term		
Other debtors	**45.1**	17.4
Prepayments for goods and services	**27.1**	34.8
	72.2	52.2

Trade debtors are non-interest bearing and are generally paid within 28 days.

As at 31 March 2022, £607.8m (2021 £488.4m) was recognised as a provision for expected credit losses on trade and other debtors (see note 34).

Contract asset balances represent accrued income recognised where balances have not yet been invoiced to the customer. Upon completion of the terms of the contract and agreement with the customer/third party contributor, the amounts recognised as contract assets are reclassified to trade debtors.

At 31 March	**Corporation 2022 £m**	Corporation 2021 £m
Short-term		
Trade debtors	**51.5**	30.4
Amounts due from subsidiary companies	**128.7**	297.8
Capital debtors	**0.5**	0.6
Other debtors	**7.3**	48.9
Other tax and social security	**10.8**	7.6
Grant debtors	**30.4**	17.4
Interest debtors	**0.2**	-
Contract assets: accrued income	**11.5**	13.0
Prepayments for goods and services	**22.0**	24.2
	262.9	439.9
Long-term		
Loans made to subsidiary companies	**12,325.9**	12,251.9
Other debtors	**26.4**	-
Prepayments for goods and services	**8.6**	7.6
	12,360.9	12,259.5

Trade debtors are non-interest bearing and are generally paid within 28 days. In 2022, £580.2m (2021 £457.9m) was recognised as a provision for expected credit losses on trade debtors (see note 34).

Contract assets balances represent accrued income recognised where balances have not yet been invoiced to the customer. Upon completion of the terms of the contract, the amounts recognised as contract assets are reclassified to trade debtors.

Long-term loans made to subsidiary companies are interest-bearing loans, primarily representing the pass-down of external third-party borrowings to the subsidiaries that hold the assets which have been funded by that borrowing. These loans accrue market rates of interest reflecting rates achieved on debt issued to third parties by the Corporation. The average rate of interest accruing on loans outstanding at 31 March 2022 was 3.1 per cent (2021 3.2 per cent).

22. Assets held for sale

	Note	Group £m	Corporation £m
Balance at 1 April 2020		113.4	19.1
Net assets transferred from held for sale to investment property			
Investment properties	15	(19.7)	(1.0)
Revaluation gains/(losses)			
Investment properties		2.1	(0.4)
Disposals			
Investment properties		(0.3)	(0.2)
Balance at 31 March 2021		95.5	17.5
Assets newly classified as held for sale			
Property, plant and equipment	13	83.4	-
Investment properties	15	10.3	0.7
Net assets transferred from held for sale to investment property			
Investment properties	15	**(19.5)**	**(27.3)**
Revaluation gains/(losses)			
Investment properties		**17.4**	**21.3**
Disposals			
Investment properties		**(26.2)**	**(0.1)**
Balance at 31 March 2022		**160.9**	**12.1**

As at 31 March 2022, certain development sites and surplus land were being actively marketed for sale. Disposals are expected to complete within the next 12 months, or, where agreements to sell have already been put in place, in line with the timing of those agreements.

23. Other investments

At 31 March	Group 2022 £m	Group 2021 £m
Short-term		
Investments held at amortised cost	**19.0**	19.0

At 31 March	Corporation 2022 £m	Corporation 2021 £m
Short-term		
Investments held at amortised cost	**-**	-

Short-term investments comprise fixed deposits, UK treasury bills and other tradeable instruments with a maturity of greater than three but less than 12 months.

Notes to the Financial Statements

24. Cash and cash equivalents

At 31 March	Group 2022 £m	Group 2021 £m
Cash at bank	**201.6**	126.5
Short-term investments with a maturity of less than three months	**1,177.6**	1,575.8
Cash in hand and in transit	**11.0**	7.9
	1,390.2	1,710.2

At 31 March	Corporation 2022 £m	Corporation 2021 £m
Cash at bank	**54.2**	52.6
Short-term investments with a maturity of less than three months	**1,177.6**	1,575.8
	1,231.8	1,628.4

Short-term investments comprise fixed deposits, UK treasury bills, repo and other tradeable instruments. These are classified as cash and cash equivalents as they have a maturity of less than three months.

25. Creditors

a) Group creditors at 31 March comprised:

	Group 2022 £m	Group 2021 £m
Short-term		
Trade creditors	**208.6**	164.7
Accrued interest	**111.2**	111.7
Capital works	**555.6**	656.3
Retentions on capital contracts	**5.6**	9.4
Capital grants received in advance	**40.1**	32.2
Wages and salaries	**122.3**	136.9
Other taxation and social security creditors	**47.5**	49.3
Contract liabilities: receipts in advance for Travelcards, bus passes and Oyster cards	**120.9**	217.7
Contract liabilities representing other deferred income	**59.1**	48.3
Accruals and other payables	**576.0**	651.4
	1,846.9	2,077.9
Long-term		
Capital grants received in advance	**10.5**	11.1
Retentions on capital contracts	**(0.1)**	3.9
Contract liabilities representing other deferred income	**29.1**	29.7
Accruals and other payables	**42.8**	12.0
	82.3	56.7

Notes to the Financial Statements

25. Creditors (continued)

The level of outstanding long-term liabilities as at 31 March 2022 are broadly consistent with the prior year.

The performance obligations related to deferred income balances recorded as at 31 March 2022, which are expected to be met in more than one year, relate to:

i. License revenue and funding received from developers for improvements to bus services, which together total £21.5m (2021 £21.6m), of which £nil, (2021 £nil) relates to obligations that are due to be satisfied withing one to two years, £8.2m (2021 £13.1m) relates to obligations that are to be satisfied within two to three years, and £6.9m (2021 £4.7m) within five years and £6.4m (2021 £3.8) over five years

ii. Maintenance income of £7.5m (2021 £6.4m) expected to be released over 30 years

iii. Other miscellaneous contracts, together totalling £0.1m (2021 £1.6m)

Set out below is the amount of revenue recognised by the Group during the year from:

Year ended 31 March	Group 2022 £m	Group 2021 £m
Amounts included in contract liabilities at 1 April	163.0	213.0
Performance obligations satisfied in previous years	-	-

b) Corporation creditors at 31 March comprised:

At 31 March	Corporation 2022 £m	Corporation 2021 £m
Short-term		
Trade creditors	56.0	44.6
Accrued interest	111.1	109.3
Capital works	91.3	127.9
Retentions on capital contracts	-	1.8
Capital grants received in advance	30.1	14.2
Amounts due to subsidiary companies	46.3	278.0
Wages and salaries	20.5	37.2
Other taxation and social security creditors	0.7	2.8
Contract liabilities representing other deferred income	23.7	16.0
Accruals and other payables	178.4	275.2
	558.1	907.0
Long-term		
Capital grants received in advance	7.7	8.3
Retentions on capital contracts	(0.1)	-
Contract liabilities representing other deferred income	16.7	16.3
Accruals and other payables	30.1	-
	54.4	24.6

Total long-term contract liabilities balances in the Corporation are broadly consistent with the prior year.

Notes to the Financial Statements

25. Creditors (continued)

At 31 March 2022, the significant balance of remaining performance obligations in relation to contract liabilities expected to be recognised in more than one year represents deferred license revenue totalling £9.2m (2021 £9.8m), of which £8.9m is expected to be satisfied within five years (2021 £9.8m) and £0.3m (2021 £nil) over five years. Maintenance income of £7.5m (2021 £6.4m) is expected to be released over 30 years. Balances relating to other miscellaneous contracts totalled £nil (2021 £0.1m).

Year ended 31 March	Corporation 2022 £m	Corporation 2021 £m
Amounts included in contract liabilities at 1 April	11.9	14.9
Performance obligations satisfied in previous years	-	-

26. Borrowings and overdrafts

At 31 March	Group 2022 £m	Group 2021 £m
Short-term		
Borrowings	1,423.0	1,198.1
Long-term		
Borrowings	11,543.3	11,769.7

At 31 March	Corporation 2022 £m	Corporation 2021 £m
Short-term		
Borrowings	1,423.0	1,198.1
Long-term		
Borrowings	11,547.3	11,774.1

Further information about the maturity and interest rate profiles of the Group and Corporation's borrowings is provided in note 34 (Funding and financial risk management).

We have direct access to the UK Debt Management Office (DMO) via the Public Works Loan Board (PWLB) and a £2bn Commercial Paper programme in place, with both sources utilised throughout the financial year to manage liquidity requirements. Additionally, we have a £750m loan facility, with the DfT, ringfenced for the purposes of the Crossrail project and the final instalment of £74m was drawn during the year.

Notes to the Financial Statements

26. Borrowings and overdrafts (continued)

Changes in liabilities arising from financing activities

	Group 2022 £m	Group 2021 £m
Balance at 1 April		
Short-term	1,543.5	1,272.1
Long-term	14,179.3	13,095.4
	15,722.8	14,367.5
Right-of-use lease liabilities recognised on the implementation of IFRS 16	-	-
Borrowings drawn down	801.9	1,541.0
Net (repayment of)/additions to other financing liabilities	(6.2)	(1.7)
Repayment of borrowings	(803.7)	(263.6)
Repayment of PFI liabilities	(10.0)	(13.9)
Repayment of right-of-use lease liabilities	(314.8)	(295.4)
Non-cash increase in right-of-use lease liabilities	242.0	387.5
Other movements*	0.3	1.4
At 31 March	15,632.3	15,722.8
Short-term	1,774.1	1,543.5
Long-term	13,858.2	14,179.3
	15,632.3	15,722.8

* Other movements in the tables above are non-cash and relate to the unwind of discounts and fees.

Changes in liabilities arising from financing activities

	Corporation 2022 £m	Corporation 2021 £m
Balance at 1 April		
Short-term	1,234.4	971.2
Long-term	12,262.5	11,282.3
	13,496.9	12,253.5
Borrowings drawn down	801.9	1,541.0
Repayment of borrowings	(803.7)	(263.6)
Repayment of PFI lease liabilities	(9.6)	(9.0)
Repayment of right-of-use lease liabilities	(26.4)	(26.0)
Non-cash increase in right-of-use-lease liabilities	7.0	0.2
Other movements*	(0.1)	0.8
At 31 March	13,466.0	13,496.9
Short-term	1,460.6	1,234.4
Long-term	12,005.4	12,262.5
	13,466.0	13,496.9

Notes to the Financial Statements
27. Private finance initiative contracts

Private Finance Initiative contracts
The Group is party to the following PFI arrangements where the Group controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement. These arrangements are treated as service concession arrangements and, as stipulated by the Code, are accounted for in accordance with IPSAS 32 Service Concession Arrangements – Grantor (IPSAS 32).

The Group therefore recognises PFI assets as items of plant, property and equipment together with a liability to pay for them (see note 13 for details of PFI assets). The fair values of services received under the contract are recorded as operating expenses.

The unitary charge is apportioned between the repayment of the liability, financing costs and charges for services. The service is recognised as an expense in net operating costs and the finance costs are charged to financial expenses in the Comprehensive Income and Expenditure Statement.

Contract	Contract dates	Description
TfL		
A13 Thames Gateway contract	2000 to 2030	Design and construction of improvements to the A13 infrastructure (including communication and traffic signals systems) and ongoing maintenance and operation of the A13 between Butcher Row and Wennington. The contract requires TfL to make an annual unitary payment, charged monthly and calculated according to the service provided by the concession company and the payment mechanisms defined in the contract.
London Underground Limited (LU)		
British Transport Police (London Underground)	1999 to 2022	Provision and ongoing management and maintenance of operational infrastructure to support efficient policing of the Jubilee Line Extension and the delivery of the long-term policing strategy for LU. The contract requires LU to make a base annual unitary payment which is adjusted for indexation and performance as specified in the contract. The contract expired in March 2022.

Our assets need ongoing support and investments

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Notes to the Financial Statements

27. Private finance initiative contracts (continued)

PFI finance lease liabilities

	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
At 1 April	111.6	125.5	111.2	120.2
Payments	(14.9)	(19.4)	(14.4)	(14.2)
Interest	4.9	5.5	4.8	5.2
At 31 March	101.6	111.6	101.6	111.2

Group

Amounts payable under the PFI arrangements cover payments for repayment of capital, payments of interest and payment of service charges. The total amount payable breaks down as follows:

	Payments of interest £m	Repayment of capital £m	Payments for service charges £m	Total amount payable under non-cancellable PFI arrangements £m
At 31 March 2022				
Less than 1 year	4.4	10.6	34.3	49.3
Between 1 and 5 years	11.9	64.7	127.6	204.2
Between 6 and 10 years	1.9	26.3	76.0	104.2
	18.2	101.6	237.9	357.7
At 31 March 2021				
Less than 1 year	4.8	9.9	29.3	44.0
Between 1 and 5 years	14.4	55.9	128.2	198.5
Between 6 and 10 years	3.9	45.8	110.3	160.0
	23.1	111.6	267.8	402.5

Corporation

Amounts payable under the PFI arrangements cover payments for repayment of capital, payments of interest and payment of service charges. The total amount payable breaks down as follows:

	Payments of interest £m	Repayment of capital £m	Payments for service charges £m	Total amount payable under non-cancellable PFI arrangements £m
At 31 March 2021				
Less than 1 year	4.4	10.6	34.3	49.3
Between 1 and 5 years	11.9	64.7	127.6	204.2
Between 6 and 10 years	1.9	26.3	76.0	104.2
	18.2	101.6	237.9	357.7
At 31 March 2020				
Less than 1 year	4.8	9.6	25.1	39.5
Between 1 and 5 years	14.4	55.8	127.5	197.7
Between 6 and 10 years	3.9	45.8	110.3	160.0
	23.1	111.2	262.9	397.2

28. Other financing liabilities

Group other financing liabilities at 31 March comprised:

	Group 2022 £m	Group 2021 £m
Short-term		
Deferred capital payments	**6.4**	6.2
Long-term		
Deferred capital payments	**121.7**	128.1

Other financing liabilities comprise deferred capital payments in respect of the acquisition of property, plant and equipment. Gross payments with a nominal value of £151.7m (2021 £162.1m) fall due over the period to March 2033. These have been discounted back at an effective rate of interest of 3.2 per cent (2021 3.2 per cent) to the present value recorded in the table above.

29. Provisions

a) Group provisions

	At 1 April 2021 £m	Payments in the year £m	Charge for the year £m	Releases in the year £m	At 31 March 2022 £m
Compensation and contractual	71.9	(7.2)	15.0	(9.3)	**70.4**
Capital investment activities	66.5	(8.0)	-	-	**58.5**
Environmental harm	1.4	-	5.3	1.1	**7.8**
Severance and other	30.2	(13.5)	33.4	(0.9)	**49.2**
	170.0	(28.7)	53.7	(9.1)	**185.9**

At 31 March	2022 £m	2021 £m
Due		
Short-term	**99.3**	109.1
Long-term	**86.6**	60.9
	185.9	170.0

Notes to the Financial Statements

29. Provisions (continued)

b) Corporation provisions

	At 1 April 2021 £m	Payments in the year £m	Charge for the year £m	Releases in the year £m	At 31 March 2022 £m
Compensation and contractual	18.2	(2.8)	1.4	(0.4)	**16.4**
Capital investment activities	66.7	(8.0)	-	-	**58.7**
Severance and other	9.6	(6.2)	22.3	(6.5)	**19.2**
	94.5	(17.0)	23.7	(6.9)	**94.3**

At 31 March	2022 £m	2021 £m
Due		
Short-term	**53.3**	64.9
Long-term	**41.0**	29.6
	94.3	94.5

c) Nature of provisions

Compensation and contractual

The Group has provisions for expected compensation and contractual claims that arise in respect of disputes arising in the ordinary course of business. The provisions recorded as at 31 March are based on management's best estimate at the Balance Sheet date of the likely loss to be incurred through settlement. Reflecting the inherent uncertainty with many legal proceedings and claim settlements, the timing and amount of the outflows could differ from the amount provided. Based on current estimates management expects that these amounts, which are based on known facts and take account of past experience for similar items, will be settled within the next one to five years. Where material the provision held is discounted to its present value.

Capital investment activities

Capital investment activities include compulsory purchases, claims in respect of structural damage or diminution in value of properties affected by transport schemes, and other related third-party claims. Estimates are made with reference to relevant market trends. Compulsory Purchase Order provision amounts have been based on the professional estimates of lawyers and surveyors of the land acquisition, development value, disturbance, statutory interest and professional fees for both sides of the negotiation on a case by case basis. Due to the nature of these liabilities and the need to negotiate settlement amounts, there is considerable uncertainty regarding when Compulsory Purchase Order cases will be settled and payments made. At present management expects these provisions to be settled within the next five years.

Environmental harm

Environmental harm relates to potential costs associated with damage to the environment as a result of actions taken in the past. Management expects this provision to be settled within the next five years.

Severance and other

Severance and other provisions include voluntary severance costs arising from reorganisations and other smaller claims. Management expects these provisions to be settled within the next year.

Notes to the Financial Statements

30. Derivative financial instruments

Group derivatives in cash flow hedge relationships

At 31 March	**Fair value 2022 £m**	**Notional amount 2022 £m**	Fair value 2021 £m	Notional amount 2021 £m
Long-term assets				
Interest rate swaps	**13.0**	**215.6**	-	-
Foreign currency forward contracts	**0.2**	**5.8**	0.2	19.7
	13.2	**221.4**	0.2	19.7
Current assets				
Foreign currency forward contracts	**1.4**	**23.8**	2.6	45.9
	1.4	**23.8**	2.6	45.9
Current liabilities				
Interest rate swaps	**-**	**-**	(1.2)	75.0
Foreign currency forward contracts	**(4.5)**	**57.3**	(10.5)	163.5
	(4.5)	**57.3**	(11.7)	238.5
Long-term liabilities				
Interest rate swaps	**-**	**-**	(29.6)	336.9
Foreign currency forward contracts	**(14.2)**	**203.4**	(17.6)	271.1
	(14.2)	**203.4**	(47.2)	608.40

Group derivatives not in hedge relationships

At 31 March	**Fair value 2022 £m**	**Notional amount 2022 £m**	Fair value 2021 £m	Notional amount 2021 £m
Current assets				
Foreign currency forward contracts	**-**	**-**	3.9	183.2
	-	**-**	3.9	183.2
Current liabilities				
Foreign currency forward contracts	**(2.0)**	**238.9**	(0.3)	2.2
	(2.0)	**238.9**	(0.3)	2.2
Long-term liabilities				
Foreign currency forward contracts	**-**	**-**	(0.1)	0.4
	-	**-**	(0.1)	0.4

The Corporation has not entered into any derivative financial instrument contracts.

Further detail on the Group's derivative instruments is set out in note 34.

31. Contingencies

There are a number of uncertainties surrounding projects, including claims in the course of negotiations, which may affect the Group's financial performance. Where claims are possible but not probable, or are unquantifiable, such claims are treated as contingent liabilities. Contingent liabilities are not recognised in the financial statements, but are monitored to ensure that, where a possible obligation has become probable or a transfer of economic benefits has become probable, a provision is made.

The impact of these contingent liabilities on the Group's financial performance, liquidity or financial position is not considered to be material.

Notes to the Financial Statements

32. Guarantees

Section 160 of the GLA Act 1999 sets out the conditions under which the Corporation may give certain guarantees, indemnities or similar arrangements. Under section 161 of the GLA Act 1999 TfL is obliged to disclose in its Annual Report details of all guarantees etc. so given.

TfL and its subsidiaries have entered into joint and several guarantees in favour of HSBC Bank plc as security for any bank indebtedness outstanding from time to time. TfL has also separately guaranteed any liabilities owing to HSBC Bank plc by its subsidiary, Crossrail Limited.

The Corporation has given guarantees in respect of some of its subsidiary companies' contracts. The amount that could be payable under the guarantees (as described below) varies depending on a number of factors, including, inter alia, responsibility for the costs arising from an early termination of the underlying contract, which are not known before the event. For information only, the approximate maximum amounts of debt that were envisaged to be drawn by the counterparty at the signing of the agreements are disclosed below. For the avoidance of doubt, these amounts do not represent the amounts that could be payable by TfL under the guarantees but are shown here to give an indication of the relative size of each contract.

	Estimated maximum debt drawn by counterparty at start of contract £m
Agreement with 345 Rail Leasing Limited	1,050
Agreements with QW Rail Leasing Ltd	380
Agreement with London Rail Leasing Ltd	350
Agreement with Lloyds Bank PLC	109
Agreement with Pittville Leasing Ltd	51
Agreement with Lombard North Central Plc	7

In addition, TfL also guarantees the payments of certain of its subsidiaries under a number of other service and construction contracts. It has guaranteed amounts owed by London Bus Services Limited to the Fuel Cells and Hydrogen Joint Undertaking under a Grant agreement for the 3EMOTION Environmentally Friendly, Efficient Electric Motion project. It has guaranteed London Underground Limited's payment obligations as a tenant in respect of an operating lease for the Stratford City Business District. It has also provided an indemnity to Berkeley 55 Limited in respect of future Mayoral CIL payments that Berkeley 55 Limited may be charged in relation to the fit out of the Crossrail station at Woolwich.

Unlike the agreements listed above, these contracts are not based on an initial amount of debt and so cannot be quantified in a similar manner.

TfL also acts as a guarantor in respect of all liabilities under third party derivative contracts entered into by its subsidiary, Transport for London Finance Limited. The fair value of net liabilities outstanding under derivative contracts at 31 March 2022 is 6.1m (2021 £52.6m).

No arrangements were entered into with another person under which that person gives a guarantee which TfL has power to give under section 160 (4) of the GLA Act and no indemnities associated with the guarantees were given by virtue of section 160 (5) of the GLA Act.

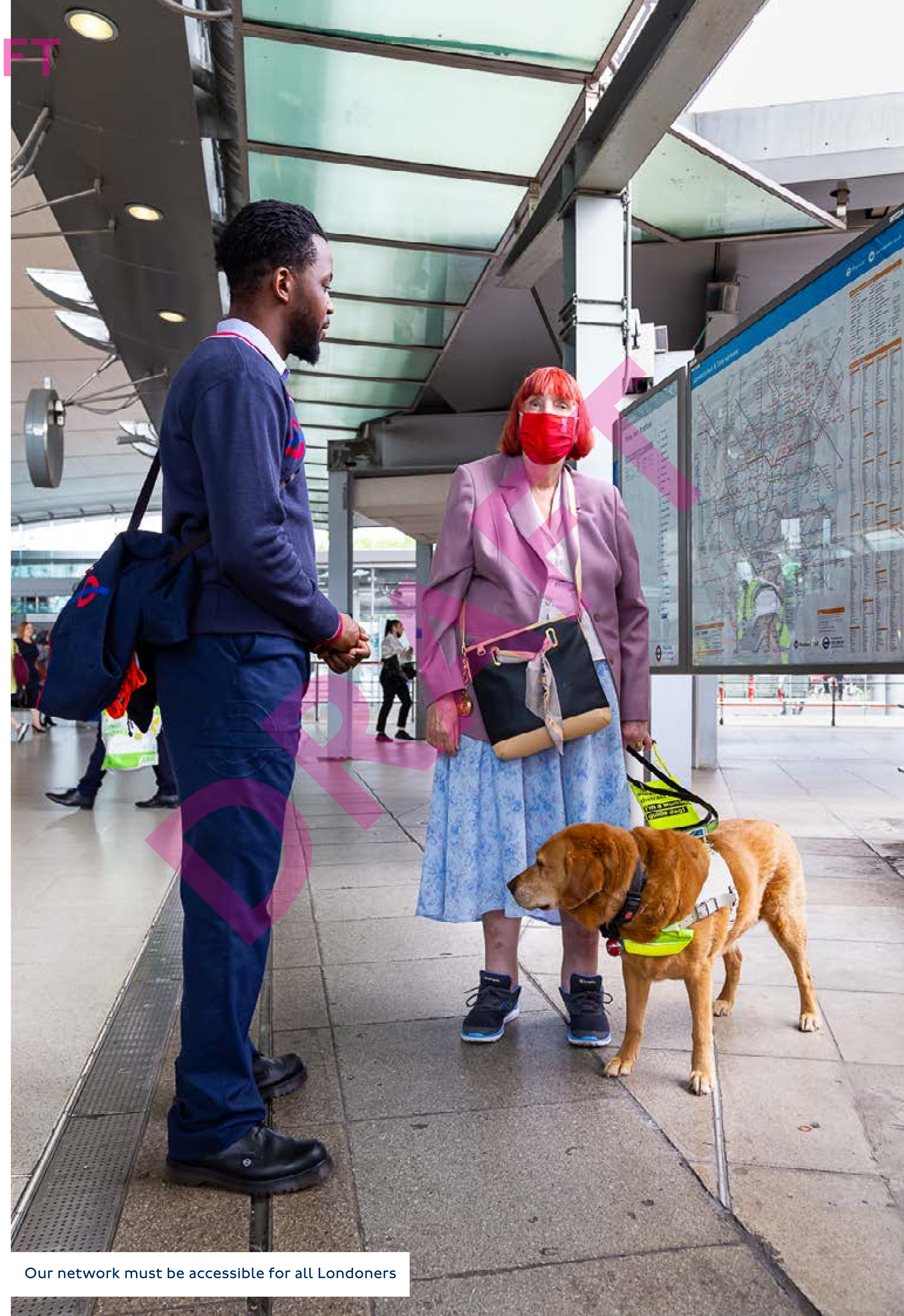
The majority of guarantees granted by TfL are in respect of the obligations of its subsidiaries. These obligations are, in any case, recorded as liabilities on the Group Balance Sheet. The probability of any amounts becoming payable by the Corporation under the above guarantees and indemnities is considered remote. As at 31 March 2022 the fair value of all financial guarantees granted has been recorded as £nil (2021 £nil).

Notes to the Financial Statements
33. Financial commitments

Operating leases – The Group and Corporation as lessor
The Group and Corporation lease out commercial, retail and office property, and land that they hold as a result of their infrastructure holdings.

At the Balance Sheet date, the Group and Corporation had contracted with customers for the following future minimum lease payments:

Land and buildings	Group £m	Corporation £m
At 31 March 2022		
Within one year	**59.3**	**1.0**
Between one and two years	**52.6**	**1.0**
Between two and five years	**109.7**	**2.1**
Later than five years	**624.2**	**11.1**
	845.8	**15.2**
At 31 March 2021		
Within one year	57.3	0.7
Between one and two years	52.1	0.7
Between two and five years	111.4	1.7
Later than five years	617.8	4.9
	838.6	8.0


Our network must be accessible for all Londoners

Notes to the Financial Statements
34. Funding and financial risk management

Introduction
TfL is a statutory corporation established under the GLA Act 1999. TfL is funded by revenues, grant and prudential borrowing. The Group's debt is issued by the statutory corporation, Transport for London, in the form of loans from the PWLB, the EIB and EDC, Medium Term Notes under the £5bn TfL Euro Medium Term Note programme, and short-term Commercial Paper under the £2bn TfL Euro Commercial Paper programme.

Treasury Management
TfL has a Treasury Management Strategy which is required to be updated on at least an annual basis. The Treasury Management Strategy for 2021/22 was prepared having regard to the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 (as amended), the key recommendations of the Code of Practice and Cross-Sectoral Guidance Notes for Treasury Management in the Public Services (2017 Edition) (the Treasury Management Code) and the Prudential Code for Capital Finance in Local Authorities (2017 Edition) (the Prudential Code), both issued by CIPFA, as well as the key recommendations of the Statutory Guidance on Local Authority Investments (2018 Edition) issued by the Ministry for Housing, Communities and local Government (the Investment Guidance). The strategy was approved by the TfL Finance Committee (a sub-committee of the TfL Board) prior to the commencement of the financial year.

The Group's principal financial instruments comprise borrowings, investments, derivatives, lease liabilities and receivables, PFI liabilities and cash and cash equivalents. These financial instruments are used to manage funding and liquidity requirements. Other financial instruments that arise directly from the Group's operations include trade receivables and payables and other financing liabilities.

The Group monitors the risk profile of its borrowing, investment and derivative programmes against approved benchmarks and provides regular reports to the Chief Finance Officer. Semi-annual reports on overall performance against the approved strategy are considered by the Finance Committee. Section 49 of the TfL Act 2008 confers upon TfL the powers to use derivative financial instruments for risk management purposes only via qualifying subsidiaries.

The Prudential Borrowing Regime
TfL has the power to borrow as it is treated as a local authority for the purposes of financial management under the Local Government Act 2003. In accordance with this Act, the Mayor, in consultation with TfL, sets an affordable borrowing limit for external debt (including direct borrowing and other long-term liabilities). In setting this limit, the Mayor and TfL are required by regulation to have regard to the Prudential Code. In accordance with the Prudential Code and Treasury Management Code, the TfL Board annually approves a long-term capital strategy and a set of indicators, for prudent and affordable borrowing, for estimates of capital expenditure, for interest rate exposures and the maturity profile of its borrowing.

TfL also agrees its maximum annual incremental borrowing capacity with Government.

Financial Risks and Risk Management
The Group is exposed to a number of financial risks in the normal course of its business operations, the key ones being:

- Credit risk
- Market risk
- Liquidity risk

Each of these risks is managed in accordance with the Group's comprehensive risk management process. The TfL Board, through its Finance Committee, approves and monitors the risk management processes, including documented treasury policies, counterparty limits, and controlling and reporting structures.

Credit risk
Credit risk is managed on a Group-wide basis. Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet contractual obligations. The following categories comprise the main credit exposures of the Group:

(i) Trade receivables and contract assets
The Group earns the majority of its revenue through prepaid fares. Financial assets arise from: penalty charges, fare revenues not earned on a prepaid basis, commercial activities such as property rental or advertising and amounts due under contractual arrangements from partners or suppliers. The maximum exposure to credit risk at the reporting date is the carrying value disclosed in note 21.

A significant portion of the financial assets arising in the Corporation are with other Group companies. Per note 32, the Corporation has granted guarantees in respect of the obligations of its subsidiaries, mitigating credit risk attached to settlement of these intercompany financial assets.

Customer credit risk is managed by a central credit control function subject to TfL's policy, procedures and control framework. Counterparties are assessed individually for their creditworthiness at the time of entering into contracts and an internal credit rating is assigned.

At each reporting date, the Group applies the IFRS 9 simplified approach to measuring expected credit losses. This approach uses a lifetime expected loss allowance for all trade receivables and contract assets. In determining the expected loss rates, trade receivables and contract assets are considered together based on shared credit risk characteristics. Historical loss rates over the short to medium term are applied to groupings of various customer segments within trade receivables and contract assets. These rates are adjusted to reflect expectations about future credit losses. There is a rebuttable presumption that default has occurred if assets are more than 90 days past due.

Despite the application of a loss allowance, these balances remain subject to enforcement activity and recoveries will be credited against the same line item as the expected credit loss within operating profit. On that basis, the loss allowance as at 31 March 2022 was determined as follows for both trade receivables and contract assets:

Notes to the Financial Statements

34. Funding and financial risk management (continued)

Age of trade and other debtors: Group

	Not overdue £m	Overdue by less than 3 months £m	Overdue by between 3 and 6 months £m	Overdue by between 6 months and 1 year £m	Overdue by more than 1 year £m	Total £m
At 31 March 2022						
Expected credit loss rate	0.1%	64.1%	90.0%	97.6%	99.1%	59.4%
Estimated total gross carrying amount at default	364.5	105.5	83.0	107.0	363.7	1,023.7
Expected credit loss allowance	(0.5)	(67.6)	(74.7)	(104.4)	(360.4)	(607.8)
At 31 March 2020						
Expected credit loss rate	0.7%	36.1%	87.8%	94.4%	99.0%	54.7%
Estimated total gross carrying amount at default	340.6	82.3	43.3	84.4	341.9	892.5
Expected credit loss allowance	(2.5)	(29.7)	(38.0)	(79.7)	(338.5)	(488.4)

Age of trade and other debtors: Corporation

	Not overdue £m	Overdue by less than 3 months £m	Overdue by between 3 and 6 months £m	Overdue by between 6 months and 1 year £m	Overdue by more than 1 year £m	Total £m
At 31 March 2022						
Expected credit loss rate	-	64.1%	91.0%	98.1%	99.3%	4.4%
Estimated total gross carrying amount at default	12,549.2	90.3	79.2	100.1	354.6	13,173.4
Expected credit loss allowance	-	(57.9)	(72.1)	(98.2)	(352.1)	(580.2)
At 31 March 2021						
Expected credit loss rate	-	58.9%	87.9%	98.0%	99.4%	3.5%
Estimated total gross carrying amount at default	12,645.0	35.8	36.5	73.5	334.7	13,125.5
Expected credit loss allowance	-	(21.1)	(32.1)	(72.0)	(332.7)	(457.9)

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there may be no reasonable expectation of recovery include, amongst other things; failure of a debtor to engage in a repayment plan or advice from TfL's legal department. TfL has a statutory duty to maximise recovery of charges and fees, including road user charges.

(ii) Investments

All cash balances are invested in accordance with TfL's Treasury Management Strategy, which was developed with regard to the Treasury Management Code and the Investment Guidance, and which requires a prudent approach to the investment of surplus funds with priority given to security and liquidity.

Throughout 2021/22 investments were made within limits approved by the Finance Committee. Counterparty limits are set according to the assessed risk of each counterparty and are linked to the credit rating of the institution. Exposures are monitored against these limits on a regular basis.

TfL considers the risk of the overall portfolio as well as individual investments, seeking to diversify its investments and has regard to the exposure to any one counterparty, country, industry, investment type and credit. The investment portfolio is allocated across sovereigns, government agencies, financial institutions, corporates and money market funds.

Certain banks hold collateral on TfL's account to provide security for TfL's reverse repurchase agreement investments. As at 31 March 2022, the fair value of the collateral held amounted to £100m (2021 £200m).

The centrally managed cash reserves at 31 March 2022 totalled £1,177.7m (2021 £1,575.8m).

Notes to the Financial Statements

34. Funding and financial risk management (continued)

As at 31 March, principal funds managed centrally on behalf of the Group and placed on deposit by the Corporation were as follows:

	Amount £m	Minimum Credit Rating (S&P/ Moody's/ Fitch)	Weighted average days to maturity
At 31 March 2022			
UK Debt Management Office	286.1	P-1/A-1+/F1+	41
Other Government Agencies	179.1	P-1/A-1+/F1+	52
Money Market Funds	267.5	AAA/AAA/AAA	1
Banks (including Gilt backed repos)	402.8	P-1/A-1/F1	33
Corporates	42.2	P-1/A-1+/F1	48
Total	1,177.7		31
At 31 March 2021			
UK Debt Management Office	388.0	P-1/A-/1+	45
Other Government Agencies	201.2	P-1/A-1+/F1+	43
Money Market Funds	374.7	AAA/AAA/AAA	1
Banks (including Gilt backed repos)	526.7	P-1/A-1+/F1+	33
Corporates	85.2	P-1/A-1/F1	8
Total	1,575.8		29

All of the entity's cash and investments are considered to have low credit risk; they are highly rated by major rating agencies, have a low risk of default and the counterparties have a strong capacity to meet obligations in the near term. While low risk, these remain subject to the impairment requirements of IFRS 9 at each reporting date. The identified 12 month expected loss allowance at 31 March 2022 and as at 31 March 2021 was immaterial.

(iii) Derivative financial instruments

Counterparty limits are established and monitored in accordance with TfL's Policy relating to the use of Derivative Investments, which was approved by the TfL Finance Committee. The Group spreads its exposure over a number of counterparties and has strict policies on how much exposure can be assigned to each counterparty.

The Group's maximum credit risk exposure relating to financial derivative instruments is noted in the maturity profile of derivatives tables within the market risk section of this note. The credit risk with regard to financial derivative instruments is limited because TfL has arrangements in place with each bank wherein, should the derivative be in an asset position for TfL and the market value reaches a contractually defined threshold, TfL can call upon the bank to post collateral in cash or eligible securities. TfL only envisages using these rights in the event that the financial strength of the institution has deteriorated since the limits were approved.

(iv) Guarantees

The Corporation provides guarantees to third parties under section 160 of the GLA Act, as disclosed in note 32, which are deemed necessary for the fulfilment of its policies. The Group's policy is to recognise financial guarantees at the higher of an expected credit loss allowance and the amount initially recognised as fair value less any amortisation that has occurred to date. As at 31 March 2022, the fair value of the Corporation's financial guarantees has been assessed as £nil (2021 £nil).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and inflation will affect the Group's income, expenditure or the value of its holdings of financial instruments. The Group, through its wholly owned subsidiary, Transport for London Finance Limited, uses derivatives (hedging instruments) to reduce exposure to interest rate and foreign exchange rate movements (the hedged risks) on existing contracts and highly probable future transactions. The Group does not use derivative financial instruments for speculative purposes.

On inception, all interest rate derivatives and foreign currency derivative instruments hedging commercial contracts are designated in highly effective hedge relationships and hedge accounting is applied. If a derivative should no longer satisfy the hedging criteria in accordance with adopted IFRS 9 Financial Instruments (IFRS 9), hedge accounting ceases and the derivative is fair valued immediately through the Comprehensive Income and Expenditure Statement.

The use of derivative instruments can itself give rise to credit and market risk. Market risk is the possibility that future changes in interest rates may make a derivative more or less valuable. Since the Group uses derivatives for risk management, market risk relating to derivative instruments is principally offset by changes in the cash flows of the transactions being hedged.

Notes to the Financial Statements

34. Funding and financial risk management (continued)

For the years ended 31 March 2022 and 2021 all derivatives in designated hedge relationships were assessed as highly effective and no ineffectiveness was recognised. Accordingly, the full movement in the fair value of those derivatives was taken to reserves.

(i) Foreign exchange risk

During 2021/22, TfL held certain short-term investments denominated in Euros. These foreign currency denominated investments were swapped back to GBP through the use of forward foreign exchange contracts. These contracts were not in formally designated hedging relationships for accounting purposes, as the currency gain or loss on retranslation of the investments is offset within net cost of services at the Group level by the movement in the fair value of the derivative instruments. As at 31 March 2022, the Group held foreign exchange contracts to hedge €283.3m future Euro receipts in relation to its Euro investments (2021 €215.0m). Throughout the year, the hedging strategy provided an effective offset of fair value movements due to holding foreign currency investments. The unrealised exchange net gain was £0.3m as at 31 March 2022 (2021 a net gain of £0.1m). These derivative instruments mature in the period to June 2022.

For 2021/22, the broad policy on managing transactional foreign exchange risk arising from contractual obligations with overseas providers was to retain the risk where there was a value in doing so, where the exposure was highly probable and the risk profile highly certain. For exposures not meeting these criteria, the exchange risk was passed on to the vendor. These exchange rate exposures were managed through the use of forward foreign exchange contracts whose critical terms are closely aligned to the exposure, such as notional amount, expected maturity date and currency. Hedge accounting is applied to these derivative instruments.

Where funds were received in specific currencies in which the Group expected to have future exposures, the Treasury Management Strategy made allowances to place these funds on deposit. This gave the Group the flexibility to offer certain payments in specific foreign currencies where required.

Effects of hedge accounting – Foreign currency hedges in relation to capital expenditure

At 31 March 2022, the Group held forward foreign exchange derivative contracts in Euros, Canadian Dollars, Swiss Francs, Swedish Krona and Chinese Yuan Renminbi. These forward contracts hedge planned foreign currency capital expenditure payments with a nominal value of £278.6m (2021 £371.5m). At 31 March 2022, these contracts had a combined net fair value of £(17.0)m (2021 £(25.7)m). The fair value of forward contracts was recognised in equity at 31 March 2022, with the exception of Swiss Franc contracts with a fair value of £nil for which hedge accounting was discontinued as future hedged payments in that currency were no longer considered probable. The fair value loss is recognised in the income statement. For all other currencies, once hedged purchases occur, the subsequent realised gain or loss will be transferred to fixed asset additions as a basis adjustment.

The hedge ratio is 1:1. The economic relationship of all hedging relationships has been assessed as effective and the change in value of hedged items has been offset by the change in value of hedging instruments.

It is expected that the hedged purchases will take place in the period to March 2027.

Detail on the maturity of these contracts is disclosed later in this note.

The Group has no other material financial assets or liabilities denominated in foreign currencies, and thus has no general translation exposure to gains or losses arising from movements in exchange rates.

Sensitivity analysis on foreign exchange risk at 31 March

	2022 Net nominal value £m	2022 Fair value £m	2022 Fair value after a 10% increase in GBP against other currency £m	2022 Fair value after a 10% decrease in GBP against other currency £m	2021 Net nominal value £m	2021 Fair value £m	2021 Fair value after a 10% increase in GBP against other currency £m	2021 Fair value after a 10% decrease in GBP against other currency £m
Impact on Comprehensive Income and Expenditure								
Net sell								
Euros	(238.9)	(2.0)	19.8	(28.5)	(183.2)	3.9	20.6	(16.4)
Net buy								
Swiss Francs	-	-	-	-	2.5	(0.3)	(0.5)	(0.1)
	n/a	(2.0)	19.8	(28.5)	n/a	3.6	20.1	(16.5)
Impact on Hedging Reserves								
Net buy								
Euros	248.4	(16.4)	(38.9)	11.0	302.5	(24.7)	(52.5)	9.3
Canadian dollars	0.8	-	(0.1)	0.1	36.4	1.2	(2.1)	5.2
Swiss Francs	-	-	-	-	-	-	-	-
Swedish Krona	22.0	(1.3)	(3.2)	1.1	23.3	(1.8)	(3.9)	0.8
Chinese Yuan Renminbi	7.4	0.6	(0.1)	1.4	6.8	(0.1)	(0.7)	0.6
	n/a	(17.1)	(42.3)	13.6	n/a	(25.4)	(59.2)	15.9
Total liability	n/a	(19.1)	(22.5)	(14.9)	n/a	(21.8)	(39.1)	(0.6)

Notes to the Financial Statements

34. Funding and financial risk management (continued)

(ii) Interest rate risk

The Group is mainly exposed to interest rate risk on its planned future borrowings. As TfL is required by legislation to produce a balanced Budget and also produces a balanced Business Plan, any uncertainty over the cost of future borrowing requires funding to be set aside in the Business Plan against that risk rather than being invested in the transport system.

In addition to raising borrowings at fixed rates, to achieve certainty over the cost of planned borrowings, TfL, through its wholly owned subsidiary, Transport for London Finance Limited, can employ derivatives to fix the floating interest rates risk of highly probable and existing borrowings. Transport for London Finance Limited also holds interest rate swaps to fix the floating interest rate risk within committed lease payments for rolling stock. The critical terms of these derivative instruments are closely aligned to the payment schedules and hedge accounting is applied.

The Group is also exposed to interest rate risk in respect of its investments. Investments are made in accordance with the Treasury Management Strategy, which prioritises security and liquidity over yield.

Effects of IBOR reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as interbank offered rates ('IBORs') became a priority for global regulators. LIBOR ceased to be published for GBP immediately after 31 December 2021. Sterling Overnight Index Average (SONIA) was selected as the preferred sterling risk-free rate by the Bank of England's Working Group on Sterling Risk Free Reference Rates.

The Group's most significant risk exposure affected by these changes relate to its LIBOR linked floating rate lease payments and the interest rate derivatives that hedged this variability. During the year, TfL restructured the lease contracts to reference SONIA and their associated derivatives.

The notional amount of interest rate swaps designated as hedges is disclosed below.

Effects of hedge accounting – Interest rate swaps

As at 31 March 2022, the Group, through its wholly owned subsidiary, Transport for London Finance Limited, held two float to fixed interest rate swaps at a total notional value of £215.6m (2021 eight interest rate swaps at a total notional value of £411.9m).

During the year, three interest rate swaps referencing GBP LIBOR that had been hedging the interest rate risk on short term rolling Commercial Paper were terminated, and hedge accounting on these discontinued. Three interest rate swaps hedging interest rate risk on lease payments were terminated and replaced by two new swaps at current market rates referencing SONIA. These new swaps were designated in hedge relationships with the restructured lease payments that also reference SONIA.

The net fair value of outstanding contracts at 31 March 2022 was an asset of £13.0m (2021 liability of £30.8m). The fair value is recognised in equity at 31 March 2022 and will be transferred to net financing costs within the Comprehensive Income and Expenditure Statement as the hedged lease payments occur.

The hedge ratio is 1:1. The economic relationship of all hedging relationships has been assessed as effective and the change in value of hedged items has been offset by the change in value of hedging instruments.

It is expected that the hedged interest payments will take place in the period to December 2037. Details on the maturity of these contracts are disclosed later in this note.

Sensitivity analysis on interest rate risk

(a) Fair value sensitivity analysis for fixed interest instruments

All of the Group's non-derivative financial instruments with fixed rates of interest are accounted for at amortised cost. Fluctuations in market interest rates would therefore have no impact on the Balance Sheet or on net income figures in respect of these items.

(b) Fair value sensitivity analysis for derivative instruments

As at 31 March 2022, the Group holds interest rate derivative contracts with a combined notional value of £215.6m (2021 £411.9m) which are designated as cash flow hedges.

An increase/(decrease) of 100 basis points in interest rates would increase/(decrease) the fair value of the derivative instruments by £30.6m/£(7)m (2021 £29.6m/£(24.9)m).

(iii) Inflation risk

The Group has a number of exposures to inflation including staff pay awards and passenger income. The Group has not entered into any derivative instrument to manage its exposure to inflation risk. Historically this risk has been partially offset with index linked revenues and index linked costs creating a natural hedge within the Group.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Maintaining sufficient cash reserves and having access to a diverse range of flexible funding sources ensures the Group has sufficient liquidity to meet its liabilities, in both normal and stressed conditions.

Liquidity risk is primarily managed by maintaining a minimum level of cash reserves of at least 60 days' worth of forecast annual operating expenditure, equivalent to approximately £1.2bn.

Notes to the Financial Statements

34. Funding and financial risk management (continued)

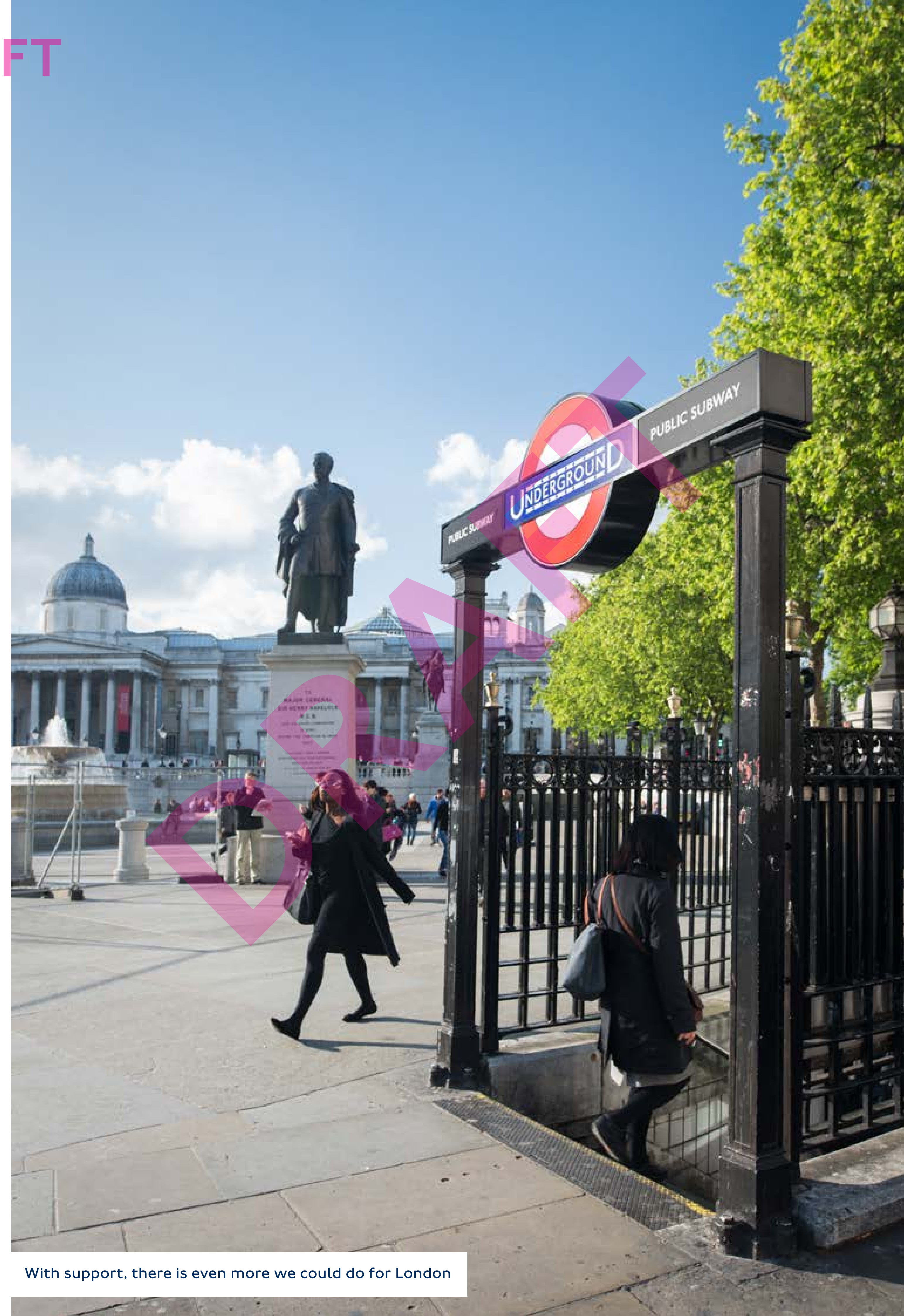
The Corporation has access to several external sources of financing, which are sufficient to meet anticipated funding requirements, within the affordable borrowing limit set by the Mayor. Providing market conditions permit access, the Corporation can raise debt on the capital markets through its established £5bn Medium Term Note programme and £2bn Commercial Paper programme. Alternatively, and in addition, TfL has direct access to reliable funding from the Public Works Loan Board and has an arranged, uncommitted, £0.2bn overdraft facility. Funding facilities are not subject to financial covenants. TfL can also secure financing from financial institutions.

Debt maturities are diversified over short-, medium- and long-term horizons that broadly equate to the lives of the assets that were funded by this source. This ensures refinancing risk is minimised. The contractual maturities of the Group and Corporation's borrowing and other financial liabilities are listed later in this note.

In response to the funding pressures faced over the course of 2020/21 and 2021/22, TfL secured a number of Extraordinary Funding and Financing Agreements from the Secretary of State, as set out in the Viability Statement section of the Narrative report, which give it secure access to funding in the form of a mixture of Government grant and borrowing from the Public Works Loan Board until 24 June 2022 These agreements contain an acknowledgement from the Secretary of State for Transport that further financial support from the Government is likely to be needed until 1 April 2023, with longer-term external funding being required to support TfL's capital investment programme.

On 9 May 2022, Moody's credit rating agency downgraded TfL's long-term credit rating from A3 to Baa1 stable, citing economic factors hindering recovery of passenger growth.

Due to the active liquidity management and mitigations outlined, there is no significant risk that TfL will be unable to fund its planned financial commitments.



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Notes to the Financial Statements

34. Funding and financial risk management (continued)

Maturity profile of derivatives
The Group's foreign currency derivatives have the following maturities:

At 31 March	2022 Average exchange rate	2022 Fair value £m	2022 Notional amount £m	2021 Average exchange rate	2021 Fair value £m	2021 Notional amount £m
Foreign currency forward contracts						
Buy Euro						
Less than one year	0.874	(3.2)	68.5	0.874	(8.3)	79.2
Between one and two years	0.889	(2.8)	42.6	0.885	(3.3)	43.3
Between two and five years	0.921	(10.4)	137.3	0.916	(13.0)	173.8
After five years	-	-	-	0.914	(0.1)	6.2
Sell Euro						
Less than one year	0.840	(2.0)	(238.9)	0.870	3.9	(183.2)
Total Euro	0.894	(18.4)	9.5	0.892	(20.8)	119.3
Buy Canadian Dollars						
Less than one year	0.591	-	0.8	0.560	1.2	36.1
Between one and two years	-	-	-	0.590	-	0.3
Between two and five years	-	-	-	-	-	-
Total Canadian Dollars	0.561	-	0.8	0.561	1.2	36.4
Buy Swiss Francs						
Less than one year	-	-	-	0.868	(0.2)	2.1
Between one and two years	-	-	-	0.889	(0.1)	0.2
Between two and five years	-	-	-	0.905	-	0.2
Total Swiss Francs	-	-	-	0.880	(0.3)	2.5

At 31 March	2022 Average exchange rate	2022 Fair value £m	2022 Notional amount £m	2021 Average exchange rate	2021 Fair value £m	2021 Notional amount £m
Foreign currency forward contracts						
Buy Swedish Krona						
Less than one year	0.085	(0.5)	4.8	0.086	(0.9)	2.4
Between one and two years	0.085	(0.4)	6.2	0.087	(0.4)	3.7
Between two and five years	0.086	(0.4)	11.0	0.086	(0.5)	15.0
After five years	-	-	-	0.086	-	2.2
Total Swedish Krona	0.085	(1.3)	22.0	0.086	(1.8)	23.3
Buy Chinese Yuan Renminbi						
Less than one year	0.110	0.6	6.9	0.103	-	-
Between one and two years	0.107	-	0.5	0.110	(0.1)	6.3
Between two and five years	-	-	-	0.107	-	0.5
Sell Chinese Yuan Renminbi						
Less than one year	-	-	-	-	-	-
Between one and two years	-	-	-	-	-	-
Total Chinese Yuan Renminbi	0.109	0.6	7.4	0.106	(0.1)	6.8
Grand total	n/a	(19.1)	39.7	n/a	(21.8)	188.3

Notes to the Financial Statements

34. Funding and financial risk management (continued)

Maturity profile of derivatives (continued)

The Group's interest rate derivatives have the following maturities:

At 31 March	2022 Average contracted fixed interest rate (%)	2022 Fair value £m	2022 Notional amount £m	2021 Average contracted fixed interest rate (%)	2021 Fair value £m	2021 Notional amount £m
Interest rate hedges						
Less than one year	-	-	-	3.837	(1.2)	75.0
Between one and two years	-	-	-	4.284	(6.4)	100.0
Between two and five years	-	-	-	4.489	(2.3)	25.0
After five years	1.037	13.0	215.6	2.285	(20.9)	211.9
Total	1.037	13.0	215.6	3.187	(30.8)	411.9

TfL was conferred the legal powers to enter into derivatives for the purpose of risk mitigation via qualifying subsidiaries. The Corporation does not itself have the legal powers to enter into derivative transactions. TfL has entered into these contracts for the purpose of risk management and intends to hold these contracts to maturity as hedges against the underlying transactions.

During the financial year 2021/22, as a result of the replacement of LIBOR with SONIA, all interest rate swaps referencing GBP LIBOR were terminated. The derivates that hedged variable financing costs within certain lease contracts were replaced with two interest rate swaps.

The following tables detail the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

	Less than one year £m	Between one and two years £m	Between two and five years £m	More than five years £m	Total £m
Group – at 31 March 2022					
Derivatives settled gross					
Foreign exchange forward contracts:					
Amounts receivable	342.9	67.1	148.4	-	558.4
Amounts payable	(348.2)	(71.8)	(166.0)	-	(586.0)
Derivatives settled net					
Interest rate swaps	0.5	3.0	4.2	5.1	12.8
	(4.8)	(1.7)	(13.4)	5.1	(14.8)
Group – at 31 March 2021					
Derivatives settled gross					
Foreign exchange forward contracts:					
Amounts receivable	453.3	76.7	206.5	8.4	744.9
Amounts payable	(457.8)	(81.1)	(226.5)	(8.9)	(774.3)
Derivatives settled net					
Interest rate swaps	(11.8)	(9.2)	(13.3)	(3.5)	(37.8)
	(16.3)	(13.6)	(33.3)	(4.0)	(67.2)

The total asset or liability due to the Group as recognised on the Balance Sheet is the fair value of the derivatives, as this represents the cost to terminate. As such it differs from the total net contractual payments shown in the table above. At 31 March 2022, the fair value of the interest rate derivatives was a £13.0m net asset (2021 £30.8m liability). The fair value of forward exchange derivatives was a net liability of £19.1m (2021 £21.8m).

Notes to the Financial Statements

34. Funding and financial risk management (continued)

Contractual maturity of financial liabilities

The following table details the Group and the Corporation's remaining contractual maturity for their non-derivative financial liabilities. The table has been drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group or Corporation can be required to pay and, therefore differs from the carrying value and the fair value. The table includes both interest and principal cash flows.

	Less than one year £m	Between one and two years £m	Between two and five years £m	More than five years £m	Total £m
Group – as at 31 March 2022					
Trade and other creditors	**1,626.8**	**42.7**	**-**	**-**	**1,669.5**
Borrowings – principal	**1,425.1**	**163.9**	**1,280.2**	**10,124.5**	**12,993.7**
Borrowings – interest	**402.6**	**314.1**	**1,196.2**	**5,365.0**	**7,277.9**
Right-of-use lease liabilities	**365.5**	**328.4**	**580.3**	**1,799.6**	**3,073.8**
PFI liabilities	**15.0**	**18.3**	**58.3**	**28.2**	**119.8**
Other financing liabilities	**10.4**	**20.9**	**40.1**	**80.3**	**151.7**
	3,845.4	**888.3**	**3,155.1**	**17,397.6**	**25,286.4**
Group – as at 31 March 2021					
Trade and other creditors	1,779.7	15.9	-	-	1,795.6
Borrowings – principal	1,173.4	694.1	1,170.3	9,957.7	12,995.5
Borrowings – interest	336.3	404.1	1,136.7	5,610.2	7,487.3
Right-of-use lease liabilities	361.8	334.4	596.6	1,875.8	3,168.6
PFI liabilities	14.7	15.0	55.3	49.7	134.7
Other financing liabilities	10.4	10.4	47.7	93.6	162.1
	3,676.3	1,473.9	3,006.6	17,587.0	25,743.8
Corporation – as at 31 March 2022					
Trade and other creditors	**504.3**	**30.0**	**-**	**-**	**534.3**
Borrowings – principal	**1,425.1**	**163.9**	**1,280.2**	**10,124.5**	**12,993.7**
Borrowings – interest	**402.6**	**314.1**	**1,196.2**	**5,365.0**	**7,277.9**
Right-of-use lease liabilities	**37.3**	**37.0**	**102.9**	**307.7**	**484.9**
PFI lease liabilities	**15.0**	**18.3**	**58.3**	**28.2**	**119.8**
	2,384.3	**563.3**	**2,637.6**	**15,825.4**	**21,410.6**
Corporation – as at 31 March 2021					
Trade and other creditors	876.8	-	-	-	876.8
Borrowings – principal	1,173.4	694.1	1,170.3	9,957.7	12,995.5
Borrowings – interest	336.3	404.1	1,136.7	5,610.2	7,487.3
Right-of-use lease liabilities	37.6	35.8	101.2	340.4	515.0
PFI lease liabilities	14.4	15.0	55.2	49.7	134.3
	2,438.5	1,149.0	2,463.4	15,958.0	22,008.9

Notes to the Financial Statements

34. Funding and financial risk management (continued)

Fair values

In accordance with IFRS 13, the fair values of the financial assets and liabilities are calculated as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents – approximates to the carrying amount
- Short-term investments – approximates to the carrying amount because of the short maturity of these instruments
- Long-term investments – by reference to bid prices at the close of business on the balance sheet date, within Level 1 of the fair value hierarchy as defined within IFRS 13
- Trade and other debtors – approximates to the carrying amount
- Derivative financial instruments – in the absence of quoted market prices, derivatives are valued by using quoted forward prices for the underlying commodity/currency and discounted using quoted interest rates (both as at the close of business on the balance sheet date). Hence, derivatives are within Level 2 of the fair value hierarchy as defined within IFRS 13:
  - Forward exchange contracts – based on market data and exchange rates at the balance sheet date
  - Interest rate swaps and forward starting interest rate swaps – based on the net present value of discounted cash flows
- Trade and other creditors – approximates to the carrying amount
- Long-term borrowings – determined by calculating the discounted value of the future cash flows (redemption and interest) using appropriate discount rates, based on observable market data, in effect at the balance sheet date at Level 2 of the fair value hierarchy. Fair value approximates to the carrying amount in the case of short-term commercial paper
- Right-of-use lease liabilities – approximates to the carrying amount
- PFI liabilities – approximates to the carrying amount
- Other financing liabilities – approximates to the carrying amount

The fair values of the Group's financial assets and liabilities together with the carrying amounts recorded in the Balance Sheet are illustrated below:

At 31 March	2022 Carrying value £m	2022 Fair value £m	2021 Carrying value £m	2021 Fair value £m
Cash and cash equivalents	1,390.2	1,390.2	1,710.2	1,710.2
Short-term investments	19.0	19.0	19.0	19.0
Trade and other debtors	415.9	415.9	404.1	404.1
Finance lease receivables	37.0	37.0	44.0	44.0
Financial assets measured at fair value				
Derivative in cash flow hedge relationship	14.6	14.6	6.72.8	6.72.8
Derivatives not in a hedge relationship	-	-	3.9	3.9
Total financial assets	**1,876.7**	**1,876.7**	2,184.0	2,184.0
Trade and other creditors	(1,669.5)	(1,669.5)	(1,795.6)	(1,795.6)
Borrowings	(12,966.3)	(16,558.0)	(12,967.8)	(19,742.4)
Right-of-use lease liabilities	(2,436.3)	(2,436.3)	(2,509.1)	(2,509.1)
PFI liabilities	(101.6)	(101.6)	(111.6)	(111.6)
Other financing liabilities	(128.1)	(128.1)	(134.3)	(134.3)
Financial liabilities measured at fair value				
Derivatives in a cash flow hedge relationship	(2018.7)	(2018.7)	(59.3)	(59.3)
Derivatives not in a hedge relationship	(2.0)	(2.0)	-	-
Total financial liabilities	**(17,322.5)**	**(20,914.2)**	(17,577.7)	(24,352.3)
Net financial liabilities	**(15,445.8)**	**(19,037.5)**	(15,393.7)	(22,168.3)

34. Funding and financial risk management (continued)

The fair values of financial assets and liabilities of the Corporation determined in accordance with IFRS 13, together with the carrying amounts recorded in the Balance Sheet are:

At 31 March	2022 Carrying value £m	2022 Fair value £m	2021 Carrying value £m	2021 Fair value £m
Cash and cash equivalents	1,231.8	1,231.8	1,628.4	1,628.4
Trade and other debtors	12,593.2	12,593.2	12,667.6	12,667.6
Total financial assets	13,825.0	13,825.0	14,296.0	14,296.0
Trade and other creditors	(534.3)	(534.3)	(876.8)	(876.8)
Borrowings	(12,970.3)	(16,558.0)	(12,972.2)	(19,742.4)
Right-of-use lease liabilities	(394.1)	(394.1)	(413.5)	(413.5)
PFI liabilities	(101.6)	(101.6)	(111.2)	(111.2)
Total financial liabilities	(14,000.3)	(17,588.0)	(14,373.7)	(21,143.9)
Net financial liabilities	(175.3)	(3,763.0)	(77.7)	(6,847.9)

35. Pensions

The majority of the Group's staff were members of the Public Sector Section of the TfL Pension Fund. The majority of the Group's remaining staff were members of London Pension Fund Authority Pension Fund, the Principal Civil Service Pension Scheme, the Crossrail Shared Cost Section of the Railways Pension Scheme (Crossrail Section) or the Tube Lines defined contribution scheme.

a) Amount included in net cost of services

For the year ended 31 March	Note	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
TfL Pension Fund		645.6	443.7	379.0	176.9
Local Government Pension Fund		11.4	1.3	11.4	1.3
Crossrail Section of the Railways Pension Scheme		3.7	3.0	-	-
Unfunded schemes provision		0.6	3.7	0.6	2.6
Total for schemes accounted for as defined benefit		661.3	451.7	391.0	180.8
Principal Civil Service Pension Scheme		0.6	0.6	0.6	0.6
Other schemes		5.1	6.7	1.7	1.1
Less: pension costs capitalised		(3.7)	(3.0)	-	-
Amounts included in net cost of services		663.3	456.0	393.3	182.5
Less: scheme expenses		(14.1)	(13.6)	(13.7)	(13.3)
Add: current service costs capitalised		3.3	-		-
Amount included in staff costs	3	652.5	442.4	379.6	169.2

Notes to the Financial Statements

35. Pensions (continued)

Page 245

b) Defined benefit schemes
This section deals with those pension funds to which the Group contributes that are accounted for under IAS 19 as defined benefit schemes.

Public Sector Section of the TfL Pension Fund (TfL Pension Fund)

The TfL Pension Fund is a final salary scheme established under trust. The Fund's Trustee is the TfL Trustee Company Limited, a wholly owned subsidiary of TfL. Under the rules of the Fund, its 18 Trustee Directors are nominated in equal numbers by TfL and on behalf of the Fund's membership.

Every three years, the TfL Pension Fund actuary makes valuations and recommends the level of contributions to be made by the participating employers to ensure the long-term solvency of the Fund. The latest available valuation of the Fund was carried out as at 31 March 2021 by the Actuary, a partner of consulting actuaries Willis Towers Watson, using the projected unit method. A revised Schedule of Contributions was agreed between the Trustee and the employers following the formal funding valuation of the Public Sector Section.

Under the valuation report, the Fund held a surplus of £179m as at 31 March 2021. Assets totalled £13,085m and the defined benefit obligation totalled £12,906m. A revised Schedule of Contributions was agreed between the Trustee and the employers following the formal funding valuation. This set out a future service contribution rate of 27.3 per cent for the employers and five per cent for members.

The underlying assets and defined benefit obligation of the TfL Pension Fund cover a number of Group entities and cannot be readily split between each undertaking. No contractual agreement is in place to allocate the total net obligation between the member entities. Thus, in accordance with IAS 19, the Corporation, as the Scheme sponsor, has recognised the total net defined benefit obligation in its own individual accounts.

A separate valuation of the TfL Pension Fund has been prepared, by actuaries at the XPS Pensions Group, for accounting purposes on an IAS 19 basis as at 31 March 2022. The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, while the present value of the schemes' defined benefit obligation is derived from cash flow projections. Due to the timescale covered, neither the assumptions nor the cash flow projections may necessarily be borne out in practice.

The defined benefit obligation for the TfL Pension Fund has been calculated using the mortality assumptions adopted for the latest available funding valuation as at 31 March 2021. Standard mortality tables were used, adjusted to reflect the recent mortality experience of the Fund's pensioners at that date. An allowance was made for future mortality improvements based on the CMI 2021 projections with a long-term improvement rate of 1.25 per cent per annum. No weighting has been given to 2020 or 2021 mortality experience, given the exceptional impact of the coronavirus pandemic on these years.

The discounted scheme liabilities have an average duration of 20 years..

London Pension Fund Authority Pension Fund (Local Government Pension Fund)

The London Pension Fund Authority Pension Fund is a funded multi-employer defined benefit scheme, administered by the London Pension Fund Authority. The Corporation is able to identify its share of the assets and defined benefit obligation of the scheme and this scheme has therefore been accounted for as a defined benefit scheme under IAS 19. Employer's contributions were payable at the rate of 15.6 per cent for 2021/22 (2020/21 15.6 per cent) of pensionable pay, plus a lump sum deficit reduction payment of £0.9m (2020/21 £0.8m). The Corporation's share of the underlying assets and defined benefit obligation resulted in an IAS 19 deficit as at 31 March 2022 of £54.4m (2021 £60.4m). The discounted scheme liabilities have an average duration of 21 years.

The last full actuarial valuation available was carried out at 31 March 2019. The report showed a funding surplus of £481m at that date. The annual report and financial statements for the whole scheme can be found on the London Pension Fund Authority's website. A separate valuation as at 31 March 2022 has been prepared for accounting purposes on an IAS 19 basis by Barnett Waddington LLP.

Crossrail Shared Cost Section of the Railways Pension Scheme (Crossrail Section)

Crossrail Limited (CRL) participates in the Crossrail Section of the Railways Pension Scheme which is accounted for in these financial statements as a defined benefit pension scheme under IAS 19.

The latest available full actuarial valuation of the Scheme was carried out at 31 December 2019. The report showed a funding surplus of £5.9m. This was translated into a current employer contribution level of 20.9 per cent. A separate valuation has been prepared for accounting purposes on an IAS 19 basis as at 31 March 2022 by actuaries at the XPS Pensions Group. Assumptions underlying this valuation have been updated from the full actuarial valuation of the scheme carried out at 31 December 2019. The Group's share of the underlying assets and defined benefit obligation resulted in an IAS 19 deficit, as at 31 March 2022, of £42.7m (2021 £56.8m). The discounted Crossrail Section liabilities have a duration of approximately 23 years.

Notes to the Financial Statements

35. Pensions (continued)

The defined benefit obligation for the Crossrail Section has been calculated using the mortality assumptions adopted for the funding valuation as at 31 December 2019. Standard mortality tables were used, adjusted to reflect the recent mortality experience of the Scheme's pensioners at that date. An allowance was made for future mortality improvements based on the CMI 2021 projections with a long-term improvement rate of 1.25 per cent per annum. No weighting has been given to 2020 or 2021 mortality experience.

Unfunded pension costs

The Corporation bears the cost of the augmentation of the pensions of certain employees, who retire early under voluntary severance arrangements.

In addition, the Corporation also bears the cost of:

- Ex-gratia payments, which are made to certain former employees on retirement in respect of service prior to the establishment of pension funds for those employees
- Supplementary pensions, which are made to certain former employees who retired prior to index linking of pensions
- Pensions of London Regional Transport former board members who did not qualify to join the TfL Pension Fund
- Other unfunded defined benefit pensions accruing to certain employees

XPS Pensions Group, consulting actuaries, were instructed to report on the financial position of the unfunded pension defined benefit obligation as at 31 March 2022 for the purpose of IAS 19 only. The report does not constitute a formal actuarial valuation of the unfunded pension defined benefit obligation. The valuation as at 31 March 2022 was £107.4m (2021 £113.8m) and is fully provided for in these financial statements.

Assumptions for defined benefit sections

The main actuarial assumptions used for the TfL Pension Fund, the Crossrail Shared Cost Section of the Railways Pension Scheme, the Local Government Pension Scheme (together 'the Schemes') and unfunded schemes were:

	IAS 19 valuation at 31 March 2022 %	IAS 19 valuation at 31 March 2021 %
RPI Inflation	**3.50**	3.15-3.20
CPI Inflation	**3.00-3.25**	2.65-2.85
Rate of increase in salaries	**3.25-4.25**	3.15-3.85
Rate of increase in pensions in payment and deferred pensions	**3.00-3.43**	2.20-3.15
Discount rate	**2.60**	1.95-2.00

The Group's retirement benefit plans typically expose the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk. Sensitivity analyses for the most significant actuarial assumptions made in relation to these risks are as set out below. The analyses have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate were 0.1 per cent higher/(lower), the defined benefit obligation would decrease by £348.6m/(increase by £358.7m)
- If the expected salary growth were increased/(decreased) by 0.1 per cent, the defined benefit obligation would increase by £98.7m/(decrease by £96.8m)
- If life expectancy were increased/(decreased) by one year, the defined benefit obligation would increase by £720.4m/(decrease by £727.1m)
- If the inflation rate were 0.1 per cent higher/(lower), the defined benefit obligation would increase by £348.9/(decrease by £256.6m)

The sensitivity analyses presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Notes to the Financial Statements

35. Pensions (continued)

c) Accounting for defined benefit schemes

The total assets in the schemes were:

At 31 March	Value 2022 £m	Value 2021 £m
Equities and alternatives	11,041.6	10,142.4
Bonds	3,213.8	2,619.0
Cash and other	188.1	299.6
Total fair value of assets	14,443.5	13,061.0

The TfL Pension Fund, the Crossrail Shared Cost Section of the Railways Pension Scheme and the Local Government Pension Scheme assets consist of the following categories, by proportion of the total assets held:

At 31 March	2022 %	2021 %
Equities	77	78
Bonds	22	20
Cash and other assets	1	2
	100	100

The unfunded pension schemes have no assets to cover their defined benefit obligation.

Total pension deficit at 31 March

Group	2022 £m	2021 £m
Fair value of scheme assets	14,443.5	13,061.0
Actuarial valuation of defined benefit obligation	(17,645.0)	(18,664.1)
Deficit recognised as a liability in the Balance Sheet	(3,201.5)	(5,603.1)

Group	2022 £m	2021 £m
TfL Pension Fund	(2,997.0)	(5,372.1)
Local Government Pension Fund	(54.4)	(60.4)
Crossrail Section of the Railways Pension Scheme	(42.7)	(56.8)
Unfunded schemes provision	(107.4)	(113.8)
Deficit recognised as a liability in the Balance Sheet	(3,201.5)	(5,603.1)

Corporation	2022 £m	2021 £m
Fair value of scheme assets	14,348.1	12,973.9
Actuarial valuation of defined benefit obligation	(17,506.9)	(18,520.2)
Deficit recognised as a liability in the Balance Sheet	(3,158.8)	(5,546.3)

Corporation	2022 £m	2021 £m
TfL Pension Fund	(2,997.0)	(5,372.1)
Local Government Pension Fund	(54.4)	(60.4)
Unfunded schemes provision	(107.4)	(113.8)
Deficit recognised as a liability in the Balance Sheet	(3,158.8)	(5,546.3)

Notes to the Financial Statements

35. Pensions (continued)

Analysis of amounts included in the Comprehensive Income and Expenditure Statement

Analysis of amounts charged to net cost of services

Year ended 31 March	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Current service cost	637.7	434.9	634.4	432.2
Less contributions paid by subsidiaries	–	–	(266.6)	(267.9)
Past service cost	0.1	3.2	0.1	3.2
Settlements	9.4	–	9.4	–
Total included in staff costs	647.2	438.1	377.3	167.5
Scheme expenses	14.1	13.6	13.7	13.3
Total amount charged to net cost of services	661.3	451.7	391.0	180.8

Amounts charged to financing and investment expenditure

Year ended 31 March	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Net interest expense on scheme defined benefit obligation	105.9	90.1	104.8	89.7

Amount recognised in other comprehensive income and expenditure

Year ended 31 March	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Net remeasurement losses recognised in the year	(2,790.9)	1,361.0	(2,773.2)	1,324.5

Analysis of scheme defined benefit obligation into amounts arising from schemes that are wholly or partly funded and wholly unfunded

At 31 March	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Wholly unfunded schemes	107.4	113.8	107.4	113.8
Wholly or partly funded schemes	17,537.6	18,550.3	17,399.5	18,406.4
Total scheme defined benefit obligation	17,645.0	18,664.1	17,506.9	18,520.2

Reconciliation of defined benefit obligation

	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Actuarial value of defined benefit obligation at 1 April	18,664.1	14,740.4	18,520.2	14,645.6
Current service cost	637.7	434.9	634.4	432.2
Interest cost	361.3	335.2	358.5	333.0
Employee contributions	55.9	55.7	55.6	55.4
Remeasurement losses/(gains) on scheme liabilities:				
Net remeasurement – financial	(1,566.5)	3,435.0	(1,556.0)	3,391.3
Net remeasurement – experience	104.0	85.9	104.0	85.5
Net remeasurement – demographic	(206.4)	(22.1)	(206.2)	(23.7)
Actual benefit payments	(431.0)	(404.1)	(429.5)	(402.3)
Liabilities assumed on settlements	25.8	–	25.8	–
Past service cost	0.1	3.2	0.1	3.2
Actuarial value of defined benefit obligation at 31 March	17,645.0	18,664.1	17,506.9	18,520.2

Notes to the Financial Statements

35. Pensions (continued)

Reconciliation of fair value of the scheme assets

	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Fair value of assets at 1 April	**13,061.0**	10,639.8	**12,973.9**	10,563.3
Expected return on assets net of expenses	**255.4**	245.1	**253.7**	243.3
Scheme expenses	**(14.1)**	(13.6)	**(13.7)**	(13.3)
Return on assets excluding interest income	**1,122.0**	2,137.8	**1,115.0**	2,128.6
Actual employer contributions	**372.6**	394.8	**104.7**	125.5
Contributions paid by subsidiaries	**-**	-	**266.6**	267.9
Employee contributions	**55.9**	55.7	**55.6**	55.4
Settlement prices received	**16.4**	-	**16.4**	-
Actual benefits paid	**(425.7)**	(398.6)	**(424.1)**	(396.8)
Fair value of assets at 31 March	**14,443.5**	13,061.0	**14,348.1**	12,973.9

The expected return on scheme assets is set equal to the discount rate. The actual return on scheme assets in the year was a gain of £1,377.4m (2020/21 a gain of £2,382.9m).

Total contributions of £313.8m are expected to be made to the schemes in the year ending 31 March 2023.

d) Other pension arrangements

Principal Civil Service Pension Scheme and Alpha – Civil Servants and Others Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. From 1 April 2015 most PCSPS members switched to the new Civil Servants and Others Pension Scheme, (also known as Alpha). The Group is unable to identify its share of the underlying assets and defined benefit obligations of these schemes on a consistent and reasonable basis and, as permitted by the multi-employer exemption in IAS 19, the Group treats contributions to the PCSPS and Alpha as if they were contributions to a defined contribution plan. A full actuarial valuation was last carried out at 31 March 2016. Details can be found in the Civil Service Superannuation Resource Accounts.

During 2021/22 employers' contributions represented an average of 27.3 per cent of pensionable pay (2020/21 27.3 per cent). Employer contributions are reviewed every four years. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Docklands Light Railway Pension Scheme

The Docklands Light Railway Pension Scheme (DLR Scheme) is a defined benefit scheme established under trust in the UK that provides both pensions in retirement and death benefits to members. The Trustees are responsible for the operation and governance of the DLR Scheme, including making decisions regarding funding and investment strategy in conjunction with Docklands Light Railway Limited (DLR), a subsidiary of the TfL Group, as the Principal Employer of the Scheme.

Every three years the Scheme Actuary of the DLR Scheme carries out a valuation to assess the funding position and to determine the future levels of contributions. The most recent available valuation was effective 1 April 2018. The schedule of contributions agreed following the 1 April 2018 valuation is dated 28 June 2019. The 1 April 2021 valuation is currently in progress.

Keolis Amey Docklands Limited (KAD) was awarded the franchise to operate the DLR from 7 December 2014 and is a Participating Employer in the DLR Scheme. The contributions payable by KAD to the DLR Scheme are set out in the franchise agreement between DLR and KAD dated 17 July 2014. These are to pay 35.7 per cent per annum of Pensionable Salaries into the Scheme, the PPF levy and additional contributions if actual pensionable salary increases exceed RPI + 1.5 per cent per annum.

DLR, as the Principal Employer of the DLR Scheme, is responsible for meeting any further costs towards the cost of accruing benefits and removing the deficit, over and above the contributions payable by KAD, if necessary. Following the completion of the 2018 valuation, it was agreed that DLR would pay 22.6 per cent per annum of Pensionable Salaries towards future benefit accrual from 1 April 2018, plus additional contributions towards the deficit of £0.8m per annum, with the first instalment paid on or before 31 July 2019 and the remaining instalments due on or before each 10 April from 2020 to 2024 inclusive. In addition, it was agreed that DLR would pay additional contributions if actual Pensionable Salary growth exceeds RPI inflation + 0.5 per cent per annum (up to RPI inflation + 1.5 per cent per annum).

Over the year beginning 1 April 2022 the contributions payable to the DLR Scheme are expected to be around £5.2m from KAD and £4.1m from DLR, based on the schedule of contributions currently in force. This makes no allowance for additional contributions that may arise if Pensionable Salary growth exceeds RPI inflation + 0.5 per cent per annum or any changes as a result of a new schedule of contributions following completion of the 2021 valuation.

Notes to the Financial Statements

35. Pensions (continued)

A valuation of the DLR Scheme has been prepared for accounting purposes on an IAS 19 basis as at 31 March 2022. This gave a valuation for the net obligation as at 31 March 2022 of £3.9m. The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions, while the present value of the DLR Scheme's defined benefit obligation is based on future cash flow projections. Neither the assumptions nor the cash flow projections may necessarily be borne out in practice.

The discounted DLR Scheme liabilities have a duration of approximately 20 years.

The scheme's funding arrangements outlined above mean that DLR is currently unable to identify its share of this obligation on a consistent and reasonable basis. The Group has therefore taken the exemption permitted under IAS 19 for multi-employer schemes and treats contributions to the DLR Scheme as if they were contributions to a defined contribution plan. No defined benefit obligation has been recognised in the Balance Sheet in respect of this scheme.

Contributions totalling £4.1m were paid by DLR in 2021/22, with an additional £5.2m being paid by KAD (2020/21 £4.3m paid by DLR and £5.6m by KAD). These costs are not reflected within staff costs for the TfL Group but are instead reflected elsewhere within the operating expenditure of the Group, as the costs relate to the staff costs of DLR's concessionaire.

Defined contribution schemes

The Group contributes to a number of defined contribution schemes, with total contributions, including contributions to the PCSPS and Alpha schemes as outlined in the paragraphs above, amounting to £5.7m (2020/21 £7.3m).

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Notes to the Financial Statements

36. Cash flow notes

a) The cash flows for operating activities include the following items:

	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Interest and other investment income received	2.6	14.1	404.7	407.7
Interest paid	(386.2)	(412.7)	(440.4)	(441.3)
	(383.6)	(398.6)	(35.7)	(33.6)

b) Adjustments to the result for non-cash movements

	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Depreciation, amortisation and impairment of property, plant and equipment, intangibles and right-of-use assets	1,410.0	1,350.8	219.2	183.4
Reversal of movements in the value of investment properties	(93.4)	83.3	(51.3)	2.3
(Increase)/decrease in interest receivable	(1.4)	0.5	(0.2)	1.9
Increase in interest payable	115.6	102.6	106.6	91.3
Movement in pensions liability	283.4	51.4	280.9	49.8
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	80.8	86.3	21.7	39.9
Tax received/(paid)	-	1.6	-	-
Adjustments to net deficit/surplus for non-cash movements before movements in working capital	1,795.0	1,676.5	576.9	368.6
(Decrease)/increase in creditors	(103.7)	(51.1)	(297.7)	149.7
(Increase)/decrease in debtors	(19.7)	(2.5)	162.7	99.5
(Decrease)/increase in inventorie	(6.6)	7.4	-	-
(Decrease)/increase in provisions	23.9	(70.2)	7.8	(42.9)
Adjustments to net deficit/surplus for total non-cash movements	1,688.9	1,560.1	449.7	574.9

c) Adjustments to the result for investing or financing items

	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Proceeds from the sale of property, plant and equipment, intangibles and investment properties	(149.8)	(58.7)	(104.0)	(50.4)
Reversal of capital grants receivable	(2,014.3)	(933.5)	(1,954.6)	(856.2)
Reversal of capital grants payable to subsidiaries	-	-	1,216.0	69.9
Increase in finance lease receivables for deferred payments	(6.5)	-	-	-
Adjustments for items included in the net deficit that are investing or financing activities	(2,170.6)	(992.2)	(842.6)	(836.7)

Notes to the Financial Statements

36. Cash flow notes (continued)

d) Investing activities

Year ended 31 March	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Capital grants received	2,041.9	997.3	1,956.9	912.0
Capital grants paid to subsidiaries	-	-	(1,216.0)	(69.9)
Purchase of property, plant and equipment and investment property	(2,196.5)	(2,084.6)	(270.9)	(262.3)
Purchase of intangible assets	(58.6)	(39.7)	(40.9)	(31.4)
Proceeds from the sale of property, plant and equipment and intangible assets	0.1	0.3	10.1	-
Net sales/(purchases) of other investments	(9.6)	596.6	-	623.5
Issue of loans to subsidiaries	-	-	(89.9)	(1,458.1)
Repayments of loans to subsidiaries	-	-	15.9	312.4
Finance leases granted in year	(0.3)	(9.6)	-	-
Finance leases repaid in year	13.8	18.3	-	-
Proceeds from sale of investment property	149.5	58.4	94.6	50.4
Investment in equity of associates and joint ventures	(4.7)	(9.2)	-	-
Investment in share capital of subsidiaries	-	-	(560.0)	(660.0)
Net cash flows from investing activities	**(64.4)**	(472.2)	**(100.2)**	(583.4)

e) Financing activities

Year ended 31 March	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Cash payments for reduction of the outstanding liabilities relating to lease and PFI arrangements	(324.8)	(309.3)	(36.0)	(35.0)
Cash payments for reduction of other financing liabilities	(6.2)	(1.7)	-	-
Net proceeds from new borrowing	801.9	1,541.0	801.9	1,541.0
Repayments of borrowings	(803.4)	(263.6)	(803.8)	(262.9)
Net cash flows from financing activities	**(332.5)**	966.4	**(37.9)**	1,243.1

Notes to the Financial Statements
37. Unusable reserves

At 31 March	2022 £m	2021 £m
Group		
Capital Adjustment Account	**29,633.2**	28,165.1
Pension Reserve	**(3,158.8)**	(5,546.3)
Accumulated Absences Reserve	**(14.6)**	(16.2)
Retained Earnings Reserve in Subsidiaries	**1,483.6**	1,737.3
Revaluation Reserve	**241.1**	339.5
Hedging Reserve	**(57.9)**	(105.0)
Cost of Hedging Reserve	**(3.0)**	(3.9)
Financial Instruments Adjustment Account	**(124.0)**	(135.8)
Merger Reserve	**466.1**	466.1
	28,465.7	24,900.8

At 31 March	2022 £m	2021 £m
Corporation		
Capital Adjustment Account	**16,740.2**	16,023.5
Pension Reserve	**(3,158.8)**	(5,546.3)
Accumulated Absences Reserve	**(14.6)**	(16.2)
Revaluation Reserve	**26.5**	29.9
Financial Instruments Adjustment Account	**(124.0)**	(135.8)
	13,469.2	10,355.1

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by TfL as finance for the costs of acquisition, construction and enhancement. The account also contains accumulated gains and losses on investment properties.

In the table below, the line item for the adjustment between the Group financial statements and the Corporation financial statements arises due to an alignment of the accounting policies between the Group and its subsidiaries. Under the Code, capital grants are recognised in the Comprehensive Income and Expenditure Statement and are then transferred to the Capital Adjustment Account (CAA) when utilised. No amortisation of grants or disposal of grants is recognised in the Comprehensive Income and Expenditure Statement. TfL's subsidiary companies account under full IFRS (rather than the Code) and are required to recognise deferred capital grants on the balance sheet and recognise grant amortisation in arriving at their retained earnings. An accounting policy alignment is performed on consolidation to recognise the grant receipts in the Comprehensive Income and Expenditure Statement (from where they are then transferred to the CAA). Equally, the amortisation and grant disposals are removed from the Comprehensive Income and Expenditure Statement and are shown in the CAA so that the total CAA adjustment is equal to the deferred capital grant carried in the subsidiaries' books.

Notes to the Financial Statements

37. Unusable reserves (continued)

Capital Adjustment Account (continued)

	Note	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Balance at 1 April		**28,165.1**	27,913.6	**16,023.5**	15,356.1
Charges for depreciation and impairment of non-current assets		**(219.1)**	(183.4)	**(219.1)**	(183.4)
Gain on disposal of investment properties		**85.0**	30.9	**85.0**	30.9
Release of Revaluation Reserve relating to historical revaluation gains recognised in respect of properties disposed during the year		**3.1**	0.2	**3.1**	0.2
Release of Revaluation Reserve relating to the difference between fair value depreciation and historical cost depreciation, and to historical revaluation gains recognised in respect of properties disposed during the year		**0.3**	0.4	**0.3**	0.4
Movements in the market value of investment properties recognised in the deficit/surplus on the provision of services after tax		**50.5**	(2.3)	**50.5**	(2.3)
Movements in the market value of investment properties recognised directly in other comprehensive income		**0.8**	-	**0.8**	-
Capital grants and contributions	10	**2,014.3**	933.5	**738.6**	786.3
Minimum Revenue provision		**60.2**	55.7	**60.2**	55.7
Loss on disposal of property, plant and equipment		**(2.7)**	(20.4)	**(2.7)**	(20.4)
Adjustments between Group and Corporation financial statements		**(524.3)**	(563.1)	**-**	-
Balance at 31 March		**29,633.2**	28,165.1	**16,740.2**	16,023.5

Pension Reserve

The Pension Reserve represents pension and other post-retirement defined benefit obligations shown on the Balance Sheet, excluding those reflected on the balance sheets of the subsidiary companies.

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Group and Corporation account for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the defined benefit obligations recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Group and Corporation make employer's contributions to pension funds or eventually pay any pensions for which they are directly responsible. The debit balance on the pension reserve therefore shows a substantial shortfall in the benefits earned by past and current employees against the resources that have been set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Balance at 1 April gains/(losses)	**(5,546.3)**	(4,082.3)	**(5,546.3)**	(4,082.3)
Net remeasurement gains/(losses) on pension assets and defined benefit obligations	**2,773.2**	(1,324.5)	**2,773.2**	(1,324.5)
Reversal of charges relating to retirement benefits	**(762.4)**	(538.4)	**(495.8)**	(270.5)
Employer's pension contributions, contributions from subsidiaries and direct payments to pensioners payable in the year	**376.7**	398.9	**110.1**	131.0
Balance at 31 March	**(3,158.8)**	(5,546.3)	**(3,158.8)**	(5,546.3)

Notes to the Financial Statements

37. Unusable reserves (continued)

Accumulated Absences Reserve

The Accumulated Absences Reserve absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the reserve.

	Group 2022 £m	Group 2021 £m	**Corporation 2022 £m**	Corporation 2021 £m
Balance at 1 April	**(16.2)**	(14.3)	**(16.2)**	(14.3)
Settlement or cancellation of accrual made at the end of the preceding year	**16.2**	14.3	**16.2**	14.3
Amounts accrued at the end of the current year	**(14.6)**	(16.2)	**(14.6)**	(16.2)
Balance at 31 March	**(14.6)**	(16.2)	**(14.6)**	(16.2)

Retained Earnings Reserve in Subsidiaries

The Retained Earnings Reserve in Subsidiaries represents the retained earnings in the Group's subsidiary companies. These are disclosed as unusable reserves as unless and until they are paid up in dividends to the Corporation, they are not available to fund the expenditure of the Corporation.

	Group 2022 £m	Group 2021 £m
Balance at 1 April	**1,737.3**	2,011.9
Surplus/(deficit) on the provision of services after tax in subsidiaries	**369.8**	(730.8)
Surplus on valuation of newly created investment properties (net of tax)	**(6.5)**	71.9
Transfer of current year capital grants and contributions to the Capital Adjustment Account	**(1,275.7)**	(147.2)
Transfer of adjustments between Group and Corporation financial statements to the Capital Adjustment Account	**524.3**	563.1
Remeasurement gains/(losses) on defined benefit pension plan assets and liabilities	**17.7**	(36.5)
Release of Revaluation Reserve relating to historical revaluation gains recognised in respect of properties disposed	**114.3**	2.3
Release of Revaluation Reserve relating to the difference between fair value depreciation and historical cost depreciation	**2.4**	2.6
Balance at 31 March	**1,483.6**	1,737.3

Notes to the Financial Statements

37. Unusable reserves (continued)

Revaluation Reserve

The Revaluation Reserve contains the accumulated gains made arising from increases in the value of property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation
- Disposed of and the gains are transferred to retained earnings

	Note	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Balance at 1 April		**339.5**	333.6	**29.9**	27.7
Revaluation of assets	13	**21.9**	11.4	**0.1**	2.8
Release of Revaluation Reserve relating to historical revaluation gains recognised in respect of properties disposed		**(117.5)**	(2.5)	**(3.1)**	(0.2)
Release of Revaluation Reserve relating to the difference between fair value depreciation and historical cost depreciation, and to historical revaluation gains recognised in respect of properties disposed during the year		**(2.8)**	(3.0)	**(0.3)**	(0.4)
Balance at 31 March		**241.1**	339.5	**26.6**	29.9

Hedging Reserve

The Hedging Reserve holds the gain or loss on a hedging instrument that is determined to be an effective hedge. The ineffective portion, if any, is recognised immediately through the Comprehensive Income and Expenditure Statement. The gain or loss deferred in reserves is recognised in the Comprehensive Income and Expenditure Statement in the period(s) during which the hedged forecast transaction affects profit or loss.

	Group 2022 £m	Group 2021 £m
Balance at 1 April	**(105.0)**	(119.4)
Net change in fair value of cash flow interest rate hedges	**43.8**	20.3
Net change in fair value of cash flow foreign exchange hedges	**8.0**	(15.2)
Reclassification of interest rate fair value losses to profit and loss	**10.2**	9.3
Discontinued hedging relationship	**(15.0)**	-
Balance at 31 March	**(58.0)**	(105.0)

The Corporation does not have a Hedging Reserve as it has not entered into any derivative transactions, nor does it have legal powers to do so.

Notes to the Financial Statements

37. Unusable reserves (continued)

Cost of Hedging Reserve

The Cost of Hedging Reserve holds the gain or loss on a hedging instrument arising from changes in the fair value of the time value of an option when the intrinsic value of the option has been designated in an effective hedging relationship. The gain or loss deferred in reserves is recognised in the Comprehensive Income and Expenditure Statement in the period(s) during which the hedged forecast transaction affects profit or loss. The ineffective portion, if any, is recognised immediately through the Comprehensive Income and Expenditure Statement.

	Group 2022 £m	Group 2021 £m
Balance at 1 April	(3.9)	(4.4)
Reclassification of cashflow foreign exchange hedge losses to the Balance Sheet	0.9	0.5
Balance at 31 March	**(3.0)**	(3.9)

The Corporation does not have a Cost of Hedging Reserve as it has not entered into any derivative transactions, nor does it have legal powers to do so.

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account provides a balancing mechanism between the different rates at which gains and losses (such as premium on the early repayment of debt) are recognised under the Code and are required by statute to be met from the General Fund.

	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Balance at 1 April	(135.8)	(147.5)	(135.8)	(147.5)
Release of premium	11.8	11.7	11.8	11.7
Balance at 31 March	**(124.0)**	(135.8)	**(124.0)**	(135.8)

Merger Reserve

The Merger Reserve of £466.1m arose as a result of the transfer of the net assets of London Regional Transport, including the share capital of London Underground Limited (LUL), to TfL in 2003. It represents the share capital of LUL and was taken as a credit to the merger reserve. The Group has taken advantage of the exemption in IFRS 1 not to restate business combinations occurring prior to the transition date of 1 April 2009.

	Group 2022 £m	Group 2021 £m	Corporation 2022 £m	Corporation 2021 £m
Balance at 1 April and 31 March	**466.1**	466.1	**-**	-

Notes to the Financial Statements

38. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Corporation in the year in accordance with proper accounting practice in order to determine the resources that are specified by statutory provisions as being available to the Corporation to meet future capital and revenue expenditure. The General Fund reserve represents monies available to finance the day to day activities of TfL.

Corporation

Year ended 31 March 2022	Note	General fund £m	Capital adjustment account £m	Pension reserve £m	Street works reserve £m	Financial instruments adjustment account £m	Accumulated absences reserve £m
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement							
Charges for depreciation, amortisation and impairment of non-current assets	3	219.1	(219.1)	-	-	-	-
Net gain on disposal of investment properties	8	(85.0)	85.0	-	-	-	-
Movements in the market value of investment properties	8	(50.5)	50.5	-	-	-	-
Capital grants and contributions	10	(738.6)	738.6	-	-	-	-
Loss on disposal of non-current assets	7	2.7	(2.7)	-	-	-	-
Reversal of items relating to retirement benefits		495.8	-	(495.8)	-	-	-
Transfers to/from Street Works Reserve		(0.4)	-	-	0.4	-	-
Difference between the remuneration charged on an accruals basis and the remuneration chargeable in accordance with statutory requirements		(1.6)	-	-	-	-	1.6
Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement which are required to be charged in accordance with statutory requirements							
Employer's pension contributions and direct payments to pensioners payable in the year		(110.1)	-	110.1	-	-	-
Minimum Revenue provision	40	(60.2)	60.2	-	-	-	-
Amortisation of premium on financing		(11.8)	-	-	-	11.8	-
		(340.6)	712.5	(385.7)	0.4	11.8	1.6

Notes to the Financial Statements

38. Adjustments between accounting basis and funding basis under regulations (continued)

Corporation

Year ended 31 March 2021	Note	General fund £m	Capital adjustment account £m	Pension reserve £m	Street works reserve £m	Financial instruments adjustment account £m	Accumulated absences reserve £m
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement							
Charges for depreciation, amortisation and impairment of non-current assets	3	183.4	(183.4)	–	–	–	–
Net gain on disposal of investment properties	8	(30.9)	30.9	–	–	–	–
Movements in the market value of investment properties	8	2.3	(2.3)	–	–	–	–
Capital grants and contributions	10	(786.3)	786.3	–	–	–	–
Loss on disposal of non-current assets	7	20.4	(20.4)	–	–	–	–
Reversal of items relating to retirement benefits		270.5	–	(270.5)	–	–	–
Transfers to/from Street Works Reserve		(1.3)	–	–	1.3	–	–
Difference between the remuneration charged on an accruals basis and the remuneration chargeable in accordance with statutory requirements		1.9	–	–	–	–	(1.9)
Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement which are required to be charged in accordance with statutory requirements							
Employer's pension contributions and direct payments to pensioners payable in the year		(131.0)	–	131.0	–	–	–
Minimum Revenue provision	40	(55.7)	55.7	–	–	–	–
Amortisation of premium on financing		(11.7)	–	–	–	11.7	–
		(538.4)	666.8	(139.5)	1.3	11.7	(1.9)

Page 259

Notes to the Financial Statements

39. Sources of finance

Capital expenditure analysed by source of finance:

Year ended 31 March	Note	Corporation 2022 £m	Corporation 2021 £m
Capital expenditure			
Intangible asset additions	12	40.9	31.4
Property, plant and equipment additions	13	217.2	251.0
Investment property	15	7.3	17.7
Investments in year	16	560.0	660.0
Loans made to subsidiaries in year for capital purposes		89.9	1,458.1
Capital grants allocated to subsidiaries in year	10	1,216.0	69.9
Total capital expenditure		2,131.3	2,488.1
Sources of finance			
Business Rates Retention used to fund capital	10	1,350.2	689.6
Community infrastructure levy and other third party contributions	10	50.4	120.6
Crossrail specific grant	10	554.0	46.0
Prudential borrowing		74.0	1,277.4
Repayment of loans from subsidiaries		15.9	312.4
Capital receipts		94.6	48.8
Working capital		(7.8)	(6.7)
Total sources of finance		2,131.3	2,488.1

Capital Financing Requirement
The Capital Financing Requirement is the amount of cumulative capital expenditure to be financed by means other than grant or asset sales proceeds. As at 31 March 2022 this stood at £13,405.5m (2021 £13,402.1m) for the Corporation.

40. Minimum revenue provision

The Local Government and Housing Act 1989 requires a Minimum Revenue Provision (MRP) to be set aside for the redemption of external debt. As a statutory corporation regulated as if it were a local authority, TfL is required to comply with the Local Authorities Capital Finance Regulations. New regulations were approved by the Secretary of State in February 2008. TfL is required to approve an Annual MRP Statement determining the amount of MRP which it considers to be prudent.

The Ministry of Housing, Communities and Local Government issued guidance setting out four possible methods, which are deemed automatically prudent, but also states that 'approaches differing from those exemplified should not be ruled out… the broad aim of prudent provision is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.'

While statutory guidance suggests four potential methods for calculating MRP it also allows for other methods and approaches to be used. Since 2016/17 TfL has applied the principles inherent in the statutory guidance on MRP, to make an annual provision in TfL (the Corporation), that aims to build up a reserve on the Balance Sheet over the average useful economic life of the assets funded by borrowings in the Corporation, such that, at the end of that useful economic life, that reserve may be employed to either repay borrowings or to finance replacement capital expenditure for those assets that have reached the end of their lives. An MRP is effectively already made for borrowings passed down to the subsidiaries through TfL's existing processes for funding those entities. The MRP provision for 2021/22, shown as a transfer from the General Fund to the Capital Adjustment Account in the Group and Corporation Movement in Reserves Statements, was a total of £60.2m (2020/21 £55.7m).

Notes to the Financial Statements

41. Financial assistance

TfL may give financial assistance to any body or person in respect of expenditure incurred or to be incurred by that body or person in doing anything which, in the opinion of TfL, is conducive to the provision of safe, integrated, efficient and economic transport facilities or services to, from or within Greater London, and also to London Transport Museum Limited.

Financial assistance given under section 159 of the GLA Act 1999 is outlined below:

Year ended 31 March	**Corporation 2022 £m**	Corporation 2021 £m
Financial assistance to subsidiaries		
Transport Trading Limited	**25.4**	55.0
London Underground Limited	**1,740.9**	2,780.2
London Bus Services Limited	**1,031.6**	1,511.7
London River Services Limited	**5.5**	7.2
Victoria Coach Station Limited	**3.0**	5.3
London Buses Limited	**0.1**	2.8
London Transport Museum Limited	**3.4**	4.4
Docklands Light Railway Limited	**199.8**	71.8
Rail for London Limited	**404.0**	241.1
Crossrail Limited	**88.8**	722.6
Tramtrack Croydon Limited	**40.4**	37.6
Rail for London (Infrastructure) Limited	**57.5**	52.6
	3,600.4	5,492.3

Year ended 31 March	Note	**Corporation 2022 £m**	Corporation 2021 £m
Financial assistance to London Boroughs and other third parties			
Local Implementation Plan		**40.4**	43.0
Taxicard		**8.2**	5.3
London Streetspace		**11.5**	39.0
Cycling		**8.0**	6.3
Bus priority		**8.7**	5.5
Liveable Neighbourhoods		**-**	4.7
Other		**5.1**	4.7
	3	**81.9**	108.5

Notes to the Financial Statements
42. Related parties

TfL is required by the Code and IAS 24 Related Party Disclosures (IAS 24) to disclose material transactions with related parties. Related parties are entities or individuals who have the potential to control, indirectly control or significantly influence TfL or to be controlled, indirectly controlled or significantly influenced by TfL.

TfL is a statutory corporation established by section 154 of the GLA Act 1999. It is a functional body of the Greater London Authority and is controlled by the Mayor of London. TfL is classified as a government entity in accordance with IAS 24, as it is controlled by the GLA, through the Mayor. The GLA and its other functional bodies are considered to be related parties of TfL and its subsidiaries, as they are all under the control of the Mayor. Other related parties include TfL's Board Members, members of the TfL Executive Committee (including Managing Directors, the Commissioner, the Chief Finance Officer and General Counsel), the Mayor of London and the TfL Pension Fund. In addition, central Government has the potential to influence TfL by providing the statutory framework within which TfL operates and through the provision of funding in the form of grants and borrowing facilities.

Disclosure of related party transactions allows readers to assess the extent to which the Corporation might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with it.

GLA and functional bodies
Details of amounts received from the Business Rates Retention, and the Council Tax precept paid to TfL by the GLA are shown in note 10.

During 2021/22 TfL had the following other transactions with the GLA and functional bodies:

	Total income during the year £m	Total expenditure during the year £m	Outstanding balance at 31 March 2022 £m
GLA	16.3	(3.0)	5.3
Mayor's Office for Policing and Crime (MOPAC)	0.5	(80.5)	0.1
London Legacy Development Corporation (LLDC)	1.1	-	0.1
London Fire Commissioner	0.1	(0.1)	-

Board Members and Officers
Board Members, the Mayor of London, and key management (including the Commissioner and the TfL Executive Committee), are required to complete a declaration regarding any related party transactions. During the year, none of the Corporation Board, key management personnel or parties related to them have undertaken any transactions with the Corporation or its subsidiaries (2020/21 none). Details of the remuneration of the Commissioner and all employees earning a base salary of £150,000 or more are disclosed in the Remuneration Report (see note 5).

TfL Pension Fund
The Accounts of the TfL Pension Fund are prepared separately and are subject to a separate audit opinion. Contributions payable to the TfL Pension Fund by TfL as employer are disclosed in note 35.

Central Government
During 2021/22 the DfT contributed grant funding to TfL totalling £1,717m (2020/21 £2,457m) under a series of Extraordinary Funding and Financing Agreements. These funding agreements also permitted TfL to borrow a total of £600m from the PWLB over the course of 2020/21 to fund its capital investment activities.

In addition to the funding set out in these agreements, in December 2018, the Mayor of London and the Government agreed a financial package to cover Crossrail overruns. The GLA was to borrow up to £1.3bn from the DfT. The GLA will repay this loan from the existing Business Rate Supplement (BRS) and Mayoral Community Infrastructure Levy (MCIL). The GLA would also provide a £100m cash contribution, taking its initial total contribution to £1.4bn to be provided as a grant to TfL for the Crossrail project. A loan facility from the DfT was also directly granted from the DfT to TfL of up to £750m.

In August 2020, Crossrail Ltd announced that the opening of the Elizabeth line through central London was expected to be delayed until the first half of 2022 and that additional funding beyond the agreed funding envelope would be required. Under a further financing package agreed with the DfT in December 2020, the shortfall was to be covered by the GLA borrowing up to a further £825m from the DfT which was again to be given by GLA to TfL as a grant. The GLA will repay this loan from BRS and MCIL revenues.

In the year to 31 March 2022, the GLA paid grants totalling £554m to TfL in relation to the Crossrail project (2021 £46m) under the funding agreements outlined above. And as at 31 March 2022, £750m of the Crossrail loan facility from the DfT had been drawn down (2021 £676m).

Notes to the Financial Statements

42. Related parties (continued)

Other public bodies
TfL provides financial assistance to London Boroughs to support Borough schemes that improve the local travelling environment. Financial assistance provided is disclosed in note 41.

TfL receives income from the London Boroughs for the provision of free travel for older and disabled customers, and students. This income is set out in note 1.

TfL has borrowings outstanding from the PWLB and pays interest to PWLB in respect of those borrowings.

TfL makes payments to the British Transport Police for the provision of policing services on the Underground and London Overground and other overground railways.

TfL makes payments to the Metropolitan Police Service for policing services provided by the Safer Transport Command.

Transactions between the Corporation and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

43. Trust Funds

The Corporation acts as the sole trustee for the TfL Healthcare Trust, a trust established for the purpose of providing certain benefits relating to medical treatment for eligible employees of the Group and their family members. The Trust is administered by AXA PPP Healthcare Administration Services Limited, an independent third party. Under the terms of the Trust deed the funds held by the Trust do not represent the assets of the Corporation or its subsidiaries. Hence the Trust has not been consolidated into these financial statements.

	Income £m	Expenditure £m	Assets £m	Liabilities £m
At 31 March 2022				
TfL Healthcare Trust	**4.8**	**(3.8)**	**5.1**	**-**
At 31 March 2021				
TfL Healthcare Trust	2.5	(2.6)	4.1	-

Notes to the Financial Statements

44. Events after the Balance Sheet date

The impact of the coronavirus pandemic on the Group's operations is discussed in the Narrative Report and Financial Review.

Since 31 March 2021, TfL has continued to experience revenue shortfalls as a result of the pandemic, and the TfL Group remains reliant on extraordinary funding support from the Department for Transport (DfT) for the continued provision of services. Our funding agreements with the DfT, the latest of which was agreed on 25 February 2022.

The settlement, in line with earlier agreements, confirms the Government's intention to continue to support with the cost of operations beyond June, as we work our way to achieving financial sustainability by April 2023.

Management have considered the impact of the pandemic and the status of ongoing discussions with Government regarding TfL's longer-term funding requirements on the values at which income, assets and liabilities have been recorded in these accounts. We do not consider that there has been any post-Balance Sheet event that would require a further adjustment being made to the carrying values at 31 March 2022 as reported in these financial statements. As at the date of signing off the accounts, TfL continues to provide a full level of service.

Throughout 2022/23 we will continue to work closely with the DfT and the Mayor of London to determine what further sources of funding will be made available to progress our capital investment programme. We will make decisions regarding the future of assets under construction at the Balance Sheet date as and when Government priorities in relation to future Transport investment, and the quantum of likely future funds, become clearer. We consider any possible future impairments of the carrying value of existing assets or assets under construction to be non-adjusting post Balance Sheet events for the purposes of these Financial Statements.

We continue to invest in and improve London's transport

Annual Governance Statement

The CIPFA/SOLACE Delivering Good Governance in Local Government Framework (the Framework) requires local authorities, which includes TfL, to publish an Annual Governance Statement, and to be responsible for ensuring that:

- its business is conducted in accordance with all relevant laws and regulations;
- public money is safeguarded and properly accounted for; and
- resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.

As a functional body of the Greater London Authority (GLA), TfL is a signatory to the GLA Group Corporate Governance Framework Agreement, which was updated in March 2022. The Agreement is an overarching commitment in relation to the culture and individual behaviours of the GLA Group and contains specific corporate governance commitments. The TfL Board agreed TfL has in place protocols and processes that address all the requirements of the Agreement.

TfL has approved and adopted a Code of Governance (the Code), which is consistent with the Framework and is published online at tfl.gov.uk. The statement explains how TfL complies with the Code and meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

TfL's governance framework has been in place since the year ended 31 March 2001 and remains in place at the date of approval of the 2021/22 Statement of Accounts. The key elements of the governance framework are set out below:

Key Elements of TfL's Governance Framework

Chair, Board, Committees and Panels	The Mayor appoints the Board and is the Chair. The Board provides leadership and determines and agrees TfL's strategic direction and oversees the performance of the Executive Committee to deliver the Mayor's Transport Strategy. The Budget, Business Plan and Capital Strategy set out how the Mayor's Transport Strategy will be delivered and are supported by TfL's Group and individual business area Scorecards. The Board's effectiveness is reviewed annually.
Decision Making	Standing Orders set out TfL's decision-making process and are regularly reviewed. The roles of Members and the executive are clearly defined. The Board, its Committees and Panels meet in public and all decisions taken are published. The approval of Financial, Programme and Project, Procurement and Land Authority by the Commissioner and Chief Finance Officer is also reported to Committees along with any Mayoral Directions to TfL.
Audit and Assurance Committee	The Committee reviews the effectiveness of the system of internal controls, including the integrated assurance framework and considers fraud and risk management issues. It also reviews the Annual Accounts prior to submission to the Board and TfL's compliance with the UK Corporate Governance Code (where applicable). The Risk and Assurance directorate and External Auditors support the work of the Committee.
Risk Management	TfL has an Enterprise Risk management system that sets out TfL's strategic risks, supported by local risk registers throughout TfL, which are monitored by the appropriate senior manager. The Audit and Assurance Committee oversees the implementation of the risk management system, with individual Committees and Panels reviewing each Enterprise Risk within their remit at least annually. The Executive Committee also regularly reviews all the Enterprise Risks.
Scrutiny and review	The Board, Committees and Panels each receive regular quarterly reports on TfL's performance. These reports cover: performance against the Scorecard; financial performance; customer and operational performance; safety, health and environment; and human resources. The Audit and Assurance Committee reviews TfL's overall audit and assurance arrangements.
The Commissioner and the Executive Committee	The Commissioner and Executive Committee are responsible for the delivery of day to day operations. The statutory Chief Finance Officer (TfL's appointed officer under s127 of the Greater London Authority Act 1999) is responsible for safeguarding TfL's financial position. Generally*, the postholder reports directly to TfL's managing Chief Finance Officer and, while not on the Executive Committee, plays an active part in TfL strategic decision-making through involvement in all key decisions with a significant financial implication and has management responsibility to produce the Business Plan and statutory accounts. The General Counsel, along with the Commissioner, is responsible for ensuring compliance with the law and promoting good corporate governance and high standards of public conduct. The Director of Risk and Assurance annually comments on the effectiveness of the Code.

* From April 2022 interim arrangements are in place until the appointment of a new managing Chief Finance Officer.

Applying the Framework Principles

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law: TfL's Code of Conduct for Members and staff reinforces a public service ethos and high standards of behaviour. It is supported by more detailed guidance, including a Modern Slavery Statement, TfL's Whistleblowing Procedures and guidance on conflicts of interest. The General Counsel and Commissioner have specific responsibilities to ensure that TfL's decisions meet legal requirements. Inductions for new senior staff and the four new Members of the Board appointed in 2021/22 explicitly covered the importance of behaviours and ethical values. Declarations of interests for Members and the most senior staff are published on tfl.gov.uk and declared at meetings.

Principle B: Ensuring openness and comprehensive stakeholder engagement: TfL has a transparency strategy and publishes a substantial amount of information. It engages with stakeholders and partners through consultation and its work with London Councils and individual boroughs. It cooperates with appropriate organisations to ensure there is independent scrutiny of its financial and operational reporting processes. Board, Committee and Panel meetings are held in public and are now routinely webcast contemporaneously on TfL's YouTube channel to further enhance transparency in decision-making. TfL has an active social media presence including Facebook, Twitter and YouTube.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits. TfL's meets this objective through its delivery of the Mayor's Transport Strategy, supported by its Vision and Values, Business Plan and the annual Scorecard process. The Business Plan and Scorecard measures flow through to team and individual staff objectives. The quarterly reports to the Board, Committees and Panels, as well as papers seeking authority for projects, provide commentary on how they support the objective of delivering the Mayor's Transport Strategy.

In September 2021, following a bottom-up staff engagement process, the Commissioner launched TfL's Vision and Values. This defined TfL's purpose as "To move London forward safely, inclusively and sustainability" and its vision as "We'll be a strong, green heartbeat for London". TfL established five roadmaps to deliver the Vision and Values and these will be reviewed annually. They will guide planning and decision-making, provide direction while maintaining flexibility for different areas of the business to develop their own plans to contribute and support frequent, open reporting on how we are doing. The roadmaps cover:

- Colleagues – be a great place to work for everyone to thrive;
- Customers – give customers more reasons to choose sustainable travel;
- Finance – rebuild our finances, be more efficient and secure our future;
- Green – reduce emissions in London and protect and improve our environment: and
- Our foundation – operational and project delivery.

Principle D: Determining the intervention necessary to achieve intended outcomes. The Quarterly Performance Report and other key quarterly reports submitted to Committees and Panels track TfL's activities in terms of key performance indicators and delivery of the Mayor's Transport Strategy. These also highlight remedial actions taken where slippage occurs. TfL's intervention in the governance of the Crossrail project in 2020, enabled the Elizabeth Line Delivery Group and Elizabeth Line Committee to drive the project forward, with the line opening on 24 May 2022. TfL has also recognised the need to enhance the governance and controls around its property programme to drive forward schemes that will deliver affordable housing for the Mayor and revenue for TfL. A Land and Property Committee has been established to oversee the operation and delivery of TfL's property programme through TfL's subsidiary entity, TTL Properties Limited. The enhanced governance for the entity is being finalised and will be reviewed and overseen by the new Committee.

Principle E: Developing TfL's capacity, including the capability of its leadership and individuals within it: The structure of the Executive Committee and the roles and responsibilities of its Members were refreshed in February 2022 and revised governance arrangements below this level are being reviewed and implemented. TfL undertakes a wide range of Human Resources activities to develop the capacity of its people. Regular reports are submitted to the Safety, Sustainability and Human Resources Panel and the Remuneration Committee on this and key initiatives including the leadership programme, succession planning and TfL's graduate and apprenticeship programmes. During the year, the Remuneration Committee reviewed and supported changes to TfL's approach to talent and performance management. The new Vision and Values are also intended to develop capacity (see Principle C above). Members are developed through induction, briefings and site visits. Four new Members were appointed and inducted during the year.

Principle F: Managing risks and performance through strong internal control and financial management. TfL's Enterprise Risk management system sets out TfL's main strategic risks and mitigations, with more detailed risk registers held throughout TfL and reflected in individual staff objectives. TfL reviewed all Level 0 Enterprise and Level 1 Strategic Risks as a result of the changes brought on by the coronavirus pandemic and each of these has been reviewed by the Executive Committee and the relevant Board Committee or Panel throughout the year, with the exception of Financial Sustainability (ER7), as this risk has been the subject of ongoing discussions and negotiations throughout the year. The Audit and Assurance Committee maintains overall responsibility for scrutinising TfL's approach to risk and receives reports to each meeting. The Finance Committee scrutinises TfL's financial performance and reports on this to the Board. In response to the impact of the coronavirus pandemic on TfL's finances, several rigorous cost control and scrutiny measures were introduced or refined during the year. TfL has also continued to embed the TfL Health, Safety and Environment management system and has continuous improvement plans in place to enhance the system and strengthen the maturity of compliance.

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability. TfL follows the Government Communication Service guidance on providing clear and accurate information. It has a published transparency strategy and has developed its website and the format of its reports to improve transparency and accessibility. Minutes of meetings, key decisions taken outside of meetings, the registers of Members and the most senior staff's interests and acceptance of gifts and hospitality, along with details of contracts awarded over £5,000 are published on tfl.gov.uk

Review of Effectiveness

TfL conducts, at least annually, a review of the effectiveness of its governance framework including the system of internal control, which is reported to the Audit and Assurance Committee. There is also an annual Board Effectiveness Review.

TfL continually reviews the effectiveness of its governance arrangements, including all aspects of TfL's operations including its relationships with its group entities. The Risk and Assurance Annual Report includes the opinion of the Head of Internal Audit on the overall framework of TfL's governance, risk management and internal control in the year. The opinion for the year ending 31 March 2022 concluded that the overall framework of TfL's governance, risk management and internal control is generally adequate for TfL's business needs and operated in an effective manner. There were no matters raised for the attention of the Board other than the progress on addressing procurement governance and control issues. The Board Effectiveness Review was considered in December 2021 and concluded that the current decision-making structure was effective. An externally led review is proposed for 2022.

The coronavirus pandemic has continued to have a significant impact on TfL's operational activities and its finances. In January 2021, TfL submitted a financial sustainability plan to Government as part of the process for securing a long-term funding settlement. A series of short-term funding settlements have been approved while work continues to secure a long-term settlement to enable TfL to effectively plan.

Conclusion

TfL is satisfied that appropriate governance arrangements are in place. It recognises that there is always more that can be done and remains committed to maintaining and where possible improving these arrangements. The key ways of doing this are:

- keeping its governance arrangements under continuous review, including through the annual Board Effectiveness Review;
- addressing issues identified by Internal Audit as requiring improvement;
- reviewing and enhancing performance reporting to focus on key risks and areas for improvement; and
- listening to feedback from key stakeholders.

SIGNATURE

Sadiq Khan
Chair of TfL

SIGNATURE

Andy Byford
Commissioner

TfL Board members

The Mayor appoints members for their skills, knowledge and experience relating to TfL's activities. The Board is independent of the executive. The Chair and Deputy Chair serve until 3 May 2024. All other members were appointed or reappointed in 2021 and serve until 8 September 2024, except Cllr Julian Bell who joined the Board in February 2020 and will serve until 4 September 2022.

Members who left during 2021/22

- Ron Kalifa OBE (Member until 6 May 2022)
- Dr Alice Maynard CBE (Member until 5 September 2021)

Sadiq Khan
Chair

Seb Dance*
Deputy Chair

Heidi Alexander**

Cllr Julian Bell

Kay Carberry CBE

Professor Greg Clark CBE

Anurag Gupta***

Bronwen Handyside

Anne McMeel

Dr Mee Ling Ng OBE

Dr Nelson Ogunshakin OBE

Mark Phillips

Marie Pye***

Dr Nina Skorupska CBE FEI

Dr Lynn Sloman MBE

Ben Story

Peter Strachan***

* Member from 1 January 2022. Deputy Chair from 25 January 2022
** Deputy Chair until 24 December 2021
*** Member from 11 November 2021

Membership of TfL committees and panels

The Board appoints members to committees and panels by matching their skills, knowledge, experience and personal preferences. Changes were made during the year to reflect members leaving and joining the Board and with a view to refreshing and rotating membership, in line with good practice.

Audit and Assurance Committee

Mark Phillips*
Chair

Anurag Gupta**
Vice Chair

Cllr Julian Bell

Kay Carberry CBE

Dr Mee Ling Ng OBE

Members who left during 2021/22

- Anne McMeel (Member and Chair until 31 December 2021)
- Dr Nelson Ogunshakin OBE (member until 31 December 2021)
- Dr Lynn Sloman (member and Vice Chair until 31 December 2021)

Elizabeth line Committee

Heidi Alexander
Chair

Anne McMeel
Vice Chair

Prof Greg Clark CBE

Seb Dance

Dr Nelson Ogunshakin OBE

Mark Phillips

* Member and Chair from 1 January 2022
** Member and Vice Chair from 1 January 2022

Finance Committee

Anne McMeel*
Chair

Ben Story
Vice Chair

Prof Greg Clark CBE

Seb Dance**

Anurag Gupta

Dr Nina Skorupska CBE FEI

Members who left during 2021/22

- Ron Kalifa OBE (member and Chair until 5 May 2021)
- Heidi Alexander (member until 2 February 2022)

Land and Property Committee (Established from 1 April 2022)

Prof Greg Clark CBE
Chair

Dr Nina Skorupska CBE FEI

Heidi Alexander

Seb Dance

Anne McMeel

Ben Story

Programmes and Investment Committee

Ben Story*
Chair

Dr Nelson Ogunshakin OBE
Vice Chair

Cllr Julian Bell***

Seb Dance**

Dr Lynn Sloman MBE

Peter Strachan****

Members who left during 2021/22

- Professor Greg Clark CBE (member and Chair until 31 December 2021)
- Heidi Alexander (member until 2 February 2022)
- Mark Phillips (member until 31 December 2021)
- Dr Nina Skorupska CBE FEI (member until 31 December 2021)

* Chair from 1 January 2022
** Member from 3 February 2022
*** From 1 January 2022
**** Member from 1 January 2022

Remuneration Committee

Kay Carberry CBE*
Chair

Peter Strachan**
Vice Chair

Seb Dance***

Dr Nelson Ogunshakin OBE****

Members who left during 2021/22

- Ben Story (member and Chair until 31 December 2021)
- Heidi Alexander (Member until 2 February 2022)
- Ron Kalifa OBE (member until 6 May 2021)

Customer Service and Operational Performance Panel

Dr Mee Ling Ng OBE
Chair

Marie Pye**
Vice Chair

Bronwen Handyside

Anne McMeel

Dr Lynn Sloman MBE

Peter Strachan****

Members who left during 2021/22

- Dr Alice Maynard CBE (member and Vice Chair until 5 September 2021)

Safety, Sustainability and HR Panel

Dr Lynn Sloman MBE*****
Chair

Dr Nina Skorupska CBE FEI
Vice Chair

Kay Carberry CBE******

Bronwen Handyside

Dr Mee Ling Ng OBE

Mark Phillips

Marie Pye****

Members who left during 2021/22

- Cllr Julian Bell (member until 31 December 2021)

* Chair from 1 January 2022. Vice Chair until 31 December 2021

** Member and Vice Chair from 1 January 2022

*** Member from 3 February 2022

**** Member from 1 January 2022

***** Member and Chair from 1 January 2022

****** Chair until 31 December 2021

TfL members attendance 2021/22

Member	Board (6)	Audit and Assurance Committee (4)	Elizabeth line Committee (3)	Finance Committee (4)	Programmes and Investment Committee (5)	Remuneration Committee (2)	Customer Service and Operational Performance Panel (4)	Safety, Sustainability and Human Resources Panel (4)
Sadiq Khan (Chair)	6	–	–	–	–	–	–	–
Seb Dance (Vice Chair)	2 (2)	1 (1)	1 [1]	1 (1)	1 [1]		–	–
Heidi Alexander	6	–	6 [1]	3 (3)	3 [3]	2	–	–
Cllr Julian Bell	6 [1]	3	–		–		–	3 (3)
Kay Carberry CBE	6	3	–		–	2	–	4
Professor Greg Clark CBE	6 [2]	–	3 [1]	2	3 [3]		–	–
Anurag Gupta	3 (3)	1 (1)	–	1 (1) [1]	–		–	–
Bronwen Handyside	3 [1]	–	–		–		2	1
Anne McMeel	6	3 (3)	6 [1]	4	–		4 [2]	
Dr Mee Ling Ng OBE	6	4	–		–		4 [2]	4 [1]
Dr Nelson Ogunshakin OBE	5 [1]	3 (3) [1]	5 [3]		5 [5]		–	–
Mark Phillips	6	1 (1)	5		3 (4) [3]		–	4 [2]
Marie Pye	3 (3) [1]	–	–		–		1 [1]	1 (1) [1]
Dr Nina Skorupska CBE FEI	5 [1]	–	–	4 [1]	3 [3]		–	3
Dr Lynn Sloman MBE	6 [2]	3 (3)	–		5 [5]		4 [2]	1 (1)
Ben Story	5	–	–	4	3 [3]	2	–	–
Peter Strachan	3 (3) [1]	–	–		1 (1) [1]		1 [1]	–
Members who left during the year								
Ron Kalifa OBE	0 (0)	–	–		–		–	–
Dr Alice Maynard CBE	2 (2)	–	–		–		1[1]	–

Due to the pandemic, some meetings were held on Teams, with decisions taken after by the Chair exercising Chair's Action. The round brackets show the maximum number of meetings available for members to attend.

The square brackets show the number of meetings that members attended via Teams, where they take part in discussions but can't take part in the decision-making.

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' and helping to create a safer, 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 by walking, cycling or using public transport by 2041. To make this a reality, we prioritise sustainability, health and the quality of people's experience in everything we do.

We run most of London's public transport services, including the London Underground, London Buses, the DLR, London Overground, Elizabeth line, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the London Cable Car. The experience, reliability and accessibility of these services is fundamental to Londoners' quality of life.

We manage the city's red route strategic roads and, through collaboration with the London boroughs, we are helping to 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, improve air quality, revitalise town centres, boost businesses and connect communities. As part of this, our expanded Ultra Low Emission Zone and fleets of increasingly environmentally friendly and zero-emission buses are helping to tackle London's toxic air.

During the pandemic, we took a huge range of measures to ensure people were safe while traveling. This included extensive cleaning regimes across the public transport network and working with London's boroughs to introduce the Streetspace for London programme, which provides wider pavements and cycle lanes so people can walk and cycle safely and maintain social distancing. London's recovery is vital to the UK's recovery as life returns to normal. We want to ensure London avoids a car-led recovery and we continue to reassure people the capital and our transport network is safe and ready for them.

We have constructed many of London's most significant infrastructure projects in recent years, using transport to unlock much needed economic growth. This includes major projects like the extension of the Northern line to Battersea Power Station and Nine Elms in south London, as well as our work at Barking Riverside and the Bank station upgrade.

Working with Government, we completed the Elizabeth line in time for Her Majesty the Queen's Jubilee. This transformational new railway adds 10 per cent to central London's rail capacity and supports the delivery of high-density, mixed-use developments, which are planned around active and sustainable travel to ensure 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 using intel, 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 who 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. By working together, we can create a better city as London's recovery from the pandemic continues.

July 2022

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PUB22_005_AnnualReport_Combined_180722

Board

Date: 27 July 2022

Item: Safety, Health and Environment Annual Report 2021/22

This paper will be considered in public

1 Summary

1.1 This paper summarises the key information and trends reported in the Safety, Health and Environment (SHE) Annual Report for the 2021/22 financial year.

1.2 The financial year covers the dates 1 April 2021 – 31 March 2022. Most data presented covers this range, except for some road safety and work-related violence data. It is clearly highlighted when data falls outside this period.

1.3 The year 2021/22 saw TfL continue to make progress on its goal of working towards Vision Zero: road deaths fell substantially and many of our scorecard targets were met. However, challenges remain, and latter trends suggest that road risk is trending back towards pre-pandemic levels. There remain a number of areas in terms of our health and environmental performance where we need to make significant progress.

Key information presented in the SHE Annual Report 2021/22

Scorecard

Measure	Unit	2021/22 Target	2021/22 Actual	Status
People killed or seriously injured in road traffic collisions per million journey stages	Killed or seriously injured per million journey stages	0.43	0.32	Achieved
Customer all injuries per million passenger journeys	All injuries per million journeys	2.52	2.77	Not achieved
Workforce all injuries	Number of workforce injuries	1,790	1,473	Achieved
People killed or seriously injured in road traffic collisions in or by a London Bus (per million surface journey stages)	Killed or seriously injured per million journey stages	0.020	0.022	Partially achieved
Reduction in CO_2 emissions from TfL Operations and Buildings	Tonnes CO_2e emitted	915,000	831,624	Achieved

2 Recommendation

2.1 **The Board is asked to note the Safety, Health and Environment Annual Report 2021/22.**

3 Report Overview

3.1 The report shows that people killed or seriously injured on our roads, workforce all-injuries and carbon dioxide emissions scorecard measures for 2021/22 have been met. This is a positive result but a reminder that we must strive to do more to achieve Vision Zero, zero harm and the decarbonisation of London respectively.

3.2 We narrowly missed our central scorecard target for the rate of people killed or seriously injured on or by a London bus. Buses remain one of the safest modes in London with the rate of people killed or seriously injured almost 15 times lower than the rate for all road users. We know from our data that the top three causes of customer injury on buses are: falling while using the stairs or on the lower deck, incidents whilst boarding or alighting the bus and as a result of sudden braking or manoeuvres. Our bus safety programme is addressing all of these.

3.3 Our customer injury rate scorecard measure was not met, which was influenced by the return of the seasonal increase in intoxication-related customer injuries over the Christmas and New Year period. However, in the final quarter of 2021/22 the rate fell to 2.55, suggesting that although customer numbers have been climbing throughout the year, there has been a reduction in the overall risk of customers sustaining injuries when travelling on our public transport network.

Safety

Public Transport

3.4 At the beginning of 2021/22 as we emerged from the third national lockdown, we saw a welcome rise in customer numbers. The 2021/22 financial year ended with total customer numbers of 2.51 billion, compared to 1.3 billion in 2020/21. Consequently, the total number of workforce and customer injuries has unfortunately increased but remains notably below pre-pandemic levels.

3.5 Across our public transport network in 2021/22, very sadly four customers were killed. Two people died on London buses and two on London Underground. No one working on our public transport network was killed this year.

3.6 This year, 186 customers sustained serious injuries, an increase from 2020/21, but lower than pre-pandemic levels. In 2021/22 there were 24 serious injuries sustained by our workforce, a slight increase from 20 last year.

3.7 The rate of customers injured per million passenger journeys was 2.77, which is above our target of 2.52 per million journeys and an increase of seven per cent when compared with 2017/18. This is a worrying trend and suggests that some pandemic customer behaviours may have continued to persist post-pandemic e.g. not wanting to hold onto stair and escalator handrails. This is despite our much-publicised cleaning efforts, with Imperial College London continuing to find no traces of coronavirus on the public transport network, up to the latest testing in June 2022.

Streets

3.8 When looking back at the total number of people killed or seriously injured in 2021/22, we have generally seen a return towards pre-pandemic numbers, albeit not across the board. Notable exceptions to this are the increases in the number of people killed and seriously injured whilst cycling (but for whom the risk of death or serious injury has gone down) and for those using “other vehicles”, including electric scooters.

3.9 The largest increases in 2021/22 compared to 2020/21 were recorded in those people killed or seriously injured while walking (48 per cent) and using powered two wheelers (24 per cent). This suggests a return towards normal levels of street activity after the record lows in travel recorded in the previous financial year when travel patterns were significantly distorted by Government COVID-19 measures.

3.10 Although the absolute number of people walking or cycling who were killed or seriously injured has increased, this partly reflects changes in activity patterns. Analysis shows that the estimated risk of death or serious injury while walking decreased in 2021/22 by 45 per cent compared to 2020/21. While the absolute number of people cycling who were killed or seriously injured increased in 2021/22, compared with 2020/21, the number of journeys made has increased substantially since we measured our 2005-09 baseline. This means that the general trend we are seeing is that there is a decreasing risk of serious or fatal injury to people cycling.

3.11 Cars remain the vehicle most frequently involved in a collision that kills or seriously injures someone else on the road, being involved in approximately 65 per cent of these collisions. We are working hard and in partnership with London boroughs to make it safer and more attractive to walk and cycle through various improvement programmes such as Low Traffic Neighbourhoods, School Streets, Safer Junctions, the Lowering Speed Limits Programme, the Strategic Cycling Network and the Healthy Streets Programmes.

Workforce

3.12 In 2021/22, a total of 105 injuries were sustained by our Capital workforce, continuing the positive downward trajectory that we have seen since 2017/18, despite the continued delivery of major capital projects. This demonstrates a 42 per cent decline in injuries compared to the last pre-pandemic year of 2019/20.

3.13 The accident frequency rate remained relatively stable on the previous year, with 15 incidents reported in total under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) compared with a total of 14 in 2020/21, and 11 in 2019/20, before the pandemic. We remain committed to in-depth analyses of incidents in order to identify the root cause or causes and learn lessons from these that lead to improvements in the safety culture across our Capital teams.

3.14 Lost time injuries (LTIs) are injuries which cause an employee to be absent for one or more shifts. In total there were 24 LTIs in 2021/22, a decrease of two on 2020/21. Immediate and root causes of LTIs during 2021/22 were generally consistent with RIDDOR analysis. Both categories of injury share the same top immediate causes: manual handling and slips, trips and falls. The most common root causes identified related to poor quality risk assessment or task planning, deviation from safe systems of work and substandard change management.

3.15 When analysing triggers of work-related violence and aggression (WVA), 44 per cent of bus-related physical assaults (including spitting) reported to the police are linked to road rage. Road rage volumes were lower in 2020/21 due to lockdown restrictions, but as road journeys have increased this year, we have unfortunately seen a corresponding increase in road rage related WVA incidents (36 offences in 2020/21, 62 offences in 2021/22).

3.16 Our Transport Support Enforcement Officers (TSEs) provide direct support to customers and our staff working on the frontline. By the end of 2021/22 we had recruited a total of 90 TSEs and our ambition is to increase this to 135 by the end of 2022/23.

Health

3.17 It is with regret that we report that up to 31 March 2022, 105 people providing TfL services have tragically lost their lives to COVID-19 since the start of the pandemic. Our Commissioner, Andy Byford, has worked closely with the Mayor to commission a memorial at Braham Street in Aldgate to commemorate the London transport workers who have died from COVID-19. The initial designs were shared with the bereaved families for feedback, and we have consistently consulted the families throughout the design process. Planning permission for the memorial was granted in April 2022 and we aim to open the memorial later this year.

3.18 COVID-19 was the top cause of short-term absence in 2021/22 and remained the third most common cause of long-term absence. Absences related to mental health and musculoskeletal issues remained the most significant causes of long-term absences this year and, alongside COVID-19 safety, continue to be the focus of our preventative measures.

3.19 In late 2021 we ran the first phase of the Well@TfL pilot project. Over 100 staff received a 30-minute health check and a personalised health report and advice of how they could achieve their health goals. Participants then had three-month and six-month follow up appointments to measure their progress.

3.20 Throughout 2021/22, our Occupational Health and Wellbeing team continued to run events on Microsoft Teams to provide our workforce with advice on how they can better look after their physical and mental health. Sessions ranged from ‘Understanding Anxiety and Five Ways to Protect Your Mental Health’ to ‘Pilates and Posture’. For our staff who did not qualify for a free flu jab, we allowed them to claim back the cost through work expenses. This was another way we tried to support people to be in good health and able to attend work.

Environment

3.21 There were a number of key reports published in 2021/22 where we set out our plans to address the climate crisis and support London’s green and inclusive recovery. The TfL Sustainability Report illustrated how everything we do contributes towards the three pillars of sustainability: society, environment and economy. The Corporate Environment Plan (CEP) works alongside the Sustainability Report and is our plan for improving our environmental performance. The CEP has been developed around the following five key themes: climate emergency, air quality, sustainable resources, green infrastructure and best environmental practices.

3.22 With climate change, severe rainfall events like those London experienced on 12 and 25 July 2021 will become more intense and more frequent. Two extreme rainfall events led to widespread, severe flash flooding across London. This flooding caused significant damage to our assets and severely disrupted our services across the capital.

3.23 We have continued to make progress in reducing the carbon dioxide emissions from our operations, with emissions this year remaining well below pre-pandemic levels. We have a strategy to move to 100 per cent renewable energy by 2030 and are using Power Purchase Agreements with renewable generators as part of the means to achieve this. Procurement for this has already started, with the aim of securing up to 13 per cent of our consumption in this first step. We are also working with the Greater London Authority Group to explore opportunities to jointly procure renewable electricity in this way.

3.24 Our Adaptation Reporting Power 3 submission was submitted to the Department for the Environment, Food and Rural Affairs at the end of April 2022. This report sets out our main climate risk governance, strategy, approach to risk management, and a high-level asset climate risk assessment. The main risk areas for our assets are temperature, precipitation and storms.

List of appendices to this report

Safety, Health and Environment Annual Report 2021/22

List of Background papers

None

Contact Officer: Lilli Matson, Chief Safety Health and Environment Officer
Email: LilliMatson@tfl.gov.uk

Page 281

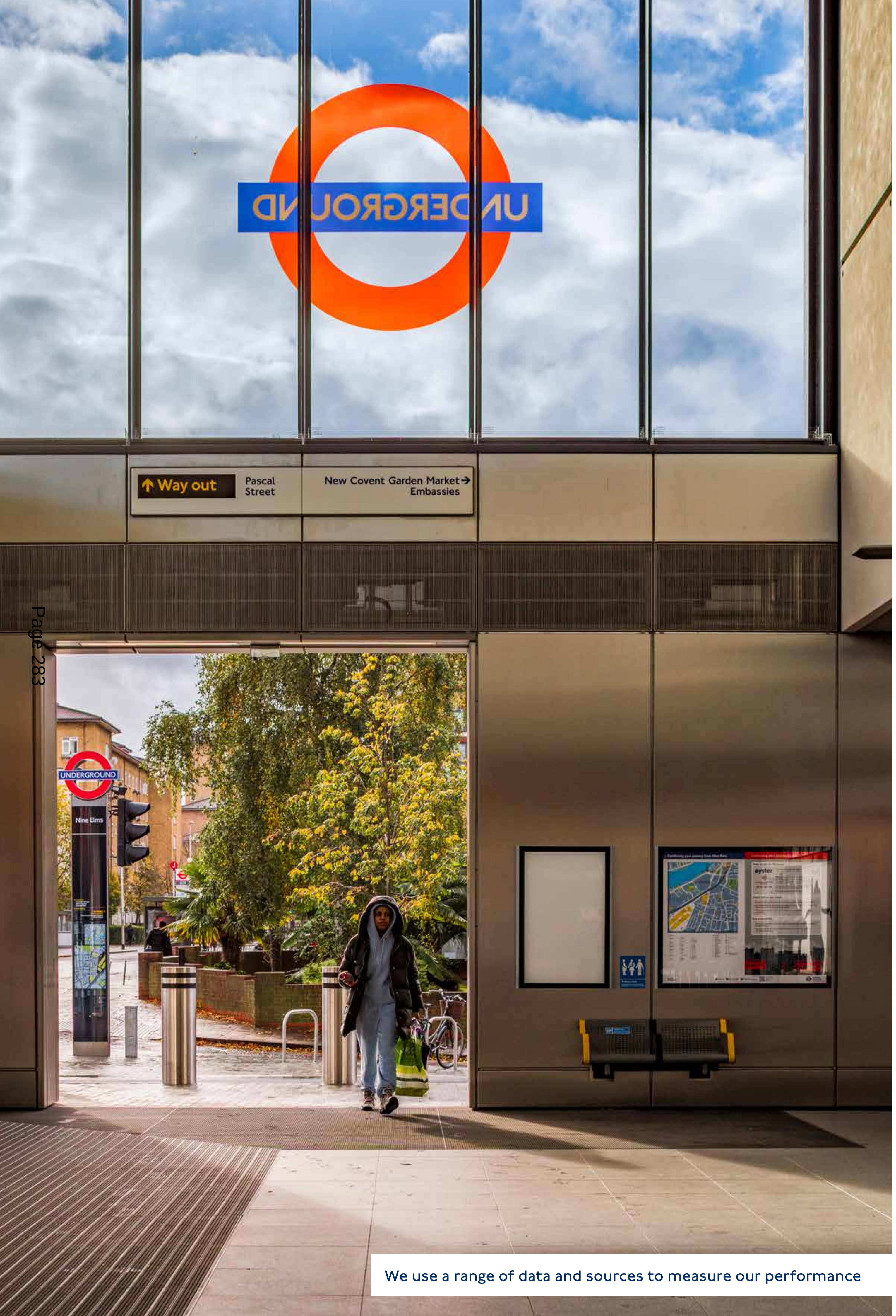
Safety, Health and Environment Annual Report

2021/22

MAYOR OF LONDON

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

Contents



We use a range of data and sources to measure our performance

Page 283

About this report

Evaluating our work to improve our safety, health and environment performance

Throughout this report, our customers refers to direct users of our services and our workforce includes the staff we directly employ as well as the people working in our supply chain. For both groups, we use data collected directly from our operational businesses. Some assault data comes from both our internal reporting systems and from our police partners. The tragic suicides that take place on our public transport network are not included in the data we collect.

Unless otherwise stated, streets refers to all roads in London, including those managed by the London boroughs. Where we report safety data for streets, we use data collected by the Metropolitan Police Service and the City of London Police, in line with Government requirements. All road safety data is provisional and subject to review and assurance, with the final data published annually in line with Department for Transport requirements.

Reporting period

Most data covers the period from 1 April 2021 to 31 March 2022. It is clearly marked when data falls outside of this range. Some data is provisional and is subject to change.

Commissioner's foreword

We pressed ahead with service improvements despite the challenges of the last two years

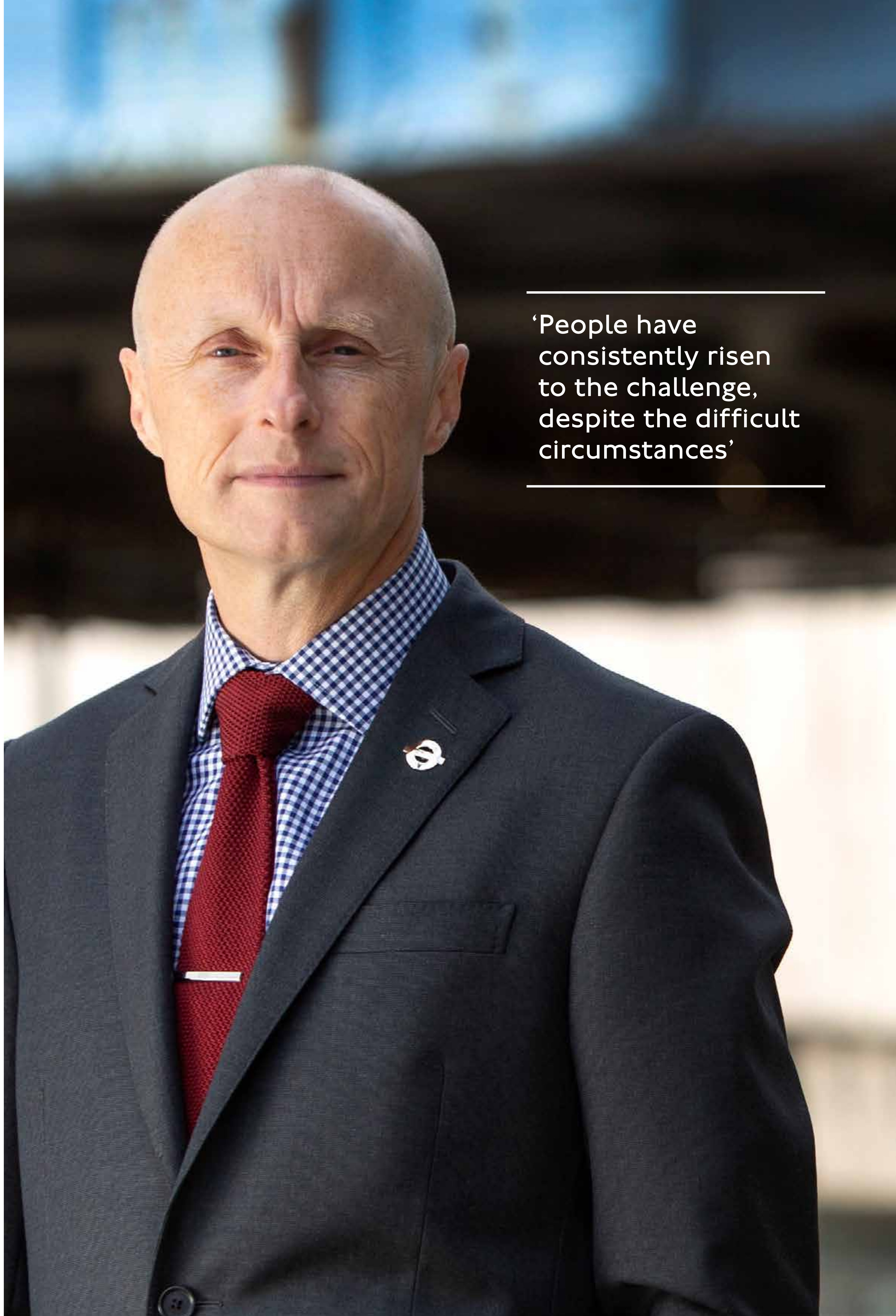
The pandemic has continued to greatly impact our work and our people. As 2021/22 drew to a close, I was hopeful that we were seeing the end of this period of uncertainty. I could not be prouder of everyone who works for us and our partner organisations. People have consistently risen to the challenge, despite the difficult circumstances that have been compounded by repeated funding uncertainty.

I am deeply saddened at the loss of the 105 people working for us who have died from COVID-19, and my thoughts remain with their families and loved ones. I have worked closely with the Mayor to create a fitting memorial to honour and remember the lives of those we tragically lost, and to offer people a place for quiet contemplation and reflection. The plans for the memorial are under way and we hope to open it later this year.

We have continued to press ahead with improvements to our services despite the challenges of the last two years. We focused on the final intensive push to start Elizabeth line services in the first half of 2022, which resulted in the line opening on 24 May 2022. We also opened the Northern Line Extension in September 2021. The extension was a huge collaborative effort between our teams and those of our construction partners Ferrovial Laing O'Rourke. Receiving a Civil Engineering Environmental Quality Assessment of 'Excellent' was an outstanding achievement for all of those involved and is further proof that we are London's green heartbeat. It also shows that we can reliably deliver big projects and make the most of the capital funding available, as further evidenced by our excellent progress on the Bank station capacity upgrade.

I am optimistic about the future and look forward to seeing what we achieve as an organisation in the coming financial year.

Andy Byford
London's Transport Commissioner



Chief Safety, Health and Environment Officer foreword

We remain committed to the safety and wellbeing of our customers and people, as well as our environmental performance

Although this report covers a time when the pandemic was no longer a new phenomenon, it was still a very challenging time for us as an organisation, as well as individuals. We showed great resilience when we adapted to ever-changing demands including the arrival of the Omicron variant and the new restrictions implemented by the Government in late 2021. We have been working hard to learn lessons from the pandemic and ensure that we emerge as a stronger organisation, ready for whatever the future may bring.

We published both our Corporate Environment Plan and Sustainability Report in September 2021, setting out our determination to contribute to London becoming a greener city. This was followed by the Vision Zero action plan progress report in November 2021, which provided an update on our Vision Zero goals and set out further commitments under the Safe System pillars.

In March 2022, we published our first ever Bus action plan, which outlined the many ways we are working towards improving our bus services, notably the acceleration towards a zero-emission bus fleet by 2030 and our continued commitment to improve the safety of bus operations for both passengers and other road users.

I am greatly inspired by the progress we have made in all of these areas, even throughout two years of the pandemic. As London moves on, it has never been more important that we stay focused on our commitments to improve safety, health, wellbeing and the environment in everything we do.

Lilli Matson
Chief Safety, Health and Environment Officer

Key events from 2021/22

Highlights from the past year

April 2021
Our cleaning regime continues, with Imperial College London finding no trace of coronavirus on our network

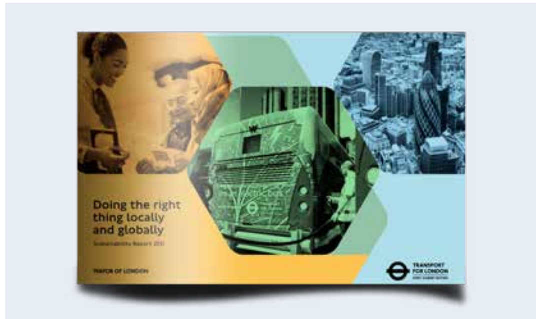
May 2021
Kaido team exercise challenge launches to promote good wellbeing among staff

Page 286

June 2021
Our trial of rental e-scooters launches

July 2021
Flash flooding causes widespread disruption across the transport network

August 2021
Our people start to return to work in our head offices again



September 2021
We published our Sustainability Report and our Corporate Environment Plan

October 2021
Ultra Low Emission Zone expanded up to and including the North and South Circular roads

November 2021
Our Vision Zero action plan progress report is published

December 2021
Government introduces Plan B restrictions, which includes the advice to work from home where possible

January 2022
The requirement to wear a face covering while on public transport and in shops comes to an end

February 2022
Remaining restrictions lifted and requirement to a wear a face covering on our services removed

March 2022
Our Bus action plan is published

Our performance

Moving people across London safely and sustainably, while delivering the goals of the Mayor's Transport Strategy

Our scorecard

We assess our progress against a range of agreed measures and have adapted our scorecard to reflect the changes brought on by the pandemic

Measure	Unit	2021/22 target	2021/22 actual	Status
People killed or seriously injured in road traffic collisions	People killed or seriously injured per million journey stages	0.43	0.32	Achieved
Customer injuries per million passenger journeys	People killed or seriously injured per million journey stages	2.52	2.77	Not achieved
Workforce injuries	People killed or seriously injured while working	1,790	1,473	Achieved
People killed or seriously injured in road traffic collisions in or by a London Bus	People killed or seriously injured per million surface journey stages	0.02	0.022	Partially achieved

Measure	Unit	2021/22 target	2021/22 actual	Status
Reduction in CO_2 emissions from our operations & buildings	Tonnes of CO_2 emitted	915,000	831,624	Achieved

Our role is to enable London to move safely and sustainably, while delivering the goals of the Mayor's Transport Strategy.

We have adapted our performance scorecard to the particular circumstances of the coronavirus pandemic, while reflecting the need to make progress against the goals in the Mayor's Transport Strategy. We continued to use a rate-based approach to target setting, to reflect fluctuating ridership patterns. We only had a carbon emissions target for the second half of the year.

Performance summary

Keeping our customers and workforce safe remains a priority as passenger numbers increase

The safety of our customers and workforce on our roads, buses and the wider transport network remains a priority as we continue progressing towards working in a more sustainable way.

Road danger reduction

As we progress towards achieving our Vision Zero goal of eliminating all death and serious injury from the capital's roads, we assess our progress through targets that show the number of injuries in relation to the number of journeys. Our aim for this year was to reduce this number to fewer than 0.43 people killed or seriously injured per million journeys. Our final figure was 0.32 people killed or seriously injured per million journeys, which is well below our target and shows that we are making significant progress in making London's roads safer. We will increase our efforts and continue expanding our road danger reduction programme, where funding allows.

Bus safety

Providing a safe bus network across the capital remains central to our focus. In 2021/22, our aim was to have fewer than 0.020 deaths or serious injuries involving a bus per million surface journey stages. With 0.022 deaths or serious injuries per million journey stages in 2021/22, we narrowly missed our scorecard target. This shows that we still need to do more work in this area.

Buses remain one of the safest modes in London, with the rate of people killed or seriously injured almost 15 times lower than other road users. Our data shows that the top three causes of customer injury on buses are falling while using the stairs or on the lower deck, boarding or alighting the bus, and sudden braking or manoeuvres. This helps us to identify specific areas of safety we need to make progress in.

Customer injuries

We want people to be safe while travelling on our network, whether for work or for leisure. While our aim for 2021/22 was to have fewer than 2.52 deaths or serious injuries per million passenger journeys, the actual figure was 2.77, which missed our target. This was partly influenced by the return of the seasonal peak in intoxication-related injuries in the lead up to Christmas. However, in the last quarter of 2021/22 the rate was 2.55 suggesting that, although the number of customers has been increasing throughout the year, the overall risk of customers being injured on our network has reduced.

Workforce injuries

We have a duty to ensure that everyone who works on our network can do so safely. Our target for 2021/22 was to have fewer than 1,790 people killed or seriously injured, with the actual figure of 1,473, exceeding our scorecard target. However, we remain committed to reducing this number even further and working towards zero harm for our workforce. We have introduced body-worn cameras for our frontline staff to improve the culture of reporting.

We also refreshed our customer communication campaigns that outline the consequences of assaulting our people. We introduced virtual site visits for our workforce to keep them safe during the pandemic and limited in-person visits to those that were essential to our core safety, health and environment assurance activities while restrictions were in place.

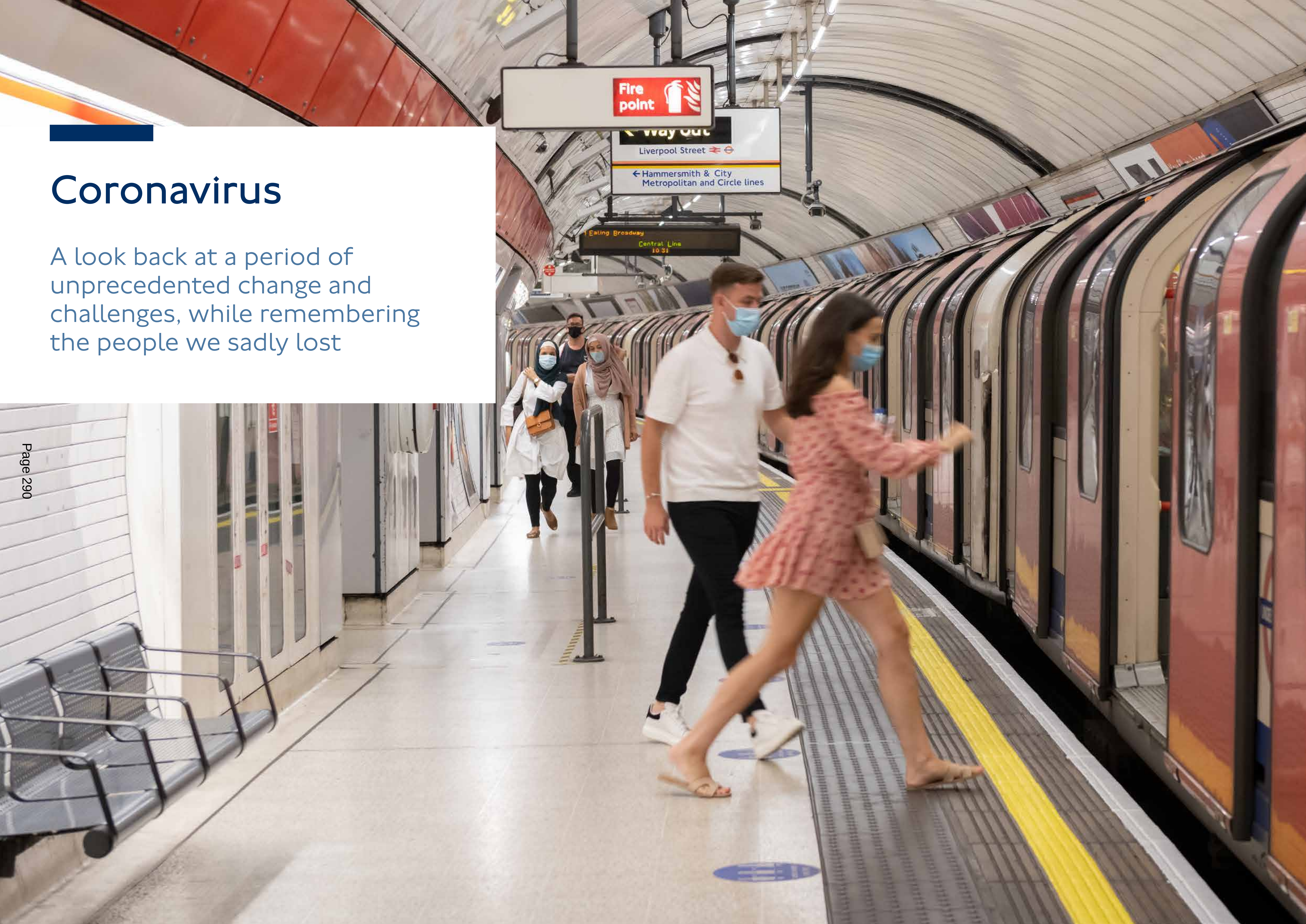
Carbon emissions

As one of London's largest energy users, we are working to reduce the emissions from our own operations and help meet the Mayor's net zero carbon 2030 ambition, as set out in our Corporate Environment Plan. Our scorecard target for carbon dioxide emissions was bettered, with 831,624 tonnes compared to the target of 915,000 tonnes. This shows emissions have reduced since the previous year.

The continued introduction of zero-emission buses to our fleet, combined with reductions in the carbon intensity of electricity, has outweighed additional energy consumption from our services.

Coronavirus

A look back at a period of unprecedented change and challenges, while remembering the people we sadly lost



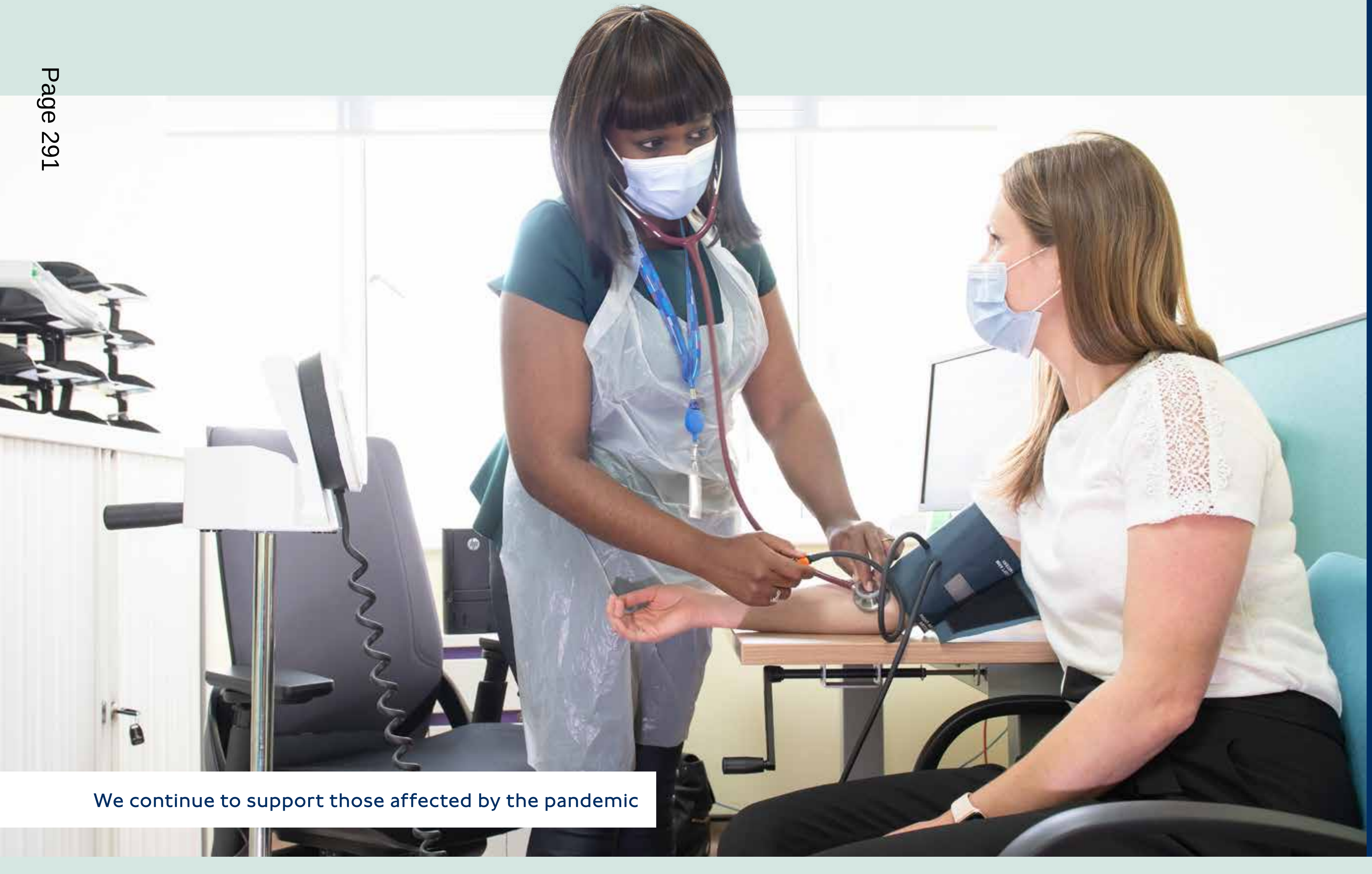
Recognising the heroes of our transport network

Remembering those who sadly died during the pandemic

As of 31 March 2022, 105 members of our workforce have sadly lost their lives to COVID-19. Each loss is a personal tragedy to their friends, family and colleagues, and our thoughts are with everyone affected. We lost people from across all areas of the organisation and everyone within the organisation pays tribute to the vital role they played in our fight against the pandemic.

Our Employee Assistance Programme, which was set up to provide support, guidance and information on a range of topics including bereavement, continues to be available to all employees and their dependants. The safety of our staff and customers remains a priority, and we are committed to doing everything in our power to keep everyone safe on our network.

Page 291



We continue to support those affected by the pandemic

Paying tribute to transport workers

Transport Commissioner Andy Byford has worked closely with the Mayor to commission a memorial to commemorate the London transport workers who died from COVID-19 and provide somewhere for their families and friends to visit and remember those they have lost. In October 2021, we announced plans to create a memorial in Braham Street park in Aldgate and are using this opportunity to bring significant improvements to the park while we create the memorial to the transport workers we have lost.

The initial designs were shared with the bereaved families for feedback and we have continued to involve them throughout the design process.

Planning permission for the memorial was granted in April 2022 and the memorial is set to open later this year.

Timeline of face covering regulations

June 2020
Face coverings must be worn on public transport, apart from those who are exempt

July 2020
The wearing of face coverings on public transport and in shops becomes a legal requirement

July 2021
Legal requirement removed but mandate to wear a face covering as part of our Conditions of Carriage retained

November 2021
Government reintroduces regulation in response to the new Omicron variant

January 2022
Government announces it will no longer be compulsory for people to wear a face covering on public transport and in shops

April 2022
We continue to strongly encourage customers to wear face coverings on our services, although this is no longer a Condition of Carriage

June 2022
We encourage staff and customers to take appropriate action to keep themselves safe – including using hand sanitiser and wearing a face covering if this helps them to travel and work with confidence

Page 292

Testing our employees for coronavirus

By 31 March 2022, we had completed more than 7,700 coronavirus tests at our sites. As we move back to a more standard way of working, we are offering colleagues free lateral flow test kit boxes, which can be collected from head office buildings or ordered via our staff intranet.

We have given out more than 12,000 test kit boxes since we started this transition in April 2022. We continue to use staff intranet articles and posters in the workplace to publicise the availability of the free lateral flow test kits.

7,700
coronavirus tests completed at our sites

12,000+
test kit boxes distributed to our workforce

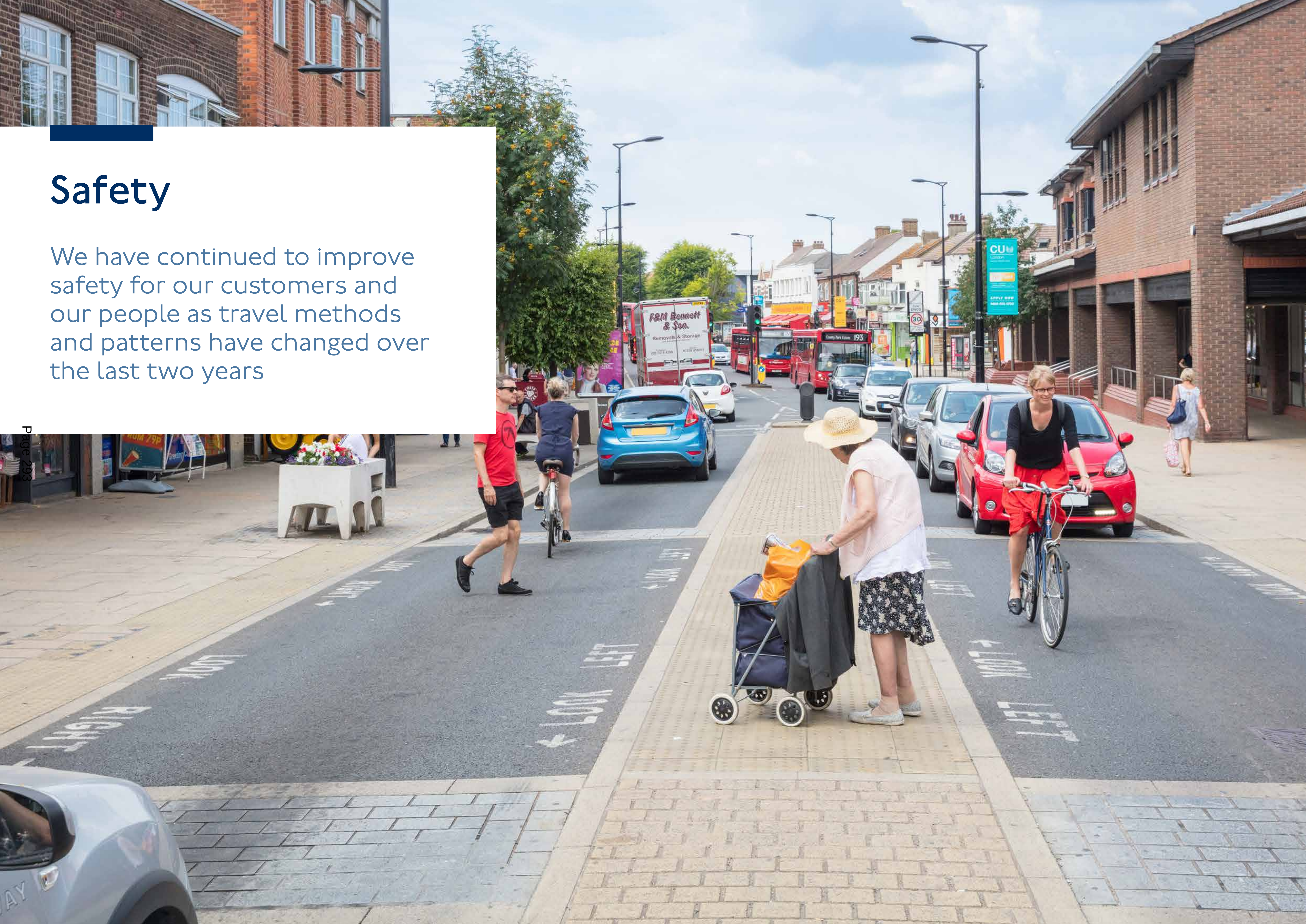
Surface sampling

Air and surface sampling of customer areas by Imperial College London has continued, with no trace of coronavirus reported on the network up to June 2022. Our Occupational Health and Wellbeing team continues to liaise with academic institutions to ensure our approach to safety remains at the cutting edge.

No trace of coronavirus found on our network since the start of Imperial College London's monthly sampling in September 2020

Safety

We have continued to improve safety for our customers and our people as travel methods and patterns have changed over the last two years



Keeping our roads safe

Assessing changes in travel modes, methods and patterns

This year, the capital has transitioned out of the pandemic and Londoners have largely resumed their normal activities. In 2021/22, the number of people killed or seriously injured increased and, according to STATS19 data, figures are more similar to before the pandemic. However, 2020/21 was dominated by lockdowns, which dramatically reduced overall travel and significantly impacted figures for that year.

The largest increases, compared to 2020/21, were in people killed or seriously injured while walking, at 48 per cent, and in those using powered two-wheelers, at 24 per cent. This partly reflects the growth in travel by these modes over the pandemic period. However, the overall absolute numbers of people killed or seriously injured remain below pre-pandemic levels.

We will continue to closely monitor travel patterns, and the overall picture of deaths and serious injuries that develops as a result. Further changes include an increase in new small motorcycle (under 125cc) registrations in London, with the growth in online shopping and food delivery as well as many more people riding for work.

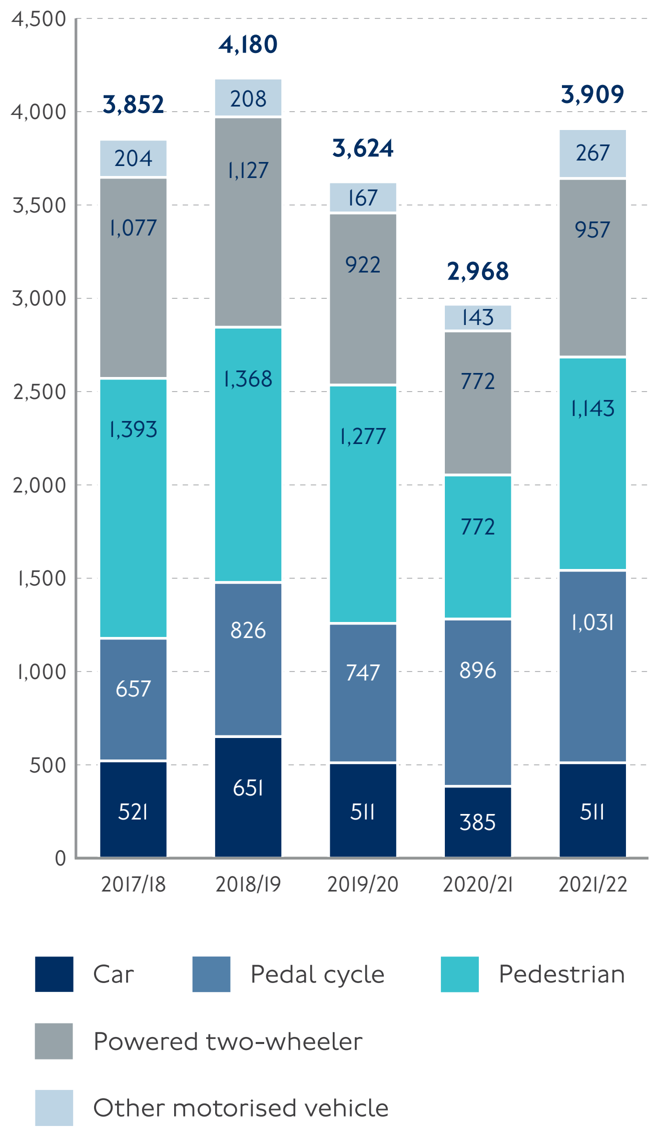
The absolute number of people walking or cycling who were killed or seriously injured increased, compared with 2020/21. In spite of this, casualty numbers still remain below pre-pandemic levels. This is partly due to changes in travel methods and patterns. Analysis shows that the estimated risk of of people being killed or seriously injured while walking decreased by 45 per cent compared to last year.

This is reflective of lower numbers of people walking and changes in journey patterns. This has also been helped by the introduction of positive programmes of road danger reduction such as Low Traffic Neighbourhoods, Streetspace for London, Vision Zero and our Healthy Streets Programmes, which are designed to make roads safer for people who choose active travel modes such as walking and cycling.

While the absolute number of people cycling who were killed or seriously injured increased compared with the last year, the number of journeys has increased substantially since we measured our 2005-09 baseline. This means that across the period overall, the trend we are seeing is that there is a decreasing risk of serious or fatal injury to people cycling.

Achieving Vision Zero requires significant funding at a sustained level to be delivered in full. Such investment has the potential to prevent further avoidable death and injury on our roads, which we estimate to be about 3,600 people being killed or injured.

People killed or seriously injured on our roads
(number of injuries)*



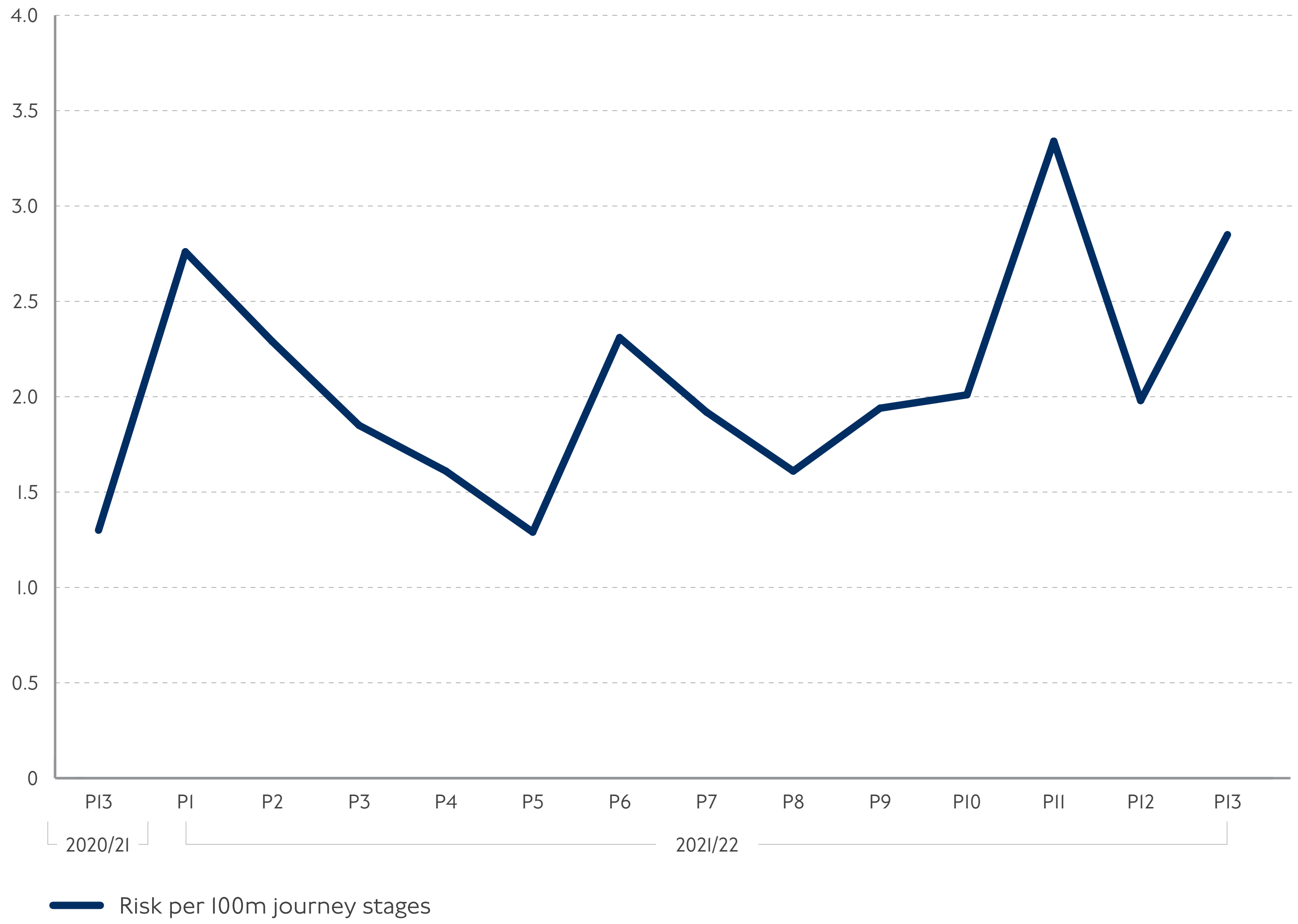
* Numbers for 2021 and 2022 are provisional and subject to change

Safety on our buses

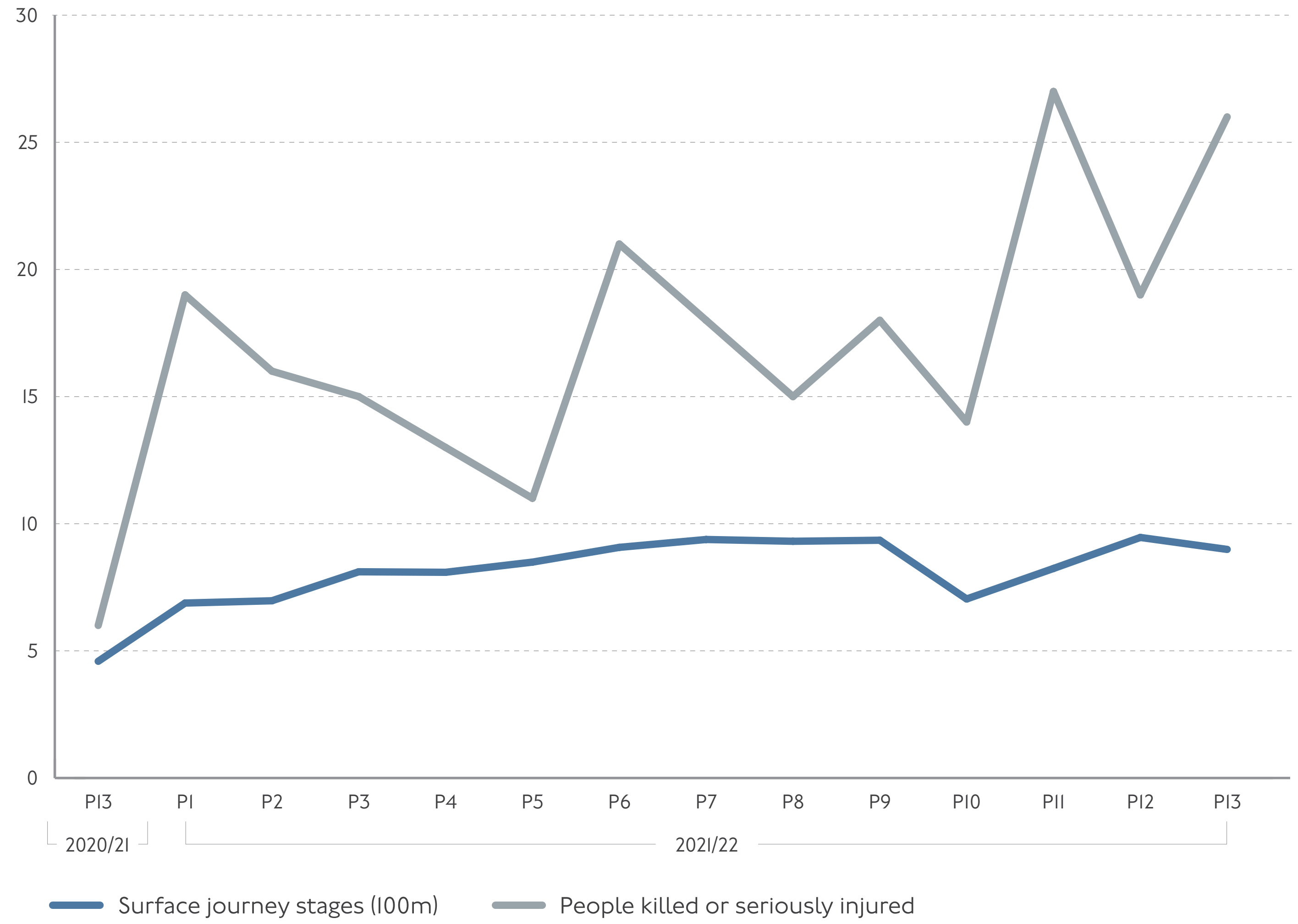
We continue our work to prevent people being killed on, or by our buses

The risk of a bus being involved in a collision that kills or seriously injures either a bus passenger or someone else on the roads remains extremely low. However, there was an increase in the risk per 100 million journeys and the total number of people killed or seriously injured at the end of this year, and we will continue to implement measures to reverse this trend.

Buses involved in a fatal or serious injury collision per 100m journey stages by periods*



Buses involved in a fatal or serious injury collision per surface journey stages by periods*



* Numbers for 2021 and 2022 are provisional and subject to change

Making London's streets safer for everyone

Reducing risk through road safety improvement programmes

Cars remain the vehicle most likely to kill or seriously injure someone on our roads and according to STATS19 data, around 65 per cent of collisions involve cars.

Cars make up around three quarters of motorised traffic in London, and we are working to reduce this number through our road danger reduction programmes such as Low Traffic Neighbourhoods, Safer Junctions, Vision Zero, the Lowering Speed Limits Programme, the Strategic Cycling Network and our Healthy Streets Programmes.

65%
of road collisions involve cars

75%
of motorised traffic is made up of cars

We work closely with the Metropolitan Police Service, which is a key Vision Zero partner, to reduce road danger and prevent harm to all road users

People injured by vehicle type in 2021/22
(number of people killed or seriously injured)*

Vehicle type	Number
Car	2,168
Goods vehicle	456
Motorcycle	212
Bus	137
Other vehicle	115
Pedal cycle	92
Private hire	90
Taxi	70
Coach	17

* Numbers for 2021 and 2022 are provisional and subject to change

Our work is targeting the main sources of road danger

Customer and workforce injuries

We continue to see a reduction in the number of injuries

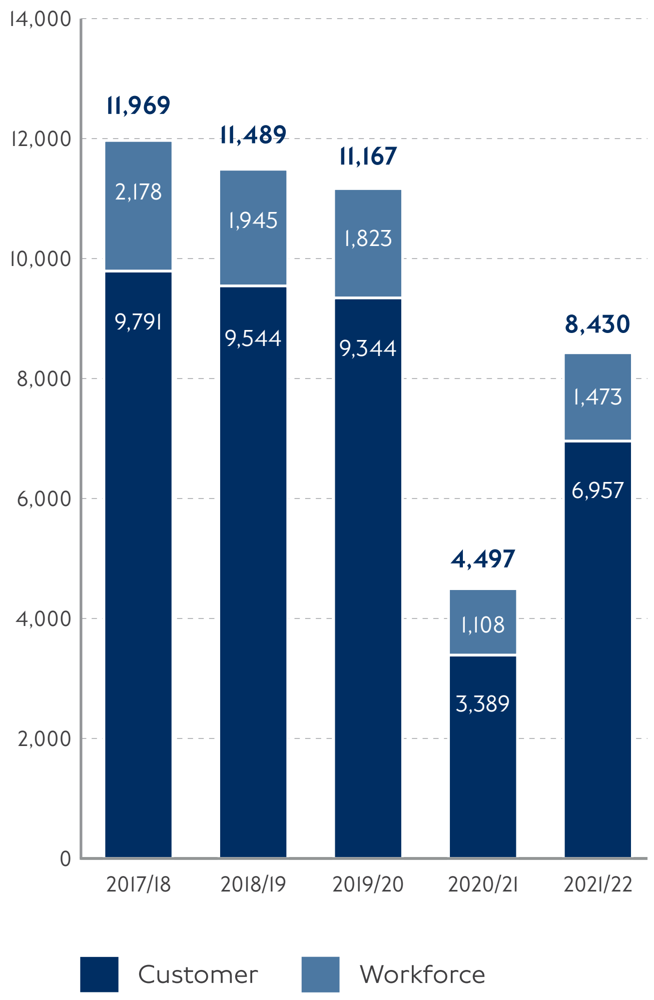
During 2020/21, travel modes and patterns changed greatly due to the pandemic, which made it a unique year for public transport safety. In contrast, as we emerged from the third national lockdown at the beginning of 2021/22, we saw a welcome rise in customer numbers as retail and indoor hospitality industries reopened.

This year ended with 2.51 billion customers using the network, compared to 1.3 billion in 2020/21. Unfortunately, as customer numbers have increased, so too have the total number of workforce and customer injuries, although they remain notably lower than pre-pandemic levels.

Sadly, four customers were killed on the public transport network this year, two on buses and two on London Underground. No one working on our public transport network was killed. This year, 186 customers sustained serious injuries, which remains less than before the pandemic. Also, 24 people in our workforce sustained serious injuries, a slight increase from 20 people last year.

In the years before the pandemic, both our customer and workforce injury numbers had been gradually decreasing. While the numbers for 2021/22 remain unusual as a result of the impact of the pandemic, they continue to reflect the decline seen before the pandemic.

Customer and workforce injuries on public transport
(number of people)



Page 297

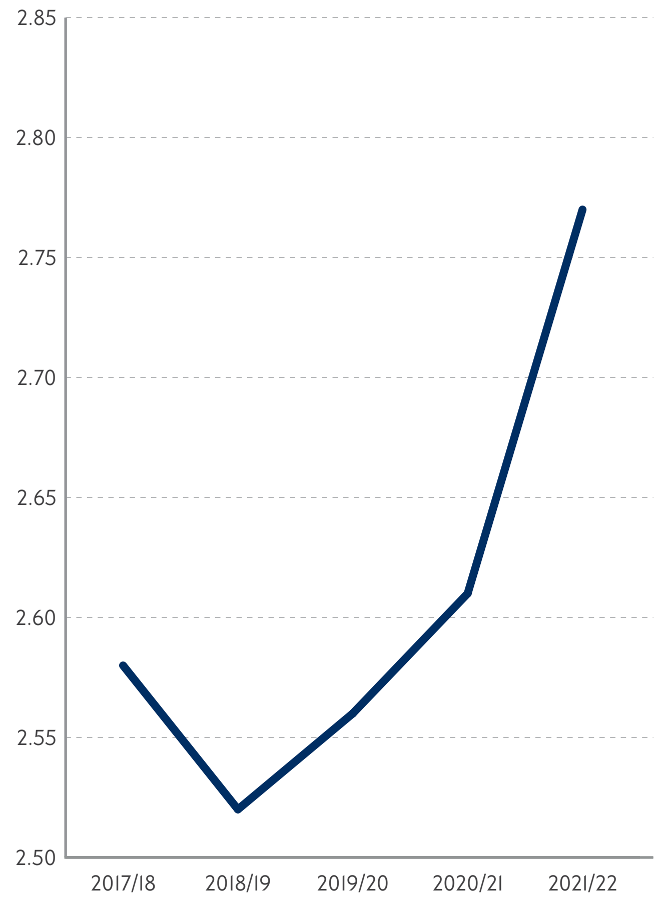
Customer injury rates

We have seen a worrying rise in the number of customer injuries

Our customer injury rate has increased substantially this year, up by seven per cent, compared to 2017/18. This is a worrying trend and suggests that some customer behaviours seen during the pandemic, such as not wanting to hold onto handrails may still persist, despite our much publicised cleaning efforts.

The upward trend could also be explained by customers returning to the network after an 18-month gap and needing to readjust to stations and routes. We will be looking at this closely over the coming year, making sure we evolve our customer marketing campaigns accordingly and providing advice on travelling safely.

Customer injuries
(rate of injuries)



Workforce injuries in our Capital teams

There has been a continued decrease in the number of injuries

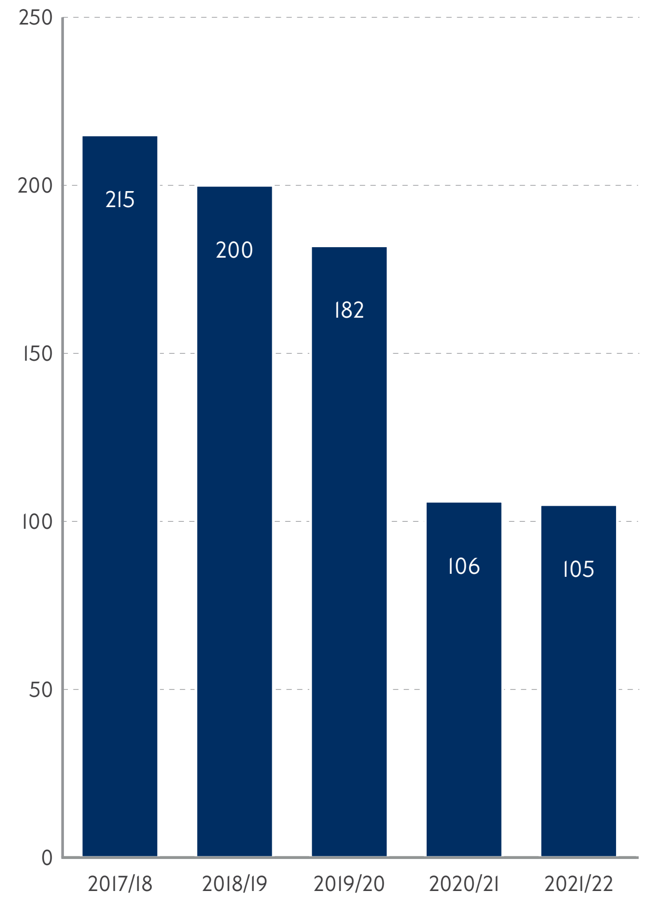
While lockdown restrictions eased at the beginning of 2021/22, our Capital activities continued under COVID-secure conditions. Visits to sites remained risk-based and were conducted virtually where possible. Our site-based workforce was supported through regular communications linked to their safety and wellbeing. As we have returned to normal, this risk-based approach has continued and has been supported by virtual visits and monitoring. We have been conducting enhanced coronavirus checks on our sites to protect workers' health and ensure we can continue the progression of our projects.

There were 105 Capital workforce injuries in 2021/22, continuing the decrease seen since 2017/18. This is a 42 per cent decline on the last pre-pandemic year of 2019/20. There were 10.6 million hours of work completed this year, compared to 10.4 million in 2020/21. Over the past few years, the continued impact of the pandemic and the completion of several major projects has resulted in a fall in hours worked, from 17.1 million in 2019/20 and 12 million in 2018/19. There can be a correlation between a lower number of hours worked and a lower number of injuries, although this is not fixed.

The injury frequency rate remained relatively stable, with 15 incidents reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) in total, compared to 14 in 2020/21, and 11 in 2019/20. It is essential that we look closely to identify the root causes to align the safety improvements across all of our teams.

We have been conducting enhanced coronavirus checks on our sites to protect workers' health and continue to progress our projects

Injuries in our Capital areas
(number of injuries)



95
fewer Capital workforce injuries, compared to 2018/19

The rate of injuries within our Capital teams remains relatively stable

Improving safety with our suppliers

Continuing to drive best practice through our Zero Harm Forums

As the construction industry emerges from the pandemic and returns to normal, our Zero Harm Forums have played a major role in the sharing of information, ideas and initiatives between us and our suppliers. From 2022/23 onwards, forums are likely to take place on an annual basis, and we will continue our supplier engagement forums to discuss and progress safety, health and environment-related matters with our suppliers.

We held a Zero Harm sharing event on 11 November 2021, which focused on people working with plant equipment and lifting operations, due to a number of high potential near misses that had occurred at that time. In February 2022, our Zero Harm conference placed carbon, the environment and sustainability at the heart of the agenda. There are more details of this event on page 45.

Our Zero Harm Forums have played a major role in the sharing of information, ideas and initiatives between us and our suppliers

Page 299

We have shared knowledge and learnings through our Zero Harm Forums

Safeguarding our most vulnerable customers

Our Suicide Prevention Programme has helped reduce the number of suicides by 36 per cent across London Underground since 2018, with 90 per cent of London Underground station staff now trained in suicide prevention. Over the last few years, we have made up to 1,950 life-saving interventions.

We have a duty to educate our employees about suicide prevention, and equip them with the behaviours to ensure effective safeguarding of our most vulnerable customers. As part of this work, we have recently expanded the Safeguarding Award and LifeSaver Award schemes for our staff.

Workplace violence and aggression

We continue to work to ensure our workforce are safe as passenger numbers continue to increase

Page 300

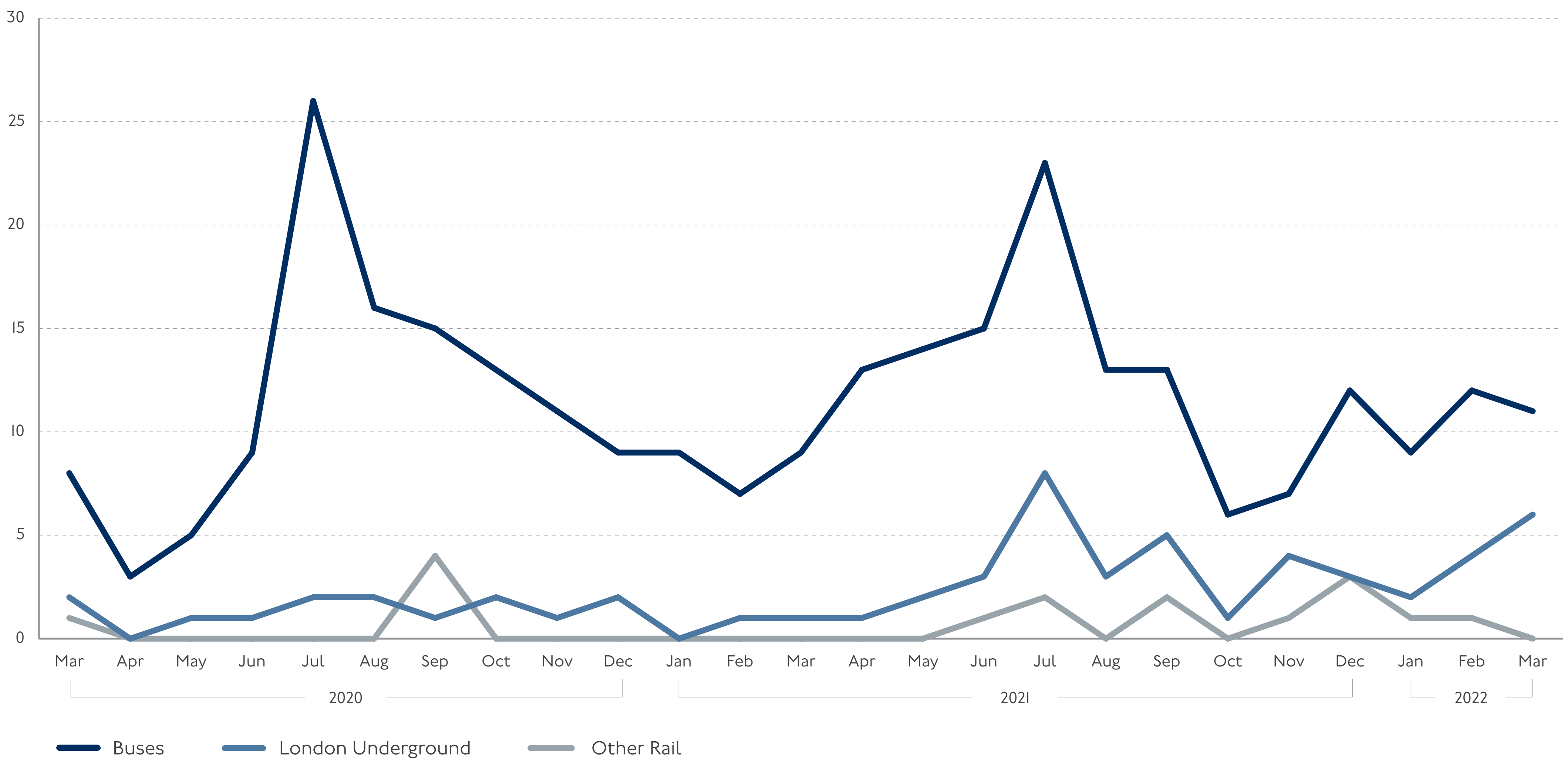
Our staff should be able to work comfortably and securely, and we consider workplace violence and aggression both a safety and a wellbeing issue. We know that incidents remain underreported, particularly verbal abuse, as violent offences that result in injury are more likely to be reported given that the staff member may require support, treatment, or time off. Police data for violence with injury offences is therefore a more reliable data source for monitoring trends.

Overall, higher passenger numbers have led to increases in the number of offences, with lower figures this year due to pandemic restrictions, more people working from home and fewer road users. In the same way, fewer offences on the rail network last year reflect the lower levels of passenger journeys at the time.

12%
increase in bus-related violence with injury offences

53
violence with injury offences on London Underground and other rail modes in 2021/22

Police recorded work-related violence with injury offences
(number of incidents)



The number of bus-related violence with injury offences was 12 per cent higher than 2021/22 (146 offences compared with 132). Where contributory factors are recorded, 44 per cent of bus-related physical assaults, are linked to road rage. Road rage volumes were lower in 2020/21, owing to lockdown restrictions, with 36 offences in 2021/22 compared with 62 in 2021/22. Police data for London Underground, London Overground, DLR, TfL Rail and London Trams shows there were 53 violence with injury offences in 2021/22, compared with just 18 in 2020/21. This reflects the fact that fewer people were travelling at this time.

Page 301

Improving the safety of our workforce

Our progress against the 2021/22 workforce safety action plan

The safety of our workforce is a priority and we are committed to preventing violence and aggression on our network by tackling the causes and providing support to those who experience it. Our workplace violence and aggression plan was approved by the Safety, Sustainability and HR Panel in June 2021. In it, we outline our actions around this work.

Our Transport Support Enforcement Officers provide direct support to both our customers and frontline staff. Officers are trained and equipped to deal with the triggers of workplace violence and aggression through engagement, enforcement and problem-solving. Working closely with the British Transport Police, they work in locations with higher levels of violence and emerging customer behaviour issues. A total of 90 officers had been recruited by the end of 2021/22, with the aim of increasing this to 135 by the end of 2022/23.

Fare evasion remains the biggest trigger for this type of violence and we are recruiting 60 new Revenue Control Officers as part of our strategy to help tackle fare evasion on the London Underground network. There are 27 fully trained officers working across our network and we started training the additional officers in July 2022.

Ensuring our staff have up to date safety equipment is an essential part of our strategy and we plan to roll out additional body-worn cameras, following a successful initial roll out. In addition, emergency communication devices will be given to staff, where there is an operational need.

Bus-related offences in 2021/22

146
bus-related offences, compared with 132 in 2020/21

36
bus-related physical assaults, compared with 62 in 2020/21

44%
bus-related physical assaults linked to road rage

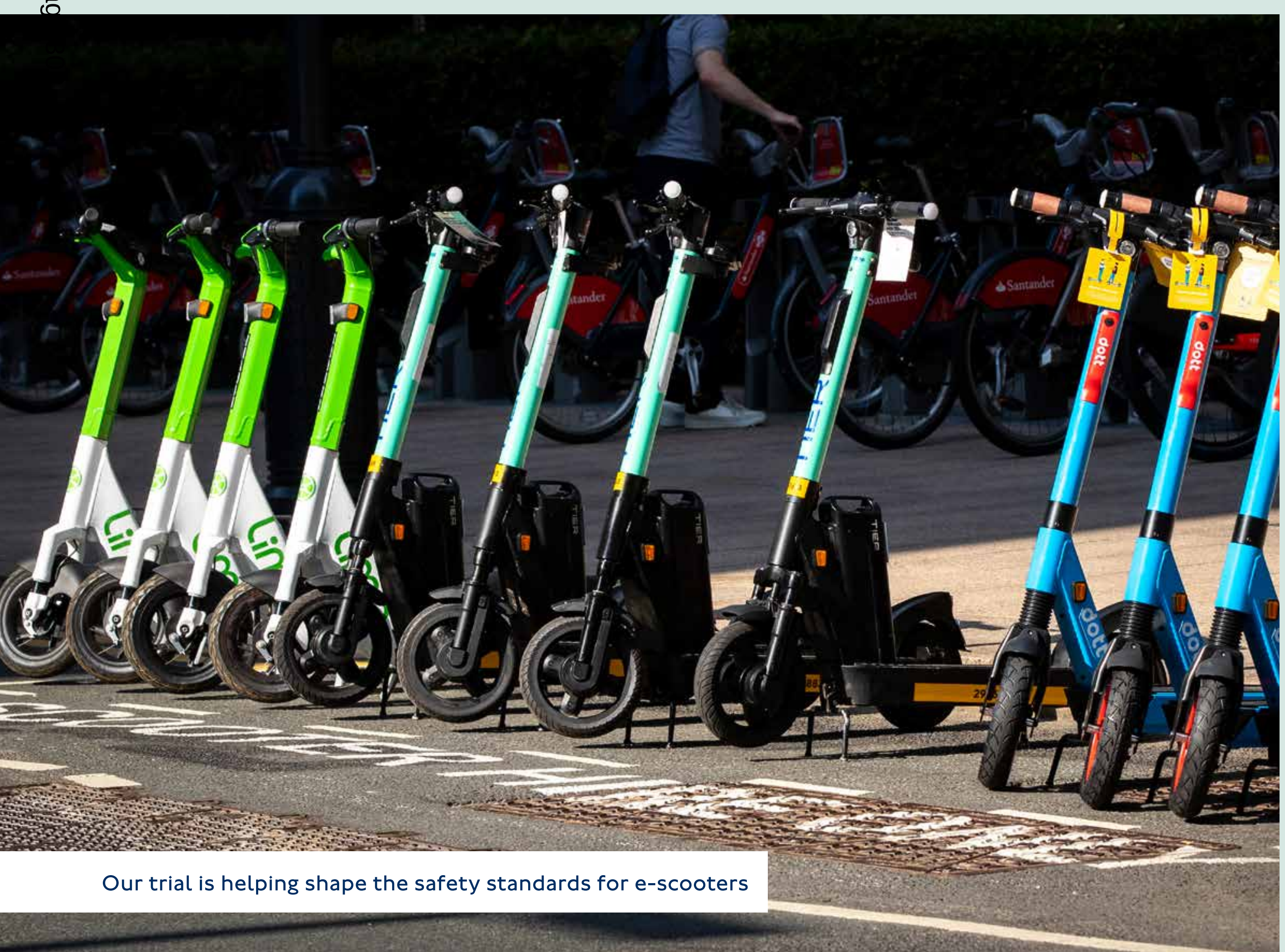
We work together with our police partners to help keep customers safe

Our e-scooter rental trial continues

Trial will help assess the safety of e-scooters for London and the UK

Our e-scooter rental trial, which started on 7 June 2021, remains the only legal way to use an e-scooter in the capital and is one of more than 30 similar trials around the country. It has been set up to gather data and evidence to inform future legislation and policy. It also helps us consider whether these scooters reduce carbon emissions and whether they are a sustainable transport option. The trial has safety at its core, with high standards for vehicle design, maintenance, parking, rider behaviour and fleet management, and has expanded significantly since its launch.

The number of vehicles has increased from 600 to 4,010, with more than 800,000 trips made between June 2021 and March 2022. The number of participating boroughs has also doubled to 10. Operators have reported that so far there have been no fatalities, although there were 15 serious injuries, based on STATS19 injury definitions.



Our trial is helping shape the safety standards for e-scooters

Banning e-scooters on the network

Managing compliance to help keep our customers safe

Following fires on our premises and services, we banned customers from using or carrying privately owned e-scooters on our public transport network from 13 December 2021. A total of 19 customers have been reported for prosecution and we continue to monitor compliance levels closely.

602
customers have been prevented from bringing their e-scooter onto our public transport network

Managing risk from fatigue

Throughout 2021/22, we continued to progress our work to reduce the risk caused by fatigue. In 2021, we published our organisational Vision and Values, which includes our goal to have a fatigue management plan in place for use across the organisation by 2023/24. This work is ongoing and runs in parallel to our fatigue management work in the Safety, Health and Environment Management System programme.

The approach to understand and assess fatigue risk, plan and implement effective evidence-based actions has been tried and tested across 11 of our departments. We aim to roll out our plan to all departments by 2024.

Page 303

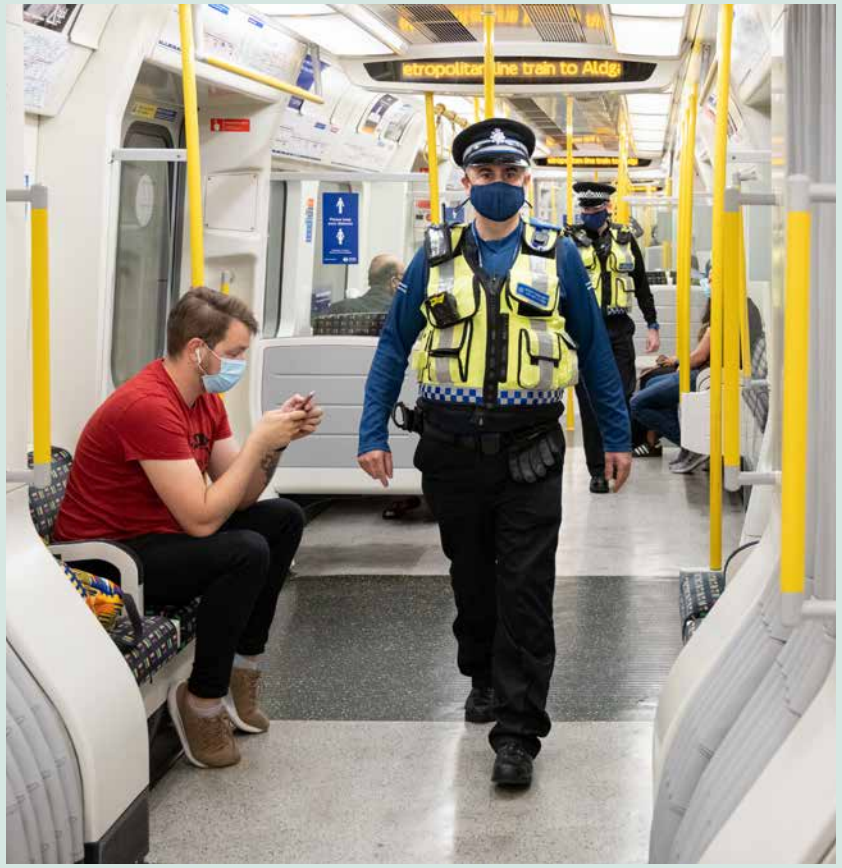
We support our people to maintain their physical and mental health

Tackling intoxication on the network

London Underground's intoxication strategy aims to reduce customer injuries and assaults on our staff by intoxicated customers. We also want to help our customers feel safe through targeted engagement, education and enforcement. The key to intervention is consistent staff engagement, and we supported our people with a range of activities in the run-up to Christmas, when these incidents can increase.

This work included an initiative involving a team of medics at selected stations to help intoxicated customers, and treat injuries and share best practice to support vulnerable customers. We also delivered targeted workshops exploring customer behaviours, as well as playing special safety announcements by the London Ambulance Service in selected stations.

Two bus operating companies, Go-Ahead and Abellio, also ran seasonal campaigns targeted at their drivers to raise awareness of these risks.



Reducing road danger

We have various projects that are designed to improve safety across our road network

Page 304

Lowering speed limits on our roads

Building on the success of reducing speed limits on almost 30km of our roads this year, in March 2022 we reduced the speed limit to 20mph on some of our busiest roads including Marylebone Road, Vauxhall Bridge Road, the A13 Commercial Road and the A23 London Road among others.

Additionally, the temporary 30mph speed limit on the A40 Westway has been made permanent. Subject to funding, we are developing plans to further this work, which is a key part of making our roads safer.

20mph
speed limit on almost 30km of roads this year

Improving safety at key road junctions

Through our Safer Junctions programme, we have carried out works to introduce a new pedestrian crossing over Battersea Bridge, where a person walking was tragically killed at the beginning of 2021. These works were completed in November 2021 at Chelsea Embankment and Battersea Bridge, with a second phase due to follow in summer 2022.

Subject to funding and consultation, we are developing plans for 10 further Safer Junctions, with the aim of delivering them by 2024.

Advancing our Vision Zero ambition

We are working to eliminate all deaths and serious injuries from our roads

Three years on from the Vision Zero action plan, our progress report outlines our achievements to date and commits to new, tougher measures and actions as part of an all-round Safe System approach to road danger reduction. Our bold ambition can only be realised through a shared responsibility between those who build and manage our transport network and those who use it.

A variety of actions is therefore needed to realise our goal, including allowing only the safest vehicles on the roads, reducing conflict between road users – a key component of our Healthy Streets approach – and educating people about travelling safely.

Delivering our Direct Vision Standard

Reducing the risk to vulnerable road users

Our ground-breaking Direct Vision Standard for heavy goods vehicles (HGVs) is the first of its kind in the world, and requires operators of lorries over 12 tonnes to obtain a safety permit before entering and operating in most of Greater London. The permit is linked to how much the driver can see directly through their cab windows, or the fitting of secondary systems, to ensure the driver can better detect other road users and so substantially reduce the risk of injury to other road users.

> The permit is linked to how much the driver can see directly through their cab windows, or the fitting of secondary systems, to ensure the driver can better detect other road users

Our Direct Vision Standard is improving safety for all road users

Page 305

The Direct Vision Standard in numbers

112,259+
HGVs have had safe systems fitted since March 2021

191,769
HGV safety permits were issued, up to March 2022

PCN

76,429
penalty charge notices issued for vehicles that did not meet the standard's requirements, up to March 2022

Our bus ambitions

Designing a bus network for the future

Our Bus action plan will help reshape our bus network

On 11 March 2022, we published our long-term plan for buses, which will see the modern bus network attract more customers and support the Mayor's target for London to become a zero-carbon city by 2030.

Buses are the most commonly used form of public transport in the capital and our Bus action plan describes how we plan to create an even more attractive alternative to car use by focusing on five areas:

- An inclusive customer experience
- Safety and security
- Faster journeys
- Improved connections
- Decarbonisation and climate resilience

The plan's ambition can be seen on route 63 from King's Cross to Honor Oak, where new all-electric buses across the fleet were launched in February 2022. These buses include a range of features, including USB charge points, mobile phone holders, a larger wheelchair and buggy area as well as better real-time travel information on board.

In December 2021, we announced that the majority of bus lanes on our roads would be converted to operate 24 hours a day, seven days a week, following trials that showed that extending bus lane hours on our busiest roads can cut bus journey times and improve reliability.

Bus Safety Standard

We continue to roll out the Bus Safety Standard, which includes a range of measures and new features on buses to improve safety and help address some of the most common injuries.

This work involves purchasing new equipment as well as retrofitting some existing bus fleets, and includes Intelligent Speed Assistance systems to improve the bus driver's field of vision in addition to specially modified flooring which is designed to reduce the risk of passenger slips, trips and falls. Further improvements continue to be planned and rolled out.

776

buses in our fleet meet specifications, as of April 2022

1,485

buses fitted with new Intelligent Speed Assistance technology, limiting buses to the speed limit

634

new buses now fitted with Acoustic Vehicle Alerting System for quiet-running buses

Taking action against road traffic offences

Working with our policing partners to improve road safety for all

The Metropolitan Police Service is a key partner in our Vision Zero ambition to eliminate all deaths and serious injuries on the capital's roads by 2041, and works extensively to reduce road danger and prevent harm to all road users. This includes prevention and intelligence gathering activities, problem-solving to tackle the root causes of issues, community engagement and education initiatives as well as actively monitoring and targeting high-risk drivers.

Priority high-risk offences include speeding, mobile phone offences, driving under the influence of drugs and alcohol, red light offences, careless or dangerous driving, driving without a licence or in an uninsured vehicle, or driving while disqualified.

The Metropolitan Police Service is a key partner in our Vision Zero ambition to eliminate all deaths and serious injuries on the capital's roads by 2041

We are taking action against the most high-risk road behaviours

Page 307

Road enforcement in numbers

608,223
road traffic offences in 2021/22

44%
more penalty charge notices issued than last year

PCN

90%
enforcement of priority high-risk offences

Tackling speeding

Working to ensure drivers adhere to our speed limits

Page 308

Speeding enforcement in 2021/22*

476,685
speeding offences

6,266
speeding offences enforced using new specialist cameras in their first two months of operation

* Results are provisional and are subject to change. The final outcome for 2021/22 will be higher than what is reported here.

Taking action against speeding offences

Gains through new technologies

In line with our commitments in the Vision Zero action plan progress report, we have been working with the Metropolitan Police Service to increase the level of police enforcement of speeding offences. This included a programme to increase the effectiveness of safety cameras and improving the police's capacity to enforce speeding offences. We also introduced a new mobile safety camera system, operated by Roads Policing Police Community Support Officers, to enable us to be more responsive to local concerns, with figures for their first two months of use showing their effectiveness in enforcing offences.

Speed-limiting technology

Securing the compliance of our own fleet of vehicles

A total of 360 vehicles in our fleet were fitted with Intelligent Speed Assistance systems from late 2021 to early 2022 to help ensure our workforce complies with speed limits and actively contributes to our Vision Zero commitment.

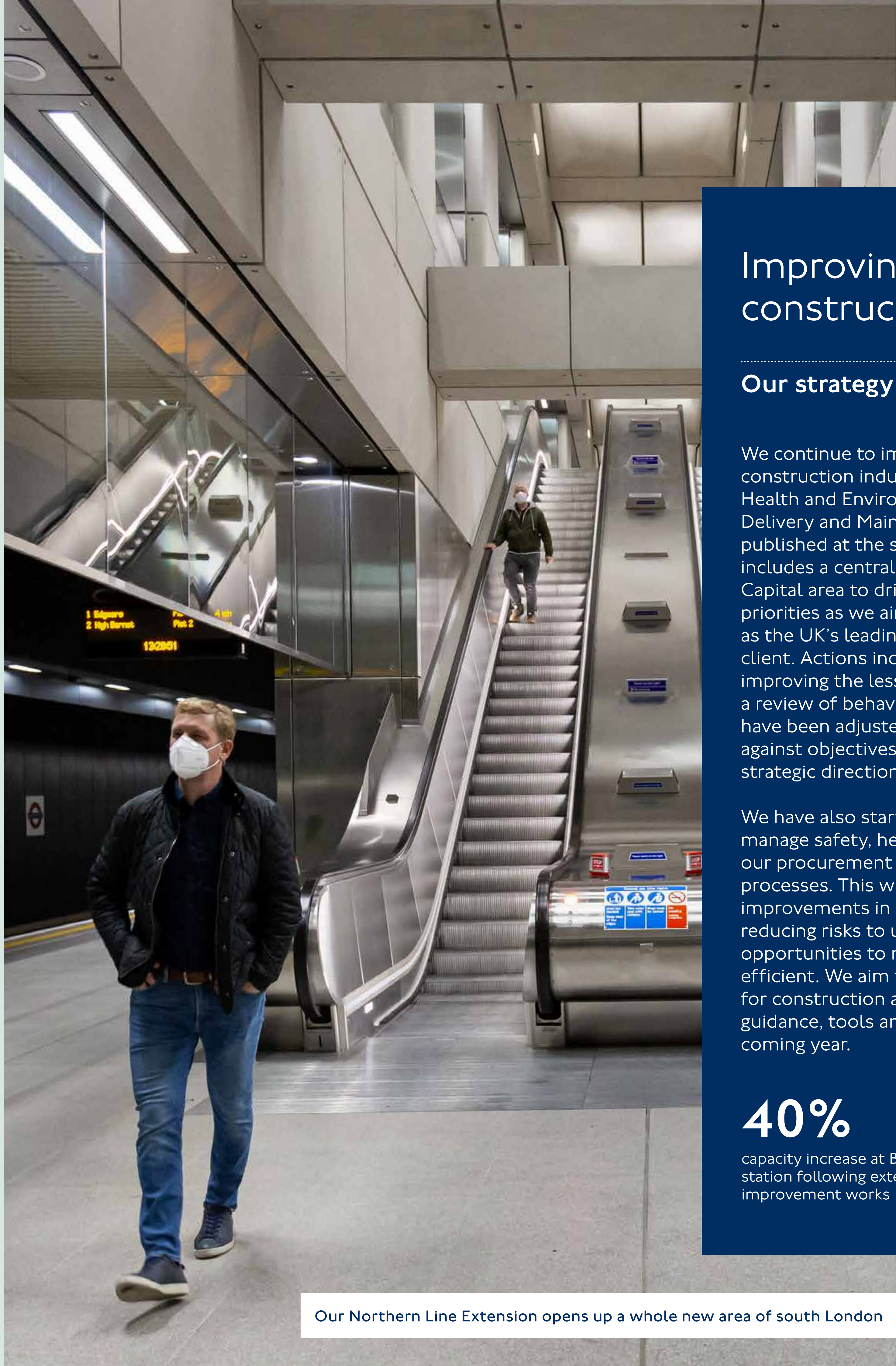
Northern Line Extension

Delivering high sustainability standards

Following six years of construction, we successfully opened the Northern Line Extension in September 2021, delivering two new step-free Tube stations and a three kilometre twin-tunnel running track. This opens up the Tube network to a whole new community in south London. The extension opened on time, despite construction being paused in March 2020 due to the pandemic restrictions.

The project was awarded a Civil Engineering Environmental Quality Assessment & Award Scheme (CEEQUAL) rating of 'Excellent'. Some of the project's key sustainability measures included:

- Transporting more than 845,000 tonnes of excavated material by barge, avoiding 46,965 lorry journeys and so preventing the emission of more than 2,000 tonnes of CO_2
- Reducing the energy consumption of the tunnel boring machine in several ways
- Maximising offsite manufacturing of components and reducing waste as a result of in-situ concreting
- Reducing and reusing packaging where possible
- Selling the temporary infrastructure to other capital construction projects
- Offering surplus materials to local charities or returning them to suppliers
- Using local and recycled materials, with less than one per cent of waste going to landfill
- Using another construction project's excavated material to fill voids around the new Battersea Power Station structure



Our Northern Line Extension opens up a whole new area of south London

Improving safety in the construction industry

Our strategy for improving safety

We continue to improve performance in the construction industry through the Safety, Health and Environment department's Capital Delivery and Maintenance Strategy, which was published at the start of 2021/22. The strategy includes a central improvement plan for the Capital area to drive change and address key priorities as we aim to establish ourselves as the UK's leading construction industry client. Actions include data standardisation, improving the lessons learned process and a review of behavioural initiatives. These have been adjusted to account for progress against objectives, new insight and changes in strategic direction.

We have also started to review how we manage safety, health and environment within our procurement and supplier management processes. This will enable us to target improvements in our suppliers' performance, reducing risks to us and identifying opportunities to make our processes more efficient. We aim to update these specifications for construction and develop associated guidance, tools and training material in the coming year.

40%

capacity increase at Bank station following extensive improvement works

We want to encourage people to support the work of our police partners

This year, the combined solved rate was 19 per cent for violence and public order offences recorded against our workforce

Page 310

Supporting the police with their investigations

Positive outcomes for police investigated violence and public order offences

To enable police investigations to conclude and for cases to progress through the criminal justice process, data presented here covers October 2020 to September 2021 (current) compared with October 2019 to September 2020 (previous).

During the current period, the percentage of staff willing to support a police investigation was 69 per cent for violence and public order offences recorded against staff, down from 75 per cent compared to the previous year. Due to changing customer numbers, bus drivers make up a greater proportion of staff victims and they are less likely to support police investigations, particularly public order offences. We are working with the police and bus operating companies to address this.

The solved rate is the percentage of offences being investigated by the police that have resulted in action against the suspect, such as being charged with the offence, summonsed to attend court or a restorative justice outcome. This year, the combined solved rate was 19 per cent for violence and public order offences recorded against our workforce, slightly lower than the rate for last year, which was 21 per cent.

69%

of staff who are willing to support a police investigation for violence and public order offences

Health

We continued to support the mental and physical health and wellbeing of our people during another challenging year

Health and wellbeing events in 2021/22

We ran a wide range of events throughout the year to inform and educate our workforce, helping them look after their physical and mental health. The needs of our workforce have changed and become more subtle over the pandemic. We have become more aware of our duty of care towards those who work for us, especially with more people working remotely.

Quarter 1

1 April to 26 June 2021

Able Futures presents Stress in the workplace webinar.

Supporting Colleagues Network runs a Tea & Talk session.

Launch of Kaido Health and Wellbeing Challenge.

Diabetes UK session for Diabetes Prevention Week.

Quarter 2

27 June to 18 September 2021

Supporting Colleagues Network runs a Breathing & Meditation session.

Wellbeing Wednesday to support work-life balance discussions.

Samaritans session to raise awareness of World Suicide Prevention Day.

Quarter 3

19 September to 11 December 2021

Understanding anxiety and five ways to protect your mental health.

Henpicked webinar on menopause awarenes.

Talks to support Men's Health Month, supported by Testicular Cancer UK and Prostate Cancer UK.

Thinking about Drinking as part of Alcohol Awareness Week.

Quarter 4

12 December 2021 to 31 March 2022

Pilates and posture sessions.

Rail Wellbeing Live webinar on Sleep Better.

Various events in support of Women's Health Month focusing on key matters such as Ovarian Cancer and the Menopause.

Managing our health

We support the health and wellbeing of our people

Page 313

Our health performance summary

Accommodating our employees in their wellbeing assessments

Our Occupational Health and Wellbeing work in 2020/21 was dominated by the response to the pandemic, with assessments being conducted remotely, either online or over the telephone. Throughout 2021/22, we gradually reintroduced face-to-face appointments, keeping remote appointments as an additional option.

The pandemic also brought some positive changes, with remote working presenting us with the opportunity to move our health and wellbeing services online. In some cases, remote services enable greater participation or flexibility for our staff. To meet this need, we have continued to offer a mix of in-person and remote medical assessments and treatments.

Helping employees to manage their health

We launched our Well@TfL pilot project to assess whether regular engagement and support from us helps people to manage their health better. The first phase of the project ran from August to November 2021. This included a 30-minute mini-health check for more than 100 staff who were then given advice and a personalised health report containing guidance on how they can achieve their health goals.

Participants then had three-month follow up calls to measure their progress and improvement, with the majority of people typically making positive lifestyle changes such as increasing their exercise levels or reducing their smoking.

In addition, most participants followed up on any identified health risks such as elevated blood pressure and cholesterol.

Employees are now returning for their six-month follow up appointments, including those who attended throughout their night shifts.

Mobile health checks

Our newly commissioned Well@TfL bus visited sites around the organisation, offering staff health checks and wellbeing support. The bus includes the equipment needed for onsite Occupational Health medicals alongside the mobile health checks that are part of our Well@TfL scheme. The project aims to identify trends and inform future action plans by assessing results from more than 1,000 health checks.

603

people have received personalised wellbeing support on site

19%

referral rate based on individual health metrics

Measuring long-term sickness

Supporting our people through long-term sickness

When looking at the health performance of an organisation, it is important to distinguish between short-term and long-term sickness, which are staff absences lasting more than 28 days. While short-term sickness absence can be influenced by factors outside of work, it can also give an indication of trends or lead to long-term sickness absence. At any time, around 60 per cent of absences are caused by long-term sickness.

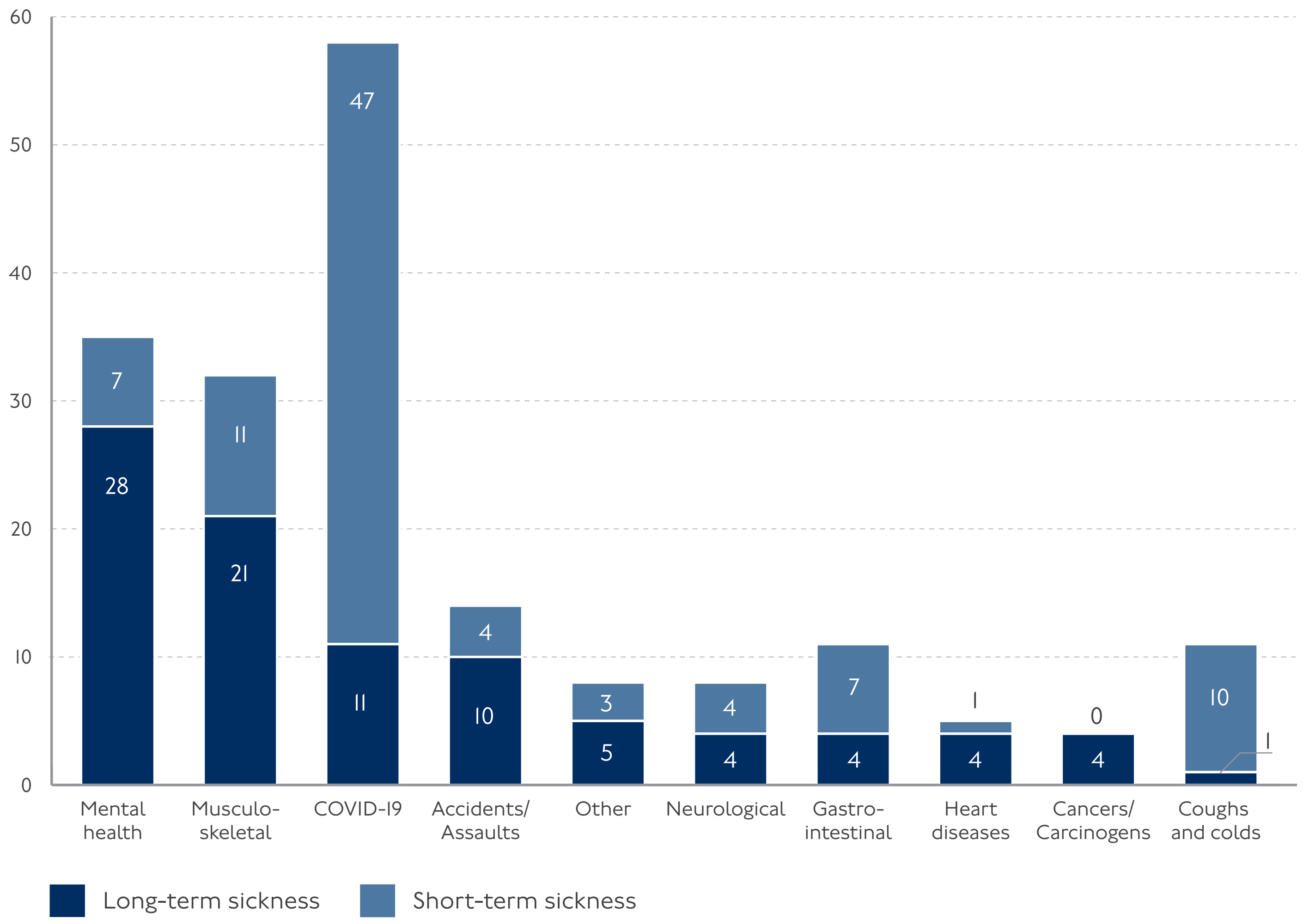
In 2021/22, the average sickness level was 6.7 per cent, which means that at any point in time, around one in fifteen work days were lost due to absence.

Mental health and musculoskeletal-related health issues remain the top two causes of long-term sickness absence throughout the year. This is in line with the national picture.

The leading cause of short-term sickness absence in 2021/22 was COVID-19, at 47 per cent. While this was the same as last year, the actual percentage reduced to a rate of 30 per cent from mid-September to mid-December 2021, but the increase in cases to 59 per cent later in the year brought the figure back up to 47 per cent. Coughs and colds accounted for 10 per cent of short-term absences across 2021/22.

Page 314

Top causes of long- and short-term sickness absence 2021/22 (%)



1 in 15

work days are lost at any point in time as a result of sickness

Supporting colleagues needing flu vaccines

The NHS offers a free annual flu vaccine to people aged over 50 and those with certain underlying medical conditions. We helped our staff to check if they qualified.

We also enabled those who had to pay for a flu jab to claim the cost back through work expenses. We publicised this support extensively across the organisation to raise awareness. This initiative is one of the many ways we support our people to be healthy and able to attend work.

Our health index enables us to better support our people

Page 315

Developing a health and wellbeing index

Our Occupational Health and Wellbeing team is working closely with the Rail Safety and Standards Board on the development of a health dashboard. This will include a health and wellbeing index for the transport industry, which will enable benchmarking of health data across the sector. Reporting on safety has led to year-on-year improvements and cross-industry reporting on health should lead to similar improvements.

Preventative support for pre-diabetes

We launched the 12-month RESET Health pilot programme in December 2021 to support those living with pre-diabetes, Type 2 diabetes or obesity, with 50 people taking part.

Members are at the early stages of their journey, but initial data for employees who have attended their second monthly check-in shows promising improvements in key factors, including reductions in weight and body mass index and an increase in regular exercise.

Investing in our people's health and wellbeing

Funding awarded through the Employer Health Innovation Fund

In 2021, we were awarded two separate grants from the Employer Health Innovation Fund to invest in staff health and wellbeing. One grant focuses on understanding and overcoming the barriers of operational staff when it comes to engaging with technological health and wellbeing tools. It will be used to implement solutions based on the research findings and recommendations.

The second grant enables us to deliver health and wellbeing assessments for bus drivers, and will be used to identify opportunities for bus operating companies to better meet their drivers' health and wellbeing needs. This work, which began in September 2021, will provide recommendations to improve existing health assessment initiatives, with staff across four bus operating companies being interviewed to gather information.

We will continue working with our partners to deliver health assessments to operators that currently do not use them, using insight from the research exercise for their implementation and management.


We offered wellbeing support to bus drivers

Supporting our bus drivers

Improving the health and wellbeing of our bus staff

Innovation to reduce bus driver fatigue

We launched the combined Fatigue, Health and Wellbeing Innovation Challenge in spring 2021 to trial measures across eight London bus operating companies to help reduce fatigue, and improve the health and wellbeing of our bus drivers.

More than 50 companies responded with a range of solutions, with 10 successful bids, but work has had to be paused due to funding uncertainty. Bus driver fatigue remains a priority and we continue to work with operators and suppliers so the bids can be progressed following further funding.

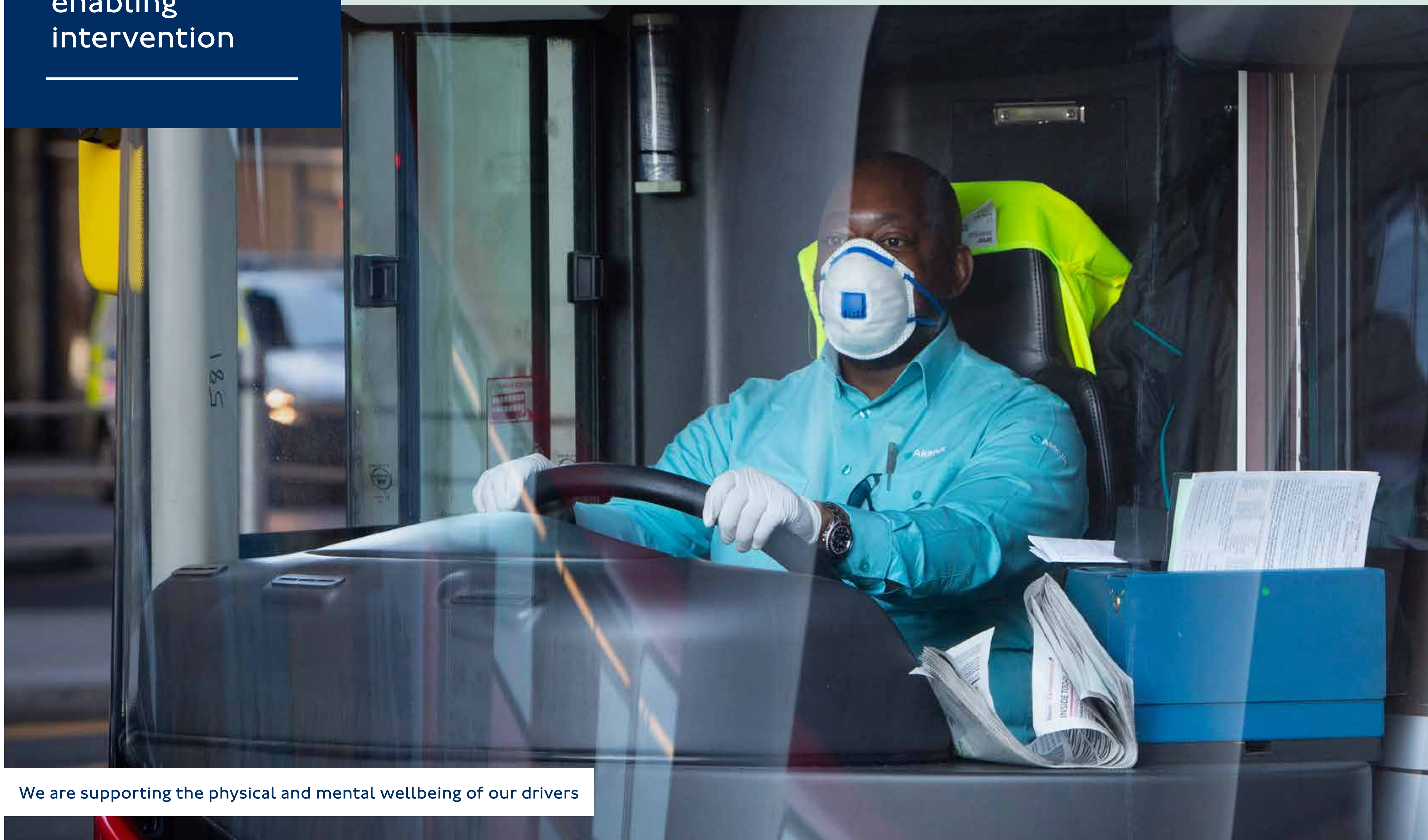
We need to be more proactive in understanding bus drivers' existing health conditions, identifying those most at risk and enabling intervention

Understanding bus drivers' health conditions

In 2020, we commissioned a special report into bus driver deaths from COVID-19. The results showed that we needed to be more proactive in understanding bus drivers' existing health conditions, identifying those most at risk and enabling intervention.

We identified that we needed to assess information from bus drivers from across all 10 operating companies. This data was provided through special self-service health assessment kiosks or comparable health assessments, that will give us early indications of conditions such as diabetes, hypertension and heart disease, and will include a lifestyle assessment.

The roll out of these health assessments to bus drivers began during winter 2021, and we are looking to collect aggregated data to define and inform further activities for the Bus Driver Health and Wellbeing Programme.



We are supporting the physical and mental wellbeing of our drivers

Environment

We play a vital role in making the capital greener and more sustainable, providing low-carbon travel services and managing our own waste and carbon emissions

Expanding the Ultra Low Emission Zone

Cleaning the air for even more Londoners through the expansion of our groundbreaking scheme to the North and South Circular roads

We expanded the Ultra Low Emission Zone (ULEZ) in October 2021 to cover the area within the North and South Circular roads. The newly expanded ULEZ is 18 times the size of the original central London zone, introduced in April 2019, with nearly four million people living inside the area. The expansion will bring the health benefits of cleaner air to millions more Londoners, both inside and outside the zone. Heavy goods vehicles, buses and coaches must meet the same emission standards across Greater London under the Low Emission Zone.

In the first month of operation, the compliance rate was 92 per cent, more than double the compliance levels in 2017 when plans for ULEZ expansion were first announced. Average weekday figures show there were 47,000 fewer non-compliant vehicles in the expanded zone in the first month of operation compared to the two weeks before the scheme was introduced, representing a 37 per cent reduction in non-compliant vehicles. By this same measure, there were also 11,000 fewer vehicles driving each day in the zone, which represents a one per cent reduction, although it will take more time for longer-term traffic patterns to fully emerge. Initial monitoring suggests that total traffic on the boundary has also slightly decreased since the scheme expanded.

To support the transition to cleaner vehicles, the Mayor invested £61m in scrappage schemes to help low income and disabled Londoners as well as charities and small businesses to prepare for the regulations. These schemes have so far helped remove more than 15,200 older, more polluting vehicles from London's roads. In May 2022, we started a public consultation on the Mayor's proposals to further expand the ULEZ to include all of Greater London, which will also provide insight into the future of road user charging in the capital.

92%

compliance rate in the first month of the extended ULEZ

Page 318

The expansion will bring the health benefits of cleaner air to millions more Londoners, both inside and outside the zone

The Ultra Low Emission Zone will bring health benefits to more people

Setting out our sustainability agenda

We published a number of reports this year, which set out our ambitions to address the climate crisis and support London's green and inclusive recovery.

Sustainability Report

Our Sustainability Report aims to capture the social, economic and environmental benefits we deliver as an organisation, and incudes key metrics to measure performance. It is aligned with the reporting approach of other large organisations and with the overarching United Nations' Sustainable Development Goals through an approach that complements our London-level strategic policy framework. Everything we do contributes towards the three pillars of sustainability:

Society: Caring about our colleagues, customers and communities through safe, healthy and accessible transport services.

Environment: Operating in a sustainable way, to protect and regenerate the natural world.

Economy: Being financially sustainable and offering affordable services to help provide good quality of life for all.

Corporate Environment Plan

This plan works alongside the Sustainability Report and our approach to improving our environmental performance. It outlines our ambition, targets and plans for the environment. The plan has been developed around five key themes to help us become a zero-carbon London:

Climate emergency: Reduce carbon emissions and ensure we are ready for the impacts of climate change.

Air quality: Reduce emissions and harmful air pollutants.

Sustainable resources: Support a low-carbon circular economy.

Green infrastructure: Protect, connect and enhance our green infrastructure, including the biodiversity, habitats and ecosystems.

Best environmental practices: Deliver our activities responsibly and be a good neighbour.

Sustainable Development Framework

Launched on 22 November 2021, this handbook is our Property Development department's approach to delivering social impact, driving economic development and embodying environmental stewardship in all of our projects. Sitting alongside our property design principles and internal guidance on community engagement, it reinforces the quality and excellence of our work. The framework covers the three pillars of sustainability (social, environmental and economic), making it an all-inclusive tool to measure and continually improve the sustainability of current and future projects.

In December 2021, we shared detailed guidance on the 97 key performance indicators for external feedback in preparation for an open-source launch in spring 2022. We supplied the handbook to our development partners, industry peers, environmental organisations and local authorities, as well as publishing it on our website for further reference.

Tackling the climate emergency

Learning lessons from flash flooding

With climate change, severe rainfall events like those London experienced on 12 and 25 July 2021 will become more intense and frequent.

These two heavy downpours led to severe flash flooding throughout London, causing significant damage to our assets and severely disrupting our services across the capital. Thirty London Underground stations had to be fully or partially closed, with several roads and tunnels also affected. London Overground services were disrupted with severe delays and Pudding Mill Lane DLR station had to be closed.

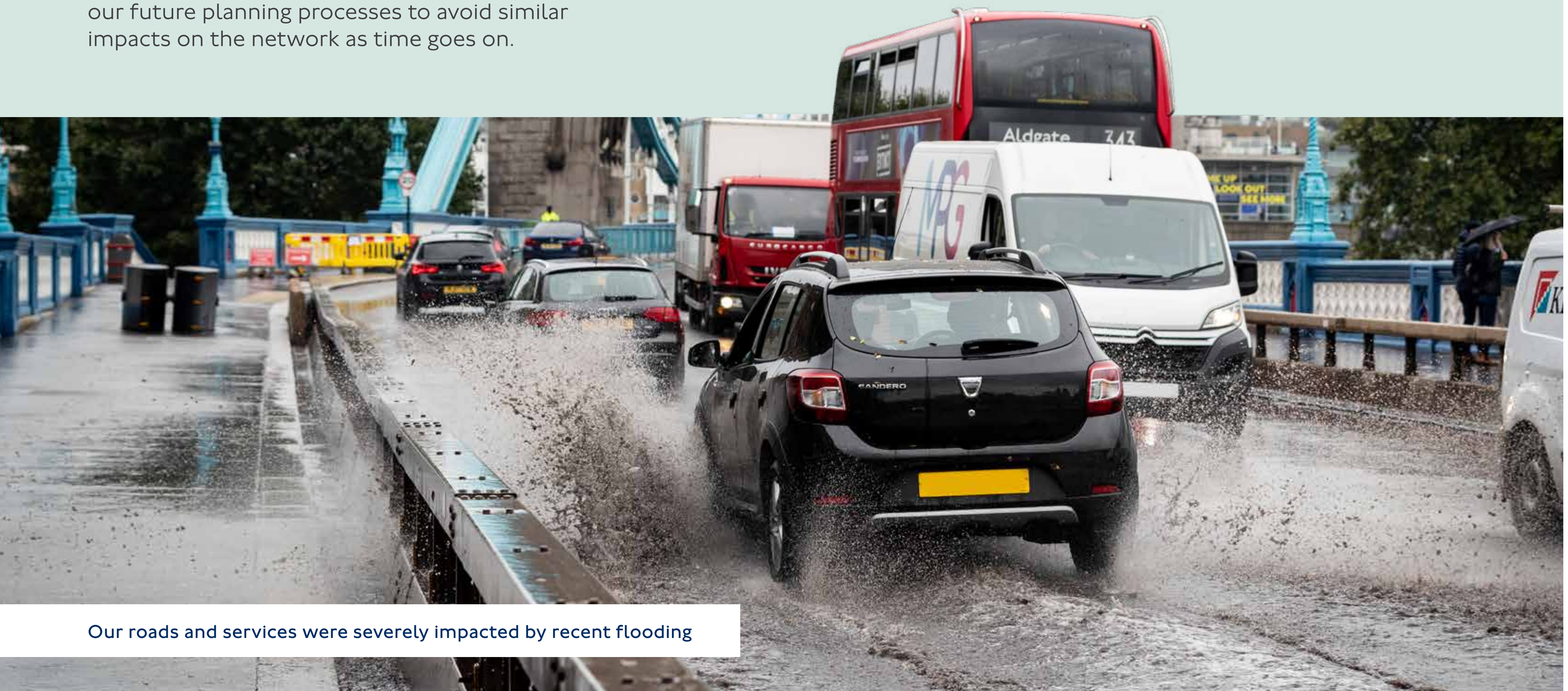
While services on the network recovered quickly from these events, the assessment of climate-related risks will be a crucial part of our future planning processes to avoid similar impacts on the network as time goes on.

The Mayor convened a series of roundtables over several days, which were attended by the London Fire Brigade, the Environment Agency, Thames Water, London Councils and various London boroughs, as well as the Mayor, Deputy Mayors for Transport and Environment and Energy, and people from our organisation.

The purpose was to identify any joint learnings and actions from the flooding that could result in improved responses by authorities in the future. One result of this work was the setting up of a Task and Finish Group to determine how London can best adapt to future flood events.

Page 320

These two heavy downpours led to severe flash flooding throughout London, causing significant damage to our assets and severely disrupting our services



Our roads and services were severely impacted by recent flooding


Our network has been affected by flooding

Storm Eunice

Extreme storms dominated the weekend of 18 to 20 February 2022, with numerous trees coming down and other objects blown on to our infrastructure, causing disruption to our services and damage to some assets. While the storm did not cause any significant injuries to our customers, there were two injuries to our people – a member of our cleaning staff and a train operator.

Contributing to COP26

In November 2021, the UK hosted the 26th UN Climate Change Conference of the Parties, known as COP26, in Glasgow. The summit brought countries together to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change. It is essential that governments deliver on the Paris Agreement with robust and tangible plans, and the yearly COPs are critical focal points for that ongoing effort.

We supported the Mayoral participation in COP26 through briefings and by taking part in several events, meetings and roundtables related to the discussions. We communicated our responsibilities and ambitions through a range of activities including a promotional video highlighting the importance of London's transport and how we can help the UK address the climate emergency.

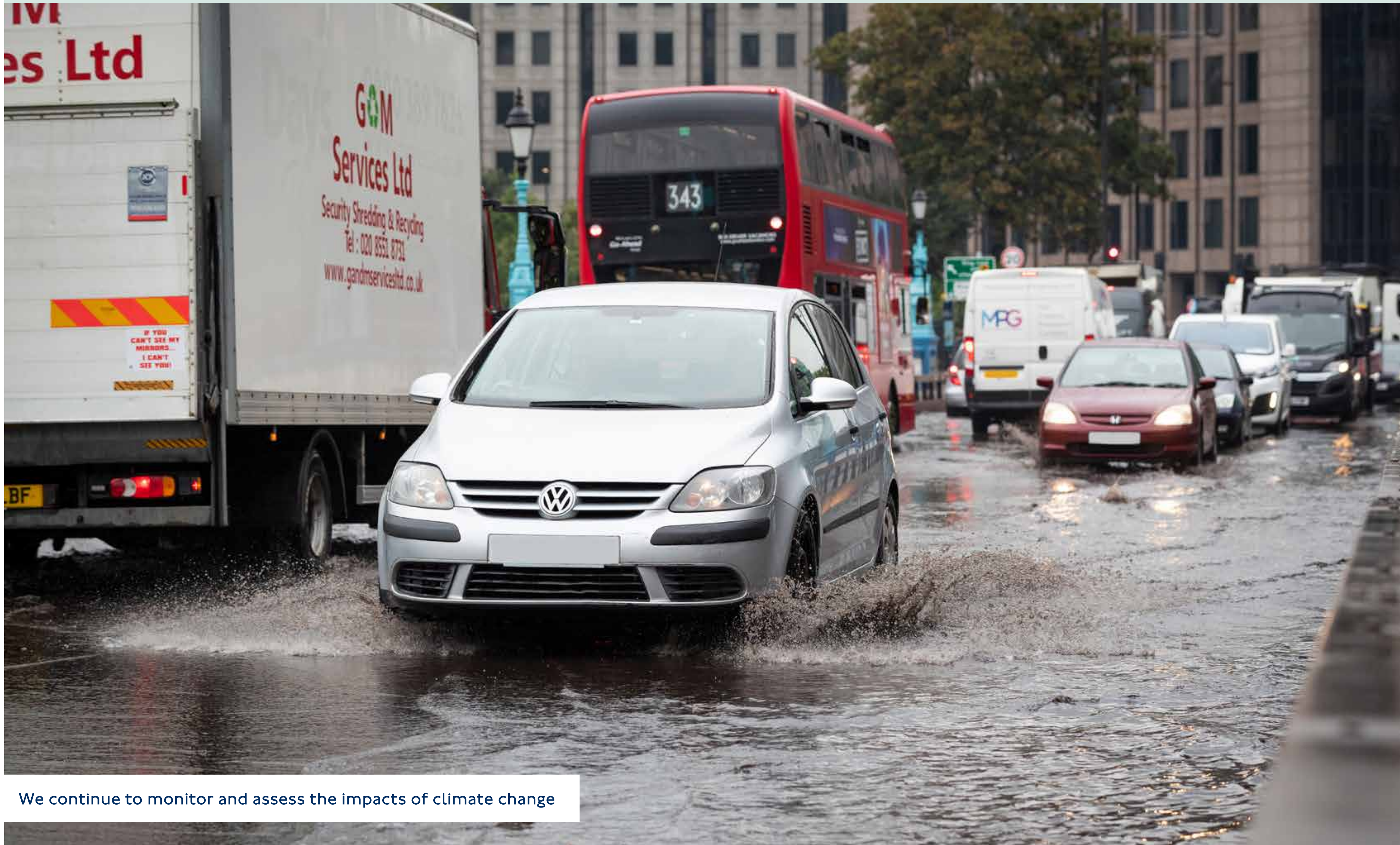
We also supported travel to and from the conference via London's rail terminals, while launching London's new all-electric double-deck buses at the event and using these to transport key participants to various venues.

A strategic approach to the climate crisis

Our strategic approach to the climate emergency

We submitted our Adaptation Reporting Power 3 submission to the Department for the Environment, Food and Rural Affairs at the end of April 2022. This report set out our main climate risk governance, strategy, approach to risk management and high-level asset climate risk assessment. The main risk areas for our assets are temperature, precipitation and storms, all of which have at least one risk score, which is currently major or above. The number of risks scoring major or above, is set to rise by 2050 and 2080.

The main risk areas for our assets are temperature, precipitation and storms



We continue to monitor and assess the impacts of climate change

Our electricity consumption

Working to make our services more sustainable in the long term

As London recovered from the pandemic, service levels on public transport increased, which led to a rise in our electricity consumption compared to last year. Total electricity consumption across our network was about 10 per cent higher than in 2020/21. We remain London's largest user of electricity and the CO_2 emissions produced as a result make up the second largest portion of our overall carbon footprint, with our bus fleet being the largest.

We have a strategy to move to 100 per cent renewable energy by 2030 and are using Power Purchase Agreements with renewable generators to achieve this. Procurement for this has started, with the aim of securing up to 13 per cent of our consumption in this first step. We are working with the Greater London Authority Group to explore opportunities to jointly procure renewable electricity in this way, with an aim to make further joint procurements throughout the next decade.

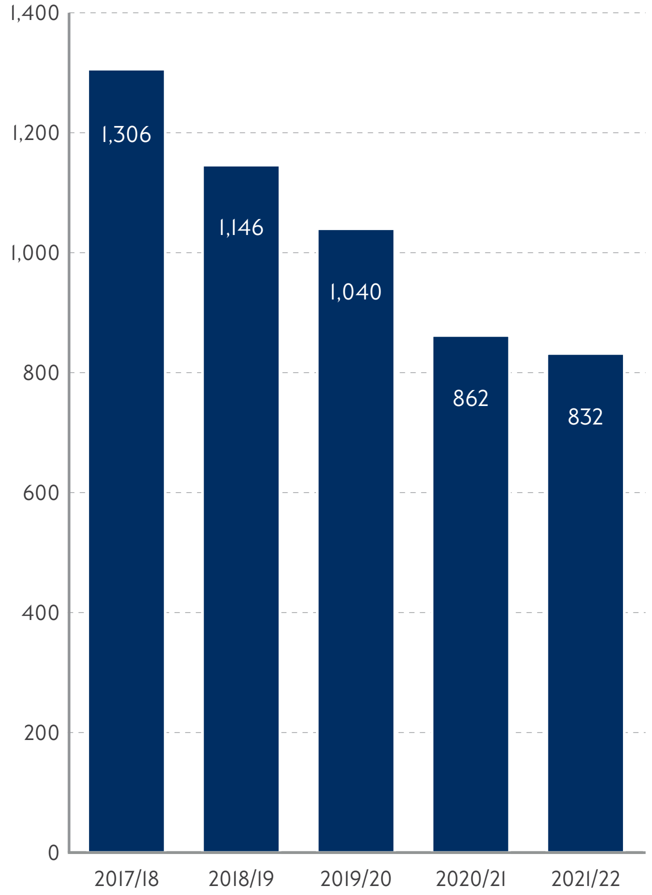
Page 322

1,610
giga watt hours of electricity consumption on our network

10%
less electricity consumption than last year

We have a strategy to move to 100 per cent renewable energy by 2030 and are using Power Purchase Agreements with renewable generators to achieve this

CO_2 emissions from our operations (kilotonnes)



The CO_2 emissions from our operations decreased by three per cent compared to the previous year.

The continued introduction of zero-emission buses into our fleet combined with reductions in the carbon intensity of electricity outweighed the additional energy consumption from public transport services recovering from the pandemic.

We have been introducing even more electric vehicles to our bus fleet

Creating a zero-emission bus fleet

We are on course to deliver greener buses for London

To help us decarbonise public transport and further enhance air quality much faster than planned, in September 2021 the Mayor announced that all new buses entering the fleet will be zero-emission. This sets us on track to eliminate diesel, its exhaust gases and particulate matter from all our buses by 2034, three years earlier than planned. This will also contribute to the wider plans the Government has to cut CO_2 emissions in the UK by 68 per cent, against 1990 levels, by 2030.

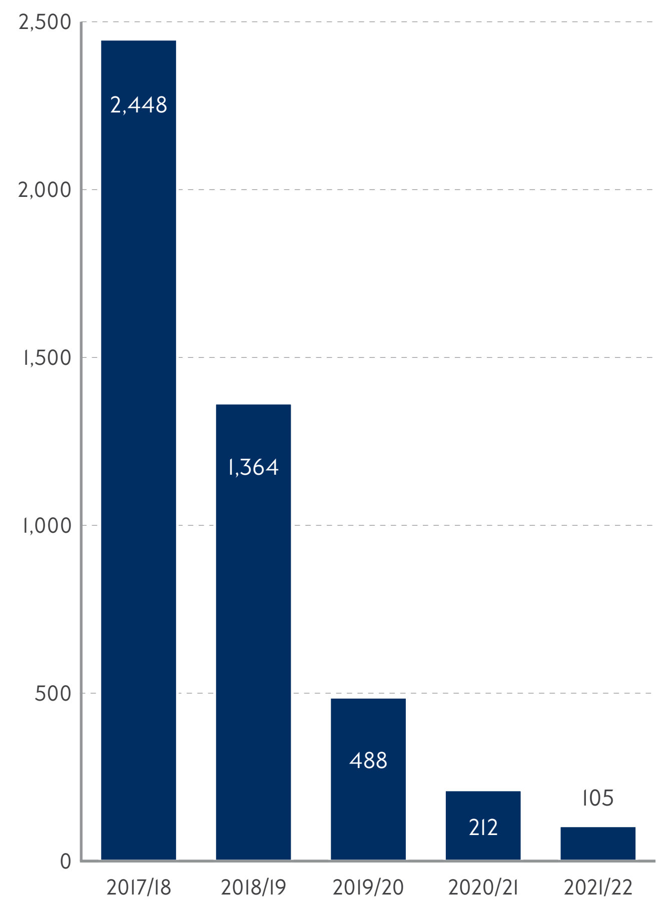
We are aiming for 10 per cent of our 9,000 buses to be zero-emission by the end of 2022. As of 31 March 2022, there are more than 800 zero-emission buses in our fleet, helping us reduce our reliance on diesel, cut harmful emissions and reduce CO_2 in the capital. The fleet also includes 20 double-deck zero-emission hydrogen fuel-cell buses, launched in June 2021, with technology that helps us reduce emissions and ensures our buses emit nothing except water vapour.

We will continue adding zero-emission buses as quickly and affordably as we can to make the entire fleet zero-emission by 2034, with options for bringing this forward to 2030 if funding support for vehicles and infrastructure is provided by the Government.

800+
zero-emission buses
in our fleet

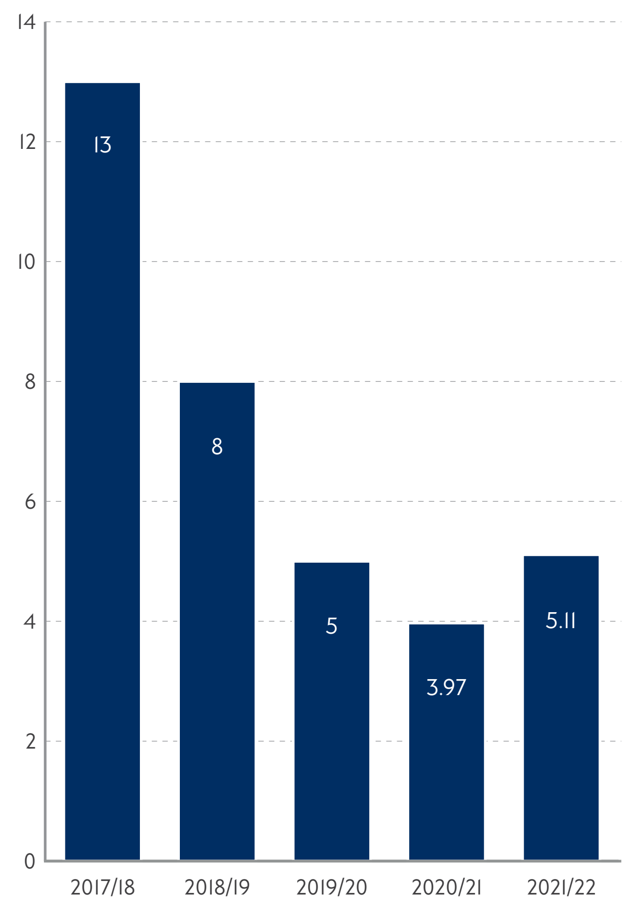
10%
of our 9,000 buses will be
zero-emission by 2023

Nitrous oxide emissions from our buses
(tonnes)

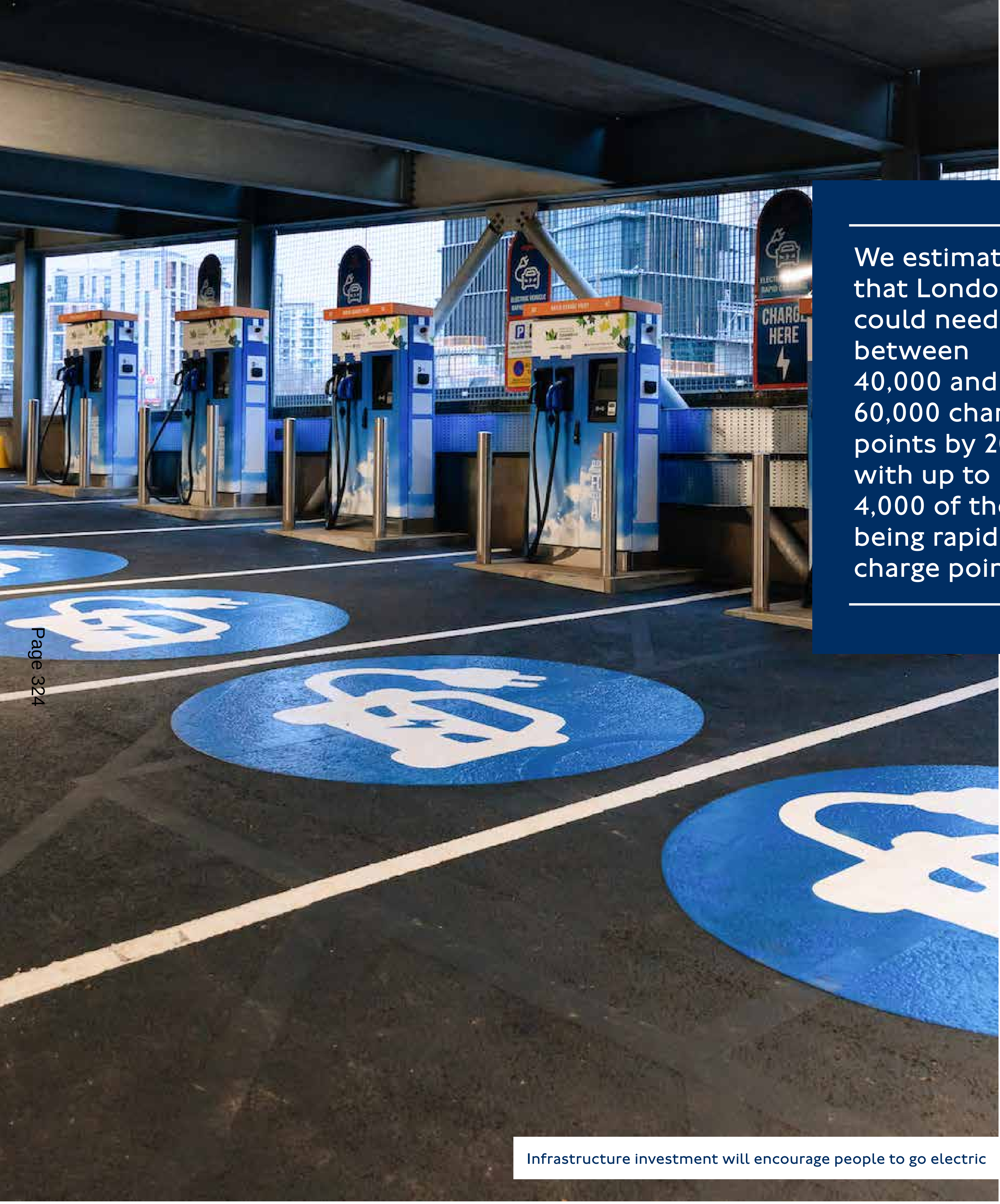


Our core bus fleet now meets or exceeds the Euro VI emissions standard. Nitrous oxide emissions from our fleet continued to fall this year as more zero-emission vehicles were introduced.

PM10 emissions from our buses
(tonnes)



Particulate matter emissions increased slightly compared to last year, in part due to changes to emissions factors used in calculating the data, and with increased levels of services leading to higher estimated emissions from tyre and brake wear.



Infrastructure investment will encourage people to go electric

Page 324

We estimate that London could need between 40,000 and 60,000 charge points by 2030, with up to 4,000 of these being rapid charge points

Supporting London's drivers to switch to electric vehicles

Our strategy for increasing electric vehicle uptake

London's ongoing investment in electric vehicles is tackling the twin dangers of air pollution and climate change. This supports the Mayor's wider target of decarbonising the transport network and for London to become a zero-carbon city by 2030.

The Mayor set out his vision on how to deliver the infrastructure needed by 2030 in the Electric Vehicle Infrastructure Strategy published in December 2021.

About a third of the country's total electric vehicle (EV) charge points are in London, showing a 55 per cent increase in the number of EV charging points delivered in the capital between 2019 and 2021. Through modelling, we estimate that London could need between 40,000 and 60,000 charge points by 2030, with up to 4,000 of these being rapid charge points that could fully charge a vehicle in as little as 20 minutes.

This means that there will soon be many more EV charge points across the capital, with a more equal spread of infrastructure access in inner and outer London. This will improve access for all users, and will be especially important for those people without off-street home charging and high-mileage users who have regular recharging needs such as zero-emission taxi and car club fleets. All parties will be better served by charge points being more evenly spread across the capital.

2.6million

tonnes of CO_2 emissions could be cut every year up to 2030 by switching to EVs

Improving our use of renewable resources

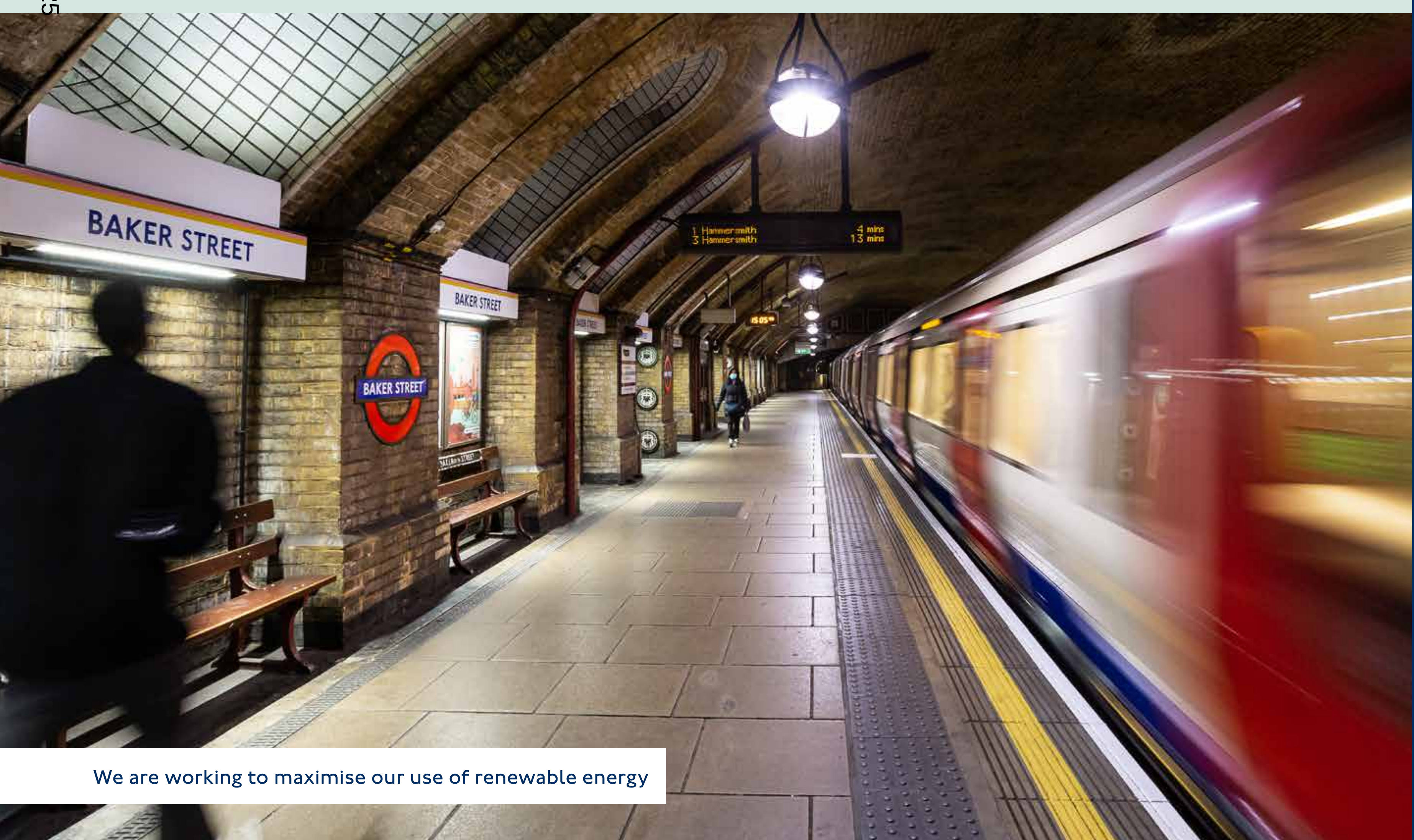
Capitalising on our waste heat and solar capabilities

We are the largest energy consumer in London and have committed to increasing the proportion of energy we consume from renewable sources as part of the Mayor's ambition to decarbonise the city.

The waste heat project builds on the success in one of our developments, and gives us the opportunity to offer the use of currently uncaptured thermal energy from ventilated air on the Tube network to power heating and hot water in buildings. This has the potential to serve more than 15,000 households.

The work of our solar private wire project will enable us to receive zero-carbon electricity directly from local solar assets, which will reduce carbon emissions, and focuses on the direct connection to new-build solar photovoltaic generation. We will be seeking a partner in the market to assess the sites and deliver the panels, on our agreement.

Work is progressing on both projects to establish the route to market and develop the contract strategy, specification documents and the production of a financial and carbon model.



We are working to maximise our use of renewable energy

Working to achieve zero carbon

Our conference to support Zero Harm was an opportunity to discuss zero-carbon initiatives

Working with our supply chain will be critical to delivering our net zero carbon ambitions. A total of 43 different suppliers and more than 160 people from our business attended our Zero Harm Conference in February 2022 to share ideas on how to make real improvements to support London's net zero carbon target.

This was the first of our conferences to focus on carbon and was organised to help us better collaborate with our Capital suppliers, sharing practical ideas on the management and reduction of carbon in construction-related activities. The event included discussions on how the work of our Capital projects can play a part in reducing emissions and protect London's environment, and enabled us to show our vision of being a green heartbeat for London.

We had the opportunity to describe the key elements of our Corporate Environment Plan, including its environmental framework and ambitions. We had the opportunity to present real-life examples of how decisions at the project design stage can shift a project towards net-zero carbon among other innovations, along with examples of carbon reduction.

Together, we concluded that it is essential for everyone working in the Capital area to integrate effective actions for reducing carbon emissions as standard for us to get to our net zero carbon target as a city.

Page 326

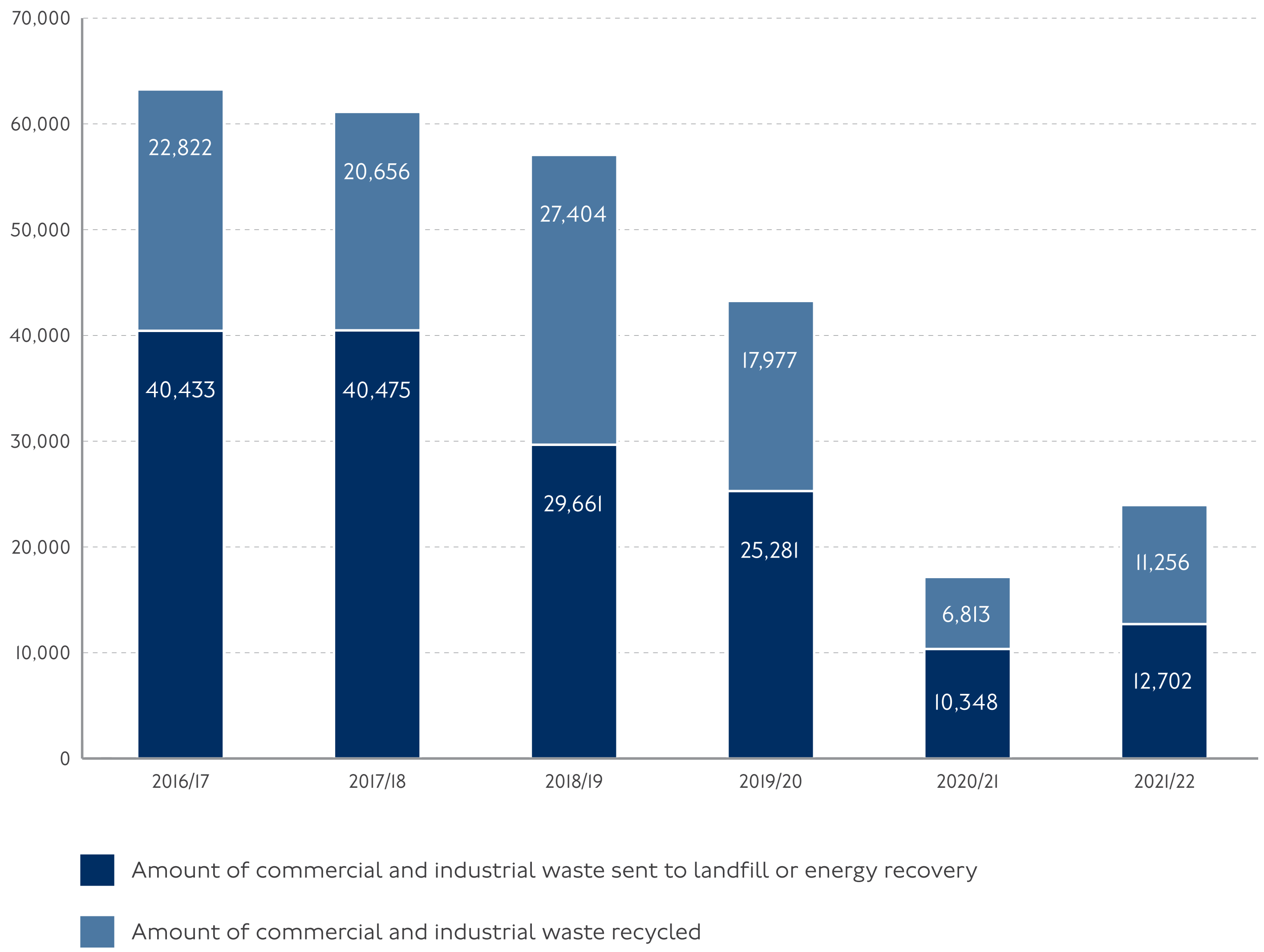
Increasing our use of sustainable resources

Waste and recycling performance

We are committed to making London a zero-waste city and embedding circular economy principles in how we operate, maintain and improve our network. The amount of commercial and industrial waste collected across our network increased this year as passenger waste went up in line with greater passenger numbers. The same was true of office waste compared to last year due to our staff returning to our offices.

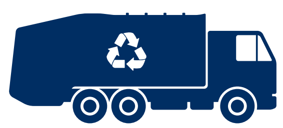
Overall, 47 per cent of all our commercial and industrial waste was recycled, and more was diverted from landfill by being converted into energy in the waste recovery process. We have increased the number of dedicated recycling services at stations and depots to improved recycling, and will monitor the impacts and introduce more recycling facilities where possible.

Commercial and industrial waste collected and recycled
(tonnes)



47%

of our commercial and industrial waste was recycled in 2021/22



Planting trees on our network

We are still ahead of our average one per cent target for planting trees on our streets and will continue to replace any trees that have had to be removed due to disease or for safety reasons next year to add to our mayoral target.

Tree planting in 2021/22

849
trees planted

812
new tree locations

24,581
trees across the network

Integrating sustainable drainage systems

Making use of surface water run-off

Our work to incorporate Sustainable Drainage Systems (SuDS) across our infrastructure continued this year and we installed a rain garden in Wandsworth capturing 500m^2 of surface water run-off on our roads as part of our commitment. Water enters the SuDS from the footway via a perimeter kerb with drainage slots, and from the carriageway via three gullies connected to a perforated pipe in the foundation of the SuDS. As well as being an attractive feature, the rain garden will help support local biodiversity. The installation is part of our scheme to improve safety for all road users in this area.

We successfully secured £640,000 of funding from Thames Water for the delivery of new SuDS projects on our roads and are working with the Greater London Authority to identify schemes that use climate vulnerability data to make our roads better adapted to climate change.

Our rain gardens are designed to efficiently use surface water

Polychlorinated biphenyls on the Tube

Removing toxic substances from our equipment and systems

Polychlorinated biphenyls are substances in the environment that are toxic to humans and animals, and their use was banned in the UK in the 1980s. London Underground has equipment that contains components that predate this ban, with several electrical capacitors identified as being potentially dangerous. Following surveys and testing to pinpoint which components require removal, we have started programmes to replace these components and expect to complete this work by the end of 2023.

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' and helping to create a safer, 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 by walking, cycling or using public transport by 2041. To make this a reality, we prioritise sustainability, health and the quality of people's experience in everything we do.

We run most of London's public transport services, including the London Underground, London Buses, the DLR, London Overground, Elizabeth line, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the London Cable Car. The experience, reliability and accessibility of these services is fundamental to Londoners' quality of life.

We manage the city's red route strategic roads and, through collaboration with the London boroughs, we are helping to 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, improve air quality, revitalise town centres, boost businesses and connect communities. As part of this, our expanded Ultra Low Emission Zone and fleets of increasingly environmentally friendly and zero-emission buses are helping to tackle London's toxic air.

During the pandemic, we took a huge range of measures to ensure people were safe while traveling. This included extensive cleaning regimes across the public transport network and working with London's boroughs to introduce the Streetspace for London programme, which provides wider pavements and cycle lanes so people can walk and cycle safely and maintain social distancing. London's recovery is vital to the UK's recovery as life returns to normal. We want to ensure London avoids a car-led recovery and we continue to reassure people the capital and our transport network is safe and ready for them.

We have constructed many of London's most significant infrastructure projects in recent years, using transport to unlock much needed economic growth. This includes major projects like the extension of the Northern line to Battersea Power Station and Nine Elms in south London, as well as our work at Barking Riverside and the Bank station upgrade.

Working with Government, we completed the Elizabeth line in time for Her Majesty the Queen's Jubilee. This transformational new railway adds 10 per cent to central London's rail capacity and supports the delivery of high-density, mixed-use developments, which are planned around active and sustainable travel to ensure 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 using intel, 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 who 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. By working together, we can create a better city as London's recovery from the pandemic continues.

Page 329

July 2022

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Board

Date: **27 July 2022**

Item: **Slavery and Human Trafficking Statement**

This paper will be considered in public

1 Summary

1.1 The Modern Slavery Act 2015 requires the publication of an annual slavery and human trafficking statement (the Statement). This paper describes the activity undertaken in compliance with the Act and seeks approval of a statement for the financial year 2021/22 that is required to be made and published.

2 Recommendation

2.1 **The Board is asked to note the paper and:**

(a) approve the draft TfL Slavery and Human Trafficking statement appended to this paper; and

(b) authorise the General Counsel to agree the final form of the Statement.

3 2021/22 Statement

3.1 A Statement is required to be made annually, within six months of the end of the financial year (i.e. by September) and must be published on the TfL website "with a direct link in a prominent place on the homepage". That Statement must be approved at Board level prior to publication.

3.2 TfL's approach is to require all its operating subsidiaries to make a single statement approved by the Board, whether or not they reach the turnover threshold set out in the Modern Slavery Act 2015. The proposed draft statement is included at Appendix 1 and has been approved by TfL's subsidiary companies, subject to Board approval. Crossrail Limited, who previously prepared an equivalent statement tailored to its specific circumstances, has included its activity within the Statement this year.

3.3 TfL's key categories of focus for 2021/22 have been critical infrastructure contracts, electronic equipment, facilities management, personal protective equipment (PPE) and supplier engagement.

3.4 To mitigate the risk of modern slavery associated with the provision of the Surface Technology contracts retender and HV Power contracts, we evaluated comprehensive Ethical Sourcing Actions Plans to be contract managed post-contract award which is expected in 2022/23.

3.5 Construction is a large part of our modern slavery risk profile in the UK. We have developed consistent requirements and embedded them within the property development portfolio, including in the Connected Living London Joint Venture and the Bollo Lane development.

3.6 We have started to display worker rights posters produced by the Gangmaster and Labour Abuse Authority on sites where we are the principal contractor and have encouraged our suppliers to do the same where we are not.

3.7 In response to Electronics Watch requirements included in ICT Hardware framework, the reseller of ICT Hardware disclosed further factory locations of some of their products which have been shared with Electronics Watch for worker-driven monitoring.

3.8 Through inclusion of direct employment requirements embedded in our cleaning contract TfL has taken a proactive approach to manage the risks of worker exploitation in the UK cleaning sector. As of March 2022, 95.1 per cent of the circa 2,500 cleaning staff were directly employed by the supplier.

3.9 Due to the recognised risk of modern slavery in the supply of PPE and the disposable glove industry in Malaysia, we worked closely with our Tier One supplier to manage these complex issues. We have moved our supply to a supplier recognised by the Responsible Glove Alliance, the secretariat for which sits with the Responsible Business Alliance, the world's largest industry coalition dedicated to corporate social responsibility in global supply chains.

3.10 We risk assessed our suppliers using the Cabinet Office tool and invited all medium to high-risk suppliers to complete the Modern Slavery Assessment Tool. Fifty-four suppliers were invited and to date, 50 per cent have completed the assessment.

3.11 A GLA Group Central Responsible Procurement Team is hosted by TfL to support the Functional Bodies of the Greater London Authority in undertaking ethical sourcing activity and managing the risk of modern slavery, as outlined in the GLA Group Responsible Procurement Policy.

List of appendices to this report:

Appendix 1: Draft Slavery and Human Trafficking Statement 2021/22.

List of background papers:

None.

Contact Officer: Stuart Harvey, Chief Capital Officer
Email: StuartHarvey@tfl.gov.uk

Transport for London
Slavery and Human Trafficking Statement 2021/22

Period covered by this statement

Transport for London's (TfL) financial year end occurs on 31 March. This statement covers the financial year 1 April 2021 – 31 March 2022.

Organisations covered by this statement

This statement covers Transport for London, its subsidiary company Transport Trading Limited and the following subsidiary companies of Transport Trading Limited:

Crossrail Limited
Docklands Light Railway Limited
London Buses Limited
London Bus Services Limited
London River Services Limited
London Transport Museum Limited
London Transport Museum (Trading) Limited
London Underground Limited
LUL Nominee BCV Limited
LUL Nominee SSL Limited
Rail for London (Infrastructure) Limited
Rail for London Limited
Tramtrack Croydon Limited
TTL Blackhorse Road Properties Limited
TTL Earls Court Properties Limited
TTL Kidbrooke Properties Limited
TTL Landmark Court Properties Limited
TTL Northwood Properties Limited
TTL Properties Limited
TTL Southwark Properties Limited
TTL South Kensington Properties Limited
Tube Lines Limited
Victoria Coach Station Limited

More information on TfL and its subsidiaries can be found on our website: https://content.tfl.gov.uk/tfl-subsidiary-organisation-june-2020.pdf

Introduction

This Statement is designed to satisfy the requirements of Section 54 of the Modern Slavery Act 2015, by informing our customers, suppliers, staff and the public about TfL's policy with respect to modern slavery, human trafficking, forced and bonded labour and labour rights violations in its supply chains and the steps taken to identify, prevent and mitigate the risks. This is TfL's seventh annual statement to be published under the Act and relates to the period 1 April 2021 through to 31 March 2022.

1 Our organisation and supply chain

TfL is the integrated transport authority responsible for delivering Mayor of London, Sadiq Khan's, strategy and commitments on transport. We run the day-to-day operation of the Capital's public transport network and manage London's main roads. In a normal year of operations more than 31 million journeys are made across our network each day. Daily ridership is increasing since the lifting of lockdown restrictions and is now regularly around 60 per cent of pre-pandemic levels, increasing from 3.5 million daily journeys during the pandemic. Our supply chain required to deliver our services has remained in place throughout. We do all we can to keep the city moving, working and growing and to make life in our city better.

Managing TfL's supply chain is the direct responsibility of the Chief Procurement Officer currently reporting to the Chief Capital Officer, who in turn reports to the Commissioner of TfL. During 2021/22, TfL spent in excess of £6.1bn on goods, services and works required to operate and upgrade services across all transport modes. Our Procurement and Commercial (P&C) function has around 567 staff.

Our 64 key suppliers represent around £3.7bn of our addressable spend. These suppliers offer a wide range of strategically important goods and services to TfL. Over 95 per cent of our key suppliers are registered in the UK but many of their operations and supply chains are global. Some of our suppliers have complex supply chains with multiple tiers of sub-contracting and, in some cases, such as construction or electronic equipment, we have little visibility over where products are made. Therefore, we are using a risk-based approach, receiving expert advice from the Ethical Trading Initiative (ETI) and Electronics Watch where relevant, prioritising steps to achieve greater supply chain visibility where our risks are highest, recognising that workers in the lowest tiers of supply chains are often the most vulnerable.

2 Policies in relation to modern slavery

In March 2021, the Mayor published the refreshed Greater London Authority (GLA) Group Responsible Procurement Policy.

This document is a high-level strategic policy setting out the GLA Group's plans, ambitions and commitments for ensuring continuous improvement in London, delivered through all the Group's procurement activities, which support the delivery of the Mayor's commitments and strategies. It reflects best practice and demonstrates our procurement activities meeting legislative requirements, including the Modern Slavery Act 2015.

The GLA Group Policy commits us to promote ethical sourcing and addresses risks of modern slavery by:

- adopting the nine provisions of the ETI Base Code[1], or equivalent, as the standard we expect of our suppliers to support working conditions that are legal, fair and safe;

- adopting a risk and opportunity-based approach to identify contracts and areas of spend where there may be a high risk of poor working conditions, modern slavery, forced labour, human rights abuses, sourcing from conflict-affected areas or negative impacts on security and crime; and

- seeking to improve transparency within the supply chain by working with suppliers and in partnership with the ETI and Electronics Watch to improve any poor performance identified as part of a process of continuous improvement, reflecting existing and emerging legislation and guidance.

To support the business in implementing the Policy, TfL hosts the GLA Group's Central Responsible Procurement Team (CRPT) within its P&C function. The CRPT works with TfL, along with the wider GLA Group, to prioritise and deliver on the commitments of the GLA Group Responsible Procurement (RP) Policy, including how we plan to promote ethical sourcing practices and address risks of modern slavery.

3 Risk assessment and management

The highest risks of people falling victim to modern slavery in our UK-based supply chain include construction workers and those undertaking service contracts in sectors such as cleaning, catering, security and waste management, where low pay, migrant labour and/or indirect labour are prevalent.

The highest risks of poor working conditions and human rights abuses from our global supply chain are associated with the production and manufacture of electronic equipment, textiles and materials used in our construction and infrastructure projects. The mining and extraction of conflict and rare earth minerals such as copper, lithium, nickel and cadmium, used in the production of batteries for electric vehicles is an increasing risk as TfL supports the transition to a net zero fleet. We are working with partners, such as Electronics Watch, to address these risks as outlined in Section 6.

TfL recognises the corresponding source countries and associated sector risks in its supply chains for these categories to be as follows:

Category	Country	Identified Sector Risks
Construction	United Kingdom	Multi-tiered supply chains involving use of labour agencies which could result in poor labour practices due to lack of transparency. Unethical practices including workers being charged unlawful or excessive recruitment fees, workers

[1] https://www.ethicaltrade.org/eti-base-code

		being misinformed about terms of employment, and the withholding of passports may take place.
Facilities Management: cleaning and catering services	United Kingdom	Low skilled labour; migrant labour; agency labour leading to lack of transparency on employment practices.
Electronic equipment	China, East Asia, Eastern Europe,	Labour intensive, often low-skilled work; mining of raw materials in high-risk countries. Poor labour practices including underpayment of wages, delayed payment or wage deductions; physical abuse; working excessive overtime; worker's visa or permit is tied to a single employer, and financial penalties for early contract termination
Uniforms and workwear	Bangladesh, China	Risks include gender inequality; weak protection of workers' rights; poor labour practices including excessive overtime, underpayment or deduction of wages, financial penalties for leaving employer and structural integrity of factories.
Steel and steel components	China, Europe, Japan, India, US.	Country of production where labour rights might not be well protected; low-skilled labour, and dirty, dangerous, or difficult work in mines and smelting plants leading to poor labour conditions.
Stone	Brazil, China, Europe, India, US.	Country of production - US State Department of Labour highlights multiple countries where child and forced labour exists in quarries; child labour and unsafe working conditions
Batteries	Cobalt – Democratic Republic of Congo (DRC); Lithium - Chile, Bolivia, China; Nickel – Indonesia, Philippines; Tin - Bolivia and Copper – Chile.	Sourcing of cobalt presents greatest risk to human rights abuses. Political instability or conflict particularly in the DRC; weak protection of civil liberties and workers' rights; safe and healthy working conditions in mines can be poorly regulated and protected
Personal Protective Equipment (PPE)	China and Malaysia	Similar risks to those for uniforms and workwear, compounded by the rapid increase in global demand from coronavirus resulting in pressure on manufacturers to produce large quantities in short timeframes.

TfL mitigates and manages these risks through our due diligences processes. A summary of our activity this year is outlined below.

4 Due diligence

Through robust procurement and governance processes, including the use of a RP checklist for each tender in developing an approach to market, our P&C staff can identify categories and contracts which are likely to present a high risk of human rights abuses and poor working conditions.

All relevant procurements include a question at supplier selection stage on compliance to Section 54 of the Modern Slavery Act 2015. TfL continues to include award criteria and contractual requirements in contracts where a significant risk of human rights abuses is identified.

We obtain assurances from our supply chain directly through our suppliers as part of the tendering process and then via online platforms such as the Supplier's Ethical Data Exchange (Sedex), where we access independently verified audit reports of factories as part of our contract management processes.

We have undertaken a risk assessment of our supply chain and invited medium and high-risk suppliers to complete the Cabinet Office Modern Slavery Assessment Tool (MSAT). We held a supply chain engagement event to encourage completion of the MSAT and will use the results to work with our suppliers to improve their policies, practices and processes in preventing modern slavery in our supply chains.

The following section highlights this year's interventions at the procurement and contract management stages. We have reviewed our contract pipeline and undertaken work to include requirements in future contracts with the expectation that the range of categories and number of contracts will increase as our approach continues to mature.

Examples of How TfL Manages These Matters

Property Developments and Construction Sites

The construction sector is a large part of our risk profile and TfL's vast property development portfolio therefore requires thorough due diligence and mitigation activity. Standardised tender questions and contractual requirements have been produced and included across the property portfolio and this year were included them in the suite of developments under the Connected Living London Joint Venture and the Bollo Lane development which is delivering approximately 800 units. Tender questions asked developers how they will set up their construction sites to manage the risk of modern slavery, including how they manage recruitment processes with third parties, and points bidders towards best practice material such as the Supply Chain Sustainability School's Awareness Identification Response model. Potential developers are also asked how they will ensure core construction materials such as brick, quarry products, steel and timber are sourced to ensure compliance with the ETI Base Code.

These tender requirements will then be followed up with the successful bidder who is required to produce an ethical sourcing and modern slavery action plan, building on any feedback received at the tender stage as well as documenting the main products originating from source countries where there is a documented risk of modern slavery.

On our construction sites where we are the principal contractor, we have displayed the Gangmaster and Labour Abuse Authority worker checklist posters explaining the rights as a worker in the UK. These are translated into Romanian, Bulgarian and Polish and are being displayed on site noticeboards and in welfare units. Where we are not principal contractor, we have encouraged our suppliers to do the same and will continue to do so in the year ahead.

Surface Technology Contract Retender (STCR)
The STCR contract includes the supply of a number of essential assets to Surface Transport, notably CCTV, Traffic Signals, Variable Message Signs, Overhead Vehicle Detection devices, etc. plus the provision of capital works and maintenance activities across London for the above asset categories. Modern slavery risks were identified in the supply of these assets and in the labour provision in London. Considering feedback from early market engagement in early summer, therefore, we developed a bespoke approach to mitigate these risks.

At the tender stage, bidders were evaluated on their approach to identifying the modern slavery risk in their workforce, and their supply chains workforces and as a minimum, include: Management practices and governance structure; Risk assessment and due diligence procedures, including the use of auditing; Communication with suppliers and supply chain; policies / contract requirements and supply chain training. The successful bidder(s) will be required to provide an Ethical Sourcing Plan to be agreed by the contractor and TfL Responsible Procurement Manager and will be updated on an annual basis for the duration of the contract.

TfL is a founding member of Electronics Watch - an independent monitoring organisation that assists public sector buyers to meet their responsibility to protect the human rights of electronics workers in their global supply. Electronics Watch contract conditions, where suppliers are required to disclose the factories where goods and key components are produced, were also included in the STCR. Bidders were asked at the tender stage to outline how they would work towards establishing supply chain transparency over the duration of the contract to assist with monitoring and improving labour conditions at sites of production. We will closely monitor these outcomes going forward to ensure our suppliers share their often-complex global supply chains with us.

Contract Management

London Underground bespoke components
The framework for London Underground bespoke components supplying copper and steel parts commenced this year and suppliers have been required to submit their modern slavery action plans. Many of the suppliers on the framework are Small and

Medium Enterprises and so the TfL Responsible Procurement team has provided support to suppliers in developing these plans to ensure a base level of due diligence activity is undertaken. Guidance has been provided to contract managers so they are able to raise any issues during contract reviews meetings and can provide ongoing support to suppliers as they progress their activity in this area.

Electronic equipment:
Our frameworks for our ticketing payment solution - Oyster Cards - and ICT Hardware included Electronics Watch contract conditions and this year our reseller of ICT Hardware disclosed further factory locations of some of their products and we will continue to work with our reseller and Electronics Watch to increase the transparency of their supply chain.

We have been working closely with our supplier of CCTV cameras on the London Underground to ensure they are registered with Sedex and have completed their Self-Assessment Questionnaire for their sites of production in their supply chain. Once complete, we will gain transparency of these sites and can use the Sedex Radar tool to assess the risk profile and take appropriate action.

Facilities Management (Cleaning and Security Services):
Through inclusion of direct employment requirements embedded in our cleaning contract TfL has taken a proactive approach to manage the risks of worker exploitation in the UK cleaning sector. In March 2022, 95.1 per cent of the circa 2,500 cleaning staff were directly employed by the supplier. All contracted and sub-contracted workers on this contract receive the current London Living Wage rate or above.

Uniforms:
We continue to work with our supplier of TfL Uniforms on a programme of supplier development and assurance. Long-term commitments such as engagement in ETI programmes has been on hold until Commercial issues are finalised but ongoing auditing and updates on supplier development activity continue. Our supplier completed the ETI's Enhanced Expectations Survey, for their factories in Bangladesh and China, and were not deemed to be a risk as a result.

Workwear and Laundry:
This contract replicated the approach to ethical sourcing included in TfL's Uniform Contract where, following contract mobilisation each factory is required to undergo an annual, independent, third party social audit against the nine principles of the ETI Base Code. Contract mobilisation has commenced following a delay due to the coronavirus pandemic. The contract conditions include a time-bound corrective action plan for each factory to address any areas of non-compliance identified in the annual audit. Audit results are viewed, and corrective action plans tracked online through the Sedex system.

Personal Protective Equipment:
Due to the recognised risk of modern slavery in the supply of PPE, we have continued to work closely with our Tier 1 supplier who previously shared evidence of the due diligence processes of their two key suppliers, which included manufacturing factories to be audited at least every two years (Sedex Members Ethical Trade Audit

(SMETA) or SA8000 Social Accountability audits) and compliance to their Ethical Standard Code of Conduct, as well as other due diligence initiatives. We have remained informed on labour issues in the PPE supply chain via industry-level modern slavery groups and have raised any issues directly with our Tier 1 supplier. We have considered industry codes such as the Responsible Glove Alliance to inform our due diligence approach and have made labour rights issues a standing agenda item at contract review meetings. We will continue to work with our main supplier to improve transparency of these supply chains, as the issues are complex and systemic and will take time and collaboration to fully address.

Supplier Engagement

This year, we commenced our campaign to invite medium and high-risk suppliers to complete the Cabinet Office MSAT. As of the end of the end of the financial year, 54 suppliers have been invited with a 50 per cent completion rate. We have set a Key Performance Indicator for all 54 suppliers to score 70 per cent or above, the threshold to achieve a 'Green' status. In the year ahead, we will be working with those suppliers who have scored below 70 per cent, providing access to training resources and supporting their development actions which are provided by the MSAT following completion. We will also encourage more suppliers to complete their assessments and begin to include contractual mechanisms to require completion in upcoming medium to high-risk tenders.

As part of TfL's arrangement to provide procurement services to the GLA, the TfL team has engaged with solution providers on the Retrofit Accelerator for Homes Innovation Partnership to discuss the issue of Uyghur Muslim forced labour in the supply chains of polysilicon. Following the release of the 'In Broad Daylight: Uyghur Forced Labour and Global Solar Supply Chains' report from Sheffield Hallam University[2] a presentation was given to the solution providers providing an overview of the issues highlighted in the report. The solution providers will be encouraged to work on mapping their supply chains and work towards providing transparency and traceability of polysilicon. The CRPT will support providers on addressing this challenging and emerging issue, linking in with industry experts and providing training support via the Supply Chain Sustainability School.

Industry Engagement

This year, the CRPT established a pan-GLA Group practitioner learning group to share best practice and collaborate across the Group in relation to modern slavery due diligence. The group meets on a quarterly basis and has assisted with the roll out of the MSAT campaigns and sharing best practice from TfL's representation on both the Rail Safety and Standards Board (RSSB) and the Department for Transport modern slavery groups.

The CRPT continues to utilise its networks to collaborate and share knowledge on socially responsible procurement. In the first half of 2021, the team participated in the Organisation for Economic Co-operation and Development Pilot on Due

[2] https://www.shu.ac.uk/helena-kennedy-centre-international-justice/research-and-projects/all-projects/in-broad-daylight

Diligence in the Public Procurement of Garment & Textiles and the ICLEI (Local Governments for Sustainability)-led International Working Group on Ethics in Public Procurement for IT, with public authorities from a global and European reach respectively. The CRPT are also members of the International Working Group on ethical Public Procurement. Key learnings will be incorporated into future relevant procurements across TfL and the GLA group.

In October 2021, a CRPT member presented at a webinar titled 'How to break the cycle of climate change leading to forced labour', communicating our approach to audience members, sharing and learning from best practice to ensure a just transition to net zero.

Crossrail

This will be the final year in which there will be a dedicated Crossrail section within the TfL statement. As at March 2021 the construction railway transitioned to an operational railway. During early months of the 21/22 financial all the remaining stations (except Bond Street) ceased to be construction sites; and passed to RFLI or LUL as operational properties.

The year 2021/22 has consisted primarily of railway testing and commissioning activities. Revenue services commenced on 24 May 2022. The extent of construction activities and the number of active suppliers has thus greatly reduced from 2020/21. With few exceptions (Bond St, signalling and comms), residual Crossrail works are now being progressed through existing LU and RFL supply chains and to which other sections of this statement apply.

As with earlier years, CRL have obtained reaffirmation from their contractors that they are paying their own employees the London Living Wage and using reasonable endeavours to ensure that their supply chains also pay the LLW for time worked on the CRL Project.

London Transport Museum

London Transport Museum (LTM) assessed their top 20 retail suppliers approaches to modern slavery by inviting them to complete the UK Government's MSAT this year. All 20 suppliers have now completed the assessment, with a wide range of scores, evidencing a breadth of maturity in combatting modern slavery. The LTM Retail Team will collaborate with the TfL team to work with the low scoring suppliers across their supply chains and act on the tailored good practice recommendations to improve their anti-slavery activity. This will include guiding suppliers to best practice resources, training materials and workshops. The LTM will continue to monitor medium and high-risk suppliers via their MSAT improvements.

5 Training and Awareness Raising

This year we continued to focus on training and raising awareness in our P&C department and our Capital Delivery and Projects teams, as these are the business areas identified from our risk assessment in section 3 of this statement.

Procurement and Supply Chain
To ensure that modern slavery and ethical sourcing risks are considered in the early stages of procurement when developing business cases and category management strategies, RP training is available to the P&C teams. The RP e-learning module has been completed by 616 staff members to date which includes an overview of TfL's approach to ethical sourcing and modern slavery risk management. As of 31 March 2022, 48 P&C staff have completed all modules of the Home Office modern slavery e-learning.

Capital Delivery and Projects
Due to the need for high volumes of low-skilled labour with relatively short delivery deadlines using tiered supply chains, the UK construction sector is identified as a high-risk by the Gangmasters Labour Abuse Authority. To ensure our staff working on our construction and project sites are aware of the signs of modern slavery and know what to do if they do see suspicious behaviour, we ran three modern slavery awareness raising sessions this year. We arranged training courses via the Supply Chain Sustainability School for our remaining colleagues from our Safety, Health and Environment team who hadn't attended previous sessions and the Property Management team with. A total of 85 staff attended these sessions.

TfL intends to continue to use its membership of the ETI and Sedex to maintain awareness of best practice and current developments, benchmark with other organisations and externally verify our approach.

Awareness raising
Further awareness raising across the organisation continued this year. One-hundred colleagues from our Technology and Data team attended a lunch and learn session delivered by the CRPT. We have also increased our organisation-wide communications, publishing an Intranet article to mark Anti-Slavery day on 18 October 2021 as well as a dedicated site for staff to access resources and learn more about the issues and our approach to managing it.

Supply Chain
Upskilling our supply chain to help manage our shared risks is a key priority for us, recognising that some suppliers are further on their journey than others. We delivered a workshop for ten of our supply partners on recognising the signs of modern slavery and raising awareness of the issue. Suppliers from across our supply chain attended, covering track maintenance, IT, rolling stock, construction and uniforms. Feedback was positive and we will build on this engagement as we continue to rollout the MSAT and support suppliers to develop their practices, policies and processes.

6 Reporting, key performance indicators (KPIs) and Goals for 2022/23

The Responsible Procurement Programme co-ordinates the TfL and GLA Group approach to promoting ethical sourcing practices and addressing the risks of modern slavery over the Mayoral term including metrics to monitor continuous improvement of internal capacity building and supply chain assurance.

Our priorities for the year 2022/23 will be a combination of quantifiable key performance indicators and ongoing participation in projects, programmes and initiatives:

KPIs:

Training: All TfL commercial and procurement staff to complete modern slavery training, such as the Home Office developed e-learning module by April 2023

MSAT: All TfL suppliers who have been assessed to be high and medium risk, to complete the tool and achieve an MSAT score of a minimum 70 per cent by March 2024. We will work with lower scoring suppliers to support improvements to their scores and encourage more suppliers to complete the assessment.

Goals for 2022/23:

Raise Awareness: Continue to raise awareness of modern slavery to our supply chain, assisting suppliers by providing workshops, resources and training materials, as well as TfL staff in the Safety, Health and Environment (SHE) Directorate; Commercial Development and the Capital Delivery and Projects community, through TfL's membership of the Supply Chain Sustainability School.

Increase capability: We will continue to upskill commercial and procurement staff, as well as contract managers on how to tackle modern slavery in supply chains through the Home Office e-learning package and on supply chain transparency through bespoke learning sessions with Electronics Watch.

On-site awareness: Encourage our suppliers and site managers to display the Gangmaster and Labour Abuse Authority's worker rights checklist on all construction sites.

Peer Learning: Chair the pan-GLA Group practitioner learning group to share best practice and collaborate across the GLA Group in relation to modern slavery due diligence and to continue to learn and share with the transport industry through TfL's representation on the RSSB Modern Slavery Group.

Minerals Supply Chains: Take part in the Electronics Watch Low-Emission Vehicle programme encouraging bus manufacturers and fleet providers to work with us to improve supply chain transparency and working conditions in the mining and manufacturing of minerals used in the production of batteries for electric vehicles.

State-sponsored forced labour: Continue to collaborate with partner organisations such as the ETI and Electronics Watch to progress due diligence issues, such as the treatment of Uyghur Muslims in China, in our supply chains and those of the GLA where TfL provide procurement services.

London Transport Museum: The LTM Retail Team will work with the CRPT and TfL procurement team to support low scoring suppliers from their MSAT campaign and act on the recommendations provided. This will include providing access to workshops and training resources and monitoring engagement.

This Statement has been approved and published by the TfL Board and will continue to be reviewed at least once annually.

Howard Carter, General Counsel **XX XXXX 2022**

For TfL Board

Board

Date: **27 July 2022**

Item: **Report of the Meeting of the Finance Committee held on 22 June 2022**

This paper will be considered in public

1 Summary

1.1 This paper provides a summary of the items considered by the Finance Committee at its meeting on 22 June 2022. The meeting was held virtually to avoid any potential disruption to travel arrangements due to the industrial action on the railway network during that week. As the meeting was not held in person, all decisions were taken using Chair's Action. The meeting was webcast to TfL's YouTube channel to ensure the public and press could observe the proceedings and decision making.

2 Recommendation

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

3 Committee Agenda and Summary

3.1 The papers for the meeting of the Committee held on 22 June 2022 were published on 14 June 2022, with the Finance Report published on 17 June 2022. The papers are available on the TfL website with a link to the video recording of the meeting on TfL's YouTube channel.

3.2 The main matters considered by the Members of the Committee were:

(a) Use of Delegated Authority;

(b) Finance Report – Period 2, 2022/23;

(c) Update on Income from Developers Through Planning Obligations and Other Funding Mechanisms to Deliver TfL Transport Priorities;

(d) Funding Update on TTL Properties Limited;

(e) Revenue Collection Contract Extension;

(f) Speed Awareness Courses Contract Award; and

(g) Enterprise Risk Update – Supply Chain Disruption (ER5).

3.3 A summary of the items considered and decisions taken is provided below. The more detailed minutes of the meeting will be published ahead of the meeting of the Committee on 6 October 2022.

4 Issues Discussed

Use of Delegated Authority

4.1 Members of the Committee noted the paper on the use of delegated authority. Since the meeting on 9 March 2022, there had been four uses of Chair's Action: one relating to the Actuarial Valuation of the TfL Pension Fund; and three contract extensions for Cleaning Services, iBus and Mechanical and Electrical Maintenance Services. There had been two uses of Procurement Authority by the Commissioner in relation to High Voltage Power Upgrade Framework call-off contracts and the SAP Master Service Agreement contract variation.

4.2 There had been no approval of Procurement Authority by the Chief Finance Officer nor any approval of Land Authority by the Commissioner or Chief Finance Officer. There had also been no Mayoral Directions to the Board within the remit of the Committee.

Finance Report – Period 2, 2022/23

4.3 Members of the Committee noted TfL's financial results to the end of Period 2, 2022/23 – the year-to-date ending 28 May 2022. TfL was on track to deliver on its Budget approved by the Board on 23 March 2022, on track with its declining trajectory of Government support required due to the coronavirus pandemic and therefore on track to achieve financial sustainability by April 2023 as required by Government.

4.4 Although TfL was on a declining trajectory of Government revenue support required due to the pandemic, £1.2bn of Government revenue support was still required this financial year. Of this, £0.3bn was secured in the last funding agreement to 24 June 2022 so TfL needed to secure another circa £900m for the remainder of the financial year.

4.5 TfL also needed to secure longer-term capital funding from Government as, without this in place, an approach of managed decline saw deteriorating asset conditions and no new enhancement schemes beyond those already underway and those required to be compliant with safety and other statutory regulations. Managed decline also meant very significant service reductions, specifically an 18 per cent reduction of the bus network and a nine per cent reduction on the Underground.

4.6 Results showed TfL was on track through a combination of increasing income and careful cost control, which was reducing net cost of operations. Passenger income was in line with Budget with journeys at 77 per cent of pre-pandemic levels, which was up from 68 per cent at the end of the last financial year. The opening of full Elizabeth line services on 24 May 2022 showed Elizabeth line journeys were up two million, a 50 per cent increase from Period 1, 2022/23. The opening week had significant interest and more data was required to observe the underlying trends. Other operating income including Road User Charging income, advertising and property was £14m better, mainly from higher advertising revenue.

4.7 Total operating costs showed an overall variance of just £3m on £1.1bn of costs to date, although there were some headwinds of almost £20m from bad debt pressures. Inflation pressures were also crystallising on some Rail contracts which had been offset by one off savings so far. Like-for-like operating costs in real terms were down on this time last year, showing the continued progress made in keeping the cost base as low as possible.

4.8 Total capital expenditure, including renewals and new capital investment to enhance the network, was just £5m or three per cent higher than Budget, with some acceleration of programmes to earlier in the year. This demonstrated the strength of delivery despite the challenges of short-term funding agreements.

4.9 Based on the current funding agreement, TfL was managing cash to an average level of £1.2bn. Cash balances were just over £1.1bn, slightly lower than Budget, largely a result of a delayed payment of Government extraordinary revenue grant.

4.10 TfL was facing some significant external headwinds and risks which were starting to emerge. The Budget assumed further journey growth over the coming year but continued strike disruption and the cost of living crisis would likely cause a downward pressure on demand, with post-pandemic travel patterns and new behaviours not yet clear. Reduced volumes on both Congestion Charging and Ultra Low Emission Zone payment rates were leading to a higher level of bad debt, likely driven by cost of living challenges and increasing fuel prices. Inflation continued to increase beyond budget assumptions and the UK economy had contracted for the last two months, with higher inflation starting to emerge in some of TfL's supply chain contracts.

4.11 TfL had worked diligently and tirelessly to ensure that it met the conditions that came with the Government funding, including setting a path back to financial sustainability by April 2023.

4.12 Discussions continued with Government on how this issue could be resolved. At the time of the Committee meeting, the current funding deal was due to expire on 24 June 2022 and an extension was expected to be agreed to allow discussions to conclude. Members would continue to be kept updated on progress.

Update on Income from Developers Through Planning Obligations and Other Funding Mechanisms to Deliver TfL Transport Priorities

4.13 Members of the Committee noted an update for the 2021/22 financial year on the Mayoral Community Infrastructure Levy (MCIL) income, which supported the delivery of the Elizabeth line, and an overview of other developer contributions that had been secured to contribute towards the delivery of the Mayor's Transport Strategy (MTS).

4.14 During the year, TfL secured: £143m in MCIL, £66m in Section 106 agreements, £26m in Section 278 agreements, and the boroughs had reported on £187m in Borough Community Infrastructure Levy (BCIL), much of which was expected to be spent on transport and public realm.

4.15 Income from developers had shown some positive signs of recovery, with MCIL receipts being the highest since collecting began. BCIL income had fallen during the pandemic, albeit expenditure by the boroughs had been steady for two years running, with 60 per cent of income spent, a positive trend given historical problems with establishing governance and having shovel-ready projects to spend income on. TfL had leveraged third-party funding through its work, including via the Growth Fund (£100m), the Levelling Up Fund (£66m), the Housing Infrastructure Fund (£361m), and the Royal Docks Enterprise Zone (£35m). TfL had also secured funding for feasibility studies for both the DLR extension to Thamesmead and the West London Orbital.

4.16 Given TfL's financial situation as a result of the pandemic, TfL was more reliant on these sources of income to continue to develop much-needed transport schemes that mitigated and drove growth, and enabled it to deliver the MTS and London Plan.

Funding Update on TTL Properties Limited

4.17 Members of the Committee noted the update since the meeting on 9 March 2022. TTL Properties Limited (TTLP) would operate as a financially independent company within TfL with a committed three-year, non-recourse revolving credit facility for up to £200m. As a non-recourse facility, TfL had no obligation to support TTLP and the lenders had no claim on TfL but, in extremis, TfL would need to be prepared to let TTLP fail which could mean the loss to the TfL Group of some or all of the assets vested in TTLP.

4.18 Affordability analysis had demonstrated that TTLP could operate without financial support from TfL. TTLP was a viable and sustainable business with mitigating options that would ensure it would not fail even under multiple stress scenarios. To facilitate the non-recourse nature of the funding, several existing guarantees would need to be removed or not renewed.

4.19 Following consultation with Members, the Chair:

(a) approved a bespoke TTLP Treasury Management Strategy and Policy, which set out how TfL would continue to manage the funding, liquidity and cash arrangements for TTLP, albeit with cash managed on a segregated basis and within revised authority limits and tighter liquidity requirements;

(b) endorsed TTLP entering into the non-recourse revolving credit facility for up to £200m, which was subsequently approved by the TfL Chief

Finance Officer in accordance with the Treasury Management Strategy and Policy for TTLP;

(c) approved the non-renewal and/or phasing out of the existing TfL and Transport Trading Limited guarantees in favour of TTLP and its subsidiaries over the next financial year;

(d) approved the issuance of new guarantees, for the current financial year and subsequent years, and approved Land Authority for the provision by TTLP in respect of any of its subsidiaries (whether presently existing or to be formed) of letters of comfort, guarantees under Section 479C of the Companies Act 2006 and the dividend policy for TTLP.

4.20 The paper also provided an update on governance, insofar as this related to the debt funding. A fuller update was given to the Land and Property Committee at its first meeting on 30 June 2022.

Revenue Collection Contract Extension

4.21 Members of the Committee noted that the Revenue Collection Contract (RCC) was let to Cubic Transportation Systems Limited with an initial term of seven years commencing August 2015 and expiring in August 2022. In September 2017, TfL exercised its option to extend the RCC for a period of three years until August 2025. In order to plan and deliver the replacement of the RCC (under a project referred to as Proteus) in an orderly and prudent manner, in particular to manage the various contingent factors that would affect market engagement and potentially bidder solutions, the Chair, in consultation with Members, approved additional Procurement Authority to extend the contract by a further year to August 2026.

Speed Awareness Courses Contract Award

4.22 The Chair, following consultation with Members, approved Procurement Authority for TfL to enter into a contract to provide Speed Awareness Courses (SAC) across London from 6 September 2022 to 5 September 2025. The contract would facilitate the ongoing commitment by TfL to deliver road safety education through SAC to eligible offenders caught speeding and to further contribute to the safety of London’s roads.

Enterprise Risk Update – Supply Chain Disruption (ER5)

4.23 Members of the Committee noted TfL’s current position on supply chain disruption following the impact of global supply chain disruptors, including Brexit, the coronavirus pandemic and the Russia-Ukraine conflict. Members noted the preventative controls and mitigating actions the Procurement & Commercial team had undertaken to actively manage the supply chain disruption and appropriately reduce risk.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Finance Committee on 22 June 2022

Contact Officer: Howard Carter, General Counsel
Email: HowardCarter@tfl.gov.uk

Board

Date: **27 July 2022**

Item: **Report of the Meeting of the Safety, Sustainability and Human Resources Panel held on 29 June 2022**

This paper will be considered in public

1 Summary

1.1 This paper provides a summary of the items considered by the Safety, Sustainability and Human Resources Panel at its meeting on 29 June 2022.

2 Recommendation

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

3 Panel Agenda and Summary

3.1 The papers for the meeting of the Panel held on 29 June 2022 were published on 21 June 2022 and are available on the TfL website with a link to the video recording of the meeting on TfL's YouTube channel.

3.2 The main matters considered by the Panel were:

(a) Safety, Health and Environment Performance Report;

(b) Safety, Health and Environment Assurance Report;

(c) 2021 Road Safety Performance;

(d) Responsible Procurement;

(e) Human Resources Quarterly Report;

(f) Attraction and Retention of our Employees;

(g) Everyone's Future Counts;

(h) Acting on Viewpoint;

(i) Enterprise Risk Update – Attraction, Retention and Wellbeing of Our Employees (ER2); and

(j) Enterprise Risk Update – Failure to Prevent Safety, Health or Environment Incident / Meet Commitments (ER1).

3.3 A summary of the items considered at the meeting is provided below. The more detailed minutes of the meeting will be published ahead of the meeting of the Panel on 14 September 2022.

4 Issues Discussed

Safety, Health and Environment Performance Report

4.1 The Panel noted the safety, health and environmental performance for London Underground, TfL Rail, Surface Transport (including London Overground) for Quarter 4, 2021/22 (12 December 2021 to 31 March 2022) and notable incidents outside the reporting period.

4.2 Road safety performance was better than target, with 0.45 people killed or seriously injured on London's roads per million journeys. It was noted that there had been three fatalities involving buses since the last meeting and the investigations were ongoing. This was Vision Zero Week, which would see activities taking place to promote the Vision Zero programme concluding in a summit at the end of the week. The Panel discussed the challenge of meeting the Vision Zero targets, with regard to the managed decline scenario should sufficient funding not be made available.

4.3 Bus safety continued to be a focus, with the roll out of the Bus Safety Standard across new vehicles and retro-fitting of vehicles already in service. Again, there were challenges resulting from financial uncertainty in terms of the support given to manufacturers to improve safety.

4.4 Workplace violence was increasing, partly attributable to the increase in revenue protection activities. At this stage, the effects of the increase in the cost of living and any impact of levels of fare evasion were not clear but this would be monitored.

Safety, Health and Environment Assurance Report

4.5 The Panel noted the overview of the risk controls for Enterprise Risk 1 - Failure to Prevent Major Safety, Health or Environmental Incident or Crisis. The 2021/22 financial year had seen 94 per cent of the audit plan completed. The digitising of the assurance process would provide a richer source of assurance data.

2021 Road Safety Performance

4.6 The Panel noted the presentation of London's road safety data for 2021. Overall, 75 people had been killed and 3,501 people had been seriously injured in London. This was an improvement of the previous year, which was considered anomalous due to the coronavirus pandemic. The data showed that there had been changes in the causalities mode and geographic location compared to previous years. Officers were also considering the implications in the relaxing of legislation relating to e-scooters.

Responsible Procurement

4.7 The Panel noted the paper, which set out the draft Modern Slavery Statement for TfL. Suppliers, who did not have or were required to have a Modern Slavery Statement had been invited to complete the Modern Slavery Assessment Tool with a target for those suppliers to reach a score of 70 per cent or more. Where scores were below that level, work would take place to support and assist those organisations to improve their score, with the aim being to go above and beyond legal requirements.

Human Resources Quarterly Report

4.8 The Panel received an update on key Human Resources led activities and performance for the period February to June 2022. Members noted the Scorecard targets, and the new target relating to Diversity declaration, which was often a proxy for employee's trust in TfL with their data. Rates of declaration have been on a downward trend and work was taking place to address this.

4.9 The transition to hybrid working had been completed at the end of March 2022 and monitoring activities were taking place to ensure staff had access to opportunities such as training and were not disadvantaged by working from home for part of the week.

Attraction and Retention of our Employees

4.10 The Panel noted an update on the ability to attract and retain staff and key skills. The employment market was increasingly competitive and securing preferred candidates was a challenge. The development of an Employee Value Proposition was a key part of the retention strategy and would be a way of setting out a range of reasons why working for, and staying a TfL was beneficial to the prospective employee.

Everyone's Future Counts

4.11 The Panel noted the update on the employability programme was designed to support those whose education, career and work prospects were most held back by the challenges they faced. The programme provided targeted provision and skills development, helping to reduce the impact of these barriers. This was part of TfL's commitment to the Anchor Institute Charter which supported the Mayor's London Recovery Programme.

Acting on Viewpoint

4.12 The Panel noted an update on the activities in response to the findings of the Viewpoint staff survey. There was a focus on addressing the lower engagement and inclusion scores experienced by LGBT+ and disabled colleagues. Officers had received feedback from the relevant Staff Network Groups and responsive actions were underway including the establishment of local Diversity and Inclusion Taskforces.

Enterprise Risk Update – Attraction, Retention and Wellbeing of Our Employees (ER2)

4.13 The Panel noted the paper, which set out how TfL managed risk associated with a failure to attract and retain a skilled and engaged workforce. This paper was taken in conjunction with the paper on Attraction and Retention of our Employees.

Enterprise Risk Update – Failure to Prevent Safety, Health or Environment Incident / Meet Commitments (ER1)

4.14 The Panel noted the paper, which set out how TfL managed risk associated with the failure to sufficiently identify and manage safety, health or environment risks that could result in injuries, deaths, poor health and wellbeing of staff, customers, contractors or the wider population or harm to the environment and will impact TfL's reputation, financial capacity and operational resilience.

4.15 Work had taken place to refine the definition of the risk, which improved the ability to cascade the risks through the business. The assessment of the risk was complex and ongoing. Priority concerns had been identified to allow the business to focus on key topics and risk controls. Consideration would be given to how Climate Change Adaptation risk should be addressed. Members agreed that funding uncertainty should not affect the management of the risk.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Safety, Sustainability and Human Resources Panel on 29 June 2022

Contact Officer: Howard Carter, General Counsel
Email: HowardCarter@tfl.gov.uk

Board

Date: **27 July 2022**

Item: **Report of the Meeting of the Land and Property Committee held on 30 June 2022**

This paper will be considered in public

1 Summary

1.1 This paper provides a summary of the items considered by the first meeting of the Land and Property Committee on 30 June 2022.

2 Recommendation

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

3 Committee Agenda and Summary

3.1 The papers for the first meeting of the Committee held on 30 June 2022 were published on 22 June 2022. The papers are available on the TfL website with a link to the video recording of the meeting on TfL's YouTube channel.

3.2 The main matters considered by the Committee were:

(a) Evolution of TfL Property;

(b) Assurance Framework for TTL Properties Limited;

(c) Financial Framework for TTL Properties Limited;

(d) Investment Strategy and Business Plan;

(e) Purpose and Branding;

(f) People Plan; and

(g) Members suggestions for Future Items.

3.3 A summary of the items considered is provided below. The more detailed minutes of the meeting will be published ahead of the next meeting of the Committee.

4 Issues Discussed

4.1 The Chair welcomed everyone to the first meeting of the Committee, which had been established to provide the Board with oversight of the land and property development function within TfL, which was key to supporting TfL's future financial sustainability and the Mayor's housing ambitions. The terms of reference, agreed by the Board on 23 March 2022, had been recirculated to Committee Members and attendees. The Committee would meet quarterly and have regular site visits and briefings.

Evolution of TfL Property

4.2 The Committee noted the evolution of TfL's approach to property since 2012, when activity was first brought together from across the organisation. A huge amount has been done since then and, in TTL Properties Limited (TTLP), TfL now had the opportunity to create a commercially focused property company that could build tens of thousands of homes and generate billions of pounds of additional asset value, alongside delivering a growing annual dividend that could be reinvested in the transport network.

4.3 The Committee noted the work done to date and acknowledged that more would be required to maximise the benefits of TTLP.

Assurance Framework for TTL Properties Limited

4.4 The Committee approved the assurance proposals for TTLP. These were consistent with the overall assurance approach across other TfL functions but tailored where appropriate so that assurance was done by the right team, at the right time and avoided duplication.

4.5 TTLP would have its own Enterprise Risk Framework and risk appetite and its own Integrated Assurance Framework and Audit Schedule.

4.6 TfL's Three Lines of Defence model would include a new specialist sub-group of the Independent Investment Programme Advisory Group. Expertise would also be drawn from staff across the Greater London Authority (GLA) Group, including the Mayoral Development Corporations, where this would add value.

4.7 Regular briefings on the property market would be provided to Members. While many Members had property experience, any gaps in this knowledge would be considered for future Board appointments.

Financial Framework for TTL Properties Limited

4.8 The Committee noted an update on the approvals received to allow TTLP to operate as a financially independent company within TfL. It noted the approvals given by the Finance Committee on 22 June 2022 and that the Revolving Credit Facility had subsequently been completed on 29 June 2022. The accounts of TTLP were being audited and would be approved by its directors, ahead of the TfL Board considering the TfL Group accounts.

4.9 The financial framework was supported by the GLA and by HM Treasury. While matters relating to the financing of TTLP were reserved to the Finance Committee, this Committee would be kept informed.

4.10 The Committee noted the need to balance the primary but competing objectives of meeting the Mayor's ambition to build 20,000 homes in 10 years, while meeting his affordable housing targets, against the need to generate income to support TfL's financial sustainability. A deep dive was underway on the practicality of meeting the first 10,000 homes, particularly given the challenging market due to economic conditions. The Committee would receive more information on large development sites that were key to hitting early targets and would also be invited to site visits.

4.11 TTLP would focus on delivering against its Business Plan and take a very prudent approach to borrowing. Following advice, the proportion of its balance sheet that would be developing at any one time had been reduced from 33 per cent to 25 per cent. As each development moved to a set level of maturity and income generation, the next would begin. TTLP was also looking at its disposal programme and investment in existing assets. TTLP's cash balance was also ringfenced so not included in TfL's cash forecasts.

4.12 The size and scale of TTLP's programme, in tandem with the wider GLA Group and other public sector bodies, was expected to help address systemic issues with the property development industry, such as the cyclical nature of development and lack of investment in off-site manufacturing.

4.13 A robust and transparent reporting mechanism was being developed to ensure that the Committee was kept up to date with progress against the Business Plan.

Investment Strategy and Business Plan

4.14 The Committee noted the TTLP Investment Strategy and associated Business Plan. These reflected the experience of the lead transport authorities in the world and sought to bring operational as well as financial benefits where possible. Together they provided a framework for TTLP's decision-making in relation to all its investments by allowing the organisation to deliver on its objectives in a way that optimised returns and managed risk across the investment programme. Both have been prepared on behalf of TfL, TTLP's sole shareholder.

4.15 This was the first consolidated Investment Strategy created in relation to the TTLP portfolio and would be reviewed annually to reflect its evolution over time. The Investment Strategy and Business Plan underpinned the positive engagement with lenders and, as well as supporting a growing dividend for TfL, set out the commercial investment to deliver 20,000 homes by 2031 to meet a key Government and Mayoral target for TTLP.

4.16 The Committee supported the ambitions in the plan and strong controls. Members were keen that the long-term Investment Strategy be kept under review and a debt ceiling considered. A balanced scorecard was being developed so that the Committee could monitor progress against all objectives and an Environmental, Social and Governance framework. The metrics would be refined and submitted to the Committee for review.

4.17 Members asked that the plan be explicit on its definition of affordable housing

Purpose and Branding

4.18 The Committee noted a summary of the work undertaken on the Purpose and Operating Principles of TTLP. The work on branding was at an earlier stage. The aim was to build on the relationship with TfL, while recognising that TTLP, as a commercial property company with its own objectives, needed its own strategies and culture, albeit aligned with TfL's Vision and Values.

4.19 Members supported the ambition, particularly around environmental and sustainability leadership. It was recognised that this was a challenge and would include investment in TfL's existing estate. It was agreed that TfL's heritage in relation to architecture and design and the impact this had on place making would be reflected in the purpose and branding.

People Plan

4.20 The Committee noted the work undertaken on a TTLP People Plan. This would be strategic, beginning with a review of the leadership team but subsequently encompassing all elements of the TTLP's strategies, policies and culture in relation to its people.

4.21 TTLP was in effect a £1.7bn start-up that had the opportunity to deliver substantially growing value back to TfL while transforming the real estate industry in its ambitious approach to sustainability and social value. Members fully supported the ambition to create a diverse and inclusive team. Members noted the desire to utilise and retain talent across the GLA Group and to encourage a rounded career path. It was expected that TTLP's ambition and social objectives would attract talent as it would not seek to compete with the wider industry on remuneration.

Future Items

4.22 The Committee would establish a programme of deep-dive informal briefings and site visits, particularly to some of the larger sites, to enhance its knowledge, in addition to quarterly meetings.

4.23 Future papers would include updates on Purpose and Branding and the People Plan, as discussed above and discussions on the refinancing strategy and how success was monitored and evaluated.

List of appendices to this report:
None

List of Background Papers:
Papers submitted to the Land and Property Committee on 30 June 2022

Contact Officer: Howard Carter, General Counsel
Email: HowardCarter@tfl.gov.uk

Board

Date: **27 July 2022**

Item: **Report of the Meeting of the Remuneration Committee held on 6 July 2022**

This paper will be considered in public

1 Summary

1.1 This paper provides a summary of the items considered by the Remuneration Committee at its meeting on 6 July 2022.

2 Recommendation

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

3 Committee Agenda and Summary

3.1 The papers for the meeting of the Committee held on 6 July 2022 were published on 28 June 2022 and are available on the TfL website with a link to the video recording of the meeting on TfL's YouTube channel.

3.2 The main matters considered by the Committee were:

(a) Use of Delegated Authority;

(b) 2021-22 Scorecards;

(c) Executive Committee Renumeration Benchmarking; and

(d) Performance Reviews 2021/22.

3.3 A summary of the items considered and decisions taken is provided below. The more detailed minutes of the meeting will be published ahead of the meeting of the Committee on 9 November 2022.

4 Issues Discussed

Matters Arising, Actions List and Use of Delegated Authority

4.1 The Committee noted 13 uses of Chair's Action, in consultation with the Committee: 12 in relation to the approval of salaries of £100,000 or more; and one in relation to an exit payment.

2021-22 Scorecards

4.2 The Committee noted the business performance results as measured by the TfL and delivery business Scorecards for the year ended 31 March 2022. The Committee agreed that the targets set had been ambitious and stretching and it had been a challenging year due to the ongoing impact of the coronavirus pandemic and the uncertainty around funding. Significant outcomes were delivered, for which the Commissioner and Committee commended the professionalism and dedication of TfL staff.

4.3 The Scorecards outturn had been reviewed by Internal Audit and agreed by the Audit and Assurance Committee.

Executive Committee Remuneration Benchmarking

4.3 The Committee noted the report of the remuneration benchmarking consultant undertaken for TfL's executive roles (the work was undertaken ahead of the reorganisation of the Executive Committee, that became effective on 1 February 2022).

4.4 Benchmarking was undertaken against organisations in two groups: the Executive Total Rewards Survey (ETRS) and a publicly accountable group. The data showed a wide negative variation against the ETRS and a negative variation in several roles in the publicly accountable group. The Committee endorsed the methodology and the selection of the comparator groups and welcomed the insights provided.

4.5 While many staff had left TfL for substantially better remuneration, it was recognised that many stayed or joined for the experience of working for TfL given its public service ethos with a breadth of work and delivery of major projects that aided career development and job satisfaction. The Commissioner remained concerned, however, at the exodus of talent given the pay disparity and the public perception of TfL remuneration.

4.6 TfL would shortly tender for a new executive remuneration benchmarking contractor to undertake future benchmarking exercises. The Committee recommended that the contractor retain the existing comparator groups but check if others should be added based on the recent loss of talent and to also look at market trends.

Performance Reviews 2021/22

4.7 The Committee considered the Commissioner's assessment of his performance and that of the staff within the remit of the Committee. In 20219/20 TfL had deferred the payment of any awards until 2021 and agreed no awards would be approved for the 2020/21 performance year as a result of TfL's financial situation arising from the coronavirus pandemic.

4.8 Subsequently, the Committee had agreed revised performance awards schemes for 2021/22 and 2022/23 that required TfL to achieve financial sustainability by April 2023 and run its operations free of extraordinary

Government funding for revenue support to trigger payment of any awards from the schemes. As a result, there would be no performance award payments made this year.

4.9 The Committee recognised the hard work and commitment of staff to deliver all that TfL had achieved over the last year against a difficult background including the financial uncertainty. Huge progress had been made on moving TfL to being financially sustainable by April 2023. Members agreed that it was entirely reasonable for the effort to be rewarded if Scorecard measures were met and financially sustainability achieved and that to not honour its commitment risked a further exodus of talent.

4.10 The Committee commended the Commissioner's commitment, made in March 2022, not to accept any performance award for 2021/22 and 2022/23.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Remuneration Committee on 6 July 2022

Contact Officer: Howard Carter, General Counsel
Email: HowardCarter@tfl.gov.uk

Board

Date: **27 July 2022**

Item: **Report of the Meeting of the Customer Service and Operational Performance Panel held on 13 July 2022**

This paper will be considered in public

1 Summary

1.1 This paper provides a summary of the items considered by the Members of the Customer Service and Operational Performance Panel on 13 July 2022. The meeting was held virtually but all items on the agenda were for noting with the exception of the minutes of the last meeting. The meeting was webcast on TfL's YouTube channel to ensure the public and press could observe the proceedings.

2 Recommendation

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

3 Panel Agenda and Summary

3.1 The papers for the meeting of the Panel held on 13 July 2022 were published on 5 July 2022 and are available on the TfL website with a link to the video recording of the meeting on TfL's YouTube channel.

3.2 The main matters considered by the Members of the Panel were:

(a) Customer Services and Operational Performance Report – Quarter 4, 2021/22;

(b) Assisted Transport Services Update;

(c) Cycling Action Plan Update;

(d) Customer Safety and Security Update; and

(e) Enterprise Risk Update – Loss of Stakeholder Trust (ER6).

3.3 A summary of the items considered at the meeting is provided below. The more detailed minutes of the meeting will be published ahead of the meeting of the Panel on 4 October 2022.

4 Issues Discussed

Customer Services and Operational Performance Report – Quarter 4, 2021/22

4.1 Members of the Panel noted the report for Quarter 4, 2021/22, covering the period from 12 December 2021 to 31 March 2022, which outlined performance and our priorities.

Assisted Transport Services Update

4.2 Members of the Panel noted the work carried out to progress the Assisted Transport Services (ATS) strategy since the last update to the Panel on 7 December 2021. The ATS continued to adapt to support Londoners with reduced mobility during the ongoing coronavirus pandemic, as well as providing information on research into our customers to better understand their travel, and an update on the contact centre call waiting times and complaints.

Cycling Action Plan Update

4.3 Members of the Panel noted the annual update, which covered the latest trends in cycling and the proposed approach to updating the 2018 Cycling Action Plan.

Customer Safety and Security Update

4.4 Members of the Panel noted the overview of the key elements of the important work to tackle fare evasion and ticket fraud, which tackled the loss of vital revenues to TfL and denied Londoners investment in a safe, frequent and reliable transport network.

4.5 A pan-TfL Revenue Protection Programme (RPP) was established in 2019. It was a comprehensive programme covering design, ticketing policy, communications, behaviour change, operations, assessment and evaluation, and was informed by data and evidence of what worked. Following a pause due to the pandemic, the work of the RPP was reviewed and reprioritised to take account of changes in TfL's operations, customer travel patterns and behaviour and the constrained financial situation.

4.6 Members of the Panel noted that reducing fare evasion would be challenging as TfL continued to re-establish ticket checking and new norms of behaviour, and due to the increased potential for fare evasion arising from cost-of-living pressures. Efforts to reduce fare evasion and other revenue loss had always been important but was even more critical for TfL's recovery from the pandemic and achieving financial sustainability. Reducing fare evasion would also contribute to the work to tackle work-related violence and aggression and other transport crime and improve customer experience and confidence.

Enterprise Risk Update – Loss of Stakeholder Trust (ER6)

4.7 Members of the Panel noted the update on Enterprise Risk 6 – Loss of Stakeholder Trust. TfL operated in a highly complex stakeholder environment, in which it engaged with a wide range of external stakeholders who had the power to influence decision-making at local, regional, national and international levels.

4.8 This risk was explicitly focused on the management of relationships, reputation and communication. Managing other factors, such as the sustainability of TfL's funding sources, was covered elsewhere in the risk framework. The Panel noted how this risk was mitigated and how TfL sought to manage its stakeholder relationship in a way that created a virtuous circle of support. By engaging proactively with stakeholders, listening to, and acting upon their views, so that they were more likely to advocate for TfL.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Customer Service and Operational Performance Panel on 13 July 2022

Contact Officer: Howard Carter, General Counsel
Email: HowardCarter@tfl.gov.uk

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Board

Date: **27 July 2022**

Item: **Report of the Meeting of the Elizabeth Line Committee held on 14 July 2022**

This paper will be considered in public

1 Summary

1.1 This paper provides a summary of the items considered by the Elizabeth Line Committee at its meeting on 14 July 2022.

2 Recommendation

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

3 Committee Agenda and Summary

3.1 The papers for the meeting of the Committee held on 14 July 2022 were published on 6 July 2022, with the Crossrail Complaints Commissioner's Report published on 8 July 2022.The papers are available on the TfL website with a link to the video recording of the meeting on TfL's YouTube channel.

3.2 The main matters considered by the Committee were:

(a) Safety Update;

(b) Elizabeth Line Operational Performance;

(c) Programme Status Update;

(d) Finance and Risk Update;

(e) Project Representative Report;

(f) Elizabeth Line Programme Assurance Update;

(g) Project Representative Report; and

(h) Crossrail Complaints Commissioner's Report.

3.3 A summary of the items considered is provided below. The more detailed minutes of the meeting will be published ahead of the meeting of the Committee on 29 September 2022.

4 Issues Discussed

Safety Update

4.1 The Committee noted the update on safety on the Crossrail project for Periods 1 and 2 of 2022/23.

4.2 During this period there had been two significant incidents, both high potential near misses (HPNM). There was no harm to anyone as a result of these incidents and the rate of HPNM had continued to decrease over the last 13 periods, although it was important not to become complacent.

4.3 Overall safety performance continued to see a positive improvement.

4.4 Future reports would identify any trends in passenger safety incidents.

Elizabeth Line Operational Performance

4.5 The Committee noted the good performance since the opening of the Elizabeth line on 24 May 2022.

4.6 The focus was now on increasing and sustaining service reliability and the successful opening of the remainder of the line.

4.7 A new reporting approach would be submitted to the next meeting, which would include performance monitoring and revenue and passenger service data as well as any outstanding Crossrail complaints identified within the Crossrail Complaints Commissioner's Report.

Programme Status Update

4.8 The Committee noted the update on the status of the Crossrail project. The main focus was now on the successful opening of Bond Street station and completion of 5B-minus (22 trains per hour peak from Paddington to Whitechapel) by autumn 2022.

Finance and Risk Update

4.9 The Committee noted the update on financial performance at Period 2 of 2022/23 and on risk management progress.

4.10 Pressure continued to be applied downwards on Cost to Go and the full-time equivalent staff numbers were decreasing in line with the workforce plan, which included temporary and consultancy staff.

Elizabeth Line Programme Assurance Update

4.11 The Committee noted progress with Programme Assurance activity across the Crossrail three Lines of Defence Integrated Assurance Framework during Quarter 1 of 2022/23.

4.12 Excellent progress had continued to be made since the last report and the overall assessment of the Third Line of Defence was that the assurance framework continued to operate effectively.

Project Representative Report

4.13 The Committee noted the final report of the Project Representative team, which had been demobilised following the start of Revenue Service.

Crossrail Complaints Commissioner's Report

4.14 The Committee noted the final update from the Crossrail Complaints Commissioner.

4.15 It was agreed that lessons learnt should be included in the suite of Crossrail's legacy documents for industry sharing.

4.16 The Chair thanked the Crossrail Complaints Commissioner and his office for their valued contribution in helping to manage community and stakeholder engagement.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Elizabeth Line Committee on 14 July 2022

Contact Officer: Howard Carter, General Counsel
Email: HowardCarter@tfl.gov.uk

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Board

Date: **27 July 2022**

Item: **Report of the Meeting of the Programmes and Investment Committee to be held on 20 July 2022**

This paper will be considered in public

1 Summary

1.1 This paper provides a summary of the items to be considered by the Programmes and Investment Committee at its meeting on 20 July 2022 (after the date that the papers for this meeting of the Board are published).

2 Recommendation

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

3 Committee Agenda and Summary

3.1 The papers for the meeting of the Committee to be held on 20 July 2022 were published on 12 July 2022 and are available on the TfL website with a link to the video recording of the meeting on TfL's YouTube channel.

3.2 The main matters to be considered by the Committee are:

(a) Use of Delegated Authority;

(b) Investment Programme Report - Periods 11-13, 2021/22;

(c) Independent Investment Programme Advisory Group Quarterly Report;

(d) TfL Project Assurance Update;

(e) Review of Progress on Value for Money;

(f) London Underground Four Lines Modernisation Programme;

(g) Northern Line Extension;

(h) London Underground Infrastructure Renewals Programme;

(i) East London Line Housing Infrastructure Fund Programme;

(j) Public Transport Programme;

(k) Surface Technology Programme 2022/23; and

(l) Road User Charging.

3.3 A summary of the items to be considered and the decisions required is provided below. The more detailed minutes of the meeting will be published ahead of the meeting of the Committee on 19 October 2022.

4 Issues to be Discussed

Use of Delegated Authority

4.1 The Committee is asked to note the paper on the use of delegated authority. Since the meeting on 18 May 2022 there has been one use of Chair's Action approving additional Procurement Authority for the London Underground (LU) Four Lines Modernisation (4LM) Programme – Automatic Train Control contract.

4.2 There have been no Mayoral Directions to TfL within the Committee's remit.

Investment Programme Report - Periods 11-13, 2021/22

4.3 The Committee is asked to note the progress and performance in Quarter 4 of 2021/22 of the TfL programme of investments.

Independent Investment Programme Advisory Group Quarterly Report

4.4 The Committee is asked to note the update on the Independent Investment Programme Advisory Group (IIPAG) work undertaken since the last report and the Management Response in relation to the Key Performance Indicators for Renewals Projects and Asset Information in TfL.

TfL Project Assurance Update

4.5 The Committee is asked to note the update on the project assurance work undertaken during Quarter 1 of 2022/23 and the key findings from the reviews.

4.6 Four programme reviews were undertaken, with the IIPAG involved in three, and 12 project assurance reviews were undertaken, with the IIPAG involved in four. These reviews gave rise to a total of 63 recommendations, two of which are classed as critical issues that must be addressed before the related projects proceed to their next stage.

Review of Progress on Value for Money

4.7 The Committee is asked to note an update on progress to date in developing a comprehensive Value for Money programme, designed to complement the extensive cost-saving efforts of the business to achieve financial sustainability by 2023/24. The update is focused on improvements in 'effectiveness' – one of the main areas of focus recommended by the IIPAG in September 2021.

London Underground Four Lines Modernisation Programme

4.8 The Committee is asked to note an update on the progress on the delivery of the LU 4LM Programme and to approve additional unbudgeted Programme and Project Authority, following an extensive review of cost and time after a delay in signalling due to a combination of factors.

Northern Line Extension

4.9 Following a successful launch of the Northern Line Extension on 20 September 2021, the Committee is asked to note an update on the final stages of delivery and closeout of the programme, as well as some highlights of the early benefits realised to date.

London Underground Infrastructure Renewals Programme

4.10 The Committee is asked to note an update on the progress of the LU Infrastructure Renewals Programme and to agree that the LU Renewals and Lifts and Escalators Programmes be consolidated into a LU Infrastructure Renewals Programme, and that the LU Fleet, Track and Signals Programmes be consolidated into a LU Train Systems Programme.

East London Line Housing Infrastructure Fund Programme

4.11 In June 2020 approval was given for TfL to enter into the Housing Infrastructure Funding agreement with the Greater London Authority and the Department for Levelling Up, Housing and Communities and to progress the initial design stages of the Programme. The works comprise infrastructure upgrades to the London Overground and London Bus networks.

4.12 The Committee is asked to note an overview of the progress made to date, the delivery strategy for the next phase, the proposed phased approach for the Programme to ensure the ‘Phase 1’ scope remains affordable, an update to the business case for the Programme based on the phased approach and the financial implications and key risks for TfL from committing to the detailed design and implementation of Phase 1.

4.13 The Committee is then asked to approve additional unbudgeted Financial Authority and Programme and Project Authority in relation to Phase 1 of the Programme.

Public Transport Programme

4.14 The Committee is asked to approve additional Programme and Project Authority for the continuation of the Public Transport Programme until the end of 2024/25. The Programme will maintain the safety, operability and reliability of the surface public transport network though the delivery of a prioritised programme of planned and reactive renewals.

4.15 The paper summarises the financial allocations by mode across the Programme for 2022/23 and 2023/24, demonstrating how the spend aligns with the asset strategy for each Public Transport mode.

Surface Technology Programme 2022/23

4.16 The Committee is asked to note the progress of the Surface Technology Programme, which consists of renewals projects required to ensure operations within Surface Transport retain the technology capabilities to operate safely and efficiently. Projects cover three key focus areas: Roads Technology, Compliance, Enforcement and Safety Technology, and Public Transport Technology.

4.17 The Committee is then asked to approve additional Programme and Project Authority for the Programme, and to approve the transfer of the Innovation Fund out of the Programme into operating expenditure, which has no impact on the Programme's Programme and Project Authority.

Road User Charging

4.18 The Committee is asked to note the key developments in Road User Charging (RUC) since the update provided in March 2022, as part of the wider Air Quality and Environment Programme annual submission. Specifically, progress of the three proposed RUC projects (London-wide Ultra Low Emission Zone, Scrappage Scheme and Future RUC) is outlined along with an assessment of the likely requirement for additional Programme and Project Authority to the end of 2022/23, which would be requested once TfL's funding position is clearer.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Programmes and Investment Committee on 20 July 2022

Contact Officer: Howard Carter, General Counsel
Email: HowardCarter@tfl.gov.uk