Agenda

Meeting: Audit and Assurance Committee

Date: Wednesday 27 November 2024

Time: 10:30am

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

Members

Mark Phillips (Chair)
Keith Richards OBE (Vice-Chair)
Councillor Ross Garrod
Anurag Gupta
Deborah Harris-Ugbomah
Tanya Joseph
Marie Pye

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 and webcast live on TfL's YouTube channel.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:
Sue Riley, Secretariat Officer; Email: sueriley@tfl.gov.uk.

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

Andrea Clarke, General Counsel
Tuesday 19 November 2024

Agenda
Audit and Assurance Committee
Wednesday 27 November 2024

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 Committee held on 18 September 2024
(Pages 1 - 8)

General Counsel

The Committee is asked to approve the minutes of the meeting of the Committee held on 18 September 2024 and authorise the Chair to sign them.

4 Matters Arising and Actions List (Pages 9 - 14)

General Counsel

The Committee is asked to note the updated actions list.

External Audit Items

5 Draft Auditors' Annual Report - Year Ended 31 March 2024
(Pages 15 - 44)

Chief Finance Officer

The Committee is asked to note the report.

6 Audit Results Report - Year Ended 31 March 2024 (Pages 45 - 88)

Chief Finance Officer

The Committee is asked to note the report.

7 EY Independence Letter - Non-Audit Services for Period 1 April - 31 October 2024 (Pages 89 - 94)

Chief Finance Officer

The Committee is asked to note the paper and agree with EY's conclusion that the provision of the future services referred to in the appended letter will not create a threat to the firm's independence as auditor of Transport for London or that any identified threat is at an acceptable level or, if not, will be eliminated, or reduced to an acceptable level; and agree with the provision of those services.

8 External Audit Plan TfL, TTL and Subsidiaries - Year Ending 31 March 2025 (Pages 95 - 150)

Chief Finance Officer

The Committee is asked to note the paper.

Audit, Risk and Assurance Items

9 Risk and Assurance Quarter 2 Report 2024/25 (Pages 151 - 170)

Director of Risk and Assurance

The Committee is asked to note the report and the exempt supplementary information on Part 2 of the agenda.

10 Independent Investment Programme Advisory Group Quarterly Report (Pages 171 - 178)

General Counsel

The Committee is asked to note IIPAG's Quarterly Report and the management response.

11 Places for London Assurance Update (Pages 179 - 190)

Director of Risk and Assurance

The Committee is asked to note the paper and the supplementary information on Part 2 of the agenda.

Accounting and Governance

12 Finalisation of TfL's Statement of Accounts for Year Ended 31 March 2024 (Pages 191 - 474)

Chief Finance Officer

The Committee is asked to note the paper and:

- **(a) approve the 2023/24 Statement of Accounts, subject to any comments Members might have;**
- **(b) note that the statutory Chief Finance Officer has authority to make any adjustments arising from the work prior to the auditors, Ernst and Young LLP, signing their opinion or from any comments made by the board of any Subsidiary company provided that should any changes be required to the Statement of Accounts which, in the opinion of the statutory Chief Finance Officer are material, he will seek approval of the Committee for these changes;**
- **(c) note that the Chair of the Committee will sign and date the Statement of Accounts in due course; and**
- **(d) note that the level of Minimum Revenue Provision has been made in the Statement of Accounts in accordance with the policy approved by the Board.**

13 Legal Compliance Report (1 April - 30 September 2024) (Pages 475 - 488)

General Counsel

The Committee is asked to note the report.

14 Annual Tax Compliance Update (Pages 489 - 508)

Chief Finance Officer

The Committee is asked to note the paper.

15 Financial Control Environment Trend Indicators (Pages 509 - 514)

Chief Finance Officer

The Committee is asked to note the dashboard at Appendix 1.

16 Register of Gifts and Hospitality for Members and Senior Staff (Pages 515 - 520)

General Counsel

The Committee is asked to note the paper.

17 Members' Suggestions for Future Discussion Items (Pages 521 - 524)

General Counsel

The Committee is asked to note the forward plan and is invited to raise any suggestions for future discussion items.

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

Monday 10 March 2025 at 10.30am.

20 Exclusion of Press and Public

The Committee is recommended to agree to exclude the press and public from the meeting, in accordance with paragraphs 3 and 5 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following items of business.

Agenda Part 2

21 Risk and Assurance Quarter 2 Report 2024/25 (Pages 525 - 556)

Exempt supplementary information relating to the item on Part 1.

22 Places for London Assurance Update (Pages 557 - 562)

Exempt supplementary information relating to the item on Part 1.

Transport for London

Minutes of the Audit and Assurance Committee

Conference Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
10.30am, Wednesday 18 September 2024

Members
Mark Phillips (Chair)
Keith Richards OBE (Vice Chair)
Cllr Ross Garrod (via Teams)
Anurag Gupta (via Teams)
Deborah Harris-Ugbomah
Tanya Joseph
Marie Pye (from Minute 43/09/24)

Executive Committee

Andrea Clarke	General Counsel
Rachel McLean	Chief Finance Officer

Staff

Richard Bevins	Head of Information Governance (for Minute 50/09/24)
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Jill Elliott	Head of Internal Audit
Lorraine Humphrey	Director of Risk and Assurance
Patrice Locker	Head of Enterprise Risk
Richard Mullings	Head of Counter-Fraud and Corruption
James Norris	Head of Project Assurance
Mike Shirbon	Head of Quality, Safety and Security Assurance
Christopher Tann	Head of Financial Accounting and Tax
Sue Riley	Secretariat Officer

Also In Attendance

Janet Dawson	Partner, Ernst & Young
Alison Munro	Chair, Independent Investment Programme Advisory Group
Chloe Wilkinson	Senior Manager, Ernst & Young
Matthew Williams	Partner, Ernst & Young
Phil Young	Partner, Ernst & Young

39/09/24 Apologies for Absence and Chair's Announcements

There were no apologies for absence from Members. The meeting was quorate.

The Chair welcomed everyone to the meeting, including the new Members of the Committee to their first meeting of the Committee. He also put on record his thanks to former Board Members Kay Carberry CBE and Dr Mee Ling Ng OBE for their valuable contribution to the work of the Committee.

Due to technical problems, the meeting was unable to be broadcast live to TfL's YouTube channel but would be uploaded at a later date.

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 the appropriate member of the Executive Committee after the meeting.

Following the meeting, Members would receive an update on the cyber security incident. Members had been kept informed of the management of the situation and commended officers for limiting the impact. This discussion would be held in private but there would be reports to future meetings of this Committee and the Safety and Security Panel in due course.

40/09/24 Declarations of Interest

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

41/09/24 Minutes of the Meeting of the Committee held on 5 June 2024

The minutes of the meeting of the Committee held on 5 June 2024 were approved as a correct record, and the Chair was authorised to sign them.

42/09/24 Matters Arising and Actions List

Andrea Clarke introduced the item, which set out progress against actions agreed at previous meetings of the Committee.

Patrick Doig provided an update on EY's assessment of value for money under the terms of the Code of the Audit Practice, due to the lack of a long-term funding arrangement. EY's Audit Results Report set out how this risk had been assessed and had concluded that there were no significant weaknesses to report.

The Committee noted the updated Actions List.

43/09/24 EY Audit Results Report

In accordance with section 100 (B)(4) of the Local Government Act 1972, the Chair agreed to accept this report as an item of urgent business on the grounds that the information was not available at the time of publication. The Part 2 report had been withdrawn.

Janet Dawson introduced the item, which provided the status of the Annual Audit Report (previously the Annual Audit Letter) issued by EY. As the audit had not yet concluded, EY had issued a draft Audit Results Report that summarised the findings of its work for the year ended 31 March 2024. Phil Young and Matthew Williams were also in attendance.

The impact of a lack of long-term funding was being reduced and mitigated through TfL's controls and risk management, although there would be an impact on capital investment in the long-term.

Acton Depot Museum had been classified as an investment property but it had been agreed that it should be classified as an operational property, which changed the evaluation basis leading to a difference in valuation, although this had had no impact on any material adjustments. Patrick Doig stated that on this basis it will be adjusted for the next financial year.

Staff had worked closely with EY in reviewing a case of non-compliance in a fraud case within Asset Operations, related to the employment of non-permanent labour, but had concluded that there was no significant materiality or non-compliance.

There were a few areas remaining that EY needed to close out before signing off the accounts, including whether the current cyber incident had any material impact on the 2023/24 financial statements. EY would work closely with TfL to understand the impact of the cyber incident when appropriate, as the situation was still evolving.

Government changes in audit reporting meant that the deadline for the publication of accounts had been extended for local authorities to February 2025, which allowed for adequate time.

The finalisation of the accounts would be submitted to a future Committee or Board meeting. Both TfL staff and EY were confident that any uncertainties would be resolved and no further extension needed.

The Committee noted the report.

44/09/24 Risk and Assurance Quarter 1 Report 2024/25

Lorraine Humphrey and Jill Elliott introduced the report, which set out the work completed by the Risk and Assurance Directorate during Quarter 1 of 2024/54 (1 April to 22 June 2024), including work in progress and planned activities. Patrice Locker, Richard Mullings, James Norris and Mike Shirbon were also in attendance.

A recently appointed Professional Head of Planning in the Programme Management Office would enable a greater focus on poor quality programme scheduling and other improvements. Staff within the Risk and Assurance team would continue to closely monitor and report back.

The Chief Capital Officer was leading on a change programme within the project and programme management teams across TfL, including challenge to optimism bias and robust peer reviews.

Board Members would be provided with details of the different audit conclusion categories. **[Action: Lorraine Humphrey]**

It was agreed that the delayed audit of safeguarding within Places for London would be included as a priority in Quarter 3 of 2024/25. **[Action: Jill Elliott]**

An evaluation of the Equality Impact Assessment process would be considered as an addition to the Audit Forward Plan. **[Action: Jill Elliott]**

Fraud and corruption awareness within TfL continued to be raised through pro-active staff events, publications and training, which in turn led to an increase in fraud and corruption reporting, which was to be welcomed.

Following the wider review, to be led by the Chief Finance Officer, the outcome of any specific audits on the cyber incident would be shared with the Committee and the Safety and Security Panel, including a review of the current Enterprise Risk.
[Action: Lorraine Humphrey/Jill Elliott]

The Committee noted the paper and the exempt supplementary information on Part 2 of the agenda and approved the Internal Audit Plan 2024/25 Phase 2, noting that it would continue to be updated and all changes would be submitted to the Committee for approval, in particular regarding changes as a result of any additional audits required in relation to the impact of the cyber incident.

45/09/24 Internal Audit Charter

Lorraine Humphrey and Jill Elliott introduced the paper which set out the proposed update to the Internal Audit Charter, which set out the Internal Audit function, purpose, authority and responsibility. TfL's Internal Audit Charter was last updated in 2018.

The Committee noted the paper and approved the updated Internal Audit Charter.

46/09/24 Independent Investment Programme Advisory Group Quarterly Report

Lorraine Humphrey introduced the Independent Investment Programme Advisory Group's (IIPAG) quarterly report for September 2024. Alison Munro set out the key areas of the report in detail, including re-occurring themes.

The two overdue IIPAG recommendations were now closed.

The Chair noted that the lack of a long-term funding agreement for TfL would have a cumulative negative impact on asset condition and capital investment as key staff were required to make priority decisions over a short-term planning horizon. Customer safety was always the first priority.

Challenge to optimism bias, while maintaining staff morale and ambition created a natural tension. Independent peer review, lessons learnt and benchmarking all formed part of the first line of assurance.

The Committee noted the Independent Investment Programme Advisory Group's Quarterly Report, the management response and the exempt supplementary information on Part 2 of the agenda.

47/09/24 Places for London Assurance Update

Lorraine Humphrey presented the item, which provided an update on progress with assurance activity across Places for London during Quarter 1 of 2024/25 (1 April to 22 June 2024).

There were no overdue audit actions or recommendations and progress in first line assurance continued to be made with further key appointments.

It was confirmed that considerable work had been undertaken to ensure that the electric vehicle charging station procurement included accessibility and inclusion design, which was aligned with TfL policy. This had also been discussed at the Land and Property Committee.

Officers provided assurance that the management of voids by Places for London was being managed appropriately and was not an area for concern.

It was agreed that an audit of affordable housing provision (tenure and size) would be considered. **[Action: Jill Elliot]**

The Committee noted the paper and the exempt supplementary information on Part 2 of the agenda.

48/09/24 Finalisation of TfL's Annual Report and Statement of Accounts for Year Ending 31 March 2024

In accordance with section 100 (B)(4) of the Local Government Act 1972, the Chair agreed to accept this report as an item of urgent business on the grounds that the information was not available at the time of publication.

Rachel McLean and Patrick Doig presented the update on changes to TfL's Statement of Accounts for the year ending 31 March 2024.

The Committee noted the paper and the exempt supplementary information on Part 2 of the agenda.

49/09/24 Effectiveness Review of the External Auditors

Patrick Doig presented the outcome of the annual review of the effectiveness of TfL's external auditors.

Rachel McLean would raise the issue of late requests for information relating to the end of year accounts with EY.

Further improvements would continue to be made to the questionnaire sent to Committee Members.

The Committee noted the paper and the exempt supplementary information on Part 2 of the agenda.

50/09/24 Freedom of Information Update

Richard Bevins presented the annual overview of TfL's performance in processing Freedom of Information (FOI) and Environmental Information requests (EIR) in 2023/24 (1 April 2023 to 31 March 2024), as well as 2024/25 to date (1 April to 30 August 2024).

In 2023/24 TfL replied to 4,524 requests within the statutory deadline from a total of 4,540 received, a response rate of 99.64 per cent. TfL aimed to respond to 100 per cent of all FOI and EIR requests within the statutory deadline (usually 20 days – though this can be extended against strict criteria). Figures on FOI and EIR requests with a response deadline extended beyond 20 working days would be included in future reports.

[Action: Richard Bevins]

TfL's proactive approach to transparency meant that more and more information was being published on the website and provided through other means, such as the contact centre.

The Committee thanked staff for their continued hard work and high performance in this area.

The Committee noted the paper.

51/09/24 Financial Control Environment Trend Indicators

Patrick Doig presented the Financial Control Environment Trend Indicators dashboard for Quarter 1 of 2024/25, which informed the Committee of the control environment across TfL's Finance, Business Services, and Procurement and Commercial teams.

The Committee noted the paper and the Financial Control Environment Trend Indicators dashboard.

52/09/24 Register of Gifts and Hospitality for Members and Senior Staff

Andrea Clarke presented the quarterly update on gifts and hospitality declared by Board Members and senior staff from 1 May to 31 July 2024.

During the period there were no declarations by Members and 129 declarations were made by senior staff, of which 67 were declined and 62 accepted.

The Committee noted the paper.

53/09/24 Members' Suggestions for Future Discussion Items

Andrea Clarke introduced the current forward plan for the Committee. No additional suggestions were raised for future discussion items on the forward plan or for informal briefings, other than those already noted during the meeting.

The Committee noted the forward plan.

54/09/24 Any Other Business the Chair Considers Urgent

There was no other urgent business to discuss.

55/09/24 Date of Next Meeting

The next scheduled meeting of the Committee would be held on Wednesday 27 November 2024 at 10.30am.

56/09/24 Exclusion of Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraphs 3 and 7 of Schedule 12A to the Local Government Act 1972 (as amended), when it considered the exempt information in relation to the items on: Risk and Assurance Quarter 1 Report 2024/25; Independent Investment Programme Advisory Group Quarterly Report; Places for London Assurance Update; Finalisation of TfL's Annual Report and Statement of Accounts for Year Ending 31 March 2024; and Effectiveness Review of the External Auditors.

The meeting closed at noon.

Chair: ______________________________

Date: ______________________________

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Audit and Assurance Committee

Date: **27 November 2024**

Item: **Matters Arising and Actions List**

This paper will be considered in public

1 Summary

1.1 This paper informs the Committee of progress against actions agreed at previous meetings and any use of delegated authority via Chair's Action since the last meeting. There has been no use of Chair's Action. An update is also provided on how the Board is being kept informed of the ongoing cyber incident.

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

2 Recommendation

2.1 **The Committee is asked to note the Actions List.**

3 Cyber Security

3.1 With support from the National Cyber Security Centre and the National Crime Agency, on Sunday 1 September some suspicious activity was identified on our systems and we took action to limit access. Although some limited customer data was accessed (and around 5,000 customers consequently contacted as a precautionary measure and to offer support and guidance), the measures taken to protect our systems have had impacts on some customers.

3.2 The Board has been kept updated on the impact of the incident and the measures we have been taking, through five confidential briefings, including one following the meeting of the Committee on 18 September 2024. The Commissioner's Report to the Board included an update for the meeting on 16 October and a further update will be provided to the meeting of the Board on 4 December 2024.

3.3 The Safety and Security Panel will consider an update at its meeting on 2 December 2024. The financial impact to-date will be reported to the meeting of the Finance Committee on 18 December 2024. The Board will continue to be briefed as appropriate.

List of appendices to this report:

Appendix 1: Actions List

List of Background Papers:

Minutes of previous meetings of the Audit and Assurance Committee

Contact Officer: Andrea Clarke, General Counsel
Email: AndreaClarke@tfl.gov.uk

Audit and Assurance Committee Actions List (to be reported to the meeting on 27 November 2024) Appendix 1

Actions from the meeting held on 18 September 2024

Minute No.	Item/Description	Action By	Target Date	Status/Note
44/09/23 (1)	**Risk and Assurance Quarter 1 (Q1) Report 2024/25: Audit Conclusions** Board Members to be provided with details of the different audit conclusion categories.	Lorraine Humphrey	September 2024	**Completed.** Details were provided to all Board Members on 25 September 2024.
44/09/23 (2)	**Risk and Assurance Q1 Report 2024/25: Safeguarding** The delayed audit of safeguarding within Places for London to be included as a priority in Quarter 3 of 2024/25.	Jill Elliott	November 2024	**Completed.** Lines of Enquiries have been issued.
44/09/23 (3)	**Risk and Assurance Q1 Report 2024/25: Equality Impact Assessment** An evaluation of the Equality Impact Assessment process to be considered as an addition to the Audit Forward Plan.	Jill Elliott	In progress	An audit of the Equality Impact Sssessment process will be included for consideration in the future internal audit planning process due to commence November 2024.
44/09/23 (4)	**Risk and Assurance Q1 Report 2024/25: Cyber Incident** Following the wider review, to be led by the Chief Finance Officer, the outcome of any specific audits on the cyber incident to be shared with the Committee and the Safety and Security Panel, including a review of the current Enterprise Risk.	Lorraine Humphrey/ Jill Elliott	March 2025	Ongoing.
47/09/24	**Places for London Assurance Update** An audit of affordable housing provision (tenure and size) would be considered.	Jill Elliott	March 2025	Planning for the first six months of 2025/26 is ongoing and the Audit Plan will be brought to 10 March 2025 meeting of the Committee.

Minute No.	Item/Description	Action By	Target Date	Status/Note
50/09/24	**Freedom of Information Update** Figures on Freedom of Information and Environmental Information requests with a response deadline extended beyond 20 working days to be included in future reports.	Richard Bevins	September 2025	Figures will be included in future annual updates, with the next update scheduled on the forward plan for September 2025.

Actions from previous meetings

Minute No.	Item/Description	Action By	Target Date	Status/Note
22/06/24	**Ernst & Young Report to Those Charged with Governance: Value for money** EY to provide further clarification in the final report on its assessment of value for money as a significant weakness, under the terms of the Code of Audit Practice, as expressed in the Executive Summary.	Patrick Doig	September 2024	**Completed.** An oral update was provided at the 18 September 2024 meeting.
27/06/24	**Risk and Assurance Annual Report and Assurance Statement 2023/24: Content** The charts and metrics currently used in the quarterly reporting to be included in the annual report in future.	Lorraine Humphrey	June 2025	Further detail will be included in future annual reports, with the next report scheduled on the forward plan for June 2025.
05/03/24 (1)	**Risk and Assurance Quarter 3 (Q3) Report 2023/24: Bus Network Safety** Staff to provide further assurances that the bus network, as part of Enterprise Risk 1, would include adequate controls and mitigations on safety from concession partners.	Claire Mann	February 2025	An update will be provided to the Safety and Security Panel at its meeting on 12 February 2025 and will be shared with Committee Members.

Minute No.	Item/Description	Action By	Target Date	Status/Note
05/03/24 (2)	**Risk and Assurance Q3 Report 2023/24: Customer Response Action Plan** An update to be provided on TfL's customer response action plan as a result of significant operational disruptions due to extreme weather, power outages and other similar issues.	Claire Mann	March 2025	An update will be provided to the Customer, Sustainability and Operations Panel at its meeting on 13 March 2025 as part of the Enterprise Risk review and will be shared with Committee Members.
05/03/24 (3)	**Risk and Assurance Q3 Report 2023/24**: **Risk Management Briefing** All Board Members to be invited to an informal briefing on TfL's risk management in the autumn, which would also be linked to new Board Members' induction.	Secretariat	October 2024	**Completed.** Briefing held on 24 October 2024. A further risks and opportunities session has been arranged for all Board Members in February 2025.
09/03/24	**Personal Data Disclosure to Police and Other Statutory Law Enforcement Agencies (2023): Policy Review** Future reports to reference the link between policy areas and disclosure. The overarching policy would be reviewed, and the report would highlight how the policy was used to consider data requests.	Siwan Hayward	March 2025	Further detail will be included in future reports, with the next report scheduled on the forward plan for March 2025.

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Audit and Assurance Committee

Date: **27 November 2024**

Item: **Draft Auditor's Annual Report - Year Ended 31 March 2024**

This paper will be considered in public

1 Summary

1.1 This report informs the Committee of the auditor's work including value for money arrangements for the year ended 31 March 2024. The report, included at Appendix 1, remains in draft and a final version will be presented to the Committee after the audit is concluded.

2 Recommendation

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

3 Background

3.1 The draft Annual Audit Report is prepared by Ernst & Young (EY) and summarises their conclusions on the Annual Statement of Accounts and value for money arrangements for the year ended 31 March 2024. This report is normally issued at the conclusion of the annual audit process.

3.2 The final audit fees for 2023/24 remain outstanding and EY have identified a number of fee variations and overruns. These are currently under discussion with management.

List of appendices to this report:

Appendix 1: EY's draft Auditor's Annual Report – Year ended 31 March 2024.

List of Background Papers:
None

Contact: Patrick Doig, Group Finance Director
Email: Patrick.Doig@TfL.gov.uk

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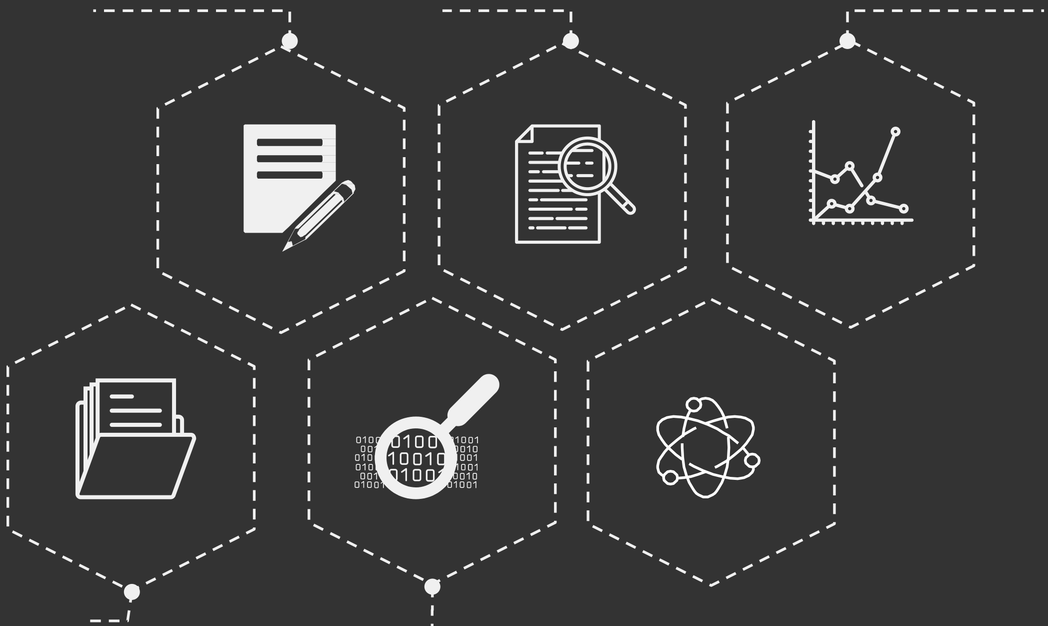
Transport for London - Appendix 1

Draft Auditor's Annual Report

11 November 2024

Year ended 31 March 2024

Contents



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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/).The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.
The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.
This report is made solely to the Audit & Assurance Committee and management of Transport for London and its subsidiaries in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Audit & Assurance Committee and management of Transport for London and its subsidiaries those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than Audit & Assurance Committee and management of Transport for London and its subsidiaries for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

Introduction

Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the Transport for London and its subsidiaries (the 'Authority'), or the wider public, relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

We have undertaken our 2023/24 audit work in accordance with the Audit Plan that we issued on 13 November 2023. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2023/24 financial statements;
- Conclusions relating to going concern; and
- The consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- If the annual governance statement does not comply with relevant guidance or is not consistent with our understanding of the Authority;
- If we identify a significant weakness in the Group's arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and
- Any significant matters that are in the public interest.

Responsibilities of the Authority

The Authority is responsible for preparing and publishing its financial statements, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Introduction (continued)

2023/24 Conclusions	
Financial statements	The auditor's report stating whether the financial statements give a true and fair view of the financial position of the Transport for London and its subsidiaries as at 31 March 2024 and of its expenditure and income for the year then ended is pending. We will be issuing our draft auditor's report in the Audit and Assurance Committee on the 27th November 2024.
Going concern	We have concluded that the Statutory Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Consistency of the other information published with the financial statement	Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.
Value for money (VFM)	We had no matters to report by exception on the Authority's VFM arrangements. We have included our VFM commentary in Section 03.
Consistency of the annual governance statement	We were satisfied that the annual governance statement was consistent with our understanding of the Group.
Public interest report and other auditor powers	We had no reason to use our auditor powers.
Whole of government accounts	We have not performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission for 2023/24 as the Authority's financial statements has not been signed off.
Objections	At the date of this report, we have two open objections. The first relates to an objection received in 2022/23 in relation to income from penalty charge notices (PCNs) for violations of parking bay restrictions on red routes as potential non-compliance with the Civil Enforcement of Road Traffic Contraventions (Approved Devices, Charging Guidelines and General Provisions) (England) Regulations 2022. A judicial review was heard in relation to this matter in November 2023 which ruled in TfL's favour and we are now working to close out our responsibilities for the objection. The second objection was received in 2023/24 and relates to the validity of Penalty Charge Notices (PCN) and Notices to Owner (NTO) not posted on the date of issue as required by the Civil Enforcement of Road Traffic Contraventions (Approved Devices, Charging Guidelines and General Provision) (England) Regulations 2022. Work to address this matter is on-going at the date of this report however the amounts involved are not material to the financial statements.
Certificate	We will issue our audit certificate when our procedures on the Whole of Government Accounts submission for 2023/24 is complete and we have closed our responsibilities in relation to open objections.

Audit of the financial statements

Key findings

The Narrative Statement and Accounts is an important tool for the Group to show how it has used public money and how it can demonstrate its financial management and financial health.

We outline below the status of the work and results of testing we performed so far, against the significant risks and other areas of audit focus we included in our Audit Plan. This report is issued in final after the conclusion of our audit procedures and after having issued our audit opinion on the financial statements.

Significant risk	Conclusion
Misstatement due to fraud or error	We have performed enquiries with management and gained an understanding of the oversight and processes in place to address the risk of fraud to determine our audit strategy and risk assessment which is discussed in further detail on the following slides. We have obtained sufficient audit evidence regarding any business rationale for unusual transactions, any assumptions for the capitalisation of expenditure, and for judgements and assumptions for significant estimates. As part of our journal entry testing, we noted that evidence of authorisation of journals was not available as management's current journal process does not specifically require a formal authorisation. Management explained that all journals are posted by a separate team which provides assurance that appropriate segregation of duties exists, and there is also a robust year-end review of accounts and reconciliations to mitigate the risk of inappropriate journal postings. We agree with these mitigations however we recommend that a robust authorisation and approval process for journals is implemented considering the value and volume of manual journals that are processed.
Inappropriate revenue recognition, required by ISA (UK & Ireland) 240	We concluded that the basis on which fares revenue is recognised is in accordance with the requirements of IFRS15 – Revenue from contracts with customers as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. The judgements made related to fares revenue in the financial statements have been appropriately described. Our testing of manual journal entries posted to non-fares revenue did not identify any material misstatements.
Inappropriate capitalisation of capital projects including capital accruals	Having completed our procedures, we are satisfied that the capitalised costs in the year meet the criteria for capitalisation of IAS16: Property, Plant and Equipment as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. We selected 45 capital projects in our sample for detailed testing including 2 Crossrail projects. Of these 45 projects, 19 have been subject to full scope procedures as we have determined that they are quantitively material and 7 have been subject to specific scope procedures as we have assessed them to be qualitatively material. The remaining 19 projects have been selected randomly to incorporate unpredictability into our testing and have been subject to limited scope procedures.

Audit of the financial statements (continued)

Key findings (continued)

Significant risk	Conclusion
Going concern	In auditing the financial statements, we concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Management has concluded that the Group has access to sufficient mitigations including accelerating planned borrowing within their Authorised Prudential Borrowing Limit and descoping and deferring planned capital investment in its 2024 Business Plan to mitigate the risks of insufficient funding being received as outlined in their going concern assessment. The Authority's management has determined, having set a balanced budget for 2024/25 and 2025/26, that they have sufficient income to continue to provide services within the going concern period without having to make unplanned service reductions. Having completed our procedures, we agree with management's assessment. Our opinion is not modified in respect of going concern.
Complexity of accounting for Transport for London and Places for London portfolios	We concluded that property valuations were within an acceptable range and in compliance with IAS16: Property, Plant and Equipment and with IAS 40: Investment Property as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. We also concluded that the balances and disclosures in the financial statements and notes appropriately reflect the risk factors identified and are in compliance with the requirements of IAS40. During the audit we have challenged management's classification of properties that are the subject of long leases as investment properties. Further evidence was provided by management to support a number of those assessments, however management also determined in a number of cases that the historic classification was incorrect. We concur with the revised assessments and adjustments have been made to the financial statements as documented within section 03 of this report. Through our audit work we also identified one asset, Acton Museum, which, at a group level was incorrectly classified within investment property at £8.3m. The asset was revalued using an existing use valuation methodology required for operational assets at £18.3m. Management have chosen not to adjust the financial statements for this item in FY24 and it is reported as an unadjusted misstatement in section 03 of this report.

Audit of the financial statements (continued)

Key findings (continued)

In addition to the significant risks above, we outline below the status of the work and results of testing we performed so far against the other areas of audit focus as reported in the Audit Planning report and Audit Results report.

Other areas of audit focus	Conclusion
Significant accounting estimates – including complexity of provisions	Our review of the provisions identified one provision for £7.3m that had been incorrectly recognised as long term and should be classified as short term. Management has chosen to adjust the financial statements for this item. We also engaged a specialist from our People Advisory Services team to perform a review of management's calculations for one statutory provision included in the accounts. Having completed this work, we identified an uncorrected misstatement for £5.1m however this is below our trivial threshold for reporting and therefore conclude that the provision is materially correct. No other misstatements were identified from our work on provisions.
IFRS 16 Leases - Lease accounting, including the complexity of the estimating the Incremental borrowing rate (IBR)	Our work on IFRS 16 Leases identified that, consistent with previous years, management had utilised the incremental borrowing rate (IBR) from the date of IFRS 16 adoption for all deliveries of rolling stock in the financial year 2023/24 instead of the interest rate at each delivery date of each batch of units of rolling stock. The IFRS 16 balances are calculated by management using the Horizon leasing software for the class 710 rolling stock. We have compared this to our own EY recalculation using the IBRs recalculated by our EY financial accounting and advisory service specialist and our difference is reported as an unadjusted misstatement. The value of this difference is an understatement of £87.3m to right of use assets, an understatement of £95.4m to non-current lease liabilities and an overstatement of £8.6m to retained earnings/reserves. The in-year impact on the income statement is £0.4m.
Climate risk	Our work assessed that the Authority's climate-related disclosures within the narrative report and financial statements, concluded that the climate disclosures included in the front half of the financial statements meet the TCFD reporting requirements. Management's assessment that there is no material impact from climate change on the financial statements is supportable and an appropriate disclosure has been included within the financial statements. Having completed the work we do recommend that front half disclosures could be improved through better articulation of the linkages between climate risks and organisational targets.
Complexity of accounting and disclosures for TfL's borrowing and treasury Management	Having completed our procedures, we identified one classification difference impacting disclosures whereby £7.1m of payments that had not left the bank as at the balance sheet date that had been incorrectly classified as cash in transit and should be classified as cash and cash equivalents. Management have corrected the financial statements for this difference. No other misstatements were identified.

Audit of the financial statements (continued)

Key findings (continued)

Other areas of audit focus	Conclusion
Judgemental assumptions impacting TfL's pension position	Our review and assessment of the assumptions used in the calculation did not result to any exceptions or adjustments relating to the pension surplus recognised as a non-current asset in the balance sheet. However, our review of the fair value of scheme assets, specifically of the TfL Pension Fund Scheme identified an understatement amounting to £40.9m which in turn results in an understatement of the reported surplus. Management opted not to adjust the financial statements for this item. Meanwhile, our review of the pension disclosures identified errors in the treatment of UK LDI in the total assets of the scheme for financial years 2023/24 and 2022/23 comparatives. Management agreed to make the changes to correct the disclosure of the total asset schemes in the pension's disclosures which includes the following • For financial year 2023/24, the equities and alternatives initially disclosed as £13,555m is corrected to £12,656m and the bonds initially disclosed as £1,417.7m is corrected to £2,316.7m • For 2022/23 comparatives, the equities and alternatives initially disclosed as £13,914.3m is corrected to £11,764.7m and the bonds initially disclosed as £254.3m is corrected to £2,404.2m. Though adjustment in the accounts and the disclosures were noted, our work did not identify any material weaknesses in the design and operation of controls with the pension process.
Minimum Revenue Provision (MRP)	Our review and assessment of the Minimum Revenue Provision model and Capital Financing Requirement for financial year 2023/24 did not identify any differences above our reporting threshold. We also concluded that management was able to support its position that the MRP charge is prudent and that the MRP model and calculation is appropriate and supportable. In relation to the recommendation raised during the financial year 2022/23 relating to Capital Financing Requirement, we have not noted any evidence that specifically addresses the following recommendations. • Explains how management intends to cover the Capital Financing Requirement (CFR) created by lending to subsidiaries. • Explains how management intends to cover the remaining balance on the CFR after accounting for the above items. • Explains how equity investment in subsidiaries is considered for MRP purposes. We recommend that the management specifically include sections addressing the above matter in their policy moving forward.
Red route bay enforcement income on the Group's road network	The judicial review found in favour of TfL and concluded that the method of raising PCNs, and the fact of the parking bays being within a red route, was sufficient to raise PCNs within the law. The outcome was formally provided in November 2023. We have obtained and reviewed legal advice taken by management and also engaged our own specialists from EY Law in review of this information. At the date of this report, we are working to close our responsibilities in relation to the objection received and have concluded that there is no material impact on the financial statements following the judicial review outcome.

We identified one risk of significant weaknesses in the Authority's VFM arrangements for 2023/24.

Our VFM commentary highlights relevant issues for the Authority and the wider public.

We have no matters to report by exception in the audit report.

Scope

We are required to report on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in it use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03). We will be presenting our VFM risk assessment to the 27^{th} November 2024 Audit & Assurance Committee meeting which was based on a combination of our cumulative audit knowledge and experience, our review of Audit & Assurance Committee and Board minutes and Internal Audit reports, meetings with the Statutory Chief Finance Officer and various Business Partners and evaluation of associated documentation through our regular engagement with Authority management and the finance team.

Reporting

We completed our risk assessment procedures and did not identify any significant weaknesses in the Authority's VFM arrangements. As a result, we had no matters to report by exception in the audit report on the financial statements.

Our commentary for 2023/24 is set out over pages 10 to 14. The commentary on these pages summarises our conclusions over the arrangements at the Authority in relation to our reporting criteria (see below) throughout 2023/24. Appendix A includes the detailed arrangements and processes underpinning the reporting criteria.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the body plans and manages its resource to ensure it can continue to deliver its services	Limitation of the Authority's ability to fully manage, commit and prioritise critical asset renewal schemes and capital enhancement programmes as a result of changes in funding for capital programme which may lead to significant impact on the effectiveness of the delivery service by the Authority to the public.	No significant weaknesses identified
Governance: How the Authority ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weaknesses identified
Improving economy, efficiency and effectiveness: How the Authority uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weaknesses identified

Value for Money (continued)

Financial Sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services

The Authority has the responsibility for ensuring that resources are used economically, efficiently, and effectively to achieve priorities and to deliver its services to the public. This responsibility is mainly covered by the Authority's Finance Committee which focuses on general financial oversights and revenue generation. The Committee and Board consider the business plan, budget, borrowing, treasury management and prudential indicators. The Finance Committee prepares and presents to the Board a Finance Report on a periodic basis which sets out the Authority's financial results for the period and year-to-date and assesses this against the approved budget for the year. The Finance Report highlights forward looking matters which includes several external economic trends and risks to achieving short and medium-term plans and how the Authority works towards mitigating them.

The Covid-19 pandemic significantly impacted the Authority's ability to deliver its service in 2020 till 2022. The Government provided emergency funding to make up for the shortfall of fares revenues and ensure the delivery of key capital renewals and investment since October 2020 till the latest funding agreement dated 30 August 2022 which ended on the 31st March 2024. This longer-term funding agreement contained several conditions falling to the Authority and management has been able to demonstrate delivery against each of these conditions and there has been no use of the dispute mechanism within the funding agreement.

In 2023/24, the Authority has managed to balance its budget for 2024/25 and 2025/26 despite challenging circumstances in respect of inflation. Management have been able to make efficiencies and increase income sources to offset the impact and the Authority has demonstrated good progress in its plan to become financially sustainable during 2023/24. The Authority has been on a path back to financial sustainability by rebuilding its revenue and continually improving its efficiency. As a result, the Authority is forecasting to be operationally financially sustainable in 2024/25 and generate an operating surplus without Government funding support.

By growing its operating surplus, the Authority can fund around three quarters of its capital investment programme for 2024/25 but still needs Government funding for critical projects (for example the new fleet of Piccadilly line trains). The effectiveness of service delivery, as well as ensuring the rail network remains safe and operable, is dependent largely on the continuous investment in enhancement programs and reinvestment on asset renewals. The achievement of this is set out in the Business Plan published by Authority in December 2023. The Business Plan detailed a capital renewals investment plan to a level of £850m and the Authority plans to spend an average of £1.35bn per year on the enhancement programme/new capital investment. The authority budgeted for £500m of support from central government in the coming year with business planning assumptions that the Authority is not expecting to pay for major signalling/rolling stock.

In September 2023, the Authority made a submission for capital funding in 2024/25 to align with the current Spending Review period. This submission was for capital funding support for major capital enhancement and major renewals, including replacement of life expired rolling stock, signalling and major highway assets. In response to this, the Government provided capital funding settlement on 18 December 2023 amounting to £250m which created a shortfall of £250m on the business planning assumption.

Considering the size of the shortfall; we assessed there to be a risk of significant weakness in arrangements to secure value for money, assessing that the shortfall could result in reprioritisation or delay of capital expenditure (i.e., assets renewals and enhancement programmes) that could have a significant impact on the achievement of strategic outcomes and long-term commitments including the Mayor's Transport Strategy, asset management objectives as well other corporate plans, as well as a significant impact on the effectiveness service delivery. We reported a risk of significant weaknesses around the *limitation of the Authority's ability to fully manage, commit and prioritise critical asset renewal schemes and capital enhancement programmes as a result of changes in funding for capital programme which may lead to significant impact on the effectiveness of the delivery service by the Authority to the public*.

As part of our value for money work and in assessing the risk of significant weakness identified above, we performed the following performed procedures:

1. Reviewing and challenging management's budgets and assessing the operational financial sustainability of the Authority in the coming years.
2. Understanding and assessing management's scenario planning and mitigations in relation to the operational financial sustainability of the Authority;
3. Considering and assessing the mitigations identified by management in response to the risk of significant weakness due to the £250m shortfall in capital funding.

The results of these procedures are discussed on the next page.

Value for Money (continued)

Financial Sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services

Review and challenge of management's budgets and assessment of the operational financial sustainability of the Authority in the coming years:
In 2023/24, management reported an operating surplus of £138m against a budgeted surplus of £79m, £59m higher than planned which was driven by stronger revenues from congestion charges and ULEZ (ultra-low emission zone) enforcement income as well as through savings on contract negotiations. Under management's mitigated budget model, they are forecasting an operating surplus of £161m in 2024/25 and £243m in 2025/26. Overall, we consider managements forecasts to be appropriate and historical deviations from budget are explainable by reasons outside of management's control that could not have been forecasted. From review of historical forecasting accuracy, we have no evidence to suggest that the budgets prepared for 24/25 and 25/26 will be materially incorrect. Further to this, the management has also forecast a cash balance of £1,446m and £1,433m in FY 2024/25 and FY 2025/26, respectively.

Understand and assess management's scenario planning and mitigation in relation to the operational financial sustainability of the Authority:
Management has prepared a downside analysis up until 2025/26 where they have incorporated risks around GLA financing, savings, inflation, capex and passenger demand. The downside analysis results in an operating deficit of £57m for 2024/25 and £155m for 2025/26. As part of our audit work on the models used to generate the above, we have reviewed and challenged the underlying assumptions including RPI, CPI, fares increase, demand and pay increases. We considered the models used to be appropriate.

Management has identified several mitigations over the going concern period including increased borrowing, use of cash receipts and reserves, deferral of capital programmes, and additional savings. The mitigations identified (£630m-£1,110m) greatly outweigh the deficit position of £57-£155m calculated in management's downside analysis. TfL's current borrowing as at 31/03/24 is £12bn. TfL has an approved borrowing limit of £17bn. Borrowing is readily available from Public Works Loans Board (PWLB) as a non-discretionary lender (it does not ask the purpose of the loan) providing finance to local authorities at lower, fixed interest rates. We note that management are unlikely to default to borrowing, especially at a time of high interest rates, however it is very much an accessible option available which mitigates a significant amount of downside risk. Overall, we assessed that management has sufficient mitigations available to address the downside risks should some or all of them materialise.

Consider and assess the mitigations identified by management in response to the risk of significant weakness due to the £250m shortfall on the capital funding settlement provided by the Government:
In response to the risks of significant weakness, we have assessed the mitigations available to managemennt to address the shortfall in the capital funding which are as follows:

- *Cash generated from operating services* - The Authority built the 2024/25 budget on the foundation that they will be financial sustainable after 2023/24 and assumed that they will grow their operating surplus in the coming years in order to increase their ability to invest. The Authority plans to increase operating efficiencies for future operating savings, reduce contingency levels and possible capital deferrals with consideration of future commitments.
- *Increases borrowing* – As discussed above, the Authority has easy access to borrowing from the Public Works Loans Board which can be accessed quickly and without significant conditions and requirements. This ultimately means that, even in a worst-case scenario, management would be able to borrow from PWLB to fund its capital programme. If required, the Authority would then be able to make decisions to re-purpose other funds ear-marked for capital projects to ensure provision of services at the current level.
- *Third party funding sources* - The Authority continues to explore the use of third-party funding sources for capital and operational projects were possible which could support the delivery of some projects if these are structured in a way that offers good value for money by offering sufficient risk transfer at an acceptable finance cost.
- *Cash reserves* - The Authority could also use cash reserves to fund capital expenditure. The Authority's liquidity policy primarily acts as a form of risk management, allowing TfL to be resilient in circumstances where it needs to access cash in times in a variety of short- or long-term liquidity stress situation. The Authority plans to also increase their cash reserve through the introduction of the new services such as SuperLoop which expected to increase cash reserve by £1.4bn in 2026/27.

More specifically, during 2023/23, the Authority was able to secure s positive arrangement with a key supplier (i.e., Siemens) that provided the opportunity for management to reallocate and push funding requirements on capital expenditure in the later year meaning that other forms of mitigations where not significantly required to address the shortfall in capital funding and with no impact on service delivery and minimal impact on capital programmes.

Financial Sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services

Findings and Observations

Based on the above assessment we considered whether the above gave rise to a significant weakness in arrangements to secure financial sustainability and concluded the following:

- The Authority has managed to balance its budget for 2024/25 and 2025/26 and can continually manage to be operationally sustainable over the medium term. Management has sufficient mitigations available should the downside risks materialise.
- During 2023/24 the Authority has been able to put arrangements in place to mitigate the potential impact on capital programmes caused by the significant reduction in capital funding.

Overall, we assess that proper arrangements were in place throughout 2023/24 to secure financial sustainability and we have not identified a significant weakness in response to our risk.

Minimum Revenue Provision – Value for money assessment

In 2022/23, we identified the Authority's Minimum Revenue Provision (MRP) as an area of audit focus as part of the 2022/23 financial statements audit and we also considered this from a VFM perspective. In considering the issue, we sought EY Law advice as legal specialists to determine that there was not an issue of noncompliance with laws and regulations that would affect our audit opinion and confirmed that this was the case. We also confirmed, as a result, that the prudence or otherwise of the provision was a matter for management assessment. Therefore, under our responsibilities for VFM arrangements, our consideration of the MRP charge in the accounts is to determine whether or not there are robust arrangements in place to determine an appropriate charge to the accounts, rather than the appropriateness of the charge and provision itself.

We have completed our review and assessment of the MRP model for FY 2023/24 (corrected with the finding noted in FY 2022/23), and we have not noted any differences above our reporting threshold. We also concluded that the management is able to support its position that the MRP charge is prudent and that the MRP model and calculation is appropriate and supportable.

In relation to the recommended changes in the MRP policy raised in FY 2022/23, we have noted that these have been remediated and updated in the TfL Policy Statement on Minimum Revenue Provision section of the TfL Prudential Indicators 2024-25 to 2026-27, however we have not noted any evidence that the management addressed the following the recommendations.

- Explains how management intends to cover the Capital Financing Requirement (CFR) created by lending to subsidiaries.
- Explains how management intends to cover the remaining balance on the CFR after accounting for the above items.
- Explains how equity investment in subsidiaries is considered for MRP purposes.

We recommend that the management specifically include sections addressing the above matter in their policy moving forward.

Based on our cumulative review and assessment of the MRP model in FY 2023/24 and addressing of the MRP recommendations through the MRP policy provides evidence that arrangements are in place to secure financial sustainability as part of our work on value for money and would not result in risk of significant weakness in arrangements.

Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2023/24 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

Value for Money (continued)

Governance: How the Authority ensures that it makes informed decisions and properly manages its risks

It is the responsibility of the Authority to ensure that proper arrangements are put in place to ensure that it makes informed decisions and properly manages its risks. The Authority monitors and assesses business risk through its operational Risk Management Policy which includes managing risk and assuring controls consistently as set out in their Enterprise Risk Management Framework. The Enterprise Risk Management Framework supports a broad, integrated approach to managing risks across the organisation, enabling a co-ordinated process including the provision of governance and assurance activities. 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. The Audit and Assurance Committee also reviews the effectiveness of the system of internal controls, including the integrated assurance framework and considers fraud and risk management issues.

Meanwhile, the Commissioner and Executive Committee are responsible for the delivery of day-to-day operations of the Authority. The statutory Chief Finance Officer is responsible for safeguarding the Authority's financial position. The postholder reports directly to the Authority's managing Chief Finance Officer and, while not on the Executive Committee, plays an active part in the Authority 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.

Our value for money risk assessment includes review of the latest Risk and Assurance Annual Report and Assurance Statement. In its 2023/24 Risk and Assurance Annual Report and Assurance Statement, Internal Audit provided an opinion that the Authority's overall framework of governance, risk management and internal control in the year ended 31 March 2024 remains generally adequate for the Authority's business needs and operates in an effective manner. The opinion did highlight three issues to be addressed following audits: (i) insider threats are a significant risk and this spans new and existing employees, non-permanent labour and consultants; (ii) weaknesses in the controls around the provision of labour contracts; and (iii) gaps in audit trails and supporting documentation and an inconsistent approach to record keeping, particularly in relation to records management for procurement and contracts. We have performed procedures to understand the nature of these findings and noted that audit recommendations have been agreed and are actions plans are in place to address the findings. Our assessment is that the findings do not give rise to a risk of significant weakness in value for money arrangements.

Red route bay enforcement income on the Group's road network

In FY 2022/23, we became aware of allegation that income from penalty charge notices (PCNs) for violations of parking bay restrictions on red routes could be considered unlawful, due to the nature in which the PCNs were raised. We considered whether or not the issue of potential non-compliance on the ability to raise income from PCNs in this manner was indicative of a wider issue with the arrangements in place to consider the legislative requirements of the organisation and in development of income raising penalties. This has been submitted to the court for judicial review and the judicial review found in favour of the Authority and concluded that the method of raising PCNs, and the fact of the parking bays being within a red route, was sufficient to raise PCNs within the law. The outcome was formally provided in November 2023.

We have obtained and reviewed legal advice taken by management and also engaged our own specialists from EY Law in review of this information. At the date of this report, we are working to close our responsibilities in relation to the objection received and have concluded that there is no material impact on the financial statements following the judicial review outcome. Therefore, would not result to any risk of significant weakness in arrangements.

Value for Money (continued)

Governance: How the Authority ensures that it makes informed decisions and properly manages its risks

Based on procedures performed above, we have assessed that the arrangements in place to monitor and ensure appropriate standards are met are sufficient and that they do not point to a significant weakness in arrangements.

Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2023/24 to enable it to make informed decisions and properly manage its risks.

PCNs not posted on date of issue

In FY 2023/24, we became aware of an allegation in relation to the validity of Penalty Charge Notices (PCN) and Notices to Owner (NTO) not posted on the date of issue as required by the Civil Enforcement of Road Traffic Contraventions (Approved Devices, Charging Guidelines and General Provision) (England) Regulations 2022 ("the 2022 regulations").

It was recently discovered that TfL contractors, Capita, adopted a process in which PCNs/NTOs were issued in batches but in some cases not posted on the same day of issue which is in breach of the 2022 regulations. Parking adjudicators have confirmed that PCN and NTO documents must be posted on the same day of issue in accordance with the 2022 regulations and have allowed appeals against PCNs on that basis.

We have obtained and reviewed internal legal advice taken by management and also engaged our own specialists from EY Law in review of this information to assess the implications. Management have been able to demonstrate that the overall the impact is not material in financial terms. Although we consider there to have been an element of inadequate arrangements in place for complying with the regulations, the impact is not considered to give rise to a significant weakness in arrangements under the NAO code of practice.

Conclusion: Based on the work performed, we have not identified a significant weaknesses in arrangements for how the Authority makes informed decisions and manages risks.

Value for Money (continued)

Improving economy, efficiency and effectiveness: How the Authority uses information about its costs and performance to improve the way it manages and delivers its services

Ensuring that proper arrangements are in place regarding how information about costs and performance is used to improve the way the Authority manages and delivers its services is the responsibility of the Authority. Yearly budgets and Business Plan are the key reports that sets out how the Authority plans to carry out its statutory duties and obligations and deliver services to the public. This has been monitored through quarterly performance reports which show both financial and operational performance and compare year-to-date divisional performance against budget and prior year and explain key variances. Periodic Finance Reports are also produced and presented to the Finance Committee and are subject to challenge and scrutiny. These reports present the Authority's financial outturn against the budget and provide a forward look at the financial and operational impacts of identified external headwinds and risks. These reports also provide an update on the details of major revenue sources, operating costs, staffing, capital renewals and investments and cash balances. The Authority uses this reporting mechanism to assess performance and identify areas for improvement.

In addition to the above, the Authority has established the Advisory Panels (i.e., Customer Service and Operational Performance Panel and Safety, Sustainability and Human Resources Panel) on a standing basis. The Customer Service and Operational Performance Panel advises on all matters relating to the Authority's customer service and operational performance while the Sustainability and Human Resources Panel advises on all matters relating to compliance and assurance, resilience, human resources, and responsible procurement.

Specific to commissioning and procuring services, the Authority has a professional Procurement and Commercial Team (P&C) that is accountable for procurement and contract management activities on behalf of the organisation, taking into consideration business needs, affordability and supplier market capability. The Procurement and Commercial team have continuously implemented the improvement plan in FY2023/24 which includes the introduction of the new P&C Management Framework that covers the source to pay lifecycle which combines the industry best practice tools and templates, building on the existing commercial toolkit.

In addition, the Audit and Assurance Committee reviews the effectiveness of the system of internal controls and considers fraud and risk management issues and ensures that the Authority prepares its Annual Statement of Accounts and other published financial reports in accordance with relevant legislation and accounting standards.

The Authority has a transparency strategy and publishes a substantial amount of information. It engages with stakeholders and partners through consultation and works closely with London Councils and individual boroughs. It cooperates with appropriate organisations to ensure there is independent scrutiny of its financial and operational reporting processes.

Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2023/24 to enable it to use information about its costs and performance to improve the way it manages and delivers services.

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Appendices

Appendix A – Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria	Findings
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	The Authority's Finance Committee focuses on general financial oversight, the Authority's revenue generation (fares, ticketing, commercial development and other income generation) as well as advising the Board as appropriate on matters relating to the business plan, budget, borrowing, treasury management and prudential indicators. The Finance Committee prepares and presents to the Board a Finance Report on a periodic basis which sets out the Authority's financial results for the period and year-to-date and assesses this against the approved budget for the year. The Finance Report highlighted forward looking matters which included several external headwinds and risks to achieving to achieving short and medium-term plans and how the Authority works towards mitigating them. The Authority is also committed to managing risks through its Risk Management Policy that may impact the achievement of the objectives outlined in the Business Plan and the Mayor’s Transport Strategy. This policy refers to regularly identifying, assessing, monitoring, mitigating and reporting threats and opportunities impacting the achievement of objectives to inform decision-making at all levels of the organization. This includes identifying any significant financial pressures that the Authority is facing which would affecting the short and medium-term plans of the Authority. The Business Plan for 2023/24 to 2026/27 highlights the on-track achievement of operation financial sustainability of the Authority and the need for a longer-term funding settlement to fund major renewals and enhancements of the ongoing capital projects. In addition to the above, the Authority receives a Risk and Assurance Annual Report issued by the Risk and Assurance Directorate which provides an overview of the work carried out by the Directorate, and other activities during the year. The report provided an opinion on the overall framework of the Authority’s governance, risk management and internal control for the year. The report highlights key Enterprise Risks that may affect the short and medium-term plans of the Authority.
How the body plans to bridge its funding gaps and identifies achievable savings	The Authority has in place procedures and processes in order to bridge its funding gaps and identify achievable savings. The Authority currently maintains a periodic (monthly) and quarterly performance report on financial performance and planning to the Finance Committee which enables the Authority to identify gaps in funding and monitor progress against the revised budgets and agreed saving targets. The quarterly reporting highlighted performances of all income sources and includes savings in costs achieved by the operating divisions of the Authority. Any funding gaps and savings identified through these periodic financial performance reports is factored in by the Authority in the coming years. As part of the funding settlement agreed with DfT which ended on the 31 March 2024, and in order to monitor this significant financial pressure, the Authority has established an Oversight Group, chaired by the DfT, which has equal representation from DfT and the Authority. The objective of this Group is to oversee progress of the measures agreed in the extraordinary funding and financing package, to work collaboratively to determine how conditions are being met and to consider proposals for resolution where necessary. The Oversight Group is a working level group which monitors conditions directly impacting this deal and progress towards longer term commitments. Management has been able to demonstrate delivery against each of the conditions within the funding agreement and there has been no use of the dispute mechanism throughout the course of the agreement. In 2023/24, the Authority’s budget outturn reported an operating surplus that was £59m higher than budget. The Authority continues to focus on cost savings and increasing efficiency in 2023/24 which has resulted in total operating costs £42m lower than budget. The Authority has also increased investment in renewing critical assets to address the backlog of asset replacement that has been created by the pandemic and a lack of certainty over Government funding.

Financial Sustainability (continued)

Reporting Sub-Criteria	Findings
How the body plans to bridge its funding gaps and identifies achievable savings (continued)	The effectiveness of the delivery of service of the Authority, as well as ensuring the rail network remains safe and operable, is dependent largely on the continuous investment in enhancement programs and reinvestment on asset renewals. The achievement of this is set out in the Business Plan published by the Authority in December 2023. The Business Plan detailed a capital renewals investment plan to a level of £850m and the Authority plans to spend an average of £1.35bn per year on the enhancement programme/new capital investment. The Authority budgeted for £500m of support from central government in 2023/24. The Government has fully considered the Authority's request for capital funding in the context of the current financial and funding environment, and such the Government agreed to provide £250m to the Authority which is short of £250m of the planned assumption. There is a risk that this could have a significant impact of the achievement of the strategic outcomes and long-term commitments which includes the Mayor's Transport Strategy, asset management objectives as well other corporate plans. This could also result in a significant impact on the effectiveness of the delivery of service provided by the Authority where a key priority is to ensure the rail network remains safe and operable. Therefore, a risk of significant weakness was raised in relation to the *limitation of the Authority's ability to fully manage, commit and prioritise critical asset renewal schemes and capital enhancement programmes as a result of changes in funding for capital programme which may lead to significant impact on the effectiveness of the delivery service by the Authority to the public*. In response to this, management have taken action to reprioritize some of the capital enhancement and renewals as a mitigation to cover the shortage in the capital funding. Further, they were also able to obtain an arrangement deal with a key supplier to provide opportunity for management to reallocate and push funding requirements on capital expenditure later in the year. As management was able to mitigate the impact of a shortage in capital funding settlement through the matters discussed, we do not consider this to be a significant weakness in arrangements in relation to reporting criteria of Financial Sustainability: How the body plans to bridge its funding gaps and identify achievable savings.
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The Authority has a vision and a long-term strategic plan which articulates how it will deliver the Mayor's Transport Strategy and the needs of its stakeholders. Key priorities in the Mayor's Transport Strategy include creating healthy streets and healthy people, creating a good public transport experience and delivering new homes and jobs. The Authority translates this into a balanced emergency budget which is submitted to the GLA to assist with funding negotiations. The Budget, Business Plan and Capital Strategy set out how the Mayor's Transport Strategy will be delivered and is supported by the Group and individual business area. In the Budget presented to the Finance Committee on March 2024 , the Business Plan for 2023/24 to 2026/27 highlighted matters which support the delivery of services including rising passenger demand, growing other income sources, continuing to deliver recurring costs savings, growing other operating surplus, funding investments and rebuilding cash reserves. As stated in the Budget and Business Plan, the Authority highlighted the need for sufficient and long-term capital funding from Government to commit to and deliver the long-term investment required to replace major assets such as rolling stock, signalling and critical roads bridges and structures. The Government agreed to provide £250m to the Authority which is short of £250m of the planned assumption. In response to this, management have taken action to the address the shortfall as discussed above.

Financial Sustainability (continued)

Reporting Sub-Criteria	Findings
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	The Authority's financial plans include reporting on a wider areas as part of its mechanisms for monitoring the achievement of targets for each of the key performance areas and against conditions set out in funding arrangements with DfT. The Authority produced a Business Plan which sets out how the Authority will achieve the Mayor's Transport Strategy. The most recent Business Plan for 2023/24 to 2026/27 released in December 2023 outlines the Mayor's plans to create a fairer, greener, healthier and more prosperous city with transport as a cornerstone of this. The Business Plan also set how the Authority will be working with the Greater London Authority and other boroughs. The Business Plan sets out plans for its workforce, capital, investments and other which is detailed below. • Better identifying the future skills requirements, they can develop the workforce planning and adapt in their recruitment schemes in 2024 to help the Authority to prepare and fill critical roles across the organisation. • Identifying relevant funding sources for capital investments, including the retained business rate provided by the Mayor and contributions from developers and the London boroughs. However, the Authority recognises its reliance on the funding from the national Government to deliver major capital projects. • The Authority's plan to work with London's boroughs to transform the capital's streets to provide safe, sustainable and efficient transport options for a successful and growing city which is called the Local Implementation Plan. The Authority also work together with the boroughs to plan for the future, secure external funding and develop new ambitious transport projects.
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	The Authority's Enterprise Risk management system sets out the Authority's main strategic risks and mitigations, with more detailed risk registers held throughout the Authority. The Authority's procedures included preparation and monitoring of the quarterly Finance Report, setting out the annual budget and business plan and highlighting external economic pressures and risks that the Authority is expecting to encounter in the coming years. The report also provides updates on details of major revenue sources, operating costs, staffing, capital renewals and investments and cash balances. The Audit and Assurance Committee maintains overall responsibility for scrutinising the Authority's approach to risk and receives reports to each meeting. The Finance Committee scrutinises the Authority's financial performance and reports on this to the Board. It monitors the effectiveness of rigorous cost control and scrutinises measures around funding and operations.

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria	Findings
How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	The Authority's attitude towards business risk is documented in its operational Risk Management Policy which includes managing risk and assuring controls consistently as set out in their Enterprise Risk Management Framework. The policy highlights the regular identification, assessing, monitoring, controlling, mitigating and reporting inefficiencies impacting the achievement of objectives to inform decision-making at all levels of the organisation. It also includes consideration of risks throughout the business planning process. The Authority has a well implemented Internal Audit function which has responsibility for providing assurance in respect of corporate governance and risk management across all members and constituent parts of the Authority. The Internal Audit team has the appropriate skills and experience and considering the nature, size and complexity of Authority, the scope of the Internal Audit function appears appropriate. The Audit and Assurance Committee, on behalf of the Board, reviews the authority, scope of work and resources of Internal Audit on a regular basis to confirm these remain appropriate. As an independent and objective third line of defence review and support activity, Internal Audit makes recommendations for the improvement of internal control and risk management. There is a process to monitor management's actioning of control recommendations raised by Internal Audit which is closely monitored by the Audit and Assurance Committee at each meeting, where management is challenged if deadlines are missed. The Authority has strong controls surrounding fraud. Fraud risk workshops are conducted to target Internal Audit work, and these have assisted with the development of fraud detection procedures. The work is performed by Internal Audit whereby half-year and full-year fraud reports are produced and provided to the Audit and Assurance Committee to be reviewed as part of the overall Risk Management review process. In June 2024, the Authority released a Counter-fraud and Corruption Plan to 2030. The Strategy sets out three priorities to 2030 for Safety and Security. The approach to counter-fraud and corruption sits under the Safety and Security Chapter and directly contributes to the Authority's priority to protect the organisation by taking a zero-tolerance approach to economic crime. The three pillars (i.e., prevent and deter, detect and pursue) in the approach to counter-fraud and corruption have been developed by the Counter Fraud and Corruption team and have the continued support and commitment of senior management and a defined action plan to deliver against the plan.
How the body approaches and carries out its annual budget setting process	As with local authorities, the Authority is a relevant authority for the purposes of Part VIII of the Local Government Finance Act 1988 and is obliged to produce a balanced annual budget. The budget is balanced against a series of factors and risks, including passenger demand, lifespan of the Authority's assets and the evolving political landscape. Under Section 85 of the Greater London Authority (GLA) Act, it is the duty of the Mayor of London and the Assembly to prepare and approve the budgets of the GLA and the functional bodies (including the Authority). The Mayor will prepare the draft budgets and submit them to a public meeting of the Assembly for consideration and approval. The Mayor determines Authority's budget, for each financial year, having consulted the London Assembly. The Authority's Business Plan and Investment Programme is approved by the Board and sets out how the Authority intends to implement the Mayor's Transport Strategy over the period covered by its funding settlement with DfT. It sets out the projects and programmes to be delivered, how they will be funded, and outcomes to be achieved. The targets set out in the budget are measured against the three key themes of the Mayor's Transport Strategy, which are healthy streets and healthy people, a good public transport experience, and new homes and jobs.

Appendix A – Summary of arrangements (continued)

Governance (continued)

Reporting Sub-Criteria	Findings
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	Periodic finance and performance reports are prepared which show both financial and operational performance and these are presented to the Authority's Finance and Policy Committee and the Board. Authority's annual accounts are prepared in line with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 which is based on International Financial Reporting Standards. At the end of every quarter, each business unit completes a Business Management Review (BMR) outlining the position of the business unit and how it is performing compared to budget. Senior Reporting Accountants prepare a Performance Report which documents variances against budget. Reviews are then held with the Finance Director and associated action plans are compiled and approved. The report and action plan are then communicated to the Managing Director for further discussion and final approval as part of the BMR. Meetings of the Finance Leadership team involve the Finance Directors from across the business units and the Group Managing Director. There is effective, two-way communication between those charged with governance and its internal and external auditors. The Committee assess external audit performance annually and have concluded that EY provides appropriate levels of communication on its auditing responsibilities and around significant matters relating to financial reporting, including communications between management and those charged with governance, and external communications, such as those with regulatory authorities. The Audit and Assurance Committee drives the system of internal control and has overall responsibility for reviewing the Internal Audit function; its audit plan and scope, findings and monitoring management responses.
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	Published Board papers and minutes evidence the challenge made by non-executive members and the transparency in decision making. Further, any meeting of the Authority's Board, committees and/or panels are held in public and anyone is welcome to attend, except where private, personal or specific financial information is to be discussed. The Authority's Standing Orders (published on the Authority's website) lay down the decision-making structure and proceedings, together with the Scheme of Delegation. In line with Good Corporate Governance Practice, the Authority reviews the effectiveness of its Board and decision-making structure periodically. The Audit and Assurance Committee meets quarterly and is comprised of appropriately skilled and experienced members, has clear terms of reference which emphasises the Committee's role in the relevant aspects of governance, internal control and financial reporting. The Authority's Board also has a Customer Service and Operational Performance Panel which advises on all matters relating to the Authority's customer service and operational performance as well as a Safety, Sustainability and Human Resources Panel which advises on all matters relating to safety, sustainability and Human Resources, in particular: (a) health, safety and environment (HSE) matters including compliance and assurance; (b) resilience; (c) human resource issues across the Authority, including equality and diversity and apprenticeship and graduate programmes; and (d) responsible procurement. In its 2023/24 Risk and Assurance Annual Report and Assurance Statement, Internal Audit provided an opinion that the Authority's overall framework of governance, risk management and internal control in the year ended 31 March 2024 remains generally adequate for the Authority's business needs and operates in an effective manner. The opinion did highlight three issues to be addressed following audits: (i) insider threats are a significant risk and this spans new and existing employees, non-permanent labour and consultants; (ii) weaknesses in the controls around the provision of labour contracts; and (iii) gaps in audit trails and supporting documentation and an inconsistent approach to record keeping, particularly in relation to records management for procurement and contracts. Audit recommendations have been agreed and are being implemented to address each of these issues. We do not consider these matter to constitute a risk of significant weakness.

Appendix A – Summary of arrangements (continued)

Governance (continued)

Reporting Sub-Criteria	Findings
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)	The Authority has an in-house legal team to advise on legal requirements as appropriate. The Authority also has committees in place to discuss any pending issues regarding laws and regulations and the relevant action plans in response to these identified issues. From a financial perspective, the Audit and Assurance Committee is responsible for ensuring that the Authority prepares its annual accounts and other published financial reports in accordance with all relevant legislation and accounting standards. The Board devolves much responsibility to the Finance Committee and approval for the Business Plan, Group Budget and Annual Accounts of the Authority is delegated. The Authority, in compliance with the GLA Act, keeps a register of interests for its Board Members and in compliance with Company Law, Secretariat keeps a register of interests of the Directors. The central register has been extended to cover all senior staff which is defined as Chief Officers and their direct reports except support staff. The register of interests is updated by the Company Secretariat who emails a form to be completed by the officers on a bi-annual basis. Any new starters of the relevant status will be asked to provide on entry on their appointment and thereafter will be included in the half-yearly update. Declarations of interests of all Board members are available to view on the Authority’s website. For all staff, other than senior managers as defined above, modes/directorates are required to maintain local registers of interests and of the receipt of gifts and/or hospitality on a modal/directorate basis. Modes/directorates mirror the centralized arrangement with regards to the Register of Interests i.e. creating entries and every six months the entries will be re-circulated and staff will be asked to confirm that it is still correct or provide amended details. Staff who do not currently have an entry are reminded on a half-yearly basis of the need to register an interest that has recently arisen. A register of gifts, interest and hospitality is maintained for all board members and chief officers and is published on the Authority's website. Moreover, individual declarations of interest at meetings are stated in the Board minutes. In FY 2022/23, we became aware of allegation that income from penalty charge notices (PCNs) for violations of parking bay restrictions on red routes could be considered unlawful, due to the nature in which the PCNs were raised. We considered whether or not the issue of potential non-compliance on the ability to raise income from PCNs in this manner was indicative of a wider issue with the arrangements in place to consider the legislative requirements of the organisation and in development of income raising penalties. This has been submitted to the court for judicial review and the judicial review found in favour of TfL and concluded that the method of raising PCNs, and the fact of the parking bays being within a red route, was sufficient to raise PCNs within the law. The outcome was formally provided in November 2023. We have obtained and reviewed legal advice taken by management and also engaged our own specialists from EY Law in review of this information. At the date of this report we are working to close our responsibilities in relation to the objection received and have concluded that there is no material impact on the financial statements following the judicial review outcome. We have not identified a significant weakness in relation to this matter.

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
How financial and performance information has been used to assess performance to identify areas for improvement	The key measure of financial performance that is important to the Authority management is revenue and expenditure outturn against budget. Whilst also monitoring performance, the Authority's priority is to deliver the business plan priorities and the Mayor's Transport Strategy within the set budget, as efficiently as possible. Quarterly performance reports are completed that show both financial and operational performance and these are sent to the Greater London Authority (GLA) and presented to the Finance Committee and the Board. These compare year-to-date divisional performance against budget and prior year and explain key variances. Periodic Finance Reports are also produced and presented in the Finance Committee. This report highlighted the Authority's financial outturn against the set-up budget and provide a forward look on how the Authority copes up against the identified external headwinds and risks. The report also provides an up-to-date details of major revenue sources, operating costs, staffing, capital renewals and investments and cash balances. At the end of every quarter, each business unit completes a Business Management Review (BMR) outlining the position of the business unit and how it is performing compared to budget. Senior Reporting Accountants prepare a Performance Report which documents variances against budget. Reviews are then held with the Finance Director and associated action plans are compiled and approved. The report and action plan are then communicated to the Managing Director for further discussion and final approval as part of the BMR. Meetings of the Finance Leadership team involve the Finance Directors from across the business units and the Group Managing Director. The Authority's Code of Governance is organised into six sections to reflect the six core principles of the CIPFA/SOLACE framework. The sections are Leadership, Relationship, Management, Standards of Conduct, Risk Management, Capacity Development and Public Accountability. There is an annual review of performance against the Code of Governance, the results of which are presented to the Audit and Assurance Committee. As part of the review, progress against the Governance Improvement Plan is assessed and the Improvement Plan for the coming year is presented.
How the body evaluates the services it provides to assess performance and identify areas for improvement	The Authority has arrangements to assess performance through its performance management system, ongoing review of project and programme delivery and through a series of performance indicators covering the main activities of the Authority. The Authority produce quarterly progress reports to the Board on the operation and financial performance of the Authority, and on the delivery and budget performance of the Authority Investments Programme. The Authority has established Advisory Panels (i.e., Customer Service and Operational Performance Panel and Safety, Sustainability and Human Resources Panel) on a standing basis. The Customer Service and Operational Performance Panel advises on all matter relating to the Authority's customer service and operational performance while the Sustainability and Human Resources Panel advises on all matter relating to compliance and assurance, resilience, human resources and responsible procurement. The Authority also has the Audit and Assurance Committee who reviews the effectiveness of the system of internal controls and considers fraud and risk management issues and ensures that the Authority prepares its Annual Statement of Accounts and other published financial reports in accordance with all relevant legislation and accounting standards.

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness (continued)

Reporting Sub-Criteria	Findings
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	The Authority 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 Authority continually reviews the effectiveness of its governance arrangements, including all aspects of the Authority's operations including its relationships with its group entities. The Authority 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. In terms of monitoring performance, the Authority's quarterly performance report and other key quarterly reports submitted to Committees and Panels track the Authority's activities in terms of key performance indicators and delivery of the Mayor's Transport Strategy. These reports also highlight remedial actions taken when the Authority does not meet expectations or slippage occurs.
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	The Authority strives to conduct all its procurement and contracting activities efficiently, to the highest ethical standards and in compliance with the Authority's Procurement and Contracting Policy which supports the organisation's commitments to achieving best value for money for procurement at all goods, works and services throughout the business. This policy applies to all the Authority's staff, including non-permanent, consultancy and contracted staff working on behalf of the Authority. The Authority have published rules and procedures with respect to the conduct expected from everyone who works for the Authority who is involved in purchasing goods, services or works, which are set out in the Authority Management System. These have been developed to support and facilitate compliance with applicable laws and regulation as well as with internal Authority policies and governance as set out in Authority's Standing Orders and supplementary guidance documents. The Standing Orders define the levels and allocation of authority for approvals of financial and procurement or contractual commitments. The Authority has a professional Procurement and Commercial Team (P&C) that is accountable for procurement and contract management activities on behalf of the organisation, taking into consideration business needs, affordability and supplier market capability. Business areas have a responsibility to provide operational contract management. The Authority's standard approach is to assess affordability on a whole life cost basis. The Procurement and Commercial team have continuously implemented the improvement plan in FY 2022/23 and FY 2023/24. Recent improvements include implementation of the Procurement and Commercial Management Framework and the integration of SAP Ariba specifically Ariba Strategic Sourcing (Ariba Sourcing & Contracts) in the Governance process. There is also further enhancement for SAP Ariba that is still underway to fulfil TfL Technology & Data's defined Pathway governance. The Procurement and Commercial team has established 14 improvement workstreams which have now been mobilized, with individual leads and supportive sponsors identified for each workstream. The Authority assesses the expected benefits from commissioning and procuring services through quarterly reports on the Authority's performance provided to the Board, Committees and Panels. Further, the Audit & Assurance Committee review the effectiveness of the system of internal controls which would include the controls associated within the P&C Management Framework above.

Appendix B – Summary of all recommendations

Recommendations

The table below sets out all the recommendations arising from the financial statements and value for money audits in 2023/24. All recommendations have been agreed by management.

Issue	Recommendation	Management Response
Financial statements: Journal Authorisation	We recommend that a robust authorisation and approval process for journals is implemented considering the value and volume of manual journals that are processed.	Agreed
Financial statements: Inventory	We recommend management segregate the storage of capital and expensed items for proper control.	Agreed
Financial statements: Treasury	We recommend that management review and resolve reconciling items across all bank accounts and either allocate or write off amounts following investigations.	Agreed
Financial statements: Climate	We recommend that the management improve the climate disclosure through a clear demonstration and documentation of the linkages between climate risks and targets.	Agreed
Financial statements: Leases	• We recommend implementing an approval process for changes in the Horizon system to ensure accuracy and prevent error. An approver should review and authorize each modification. • We recommend that a review should be conducted after each entry is posted for rolling stock payments to prevent errors to arise.	Agreed
Financial statements: Related Parties	We recommend that the officers declarations on the website are updated at least once a year, and we also recommend that the website specifies the frequency of officer declarations.	Agreed

Appendix B – Summary of all recommendations (continued)

Recommendations (continued)

Issue	Recommendation	Management Response
Financial statements: Property Classification	We recommend that management review classification of assets held within Group (including Places for London) against the requirements of the accounting standards and considers the differences in accounting definitions between the two reporting frameworks as well as assesses whether the purpose of individual assets is different at a Group and Places for London level.	Agreed
Financial statements: Property Valuation	We recommend that management understands, and challenges key assumptions included in the valuation of key assets prepared by CBRE. These property valuations are of high importance to a reader of the Places for London financial statements and are also highly material at the Group level.	Agreed
Financial statements: Pensions	We recommend that the management revisit and/or update the details of the pension schedules after the updated IAS19 is received by the Authority and a thorough review should be performed in order to identify and prevent errors in the pension fund disclosures.	Agreed

Appendix C – Fees

Fees

We carried out our audit of the Authority's financial statements in line with PSAA Ltd's "Statement of Responsibilities of auditors and audited bodies" and "Terms of Appointment and further guidance (updated April 2018)". Our fee for all services for 2023/24 is in line with the audit fee agreed and communicated through a letter to the Audit and Assurance Committee dated 22 May 2024.

Description	Final Fee 2023/24 £	Planned Fee 2023/24 £	Final Fee 2022/23 £
Scale fee under PSAA Contract for TfL Group and Corporation (1)	301,356	301,356	120,062
Audit fees outside the PSAA Contract (2)			
Transport Trading Limited 2023/24	1,728,201	1,728,201	1,808,277
Places for London (formerly TTL Property) 2023/24	109,750	109,750	55,000
Crossrail Limited 2022/23	N/A	N/A	143,000
Agreed additional fee variations for overruns	TBC	-	67,000
Non-audit work (3)			
Agreed upon procedures	23,587	23,587	27,280
Total audit fees	TBC	2,162,894	2,100,557

(1) For 2023/24, the scale fee has been re-assessed to take into account a number of risk factors which includes procedures performed to address the risk profile of the Authority and additional work to address increase in Regulatory standards.

(2) These are audit fees for the statutory audit of the financial statement of each entity. Note that Crossrail Limited has not been subject to statutory audit in FY2023/24.

(3) These non-audit services relate agreed upon procedures work performed over the Office of Rail and Road Returns.

We have adopted the necessary safeguards in our completion of this work and complied with Auditor Guidance Note 1 issued by the NAO.

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UKC-024050 (UK) 07/22. Creative UK.

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Agenda Item 6

Audit and Assurance Committee

Date: **27 November 2024**

Item: **Audit Results Report – Year Ended 31 March 2024**

This paper will be considered in public

1 Summary

1.1 This Ernst & Young LLP (EY) report provided at Appendix 1 informs the Committee of the status of the overall conclusion of the audit and summarises the findings of their work for the year ended 31 March 2024. Audit work is largely complete, but several close out procedures remain outstanding before the audit opinion can be issued.

2 Recommendation

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

3 Background

3.1 The report contains findings related to the areas of audit emphasis and their views on TfL Group accounting policies and judgements and material internal control findings.

List of appendices to this report:

Appendix 1: EY's Audit Results Report – Year ended 31 March 2024

List of Background Papers:
None

Contact: Patrick Doig, Group Finance Director
Email: Patrick.Doig@tfL.gov.uk

Transport for London
Audit results report

Appendix 1

Year ended 31 March 2024

11 November 2024

Building a better working world

Private and Confidential

11 November 2024

Transport for London
Palestra
197 Blackfriars Road
UK SW1H 0BD

Dear Members of the Audit and Assurance Committee

2023/24 Audit results report

We are pleased to attach our audit results report, summarising the findings of our work on the financial statements for the year ended 31 March 2024.

The audit is designed to express an opinion on the 2024 financial statements and address current statutory and regulatory requirements. This report contains our work to date related to the areas of audit emphasis, our views on TFL Group accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge, the exercise of professional judgement and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

The TfL Group and Corporation audits form part of our framework contract with Public Sector Audit Appointments Limited. We have undertaken our work in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice, auditing standards and other professional requirements.

We are also the auditors of TfL's subsidiaries, Transport Trading Limited Group (TTL Group) and Places for London Properties Group (PfL Group). TfL's subsidiaries are subject to the accounting requirements of the Companies Act 2006. We have undertaken our work in accordance with the requirements of International Standards on Auditing in the UK (ISA's UK)

This report is intended solely for the information and use of the Audit and Assurance Committee, Board of Directors and management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit and Assurance Committee meeting on 27 November 2024.

Yours faithfully

Janet Dawson

Partner

For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/)).The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.
The “Terms of Appointment and further guidance (updated April 2018)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.
This report is made solely to the Audit and Assurance Committee and management of Transport for London in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Assurance Committee and management of Transport for London those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Assurance Committee and management of Transport for London for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

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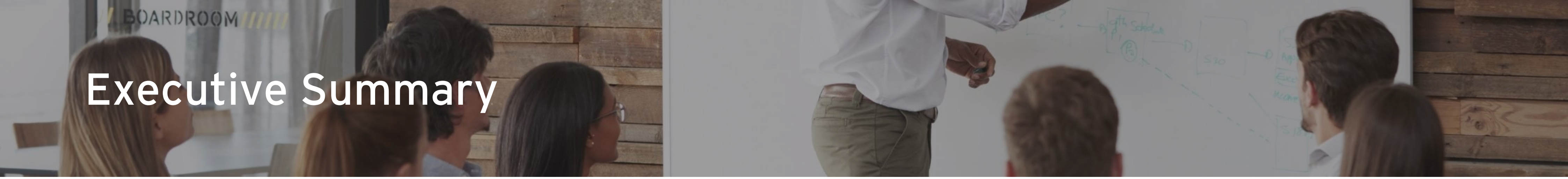
01 Executive Summary



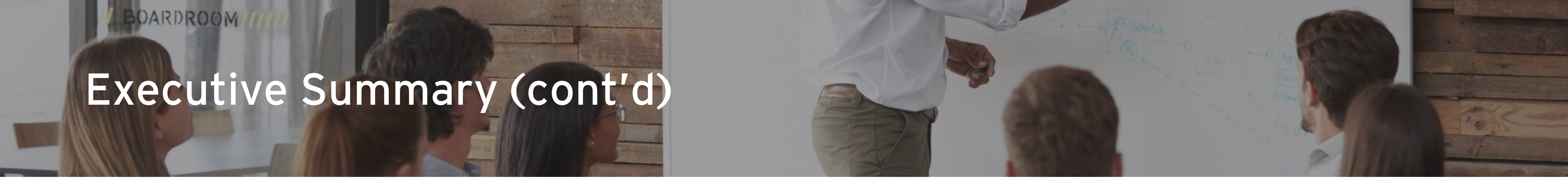
Executive Summary

Status of the audit

Our audit work in respect of the group opinion is largely complete. The following items relating to the completion of our audit procedures are outstanding at the date of this report:

- ► Internal consultation procedures for cyber impact
- ► Internal consultation and assessment over objection received against the 2023/24 financial statements;
- ► Internal consultation procedures for unadjusted misstatements;
- ► Internal review procedures across this work from manager, partner and engagement quality review partner;
- ► Agreement of final set of financial statements;
- ► Post balance sheet events up to the date of approval of the financial statements; and
- ► Receipt of signed letter of representation.

Until the above procedures are completed, we cannot reach our overall conclusion.



Executive Summary (cont'd)

Adjustments

At the date of this report, we have identified the following misstatements which management have chosen to adjust:

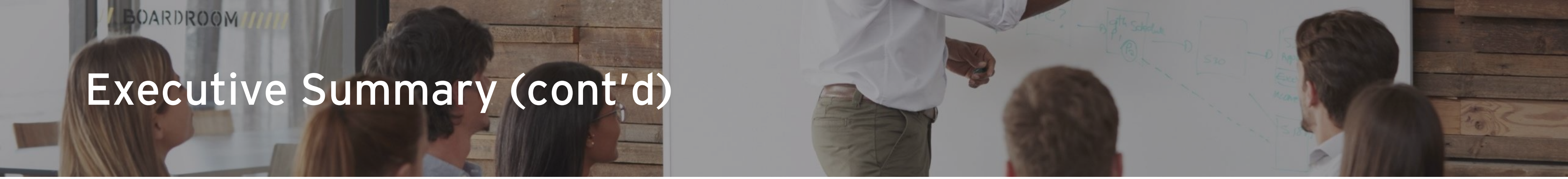
- **Long leases** – Following audit challenge, management have conducted a detailed review over the classification of assets held on long leases. As a result, it was identified that a number of leases had been historically classified and accounted for incorrectly. Management have adjusted for this item in full in 23/24 to correct the position. The impact of the adjustment is an increase of £80.7m to Investment Property, £15.6m increase to finance lease receivables, £110.3m increase to deferred income and £13.4m charge to the CIES.
- **Cash in transit classification** – We identified £7.1m of payments that had not left the bank as at the balance sheet date that had been incorrectly classified as cash in transit and should be classified as cash and cash equivalents.
- **Provision classification** – We identified one provision for £7.3m that had been incorrectly recognised as long term and should be classified as short term.

Audit differences

At the date of this report we have identified the following misstatements for the year ended 31 March 2024 which management have chosen not to adjust:

- **Acton Museum Classification** – we identified that the Acton Museum site had been incorrectly classified as an investment property within the TFL Group financial statements and should have been classified as operational PPE. This leads to an understatement of PPE of £18.3m and an overstatement of £8.1m to investment property.
- Continued unwind of difference in accounting treatment noted in prior years relating to certain contract incentive payments amounting leading to an understatement of £44.5m to non-current assets.
- **Leases** – as in previous years, we disagree with the rate used in the calculation of the lease liability for rolling stock which gives rise to a £87.3m understatement of right of use assets and a £95.4m understatement to lease liability.
- **Pension assets** – the auditor of TfL Pension Fund identified differences in the valuation of pension assets which gives rise to an understatement of £40.9m in the pension surplus recognised in the balance sheet.
- **Capital accruals** - In our representative sample we selected one accrual for £3.8m related to a dispute. Our assessment is that this should be classified as a provision and not an accrual since the amount has not been agreed or settled and has been open for a number of years and carries uncertainty. The amount is below our trivial threshold however, since it is a representative sample item we extrapolate the error across the untested population to give a projected error of £13.9m.
- **CIES classification** – As reported in previous years, our view is that rental income (£82.6m) and investment property operating expenditure (£35.4m) should be classified as financing and investment income and expenditure in the CIES whereas it is currently classified within net cost of services.
- **Long leases** –As mentioned above, a review of long leases was performed and corrected in 23/24. We agree with this assessment and the decision to adjust in year on the basis of materiality but report an uncorrected difference in the opening balance when adjustments are made in year. Details can be seen on page 27.
- **Assets Held for Sale** - A review was undertaken between Group Finance and the TfL Property Team to review all assets classified as 'held for sale' as at 31 March 2023. As part of this review, it was identified that assets classified as investment properties had incorrectly been reported as assets held for sale historically and should have been reported as investment properties. An adjustment of £53.6m was made by management in FY24 to correct the position. We agree with this assessment and the decision to adjust in year on the basis of materiality but report an uncorrected difference in the opening balance when adjustments are made in year.

Our overall assessment is that the cumulative impact of these unadjusted misstatements does not materially impact the reader's understanding of TfL's assets and liabilities.



Executive Summary (cont'd)

Control observations

- We reported four deficiencies in relation to our audit of the Places for London audit in our last audit results report dated 09 September. No other deficiencies have been identified.

Whole of government accounts

- We have not yet initiated our audit for Whole of Government (WGA) requirements for 2023/24. Our audit work on WGA for 2022/23 has been completed.

Audit Certificate

- The Audit Certificate is issued to demonstrate that the full requirements of the National Audit Office's 2020 Code of Audit Practice have been discharged for the relevant audit year. We expect to issue the audit certificate once the work on Whole of Government Accounts is complete, and we have closed our responsibilities in relation to open objections.

Value for Money arrangements

- Under the terms of the Code of Audit Practice (the 2020 Code) and associated Auditor Guidance Notes (AGN) we are required to report on significant weaknesses in a body's arrangements identified during the course of the audit.

Financial Sustainability - Longer term funding impacts
We have identified a risk of significant weakness as defined by AGN03 with regards to the financial sustainability of TfL, given there is no long-term funding arrangement currently in place. Without a longer-term funding agreement in place, TfL is making short term decisions based on the current capital funding arrangements. Having completed our planned procedures in respect of financial sustainability we found that arrangements were in place throughout 2023/24 to address financial sustainability including a revised budget and business plan and effective capital programme management. Having completed our procedures, we did not identify a significant weakness and our opinion is not modified in respect of this matter.

Independence

- Please refer to the separate independence and objectivity letter provided to the Audit and Assurance Committee dated 22 May 2024. We continue to remain independent.

Objections

- At the date of this report, we have one open objection from the 2022/23 financial statements in relation to PCN income derived from CCTV cameras to keepers of vehicles which were in marked bays. In 2023/24 we received a follow up question in relation to this item and our work to address our responsibilities in relation to the objection is ongoing.
- We also received on objection to the 2023/24 financial statements in relation to PCNs not posted on the day of issue. Our work to address our responsibilities in relation to the objection is ongoing.

02 Areas of Audit Focus

Areas of Audit Focus

Misstatements due to fraud or error

Significant Risk

What is the risk, and the key judgements and estimates?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

What are our conclusions?

We have performed enquiries with management and gained an understanding of the oversight and processes in place to address the risk of fraud to determine our audit strategy and risk assessment which is discussed in further detail on the following slides.

We have obtained sufficient audit evidence regarding any business rationale for unusual transactions, any assumptions for the capitalisation of expenditure, and for judgements and assumptions for significant estimates.

As part of our journal entry testing, we noted that evidence of authorisation of journals was not available as management's current journal process does not specifically require a formal authorisation. Management explained that all journals are posted by a separate team which provides assurance that appropriate segregation of duties exists, and there is also a robust year-end review of accounts and reconciliations to mitigate the risk of inappropriate journal postings. We agree with these mitigations however **we recommend that a robust authorisation and approval process for journals is implemented considering the value and volume of manual journals that are processed.**

Our response to the key areas of challenge and professional judgement

We undertook our standard procedures to address fraud risks, which include:

- ► Inquiry of management about risks of fraud and the controls put in place to address those risk;
- ► Understanding the oversight given by those charged with governance of management's processes over fraud;
- ► Evaluation of the effectiveness of management's controls designed to address the risk of fraud and the oversight given by those charged with governance of management's processes over fraud ;
- ► Determining an appropriate strategy to address those identified risks of fraud as detailed on the following pages in this report; and
- ► Performing mandatory procedures regardless of specifically identified fraud risks, including:
  - testing of journal entries and other adjustments in the preparation of the financial statements;
  - assessing accounting estimates for evidence of management bias; and
  - evaluating the business rationale for significant unusual transactions.

Areas of Audit Focus

Inappropriate Revenue recognition, required by ISA (UK & Ireland) 240

Key Audit Matter | Significant Risk

What is the risk, and the key judgements and estimates?

Transport for London (TfL) generated 72.1% (£4,843.1m) of its revenue from fares charged to customers during FY23/24.
Fares revenue remains a focus of the financial statements audit due to the complexity of the IT systems and arrangements with service organisations used to record revenue and the amount of judgement required to determine the apportionment of revenue due to TfL and other Train Operating Companies. This risk over revenue recognition specifically arises in the following judgemental areas, where there is risk of overstatement of revenue:

- Oyster Pay As You Go and Contactless Pay
- Travelcard and Through Ticket

In our audit plan we assessed that the risk of fraud in revenue recognition manifests itself through fares revenue only due to the complexity and judgement involved in the process of apportioning the fares revenue recognised as well as funding incentives. However, since the date of our audit planning report we have expanded this significant risk to also cover manual adjustments to non-fares revenue streams where there could be an opportunity for manipulation including rental revenue, congestion charging and commercial advertising revenue.

Note that our key audit matter is in relation to fares revenue only.

What are our conclusions?

We concluded that the basis on which fares revenue is recognised is in accordance with the requirements of IFRS15 - Revenue from contracts with customers as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. The judgements made related to fares revenue in the financial statements have been appropriately described.

Our testing of manual journal entries posted to non-fares revenue did not identify any material misstatements.

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Our response to the key areas of challenge and professional judgement

► Our testing of revenue recognition included both tests of control and substantive testing;

► Our test of controls focused on the effectiveness of the cash collection process and sales made at various sales outlets to provide evidence of existence of passenger income and services delivered;

► We obtained an understanding of the processes for recording fares revenue including the IT applications;

► We tested IT controls using our IT specialists for the SAP, CPAY and OXNR systems;

► We evaluated the conclusions, with the support of our IT specialists, from the ISAE3402 reports on the controls operated by service organisations over contactless ticketing and Oyster Pay as You Go, including those over apportionment;

► Our substantive testing of revenue relating to Oyster Pay as You Go, Contactless Pay, Travelcard and Through Ticket included the following procedures:

- We selected a sample of weekly sales reported in the sales database and agreed this to raw sales data from the Central Data System which records all journey transactions. We agreed the total revenue per the sales database for the year to the amount recorded as revenue.
- We have agreed a sample of periodic net settlements between TfL and the Train operating companies (managed by the Rail Delivery Group) for Contactless Pay, Oyster and Travelcard to invoices received from the Rail Delivery Group and to the bank statement.
- We agreed the values reported as revenue in advance by performing a recalculation of the closing balance using the sales database that records sales of travelcards and oyster cards and the revenue recognised for the year recorded when customers take journeys.

► We performed journals testing over manual journal posted to fares revenue.

For Non-Fares Revenue, we have:

► Reviewed manual journal entries for unusual postings related to adjustments to revenue.

Areas of Audit Focus

Inappropriate capitalisation of capital projects including capital accruals

Key Audit Matter | Significant Risk

What is the risk, and the key judgements and estimates?

The TfL Group undertakes multiple capital projects at any point in time. These projects vary in size, complexity and length of time to complete.

In addition, under the funding agreement with the Department or Transport in place during 2023/24, TfL has a capital funding envelope based on an agreed level of expected capital expenditure. There is risk that if the expected levels of capital expenditure are not met then the capital funding could be subject to a dispute mechanism. We therefore assess that there is a risk of inappropriate capitalisation of costs that do not meet the criteria of IAS16: Property, Plant and Equipment as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

What are our conclusions?

We selected 45 capital projects in our sample for detailed testing including 2 Crossrail projects. Of these 45 projects, 19 have been subject to full scope procedures as we have determined that they are quantitively material and 7 have been subject to specific scope procedures as we have assessed them to be qualitatively material. The remaining 19 projects have been selected randomly to incorporate unpredictability into our testing and have been subject to limited scope procedures.
Having completed our procedures, we are satisfied that the capitalised costs in the year meet the criteria for capitalisation of IAS16: Property, Plant and Equipment as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

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Our response to the key areas of challenge and professional judgement

► Testing of capital expenditure included both tests of controls and substantive testing to assess whether the expenditure capitalised in property, plant and equipment met the criteria under IAS16;

► We have gained an understanding of key controls and governance surrounding capital project accounting and management;

► Our test of controls focused on the effectiveness of the approval process for expenditure and for capitalisation, by testing controls related to the approval of capital expenditure recorded in property, plant and equipment to evidence of appropriate authorisation and of review of amounts capitalised;

► The following procedures were performed as part of our substantive testing:

- We selected a sample of major projects and tested expenditure capitalised during the financial period to supporting project documentation, including third party reports and valuations and assessed whether the expenditure met the criteria for capitalisation;
- We met with project managers for a sample of projects to understand the scope, progress and viability of the project, to enable us to consider whether the accounting amounts recorded were consistent with the understanding gained of any delivery challenges encountered, or disputes with contractors and to consider whether this indicated any expenditure did not meet the criteria for capitalisation;
- We have compared the latest positions of the projects recorded in respect of "pain or gain" arrangements to contract terms and conditions and to the latest project outturn forecasts to assess the related value recorded in accruals;
- We have also performed detailed testing on a sample of capital accruals to source documentation to test completeness of costs recognised at 31 March 2024;
- We visited a sample of project sites to further understand the scope and the progress on projects for a sample of projects, to enable us to consider whether the accounting amounts recorded were consistent with the understanding gained of any delivery challenges encountered, or disputes with contractors and to consider whether this indicated any expenditure did not meet the criteria for capitalisation;
- We performed journals testing over unusual manual journals posted to capital during the year.

Areas of Audit Focus

Going Concern

Key Audit Matter | Significant Risk

What is the risk, and the key judgements and estimates?

The going concern period to be considered is of at least 12 months from the approval of the financial statements however the current funding agreement in place only covers the period up to the 31 March 2024. There is a risk that, for the going concern period where funding is not in place, TfL will have to make difficult decisions over the current level of services or capital spending if it is unable to achieve financial sustainability.

What are our conclusions?

In auditing the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. The going concern period assessed covers to the 31 March 2026.

Management has concluded that the Group has access to sufficient mitigations including accelerating planned borrowing within their Authorised Prudential Borrowing Limit and descoping and deferring planned capital investment in its 2024 Business Plan to mitigate the risks of insufficient funding being received as outlined in their going concern assessment. The Authority's management has determined, having set a balanced budget for 2024/25 and 2025/26, that they have sufficient income to continue to provide services within the going concern period without having to make unplanned service reductions.

Having completed our procedures, we agree with management's assessment. Our opinion is not modified in respect of going concern.

Our response to the key areas of challenge and professional judgement

- We understood management's assessment of funding requirements and commitments for the going concern period to 31 March 2026;
- We considered the historical accuracy of management's budgets and forecasting by comparing the last two years variances in actual outturn, as well as the post year end period;
- We validated performance to date on efficiency savings programmes, to determine the potential risk of non-delivery of the savings assumed within the budget;
- We validated performance against conditions in the agreement with the DfT dated 30 August 2022 to assess the likelihood of a clawback of funding or a dispute being raised by the DfT;
- We corroborated management's base case model for 2024/25 and 2025/26 through to the approved budget and challenged the key assumptions within the model including fare increases, passenger increases and RPI increase;
- We challenged each material element of downside risk identified by management, including those related to inflation and cost savings and tested to supporting evidence to assess the underlying assumptions and the appropriateness of TfL calculations;
- We stress tested the downside risk, using plausible downside parameters and calculated a "worst case" downside risk– this included no increase to passenger demand, further non-delivery of savings and reduced funding;
- We considered the mitigations available to TfL, challenged the assumptions over access to further borrowing and other potential mitigations to support the going concern position and we assessed the headroom available against TfL's Authorised Prudential Borrowing Limit over the going concern period and considered the accessibility of borrowing from the Public Works Loans Board; and
- We assessed the adequacy of the going concern disclosures relating to the ability to deliver current planned operational services within available sources of funding in the financial statements.

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Areas of Audit Focus

Complexity of accounting for TfL and TTL property portfolios

Key Audit Matter | Significant Risk

What is the risk, and the key judgements and estimates?

TfL has an extensive property portfolio, with a net book value of investment property amounting to £1.6bn as at 31 March 2024.

The TfL Group has an extensive and diversified property portfolio across London. Any changes to the assumptions used to value properties within the portfolio could have a significant impact on the financial statements. External valuers perform a detailed valuation across the property portfolio during each financial year. Significant judgement is used during the valuation of the property portfolio due to the uniqueness thereof. Inaccuracies in inputs or inappropriate bases used in these judgements (in respect of estimated rental value and yield profile applied) could result in a material misstatement of the balance sheet.

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What are our conclusions?

We have concluded that property valuations are within an acceptable range and in compliance with IAS16: Property, Plant and Equipment and with IAS 40: Investment Property as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. We also concluded that the balances and disclosures in the financial statements and notes appropriately reflect the risk factors identified and are in compliance with the requirements of IAS40.

During the audit we have challenged management's classification of properties that are the subject of long leases as investment properties. Further evidence was provided by management to support a number of those assessments, however management also determined in a number of cases that the historic classification was incorrect. We concur with the revised assessments and adjustments have been made to the financial statements as documented within section 03 of this report.

Through our audit work we also identified one asset, Acton Museum, which, at a group level was incorrectly classified within investment property at £8.13m. The asset was revalued using an existing use valuation methodology required for operational assets at £18.3m. Management have chosen not to adjust the financial statements for this item in FY24 and it is reported as an unadjusted misstatement in section 03 of this report.

Our response to the key areas of challenge and professional judgement

The following procedures were performed as part of our substantive testing:

- We obtained an understanding of management's process and controls around the valuation of properties;
- We obtained management's valuations report for properties valued at 31 March 2024;
- We evaluated the competence of the Group's external valuers, CBRE, which included consideration of their qualifications, expertise and independence;
- We met with TfL's external valuers and discussed the methodology applied and key judgements used in the valuation. Such judgements included the estimated rental value, yield profile and other assumptions that impact the value;
- We challenged whether certain assets were classified correctly as Investment Property under IAS 40 or whether they should be classified as operational assets under IAS 16 or lease receivables under IFRS 16;
- We selected a sample of investment properties based on a number of factors including size, risk and representation across asset classes. For all assets in this sample of properties, we tested source documentation provided by the Group to CBRE and the appropriateness of assumptions applied. This included agreeing a sample back to underlying lease data; and
- For certain assets within this sample, we used our valuation experts to assist in our testing of assumptions. Assets tested by our valuation experts were determined based on risk factors such as properties valued on a project basis and properties with significant movements in valuation from the prior year. Our valuation experts reviewed and challenged the approach and assumptions that have been applied in the valuation of these assets. They compared the yields applied to each property to an expected range of yields taking into account available market data and asset specific considerations. They assessed whether the other assumptions applied by the external valuers, such as the estimated rental values, voids and tenant incentives were supported by available data. They also considered whether other market transactions contradict the assumptions used in the valuation.

Areas of Audit Focus (cont'd)

Other areas of audit focus and response to significant risks

Significant accounting estimates – including complexity of provisions

What is the risk ?	What did we do?	What are our conclusions?
Significant accounting estimates – including complexity of provisions TfL, TTL and subsidiaries recognise a number of provisions related to different liabilities including commercial disputes, compensation and contractual arrangements and property claims. These provisions are subject to significant estimation and include uncertainty around negotiations.	We have critically assessed management's assessment of judgements and estimates. Specifically, we: ‣ Reviewed the methods and/or models used to make the accounting estimates; ‣ Reviewed the assumptions used to make the accounting estimates; ‣ Reviewed risk of management override of control in relation to estimation process; ‣ Evaluated the accuracy and completeness of the estimation amount made by third parties relating to insurances claims, and ‣ Performed unrecorded liabilities testing to identify any omitted provisions.	We identified one provision for £7.3m that had been incorrectly recognised as long term and should be classified as short term. Management has chosen to adjust the financial statements for this item. We engaged a specialist from our People Advisory Services team to perform a review of management's calculations for one statutory provision included in the accounts. Having completed this work we identified a difference of £5.1m however this is below our trivial threshold for reporting and therefore conclude that the provision is materially correct. No other misstatements were identified from our work on provisions.

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Areas of Audit Focus (cont'd)

Other areas of audit focus and response to significant risks

IFRS 16 Leases - Lease accounting, including the complexity of the estimating the Incremental borrowing rate (IBR)

What is the risk ?	What did we do?	What are our conclusions?
IFRS 16 Leases - Lease accounting, including the complexity of the estimating the Incremental borrowing rate (IBR) IFRS 16 was adopted for the first time in the 31 March 2020 financial statements. It requires entities to recognise a right of use asset and corresponding lease liability in its Statement of Financial Position. There are a number of judgements applied including the Incremental Borrowing Rate (IBR) applied. Historically we have reported an unadjusted audit difference in this area hence it remains an area of risk in FY24.	We have: ▸ Determined the interest rate to be used in the calculation of lease liabilities including engaging our EY specialists to evaluate the accuracy of the rate used. Management has continued utilising the same rate from the date of IFRS16 adoption for all deliveries of rolling stock in the 2023/24 financial year end accounts; ▸ Assessed the length of leases, in particular with respect to station and track access; ▸ Assessed the value of 'peppercorn' leases – the CIPFA Code requires the recognition of values related to peppercorn leases (this is not required under adopted IFRS); and ▸ Re-assessed the differences identified in the prior year.	The TfL rolling stock model shows the calculation of future cashflows, discount rate and lease liabilities. The inputs in this model are based on information provided by the lessor. The rolling stock is delivered in batches. For Class 345 – the last train delivery completed during the year ending 31 March 2022. During FY24 the last 3 trains were delivered for the 710 Class. In TfL's model. Management use one rate for all the deliveries, i.e. a goal seek rate (6.693%) for all Class 710 deliveries without considering the IBRs at the date of acceptance of the deliveries. Our view is that the rate should be determined at each delivery date for each batch of units. The IFRS 16 balances are calculated by management using the Horizon leasing software for the class 710 rolling stock. We have compared this to our own EY recalculation using the IBRs recalculated by our EY financial accounting and advisory service specialist and our difference is reported as an unadjusted misstatement. The value of this difference is an understatement of £87.3m to right of use assets, an understatement of £95.4m to non-current lease liabilities and an overstatement of £8.6m to retained earnings/reserves. The in-year impact on the income statement is £0.4m.

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Areas of Audit Focus (cont'd)

Other areas of audit focus and response to significant risks

Climate Risk

What is the risk ?	What did we do?	What are our conclusions?
Climate Risk In the context of the changing stakeholder expectations, and the increased regulatory focus, we have embedded a response to the risks presented by climate change into our audit procedures. FY24 is the first year in which it is mandatory for TTL to meet the Task Force on Climate-related Financial Disclosures ("TCFD") disclosure requirements spelled out by the FRC. We note various physical and transition climate change risks set out in the Task Force on Climate-related Financial Disclosures ("TCFD") disclosures along with the impact on the financial statements. These include the impact of extreme weather events, as well as shifts in policy, technology, markets and public expectations. We will focus on the completeness of these risks and whether our review of this "other information" identifies inconsistencies with the financial statements and any information we have obtained during the course of our audit.	Our audit work includes input from our Climate Change and Sustainability Specialists (CCaSS). The specific procedures undertaken included: ‣ Updating our assessment as to how the characteristics and undertakings of the Group may give rise to climate risks; ‣ Understanding and assessing the Group's external climate-related commitments; ‣ Understanding and evaluating the process and output relating to management's assessment of the impact of climate change risk; ‣ Assessing changes to transitional and physical risks which may have an impact on the narrative reporting and audited financial information; ‣ Evaluating the impact of climate change on the narrative reporting in the front half, including review of the mandatory Task Force on Climate-related Financial Disclosures ("TCFD") disclosures in light of the new requirements; ‣ Assessing the impact of climate change on audited financial information and determining the reasonableness of disclosures; and ‣ Including key observations in our audit opinion.	Having completed our work we have concluded that the climate disclosures included in the front half of the financial statements meet the TCFD reporting requirements. Management's assessment that there is no material impact from climate change on the financial statements is supportable and an appropriate disclosure has been included within the financial statements. Having completed the work we do recommend that front half disclosures could be improved through better articulation of the linkages between climate risks and organisational targets. In addition, we note that the SECR disclosures currently cover only scope 1 and 2 emissions, but we recommend, as an improvement, that TfL disclose their scope 3 emissions.

Areas of Audit Focus (cont'd)

Other areas of audit focus and response to significant risks

Complexity of accounting and disclosures for TfL's borrowing and treasury management

What is the risk ?	What did we do?	What are our conclusions?
Complexity of accounting and disclosures for TfL's borrowing and treasury Management TfL holds a number of derivative balances including FX forwards and interest rate swaps. Whilst the recalculation of derivative fair values is relatively complex the type of derivatives held by TfL (FX and Interest rate swaps) are not considered highly complex investment vehicles. In addition to this, TfL holds material levels of borrowing and determining the fair value of this borrowing contains some assumptions would can be open to judgement.	TfL is required to disclose the fair value of derivatives held and this is calculated using the Quantum system. In order to evaluate the accuracy of the fair value amount we randomly selected a sample of 6 derivatives (2 FX Swaps , 2 FX forwards and 2 cashflow hedge relationships) and requested our EY Financial Accounting Advisory Services (FAAS) team assist us in recomputing an independent fair value. The closing balance of borrowings held as at 31 March 2024 is £12.95bn. We have obtained third party confirmations for borrowings and trade confirmations for commercial papers as well as confirming bonds to the Bloomberg trading platform. The engagement team has performed an independent assessment of the fair value of borrowing using credit spread basis points. Additionally in terms of new agreements entered in the current period, we have obtained and inspected the agreements and corroborated these to management's Quantum system to ensure the accuracy of the recorded information inputted into the system as well as assessing the existence and rights and obligations of each agreement. The engagement team has also obtained 3rd party confirmations confirming the nominal amounts of borrowings provided.	From a derivatives perspective, our specialist team independently recalculated the fair value of derivatives held with no material differences. From a borrowings perspective, we have obtained confirmations for all balances and our testing of fair value calculations has not identified any material differences. For cash we have been able to obtain independent third-party confirmations for the full balance. For cash equivalents there were two instances where we were unable to obtain direct confirmation of balances and so we performed alternative procedures (HSBC and Barclays). This involved obtaining the bank statements and observing the download of the statement from the online portal as at the 31 March 2024 by the finance team. For two short term investments (ANZ and HSBC) and commercial papers, defined as long term borrowing (Natwest, Barclays, UBS and Bank of America), we could not obtain independent third-party confirmations. As a result, we undertook alternative procedures including confirming the trades took place to email communications from the lenders as well as agreeing to Bloomberg confirmations provided to the finance team via the Bloomberg portal. Having completed our procedures, we identified one classification difference impacting disclosures whereby £7.1m of payments that had not left the bank as at the balance sheet date that had been incorrectly classified as cash in transit and should be classified as cash and cash equivalents. Management have corrected the financial statements for this difference. No other misstatements were identified.

Areas of Audit Focus (cont'd)

Other areas of audit focus and response to significant risks

Judgemental assumptions impacting TfL's pension position

What is the risk ?	What did we do?	What are our conclusions?
The Local Authority Accounting Code of Practice and IAS19 require TfL to make extensive disclosures within its financial statements regarding its membership to the various schemes. TfL's pension fund position is a material estimated balance and the Code requires that this be disclosed on the TfL's balance sheet. The Group's balance sheet reflects the position from the Public Sector Section of the TfL Pension Fund Scheme, Local Government Pension Fund Scheme, the Crossrail section of the Railways Pension Scheme and the unfunded scheme provisions. At 31 March 2024, the TfL Pension Fund reported a net surplus £2,342m (2023: net surplus of £1,630m), the Local Government Pension Fund reported a net surplus of £7.3m (2023: net deficit of £0.5m) and the Crossrail Section of Railway Pension Scheme reported a net surplus position of £3.4m *(2023:* net surplus of £1.4m). Accounting for these schemes involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.	We have : ‣ Liaised with the auditors of TfL Pension Fund to obtain assurances over the information supplied to the actuary in relation to Transport for London. We met with the auditor to discuss audit risks and findings and also obtained a copy of the audit findings reports to assess the impact to the schemes of TfL; ‣ For the LGPS and Crossrail schemes we have performed substantive analytical procedures on the fair value of plan assets movement from the latest audited financial statement of the pension funds to 31 March 2024 using indices to form an expectation over the year-end asset position; ‣ Assessed the work of the Pension Fund's actuary (Barnett Waddingham and XPS Group) including the assumptions they have used by engaging our EY Pension Consulting team to review and assess the assumptions used; ‣ Assessed the appropriateness over recognition of a pension surplus for each applicable pension scheme; ‣ Considered the impact of the Virgin Media Limited v NTL Pension Trustees II Limited case on the three schemes; ‣ Reviewed and tested the accounting entries and disclosures made within the TfL's financial statements in relation to IAS19; and ‣ Engaged our EY Pensions Consulting team to carry out roll forward calculations related to the accounting numbers for the fund, to reconcile the year-end fair value of the scheme's assets and actuarial valuation of deficit benefit obligation figures with those from the previous year disclosures. We have also engaged our EY Pensions Consulting team to perform a review of assumptions for all schemes.	We have completed all our procedures in respect of pensions for the TfL group. Our EY Pensions consulting team performed a review of assumptions and performed roll forward liability checks for all schemes. No material variances were noted from this work. We performed substantive analytical procedures over the fair value of plan assets for LGPS and Crossrail schemes with no material differences noted. We engaged in regular communications with the auditors of the TfL Pension Fund (RSM) and also reviewed their audit findings report for the year ended 31 March 2024. From this review we noted that RSM had reported several differences in their testing of asset values held by TFL pension fund. The impact of these differences on the TFL financial statements is an understatement of the pension surplus of £40.9m. Management has chosen not to adjust the financial statements for this difference. We also considered the impact of the recent Virgin Media Limited v NTL Pension Trustees II Limited case on the three schemes. This case ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. Evidence was provided to support appropriate actuarial confirmation for TfL Pension Fund and Crossrail schemes. The work to review scheme amendments for the Local Government Pension Scheme is being carried out centrally by the Government Actuaries Department (GAD) since GAD's work remains in progress and appropriate disclosure has been included in the financial statements.

Areas of Audit Focus (cont’d)

Other areas of audit focus and response to significant risks

Minimum Revenue Provision (MRP)

What is the risk ?	What did we do?	What are our conclusions?
Minimum Revenue Provision (MRP) Under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended), TfL has a duty to make a revenue provision in respect of the financing of capital expenditure incurred by the local authority in that year or in any financial year prior to that year. As part of the FY23 audit we carried out a detailed review and challenge of the MRP position and as a result we raised several recommendations. There is a risk that these have not been appropriately considered and addressed during FY24 which could impact on the organisations arrangements to secure financial sustainability from a value for money perspective.	We have : ‣ Obtained and reviewed management’s updated MRP policy and assessed whether this addresses the recommendations raised in the previous year; ‣ Obtained and reviewed management’s reconciliation of the Capital Financing Requirement to the balance sheet; and ‣ Considered the impact of management’s MRP policy on arrangements to secure financial sustainability as part of our work on value for money work.	We have completed our review and assessment of the MRP model for FY 2023/24 (corrected with the finding noted in FY 2022/23), and we have not noted any differences above our reporting threshold. We also concluded that the management is able to support its position that the MRP charge is prudent and that the MRP model and calculation is appropriate. In relation to the recommended changes in the MRP policy raised in FY 2022/23, we have noted that these have been remediated and updated in the TfL Policy Statement on Minimum Revenue Provision section of the TfL Prudential Indicators 2024-25 to 2026-27. We also obtained the Capital Financing Requirement (CFR) working papers and performed a review and reconciliation of the balances against the respective sections in the accounts. Having completed this work, we did not identify any mistatements. In relation to the recommendation raised in FY 2022/23 relating to CFR, we have not noted any sections in the TfL Prudential Indicators 2024-24 to 2026-27 that specifically addresses the following recommendation, as to how the policy: • Explains how management intends to cover the Capital Financing Requirement (CFR) created by lending to subsidiaries. • Explains how management intends to cover the remaining balance on the CFR after accounting for the above items. • Explains how equity investment in subsidiaries is considered for MRP purposes. **We recommend that the management specifically include sections addressing the above matter in their policy moving forward.** Based on our cumulative review and assessment of the MRP model in FY 2023/24 and addressing of the MRP recommendations through the MRP policy we have evidence that arrangements are in place to secure financial sustainability as part of our work on value for money and have not identified a risk of significant weakness in arrangements in relation to this matter.

Areas of Audit Focus (cont'd)

Other areas of audit focus and response to significant risks

Red route bay enforcement income on the Group's road network

What is the risk ?	What did we do?	Status of work
Red route bay enforcement income on the Group's road network In the 2022/23 financial statements TfL disclosed a contingent liability in respect of Red route bay enforcement income on the Group's road network. This was because, at the time of signing of the 2022/23 financial statements, TfL were in the process of seeking a judicial review at the High Court and on the 17 July 2023 the Chief Adjudicator of the London Tribunals refused TfL's application to review a decision by a panel of Parking Adjudicators (the Determination) that red route bay contraventions cannot be enforced remotely using CCTV as currently done on the TfL Road Network. As an audit team we will need to monitor and understand this position as it evolves over the FY24 year and assess the implication, if any, on the financial statements.	We have : ‣ Obtained an understanding and evidence of the outcome of the judicial review and obtained management's assessment of how they will respond to the outcome including any implication on the financial statements; ‣ Considered the implications on our responsibilities towards objectors and also arrangements for value for money.	The judicial review found in favour of TfL and concluded that the method of raising PCNs, and the fact of the parking bays being within a red route, was sufficient to raise PCNs within the law. The outcome was formally provided in November 2023. We have obtained and reviewed legal advice taken by management and also engaged our own specialists from EY Law in review of this information. At the date of this report we are working to close our responsibilities in relation to the objection received and have concluded that there is no material impact on the financial statements following the judicial review outcome.

Areas of Audit Focus (cont'd)

Other areas of audit focus

Non-compliance with Laws and Regulations

Non-compliance matter	What did we do?	Impact on the financial statements
Non-permanent labour fraud Through our review of current fraud cases, we identified one case of non-permanent labour fraud that we initially assessed as having the potential for a more than inconsequential impact on the financial statements.	▸We obtained and reviewed management's assessment of the wider control environment and actions that have taken place to reduce non-permanent labour. ▸We also obtained and reviewed evidence to support management's actions including investigation reports. ▸ We assessed whether there are any accounting and disclosure consequences for the financial statements.	We concluded that this case does not lead to a material impact on the financial statements.
Compliance with statutory legislation	▸We obtained and reviewed management's assessment of the estimated liability to be included in the accounts including completeness considerations. ▸We engaged a specialist from our People Advisory Services department to perform a review of the calculation of the provision and consistency with the underlying legislation. ▸ Ensured appropriate disclosure in the financial statements, ensuring compliance with IAS 37 despite the confidential nature of the matter.	A provision has been recognised in the financial statements for this potential non-compliance with legislation. Having performed our procedures to test the estimate and management's model, we are satisfied that this estimate is materially correct.
PCNs not posted on date of issue We have become aware of an issue in relation to the validity of Penalty Charge Notices (PCN) and Notices to Owner (NTO) not posted on the date of issue as required by the Civil Enforcement of Road Traffic Contraventions (Approved Devices, Charging Guidelines and General Provision) (England) Regulations 2022 ("the 2022 regulations").	▸We obtained management's assessment of the issue and quantification of the impacted PCNs; ▸We obtained an understanding of how this assessment had been performed and challenged the basis of assessment; ▸We reviewed legal advice taken by management; ▸We used our EY Law specialists to perform a review of management's legal advice; and ▸We considered the impact on the financial statements.	We have obtained and reviewed internal legal advice as well as external legal advice taken by management and also engaged our own specialists from EY Law in review of this information. At the date of this report we are working to assess the impact of legal advice received to close our responsibilities in relation to the objection received.

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Areas of Audit Focus (cont'd)

Other areas of audit focus

Non-compliance with Laws and Regulations

Non-compliance matter	What did we do?	Impact on the financial statements
Cyber On the 31st August 2024 TFL was subject to a cyber-attack from an outside criminal organisation. Investigations have identified certain customer data was accessed as part of this incident.	▸The audit team and IT specialist team held meetings with management to understand the fact pattern and timeline; ▸We obtained evidence to confirm that the attack happened after the balance sheet date, with no access to systems prior; and ▸We considered the impact to the financial statements through fines, penalties and litigation.	We agree with management's assessment that the attack is a non-adjusting post balance sheet event, and this has been appropriately disclosed in the financial statements for the year ended 31 March 2024.

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03 Audit Differences

Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as ‘known’ or ‘judgemental’. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

At the date of this report, we have identified the following misstatements which management have chosen to adjust:

- **Long leases** – Following audit challenge, management have conducted a detailed review over the classification of assets held on long leases. As a result it was identified that a number of leases had been historically classified and accounted for incorrectly. Management have adjusted for this item in full in 23/24 to correct the position. The impact of the adjustment is an increase of £80.7m to Investment Property, £15.6m increase to finance lease receivables, £110.3m increase to deferred income and £13.4m charge to the CIES.
- **Cash in transit classification** – We identified £7.1m of payments that had not left the bank as at the balance sheet date that had been incorrectly classified as cash in transit and should be classified as cash and cash equivalents.
- **Provision classification** – We identified one provision for £7.3m that had been incorrectly recognised as long term and should be classified as short term.

From a disclosure perspective the following significant adjustments have been made:

- **Employee numbers** – we noted that employee numbers within Places for London included individuals whose contracts of employment are with TfL and therefore these individuals should be disclosed as employees within the Corporation and not Places for London. The prior year disclosures within the Corporation and Places have been restated to reflect this change.
- **Pensions** - Disclosure has been added to highlight the uncertainty over the impact of the 2023 Virgin Media Limited v NTL Pension Trustees II Limited ruling on the local government pension scheme liability. We also noted that the related inconsistencies in the comparative FY 2022/23 disclosure of the total assets in the schemes. The amount reported as equities and alternatives (£13,914.3m) and bonds (£254.6m) should be reported as £11,746.6m and £2,402.2m, respectively. This has been restated in the prior period.
- **Investment property** – Enhanced disclosures have been added to show the value of assets per type, the valuation approach to asset types and key unobservable inputs into the valuations. These disclosures have been included in the TFL Group accounts, TTL Group accounts and Places for London accounts.
- **Pensions total asset disclosure**– A disclosure classification error was noted in the prior year pensions asset disclosure of £2,149.7m which has been restated in the financial statements. There is no impact on the primary statements.

Audit Differences (cont'd)

Summary of unadjusted differences

In addition we highlight the following misstatements to the financial statements and/or disclosures which were not corrected by management. We ask that the Audit & Assurance Committee request of management that these uncorrected misstatements be corrected or a rationale as to why they are not corrected be considered and approved by the Audit & Assurance Committee and provided within the Letter of Representation:

	Effect on the current period:		Net assets (Decrease)/Increase			
Uncorrected misstatements 31 March 2024 (£'m)	OCI Debit/(Credit)	Income statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non-current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non-current Debit/ (Credit)
Errors						
Known differences:						
► JTC payments- accounting for contractual payments	(46)	2		44		
► Acton museum –incorrect classification as IP	(10)			10		
Judgemental differences:						
► Pension asset valuation differences	(41)			41		
► IFRS16 – rolling stock – rate used at each delivery date	9	(1)		87		(95)
Projected differences:						
► Capital accrual classification					14	(14)
Balance sheet totals			0	182	14	(109)
Income effect of uncorrected misstatements (before tax)	(88)	1				
Less: tax effect at current year marginal rate	0					
Cumulative effect of uncorrected misstatements before turnaround effect	(88)	1				
Turnaround effect. See Note 1 below.		17				
Cumulative effect of uncorrected misstatements, after turnaround	(88)	18	0	182	14	(109)

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There are no amounts that we identified that are individually or in aggregate material to the presentation and disclosures of the consolidated financial statements for the year ended 31st March 2024.

The impact on reserves brought forward is above our performance materiality which is based on in-year expenditure. However, the value is less than 0.5% of reserves and so we have concluded that the impact is not material. Further reclassification and disclosure misstatements which do not impact reported surplus are shown overleaf.

Note 1 - Turnaround effect is the impact of uncorrected misstatements corrected in the current period that actually relate to the prior period. During the prior year audit, we identified £8m of revenue that was not accrued in P13. This difference was left unadjusted in the prior year and the revenue was accounted for in 2023/24. This means revenue in 2023/24 is overstated by this amount and the prior period is understated. We also identified an unadjusted misstatement over potential liabilities arising from a statutory provision and reported a judgemental understatement of £24m in the prior year. The provision has been increased in 23/24 meaning expenditure is overstated by this amount and the prior period is understated.

Audit Differences (cont'd)

Summary of unadjusted differences

Further to the differences reported on the prior page, below are reclassification disclosure misstatements which do not impact reported surplus:

	Effect on the current period:		Net assets (Decrease)/Increase			
Uncorrected misstatements 31 March 2024 (£'m)	OCI Debit/(Credit)	Income statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non-current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non-current Debit/ (Credit)
1. Reclassification of rental income from investment property from cost of services line to financing and investment income						
Dr: Gross income – other segments		83				
Cr: Financing and investment income		(83)				
2. Reclassification of operating expenditure from investment property from the cost of services line to financing and investment expenses						
Dr: Financing and investment expenditure		35				
Cr: Gross expenditure – other segments		(35)				

Audit Differences (cont'd)

There were two areas where errors were identified that impacted the prior year and have been adjusted in 2023/24 rather than restated on the basis of materiality. We agree with this assessment and the decision to adjust in year but report an uncorrected difference in the opening balance when adjustments are made in year:

Uncorrected misstatements 31 March 2023 (£'m)	Effect on the current period: OCI Debit/(Credit)	Effect on the current period: Income statement Debit/(Credit)	Net assets (Decrease)/Increase: Assets current Debit/ (Credit)	Net assets (Decrease)/Increase: Assets non-current Debit/ (Credit)	Net assets (Decrease)/Increase: Liabilities current Debit/ (Credit)	Net assets (Decrease)/Increase: Liabilities non-current Debit/ (Credit)
1. Long lease adjustment						
Dr: Finance lease receivables				15		
Cr: Investment property				(1)		
Cr: Deferred income - long term						(110)
Dr: Reversal of gain on disposal of investment property		112				
Cr: Gain on recognition of finance lease receivables		(16)				
2. Prior Year Assets Held for Sale transferred into IP Assets (Opening Balance)						
Cr: Assets held for sale opening balance				(54)		
Dr: Investment properties opening balance				54		

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Unadjusted disclosure differences

Further to the above uncorrected differences, we also identified the following disclosure differences which have not been corrected by management:

- "Grant income" within the Comprehensive and Income Expenditure Statement should be described as "taxation and non-specific grant income" as it includes retained business rates and council tax precept from the GLA.

Assessment of Control Environment

Assessment of Control Environment

It is the responsibility of management to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether Transport for London has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control.

We reported four deficiencies in relation to our audit of the Places for London audit in our last audit results report dated 09 September. No other deficiencies have been identified.

04 Value for Money Arrangements

Value for money

The Authority's responsibilities for value for money (VFM)

The Authority is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Authority is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the CIPFA code of practice on local authority accounting. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

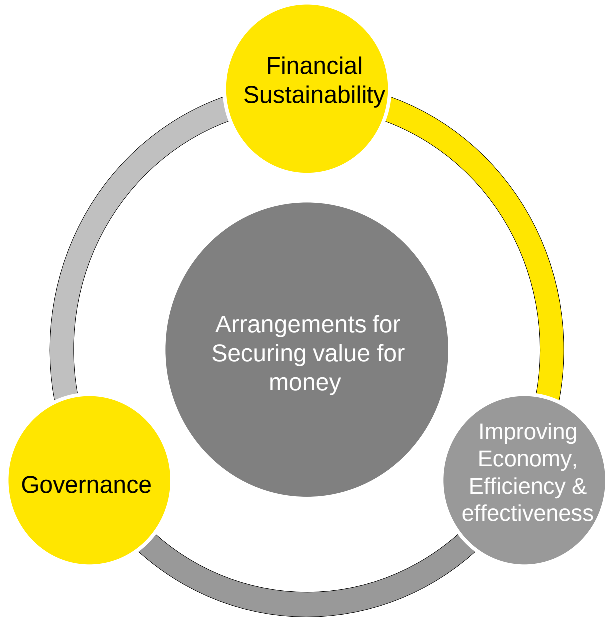
For 2023/24, proper arrangements are defined by 2020 statutory guidance issued by the National Audit Office on 1 April 2020, as:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

Having completed our VFM planning work we identified one risk of significant weakness:

- Financial sustainability: Longer term funding impact

We have completed our planned VFM procedures and have no matters to report by exception in the auditor's report. We include, on the next page, our findings from our work on the risk of significant weakness we identified. Our detailed value for money commentary is provided to you in our separate Auditors Annual Report provided alongside this audit results report.



Value for money

Responding to a risk of significant weakness in VFM arrangements

What is the risk of significant weakness ?	What did we do?	What are our conclusions?
Limitation of the Authority's ability to fully manage, commit and prioritise critical asset renewal schemes and capital enhancement programmes as a result of changes in funding for the capital programme which may lead to significant impact on the effectiveness of service delivery by the Authority to the public. *Reporting Criteria* ***Financial Sustainability: How the body plans to bridge its funding gaps and identifies achievable savings.*** The effectiveness of service delivery and ensuring the rail network remains safe and operable are dependent largely on the continuous investment in enhancement programs and reinvestment on asset renewals. The achievement of this is set out in the Business Plan published by TfL in 2023. The Business Plan detailed a capital renewals investment plan of £850m and the Authority plans to spend an average of £1.35bn per year on the enhancement programme and new capital investment. TfL budgeted for £500m of support from central government in the coming year with business planning assumptions that TfL is not expecting to pay for major signalling or rolling stock. The Government considered TfL's request for capital funding in the context of the current financial and funding environment and agreed to provide £250m to TfL which is £250m short of the planned assumption. As a result of this, TfL has had to consider contingency plans, detailing which elements of capital expenditure (i.e. assets renewals and enhancement programmes) can be re-prioritised or delayed. There is a risk that this could have a significant impact of the achievement of the strategic outcomes and long-term commitments which includes the Mayor's Transport Strategy, asset management objectives as well other corporate plans. This could also result in a significant impact on the effectiveness of service delivery where a key priority is to ensure the rail network remains safe and operable.	To address this risk, we performed the following procedures: • Considered and assessed the mitigations identified by the management as a result of the shortage in capital funding. • Reviewed the revised plan to assess the actions taken by management to address the shortages in capital funding. • Reviewed the latest budget, business plan and other related documents that would demonstrate that management have considered this matter in their forecasts.	Our work and assessment confirmed that management has reflected and considered the shortage of £250m in their Business Plan and Budget for 2024/25. We noted management has taken action to reprioritize some of the capital enhancement and renewals spend as a mitigation to cover the shortage in the capital funding. Further, TfL were able to reach an arrangement with a key supplier to provide an opportunity to significantly rephase the cash profile. As management were able to mitigate the impact of a shortage in capital funding settlement through the matters discussed, we concluded that the risk identified does not result in a significant weakness in arrangement in relation to reporting criteria of *Financial Sustainability: How the body plans to bridge its funding gaps and identify achievable savings.*

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05 Appendices

Appendix A – Audit approach update

Audit approach update

We summarise below our approach to the audit of the balance sheet and any changes to this approach from the prior year audit.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- Existence: An asset, liability and equity interest exists at a given date
- Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

Our audit approach is designed to place reliance on controls in the following areas:

- Fixed assets (Manual and IT)
- Revenue (Manual)
- Purchase and payable (IT)
- Payroll (Manual and IT)

- For all other areas we take a substantive audit approach. This approach is consistent with our audit approach in the prior year.

Appendix B - Summary of communications

Summary of communications

Date	Nature	Summary
13 November 2023	Report	The audit planning report, including confirmation of independence, was issued to the audit and assurance committee.
29 November 2023	Meeting	The partner in charge of the engagement, along with other senior members of the audit team, met with the audit and assurance committee to discuss the audit plan.
9 January 2024	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, met with senior members of the management team to discuss forward planning
Oct 2023-Sept 2024	**Meetings**	The partner in charge of the engagement, accompanied by other senior members of the audit team, met with senior members of the management team to discuss key business plans, budgets, risks and perform mandatory audit enquiries.
22 May 2024	Letter	Letter issued to the audit and assurance committee confirming and detailing our Audit Fees for the year ended 31 March 2024.
22 May 2024	Letter	The letter issued to the audit and assurance committee confirming and detailing our independence.
29 May 2024	Report	Audit status report was issued to the audit and assurance committee
05 June 2024	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, attended the meeting of the audit and assurance committee.
05 July 2024	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, met with the audit and assurance committee members to provide an audit status update.
09 September 2024	Report	Draft audit results report was issued to the audit and assurance committee.
18 September 2024	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, met with the audit and assurance committee members to provide an overview of the draft audit results report.
24 October 2024	Meeting	The IT partner and senior members of the audit team met with management to discuss and review evidence to support management's response to the cyber attack.

In addition to the above specific meetings and letters the audit team met with the management team multiple times throughout the audit to discuss audit findings.

Appendix C - Required communications with the Audit and Assurance Committee(cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Public Interest Entities	For the audits of financial statements of public interest entities our written communications to the audit committee include: ▸ A declaration of independence ▸ The identity of each key audit partner ▸ The use of non-EY firms or external specialists and confirmation of their independence ▸ The nature, frequency and extent of communications ▸ A description of the scope and timing of the audit ▸ Which categories of the balance sheet have been tested substantively or controls based and explanations for significant changes to the prior year, including first year audits ▸ Materiality ▸ Any going concern issues identified ▸ Any significant deficiencies in internal control identified and whether they have been resolved by management ▸ Subject to compliance with regulations, any actual or suspected non-compliance with laws and regulations identified relevant to the audit committee ▸ Subject to compliance with regulations, any suspicions that irregularities, including fraud with regard to the financial statements, may occur or have occurred, and the implications thereof ▸ The valuation methods used and any changes to these including first year audits ▸ The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework ▸ The identification of any non-EY component teams used in the group audit ▸ The completeness of documentation and explanations received ▸ Any significant difficulties encountered in the course of the audit ▸ Any significant matters discussed with management ▸ Any other matters considered significant	Audit results report in November 2024.

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Appendix C - Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▸ Whether the events or conditions constitute a material uncertainty related to going concern ▸ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▸ The appropriateness of related disclosures in the financial statements	Audit results report in November 2024.
Misstatements	▸ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▸ The effect of uncorrected misstatements related to prior periods ▸ A request that any uncorrected misstatement be corrected ▸ Material misstatements corrected by management	Audit results report in November 2024.

Appendix C - Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Fraud	▸ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▸ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▸ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▸ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▸ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▸ Any other matters related to fraud, relevant to Audit Committee responsibility.	Audit results report in November 2024. Audit planning report in November 2023
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▸ Non-disclosure by management ▸ Inappropriate authorisation and approval of transactions ▸ Disagreement over disclosures ▸ Non-compliance with laws and regulations ▸ Difficulty in identifying the party that ultimately controls the entity	Audit results report in November 2024.

Appendix C - Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▸ The principal threats ▸ Safeguards adopted and their effectiveness ▸ An overall assessment of threats and safeguards ▸ Information about the general policies and process within the firm to maintain objectivity and independence Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place. ▸ Communication of relevant information to those charged with governance, to enable them to provide concurrence on the non-audit services being provided. For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019: ▸ Relationships between EY, the company and senior management, its affiliates and its connected parties ▸ Services provided by EY that may reasonably bear on the auditors' integrity, objectivity and independence ▸ Related safeguards ▸ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▸ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit	Letter shared with the Audit and Assurance Committee date 22 May 2024.

Appendix C - Required communications with the Audit Committee (cont'd)

Required communications	What is reported?	Our Reporting to you When and where
	▸ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▸ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▸ The audit committee should also be provided an opportunity to discuss matters affecting auditor independence	
External confirmations	▸ Management's refusal for us to request confirmations ▸ Inability to obtain relevant and reliable audit evidence from other procedures.	Audit results report in November 2024.
Consideration of laws and regulations	▸ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▸ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of	Audit results report in November 2024.
Significant deficiencies in internal controls identified during the audit	▸ Significant deficiencies in internal controls identified during the audit.	Audit results report in November 2024.

Appendix C - Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Group Audits	▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements.	Audit planning report in November 2023 and Independence letter in May 2024.
Written representations we are requesting from management and/or those charged with governance	▶ Written representations we are requesting from management and/or those charged with governance	Audit results in September 2024
System of quality management	▶ How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit results in September 2024
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results in September 2024
Auditors report	▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report	Audit results in September 2024

Appendix C - Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Fee Reporting	▸ Breakdown of fee information when the audit plan is agreed ▸ Breakdown of fee information at the completion of the audit ▸ Any non-audit work	Audit fee letter in May 2024.
Value for Money	▸ Risks of significant weakness identified in planning work ▸ Commentary against specified reporting criteria on the VFM arrangements, including any exception report on significant weaknesses.	Audit status report – May 2024 Auditors Annual Report – November 2024

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ED None

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Audit and Assurance Committee

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

Date: **27 November 2024**

Item: **EY Independence Letter - Non-Audit Services for the Period 1 April to 31 October 2024**

This paper will be considered in public

1 Summary

1.1 This letter informs the Committee on any independence matters including existing non-audit services performed and the fees charged by Ernst & Young LLP (EY) for the period ending 31 October 2024. The letter seeks agreement from the Committee to their conclusions on independence for provision of future non-audit services.

2 Recommendation

2.1 **The Committee is asked to note the paper and agree with EY's conclusion that the provision of the future services referred to in the appended letter will not create a threat to the firm's independence as auditor of Transport for London or that any identified threat is at an acceptable level or, if not, will be eliminated, or reduced to an acceptable level; and agree with the provision of those services.**

3 Background

3.1 Under the provisions of the International Code of Ethics for Professional Accountants, EY must seek agreement from those charged with governance with their conclusions on independence for any proposed future non-audit services provided to TfL; this is interpreted as a matter to be considered by the Committee. The agreed-upon procedures referred to in the letter included at Appendix 1 relate to the annual requirement to provide the Relevant Turnover Statements for several subsidiaries to the Office of Rail and Road for the Railway Safety Levy.

3.2 Any non-audit services are assessed against TfL's Policy on External Audit and Non-Audit Services to Safeguard the Independence of External Auditors approved by the Committee in October 2015. The policy states that the Group's external auditor can be used for certain non-audit services. However, independence may be perceived as being compromised if the non-audit services carried out by the Group's auditors are extensive.

3.3 The policy requires EY to report to the Committee twice yearly on fees billed for existing non-audit services to enable the Committee to assess the extent. The appendix to the letter at Appendix 1 outlines the existing services and fees billed for the period from 1 April 2024 to 1 October 2024.

List of appendices to this report:

Appendix 1: EY's Independence letter - Period ending 31 October 2024

List of Background Papers:

TfL's Policy on External Audit and Non-Audit Services to Safeguard the Independence of External Auditors – October 2015.

Contact:	Patrick Doig, Group Finance Director
Email:	Patrick.Doig@TfL.gov.uk

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1 More London Place
London
SE1 2AF

Tel: +44 20 7951 2000
Fax: +44 20 7951 1345
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Appendix 1

Audit and Assurance Committe
Transport for London
5 Endeavour Square
Stratford
London
E20 1JN

11 November 2024

Direct line: 020 7951 2195
Email: jdawson1@uk.ey.com

Dear Sirs

Independence matters 2024/25 – Period ending 31 October 2024

Non Audit Services

In April 2021, the International Ethics Standards Board for Accountants (IEASB) released changes to the Non Audit Services (NAS) provisions and fee-related provisions of the International Code of Ethics for Professional Accountants (the Code). The new provisions are effective for audit periods beginning on or after 15 December 2022. Transition provisions apply to services that are subject to an engagement letter and that have commenced at that date. The provisions apply from 1 April 2023 for Transport for London as it is a listed entity.

Under those provisions, pre-concurrence from those charged with governance will be required for any proposed NAS to the listed entity and any entities controlled by that entity. We have been asked to provide the following services to TfL and Group from 1 April 2024:

- Agreed upon procedures related to financial and non-financial information required to respond to or comply with financial, accounting or contractual requirements, regulatory reporting matters, or on the request of management.

and request your concurrence to EY that:

- The EY conclusion that the provision of the services above will not create a threat to the firm's independence as the auditor of Transport for London or that any identified threat is at an acceptable level or, if not, will be eliminated, or reduced to an acceptable level, and

- The provision of that services, if so engaged.

Additional Fees

Under the FRC Ethical Standard and ISA (UK) 260 "Communication of audit matters with those charged with governance", we are required to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest. We set out the full scope of that reporting in our Audit Planning report. As part of that reporting, we are required to provide to the Audit and Assurance Committee a report on fees for all non audit services. Appendix 1 to this letter includes a summary of our non audit fees during the period 1 April 2024 to 31 October 2024.

Yours faithfully

Janet Dawson
Partner
For and on behalf of Ernst & Young LLP

Appendix 1
Summary of fees

	TfL Corporation	Comments
Agreed upon procedures	£23,587	Agreed upon procedures in respect of the Office of Rail and Road ("ORR") Returns as per requirements of Regulation 4 of the Railway Safety Levy Regulations 2006

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Audit and Assurance Committee

Date: **27 November 2024**

Item: **External Audit Plan TfL, TTL and Subsidiaries - Year Ending 31 March 2025**

This paper will be considered in public

1 Summary

1.1 This report informs the Committee of the Ernst & Young LLP (EY) plan for the audit of the financial statements of Transport for London, Transport Trading Limited and its subsidiaries for the year ending 31 March 2025.

2 Recommendation

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

3 Background

3.1 The plan has been developed by EY and sets out their audit strategy for the 2024/25 financial year. It highlights key audit risks, areas of focus and timetable of planned audit deliverables.

3.2 Due to retirement next year, Katie Caredes will replace Philip Young as Transport Trading Limited Group Audit Partner.

3.3 The proposed timetable for the 2024/25 financial year has been extended to September 2025 to reflect the increased complexity of the TfL audit in recent years. Closing meetings with senior management will still occur in May and the public inspection period will commence in June. This is within statutory deadlines, which have been extended to 27 February 2026, the regulations providing for which have been fully implemented following expiry of the parliamentary period for objections on 10 November 2024.

List of appendices to this report:

Appendix 1: EY's Provisional Audit Planning Report – Year ended 31 March 2025.

List of Background Papers:

None

Contact: Patrick Doig, Group Finance Director
Email: Patrick.Doig@TfL.gov.uk

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Appendix 1

Transport for London Provisional audit planning report

Year ended 31 March 2025

11 November 2024

Building a better working world

Private and Confidential

11 November 2024

Audit and Assurance Committee
Transport for London
5 Endeavour Square
Stratford
London
E20 1JN

Dear Audit and Assurance Committee Members

Provisional audit planning report

We are pleased to attach our provisional audit planning report for the forthcoming meeting of the Audit and Assurance Committee. The purpose of this report is to provide the Audit and Assurance Committee with a basis to review our proposed audit approach and scope for the 2024/25 audit, in accordance with the requirements of the auditing standards and other professional requirements, but also to ensure that our audit is aligned with the Committee's service expectations. We would like to highlight that this is a provisional audit plan and could be subject to change as we progress through our audit.

This report summarises our assessment of the key issues which drive the development of an effective audit for Transport for London. We have aligned our audit approach and scope with these.

This report is intended solely for the information and use of the Audit Committee, Board of Directors and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 27 November 2024 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Janet Dawson

For and on behalf of Ernst & Young LLP

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Contents

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/).The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (https://www.psaa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee, Board of Directors and management of Transport for London in accordance with our engagement letter. Our work has been undertaken so that we might state to the Audit Committee, Board of Directors and management of Transport for London those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee, Board of Directors and management of Transport for London for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

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01 Overview of our 2024/25 audit strategy

Audit risks and audit materiality

Group Materiality

Planning materiality

£103m

Materiality for the TfL Group has been set at £103m, which represents 1% of the 2024/25 budgeted total gross expenditure (being the total of current year operational and capital expenditure), which is determined based on the budget for FY2024/25 approved on 13 March 2024. We consider this to be the appropriate basis of materiality for the TfL group due to the scale and nature of the capital expenditure undertaken.

The amount we consider material at the end of the audit may differ from our initial determination and we will update it for actual figures rather than budget in due course. This is the same basis as in the prior year.

Performance materiality

£52m
PY: £50m

Performance materiality has been set at £52m, which represents 50% of materiality.

We set the level of performance materiality bases on our expectation for errors in the current year, based on our understanding of the control environment and level of audit differences in prior years. This is the same basis as in the prior year.

Audit differences

£5m

Our Audit differences threshold is determined based on 5% of planning materiality. This is the same basis as in the prior year.

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement and cash flow statement) and balance sheet that have an effect over £5m. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit and Assurance Committee.

Audit risks and audit materiality

The purpose of our audit is to obtain reasonable assurance to express an opinion about whether the group financial statements as a whole are free from material misstatement, whether due to fraud or error. The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Assurance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk/area of focus	Risk identified	Change from PY	Details
Presumptive risk of management override of controls	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Inappropriate Revenue recognition, required by ISA (UK & Ireland) 240 (including expenditure as required by Practice Note 10)	Fraud risk	No change in risk or focus	We have concluded that there is significant risk of material misstatement in the recognition of fare income which comprised £4,843m in 2023/24, generated through various sources including cash and contactless payments, fares which are apportioned with the Train Operating Companies "TOC" and those fares that are recognised over the period of the travel card. The process of revenue recognition is complex and involves a number of different third parties, which provides an opportunity for management override. There is also a potential incentive for management to misstate revenue to portray a stronger financial position & performance of the TfL Group. We also assess that this risk manifests itself through manual journal posting to non-fares revenue streams where there could be opportunity for override or error to occur.
Inappropriate capitalisation of capital projects including capital accruals	Fraud risk	No change in risk or focus	The TfL Group undertakes multiple capital projects at any point in time. These projects vary in size, complexity and length of time to complete. We assess the risk of fraud manifests itself through the potential for inappropriate capitalisation considering the level of capital expenditure and the complexity of these projects.
Valuation of TfL and TTL property portfolios	Significant risk	No change in risk or focus	TfL has an extensive property portfolio, with a net book value of investment property amounting to £1.6bn as at 31 March 2024. External valuers perform valuations across the property portfolio during each financial year. Small changes to the key assumptions used to value properties within the portfolio could have a significant impact on the financial statements.

Audit risks and audit materiality

Audit risks and areas of focus

Risk/area of focus	Risk identified	Change from PY	Details
Significant accounting estimates – Complexity of provisions	Inherent risk	No change in risk factors	TfL, TTL and subsidiaries recognise a number of provisions related to different liabilities including commercial disputes, compensation and contractual arrangements and property claims. These provisions are subject to significant estimation, including uncertainty around commercial negotiations.
IFRS 16 Leases - Lease accounting, including the complexity of estimating the Incremental borrowing rate (IBR)	Inherent risk	No change in risk factors	IFRS 16 requires entities to recognise a right of use asset and corresponding lease liability in its Statement of Financial Position. There are a number of judgements applied including the Incremental Borrowing Rate (IBR) applied. Historically we have reported an unadjusted audit difference in this area hence it remains an area of risk in FY25.
Complexity in relation to the valuation of derivative instruments	Inherent risk	**Decrease** in risk or focus	TfL holds a number of derivative instruments including FX forwards and interest rate swaps which are accounted for using the principles of hedge accounting. The review of the hedge documentation requires involvement of specialists, however, the instruments are vanilla in nature and it are relatively non-complex to recalculate the fair values. As a result the risk has been designated as an inherent risk rather than a significant risk.
Judgemental assumptions impacting TfL's pension position	Inherent risk	No change in risk or focus	The assumptions used to arrive at the value of the actuarial valuation of defined benefit assets and obligations is complex and involves significant judgment and estimation. At 31 March 2024, TfL reported a pension surplus in the balance sheet amounting to £2,26m. The Group's balance sheet reflects the pension position from the Public Sector Section of the TfL Pension Fund Scheme, Local Government Pension Fund Scheme, Crossrail section of the Railways Pension Scheme and the unfunded scheme provisions. TfL uses the services of Barnett Waddingham and XPS Group (actuarial experts) to support them with the actuarial assumptions and disclosures supporting the IAS19 figures.
Going concern	Inherent risk	**Decrease** in risk or focus	The going concern period to be considered is of at least 12 months from the approval of the financial statements. There are a number of uncertainties which could impact this assessment, including passenger demand, cost of living, consumer preferences and the availability of government funding. Management will need to ensure appropriate disclosure within the financial statements setting out the key risks and how these can be mitigated over the going concern period to ensure that services can continue to be delivered at current levels.

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Audit risks and audit materiality

Audit risks and areas of focus

Risk/area of focus	Risk identified	Change from PY	Details
Accounting for the new Silvertown Tunnel Private Finance Initiative (PFI) Scheme	Inherent risk	**Increase** in risk or focus	The £1bn Silvertown Tunnel PPP contract between TfL and Riverlinx CJV, a Construction Joint Venture, transfers construction, maintenance and operational risks to the private sector, with payment to Riverlinx tied to timely delivery and performance post-completion in 2025. TfL's annual payment of £65m, dependent on Riverlinx performance metrics, involves complex modelling and judgment which will be first recorded in the financial statements this year.

Other areas of focus

Risk/area of focus	Risk identified	Change from PY	Details
Climate risk	Area of focus	**No change in risk factors**	In response to regulatory requirements and Audit Committee expectations, we incorporated climate risk into our audit. The mandatory Climate-related Financial Disclosures for TfL highlight physical and transition risks – such as extreme weather and policy changes – that may impact financial statements. Our focus remains on ensuring these disclosures are complete and align with financial statement data gathered during our audit as well as assessing TfL's response to the recommendations we raised in the prior year. We will also ensure that key estimates and judgements throughout the financial statements reflect the impact of climate risk to the extent that they are known, including areas such as property valuations, going concern assessments and other key judgements.
Cyber attack	Area of focus	**Increase** in risk or focus	During the year the TfL was the subject of a sophisticated criminal cyber-attack resulting in some disruption to operations and data being exfiltrated from the IT estate. Investigations have identified certain customer data was accessed as part of this incident. There is also potential non-compliance with data protection regulations, which may result in regulatory scrutiny and penalties. To mitigate the impact of the cyber-attack, Management implemented a number of actions, such as restricting access to systems, including the general ledger, over a period of approximately 4 weeks. There is a risk that alternative arrangements during the restricted period give rise to additional manual journal posting where there could be an increased risk of fraud or error.

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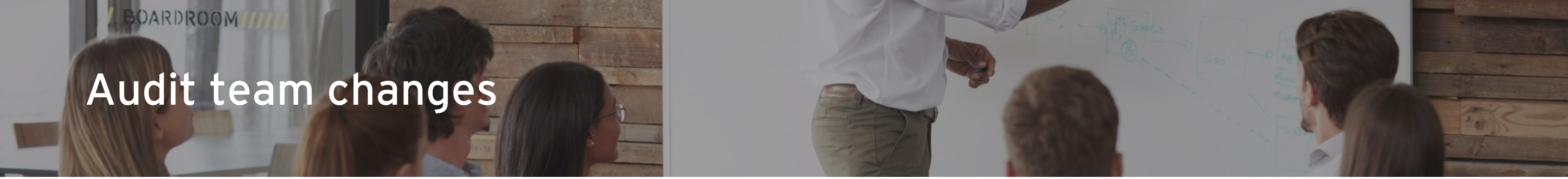

Audit team changes

Audit team changes

Key changes to our team

Partner

Katie Caredes

Katie will replace Philip Young as TTL Group Audit Partner following Philip's retirement.

Senior Manager

Jacob McHugh

Jacob will be the Senior Manager for the TfL Group audit whilst Chloe Wilkinson is on maternity leave.

Senior Manager

Yao Xian Chen

Yao will be the Senior Manager for the Places for London audit team, bringing her experience of working with our real estate clients.

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Extended team changes

Key changes to our team

Partner – Technology Risk

Denise Fabb

Denise joins our IT team replacing Arijit Ray who has had to rotate off the TFL audit for independence reasons.

Senior Manager – Technology Risk

Graham Campbell

Graham joins our IT team replacing Shalini Supriya who has now left EY.

Overview of our 2023/24 audit strategy

Audit Plan

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Transport for London give a true and fair view of the financial position as at 31 March 2025 and of the income and expenditure for the year then ended; and
- Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 03.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on TfL’s Whole of Government Accounts return. Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management’s views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to Transport for London.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on “the auditors assessment of risk and the work needed to meet their professional responsibilities”.

Overview of our 2023/24 audit strategy

Value for money conclusion

We include details in Section 03 but in summary:

- We are required to consider whether TfL has made ‘proper arrangements’ to secure economy, efficiency and effectiveness on its use of resources.

- Planning for our work on value for money arrangements and our associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of TfL’s arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

- We will provide a commentary on TfL’s arrangements against the following criteria:
    - Financial sustainability - How TfL plans and manages its resources to ensure it can continue to deliver its services;
    - Governance - How TfL ensures that it makes informed decisions and properly manages its risks; and
    - Improving economy, efficiency and effectiveness - How TfL uses information about its costs and performance to improve the way it manages and delivers its services.

- The commentary on VFM arrangements will be included in the Auditor’s Annual Report.

Timeline

See Section 07 – we have set out the phasing of our audit in order to meet the planned reporting timetable for a sign off at the end of September 2025.

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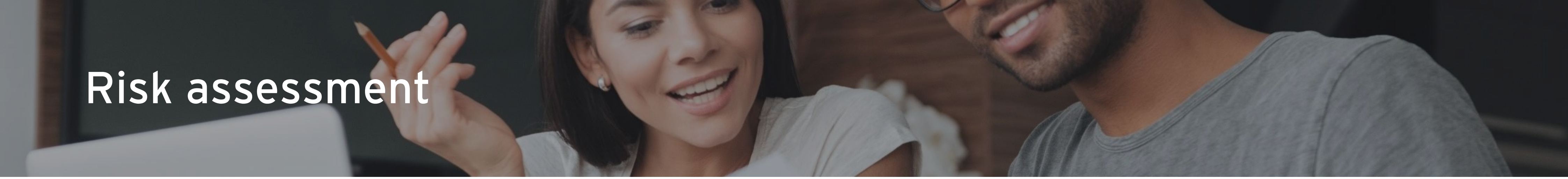
02 Audit risks



Risk assessment

Key audit matters

ISA (UK) 701 is effective for periods commencing on or after 17 June 2016 and requires that we communicate key audit matters in our auditor's report. Key audit matters are selected from the matters we communicate to you that in our opinion are of most significance to the current period audit and required significant attention in performing the audit.

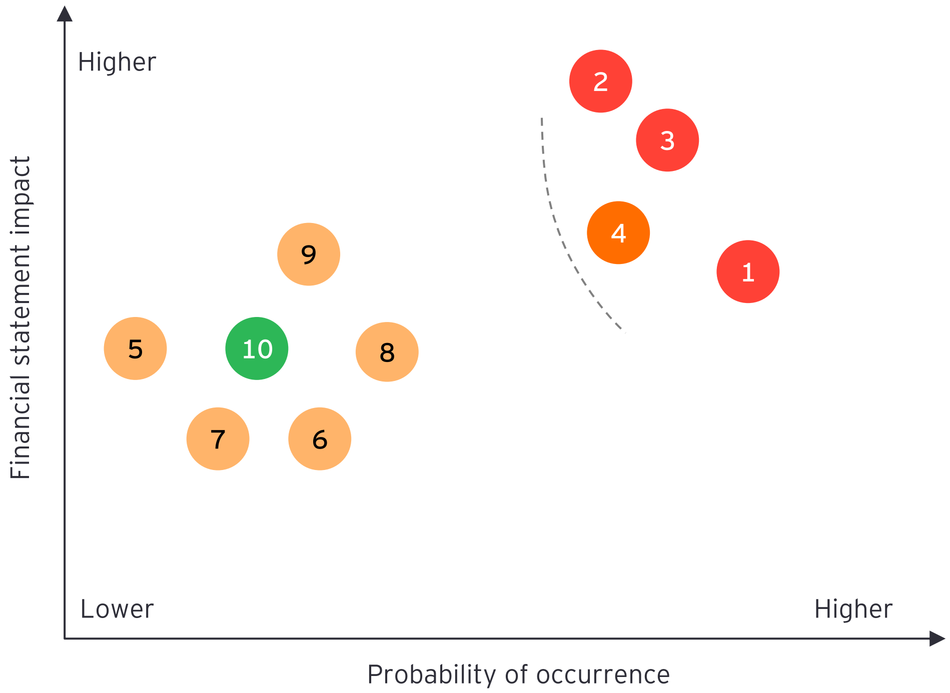
When determining key audit matters we will consider:

- Areas of higher or significant risk
- Areas involving significant judgment, including accounting estimates with high estimation uncertainty
- Significant events or transactions that occurred during the period

At this stage of the audit we do not know what key audit matters we will include in our auditor's report. However, we have included within this section the most significant assessed risks of material misstatement (whether or not due to fraud), including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the audit team. We will confirm the key audit matters to you in our audit results report.

Risk assessment

We have obtained an understanding of your strategy, reviewed your principal and emerging risks as identified in your 2023/24 Annual Report and Accounts and combined it with our understanding of the industry and other external factors to identify key risks that impact our audit. The following risk radar summarises the significant matters that are relevant for planning our year-end audit:



Fraud risks

1 Inappropriate revenue recognition

2 Inappropriate capitalisation of capital projects, including capital accruals
3 Presumptive risk of management override of controls

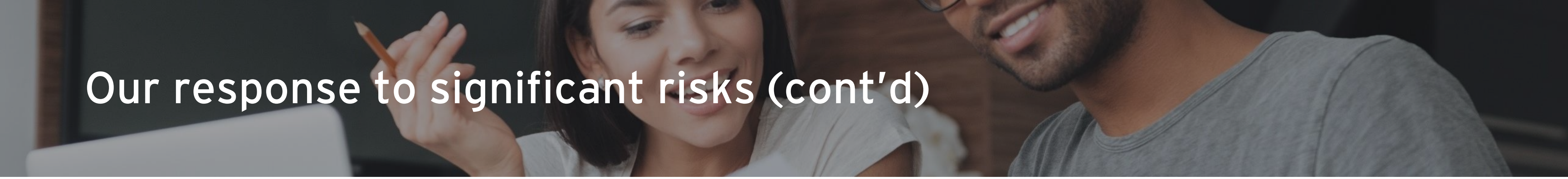
Significant risk

4 Valuation of TfL and TTL property portfolios

Inherent risk

5 Significant accounting estimates - including complexity of provisions
6 IFRS 16 Leases - Lease accounting, including the complexity of estimating the Incremental borrowing rate (IBR)
7 Complexity in relation to the valuation of derivatives instruments
8 Judgemental assumptions impacting TfL's pension deficit
9 Going concern

New risk
10 Accounting for the new Silvertown Tunnel Private Finance Initiative (PFI) Scheme



Our response to significant risks (cont'd)

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Presumptive risk of management override of controls*

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What is the risk?

In accordance with ISA 240, the presumptive risk of management override of controls is present at every entity and we design the appropriate procedures to consider such risk.

► Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

► Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud.

What will we do?

- Identifying fraud risks during the planning stages.
- Inquiry of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- Determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including:
    - Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
    - Assessing accounting estimates for evidence of management bias
    - Evaluating the business rationale for significant unusual transactions outside the normal course of business, and
    - Considering whether there are any fraud risk factors associated with related party relationships and transactions and if so, whether they give rise to a risk of material misstatement due to fraud.

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Inappropriate Revenue recognition, required by ISA (UK & Ireland) 240 (including expenditure as required by Practise Note 10)*

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Financial statement impact

Misstatements that occur in relation to the risk of fraud in revenue recognition could affect the income accounts. As at P5 fares revenue of £1,912.5m has been recognised.

What is the risk, and the key judgements and estimates?

We assess that the risk of fraud in revenue recognition manifests itself through fares revenue and also through manual journals posted to non-fares revenue streams.

Transport for London (TfL) generates approximately 72% of its revenue from fares charged to customers during FY23/24.

Fares revenue remains a focus of the financial statements audit due to the complexity of the IT systems and arrangements with service organisations used to record revenue and as well as the complexity required to determine the apportionment of revenue due to TfL and other Train Operating Companies. This complexity provides an opportunity for management override and there Is also a potential incentive for management to misstate revenue to portray a strong financial position & performance of TfL Group.

In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk of manipulation of expenditure recognition manifests through inappropriate capitalisation and capital accruals which is reported on the next page.

What will we do?

- Our testing of revenue recognition will include both tests of control and substantive testing. We will:
- Perform controls testing over the effectiveness of the cash collection process and sales made at various sales outlets to provide evidence of existence of passenger income and services delivered;
- Obtain an understanding of the processes for recording fares revenue including the IT applications;
- Test IT controls using our IT specialists for the SAP, CPAY and OXNR systems;
- Evaluate the conclusions, with the support of our IT specialists, from the ISAE3402 reports on the controls operated by service organisations over contactless ticketing and Oyster Pay as You Go, including those over apportionment;
- Compare the assessment of fares apportioned to the Train Operating Companies for reasonableness against latest agreements, settlements in year and correspondence with the Train Operating Companies;
- Our substantive testing of revenue relating to Oyster Pay as You Go, Contactless Pay, Travelcard and Through Ticket will include the following procedures:
  - Sample testing of weekly sales reported in the sales database and agreement of this to raw sales data from the Central Data System which records all journey transactions. We will also agree the total revenue per the sales database for the year to the amount recorded as revenue.
  - We will agree a sample of periodic net settlements between TfL and the Train operating companies (managed by the Rail Delivery Group) for Contactless Pay, Oyster and Travelcard to invoices received from the Rail Delivery Group and to the bank statement.
  - We will agree the values reported as revenue in advance by performing a recalculation of the closing balance using the sales database that records sales of travelcards and oyster cards and the revenue recognised for the year recorded when customers take journeys.
- We will also perform journals testing over manual journal posted to fares revenue.

For Non-Fares Revenue, we will:

- Review manual journal entries for unusual postings related to adjustments to revenue.

Our response to significant risks

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Inappropriate capitalisation of capital projects including capital accruals*

Financial statement impact

Misstatements that occur in relation to inappropriate capitalisation including capital accruals would affect the carrying value of assets under construction and capital accruals accounts. These accounts had the following balances in the 2023/24:

Balance Sheet Account:

- Assets under construction: £4,241m; and
- Capital accruals £476.6m

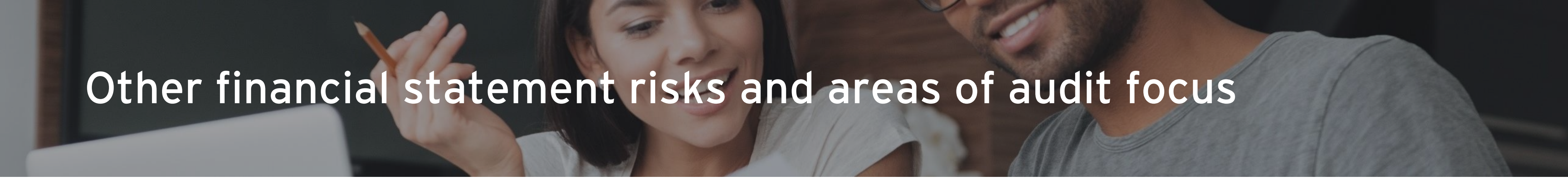
What is the risk, and the key judgements and estimates?

The TfL Group undertakes multiple capital projects at any point in time. These projects vary in size, complexity and length of time to complete.

We assess the risk of fraud in expenditure recognition has the potential to manifest through the inappropriate capitalisation of revenue expenditure considering the level of capital expenditure that is incurred each year and the complexity of these projects.

What will we do?

- Our testing of capital expenditure will include both tests of control and substantive testing to assess whether the expenditure capitalised in property, plant and equipment met the criteria under IAS16. We will:
- Gain an understanding of key controls and governance surrounding capital project accounting and management;
- Test controls over the effectiveness of the approval process for expenditure and for capitalisation, by testing controls related to the approval of capital expenditure recorded in property, plant and equipment to evidence of appropriate authorisation and of review of amounts capitalised;
- Select a sample of major projects based on size and risk and test expenditure capitalised during the financial period to supporting project documentation, including third party reports and valuations and assess whether the expenditure meets the criteria for capitalisation;
- Meet with project managers for a sample of projects to understand the scope, progress and viability of the project, to enable us to consider whether the accounting amounts recorded are consistent with the understanding gained of any delivery challenges encountered, or disputes with contractors and to consider whether this indicates any expenditure does not meet the criteria for capitalisation;
- Perform detailed testing on a sample of capital accruals to source documentation to test completeness and valuation of costs recognised at 31 March 2025;
- Visit a sample of project sites to further understand the scope and the progress on projects, to enable us to consider whether the accounting amounts recorded are consistent with the understanding gained of any delivery challenges encountered, or disputes with contractors and to consider whether this indicates any expenditure that does not meet the criteria for capitalisation; and
- Perform journals testing over unusual manual journals posted to capital during the year.



Other financial statement risks and areas of audit focus

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Valuation of TfL and TTL property portfolios

Financial statement impact

Misstatements that occur in relation to TfL and TTL groups property portfolios would affect the net asset value. The accounts had the following balances in the 2023/24 financial statements:

Balance Sheet Account:

- Investment property: £1,615.1m

What is the risk/area of focus, and the key judgements and estimates?

TfL has an extensive property portfolio, with a net book value of investment property amounting to £1.6bn as at 31 March 2024.

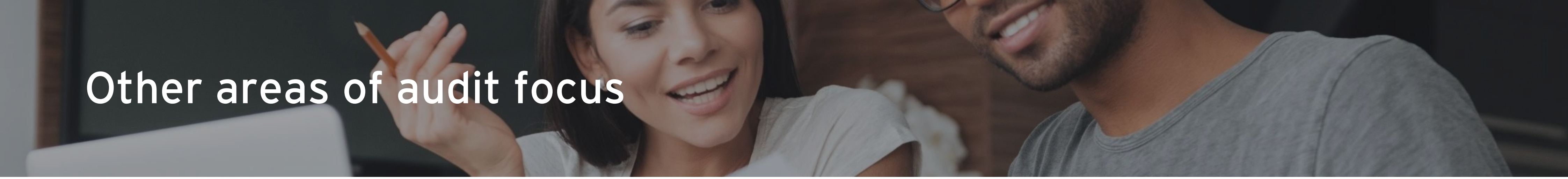
Changes to the key assumptions used to value properties within the portfolio could have a significant impact on the financial statements. External valuers perform valuations across the property portfolio each financial year.

Significant judgement is used during the valuation of the property portfolio due to the uniqueness thereof. Inaccuracies in inputs or inappropriate bases used in these judgements (in respect of estimated rental value and yield profile applied) could result in a material misstatement of the balance sheet.

What will we do?

For TfL, TTL groups and subsidiaries, we will:

- Obtain an understanding of management's process and controls around the valuation of properties;
- Obtain management's valuations report for properties valued at 31 March 2025;
- Evaluated the competence of the Group's external valuers, CBRE, which includes the consideration of their qualifications, expertise and independence;
- Meet with TfL's external valuers and discuss the methodology applied and key judgements used in the valuation;
- Select a sample of investment properties based on a number of factors including size, risk and representation across asset classes. For all assets in this sample of properties, we will test the source documentation provided by the Group to CBRE and the appropriateness of assumptions applied;
- For certain assets within this sample, we will use our valuation experts to assist in our testing of assumptions. Our valuation experts review and challenge the approach and assumptions that have been applied in the valuation of these assets as well as considering whether other market transactions contradict the assumptions used in the valuation.
- In addition, we will challenge the classification of assets as Investment Property under IAS 40 or whether they should be classified as operational assets under IAS 16 or lease receivables under IFRS 16;



Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus, and the key judgements and estimates?

Cyber Attack

During the year, TfL was the subject of a sophisticated criminal cyber-attack resulting in some disruption to operations and data being exfiltrated from the IT estate. Investigations have identified certain customer data was accessed as part of this incident. There is also potential non-compliance with data protection regulations, which may result in regulatory scrutiny and penalties.

To mitigate the impact of the cyber-attack, Management implemented a number of actions, such as restricting access to systems, including the general ledger, over a period of approximately 4 weeks. There is a risk that alternative arrangements during the restricted period give rise to additional manual journal posting where there could be an increased risk of fraud or error.

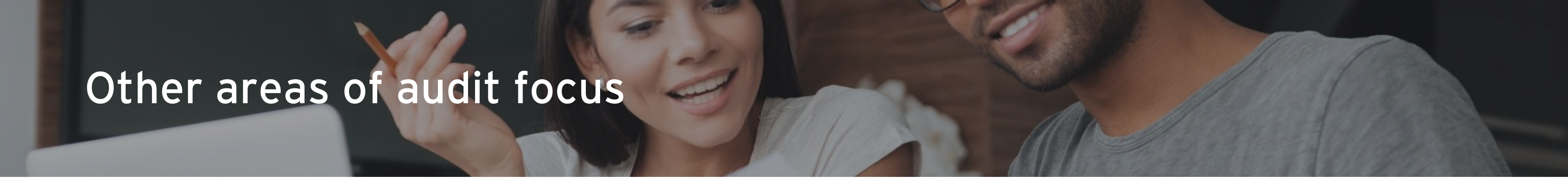
Our response: Key areas of challenge and professional judgement

Our audit work will include input from our EY Technology Risk colleagues. The specific procedures undertaken will include:

- Review of documentation related to the detection and identification of the incident;
- Evaluation of the involvement of third-party partners in the incident, including their impact and response;
- Analyse the impact of the cyberattack on business operations, data integrity, and financials;
- Additional walkthroughs covering the period where access was restricted and manual work-arounds where in place;
- Additional focus over manual journals posted during the period where access was restricted;
- Additional focus over manual journals posted after access was restored;
- Assessment of any changes made to cybersecurity controls as a result of the incident to prevent future occurrences; and
- Assessment of the impact of loss of customer data and impact to CDS(Central Database System) platform.

What else will we do?

We will also conduct additional procedures to evaluate adequacy of disclosures. Specifically, we will review whether management has appropriately disclosed principal risks, uncertainties. and mitigation strategies related to this incident in the narrative and strategic reports. This will include assessing the clarity and completeness of disclosures on the nature of the event, its impact, and the company's response measures.



Other areas of audit focus

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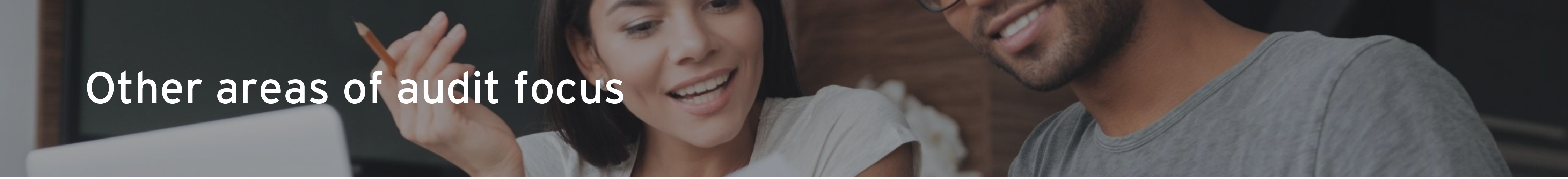
What is the risk/area of focus, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement	What else will we do?

Significant accounting estimates – complexity of provisions
 	
TfL, TTL and subsidiaries recognise a number of provisions related to different liabilities including commercial disputes, compensation and contractual arrangements and property claims.
 	
These provisions are subject to significant estimation and include uncertainty around negotiations.
	We will:
	‣ Critically assess management's assessment of judgements and estimates. Specifically, we:
	  ‣ Review the methods and/or models used to make the accounting estimates;
	  ‣ Review the assumption used to make the accounting estimates;
	  ‣ Review significant assumptions;
	  ‣ Review management's consideration of estimation uncertainty;
	  ‣ Review policies related to authorisation and segregation of duties;
	  ‣ Review risk of management override of control in relation to estimation process;
	‣ Evaluate the accuracy and completeness of the estimation amount made by third party relating to insurances claims; and
	‣ Perform unrecorded liabilities testing to identify any omitted **provisions.**
		Where necessary, we would engage with our People Advisory Services colleagues to assess the appropriateness of material statutory provisions if relevant.

IFRS 16 Leases - Lease accounting, including the complexity of the estimating the Incremental borrowing rate (IBR) IFRS 16 was adopted for the first time in the 31 March 2020 financial statements. It requires entities to recognise a right of use asset and corresponding lease liability in its Statement of Financial Position. There are a number of judgements applied including the Incremental Borrowing Rate (IBR) applied. Historically we have reported an unadjusted audit difference in this area hence it remains an area of risk in FY25.	We will: ‣ Assess the appropriateness of the interest rate to be used in the calculation of lease liabilities; ‣ Assess the length of the leases - In particular with respect to station and track access; ‣ Engage EY specialists to evaluate the accuracy of the IBR rate used; and ‣ Re-assess differences identified in prior year.	An unadjusted audit difference was identified in the prior year audit which affects our risk assessment of the lease accounting in the current year. These matters will be re-assessed in the current year and any changes to contracts assessed for IFRS16 accounting.



Other areas of audit focus

What is the risk/area of focus, and the key judgements and estimates?

Complexity in relation to the valuation of hedging instruments

TfL holds a number of derivative instruments including FX forwards and interest rate swaps. Given the instruments are vanilla and relatively easy to recalculate the fair values, the risk has been designated as an inherent risk rather than a significant risk.

Our response: Key areas of challenge and professional judgement

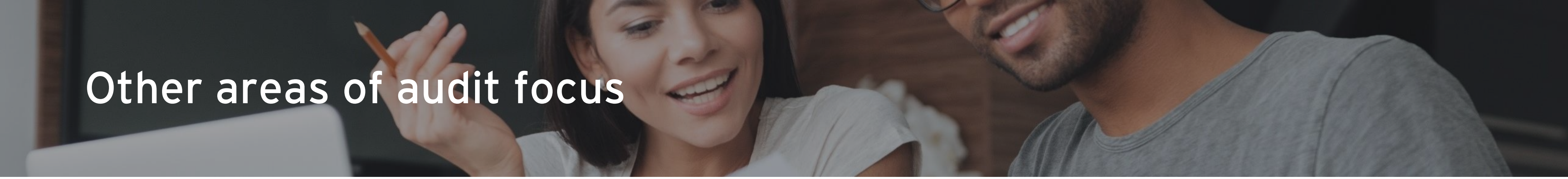
TfL is required to disclose the fair value of derivatives held and this is calculated using the Quantum system.

We will:

- Evaluate the accuracy of the fair value amount reported;
- Select a sample of derivatives and hedge relationships for substantive testing;
- Engage our EY Financial Accounting Advisory Services (FAAS) team assist us in recomputing an independent fair value as well as performing an independent assessment of hedge effectiveness.

What else will we do?

If there are any new agreements entered into we will obtain and inspect the agreements and corroborated these to management's Quantum system to ensure the accuracy of the recorded information inputted into the system as well as assess the existence and rights and obligations of each agreement.



Other areas of audit focus

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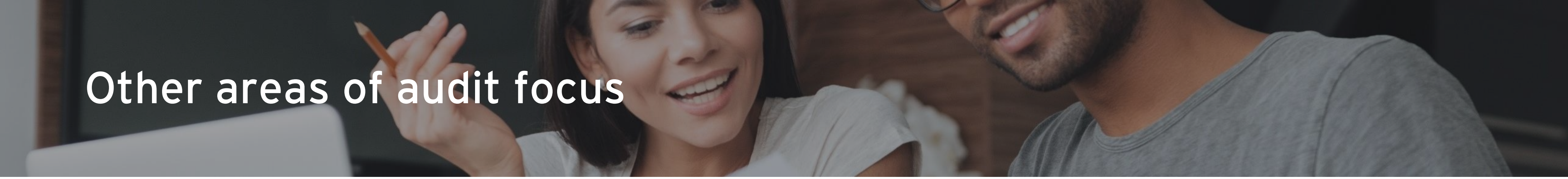
What is the risk/area of focus, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement	What else will we do?
Judgemental assumptions impacting TfL's pension position The Local Authority Accounting Code of Practice and IAS19 require TfL to make extensive disclosures within its financial statements regarding its membership to the various scheme. At 31 March 2024, TfL's reported a pension surplus in the balance sheet amounting to £2,269 million. The Group's balance sheet reflects the pension position from the Public Sector Section of the TfL Pension Fund Scheme, Local Government Pension Fund Scheme, Crossrail section of the Railways Pension Scheme and the unfunded scheme provisions. TfL uses the services of Barnett Waddingham and XPS Group (actuarial experts) to support them with the actuarial assumptions and disclosures supporting the IAS19 figures. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.	We will : ▸ Liaise with the auditors of TfL Pension Fund to obtain assurances over the information supplied to the actuary in relation to Transport for London. We will meet with the auditor to discuss audit risks and findings and also obtain a copy of the audit findings reports to assess the impact to the schemes of TfL. ▸ For the LGPS and Crossrail schemes we shall perform substantive analytical procedures on the fair value of plan assets movement from the latest audited financial statement of the pension funds to 31 March 2024 using indices to form an expectation over the year-end asset position. ▸ Assess the work of the Pension Fund's actuary (Barnett Waddingham and XPS Group) including the assumptions they have used by engaging EY Pension Consulting team to review and assess the assumptions used. ▸ Review and test the accounting entries and disclosures made within the TfL's financial statements in relation to IAS19; and ▸ Engage EY Pensions Consulting team to carry out roll forward calculations related to the accounting numbers for the fund, to reconcile the year-end fair value of the schemes asset and actuarial valuation of deficit benefit obligation figures with those from the previous year disclosures. We shall also engage our EY Pensions Consulting team to perform a review of assumptions for all schemes.	We will consider the impact on any ongoing related legal cases that may impact the schemes such as the Virgin Media Limited v NTL Pension Trustees II Limited case.



Other areas of audit focus

What is the risk/area of focus, and the key judgements and estimates?

Going Concern

The going concern period to be considered is of at least 12 months from the approval of the financial statements. There are a number of uncertainties which could impact on the overall position including passenger demand, cost of living, consumer preferences and the availability of government funding. Management will need to ensure appropriate disclosure within the financial statements setting out the key risks and how these can be mitigated over the going concern period to ensure that services can continue to be delivered at current levels.

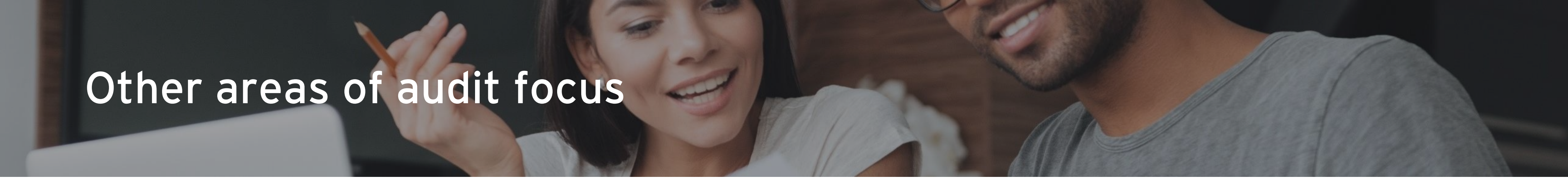
Our response: Key areas of challenge and professional judgement

We will:

- Consider the historical accuracy of management’s budgets and forecasting by comparing the last two years variances in actual outturn, as well as the post year end period;
- Validate performance to date on efficiency savings programmes, to determine the potential risk of non-delivery of the savings assumed within the budget;
- Corroborate management’s base case model for 2025/26 and 2026/27 through to the approved budget and challenge the key assumptions within the model;
- Challenge each material element of downside risk identified by management, and obtain supporting evidence to assess the underlying assumptions and the appropriateness of TfL calculations;
- Stress test the downside risk, using plausible downside parameters and calculate a “worst case” downside risk
- Consider the mitigations available to TfL to support the going concern position and assesses the headroom available against TfL’s Authorised Prudential Borrowing Limit over the going concern period and considered the accessibility of borrowing from the Public Works Loans Board.

What else will we do?

We will also assess the adequacy of the going concern disclosures relating to the ability to deliver current planned operational services within the financial statements.



Other areas of audit focus

What is the risk/area of focus, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement	What else will we do?
Accounting for the new Silvertown Tunnel Private Finance Initiative (PFI) Scheme The £1bn Silvertown Tunnel PPP contract between TfL and Riverlinx CJV, a Construction Joint Venture, transfers construction, maintenance and operational risks to the private sector, with payment to Riverlinx tied to timely delivery and performance post-completion in 2025. TfL's annual payment of £65m, dependent on Riverlinx performance metrics, involves complex modelling and judgment which may be first recorded in the financial statements in 2024/25.	We will: ‣ Obtain both the Operator's PFI model and the accounting model and agree that the inputs into these models are consistent with the underlying PFI contract; ‣ Engage our EY Financial Accounting Advisory Services (FAAS) team to review the accounting model to assess whether the model appropriately calculates the liabilities and accounting entries in accordance with the supporting operator's model and PFI contract; ‣ Agree that the disclosures within the financial statements are consistent with the accounting model (if applicable).	We will also consider whether management has engaged any specialists in this area, and if so, evaluate the competence of the specialist, including consideration of their qualifications, expertise and independence.

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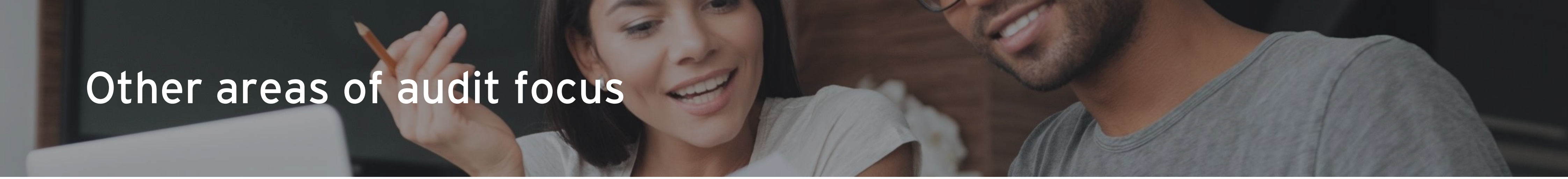

Other areas of audit focus

What is the risk/area of focus, and the key judgements and estimates?

Climate Risk

In the context of the changing stakeholder expectations, and the increased regulatory focus, we have embedded a response to the risks presented by climate change into our audit procedures. FY24 was the first year in which it was mandatory for TTL to meet the Climate-related Financial Disclosures requirements spelled out by the FRC.

We note various physical and transition climate change risks set out in the Task Force on Climate-related Financial Disclosures ("TCFD") disclosures along with the impact on the financial statements. These include the impact of extreme weather events, as well as shifts in policy, technology, markets and public expectations.

We will focus on the completeness of these risks and whether our review of this "other information" identifies inconsistencies with the financial statements and any information we have obtained during the course of our audit.

Our response: Key areas of challenge and professional judgement

The specific procedures undertaken will include:

- Updating our assessment as to how the characteristics and undertakings of the Group may give rise to climate risks
- Understanding and assessing the Group's external climate-related commitments
- Understanding and evaluating the process and output relating to management's assessment of the impact of climate change risk
- Assessing changes to transitional and physical risks which may have an impact on the narrative reporting and audited financial information
- Evaluating the impact of climate change on the narrative reporting in the front half, including review of the mandatory Task Force on Climate-related Financial Disclosures ("TCFD") disclosures in light of the new requirements
- Assessing the impact of climate change on audited financial information and determining the reasonableness of disclosures
- Including key observations in our audit opinion.

What else will we do?

Our audit work will include input from our Climate Change and Sustainability Specialists (CCaSS), to support our work in this area.

03 Value for Money Risks

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Value for Money

Transport for London's responsibilities for value for money

TfL is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

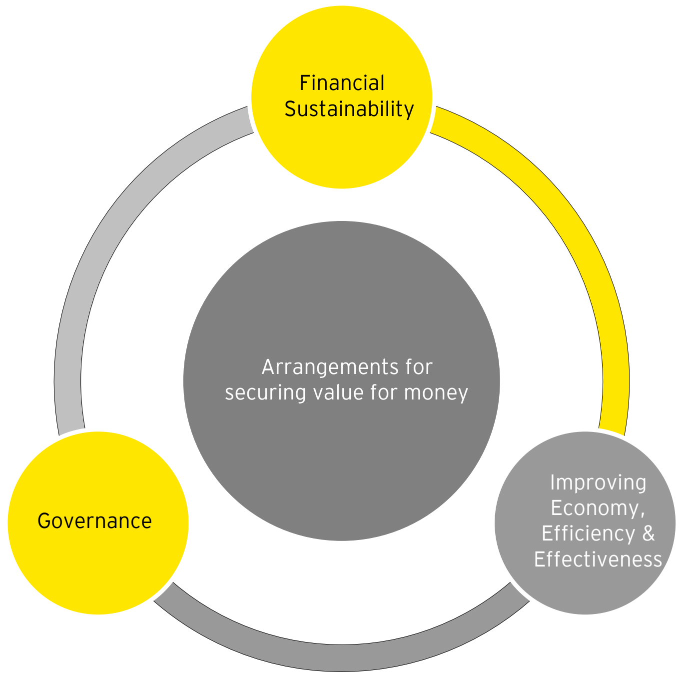
As part of the material published with the financial statements, TfL is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, TfL tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

Auditor responsibilities

Under the NAO Code of Audit Practice we are required to consider whether TfL has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to TfL a commentary against specified reporting criteria (see below) on the arrangements TfL has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability - How TfL plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How TfL ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness - How TfL uses information about its costs and performance to improve the way it manages and delivers its services.



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Value for Money (cont’d)

Planning and identifying risks of significant weakness in VFM arrangements

The NAO’s guidance notes requires us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of Transport for London’s arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

In considering TfL’s arrangements, we are required to consider:

- TfL’s governance statement;
- Evidence that TfL’s arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates and other bodies; and
- Any other evidence source that we regards as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO’s guidance is clear that the assessment of what constitutes a significant weakness, and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes – or could reasonably be expected to expose – TfL to significant financial loss or risk;
- Leads to – or could reasonably be expected to lead to – significant impact on the quality or effectiveness of service or on TfL’s reputation;
- Leads to – or could reasonably be expected to lead to – unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of TfL;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- The impact of the weakness on TfL’s reported performance;
- Whether the issue has been identified by TfL’s own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time TfL has had to respond to the issue.

For FY 2024/25, our work also covers assessment of TfL’s data security and protection and their response to the recent Cyber breach that happened in the organisation. Our work will also cover the assessment of effectiveness of internal control within data security and protection and the management response to the breach.

Our work on risk assessment procedures for value for money is in progress and, similar to the previous years, we will communicate the VFM risks identified to the Audit & Assurance Committee during the course of the audit. Any significant weakness identified will be communicated as part of audit results report and annual auditor’s report as part of the conclusion of the audit.

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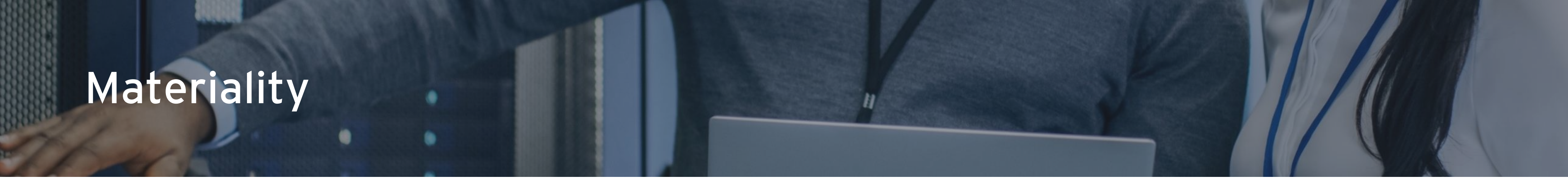
04 Audit materiality



Materiality

Group materiality

For planning purposes, Group materiality for 2025 has been set at £103m. This represents 1% of the TfL's 2024/25 budgeted total gross expenditure including capital expenditure. This basis has been used as these are the key focus of the funding arrangements in place and therefore of most interest to the users of the financial statements. It will be reassessed throughout the audit process.

Gross expenditure (including capital) on provision of services

£10,333m

Planning materiality	Performance materiality	Audit differences
£103m	£52m	£5m

We request that the Audit and Assurance Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £52m which represents 50% of group materiality.

Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the income statement and balance sheet that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow or disclosures and corrected misstatements will be communicated to the extent that they merit the attention of the Audit and Assurance Committee or are important from a qualitative perspective.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

We also identify areas where misstatement at a lower level than our overall materiality level might influence the reader and develop an audit strategy specific to these areas, including:

- Remuneration disclosures: we will agree all disclosures back to source data.
- Related party transactions: we will test the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence.

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05 Scope of our audit

Audit process and strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice, our principal objectives are to undertake work to support the provision of our audit report to the audited body and to satisfy ourselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our opinion on the financial statements:

- whether the financial statements give a true and fair view of the financial position of the Group and its expenditure and income for the period in question; and
- whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- whether other information published together with the audited financial statements is consistent with the financial statements; and
- where required, whether the part of the remuneration report to be audited has been properly prepared in accordance with the relevant accounting and reporting framework.

Other procedures required by the Code:

- Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the National Audit Office.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Group has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

Audit process and strategy (cont'd)

Objective and Scope of our Audit scoping

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

Our initial assessment of the key processes across TfL has identified the following key processes where we will seek to rely on controls, both manual and IT:

- Fixed assets (Manual and IT)
- Revenue (Manual and IT)
- Purchase and payable (IT)
- Payroll (Manual and IT)

We will use the findings set out in the independent assurance report (ISAE 3402) for the following service organisation:

- Contactless Payment Future Ticketing ("CPAY")
- Pay As You Go ('PAYG')
- Rail Delivery Group Limited (RDG)

Analytics:
We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit and Assurance Committee.

Internal audit:
We will regularly meet with the Head of Internal Audit and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

06 Audit team

Audit team

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Audit team leadership

The TfL group engagement team is led by Janet Dawson who has overall responsibility for the performance of the audit and for the auditor's report issued on behalf of EY.

Audit team changes

The TTL audit report is signed by Katie Caredes and the Places for London audit report is signed by Matt Williams. Both Katie and Matt support Janet in forming her overall opinion on the Group financial statements.

Audit team structure:

Janet Dawson - *Audit Partner*

Katie Caredes - *Audit Partner*

Matt Williams - *Audit Partner*

Jacob McHugh - Senior Manager

Yao Xian Chen - Senior Manager

Technology Risk	EY Valuations	Derivatives, Hedge accounting &	EY PAS	EY Tax	CCASS	EY Pensions	EY FAA- PFI
Denise Fabb - Partner	Peter Codd - Director	Ian Timmerman - Senior Manager	Ian Thomas - Partner	Stuart Wilkinson - Partner	Doug Johnston - Partner	Chris Brown - Partner	Ahmed Zaheer - Director
Graham Campbell - Senior Manager	Bertie Foster-Ward - Director	Ian Timmerman - Senior Manager	Penny Crowne - Senior Manager	Ethan Alison - Senior Manager	Elizabeth Price- Senior Manager	Adun Obadeyi - Manager	

Use of specialists

When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where EY specialists are expected to provide input for the current year audit are:

Area	Specialists
Climate Risk Disclosure	EY Climate Change and Sustainability Services Team
PFI	EY Financial Accounting Advisory Services Team (FAAS)
Derivative disclosure & IBR calculations	EY Financial Accounting Advisory Services Team (FAAS)
Pensions disclosure	EY Pension Team
Tax disclosure	EY Tax
Valuation of Investment Properties	EY Valuations Team
Statutory Provision	EY People Advisory Services Tax
IT general and application controls testing	EY Technology Risk Team

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In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Group's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable
- Assess the reasonableness of the assumptions and methods used
- Consider the appropriateness of the timing of when the specialist carried out the work
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements

07 Audit timeline

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Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2024/25.

From time to time matters may arise that require immediate communication with the Audit and Assurance Committee and we will discuss them with the Audit and Assurance Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

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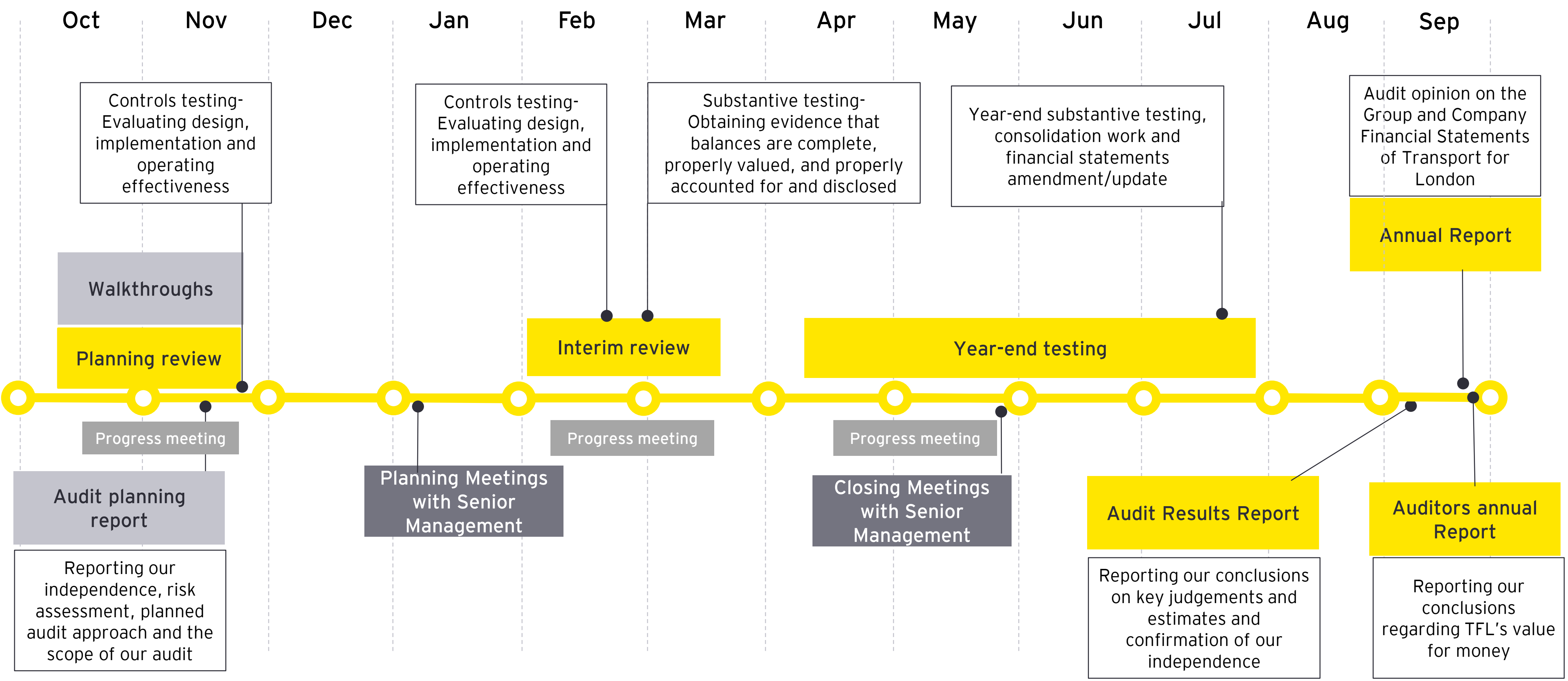

08 Independence

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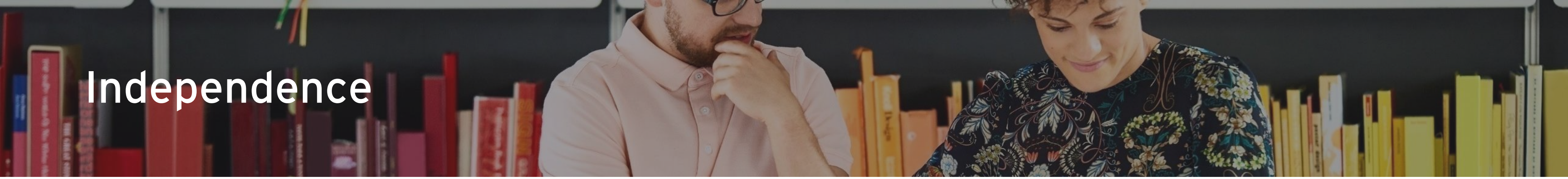

Independence

The FRC Ethical Standard and ISA (UK) 260 "Communication of audit matters with those charged with governance", requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	**Final stage**
▸ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us; ▸ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▸ The overall assessment of threats and safeguards; ▸ Information about the general policies and process within EY to maintain objectivity and independence.	▸ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▸ Details of non-audit/additional services provided and the fees charged in relation thereto; ▸ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▸ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner ▸ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▸ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and ▸ An opportunity to discuss auditor independence issues.

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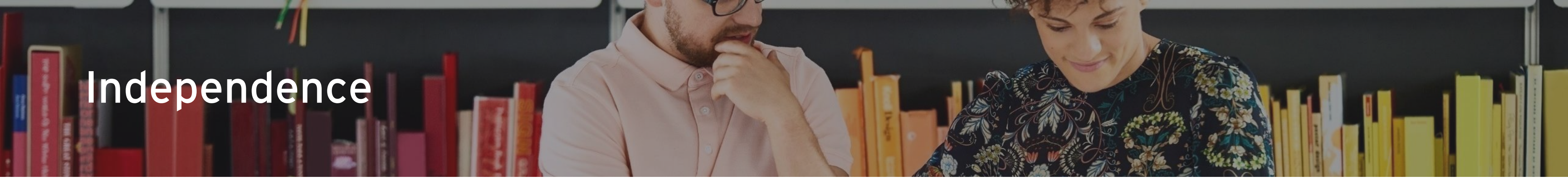
In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Non audit fees for the year to date amounted to £23,587. Pre-approval for the service for 2024/25 is requested in our letter "Independence matters 2024/25 – Period ending 31 October 2024" issued alongside this report.



Independence

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However, we will only perform non –audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Janet Dawson, Katie Caredes and Matt Williams, your audit engagement partners, and the audit engagement team have not been compromised.

Self-interest threats

A self interest threat arises when EY has financial or other interests in TfL. Examples include where we have an investment in TfL; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary, agree additional safeguards or not accept the non-audit engagement.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately 1%. No additional safeguards are required.

As a UK PIE entity the FRC has a very narrow list of permissible non-audit services. One of these permissible services is those required by law or regulation. The non-audit work we perform relates to returns to the Office of Rail and Road ('ORR') as per the requirements of Regulation 4 of the Railway Safety Levy Regulations 2006 and therefore is considerable a permissible service.

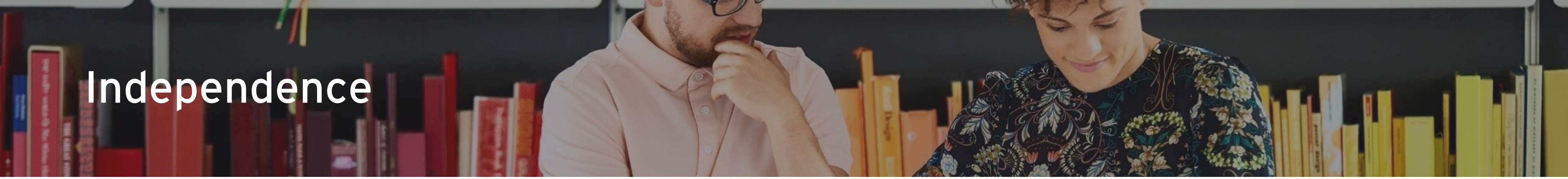
A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self-interest threats at the date of this report.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self-review threats at the date of this report.



Independence

Relationships, services and related threats and safeguards

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of TfL. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise. We will keep this area under review and update if there are any changes.

EY Transparency Report 2024

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2024:

EY UK 2024 Transparency Report | EY - UK

Fees

Our required communication in relation to fees is communicated separately. Please refer to our letter "Independence matters 2024/25 – Period ending 31 October 2024" issued alongside this report.

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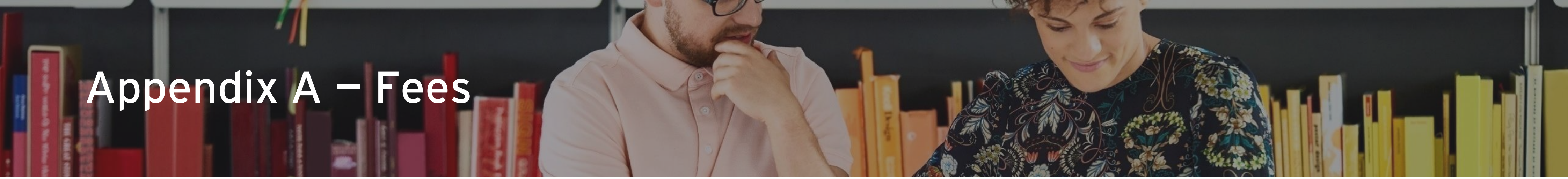
09 Appendices



Appendix A — Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointment Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

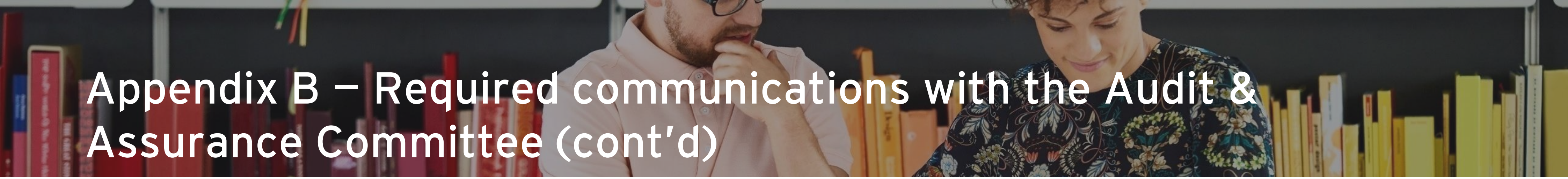
This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditor's work.

We write separately to you to set out the audit fees for TfL and Group and its subsidiaries.

Appendix B — Required communications with the Audit & Assurance Committee

We have detailed the communications that we must provide to the audit committee.

Required communications	What is reported?	Our Reporting to you When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of: ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit planning report in November 2024
Significant findings from the audit	▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit)	Audit results report in September 2025 and Auditors Annual Report in November 2025.



Appendix B — Required communications with the Audit & Assurance Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where

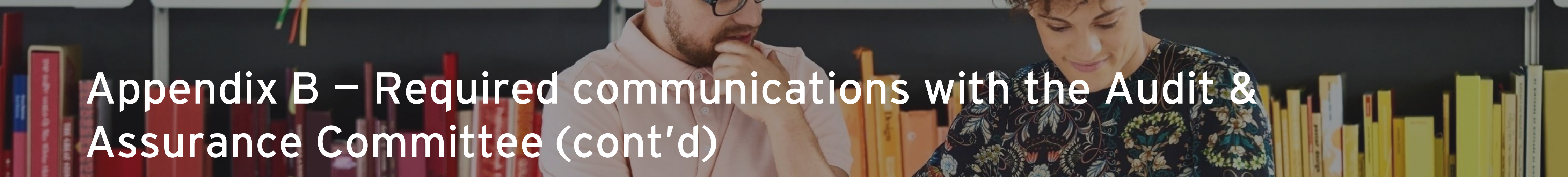
Unless covered by other communications on planning matters or significant findings, this information shall include our views on:

- Business risks relevant to financial reporting objectives, the application of materiality and the implications of our judgments in relation to these for the overall audit strategy, the audit plan and the evaluation of misstatements identified
- The significant accounting policies (both individually and in aggregate)
- Management's valuations of the entity's material assets and liabilities and the related disclosures provided by management
- Internal control (without expressing an opinion and based solely on our audit procedures performed in the context of the financial statement audit), specifically on:
  - The effectiveness of the entity's system of internal control over financial reporting
  - Other risks arising from the entity's business model and the effectiveness of related internal controls
- The robustness of the directors' assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity and its outcome, including the related disclosures in the annual report and accounts confirming that they have carried out such an assessment and describing those risks and explaining how they are being managed or mitigated (in accordance with Code provision 28)
- About the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate (in accordance with Code provision 31), and their statements:
  - I. In the financial statements, as to whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, including any related disclosures identifying any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements (in accordance with Code provision 30)
  - II. In the annual report as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions (in accordance with Code provision 31);

Any other matters identified in the course of the audit that we believe will be relevant to the board or the audit committee in the context of fulfilling their responsibilities referred to above.

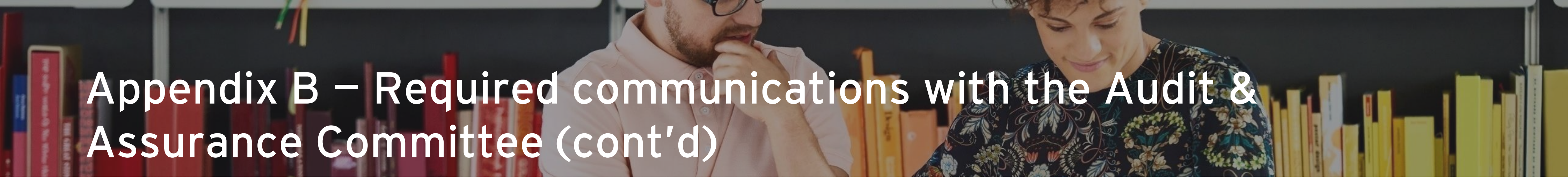
Appendix B — Required communications with the Audit & Assurance Committee (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Public Interest Entities	For the audits of financial statements of public interest entities our written communications to the audit committee include: ▶ A declaration of independence ▶ The identity of each key audit partner ▶ The use of non-EY firms or external specialists and confirmation of their independence ▶ The nature, frequency and extent of communications ▶ A description of the scope and timing of the audit ▶ Which categories of the balance sheet have been tested substantively or controls based and explanations for significant changes to the prior year, including first year audits ▶ Materiality ▶ Any going concern issues identified ▶ Any significant deficiencies in internal control identified and whether they have been resolved by management ▶ Subject to compliance with regulations, any actual or suspected non-compliance with laws and regulations identified relevant to the audit committee ▶ Subject to compliance with regulations, any suspicions that irregularities, including fraud with regard to the financial statements, may occur or have occurred, and the implications thereof ▶ The valuation methods used and any changes to these including first year audits ▶ The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework ▶ The identification of any non-EY component teams used in the group audit ▶ The completeness of documentation and explanations received ▶ Any significant difficulties encountered in the course of the audit ▶ Any significant matters discussed with management ▶ Any other matters considered significant	Audit results report in September 2025



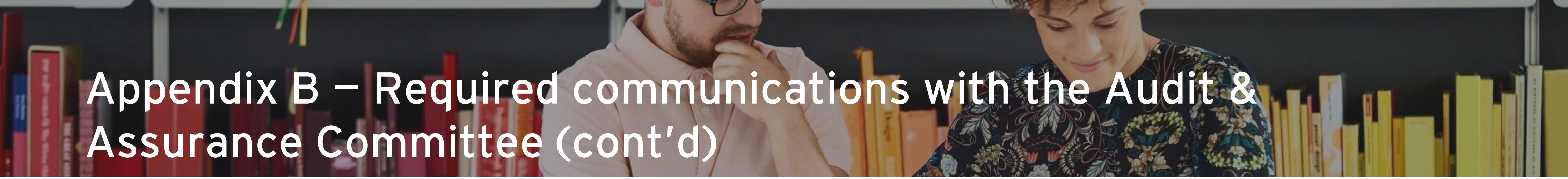
Appendix B — Required communications with the Audit & Assurance Committee (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements	Audit results report in September 2025
Misstatements	▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management	Audit results report in September 2025
Fraud	▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Audit Committee responsibility ▶ Any other matters considered significant	Audit results report in September 2025



Appendix B – Required communications with the Audit & Assurance Committee (cont’d)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Related parties	Significant matters arising during the audit in connection with the entity’s related parties including, when applicable: ► Non-disclosure by management ► Inappropriate authorisation and approval of transactions ► Disagreement over disclosures ► Non-compliance with laws and regulations ► Difficulty in identifying the party that ultimately controls the entity	Audit results report in September 2025
Independence	Communication of all significant facts and matters that bear on EY’s, and all individuals involved in the audit, integrity, objectivity and independence Communication of key elements of the audit engagement partner’s consideration of independence and objectivity such as: ► The principal threats ► Safeguards adopted and their effectiveness ► An overall assessment of threats and safeguards ► Information about the general policies and process within the firm to maintain objectivity and independence Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place. For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019: ► Relationships between EY, the company and senior management, its affiliates and its connected parties ► Services provided by EY that may reasonably bear on the auditors’ integrity, objectivity and independence ► Related safeguards ► Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees	Audit results report in September 2025



Appendix B — Required communications with the Audit & Assurance Committee (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
	▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▶ The audit committee should also be provided an opportunity to discuss matters affecting auditor independence	
External confirmations	▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures	Audit results report in September 2025
Consideration of laws and regulations	▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of	Audit results report in September 2025
Internal controls	▶ Significant deficiencies in internal controls identified during the audit	Audit results report in September 2025
Group audits	▶ An overview of the work to be performed at the components and the nature of the group audit team's planned involvement in the work to be performed by component teams ▶ Instances when the group audit team's review of the work of a component team gave rise to a concern about the quality of that team's work, and how the group audit team addressed the concern ▶ Any limitations on the ability to obtain sufficient appropriate audit evidence in support of the group audit opinion, for example, where the group audit team's access to people or information may have been restricted	Audit results report in September 2025

Appendix B — Required communications with the Audit Committee (cont'd)

Required communications	What is reported?	Our Reporting to you When and where
	▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in the group's system of internal control or others where the fraud resulted in a material misstatement of the group financial statements ▶ Significant deficiencies identified in the group's system of internal control	
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report in September 2025
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report in November 2025
Auditors report	▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report	Audit results report in September 2025
Fee Reporting	▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work	Audit results report in September 2025 and Auditor's Annual Report in November 2025
Value for Money	▶ Risks of significant weakness identified in planning work ▶ Commentary against specified reporting criteria on the VFM arrangements, including any exception report on significant weaknesses.	Audit results report in September 2025 and Auditor's Annual Report in November 2025

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Appendix C — Additional audit information

Objective of our audit

Our objective is to form an opinion on Transport for London's consolidated financial statements under International Standards on Auditing (UK) as prepared by you in accordance with with International Financial Reporting Standards as adopted by the EU, and as interpreted and adapted by the Code of Practice on Local Authority Accounting.

Our responsibilities in relation to the financial statement audit are set out in the formal terms of engagement between the PSAA's appointed auditors and audited bodies. We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Audit and Assurance Committee. The audit does not relieve management or the Audit Committee of their responsibilities.

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards, company law and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Transport for London's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Transport for London to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the audit committee reporting appropriately addresses matters communicated by us to the audit committee and reporting whether it is materially inconsistent with our understanding and the financial statements
- Maintaining auditor independence

Appendix C — Additional audit information (cont'd)

Other required procedures during the course of the audit (continued)

Procedures required by the Audit Code	▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement. ▶ Examining and reporting on the consistency of consolidation schedules or returns with Transport for London's audited financial statements for the relevant reporting period
Other procedures	▶ We are required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice

We have included in Appendix B a list of matters that we are required to communicate to you under professional standards.

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The locations at which we conduct audit procedures to support the opinion given on the Group financial statements
- The level of work performed on individual account balances and financial statement disclosures

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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Audit and Assurance Committee

Date: 27 November 2024

Item: Risk and Assurance Quarter 2 Report 2024/25

This paper will be considered in public

1 Summary

1.1 This paper informs the Committee of the work completed by the Risk and Assurance Directorate during Quarter 2 of 2024/25 (23 June to 14 September 2024) (Q2) and other information about the Directorate's activities. This paper excludes work undertaken on Places for London as that is covered elsewhere on the agenda.

1.2 A paper is included on Part 2 of the agenda, which contains supplementary information that is exempt from publication by virtue of paragraphs 3 and 7 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business and financial affairs of TfL that is commercially sensitive and likely to prejudice TfL's commercial position; and information relating to ongoing fraud and criminal investigations and the disclosure of this information is likely to prejudice the prevention or detection of crime and the apprehension or prosecution of offenders. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

2.1 **The Committee is asked to note the paper, and the exempt supplementary information on Part 2 of the agenda.**

3 Director Update

3.1 This is the second quarterly report for 2024/25 setting out the work undertaken by the teams within the Risk and Assurance Directorate.

3.2 As a result of the cyber incident various systems that support the work of all the teams have not been available. This will have an impact on delivery of the internal audit plan during quarter three as there are some inflight audits where the working papers and supporting evidence cannot be accessed. To counter this, we have pulled some audits forward and are able to deliver them with the workarounds that have been put in place. We will have a better view of delivery impacts by the next Committee meeting in March 2025.

3.3 The Internal Audit team delivered fifteen audit reports in Q2, details of these audits are included at Appendix 1. One audit was rated as 'well controlled, ten 'requires improvement', two 'poorly controlled' and two memos were issued. While the number of 'requires improvement' audits appears high, when compared to the previous year's figures this rating is currently running at 50 per cent compared with 63 per cent last year.

3.4 The Quality, Safety and Security Assurance (QSSA) team delivered seven second line audits in Q2. Three were concluded as 'requires improvement', two concluded as 'adequately controlled' and two were not rated. No QSSA audits were concluded as 'poorly controlled'.

3.5 During Q2, the Counter-fraud and Corruption (CFC) team received 183 referrals, all of which were assessed and disseminated within the 10 working days target. As a result, 10 new fraud cases are under investigation. A further nine are miscellaneous cases that require the team to carry out further enquiries to assess whether any should become a full case. Four cases were closed during Q2.

3.6 A breakdown of current fraud cases by Chief Officer area and their status is shown in the table below:

Chief Officer Area	Start Q2	New Q2	Close Q2	Under investigation by CFC	With Line Management	With Law Enforcement
Operations	**23**	**8**	**2**	**7**	**10**	**12**
Capital	**0**	**1**	**0**	**1**	**0**	**0**
Customer and Strategy	**20**	**1**	**1**	**9**	**3**	**8**
People	**1**	**0**	**0**	**0**	**0**	**1**
General Counsel	**0**	**0**	**0**	**0**	**0**	**0**
Finance	**1**	**0**	**1**	**0**	**0**	**0**
Total	**45**	**10**	**4**	**17**	**13**	**21**

3.7 During Q2 the CFC team has recruited a permanent Fraud Researcher/Analyst role. We also have recruitment campaigns in flight within the Enterprise Risk and Internal Audit teams and are supporting a recruitment campaign for new members of the main Independent Investment Programme Advisory Group (IIPAG) and the new IIPAG Safety sub-group.

4 Risk Management

4.1 Understanding and managing risk at all levels within TfL is essential to ensure that we can mitigate the risks as far as is practicable and understand our exposure. The Risk and Assurance Directorate supports the business with Enterprise Risk (ER) management at Enterprise (Level 0), Strategic (Level 1) and Tactical (Level 2).

4.2 Enterprise Risks continue be reviewed in line with the agreed schedule and presented to the Executive Committee and the assigned Committee or Panel. Due to the recent changes in Committees and Panels, ER04 ‘Significant security incident including cyber security’ will be presented at the Safety and Security Panel instead of this Committee for its annual review.

4.3 The Risk Awareness training is currently being refreshed and updated to reflect updates to the risk management process and organisational changes. The course is expected to go live in the next quarter.

4.4 QSSA conducted an audit of the Rail for London Infrastructure risk management process in Q2 which was concluded as ‘requires improvement’: the procedure was in need of review and updating, some data was missing from the registers and risks were not communicated and escalated as per the procedure. An agreed action plan is in place.

4.5 A list of the Level 0 risks is included at Appendix 2.

5 Internal Control

Effective internal control is essential to ensure that TfL realises its stated aims and objectives. This is achieved through an internal control system that promotes adherence with policies and procedures, the safeguarding of assets, the prevention and detection of fraud and error, and the accuracy and completeness of financial and non-financial records. The Risk and Assurance Directorate assess the appropriateness and effectiveness of, and compliance with, internal controls.

Finance and Procurement

5.1 Four Internal audits were completed; the use of consultants and procurement at the London Transport Museum (LTM) audits were rated as poorly controlled and the fraud controls in the Licencing and Regulation area and SAP Ariba source to contract audits were rated as ‘requires improvement’.

5.2 In the use of consultants audit, we found that there is a lack of central oversight and clarity of roles and responsibilities for individuals and teams with no central policy over the use of consultants across TfL. There is also an inconsistent approach to contract management and monitoring arrangements of consultants across TfL.

5.3 For the procurement at the LTM we were unable to obtain evidence of quotations or contracts both within and above the £25,000 threshold. LTM management are also unaware of the supplier contracts they have in place when they are due to expire or whether performance is managed or location of the related documents. Actions have been agreed and are being addressed.

Technology and Data

5.4 Three technology and data related internal audits were completed in this quarter: business continuity, datacentre network refresh (non-operational) and ransomware cyber vault project all of which were rated as ‘requires improvement’.

5.5 The non-operational business continuity policy and strategy has yet to be approved and communicated via the TfL Management System, resulting in a lack of compliance across the organisation. Improved governance and stronger messaging should provide the structure for accountability and improve compliance.

5.6 We found that strategy for migration of key applications and services from the legacy network to the new data centre network has not been defined or implemented. The datacentre network refresh needs to define a structured assurance framework to review the supplier's delivery, testing and outputs.

5.7 Our review of the ransomware project found that good progress had been made in the delivery of the cyber vault project and associated infrastructure. However, there are some risks and challenges to be addressed. Actions have been agreed and are being addressed.

Safety and Health

5.8 Internal Audit looked at the programme management arrangements for delivery of the bus safety programme retrofit programme which was rated 'requires improvement'. The programme project team in the Buses Directorate was recruited between late 2023 and 2024, funding had been agreed with the focus to deliver the programme swiftly and as a result project management arrangements were not fully documented. This is essential to ensure all stakeholders have a clear understanding of the objectives, deliverables, timelines and progress. The team acknowledged that programme and project products, a change control process and improvements to the reporting mechanisms need to be put in place.

5.9 In Q2, QSSA completed three audits in this area, one was concluded as 'adequately controlled' – 'Victoria Coach Station SHE Compliance', one was concluded as 'requires improvement' – 'Dial-a-Ride Management of Fatigue' and one was not rated 'Hainault Traincrew Integrated Systems Audit'. All have agreed action plans in place.

5.10 Two audits of management of legionella risk to health were also conducted. The audit of Network Management and Resilience: Asset Operations Management of Legionella Risk was concluded as 'requires improvement', the audit of LU Asset Performance Management of Legionella Risk was concluded as 'adequately controlled'. Both have agreed action plans in place.

6 Governance

6.1 Governance is the combination of processes and structure that the Board puts in place to inform, direct, manage and monitor TfL's activities to ensure the achievement of objectives. The Risk and Assurance Directorate look at how this is supported and works in practice at an organisational level.

6.2 We continued our real time audit of the TfL advertising concessions contract concluded that the procurement up to contract award recommendation stage had been adequately managed.

6.3 Effective contract management is essential for TfL to meet its delivery objectives. We looked at the arrangements in place for operating the Lift Asset Management Services (LAMs) contract and it was rated ‘requires improvement’. Delivery of planned preventive maintenance services and fault repair under LAMs is closely monitored by the TfL lifts, pumps and vents team however supplier information but reporting does not accurately reflect site records and access logs. Key contract deliverables have not been delivered by the supplier. This reduces TfL’s ability to forward plan, assess the effectiveness of preventative maintenance and fully understand the condition of its lift assets.

Assurance and Investment Programme

6.4 The primary source of assurance for the delivery of the TfL Investment Programme continues to be through the work of the PA team and IIPAG. PA and IIPAG consider that there is sufficient scrutiny of the Investment Programme in TfL through the various programme meetings as well as the Executive Committee Investment sub-group, and at the Programmes and Investment Committee.

6.5 PA completed a programme of targeted assurance reviews including the annual programme submissions to the 3 October 2024 meeting of the Programmes and Investment Committee, plus other targeted assurance and ongoing continuous assurance activity. From this work, recommendations have been made and themes identified and collated; these are reported to the Programmes and Investment Committee.

6.6 A trend that has PA has been monitoring for some time but has become increasingly notable are concerns over the rigour of project cost forecasting. The lack of understanding of likely outturn costs limits the ability to manage to budget and can impact the ability to put reliable financial plans in place. This issue has been most often observed during project design phases. A series of actions have been put in place to reduce the likelihood of recurrence including a requirement as part of the change control process to identify when scope changes are significant enough to require a cost plan update.

6.7 Standards of project scheduling remains an area of focus for PA and the consequential risk to project delivery where there are weaknesses, and this has formed the basis of several recent improvement recommendations. We are continuing to see the benefits of the appointment of the Planning Professional Lead. A long-standing overdue recommendation to create an integrated schedule in one of the portfolios in the Environment Programme has now been completed.

6.8 IIPAG has worked with PA on programme reviews and reviews of higher value projects, and they have continued to progress their programme of cross-cutting reviews this quarter. A review of the prioritisation and planning of capital renewals is progressing with fieldwork now complete. In addition, a review investigating how TfL investment decisions are taking into consideration the need to reduce whole life carbon emissions is also underway. IIPAG are currently undertaking a series of interviews with key individuals and there will be deep dives on several projects and programmes commencing shortly. An Internal Audit of carbon management is underway in Operations. The IIPAG review and the audit are running in parallel, and the remits have been drafted and agreed to ensure alignment and to avoid duplication.

7 Programme Changes

7.1 The Internal Audit Plan was agreed at the last meeting of the Committee, and the Committee asked that we revisit the plan in the light of the recent cyber security incident. Since the last meeting of the Committee audits have been completed on the ransomware project, business continuity and the datacentre network refresh and the findings have been detailed above.

7.2 The restoration of all systems impacted by the cyber incident is resource intensive and to help with the recovery efforts, and in line with direction from TfL's senior managers Technology and Data audit work (current and planned) has been put on hold until late November 2024. This impacts one carry-over audit (in fieldwork) from Q2 – "Effectiveness of Monitoring and Patching of TfL's Supply Chain (Capita)" – and to two audits planned for Q3 – "Effectiveness of Monitoring and Patching of TfL's Supply Chain (Cubic)" and "Cubic Risk Management".

7.3 One QSSA audit, 'SHE Governance, Leadership, Culture and Improvement' was deferred in Q2 to next year's audit plan to avoid duplication with a similar business review that was taking place at the same time.

8 Management Actions/Recommendations

8.1 A breakdown of overdue management actions and recommendations across Chief Officers and the Risk and Assurance teams is included at Appendix 4. We continue to work with the management teams and the relevant Chief Officers to resolve these and a number have been closed since period end.

8.2 Appendix 5 provides an analysis on a rolling four quarter basis of management actions from Internal Audit, QSSA work and PA recommendations.

9 Customer Feedback

9.1 In Q2, the QSSA team received three customer feedback responses out of five sent out (60 per cent response rate), with a 100 per cent satisfaction score. In the last 12 months QSSA has received 37 responses out of 80 sent with and average score of 99 per cent. Internal Audit issued four customer feedback forms, two were returned (50 per cent response rate), with an average score of 100 per cent. In the last 12 months the satisfaction score for internal audit has been 92.7 per cent.

10 Mayoral Directions

10.1 There has been one Mayoral Direction since the last Committee meeting.

MD3299 16/10/24	**Further financial support fund for Seven Sisters Market traders** Seven Sisters Market is an indoor market consisting of 38 traders and plays a vital role in London's Latin American community as a specialist, culturally specific amenity. The market was housed in a TfL owned building that had to close. As the traders were unable to trade, MD2724 directed TfL to provide financial assistance to traders until a temporary market opened at Apex Gardens, as part of the Seven Sisters regeneration project. The developer withdrew from the regeneration

	project and MD2868 directed TfL to provide further financial support while TfL progressed new plans. MD3097 directed TfL to provide further financial support across all traders as they were unable to trade until a temporary market opened. MD3097 confirmed that TfL had planning permission for a temporary indoor market, which was expected to open in July 2023, and was applying to open a temporary outdoor market in October 2023. The opening of a temporary market has been delayed due to unforeseen flaws in the fabric of the building, which must be resolved to make the market safe; and is not now expected until 2025. The Mayor has directed TfL to make a fourth hardship payment to traders to support them until the temporary market opens.

List of appendices to this report:

Appendix 1: Internal Audit reports issued in Q2 2024/25
Appendix 2: Level 0 Enterprise Risks
Appendix 3: Overdue Actions and Recommendations by Team at end of Quarter 2
Appendix 4: Analysis of Management Actions and Recommendations by Category and Team

A paper containing exempt supplementary information is included on Part 2 of the agenda.

List of Background Papers:

None

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Internal Audit reports issued in Quarter 2 (23 June to 14 September 2024) **Appendix 1**

Fourteen draft reports (excluding Places for London) were issued during the quarter.

Enterprise Risk	Directorate	Ref	Audit Title	Summary of Findings	Conclusion
ER01 Inability to deliver safety objectives and obligations	Chief Operating Officer	24 002	Bus Safety Programme	Project management arrangements for the Retrofit programme are in the process of being formalised. Risk management arrangements are still developing, there is no change control, a gate strategy is yet to be confirmed and project business cases need updating. It was difficult to ascertain programme progress from the reporting provided.	**Requires Improvement**
ER04 Significant security incident including cyber security	Chief Customer and Strategy Officer	24 033 U	Ransomware project	We found that good progress had been made in the delivery of the cyber vault project and associated infrastructure. However, there are somerisks and challenges to be addressed.	**Requires Improvement**
ER04 Significant security incident including cyber security	Chief Operating Officer	24 011	Business Continuity – non operational	The business continuity Policy and Strategy has yet to be approved and communicated via the TfL Management System. Despite the best efforts of the team, this has led to a lack of compliance across the organisation.	**Requires Improvement**
ER04 Significant security incident including cyber security	Chief Customer and Strategy Officer	24 007	Datacentre Network Refresh	Risks identified include the failure to define and implement the strategy for the migration of key applications and services from the legacy (old) network to the new network, the absence of a clearly defined assurance framework, and the skills needed to provide an adequate level of assurance on the work that is delivered and tested by the supplier.	**Requires Improvement**

Enterprise Risk	Directorate	Ref	Audit Title	Summary of Findings	Conclusion
ER05 Supply Chain disruption and ineffective procurement and contract management	Chief Operating Officer	24 018	Management of Lifts and Escalator Contract	Although the Delivery of Planned Preventative Maintenance services and fault repair under the Lift Asset Management Services contract is closely monitored by the TfL Lifts, Pumps and Vents Team, the quality of management information being presented by the supplier and its consistency with individual job tasking, documented services, dates and time recording, needs to be improved.	**Requires Improvement**
ER05 Supply Chain disruption and ineffective procurement and contract management	Chief Customer and Strategy Officer	24 014	Procurement of the TfL Advertising Concessions Contract (Live audit) - Phase 2	The procurement of the New Advertising Concessions Contract up to the Contract Award Recommendation stage has been well managed despite some resourcing issues at the start of the procurement. The working group has been very diligent in making sure everything stayed on track and risks were managed and mitigated as far as is possible.	**Memo**
ER05 Supply Chain disruption and ineffective procurement and contract management	Chief Finance Officer	23 042	SAP Ariba - Source to Contract	The Source to Contract (S2C) element of SAP Ariba has been implemented but needs further work for the effectiveness to be fully evaluated. The accountability and responsibility for SAP Ariba is spread across several teams. The Global Process Owner for S2C sits in Procurement and Commercial, along with most users, but other key responsibilities sit within the Business Services Function and Information Technology. The approval workflow process is effective but not always fully utilised.	**Requires Improvement**
ER07 Financial resilience	Chief Customer	24 025	Arts Council England Museum	We confirmed that London Transport Museum (LTM) income and expenditure accounted for reflects the chargeable project work.	**Memo**

Enterprise Risk	Directorate	Ref	Audit Title	Summary of Findings	Conclusion
	and Strategy Officer		Estate and Development Fund Round 1		
ER07 Financial resilience	Chief Finance Officer	24 022	Use of Consultants	The procurement, management and monitoring of consultants across TfL is unclear. This has resulted in a lack of assurance of the effectiveness of existing controls in managing and mitigating associated risks.	**Poorly Controlled**
ER07 Financial resilience	Chief Customer and Strategy Officer	24 019	Procurement at the LTM	LTM management were unable to provide information regarding the number of supplier contracts it has, where the documents are kept or if they were procured in-line with the policy. There was insufficient evidence of who had approved a sample of supplier invoices for payment.	**Poorly Controlled**
ER07 Financial resilience	Chief Operating Officer	23 045	Fraud controls in Licensing and Regulation Area	Licensing is generally well managed; staff are knowledgeable and well informed but more real time checks and balances are needed.	**Requires Improvement**
ER10 Governance and controls suitability	Chief Operating Officer	24 030	Accounting for London Underground station cash sales	Our evaluation of the key controls, including testing samples of transactions where appropriate, confirmed their adequacy and effectiveness. No issues were identified.	**Well Controlled**
ER10 Governance and controls suitability	Chief Finance Officer and Chief People Officer	24 029	Temporary Agency Recruitment	We found that some controls over temporary agency worker recruitment were adequately designed and operating effectively. However, other controls and processes such as justifying candidate selection in writing were not always done.	**Requires Improvement**

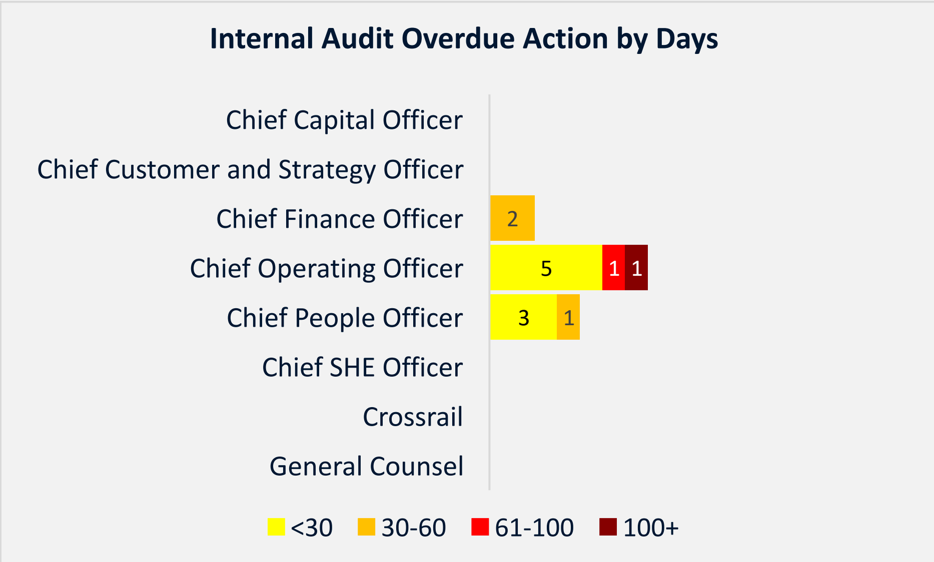
Enterprise Risk	Directorate	Ref	Audit Title	Summary of Findings	Conclusion
ER10 Governance and controls suitability	Chief Finance Officer	23 022	Construction Industry Scheme (CIS)	Within Procurement and Commercial, there was a lack of knowledge and awareness by staff, about roles and responsibilities regarding the CIS scheme. The SAP Ariba system had several data integrity issues, which meant that outputs for CIS purposes, could not be fully relied upon.	**Requires Improvement**

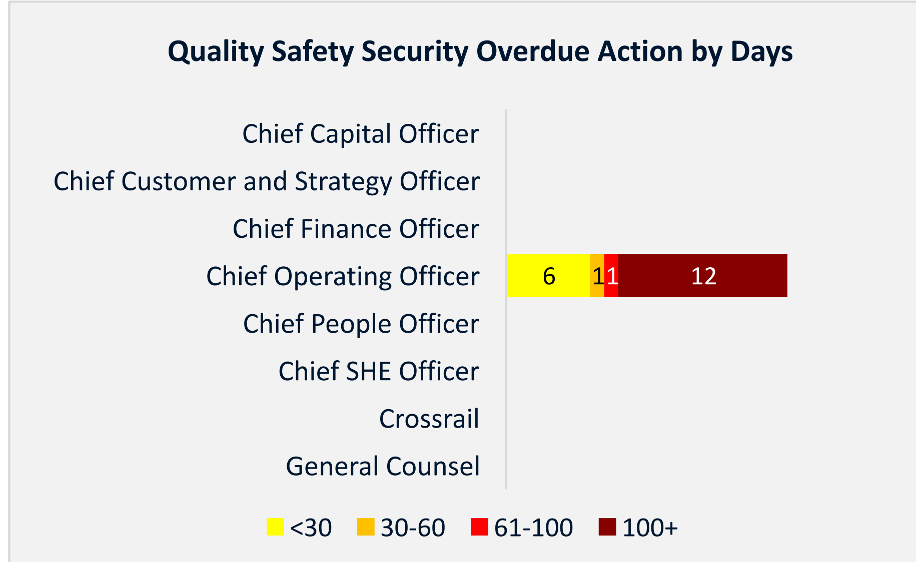
Level 0 Enterprise Risks Appendix 2

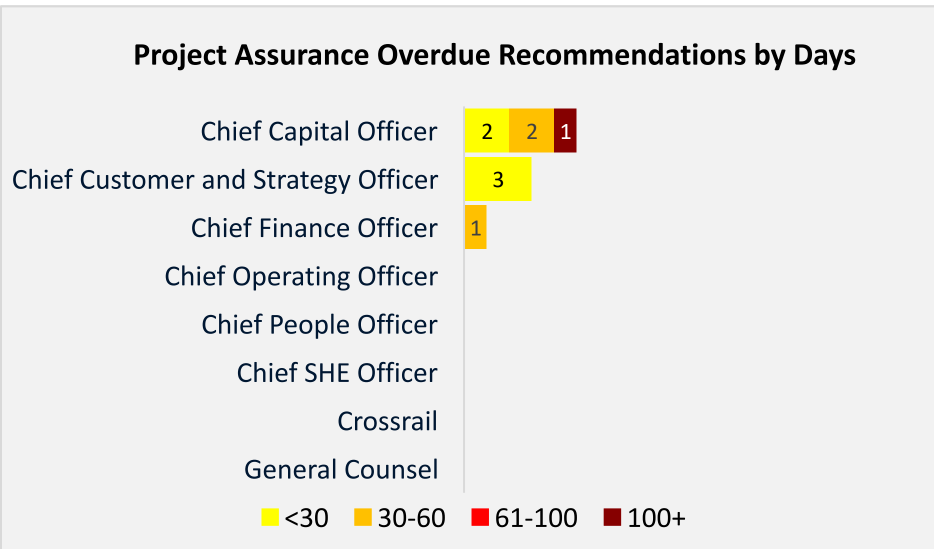
Risk No.	Risk	Owner	Panel and Committee
ER01	Inability to deliver safety objectives and obligations	Chief Safety, Health and Environment Officer	Safety and Security Panel
ER02	Attraction, retention, wellbeing and health of our employees	Chief People Officer	People and Remuneration Committee
ER03	Environment including climate adaptation	Chief Safety, Health and Environment Officer	Finance Committee
ER04	Significant security incident including cyber security	Chief Operating Officer	Safety and Security Panel
ER05	Supply Chain disruption and ineffective procurement and contract management	Chief Finance Officer	Finance Committee
ER06	Deterioration of operational performance	Chief Operating Officer	Customer, Sustainability and Operations Panel
ER07	Financial Resilience	Chief Finance Officer	Finance Committee
ER08	Delivery of key investment programmes and projects	Chief Capital Officer	Programmes and Investment Committee
ER09	Changes in customer demand	Chief Customer and Strategy Officer	Finance Committee
ER10	Governance and control suitability	General Counsel	Audit and Assurance Committee

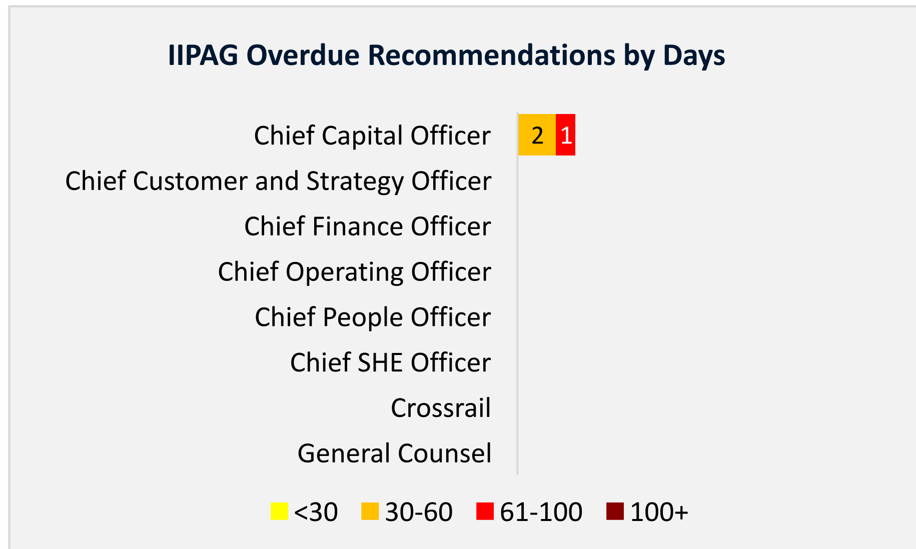
Overdue Actions and Recommendations by Team at End of Quarter 2

Appendix 3

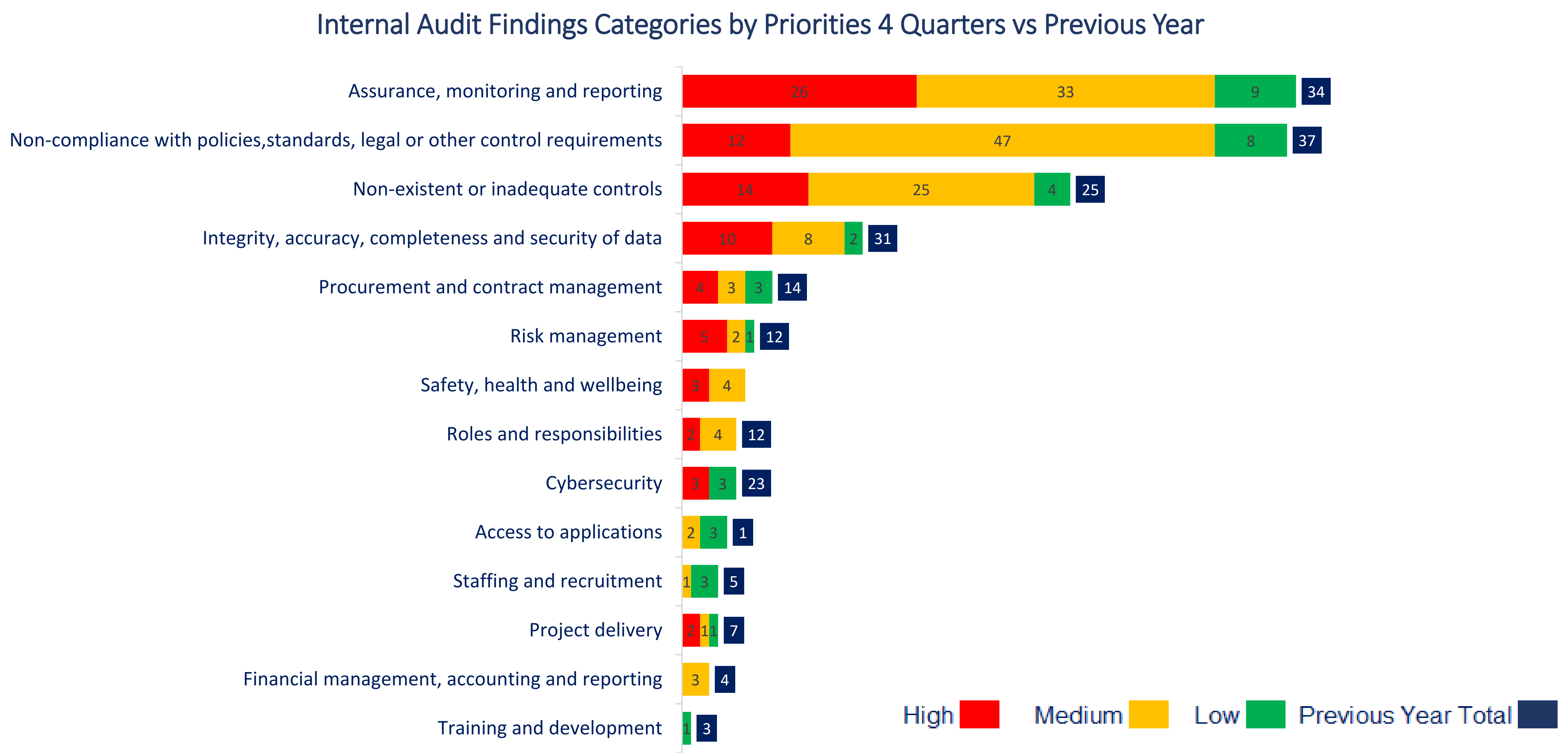




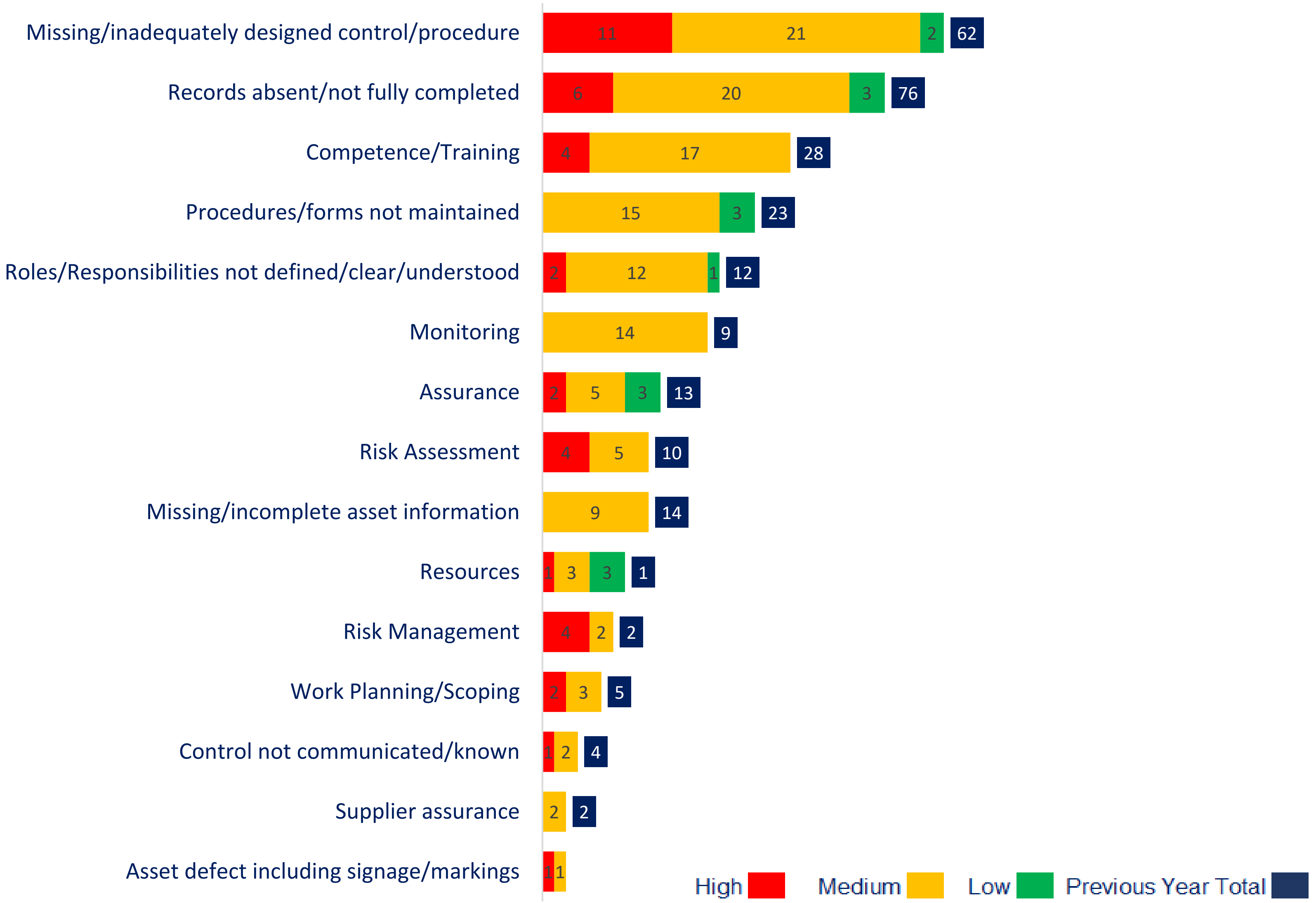




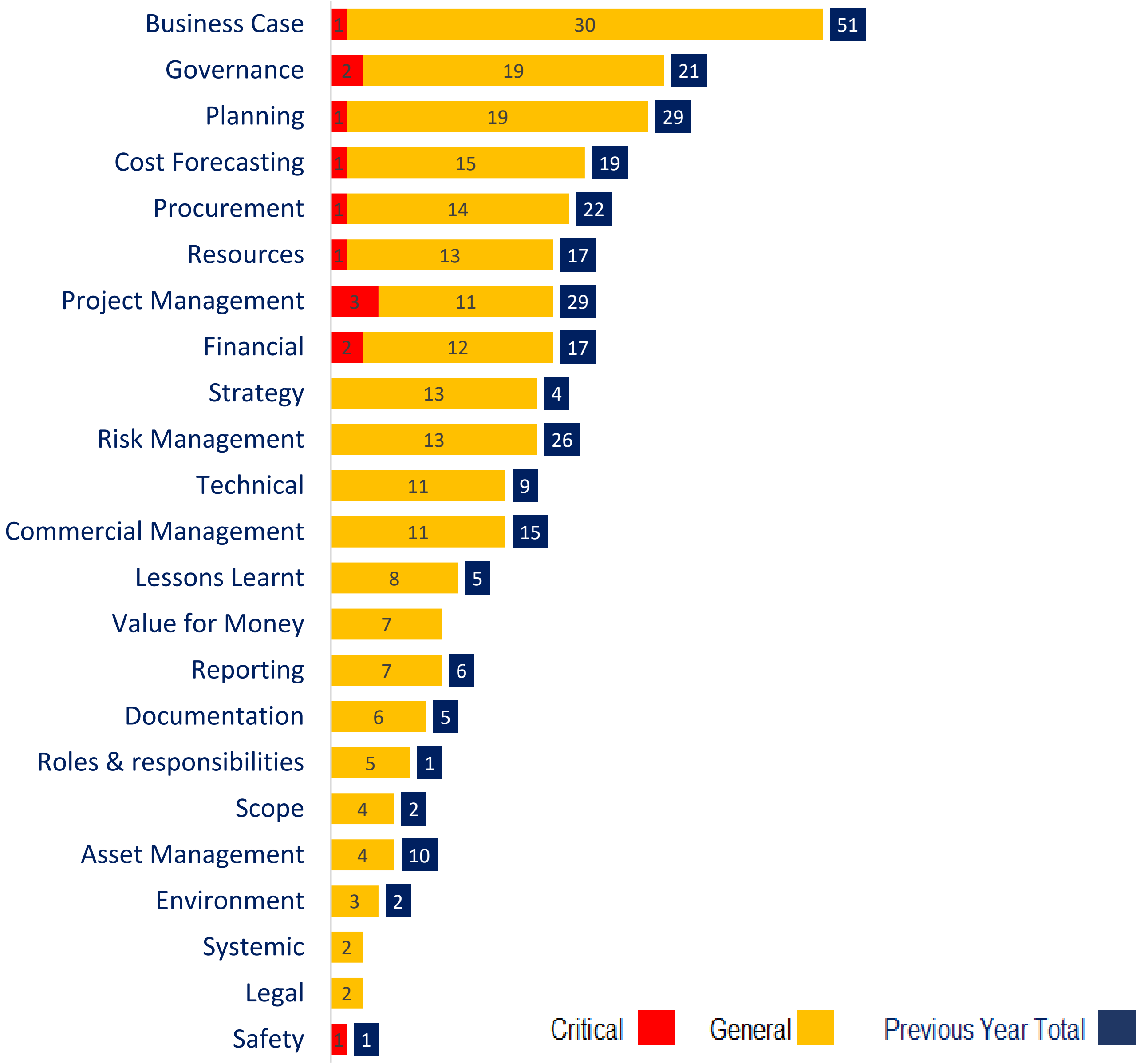
Analysis of Management Actions and Recommendations By Category and Team **Appendix 4**



Quality, Safety and Security Assurance Findings Categories by Priorities – 4 Quarters vs Previous Year



Project Assurance Findings by Themes by Type - 4 Quarters vs Previous Year



Audit and Assurance Committee

Date: **27 November 2024**

Item: **Independent Investment Programme Advisory Group Quarterly Report**

This paper will be considered in public

1 Summary

1.1 This paper presents the Independent Investment Programme Advisory Group (IIPAG) Quarterly Report for November 2024. It describes the work undertaken since the last report presented to the Committee in September 2024.

2 Recommendation

2.1 **The Committee is asked to note IIPAG's Quarterly Report and the management response.**

3 IIPAG Quarterly Report

3.1 Under its Terms of Reference IIPAG is required to produce quarterly reports of its advice on strategic and systemic issues, progress against actions and recommendations and the effectiveness of the first and second lines of project and programme assurance. IIPAG's Quarterly Report for November 2024 is included as Appendix 1.

3.2 Figure 1 sets out the status of the IIPAG recommendations at the end of each of the last three quarters. The three overdue recommendations shown at the end of Quarter 2 of 2024/25 (23 June to 14 September 2024) are not critical issues.

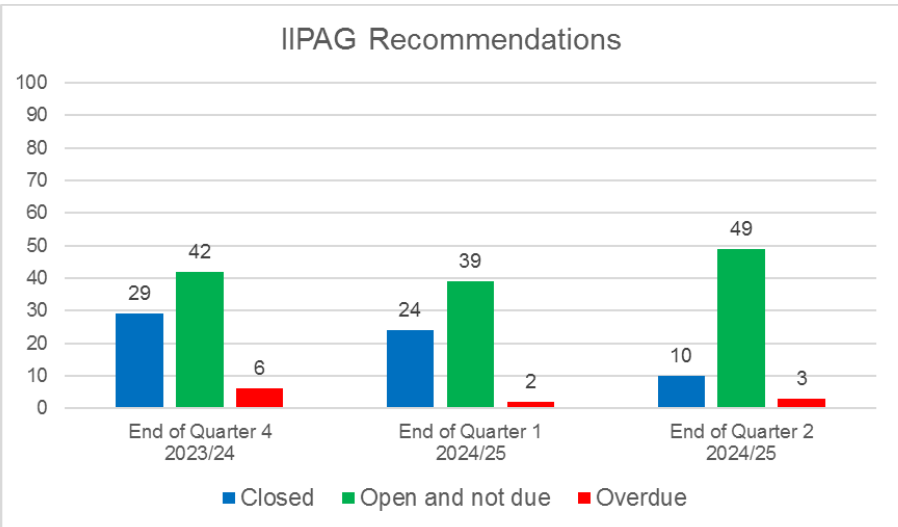


Figure 1: Status of IIPAG Recommendations

3.3 From the assurance reviews undertaken during Quarter 2 IIPAG made 18 recommendations, one of which was a critical issue. All of the recommendations were agreed with the respective project teams.

4 Management Response to IIPAG Quarterly Report

Common Themes

Major Road Network Schemes

4.1 Where timescales have proven to be particularly challenging revised dates have been agreed with the Department for Transport (DfT) for business case submissions, for example Brent Cross, and TfL will continue to do this where appropriate. Each business case submission to the DfT will only be made following a review of key project risks which will be balanced against the opportunity to secure funding and will include a range of potential scenarios so there is clear understanding of the basis for submissions. For example, the planned Outline Business Case for Brent Cross will only be submitted following a deep dive review of project costs and risks by the project team.

4.2 Concerns associated with refurbishing degraded assets are valid, notably in the case of Brent Cross and Croydon Flyover where asset degradation is extensive. In these cases surveys have been, or are being undertaken, which will reduce TfL's risk exposure prior to a financial commitment and TfL will retain an appropriate risk provision in its overall budget.

Traffic Management Costs

4.3 Bus costs and traffic mitigations are included in all project estimates at an early stage. For large projects an approach has been developed with all key business areas to plan traffic management assumptions, mitigations and costs so these can be evaluated and then agreed through governance meetings. Discussions with external stakeholders (for example National Highways and local boroughs) are also commenced as early as possible. Plans currently being developed for implementation include shorter more intensive programmes of works, to reduce project costs and prevent the need for complex closures lasting for many months or years, and targeting works over summer holidays when road use is significantly reduced, which coupled with a wide range of pre-warning messaging has been extremely effective in this year's works on the A40 and will be a model for our Major Road Network programme. We will keep all traffic management costs under regular review with procurement and commercial colleagues.

Cross Cutting Work

4.4 TfL welcomes the work IIPAG has undertaken on cross cutting reviews and looks forward to the outputs from the ongoing reviews for which we will provide the necessary management responses to the recommendations made.

List of appendices to this report:

Appendix 1: Independent Investment Programme Advisory Group - Quarterly Report November 2024

List of Background Papers:

None

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Appendix 1

Independent Investment Programme Advisory Group
Quarterly Report November 2024

1. Introduction

1.1. This report to the Committee describes the Independent Investment Programme Advisory Group (IIPAG) activities in September 2024 – October 2024. We have made no new strategic recommendations.

2. IIPAG Activity

2.1. We have reviewed one programme for which an annual submission is being made to the December meeting of the Programmes and Investment Committee (PIC) - Safe and Healthy Streets. We have undertaken continuous assurance on Four Lines Modernisation (4LM) and the Piccadilly Line Upgrade (PLU) programmes.

2.2. We have also undertaken several projects reviews, including for three major renewals schemes for which TfL will seek Major Road Network (MRN) funding from the Department for Transport (DfT), a Step Free Access scheme and a major technology project.

3. Common Themes

3.1. We continue to see professionalism and commitment from project teams, but also some recurring causes of concern.

MRN Schemes

3.2. The reviews of potential MRN funded schemes have highlighted significant opportunities and challenges. The opportunity is the possibility of securing external funding towards a large proportion of the cost of major renewals on critical road infrastructure. Our previous reports have highlighted concerns over deteriorating asset condition and the insufficiency of funding to prevent further deterioration. Against this background TfL needs to make the best possible case to secure additional funding through MRN for major renewals that would otherwise be unaffordable.

3.3. However, the conditions for application for and use of MRN funding are onerous. At present there is no certainty about the longer term future of MRN funding, and under the current rules construction must start by April 2025 (although it appears that a somewhat later date has been agreed for one scheme). This is putting great pressure on the timetable for scheme development and submission of business cases to the DfT. This is especially concerning as the schemes tend to be inherently risky, with work on degraded structures bringing uncertainty around technical scope, and associated schedule and cost risks. Under the MRN arrangements the DfT contribution is fixed relatively early (before contractor prices are available), with TfL bearing all subsequent cost risk. It is therefore important that wherever possible TfL agrees submission timescales with DfT that will allow design, schedule, cost estimates and risk assessments to be developed to a sufficient level of robustness. Further, the range of possible outcomes for TfL contributions needs to be clearly set out for decision makers.

Traffic Management Costs

3.4. We have also observed a number of cases, across MRN schemes and Safe and Healthy Streets, where costs for road network schemes have increased markedly due to higher traffic management costs. TfL is placing increased emphasis on the need to avoid significant disruption to timetabled bus services and to protect performance, which is requiring longer and more expensive traffic management arrangements, compared with earlier assumptions. We have seen these cost increases emerging rather late, leaving little time for consideration of different options or how higher costs will be managed. Adoption of more impactful traffic management arrangements to make schemes more affordable can be less palatable to local stakeholders and so brings other risks. For the future the stronger emphasis on protecting buses needs to be built into assumptions and optioneering from the outset, together with associated consideration of cost, schedule and stakeholder impacts.

4. Cross-cutting work

4.1. We have two cross-cutting reviews underway:

a. A review of how TfL takes account in the investment programme of targets to reduce carbon emissions. We are completing the interviews for this review.

b. Our second piece of work on Renewals (following our earlier review of the Delivery of Renewals). This second review is looking at the earlier stages of prioritisation and workbanks. We are drafting the report on this review.

4.2. We are also considering TfL's progress in implementing the recommendations of IIPAG's review of asset information.

5. Resources

5.1. As noted in our last report, IIPAG is currently operating with 2 vacancies (out of 7 positions). Following a recruitment exercise one additional member is being appointed.

5.2. An additional member with specialist signalling experience has advised they will be stepping down from the end of December 2024. To ensure IIPAG have sufficient skills in this area we will be appointing a replacement, who has previously held an IIPAG position, to commence at the start of December to enable handover.

Alison Munro
Chair, IIPAG

November 2024

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Audit and Assurance Committee

Date: **27 November 2024**

Item: **Places for London Assurance Update**

This paper will be considered in public

1 Summary

1.1 This paper reports on progress with assurance activity across Places for London during Quarter 2 of 2024/25 (23 June to 14 September 2024) (Q2) and provides the status of all open assurance recommendations.

1.2 A paper is included on Part 2 of the agenda which contains exempt supplementary information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

2.1 **The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.**

3 Background

3.1 The Places for London Integrated Assurance Framework is based on a Three Lines of Assurance model comprising:

(a) Line 1 – Management functions of Places for London and key interfaces;

(b) Line 2 – Project Assurance (PA) and Quality, Safety and Security Assurance (QSSA); and

(c) Line 3 – TfL Internal Audit and a sub-group of the Independent Investment Programme Advisory Group (IIPAG-Places).

3.2 This paper reports specifically on Line 2 (PA), Line 3 (Internal Audit) and Line 3 (IIPAG-Places) assurance progress and provides an update on Enterprise Risk management. Work in progress for Line 2 and Line 3 is set out in Appendix 1 and work starting in Quarter 3 (15 September to 7 December 2024) (Q3) and Quarter 4 (8 December 2024 to 31 March 2025) of 2024/25 and is set out in Appendix 2.

4 Line 2 (Project Assurance) Assurance

4.1 In addition to continuous assurance activities, PA has completed two targeted assurance reviews (TARs) and commenced a TAR on the Victoria station development. We continue to have good engagement from the Places for London team in all assurance activities.

4.2 The final report for the first line assurance review noted that considerable progress had been seen in introducing and embedding first line assurance within Places for London but that the understanding and application varied across the different parts of the business. There is, however, a recognition and awareness within Places for London that more needs to be done to strengthen and embed these processes and build on what has been achieved so far. Additional activities have been identified to achieve this, with many already in development.

4.3 The review of the Southwark over-station development operational works found that the delivery programme is challenging and the project team are working with the contractor to ensure that the delivery milestones are met.

4.4 Another TAR, considering current arrangements for the Victoria station development has commenced. This project is being managed under the Places for London/Network Rail collaboration agreement and we will consider emerging plans for the wider collaboration at an appropriate time.

4.5 PA continues to monitor progress with major developments within the property development portfolio and other significant investment programmes including electric vehicle charging hubs. We also plan to increase the continuous assurance focus on the asset management sectors from Q3 now that key leadership roles have been filled.

4.6 PA has also continued to support IIPAG-Places with third line assurance activities included arranging updates on High Barnet, Bollo Lane, the electric vehicle charging hub procurement and the property disposal process.

4.7 PA continues to monitor all open PA and IIPAG-Places recommendations. Two recommendations were closed in Q2. A total of 14 recommendations were still open at the end of Q2 with none overdue (see Figures 1 and 2 below).

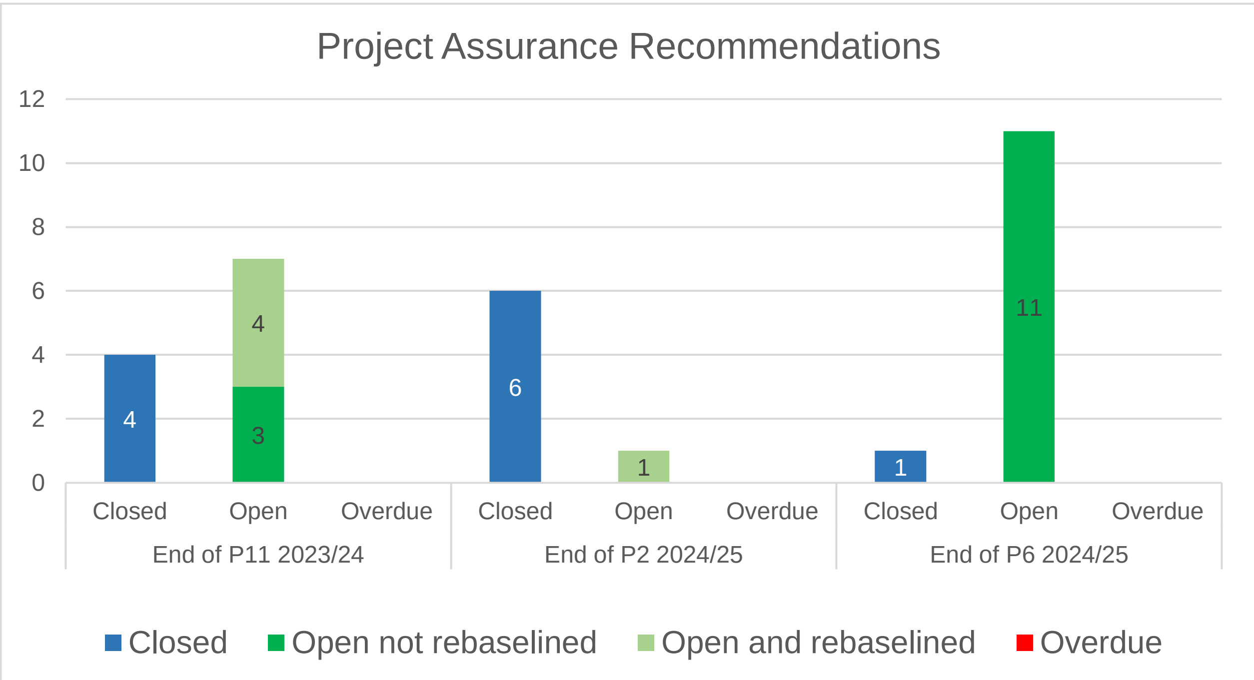

Figure 1 – Project Assurance Open Recommendations (end of Q2)

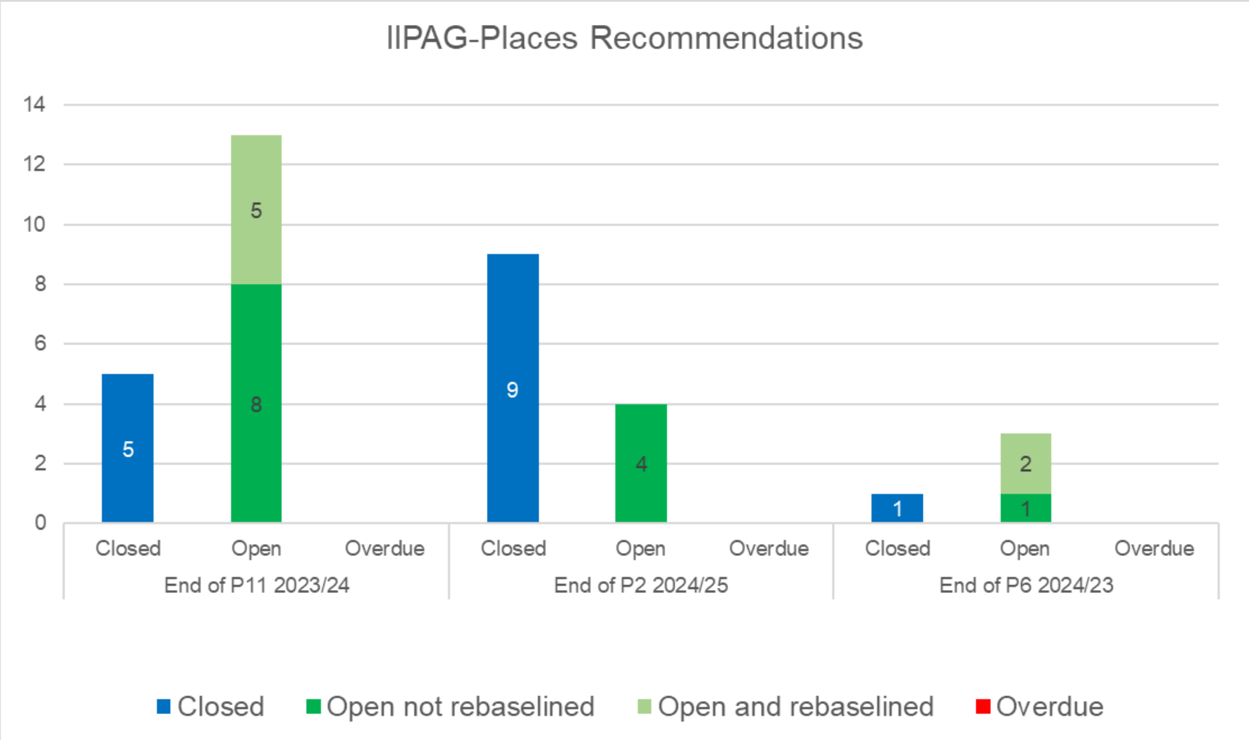

Figure 2 – IIPAG-Places Open Recommendations (end of Q2)

5 Line 3 (Internal Audit) Assurance

5.1 The draft internal audit report for the Management of Sectors – Arches was issued in Q2 and was rated as ‘requires improvement’. Work is underway to agree the management actions with the Places for London team.

5.2 Internal Audit monitors the progress of management actions and consequent closure. There are no overdue Places for London audit actions.

6 Line 3 (IIPAG-Places) Assurance

6.1 IIPAG-Places has added to its continuous assurance work, with briefings on High Barnet, Bollo Lane, the disposals programme and the electric vehicle charging hub procurement. They have welcomed the amount of progress being seen on key residential and commercial development projects, noting the complexity of many sites and challenges to delivery.

6.2 IIPAG-Places will be increasing their work on individual asset management sectors, now that key leadership appointments have been made, and will look more closely at sector plans and targets, and consider risks to delivery, from Q3.

6.3 The investment appraisal process and hurdle rates TAR is underway.

7 Enterprise Risk Management

7.1 Details of the seven Places for London Level 0 (L0) risks are set out in Appendix 3.

7.2 The review of two L0 risks, Places-L0-02 (Attraction, retention and capability of our employees) and Places-L0-04 (Stakeholders), were completed in Q2 and updates on both risks were presented to the October meeting of the Land and Property Committee.

7.3 Work will commence to develop Places for London's Risk Appetite and Tolerance approach now that the TfL equivalent has been finalised.

List of appendices to this report:

Appendix 1: Places for London Integrated Assurance and Audit Schedule – Work in Progress
Appendix 2: Places for London Integrated Assurance and Audit Schedule – Forward Plan
Appendix 3: Places for London Level 0 Enterprise Risks

List of Background Papers:

None

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Places for London Integrated Assurance and Audit Schedule – Work in Progress **Appendix 1**

Priority	Topic	Evidence of Need	Type	Who	Status	Objectives
1	Management of Arches	• There are around 850 commercial railway arches and it is essential that management of this sector is effective to ensure it yields expected returns of £11.6m per annum.	Audit	Internal Audit	Draft report issued	• To provide assurance that the management of the Arches Sector is effective.
2	Southwark over-station development (OSD) – Operational scope	• Any delay to works to relocate/remove operational infrastructure could impact the delivery programme for the OSD.	Targeted	Project Assurance (PA)	Complete	• To assess potential risk to the OSD programme.
3	First line assurance	• Proposals for first line assurance are being implemented, including the introduction of a Programme Management Office.	Targeted	PA	Complete	• To assess the appropriateness of current arrangements and proposed improvements to first line assurance.
4	Victoria Station Development	• Large complex development being considered with Network Rail. • Programme moving at pace.	Targeted	PA	Underway	• To consider appropriateness of arrangements focussing on objectives, governance, funding, project management, resourcing, stakeholder management and risk.

Priority	Topic	Evidence of Need	Type	Who	Status	Objectives
5	Investment appraisal and project financial hurdles	• Projects and investments are appraised using financial hurdles. • Places for London has reviewed the investment appraisal process and hurdle rates.	Targeted	Independent Investment Programme Advisory Group (IIPAG)	Underway	• To provide assurance on the investment appraisal process, new hurdle rates and their application and governance regarding exemptions.
6	Electric vehicle charging hubs	• Procurement of a delivery partner.	Continuous	PA/IIPAG	Ongoing	• To provide assurance on the procurement and assess key decisions.
7	Limmo development	• Complex site with significant constraints. Procurement of a delivery partner is underway.	Continuous	PA/IIPAG	Ongoing	• To provide assurance on the procurement and assess key decisions.
8	Continuous assurance activities	• A number of functions and strategies are emerging, such as first line assurance. • There are a number of large, complex development programmes and sites.	Continuous	PA	Ongoing	• To assess key decisions and highlight areas for targeted assurance.

Places for London Integrated Assurance and Audit Schedule – Forward Plan

Appendix 2

Quarter 3 (15 September to 7 December 2024) (Q3) and Quarter 4 (8 December 2024 to 31 March 2025) (Q4)

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
1	Safeguarding in the Educational Engagement programme	The Education Engagement programme works with selected schools to increase underrepresented groups in construction jobs where there is a huge skills shortage. The team works with students under 18 and it is essential that safeguarding processes and controls are in place.	Audit	Internal Audit (IA)	2024/25 Q3	To provide assurance that the controls for safeguarding in the Educational Engagement programme within Places for London are adequate and effective.

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
2	Joint Venture (JV) reporting	JVs are the key vehicle used by Places for London to deliver its revenue generating programme. It is important that the reporting to TfL is accurate. The Independent Investment Programme Advisory Group (IIPAG) undertook a targeted review of structuring and management of JVs in 2023 and the immaturity of the arrange.	Audit	IA	2024/25 Q3	To build on the IIPAG findings and provide assurance on the arrangements now in place to ensure robust JV reporting.
3	Estimating accuracy	Evidence of cost estimates increasing as project design develops.	Targeted	Project Assurance (PA)	2024/25 Q3	To review the process for estimating costs/applying risk, benchmarking and applying lessons learnt.
4	Asbestos management	This is part of a programme of asbestos audits across TfL following a revision to the TfL Standard. Not previously assured in Places for London.	Targeted	Quality, Safety and Security Assurance (QSSA)	2024/25 Q4	To check compliance with the revised TfL Standard and compliance with regulatory requirements.

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
5	Implementation of Construction (Design and Management) (CDM) duties	Places for London acts as CDM client on a number of projects.	Audit	QSSA	2024/25 Q4	To seek assurance that Places for London is adequately meeting its duties as a CDM client and receiving the appropriate assurance from Principal Contractors and Designers.
6	Key investment decisions	Second and third line assurance as required to support authority requests/ investment decisions.	Continuous	PA/IIPAG	Ongoing	To provide a recommendation on key decisions and investment requests to support decision makers.

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Places for London Level 0 (L0) Enterprise Risks **Appendix 3**

Risk	Risk Title
Places-L0-01	Failure to prevent safety incidents or meet safety commitments
Places-L0-02	Attraction and retention of our employees
Places-L0-03	Financial sustainability
Places-L0-04	Stakeholders
Places-L0-05	Environment including climate adaptation
Places-L0-06	Inability to react to external market forces
Places-L0-07	Efficient and high performing supply chains and effective procurement

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Audit and Assurance Committee

Date: **27 November 2024**

Item: **Finalisation of TfL's Annual Report and Statement of Accounts for Year Ending 31 March 2024**

This paper will be considered in public

1 Summary

1.1 This paper presents the Annual Report and TfL Group Statement of Accounts for the year ended 31 March 2024 and requests the Committee's approval of the Statement of Accounts for the year ended 31 March 2024 and their publication.

1.2 On 24 July 2024, the Board approved the Annual Report and authorised the Chief Customer and Strategy Officer to make any further design or editorial changes as may be required. The Board also considered the draft Statement of Accounts, recognising that a decision on the approval could not be made until the resolution of several outstanding matters and delegated their approval to the Committee.

1.3 The Committee was given a further progress update on 18 September 2024, including the further audit work required by Ernst & Young LLP (EY) in relation to the ongoing cyber security incident. A post balance sheet disclosure has been included in the Statement of Accounts and EY have concluded their work in relation to the effects of the incident on the accounts as at 31 March 2024.

2 Recommendations

2.1 **The Committee is asked to note the paper and:**

(a) approve the 2023/24 Statement of Accounts, subject to any comments Members might have;

(b) note that the statutory Chief Finance Officer has authority to make any adjustments arising from the work prior to the auditors, Ernst and Young LLP, signing their opinion or from any comments made by the board of any Subsidiary company provided that should any changes be required to the Statement of Accounts which, in the opinion of the statutory Chief Finance Officer are material, he will seek approval of the Committee for these changes;

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

(d) note that the level of Minimum Revenue Provision has been made in the Statement of Accounts in accordance with the policy approved by the Board.

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 and was approved by the Board on 24 July 2024. 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 Statement of Accounts has been prepared in accordance with the provisions of the Regulations and the Local Audit and Accountability Act 2014. 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).

3.3 The 2023/24 TfL Annual Report is combined with the TfL's Statement of Accounts for the year ended 31 March 2024. While it is not a legal requirement to combine these documents, it is regarded as good practice and will assist key audiences in understanding TfL's financial and operational performance over the year. 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.

3.4 The draft Statement of Accounts (unaudited) was certified by the statutory Chief Finance Officer and published on the tfl.gov.uk website on 14 June 2024. 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 17 June 2024 and concluded on 26 July 2024.

3.5 On 5 June 2024, the Committee was given an update on the preparation of the draft TfL Group Statement of Accounts for the year ended 31 March 2024, focusing on the key accounting issues for consideration.

3.6 On 24 July 2024, the Board approved the Annual Report and authorised the Chief Customer and Strategy Officer to make any further design or editorial changes as may be required, including changes to reflect the position on TfL funding.

3.7 On 18 September 2024, the Committee was given a further update on the status of the accounts and audit.

3.8 At the time of the Board meeting on 24 July 2024, several matters were outstanding with the Statement of Accounts. The Board considered the draft Statement of Accounts but did not approve them, with approval authority being delegated to the Committee. These matters have now been resolved and a summary of the arising changes is provided in Section 4.

3.9 The Regulations require that the Statement of Accounts is approved by a resolution of a committee or by members meeting as a whole. Approval of the Statement of Accounts is a matter ordinarily reserved to the Board under TfL's Standing Orders, paragraph 99(c). On 24 July 2024, the Board delegated approval of the Statement of Accounts to the Committee. To facilitate this, Standing Order 108 was disapplied as part of the Board delegation.

3.10 Amendments to the Regulations came into force on 30 September 2024, which amend the deadline for local authorities to publish audited accounts for the year ending 31 March 2024 by 28 February 2025.

4 Changes to the Accounts Since the 24 July 2024 Board Meeting and 14 June 2024 Public Inspection Period

4.1 The key changes to the draft Statement of Accounts considered at the 24 July Board meeting are summarised below.

£'m	
562.6	Group surplus on provision of services after tax (24 July)
(96.4)	Long-term leases adjustment
(74.1)	Increase in provision estimates
0.9	Other minor adjustments
393.0	Adjusted group surplus on provision of services after tax (27 November)

Long-term Leases

4.2 As part of their audit work, EY undertook a detailed review of long-term leases entered in to by TfL, as the lessor.

Context

4.3 As part of the development of London Underground and the Elizabeth line, new property assets were created e.g. stations. Several of these property assets have development potential given the Group owns the rights to the land, building and airspace asset above and below these stations.

4.4 The Group historically has attributed a fair value of £nil to sites of this nature until commercial viability has been evidenced by securing a development agreement. These agreements are in the form of long-term leases, typically 99 years or longer, over the site that provide the lessee the right to develop then operate the asset.

4.5 Under IFRS 16 Leases, it must be assessed whether the lease constitutes a finance lease or an operating lease at its inception date. There is significant judgement in determining whether the lease transfers from the lessor to the lessee substantially all the risk and rewards incidental to ownership of the asset. Particularly in respect of whether the Group, as a lessor, retains risk and rewards through variable income streams or market rates related to the performance of the asset.

4.6 EY challenged management's assumptions in relation to these arrangements. Given their historical nature, with most of the agreements entered in to between 1976 and 2021, management has reassessed each lease.

Results of the Review

4.7 Certain long-term leases were accounted for as operating leases but should have been accounted for as finance leases as the Group has transferred to the lessee substantially all the risks and rewards incidental to ownership of the underlying asset. This resulted in an overstatement in investment properties and a corresponding understatement of the finance lease receivables.

4.8 Certain property sites were previously accounted for as finance leases but should have been accounted for as operating leases as the Group had not transferred to the lessee substantially all the risks and rewards incidental to ownership of the underlying asset. This resulted in an overstatement on the gain on disposal and a corresponding understatement in deferred income in respect of the lease premium received.

4.9 In the draft accounts presented to the Committee on 18 September 2024, a prior period restatement had been recognised. Subsequent to this EY have concluded that the adjustment was not material and therefore it has been reflected in the current year and any references to a prior period restatement have been removed.

Future considerations

4.10 EY have discussed with management and raised a management letter point that these transactions should have had their accounting considerations and lease classification clearly documented at inception of the lease.

Provisions and Contingent Liabilities

4.11 At the time the Statement of Accounts was presented to the Board on 24 July 2024, the provisions and contingent liabilities in the accounts represented management's best estimate at the time. Subsequent developments and information have since been incorporated in these disclosures.

Penalty Charge Notices (PCN) Not Posted on Day of Issue

4.12 On 25 July 2024, during the public inspection period for the Statement of Accounts, a local elector raised an objection to EY our external auditors. This was in relation to the validity of Penalty Charge Notices and Notices to Owner not posted on the same day as issued, as required by the Civil Enforcement of

Road Traffic Contraventions (Approved Devices, Charging Guidelines and General Provision) (England) Regulations 2022 (the 2022 regulations).

4.13 The impact on the Statement of Accounts as at 31 March 2024 has been considered as part of management's assessment of provisions and contingent liabilities.

4.14 An update on EYs response to the public objection is included in EY's report elsewhere on this agenda.

Other Changes and Audit Matters

4.15 The inclusion of the draft Independent Auditor's Report. This was not incorporated into the draft that went to the Board on 24 July 2024 as the auditors had not completed their audit work at that time.

4.16 Throughout the remainder of the Statement of Accounts there were various updates to disclosures as part of the EY audit and immaterial changes for consistency, disclosure amendments and formatting to enhance compliance with the Code.

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 2024, the majority of Transport Trading Limited's subsidiaries claimed exemption from audit.

List of appendices to this report:

Appendix 1: TfL Annual Report and Statement of Accounts: 31 March 2024

List of Background Papers:

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

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Appendix I

Annual Report and Statement of Accounts

2023/24 – XX November 2024

MAYOR OF LONDON

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

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MAYOR'S FOREWORD TO BE INSERTED

Andy Lord
Commissioner

Commissioner's foreword

We want to become London's strong, green heartbeat

Throughout 2023/24, we have delivered a number of vital transport improvements and taken important steps to make our city safer, more inclusive and more sustainable. I am particularly proud that for the first time in TfL's history, we met our target of being financially sustainable in our day-to-day operations, meaning we can now cover most of our costs. However, a prolonged and continuing period of uncertainty over long-term Government capital investment, and smaller levels of investment than needed, means we remain in a constrained environment. This requires us to make tough choices about what we can afford and what vital work can be done.

Safety is always our number one priority and we will never let up on our efforts to improve it. We have introduced a range of important new initiatives this year to further improve safety in London, including a new Bus safety strategy, lower speed limits and improvements to junctions at Battersea Bridge and elsewhere.

Putting customers first

We have remained laser-focused on customer experience and I am pleased that the number of customer journeys continues to grow, increasing by nine per cent from last year. One of the most exciting improvements has been the introduction of the Superloop, a network of express bus routes in outer London. It has been a great success, with demand growing above the network average level, supporting customers in all parts of the city to make quicker and more sustainable journeys. We have moved forward with our larger capital projects too, with the first newly built Piccadilly line train tested in November and work on the Old Street project nearing completion.

Significantly, May 2023 saw the first anniversary of the opening of the Elizabeth line and the introduction of the final operating timetable, a huge moment for London and for us. A few months later saw the substantial completion of the Crossrail project, the culmination of almost two decades of joint working with the Department for Transport. The organised and efficient finish to the project was an incredible achievement, and we can see the huge benefits that the Elizabeth line is bringing to our customers every day.

We launched Equity in Motion, our ambitious plan to create a more accessible and inclusive network. This is a vital piece of work, focused on taking tangible actions and making a difference to customers' daily journeys.

We have continued to deliver a range of improvements this year

Sustainable future
Sustainability has become core to everything we do as we play our role in tackling the climate emergency. I am delighted that more than 4,000 colleagues have now been trained in Carbon Literacy, raising awareness throughout the organisation of how we can all play a part in reducing carbon. We have met some key milestones this year in our work towards achieving net-zero carbon operations by 2030. We continued our rollout of LED lighting in Tube stations and at bus stops and in August 2023 we introduced the 1,000th zero-emission bus to our fleet. We continued to improve the biodiversity of our network, with more wildflower verges and sustainable urban drainage systems. Tackling poor air quality across the whole city remains a key priority and the expansion of the Ultra Low Emission Zone in August 2023 was a vital step towards this.

As always, none of this would be possible without our brilliant colleagues. While they make a difference every single day, I was particularly proud of the role they played in supporting the Coronation of Their Majesties King Charles III and Queen Camilla. This was a truly momentous occasion and colleagues across the organisation were at the heart of making it a success. As well as supporting our customers to get where they needed to be over the weekend, we marked the moment by wrapping our buses and Santander cycles, as well as adorning our stations with specially designed 'crowndels'.

> 'We have achieved a lot this year, which is testament to the commitment and dedication of all our colleagues and partners. I would like to extend my heartfelt thanks to everyone involved'

Funding boost
Finally, I was pleased to secure £250m of capital investment from Government in December 2023 for 2024/25. While it is only half of what we asked for, we have taken tough choices and succeeded in delivering our full Business Plan this year. However, the shortfall has only been mitigated in the near term and will reduce the amount of investment we can make in future years. We now stand ready to work together with Government to agree the long-term funding certainty London desperately needs to turbocharge the economy, unlock much-needed housing and play a central role in decarbonising our country.

We have achieved a lot this year, which is testament to the commitment and dedication of all our colleagues and partners. I would like to extend my heartfelt thanks to everyone involved.

4,000
colleagues have been trained in Carbon Literacy

9%
increase in customer journeys from 2022/23

We have seen many great events and celebrations this year

Background to this report

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

Our values
Our mission is to be the strong, green heartbeat for London. To achieve this, we developed our strategy, which sets out our targets and ambitions over the years to 2030. It explains what we are doing to help turn the Mayor's Transport Strategy from an ambitious plan into London's reality. Our strategy is underpinned by three key values that we are focusing on to ensure that Every Journey Matters.

Caring

This means that we care about our colleagues, our customers and our work.

Open

This means that we are open to each other, and we are open to new ideas and ways of working.

Adaptable

We will adapt to the diverse needs of the organisation and we are willing to innovate.

Our Annual Report details our achievements and updates from the last financial year, which runs from 1 April 2023 to 31 March 2024. It shows the progress we have made against our scorecard targets.

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. This report outlines our achievements under a number of areas. Safety is our number one priority as we aim to get everybody home safely, every day. We also have a focus on the achievements of our people, and how we work to ensure that we are a great place to work for everybody.

Sustainability and our environmental impact are at the heart of our decisions and a key thread throughout everything we do.

Our reporting is also shaped by the ambitions of the Mayor's Transport Strategy, which acknowledges the key role transport plays in shaping London and making it a world leader for sustainable transport. 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.

Achieving the Mayor's vision
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. We have showcased our achievements and project milestones against these 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.

Year at a glance

We have achieved a number of notable milestones and launched some game-changing initiatives during the year

April 2023
New priority seating installed on buses

May 2023
We supported visitors for the Coronation weekend events

June 2023
Order placed for 11 additional DLR trains

July 2023
Contracts issued for next phase of our rental e-scooter trial

August 2023
Ultra Low Emission Zone expanded across all London boroughs

September 2023
Further rollout of 4G and 5G across Tube stations

October 2023
Places for London secures planning permission for Kilburn Mews

November 2023
Our licensed busking scheme celebrates 20 years

December 2023
First Elizabeth line stations get high-speed 4G and 5G coverage

January 2024
Santander Cycles day pass and more e-bikes announced for the summer

February 2024
New names for London Overground lines are revealed

March 2024
We completed the Superloop orbital bus loop

Financial overview

Our financial and performance overview

Rachel McLean
Chief Finance Officer

'Achieving our first operating surplus is testament to the hard work taking place every day to deliver a safe and reliable transport network. With a multi-year capital funding deal and a growing surplus, we could strengthen our national supply chains and deliver even better outcomes for lower costs'

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Chief Finance Officer foreword

We continue to work hard to secure our financial future

With long-term capital funding, we could deliver more for London

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SIGNATURE TO BE ADDED

Rachel McLean
Chief Finance Officer

We completed a remarkable turnaround in our finances, but our work to secure our financial future is not yet complete. For the first time, we can fully cover our day-to-day costs from our income, delivering an operating surplus of £138m, £59m above budget. Every penny of that is already committed to maintaining and improving our network and we will strive to further improve so that we can invest even more. I thank all of our colleagues and partners who played a part in enabling us to recover from the difficult financial position that arose as a consequence of the pandemic.

We have now met the test set by the last Government to achieve operational financial sustainability. As we exit the period of extraordinary funding support, we remain grateful for the financial support from the previous Government during the tough times, and for its recognition of our progress. We have started 2024/25 with a £250m contribution from the previous Government for our major capital investment programmes. In June 2024, the Government confirmed funding for 10 new Elizabeth line trains, which will enable us to increase capacity in the coming years.

Customer journeys grew by nine per cent from 2022/23, with 3.6 billion people travelling in 2023/24. This is an increase from 80 per cent of pre-pandemic levels to 88 per cent. Passenger income grew by 20 per cent, from £4.4bn to £5.2bn.

One strand of our roadmap to financial sustainability is to diversify and grow our income. Compared to pre-pandemic levels, our passenger income has grown by nine per cent, with other income sources growing by 27 per cent, and we drew our first dividend of £15m from Places for London Limited which launched in 2023.

As well as challenges like inflation, from 2024/25, we will no longer receive a revenue top-up from the Department for Transport. To mitigate this and keep transport affordable, we continuously work to control our costs and improve efficiency. Our savings programme reached its eighth year in 2023/24. We have reduced like-for-like costs from £5.8bn in 2021/22 to £5.6bn in 2021/22 prices. We made £138m of recurring savings in 2023/24, taking the total delivered since 2016 to £1.4bn. A further £130m of recurring savings is budgeted in 2024/25 contributing to our 2025/26 target of £650m. We have maintained cash reserves at an average of £1.2bn throughout 2023/24, so we can make payments and protect against shocks. This level is in line with Government conditions, our own assessment of need and was achieved while keeping the amount of outstanding borrowing stable year-on-year.

Although we are now delivering an operating surplus, like all major transport operators in the UK and around the world, we still need support from central Government to meet our major capital investment needs. We could deliver this investment more efficiently and effectively with a long-term capital funding settlement – as is in place for Network Rail, National Highways and other local authorities. We look forward to discussions with the new Government around the need for support for major investments and the opportunity to support growth throughout the UK from that investment.

Investing in London's infrastructure benefits more than just London. It means we can continue to support jobs and growth throughout the UK with our supply chain and open up new areas for development. We will continue to play our part for a more sustainable and green future and maintain London's position as a competitive global city which supports the national economy.

Our scorecard

We assess our progress against a range of agreed measures

The TfL scorecard is our primary tool for tracking progress against our strategic objectives and is structured around our vision and values. It provides a clear line of sight between the Mayor's Transport Strategy, our Business Plan and our Budget, and helps drive our in-year performance. The metrics are designed to be stretching and realistic. In 2023/24, we achieved 76.1 per cent against the scorecard target. The results reflect some notable achievements in a challenging economic and funding environment, and the highlighted areas to focus on next year.

In December 2023, we received £250m of Government capital funding, half of what we asked for, to enable us to deliver our investment programme and work with our supply chain towards our objectives. However, longer-term funding certainty is still needed to allow us to plan as effectively and efficiently as possible.

On safety and security, we made many improvements on the network, such as lowering speed limits on 183km of London's roads and improving bus safety. While our scorecard performance improved year-on-year, we fell short of our 2023/24 target. We are focused on working towards the Mayor's Vision Zero goal and while we didn't achieve the target, we are making progress.

Metrics related to our colleagues show engagement with our staff survey score increased, attendance went up compared with the previous year, and we improved representation at senior levels, meaning TfL is looking more like the city we serve. Highlights for colleagues have included launching a new flexible working approach, improved welfare facilities for our operational colleagues, and the launch of Action on Inclusion with its supporting training for all. We have made it easier to fill vacancies more quickly, embedded Our People Leaders Framework, and welcomed more graduates, apprentices and interns than in previous years.

We continued to deliver for customers, completing the Superloop bus network in outer London and the Elizabeth line, which is now the most popular railway line in the country. Naming London Overground routes will make navigating the network clearer, there's now 4G and 5G mobile coverage in around 25 per cent of stations across London, and we launched Equity in Motion to ensure our city is more fairly connected to accessible, affordable public transport services. Despite operational challenges on the Central line, we still surpassed our floor target for journey time on buses and beat our target for journey time on rail.

We have made strides in our green future with the expansion of ULEZ to all of Greater London and training more than 4,000 colleagues in Carbon Literacy, well above the 3,000 we were aiming for. We reduced carbon emissions from our assets by more than expected, which is great news for our decarbonisation journey, especially given our key role in driving the UK towards net zero. Our first Green Infrastructure and Biodiversity Plan set out how we care for environments across our 2,300-hectare estate and we beat our target for water run-off into sustainable urban drainage systems

On our finances, we achieved operational financial sustainability, with a healthy income of £8,970m that included £500m from new sources. Every penny is reinvested in the network and means we're able to fund most of our 2024/25 investment programme ourselves with the rest covered by the £250m capital funding we secured from Government. We reduced costs across the organisation and have plans for more next year. We now need to focus on growing an operating surplus each year to invest in delivering everything London needs.

4,000

colleagues trained in Carbon Literacy so far

£500m

of our income is now coming from new sources

25%

of our stations now have 4G and 5G mobile coverage

Measure	Results	Target	Floor target
Safety and security			
People killed or seriously injured on our roads (absolutes)	3,722	3,541	3,822
Customers killed or seriously injured (absolutes)	202	201	218
Colleagues killed or seriously injured (absolutes)	18*	22	23
Work-related violence and aggression incidents (absolutes)	10,493	n/a	n/a
Colleague			
Total engagement (%)	60	61	59
Attendance (%)	93.86	94.25	93.75
Women represented at senior leadership (%)	34	34.6	33.8
Black, Asian or minority ethnic people represented at senior leadership (%)	20	18.5	17.3
Disabled people represented at senior leadership (%)	6.47	6.45	5.8
People from minority faiths or beliefs represented at senior leadership (%)	12.6	12.2	11.6
LGBTQ+ people represented at senior leadership (%)	6.1	5.5	5.1
Customer			
Percentage of Londoners who agree we care about our customers (%)	54	55	5.1
Investment programme milestone delivery (%)	83	90	75
Customer journey time on London Underground (minutes)	28.3	27.9	28.9
Customer journey time on buses (minutes)	34.1	33.8	35.3
Customer journey time on rail (minutes)	25.8	26.9	27.9
Green			
Carbon dioxide emissions from our operations and buildings (ktonnes)	823	845	879
London-wide ULEZ delivery milestone (date)	29-Aug-23	29-Aug-23	29-Aug-23
Number of colleagues trained in Carbon Literacy	4.044	18-Mar-08	1,500
Finance			
Total income against budget, excluding extraordinary revenue grant (£m)	8,970	8,872	8,822
Operating surplus/deficit against budget (£m)	138	79	0
Capital expenditure against budget, excluding Crossrail and Places for London (£m)	1,871	1,879	2% + or -

Achieved Partially achieved Not achieved

* This measure is automatically marked as 'not achieved' in the event of a fatality. Owing to a contractor fatality, this measure displays as not achieved.

A sustainable future for London

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

We made significant progress across our sustainability objectives during 2023/24, but more still needs to be done. We have a mandatory requirement to report under the Task Force on Climate-related Financial Disclosures (TCFD), which is a pivotal framework for effective disclosure, and improves our management of climate risks and opportunities. Understanding these risks and opportunities, both now and in the future, is vital to making cost-effective decisions on investment, strategic planning and operations.

In September 2023, the Taskforce on Nature-related Financial Disclosures (TNFD) was released to assess nature-related risks and opportunities. While this is not yet mandatory, we are trialling reporting under both disclosures. More detail on both disclosures can be viewed in our Statement of Accounts on page XX.

We are preparing our assets and systems for a changing climate

Environment
In 2023/24, we took bold steps towards achieving net-zero operations by decarbonising our fleet, paving the way towards using 100 per cent renewable energy, and removing the use of fossil fuels in our buildings.

By March 2024, around 15 per cent of our bus fleet operated with zero-emission buses, and we reached the final stages of our first Power Purchase Agreement tender, which supports the increase in renewable energy supplying the national grid.

One year on from publishing our Climate Change Adaptation Plan, we continue our collaboration with regional, national and global groups to better understand how we prepare our systems and infrastructure for a changing climate. We have also created an additional 8,000 square metres of catchment draining into sustainable drainage systems, to help reduce surface water flood risk.

The expansion of the Ultra Low Emission Zone (ULEZ) means London is the first city in the world with a clean air zone of this size. The compliance rate for vehicles during the first month was 95.3 per cent, up from 91.6 per cent in June 2023 and 39 per cent in February 2017 when the changes associated with the ULEZ were introduced.

In 2023, we doubled our wildflower verges and have set ourselves a target to double this figure again in 2024. These wildflower verges are already attracting wildlife, including the brown hairstreak, one of the UK's rarest and most threatened butterflies, which was spotted in Hillingdon. In March 2024, we published our Green Infrastructure and Biodiversity Plan, which sets out our actions to green our city for people and wildlife.

95%
of bus shelters converted to LED lighting

67%
of street lighting on our roads uses LED lighting

43%
of Tube stations have been converted to LED

Climate-related financial disclosure

This year, we have developed our TCFD reporting and are now able to set out our approach to scenario analysis. We have made progress in all four areas over the past 12 months, and we have ambitious plans to continue this work in 2024/25.

Our green strategy

Our green strategy has three core priorities. Reducing carbon emissions and adapting to climate change, improving air quality, and protecting, connecting and enhancing our green infrastructure and biodiversity.

The four pillars of TCFD and TNFD

- Governance
- Strategy
- Risk and impact management
- Metrics and targets

Task Force on Climate-related Financial Disclosures

Governance

In 2023/24, we trained more than 4,000 colleagues in Carbon Literacy, achieving Bronze Accreditation from the Carbon Literacy Project. We secured funding to accelerate the rollout of LED lighting. We also secured £16.3m grant funding for heat decarbonisation and energy efficiency schemes. We established a Sustainability Working Group for Places for London, a net-zero matrix team for the organisation and formalised our Climate Change Adaptation Steering Group.

- Achieving Silver Accreditation with the Carbon Literacy Project
- Publishing a Sustainability Awareness toolkit to enable colleagues to raise awareness within teams
- Launching in-person pilot training for adaptation, green infrastructure and biodiversity, and environmental awareness for head office colleagues

End of 2024/25

Strategy

We have started work on our first scenario analysis. This is crucial for strategic and financial planning, owing to the many impacts of climate change on our operations, infrastructure and financial stability. Our scenarios and risks integrate into our existing business strategy and risk management. We have also delivered short-term actions from our Climate Change Adaptation Plan 2023, and expanded our climate budget to include adaptation, to support medium- and long-term actions.

- Expanding the climate budget to include scope 3 emissions
- Completing science-based target validation
- Phasing out all cars that are not zero-emission capable from our support fleet
- Rolling-out LED lighting across street assets, head office buildings and London Transport Museum
- Developing a Sustainability and Inclusivity Strategy for Places for London
- Reflect adaptation in our common outcome framework

End of 2024/25

Risk management

We are improving our understanding of physical climate risks and have analysed our upstream interdependencies. We have also completed our first physical climate risk assessment for London's highways. For scenario analysis, we used our climate risk assessment, to select two physical risks, four transition risks and one nature risk, and for transition risks and opportunities we created a long-list of factors that will affect us, and have scored these based on their financial impact.

- Publishing our fourth round submission of Adaptation Reporting Power
- Cascading our enterprise level risk on 'Environment including adaptation' to cover strategic and tactical risks
- Identifying and tagging all climate risks across our enterprise risk framework that link to climate

End of 2024/25

Metrics and targets

Limiting our impact on the environment, and protecting Londoners from climate risks is crucial. We have agreed a reduction target for scope 3 carbon emissions, as well as achieving our targets of reducing greenhouse gas emissions from our operations and buildings to 845 ktonnes. In terms of protecting London against flooding, we have created 8,000sqm of catchment draining into Sustainable Drainage Systems.

- Limiting greenhouse gas emissions from our operations and building to 773 ktonnes, with a floor target of 812 ktonnes
- Installing 9,000sqm of catchment draining into Sustainable Drainage Systems, with a floor of 5,000sqm
- Achieving 90 per cent of our Green milestones, with floor targets of 70 per cent
- Transitioning 500 more buses to zero emissions, bringing the total zero-emission fleet to 1,900
- Converting 15 Tube station, including King's Cross St Pancras, to LED lighting

End of 2024/25

Nature-related financial disclosure

We connect people to London's green spaces, interweaving communities and nature across the capital's landscape. As well as providing easy and accessible transport to areas of natural beauty, we are also responsible for managing around 2,300 hectares of land, almost a third of which is covered by vegetation. In order to responsibly and sustainably grow our business, we must assess the financial value of our natural assets and invest in outcomes that support nature.

Through our Natural Capital Account we have assessed key nature-related risks and opportunities and incorporated them into our strategic planning processes and future financial disclosure reporting. By applying the science-based framework to reduce our risks and take advantage of nature-positive opportunities, we can enhance our financial strategies to incorporate nature-based solutions, ensuring our reporting is globally relevant and accessible.

Our nature-related issue categories

Dependencies – How we are dependent on nature

Impacts – How we impact nature and biodiversity

Risks – What capital, operational and future business risks are caused by our dependencies and impacts

Opportunities – How we can benefit from positive impacts and mitigate against negative ones

Our key nature-related achievements

We manage our nature-related risks and opportunities using the TNFD framework.

	Key achievements 2023/24	Planned work in 2024/25
Governance	Oversight of the delivery of the Green Infrastructure and Biodiversity Plan by our Sustainability Executive Committee, through updating the terms of reference and membership to our Green Infrastructure Steering Group	Launch in-person pilot training for Adaptation, Green Infrastructure and Biodiversity
Strategy	Published our first organisation-wide Green Infrastructure and Biodiversity Plan	Publish a tree canopy cover plan, setting out how we will meet our canopy cover target
	Published a London-wide methodology for assessing the potential of Sites of Importance for Nature Conservation for biodiversity offsetting	Deliver and implement our Green Infrastructure and Biodiversity Plan actions
		Reassess the biodiversity baseline of our estate and develop a habitat bank to help meet our biodiversity net gain requirements
Risk	Published our first natural capital account	Review climate change-related green infrastructure risks as part of the fourth round of Adaptation Reporting Power
Metrics and targets	Set out a number of key targets in our Green Infrastructure and Biodiversity Plan	Start developing outcome-focused green-infrastructure targets
	Developed green cover and canopy cover maps to better manage natural resources sustainably, reduce impacts from climate change, conserve biodiversity, and promote human health and wellbeing	Model canopy cover change over time under different scenarios
	Commissioned work to understand the best method for modelling changes in tree canopy cover under different scenarios	Update our biodiversity baseline map

Scenario analysis

By testing our risks and opportunities against plausible climate scenarios, we can be more prepared for future uncertainties and create stronger risk management practices. This will help ensure London is more sustainable and resilient to the challenges. It will help us minimise future losses, maximise value and ensure our operations are viable in the long term.

Our scenario analysis is based over three stages: short-term (by 2030), medium-term (by 2050), and long-term (by 2080). We have done this to ensure we take advantage of the most accurate and latest data available, while producing results that can be easily applied when planning for our operational and financial future.

We built on existing contextual scenarios of agglomeration, green innovation, instability and rebalancing. These explore how London may evolve over the next two decades. We added climate-related detail from the Network of Greening the Financial System to expand the scenarios to focus on climate risk in the short, medium and long term and different degrees of warming.

Our proposed scenarios

	Low transition risks	High transition risks
Low physical risks	**Orderly transition** Warming levels of 1.5 degrees will see London thrive in a successful global transition to net zero.	**Disorderly transition** Warming levels of two degrees will see London's economy decline due to increased costs associated with a disorderly transition to net zero.
High physical risks	**Hot house world** Warming levels greater than three degrees as London booms with economic growth, until critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts.	**Too little too late** Warming levels between 2-3 degrees will see London suffer from increased costs from an uncoordinated transition to net zero, as well as tackling impacts from changing climate.

Selected climate- and nature-related risks and opportunities

	Costs	Revenue	External investment	Fines	Social impacts	Financial benefit
Tighter regulation leading to assets becoming prematurely obsolete or non-performing						
Early adoption of new and novel technologies for sustainability initiatives						
Skills requirement misaligned with strategic sustainability ambitions and Mayoral commitments						
Changes to building energy efficiency on our Places for London commercial properties						
Increasing legal and policy commitments for biodiversity net gain and green infrastructure						
Extreme precipitation leading to flooding of London Underground tunnel shafts and portals						
Extreme high temperatures on transport and in buildings						

Transition risks   Nature   Acute physical risks

Safety

Creating a safer London for everyone

Lilli Matson
Chief Safety, Health and Environment Officer

'The safety of our customers and staff remains our top priority as we work towards our Vision Zero ambition and continue to tackle hate crime and violence against women and girls on our network'

Page 215

Making London's transport safer

Our work to make London's transport network safer for all those who use it

Update on the Sandilands tragedy

Our thoughts remain with all those who lost their lives or were injured in the Sandilands tram tragedy in 2016, as well as their friends and families. The Sandilands tragedy continues to serve as a constant reminder of the need to put safety at the heart of everything we do.

The Office of Rail and Road prosecuted TfL and Tram Operations Limited (TOL), who are the operators of the tram services, for an offence under the Health and Safety at Work etc. Act 1974. TfL and TOL pleaded guilty at the earliest opportunity and on 27 July 2023, after a three day sentencing hearing, both were ordered to pay fines, which have been paid. Andy Lord and other members of our Executive Committee attended the three-day hearing and heard statements from victims and the families of those who lost their lives. Andy Lord issued an apology on behalf of everyone at TfL, which was read during the hearing.

Since the tragedy, we have made extensive industry-leading safety improvements to the tram network. Following the sentencing, we carried out a further safety review across the wider network to identify additional actions that would enable us to continue to learn and improve. We will never be complacent about safety and will continue to learn from incidents to ensure such a tragedy can never happen again.

The Sarah Hope line remains available to all those affected and continues to provide help with counselling and other support.

> 'The Sandilands tragedy will never be forgotten, and our thoughts remain with everyone affected. We are truly sorry and remain committed to providing support to anyone who needs it'

Andy Lord
Transport Commissioner

Safer streets in Islington

In April 2023, we started work on a number of safety improvements for vulnerable road users along Holloway Road and the surrounding areas. The improvements include new and upgraded pedestrian crossings at junctions, and upgraded bus stops. An initial consultation into changes in the area showed that 82 per cent of people who walk and 52 per cent of people who cycle thought the proposals would make them feel safer.

44
junctions improved as part of our Safer Junctions programme

Our strategy for safer buses

In September 2023, we published a new Bus Safety Strategy, which sets out the specific actions that need to be taken to achieve our safety objectives for the bus network.

The strategy outlines what we, together with the bus operators, are already doing and what more needs to be done to meet our Vision Zero goals for the bus network. We continue to work hard to achieve our target of nobody being killed or seriously injured on London's roads by 2041 and nobody killed in, or by, a bus by 2030.

Among the commitments outlined in the strategy are retrofitting technology onto the existing fleet, including fitting a further 1,800 buses with intelligent speed assistance, commissioning further research into how and why drivers press the wrong pedals, trialling fatigue detection technology, using data to look at how we can reduce passenger injuries, and ensuring safety improvements are inclusive for all those who work on, and use, the bus network.

1,000+
buses in our fleet already meet our Bus Safety Standard

65%
fewer people killed in collisions with buses in 2022 from 2005-09

Safety improvements at Battersea Bridge

In June 2023, we announced the next phase of our plans to reduce road danger for people walking and cycling on, and near, Battersea Bridge. This follows the first phase of work on the north side of the bridge that was completed in November 2021.

Following a consultation, we announced the next measures on the northern end of the bridge would include new push-button pedestrian crossings, dedicated cycle signals and a section of segregated cycle track, a new section of westbound bus lane, and banning left turns for some vehicles.

On the southern end of the bridge, we announced that we will install a new push-button pedestrian crossing, a bus gate, and new pedestrian crossing. There will also be an extended bus lane from Banbury Street northwards on Battersea Bridge Road to improve bus journey times. Work will start on site later in 2024.

140km

of 20mph roads that we have delivered across London

Lowering speed limits across the capital

In September 2023, we announced our plans to introduce 65km of new 20mph speed limits across roads in Greenwich, Kensington and Chelsea, Lewisham, Southwark, Wandsworth, Merton, Bromley and Lambeth. The new speed limits, which we introduced in stages during 2023, are helping to make London's streets safer for everyone.

The speed limits are supported by new signs and road markings, alongside banners on street lamps to increase driver awareness. We worked closely with the Metropolitan Police Service to ensure that drivers understand and comply with the new speed limits.

The new speed limits help make a large area of south London safer and more attractive for people in these communities to live and work in, supporting people to use active forms of travel such as walking and cycling.

Each year in London, more than 1,000 people are injured or killed by drivers exceeding the speed limit. Lowering speed limits is a key part of the Mayor's Vision Zero goal to eliminate death and serious injury from London's transport network and has positive safety benefits. Where we introduced 20mph on central London roads in 2020, collisions resulting in death or serious injury reduced by of 24 per cent against a background reduction across London of 10 per cent.

Spreading the word

As well as our work to lower speed limits, we also launched a powerful new road safety campaign to tackle speeding in September 2023.

The campaign aims to challenge socially accepted driving norms by reframing drivers' perception of what counts as speeding, particularly on lower speed limit roads.

It aims to motivate all drivers to change their behaviours by showing them that driving even slightly over the speed limit can have devastating consequences, particularly on those who walk, cycle and ride a motorcycle and who are the most likely to be impacted by a speed-related collision.

The campaign launched on radio and outdoor posters, with a new TV advert running in October 2023 in the lead up to Road Safety Week in November.

Supporting all Londoners

Creating spaces that ensure everyone can travel safely

All change at Catford

In April 2023 we launched a consultation to transform Catford Town Centre by reducing road danger and making the area easier and safer for people walking, cycling and using the bus.

Among the changes we set out in the consultation was moving the South Circular Road and removing the one-way system around Plassy Island, making it two-way.

We set out to create a new two-way segregated cycle lane, a wider northbound bus lane, wider footpaths, three new pedestrian crossings and improvements to the existing ones, and more trees planted in the town centre.

We also proposed to reduce speed limits to 20mph on stretches of our roads.

We will reduce road danger and improve the area around Catford

Emergency access

In May 2023, we wrote to all NHS Trusts in London and the emergency services to inform them that they could use bus lanes on London's main arterial roads on our road network while on duty when the general traffic lanes are congested, even when not dealing with an emergency.

The move followed a successful year-long trial with Guy's and St Thomas' Foundation Trust, when more than 150 non-blue light patient transport vehicles were given access to bus lanes in Lambeth, Southwark and Wandsworth. The trust reported fewer missed appointments and there were no negative impacts on bus journey times.

Allowing liveried emergency vehicles to access bus lanes means outpatients who rely on patient transport are less likely to miss appointments, which means knock-on savings for the NHS trusts themselves, and improved health outcomes for many patients.

8,000+

emergency service fleet vehicles use London's roads

Scooting ahead

In September 2023, we announced the next phase of our rental e-scooter trial, with contracts awarded to Dott, Lime and Voi, although Dott has since been withdrawn.

This phase will build on findings from the first phase, as well as providing operators with opportunities to test new onboard technologies, including pavement riding detection. This will ensure we continue to learn about e-scooters and the role they can play in London's transport network by reducing the impact of cars and in tackling carbon reduction.

Together with the London boroughs, we agreed a set of requirements for operators involved in the second phase. They will continue to be required to provide critical data to help understand the impact of e-scooters and inform legislation and policy and demonstrate how safe they are.

The rental vehicles in London have high safety standards, which go beyond national standards. The benefits include being zero-emissions at tailpipe, geo-fencing, speed limit of 12.5mph, larger wheels, and lights that are always on throughout any rental.

By providing a new alternative to cars for short journeys and improving access to public transport services, rental e-scooters can support public transport and active travel, and reduce the impact on road danger, congestion, air quality and climate change.

10
boroughs taking part in the rental e-scooter trial in London

4,000
e-scooter vehicles available for hire across the capital

'The trial has thrived since its launch two years ago, and we're excited to see what role e-scooters could play in ensuring a green and sustainable future for London'

Helen Sharp
E-scooter trial lead

Support for victims of serious road traffic collisions

In November 2023, we collaborated with the Mayor's Office for Policing and Crime, the police and charities Brake and RoadPeace to launch a new pilot victim support service to help improve support for victims of the most serious road traffic collisions in London.

The pilot service ensures families left bereaved and those catastrophically injured can access enhanced support, more easily.

Caseworkers have been recruited by Brake to provide trauma-informed emotional and practical support for each victim and their families. For the first time in London, this support is available face-to-face for those who need it.

RoadPeace offers long-term aftercare, specialising in support from people with experience of the devastation caused by road traffic collisions through support groups, a telephone befriending service and an eight-week trauma support programme for bereaved families.

Police directly refer victims to the service, meaning they no longer have to source help and initiate contact themselves.

The service is staffed by a dedicated London team of trained caseworkers, co-ordinators and volunteers, who use their training and experience to ensure that victims and others affected by incidents have access to high-quality support.

> 'This is a really exciting development that helps Londoners to discover the brilliant cycleways network across our city and will make cycling in London safer and more enjoyable for all'

Hannah Fallows
Open Innovation
Partnerships Manager

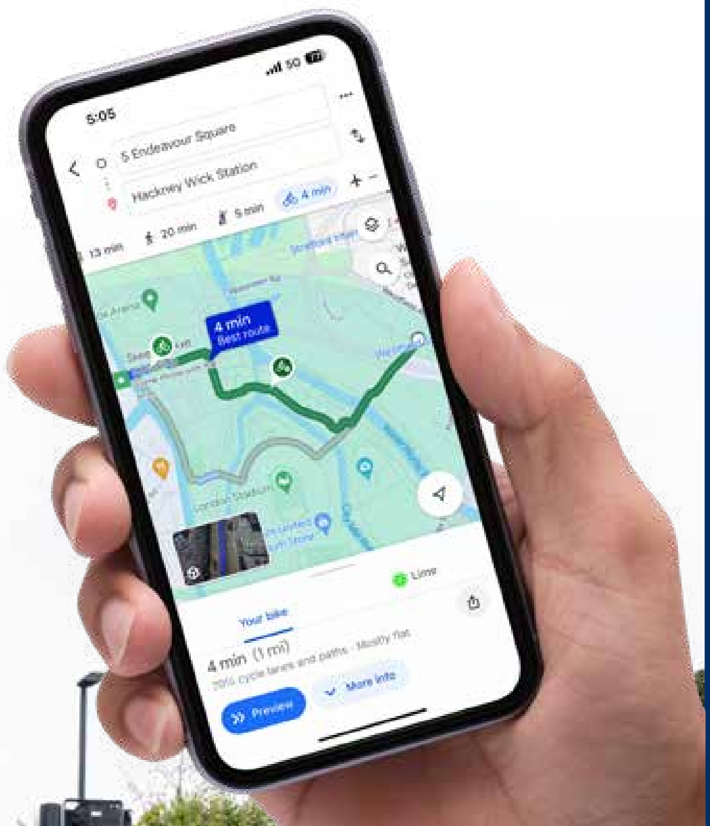
Safer cycling through Google Map collaboration

In October 2023, we teamed up with Google to help make cycling in London better by providing enhanced cycling navigation in Google Maps.

Our Open Innovation team and industry-leading experts worked with Google to update its algorithms to prioritise cycling on safer, quieter roads, making these routes easier to discover within Google Maps in London and beyond.

Google has introduced additional features, including immersive view for cycle routes in London, which lets users preview routes, including all the cycle lanes and junctions along the journey. This enables users to see at a glance what type of road they will be cycling on, such as a major road or a segregated cycle lane.

These updates help to make cycle journeys in the capital even safer and more comfortable for everyone who uses the app to navigate.



Our collaboration with Google will make cycling in London safer

Safety boost at bus shelters

In March 2024, we worked with the Metropolitan Police Service to launch a trial of CCTV at bus shelters across the capital to assess its impact in preventing and investigating crime and anti-social behaviour. CCTV cameras have been installed at Peckham, Finsbury Park, Turnpike Lane, Gants Hill and Stratford City. This initiative is an important part of our commitment to ending violence against women and girls in London.

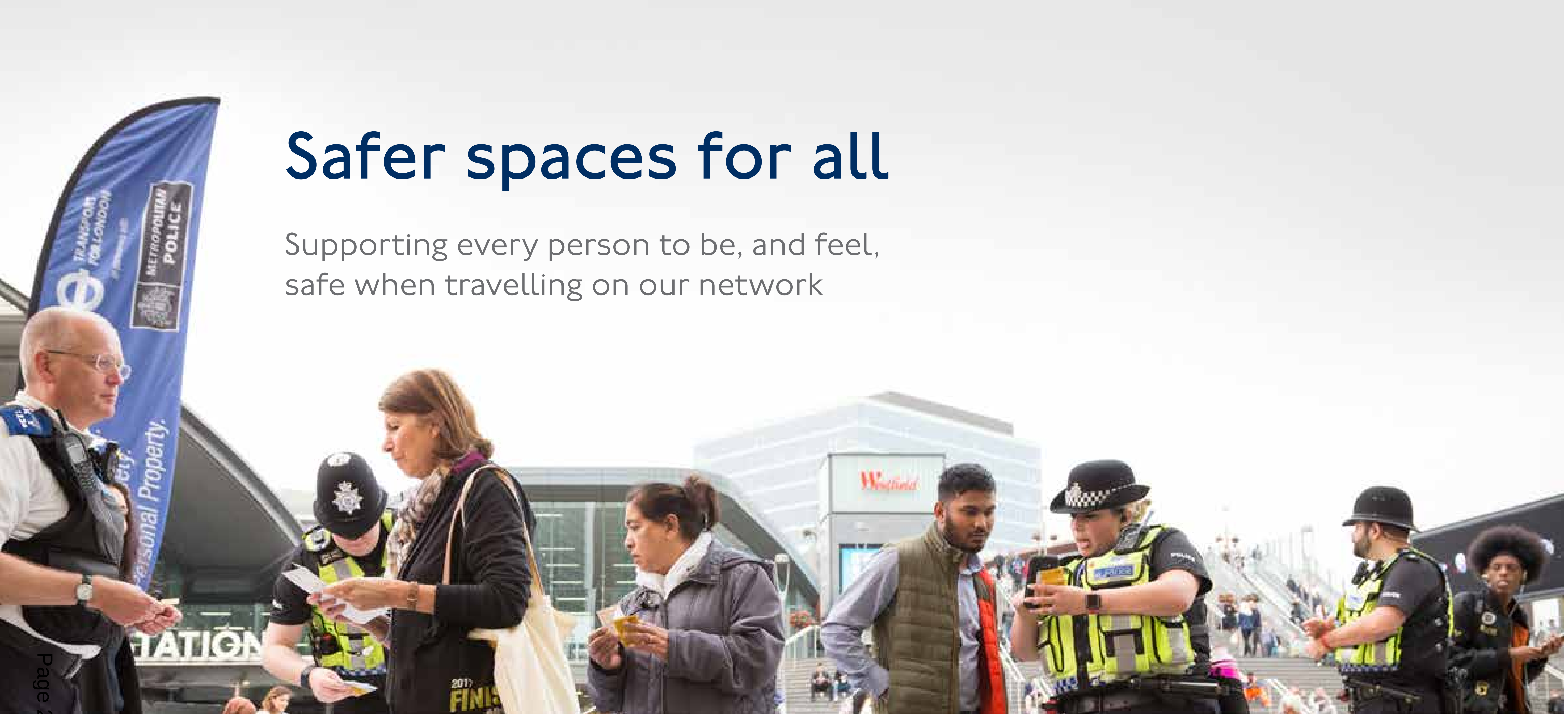
The cameras will be available for Metropolitan Police Service teams, including the Roads and Transport Policing Command, which is jointly funded by us and the Metropolitan Police Service, to view live, with recordings kept for 31 days to support police investigations and crime prevention.

As well as assessing the effectiveness of CCTV for crime prevention and investigation during the trial, we are gathering feedback from customers and stakeholders to see how the cameras affect the feeling of safety and security for bus customers.

20
bus shelters will have CCTV cameras installed during 2024

Safer spaces for all

Supporting every person to be, and feel, safe when travelling on our network



Taking action to tackle hate crime

In October 2023, we marked National Hate Crime Awareness Week by supporting training sessions to empower people to take action to prevent or reduce harm when they encounter hate crime.

Hundreds of places were offered to Londoners to take part in active bystander awareness training, developed and delivered by the charity Protection Approaches and its partners Britain's East and South East Asian Network.

The course was partly funded by the Mayor, and we contributed to this funding to expand the reach of the training to more Londoners, as part of our work to tackle hate crime.

The training explores what it means to be an active bystander or ally, how to safely stand up for victims and what people can do if they are the victim. More than 2,000 Londoners have already benefitted from the training, with participants giving consistently positive feedback and reporting increased confidence in dealing with hate crime incidents.

We also supported the police to run a series of events across the transport network, to raise awareness of hate crime and reassure those who may lack confidence to travel on public transport.

We sponsored podcasts My Time Capsule and Upfront to look at why tackling hate crime and staff abuse is so important, and worked with faith communities to offer support during the conflict in the Middle East.

Definition of hate crime

A hate crime is any crime perceived by the victim or any other person to be motivated by hostility on the grounds of race, religion, sexual orientation, disability or gender identity.

Standing by to help

In March 2024, we marked International Bystander Awareness Day with a series of engagement events to encourage our customers to be active bystanders against hate crime and violence against women and girls on public transport.

The event came amidst a rise in hate crimes across the UK, particularly antisemitic and Islamophobic incidents. We aimed to educate customers on how being an active bystander can help prevent or de-escalate incidents, which can also be beneficial for other incidents such as sexual harassment, where intervening safely can make a big difference.

In line with our bystander intervention campaign, we advised customers to follow three simple ways to diffuse a situation and support their fellow travellers if they feel safe to do so.

Distract with a question
If it is safe to do so, asking a small question such as 'do you have the time?' or 'what's the next stop?', can provide a distraction and help to defuse the situation.

Make a note
Record what has happened and any information about the offender and report these details to the British Transport Police or Metropolitan Police

Support
Always try to make sure the victim is okay following an incident.

Spotlight on our people

Supporting the safety of our people

Nicola Vallins
Work-related Violence and Aggression Prevention Manager

Nicola Vallins has been leading on the roll-out of body-worn video cameras for our frontline staff. The cameras are part of our essential kit for all frontline customer-facing staff to ensure the safety and protection of customers and colleagues

Why is this such important work?

The safety of staff is our principal priority. Our people have the right to work without fear of being assaulted, abused, or threatened and we are committed to preventing violence and aggression against our people. This includes tackling the causes and providing the best support to those who experience it.

Body-worn video is a proven deterrent for staff assaults, reducing them by almost half. When used as police evidence, the footage also increases the likelihood that an offender will plead 'guilty', and a criminal conviction will be secured. These cameras are now mandated for our frontline colleagues, ensuring we can realise the protective and evidential benefits of them.

What are the challenges?

The project was very complicated. It impacted staff in London Underground, buses, Victoria Coach Station, river services and the Woolwich Ferry and needed support from a number of our back-office teams.

There has been a lot of collaboration. We have had to balance the technical requirements and operational needs while ensuring a consistent approach across the organisation. We are a new team so the knowledge and contacts we have gained will help inform future workplace violence and aggression initiatives.

Body-worn video deters aggression and can provide vital evidence

What are the next steps?

We are continuing to support different areas of the organisation to fully embed this change. We are also helping to promote any positive outcomes from court where body-worn video was part of the prosecution evidence and this helps underline the effectiveness of the equipment. We are also exploring other roles and business areas that could benefit from body-worn video cameras.

How else are you helping to protect our people?

Another focus for our workplace violence and aggression prevention team is to make sure our staff have the skills and confidence to deal with potentially abusive situations. We are rolling out mandated conflict management training to our operational customer-facing teams that are most at risk from workplace violence and aggression.

Creating a fairer city

Ensuring safety is embedded into all we do for every Londoner

Feeling the FORS

In January 2024, we reminded freight operators of the upcoming new requirements to improve vehicle safety in London. From April 2024, all Greater London Authority Group contracts worth more than £1m and involving vehicles must be Fleet Operator Recognition Scheme (FORS) Gold accredited or have an equivalent TfL approved scheme. Suppliers with contracts valued at and under £1m must be accredited to a minimum of FORS Silver, while their internal supply chains must be FORS Bronze accredited.

Within the FORS standard, heavy goods vehicles must be fitted with additional safety equipment to protect vulnerable road users, as well as embedding high-quality driver safety training. These changes aim to further enhance the safety standards of fleet services, helping them to reduce road danger for all, including vulnerable road users such as people walking and cycling.

4,700
companies in the UK are FORS accredited

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Mapping deprivation and road safety

We launched our Vision Zero Inequalities Dashboard tool in January 2024, creating a new map of London that shows the stark levels of road traffic injury inequality in London.

The pioneering tool is the first of its kind in Europe and shows how deprivation is linked to higher road casualty levels, reinforcing the need to target investment and improvements to protect the most vulnerable.

Our research shows that there is a higher risk that someone travelling in the most deprived areas of London will be seriously injured or killed in a road traffic collision, with the 30 per cent most deprived postcodes having more than double the number of casualties per kilometre of road network compared with the least deprived 30 per cent.

The dashboard enables users to filter data on deprivation levels and road casualties by year, borough, casualty severity and mode of travel, while the mapping function makes it easier to explore areas of higher casualty or casualty location rates.

We will use the data from this dashboard to inform our investment priorities, while also providing information to boroughs to develop their Local Implementation Plans.

We shared the findings of this dashboard with the boroughs with the top five highest casualty rates and top five highest casualty location rates, We will continue to work with boroughs and stakeholders to analyse the cause of inequalities in road injury, help target future road danger reduction programmes and investment for infrastructure schemes.

'Protecting everyone on the road is a priority for us and we will continue to research how road risk varies for certain groups of Londoners and engage with boroughs, police and other stakeholders to reduce these inequalities'

Zoe Cotton
Safety Strategy Manager

Our dashboard enables us to identify issues in areas of deprivation

Delivering for London's couriers

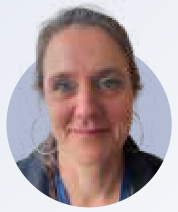
We launched a new Meal and grocery delivery company motorcycle road safety charter in September 2023, in collaboration with the meal and grocery delivery industry.

The charter consists of 10 road safety principles to keep motorcycle couriers and other Londoners safe on the roads. It was signed by Deliveroo, Getir, Just Eat, Stuart and Uber Eats.

In London, people riding motorcycles, mopeds and scooters represent only 2.6 per cent of vehicle kilometres driven, but tragically accounted for around 27 per cent of deaths and serious injuries between 2017 and 2021.

Road safety principles set out by the charter include a commitment to Vision Zero and eradicating deaths and serious injuries from London's roads, ensuring couriers meet the legal requirements for working and riding in the UK, supporting couriers in understanding how to ride safely and to ensure their vehicles are legally compliant and roadworthy.

> 'We are pleased to be working with some of the biggest names in the meal and grocery delivery industry to help create safer roads for everyone'



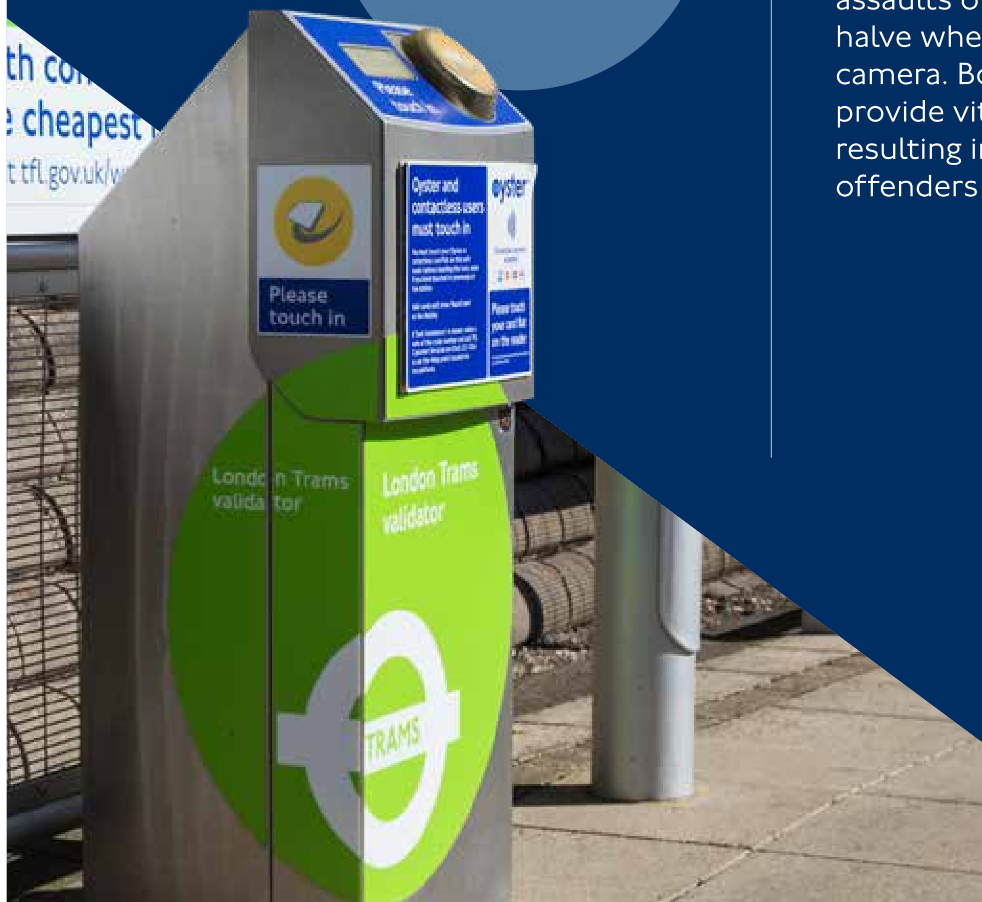
Dr Hannah Cordts von Lowis of Menar
Safety Strategy Manager

As part of committing to the charter, we asked meal and grocery delivery companies to attend six-monthly forums where we can discuss progress around implementing the commitments and new ideas to improve road safety.

19,614
people prosecuted for fare evasion in 2023

56%
more prosecutions for fare evasion in 2023 compared with 2022

£130m
per year estimated to be lost through fare evasion



Taking tougher action on fare evaders

In February 2024, we announced tougher action on fare evasion and staff abuse, with increased penalty fares and new essential safety kit for frontline staff.

The penalty fare increased from £80 to £100, reduced to £50 if paid within 21 days. The increase was approved by the Mayor on all TfL services following the Department for Transport's decision to increase the penalty fare to £100 across National Rail. This will ensure that there are clear and consistent rules and penalties across the different transport networks in London.

Fare evasion is often a trigger for violence and aggression towards our staff, which is why we made body-worn video cameras part of our essential kit for all our frontline customer-facing staff.

Research shows that the risk of assaults on colleagues can almost halve when wearing a body-word video camera. Body-worn video can also provide vital evidence to the police, resulting in better outcomes when offenders go to court.

Our people

Ensuring TfL is a great place to work for all

Fiona Brunskill
Chief People Officer

'We want this to be a great place to work where everyone can thrive by making sure our organisation is truly representative of the great city we serve. It's important that everyone who works here feels included, able to achieve their work ambitions, and that we have a fair and attractive employee offer'

The team works

Ensuring our workforce delivers for London at every level

Taking the reins

In June 2023, we announced that Andy Lord had been appointed as London's permanent Transport Commissioner, after covering the role on an interim basis since October 2022. The appointment by the TfL Board followed a rigorous search and selection process.

Andy joined TfL in November 2019 as Managing Director of London Underground and became Chief Operating Officer for all of our operations in 2022.

During his time as Commissioner, Andy's focus has been on attracting customers to public transport, rebuilding our finances, advancing our work to decarbonise and improve London's environment, and developing plans to further support our diverse staff and customers.

Andy has overseen the completion of the transformational Elizabeth line and Bank station upgrade, the development of the Superloop bus network and new cycleways. He also oversaw the delivery of TfL's first operating surplus in 2023/24, which will be reinvested into maintaining and improving our network.

'I look forward to continuing working with Andy as we build a safer, greener and more prosperous London for everyone – and a transport system that remains the envy of the world'

Sadiq Khan
Mayor of London

Improving representation

For the first time ever, we are now monitoring and measuring senior leader representation. By focusing on improving senior leader representation, and measuring our progress as part of our scorecard, we aim to make incremental and sustainable improvements over the coming years. Our aim is to halve the distance to the economically active benchmark by 2030.

In relation to the five protected characteristics, we increased representativeness of our senior leader population. We met our scorecard targets in each group except women where we missed our target, despite improving the number of women in our organisation. Our senior leadership population is therefore more representative of London.

Positive moves

As a result of key appointments in 2023/24, our executive leadership team is now made up of more than 50 per cent women for the first time in our history. This is a notable achievement for an organisation of our size, particularly in the transport sector.

The changes within the Executive Committee saw Claire Mann returning to TfL in March 2024, after three years away, to become our new Chief Operating Officer. Fiona Brunskill was permanently appointed as Chief People Officer, a position she had held on an interim basis since October 2022. Andrea Clarke assumed the role of General Counsel on an interim basis pending permanent recruitment into that role following the retirement of Howard Carter. These changes are an important step to ensure our workforce reflects the diversity of London at all levels of our organisation.

Welcoming the next generation

We have continued to grow diverse talent through our graduate, apprenticeship and internship programmes.

This year, we welcomed our largest ever intake of 263 graduates, apprentices and interns. More than half (51 per cent) of our graduates and 43 per cent of our apprentices were from Black, Asian and minority ethnic backgrounds. These schemes create a diverse talent pipeline that we can draw upon in the future to help us achieve our longer-term ambition of having a workforce that reflects the city we serve.

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20%
of our senior leaders are Black, Asian or minority ethnic

34%
of our senior leaders are women

Our people should feel safe to bring their authentic self to work

Making TfL a great place to work for everyone

In 2023, we launched our Colleague Strategy, which is a value driven approach to make TfL a great place to work for all our colleagues. We are concentrating on three key commitments: creating an inclusive culture; an attractive and fair employee offer; and supporting everyone to achieve their work ambitions.

Ultimately, we want to be recognised as one of the best companies to work for in the UK, with employee engagement better than the UK-wide benchmark, while also ensuring that our organisation is reflective of the diverse population of London. We started tracking this in our Scorecard and have made improvements in both areas.

Our senior leadership team is more representative of London for all five of the protected characteristics, and we are on track to halve the difference towards the economically active London benchmark.

Fair and flexible policies

As part of our commitment to ensure we have a fair and attractive employee offer, our 2023 pay talks have paved the way for us to start consulting on our reward strategy, which introduces job families, balancing affordability and fairness in similar roles across the organisation.

In March 2024, we introduced a new flexible working policy, which gives colleagues flexibility beyond the statutory legislation, helping them to better balance their work and home life and enabling more working parents and carers to remain in the workplace. Developing principle-based people policies is essential for making this a fairer place to work.

Taking action to become more inclusive

In June 2023, we launched our Action on Inclusion strategy, which sets out what we will do to make TfL a genuinely inclusive employer. It highlights the practical steps we are taking towards improving equity, diversity and inclusion in the workplace, including how we will work to help colleagues be mindful and supportive of each other, ensuring our workplace is a great place for everyone to work and thrive.

To support this, we designed and launched a new colleague-led training course, Inclusion Matters, using the real-life experiences of workplace behaviour of our colleagues to demonstrate the impact that a lack of inclusion can have. By the end of the year, almost 90 per cent of our people leaders and 47 per cent of all colleagues, around 13,500, had completed the course.

To better understand the barriers and issues faced by our disabled colleagues, we have launched an e-learning course called Inclusion Matters – Disability, which gives everybody a greater awareness of disability and the barriers that some disabled colleagues may face. Since it launched in December 2023, 67 per cent of our people leaders have completed the training, along with 32 per cent of all colleagues.

We must ensure we our workforce is as diverse as the city we serve

Supporting our people

This year, we launched our 'Leading the Future' group coaching programme, which aims to give mid-level management colleagues the leadership skills and confidence they need for any future leadership opportunities. More than 300 colleagues have already benefitted from this initiative. We also launched a mentoring hub to support colleagues with reflection and encouragement, giving them better confidence for future career progression opportunities.

This is alongside the work of our Colleague Network Groups, which celebrate our diversity and play an important role in helping employees from all backgrounds share ideas, support each other and feel properly represented in the workplace. The groups identify common issues for the organisation to address and enable colleagues to air views to help shape our equality, diversity and inclusion agenda

Building skills for the future

In September 2023, we welcomed 91 graduates, 156 apprentices and 16 interns across a range of development programmes. These were our most diverse cohort of gradates, apprentices and interns to date.

Steps into Work is a 12-month programme, delivered in partnership with the Shaw Trust, which offers work experience and employability training to people who are neurodivergent. People on this programme can complete three different work experience placements and are supported by a specialist job coach.

In October 2023, we launched our Graduate Summer placement, Year In Industry and Internship programmes, which start in September 2024. These programmes cover 143 roles across the organisation. We also ran a 12-week employability programme called Activate, which supports people who face barriers into employment. Of those who completed the course, 75 per cent are in employment, including roles with us. We also won the Times Graduate Employer of Choice for Transportation and Logistics.

We hosted our annual supply chain recruitment fair during National Apprenticeship Week in February 2024. We took part in 18 events to promote opportunities at TfL and we launched 189 apprenticeships ranging from Level 2 to Level 6 roles in various areas of the business including Engineering.

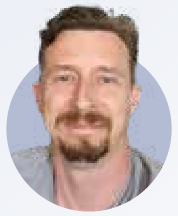
11
times we have won the Times Graduate Employer award

24
people joined our Steps into Work programme in September

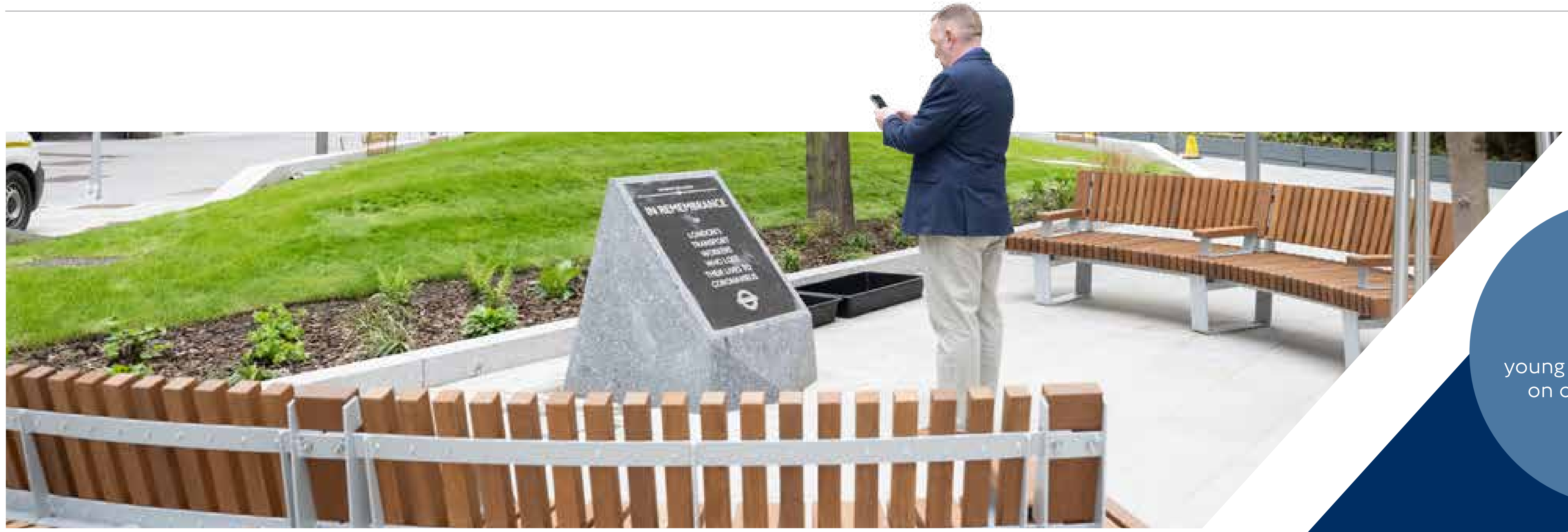
During National Careers Week in March 2024, we marked International Women's Day at our annual schools challenge final event, Innovate TfL, in association with Cleshar. This included a panel discussion chaired by Chief People Office Fiona Brunskill. The event sees young people come up with solutions to real challenges we face. The teams that made it to the final are invited to take part in work experience. In July 2023, we welcomed 14 students to our work experience programme and we are expecting a further 21 in July 2024.

In recognition of the work that we have done in building this diverse talent pipeline, The Times Graduate Recruitment Awards 2024 named us Graduate Employer of Choice for Transport and Logistics for another year running. This award recognises our commitment to early careers, nurturing talent, and fostering an environment where our graduates thrive. We have also been featured in the prestigious Top 100 Times Graduate Employers list for 2024 for the first time in seven years. This is based purely on graduate feedback, nominated by undergraduates in their final year, and is great recognition for all the work we have done.

> 'The participants on our programmes have demonstrated such diversity and creativity of thought, great potential and have made a huge impact – they are inspirational and reflect everything great about London'



James Lloyd
Skills and Employment Lead



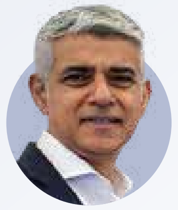
Paying tribute

In April 2023, our colleagues came together with the Mayor and Commissioner, who were also joined by family, friends and colleagues of transport workers who tragically lost their lives to COVID-19 to unveil a new permanent memorial in their honour.

The memorial has been installed on a pedestrian square on Braham Street in Aldgate and features a plaque paying tribute to the transport workers alongside benches and new plants. The space includes a foxglove tree planted beside the memorial, which creates a space for quiet reflection and remembrance for friends, families and colleagues of those who passed away.

More than 100 transport workers, from our Tube, rail, bus, and taxi and private hires services, have sadly died from the virus since March 2020.

> 'When the entire nation was gripped by fear they did not waver. They ensured our phenomenal NHS workers could still care for our friends and family, our shopworkers and delivery drivers could still meet our basic needs and our care workers could still look after our most vulnerable'



Sadiq Khan
Mayor of London

30
young people volunteer on our Youth Panel

1/3
of London's population is under 25

Voices of youth

We brought together young people from across the capital in October 2023 to discuss a report by our Youth Panel that focuses on how we can make London's transport network more equitable, inclusive and environmentally sustainable.

The Tomorrow's TfL report sets out nine recommendations, covering everything from engagement and land use to climate change and inclusive travel.

Hundreds of young people gathered at London Transport Museum to celebrate and discuss the report at an event that included speeches by Shirley Rodrigues, Deputy Mayor for Environment and Energy, and Commissioner Andy Lord.

We set up an independent Youth Panel in 2009 to advise how we can improve London's transport network for young people. The panel consists of around 30 volunteers, aged between 16 and 25. In 2022, we challenged the panel to look at how we can make London's transport network more equitable, inclusive and sustainable.

Since 21 February 2024, a member of our Youth Panel has represented the views of young Londoners at our quarterly Safety, Sustainability and Human Resources Panel and Customer Service and Operational Performance Panel meetings. The young representatives work with the Youth Panel to review papers ahead of meetings and come up with questions and suggestions to put to our leaders and panel members.

We are supporting women to consider working in this industry

Women in Bus and Coach network launched

We are proud to be one of the founding members of the Women in Bus and Coach network, which launched in London in June 2023 and nationally in November 2023.

This important network has been established to challenge and eliminate barriers faced by women in the bus and coach profession, creating a more inclusive sector that is representative of our customers.

Working with operators, manufacturers, trade union representatives and other key industry stakeholders, we aim to effect real change that will encourage and support more women to work in the bus and coach industry at every level.

The network runs a spotlight series that showcases women working in the industry and the huge variety of careers that are available.

Attracting women to careers in transport

We marked International Women's Day in March 2024 with a range of activities and events to encourage more women to join the transport sector and engineering roles.

London Transport Museum hosted a Museum Late: Women on the Move event, which shone a spotlight on the jobs women do to keep London moving, the journeys they have taken to get there, and the diverse experiences of women travelling and working in the capital.

Our internal Women's Colleague Network Group hosted several events throughout the month to encourage more women to seek new opportunities in historically male-dominated areas such as engineering and technology.

We actively work to improve representation at all levels of our organisation, including providing and promoting initiatives that encourage women to enter the transport sector, as well as addressing any barriers that prevent women from advancing to senior and higher-paying positions, particularly in operational areas.

Spotlight on our people

Promoting women in bus and coach

Evie Carroll
Zero-Emission Bus
Development Manager

Having recently moved into the zero-emission buses team, **Evie Carroll** is at the heart of our work to decarbonise our bus fleet by 2034. She is also involved with the Women in Bus and Coach Network

What is your background in the bus industry?

I started working for First Bus across the UK on their Operations Graduate Scheme. I learnt a lot about the industry and was exposed to countless operational roles. I also got my bus licence and regularly drove customers. The skills and experience I acquired in these frontline roles regularly influence my day-to-day decision making around improving TfL's bus services for both drivers and customers.

I then progressed into a commercial projects role at First Bus, which was focussed on introducing new innovations and exploring ways of increasing revenue and driving down operational costs. I went on to work for a bus scheduling software company in a project management role before joining TfL.

What is your role on the Women in Bus and Coach network?

While more than half of bus customers in London are women, only 10 per cent of staff are. For that reason, TfL played a key part in establishing Women in Bus and Coach, a network to encourage more women to work in the sector at every level and to support women to stay in the industry. I'm passionate about supporting women's career growth and increasing the exposure of our sector. I knew I had to be involved.

I joined the London Working Group and the Communications and Engagement workstream, two groups of incredibly passionate men and women who want to make a difference in the industry. Communication and publicity is key to ensuring we get buy-in and momentum to continue to grow. Since the national launch in November 2023, we have already considerably grown the network, showcased the fantastic range of careers across the sector and have encouraged all followers to pledge a commitment to instigate change.

Our Women in Bus and Coach network is helping improve diversity

How have you found it being a women in the bus industry?

It can be challenging and there can be many barriers affecting recruitment, retention and inclusivity, particularly in frontline roles. The macho culture in garages, stereotypical comments and access to facilities were areas I found particularly challenging. Despite this, I have worked with many male and female allies who have pushed me to challenge myself and have supported me.

What are the future plans for the Women in Bus and Coach Network?

We will focus on the impact we are having through the commitments and pledges of our members and followers. These pledges focus on a variety of different topics from period poverty and improving facilities to recruitment and flexible working. Having commitments in place and showing progress will be important in driving tangible, quantifiable change as the network grows.

Working with our partners

Our successful initiative for forging stronger relationships with our partner groups

58%
of new apprentices in 2023 are Black, Asian or minority ethnic

14%
of our current spend is with SMEs, as we work to a target of 20%

Our events with LAIN promote best practice

Anchors away

As founding signatories of the London Anchor Institutions' Charter, we have continued to make progress in all areas of our work with the London Anchor Institutions' Network (LAIN) during 2023/24.

We took part in a Meet the Buyer event in June 2023 as we continued to take steps to ensure our purchasing power helps benefit Londoners and builds local economic resilience. Our buyers and contract managers met with small- and medium-sized enterprises and diverse businesses to share information on our procurement opportunities.

We continued to build employability and capability skills. We supported several mentorship programmes through work with charities and mentoring organisations that support disadvantaged young people to reach their full potential. To date, we have had 74 mentors sign up to volunteer to support young Londoners.

Our work to champion hiring and skills for graduates and apprentices continued, with £179,000 of our unspent apprenticeship levy funds being contributed to small- and medium-sized enterprises that support the Mayor's Good Work Standard, bringing our total funds pledged since November 2021 to £875,000.

In November 2023, we were invited to a renewable energy session with LAIN, hosted by the Greater London Authority, to share our expertise on Purchase Power Agreements, which are contracts for renewable energy on a large scale. It was an opportunity to demonstrate the benefits of opting for certain contracting structures and how to ensure suppliers buy into and support our aims.

In February 2024, we attended a London Anchor's Institutions' network conference to reflect on and celebrate our achievements over the past year.

Learning together

In November 2023, we joined forces with British Institute of Learning Disabilities (Bild) and People First to help understand the views of people with autism, learning disabilities or difficulties to ensure their experiences are considered when we develop customer initiatives.

The partnership launched with a survey to help discover what barriers people face when travelling around London and how we could improve our services.

The survey also sought the views of visitors to London or those who use the transport less regularly.

The results will help ensure our projects and policies make London a more accessible and attractive city for everyone.

Working with trade unions

We are committed to maintaining a positive and constructive relationship with our trade union colleagues, recognising them as vital partners in fostering a productive and collaborative workplace.

We proactively engage with trade unions, ensuring that we maintain open lines of communication and mutual understanding. This helps to create an environment where concerns are heard and addressed, leading to a more engaged and motivated workforce. By engaging with unions as the collective voices of our workforce, we can also use their experience and knowledge to improve services.

We host regular meetings where union representatives and management can discuss issues, share updates and develop solutions. This open and transparent dialogue ensures that all parties are informed and consulted appropriately on matters that impact employees, such as workplace policies, safety standards and employment terms.

This collaborative approach is integral to our company culture and is built on mutual trust, which enables us to quickly address potential conflicts, minimise disruptions and foster a sense of unity and shared purpose within the organisation.

Strike action was called on the Tube network in July and October 2023, in disputes over organisational changes, as well as in January 2024 in a dispute over pay. Fortunately, our positive negotiations prevented these strikes taking place.

Strikes were also prevented on the London Overground in February 2024 after RMT members received an improved pay offer, while a strike on the trams was also suspended at the end of March 2024.

Unfortunately, we saw some bus strikes take place over the last year, owing to disputes between trade unions and individual bus operators. We also saw a 48-hour walkout on the DLR in November 2023.

Industrial action affected the National Rail network on a number of occasions, but our network played an important role in helping affected customers to travel around London during these times.

Our innovation framework will help deliver for London's future

Collaborating for innovation

Our new Innovation Collaboration Framework addresses key transport challenges, such as achieving sustainability, making public transport safer, and helping ensure that services become more efficient and reliable.

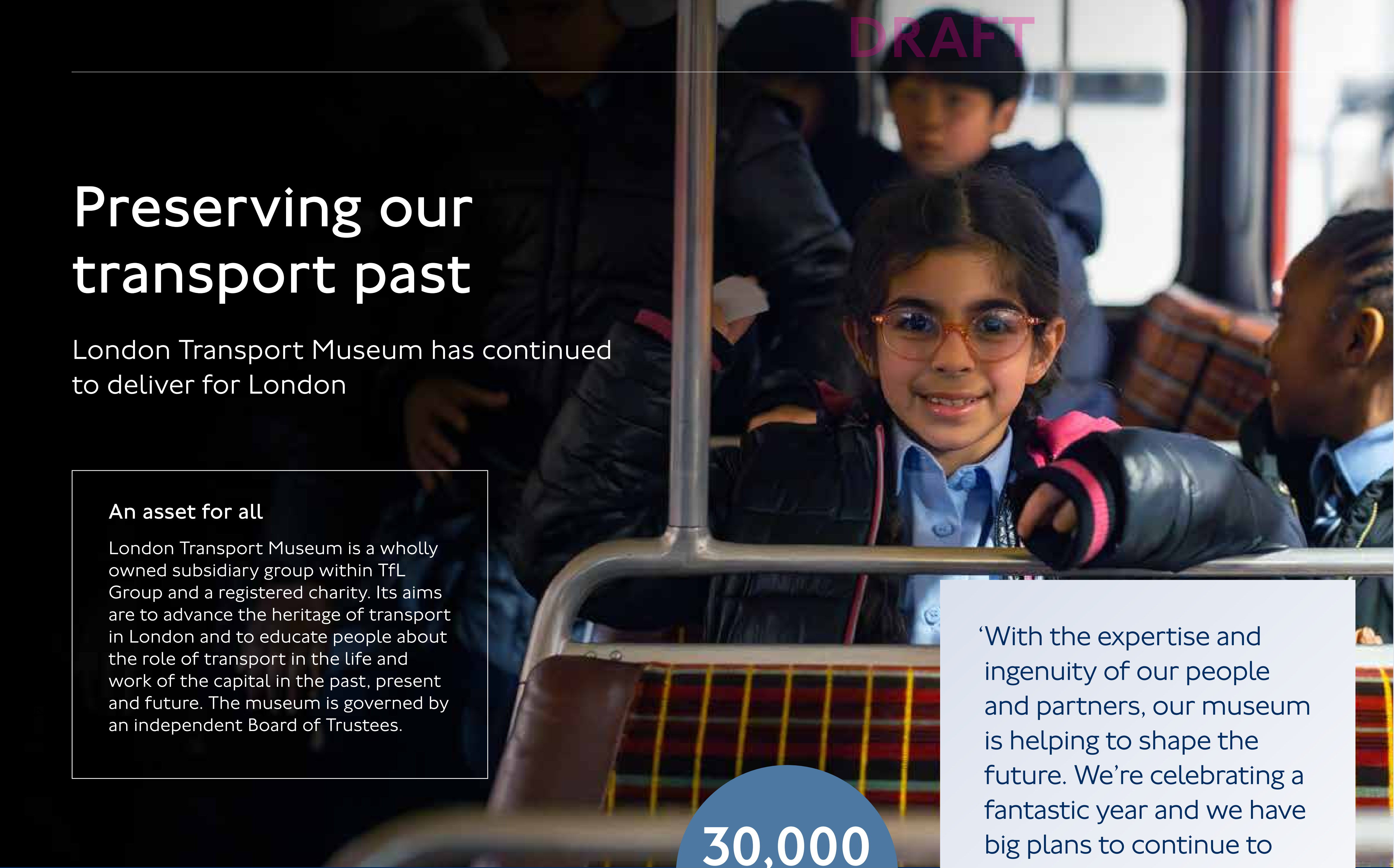
In January 2024, Mercedes-Benz and Sopra Steria were appointed as partners for this four-year framework. We will work together to create new concepts and products to help improve how people move around and make London a better place to live.

The framework will help us build long-term, mutually beneficial partnerships with our partners and tap into valuable research and development investment, in return for access to our support to create solutions. It will enable the selected innovators to work on the most challenging problems as they emerge, taking a solution from concept to scale.

It will enable our partners to test new products on the network, allowing solutions to be assessed in a real-world environment. It will also provide a new, simplified route to bring in investment, new ideas and scale them to benefit Londoners.

Our partners will be able to reach out to other innovators including start-ups, academics, and small-to-medium enterprises so that we can harness their ideas and expertise.

The framework does not involve any cost to the taxpayer until the solutions are developed, and it creates potential for us to earn revenue from the innovations that result from it.



Preserving our transport past

London Transport Museum has continued to deliver for London

An asset for all

London Transport Museum is a wholly owned subsidiary group within TfL Group and a registered charity. Its aims are to advance the heritage of transport in London and to educate people about the role of transport in the life and work of the capital in the past, present and future. The museum is governed by an independent Board of Trustees.

Celebrating an Underground legacy

The Museum celebrated 160 years of London Underground with a year-long programme of public events, campaigns and product launches linked to the anniversary. This included February half-term family activities, a poster series in partnership with four prominent London cultural attractions, a Hidden London virtual tour, a Tube 160 product range collaboration with Wallace Sewell, a Depot Open Day event, the launch of a brand-new Hidden London tour of Baker Street station and a sold-out Tube 160 'birthday' heritage rail event.

30,000
young people engaged through the museum's schools programmes

19,776
Year 9 students engaged through the Project Guardian programme

'With the expertise and ingenuity of our people and partners, our museum is helping to shape the future. We're celebrating a fantastic year and we have big plans to continue to scale up our visitor offer and social impact'

Elizabeth McKay
Director and CEO, London Transport Museum

Record visitor numbers

During 2023/24, London Transport Museum welcomed its highest ever visitor numbers, with more than 427,000 people walking through the doors at its Covent Garden site to discover the story of London's transport history and heritage.

In October 2023, the museum opened a brand-new Global Poster Gallery. Set over two floors, this permanent space is dedicated to the museum's internationally significant collection of 20th century graphic art and design. Sponsored by media and entertainment group Global, the inaugural exhibition, How to Make a Poster, is on display until 2025.

Healthy Streets and healthy people

Supporting cleaner air and more active travel

Alex Williams
Chief Customer and Strategy Officer

'Making our streets healthier will encourage more people to walk, cycle and use public transport, ensuring that even more people can breathe clean air. This will benefit the health and wellbeing of every Londoner'

Cleaning up more London air

Helping even more Londoners breathe cleaner air through our expanded Ultra Low Emission Zone and associated scrappage scheme

£210m
has been made available through the ULEZ scrappage scheme

£2,000
could be applied for by Londoners with an eligible non-compliant car

Expanding the benefits of cleaner air

The Ultra Low Emission Zone (ULEZ) was expanded across all London boroughs in August 2023 as part of our ambitious plans to clean up London's air.

The introduction of the ULEZ in central London in 2019 and the inner London expansion to all areas within – but not including – the North and South Circular roads in 2021, have already proved extremely successful in cleaning the air.

Just a year after the inner London expansion of the ULEZ, our data showed that nitrogen dioxide concentrations were estimated to be 46 per cent lower than they would have been in central London without the ULEZ, and 21 per cent lower in inner London.

However, air pollution across London remains an urgent health crisis, responsible for around 4,000 premature deaths in the capital each year. It is leading children to grow up with stunted lungs and adults to develop a host of illnesses, from asthma to heart disease, cancer and dementia.

Data from the London Atmospheric Emissions Inventory shows that the air across every London borough exceeds the World Health Organisation's guideline limits for air pollution. The London-wide ULEZ expansion is helping bring cleaner air to around five million more people in outer London. It plays an essential role in tackling the triple threats of air pollution, the climate emergency and traffic congestion.

We have helped London's drivers to convert to greener vehicles

Helping London's drivers go greener

Ahead of the ULEZ being expanded to cover all London boroughs in August 2023, we announced a scrappage scheme to help Londoners owning non-compliant vehicles to swap to cleaner alternatives.

We opened the capital's biggest-ever scrappage scheme in January 2023, giving priority to those most in need. This meant low-income and disabled Londoners, along with sole traders, micro-businesses and charities could apply for scrappage grants to transition to less-polluting vehicles.

The scrappage scheme opened to families receiving child benefit at the end of July 2023, as well as expanding the scheme to all businesses with fewer than 50 employees. In August 2023, the scheme was opened to all Londoners. Since March 2024, we have been working with British-Ukrainian Aid to donate vehicles that do not comply with ULEZ standards to Ukraine.

Alongside the scrappage scheme there are other third-party offers available, including savings on hire and subscription services for bikes, e-bikes, e-scooters and cargo bikes, and discounts on some car clubs.

Improving air quality on the Tube

We are committed to improving air quality on the Underground, with our extensive cleaning and monitoring continuing throughout the year. All underground networks around the world face issues with dust, and parts of our network are more than 160 years old.

Our 2023 monitoring shows that dust levels in the Tube have reduced by 19 per cent since 2020, with a 27 per cent reduction in dust levels in drivers cabs since 2019.

We continue to implement our dust action plan, which includes increasing our annual dust cleaning budget on the network by a third, to £2m a year. We have also allocated further funding for trials and innovation to improve air quality, with a pilot of air filtration systems starting soon at Baker Street station.

We have commissioned research to help better understand the potential health impacts related to air quality on the Tube, including two studies with Imperial College London into short-term and historic trends around staff sickness absence. The short-term study was published in March 2024. We welcome the results of this far-reaching study, which did not establish a causal relationship between exposure to dust on the Tube and sickness absence from work.

19%
reduction in dust levels on the Tube since 2020

Stepping up on active travel

We have worked to improve the provision of safe and attractive walking and cycling routes across London

170%
increase in the number of daily cycle journeys in London since 2000

360km
of strategic cycle network across London

1.26m
daily cycling trips in London

A positive cycle

In June 2023, we set out our vision to boost cycling by making it more diverse than ever with the launch of our Cycling action plan. This sets out our commitment to further increase cycling numbers across the capital and ensure that people cycling become more representative of London's diverse communities.

The Cycling action plan sets two major new targets that will help us, together with the boroughs, to build on recent successes. These are to grow the number of daily cycle journeys to 1.6 million by 2030, up by a third from 1.2 million in 2022, and ensure that 40 per cent of Londoners live within 400 metres of the strategic cycle network by 2030, up from 22 per cent in 2022.

We made good progress against these targets in the past year, with 1.26 million daily cycle journeys recorded in 2023, up by 6.3 per cent on 2022, and 25 per cent of Londoners living within 400 metres of the network as of March 2024.

The plan outlines why it is essential to broaden the appeal of cycling to a more diverse range of Londoners to ensure cycling levels continue to increase and that everyone can benefit from the health and economic benefits of cycling.

The plan also includes ambitious targets for installing 42,000 secure residential cycle parking spaces by 2030 and supporting more community-led interventions to encourage more people to cycle.

'Cycling is on the rise and has a great untapped potential to improve people's health, reduce air pollution and make London's transport network greener, safer and more inclusive'

Ben Bost
Principal City Planner

Our cycleways network helps keep riders away from motor traffic

Creating safer cycling corridors

Our work to make cycling even more accessible reached another milestone in February 2024 when we completed construction work to extend Cycleway 50 and Cycleway 23

The new section of Cycleway 50 in Islington extends the route from Finsbury Park to Holloway Road, while work on Cycleway 23 has created a much safer cycling route through Lea Bridge Roundabout, connecting the existing route to Dalston.

The extended routes will play a vital role in enabling people living in, and travelling through, the area to travel affordably and sustainably.

The two routes were identified as having some of the highest potential for encouraging more people to cycle, while also making it safer for those who already do so. Cycling in London is already seeing positive results, with our data showing that the number of daily cycle journeys increased to 1.26 million in 2023, up by 6.3 per cent from 2022.

> ‘Our continued work in expanding these routes unlocks access to cycling for many more thousands of Londoners, contributing to a greener and fairer city’

Helen Cansick
Head of Healthy
Streets Investment

Cycling boost in west London

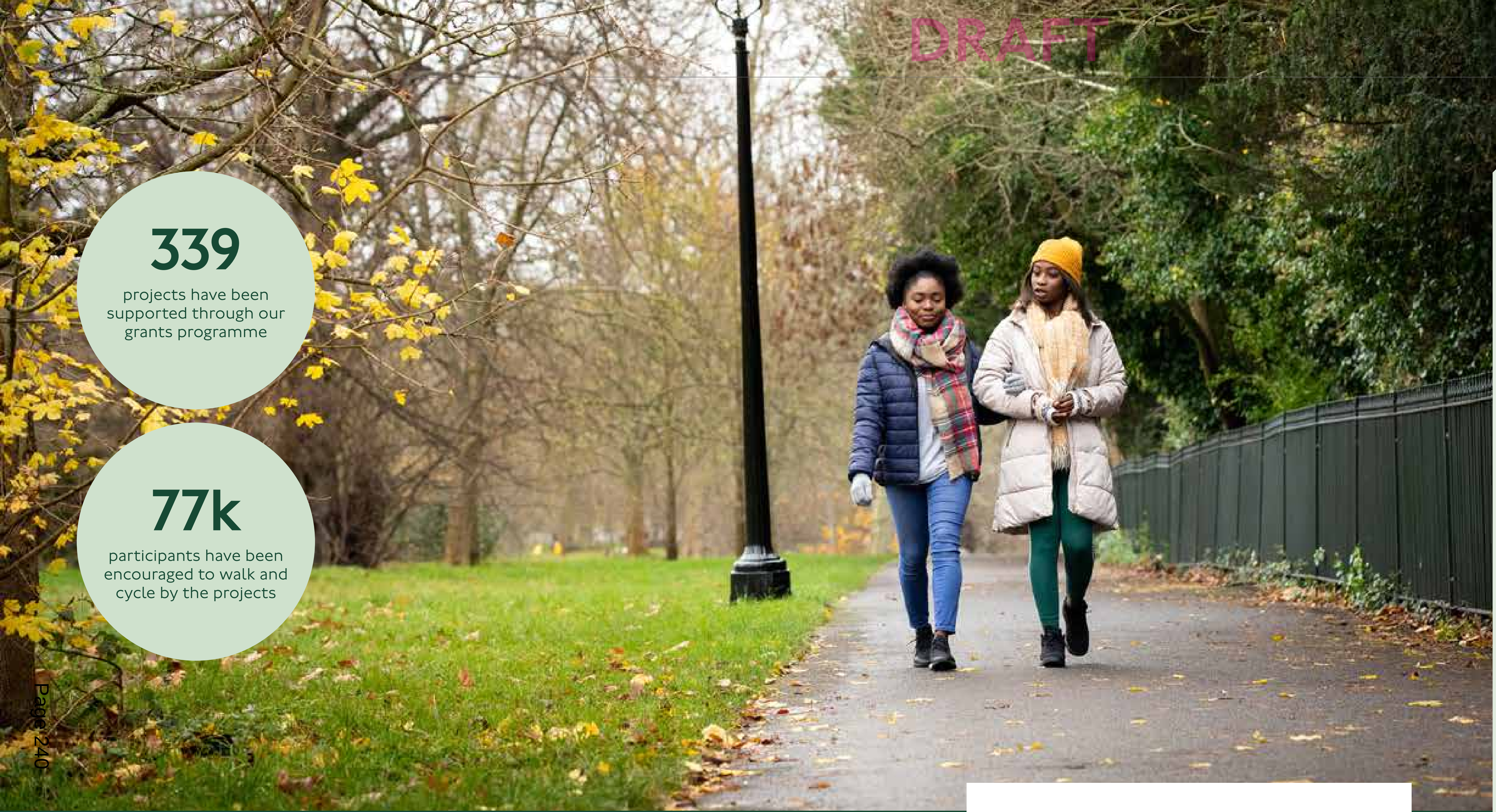
In October 2023, we completed work to extend Cycleway 9 between Kew Bridge and Watermans Park. The route also connects the area with Chiswick, Kew Bridge, Gunnersbury and Hammersmith.

Cycleway 9 is a major addition to our growing network of high-quality Cycleways, enabling thousands of improved walking and cycling journeys between Brentford, Kew, Chiswick, Hammersmith and beyond each week.

The changes include a further 253 metres of protected cycle lanes and a safe crossing for pedestrians and cyclists over the South Circular Road.

The work to complete the route is expected to be completed in August 2024, when it will connect Brentford with Chiswick and Hammersmith.

Cycleway 9 has proved popular



339

projects have been supported through our grants programme

77k

participants have been encouraged to walk and cycle by the projects

Funding boost for walking and cycling projects

We announced funding for 78 new community groups in December 2023 to help unlock some of the barriers to walking and cycling for Londoners.

Together with the London Marathon Foundation, we awarded more than £575,000 for the new projects, as well as a further 69 continuing projects run by community groups, as part of the Walking and Cycling Grants London programme.

The projects, which cover all London boroughs, give people the chance to connect with their local communities, learn new skills, get active and improve their physical and mental health.

The schemes target a range of traditionally underrepresented groups including disabled people, those from minority ethnic backgrounds, those who are financially disadvantaged, those experiencing homelessness, refugees, asylum seekers and those from the LGBTQ+ community.

The scheme is part of a five-year programme to inspire Londoners to cycle and walk, with many health benefits for people and communities.

Supporting projects

Among the projects we supported are:

Wellbeing Walkabouts, Enfield

Delivered by Express Tuition Ltd, this walking project aims to support ethnic minorities and disadvantaged women by delivering weekly guided walks to improve their physical, mental and social wellbeing.

Deaf Cycling, Newham and Redbridge

This cycling project, run by Empowering Deaf Society, aims to support deaf people to take part in cycle training sessions, group cycles and excursions with a British Sign Language interpreter.

Cycling improvements to the fore

In March 2024, we completed work on Cycleway 4, a major route between central London and Greenwich. Working with Southwark Council, we completed work on Lower Road, with the route enabling people to cycle safely all the way from London Bridge to Greenwich.

This new section of Cycleway 4 includes 1.3km of protected two-way cycle lanes, connecting the previously completed sections on Jamaica Road and Evelyn Street.

As well as the new Cycleway, a new signalised pedestrian crossing has been installed outside the entrance to Southwark Park, further improving pedestrian safety and accessibility.

Cycleway 4 now connects central London and Greenwich, with further connections to Cycleways 10 and 14, and has eight new and 28 upgraded pedestrian crossings along the route, as well as six Santander Cycles docking stations.

Way ahead for cycling in London

We opened 10 new low-traffic cycleways in July 2023, helping to make cycling accessible to even more people across the capital.

The new routes include a 10km route in Enfield, which forms part of London's longest continuous cycleway. This is more than 25km long, and connects town centres in Enfield, Haringey and Hackney.

The launch of the 10 sites was the most we have ever opened at one time, and built on three other cycleways that we launched in March 2023.

The cycleways are mainly on quieter roads, with data showing that they have already seen a significant boost in cycling. For example, on Tolpuddle Street in Islington there was a 96 per cent rise in cyclists on Cycleway 38 in just one year.

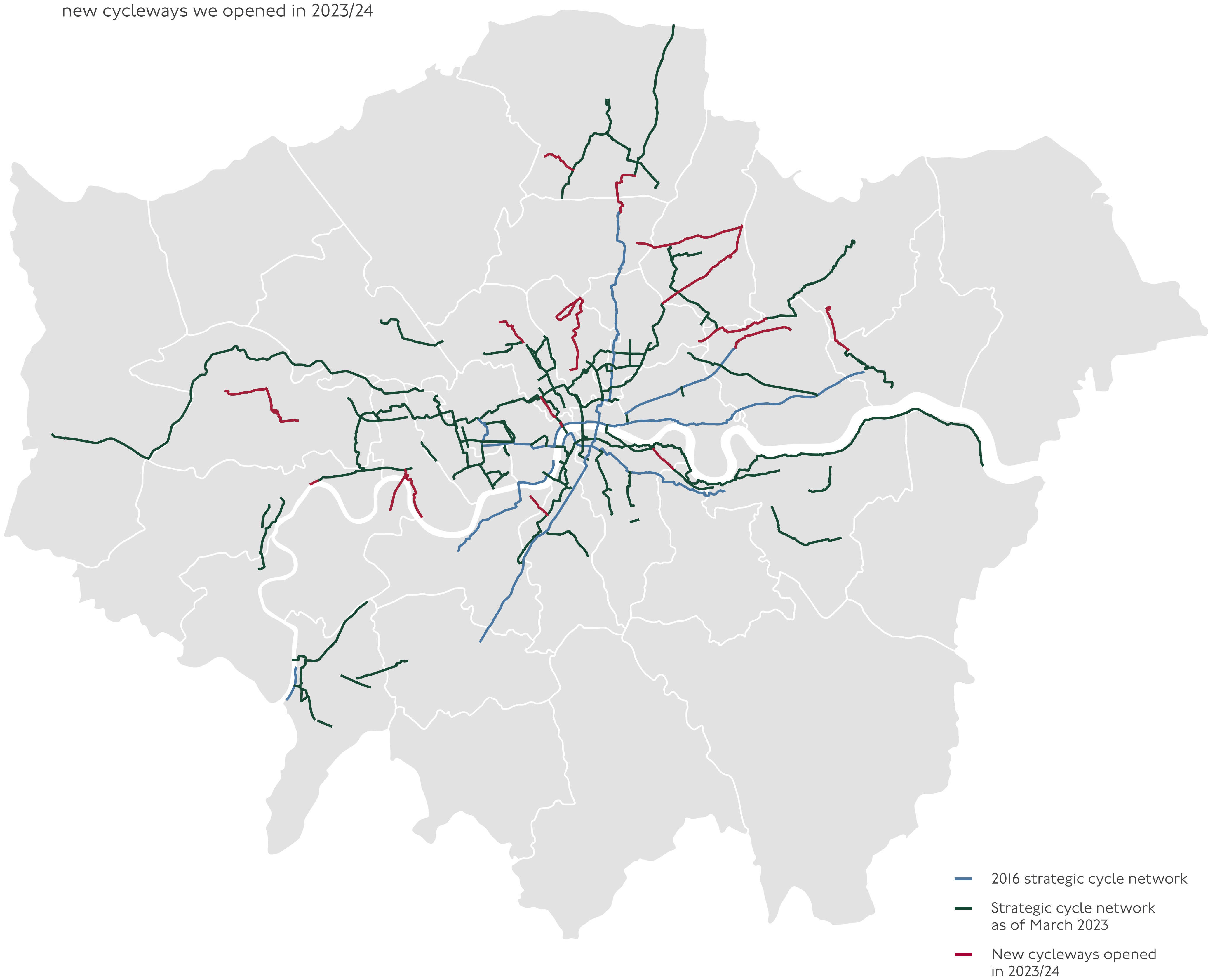
Delivering high-quality new cycleways will enable Londoners of all backgrounds and abilities to cycle safely, encouraging greater diversity in cycling.

4x
larger strategic cycle network compared to 2016

1/4
Londoners live within 400m of the strategic cycle network

Boosting cycling capacity

Our strategic cycleway network and the new cycleways we opened in 2023/24



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The Walk London Network encourages people to walk and cycle

10%
increase in leisure walking in London since the pandemic

57%
of Londoners want to see more space dedicated to walking

Stepping up to support green spaces

In March 2024, we launched a new 24-kilometre walking route to connect more communities with green spaces and support people to enjoy more leisure walking.

Launched together with the City of London, Southwark, Islington, Hackney and Waltham Forest, the Green Link Walk became the eighth route in the Walk London Network and runs from Epping Forest to Peckham town centre.

It links almost 40 areas of green space, including Walthamstow Marshes, London Fields and Burgess Park, and five other Walk London routes.

The route was designed with accessibility in mind, with barriers such as bollards being removed. It also avoids streets without dropped kerbs and bridges with steep ramps and steps. As part of the launch, we also teamed up with the Local Buyers Club to offer customers a discount on an annual membership. The membership offers savings at hundreds of independent, local businesses in the capital, with many businesses along the route.

The Walk London Network is one of the largest walking networks in the world. The network features a number of different sections, including the Capital Ring, Green Chain, Jubilee Greenway, Jubilee Walkway, Lea Valley Walk, London Outer Orbital Path, and the Thames Path.

'London is already a great city to explore on foot and this new route will encourage Londoners to enjoy more of our beautiful green spaces across the capital. Leisure walking has a vital role to play in the health of everyone living in London and we'll continue to work with our partners to ensure everyone has access to high-quality walking infrastructure'

Christina Calderato
Director of Transport Strategy and Policy

Funding support for healthier and safer streets

In January 2024, we announced £80.4m in funding support for London's local authorities through our Local Implementation Plan programme to help make more streets safer and healthier for all.

The funding will help deliver a range of improvements in outer London to help support more active travel and support last year's expansion of the Ultra Low Emission Zone across London. The funds will help to deliver a number of new schemes on London's roads, including proposals for more than 150 new and upgraded pedestrian crossings and dedicated pedestrian signals at busy junctions in Barnet, Kensington & Chelsea and Enfield. There will also be 20mph speed limits introduced on roads in Barnet, Brent, Harrow, Redbridge, Waltham Forest, Enfield and Richmond, as well as junction and corridor improvement schemes that will make London's streets safer and better for active travel.

Bus priority schemes will also be funded, including creating new bus lanes that will help make bus services more reliable and attractive as an alternative to the car, contributing to London's target of building 25km of new bus lanes by March 2025.

The amount allocated was a 16 per cent increase from 2023/24, when boroughs were allocated £69m, with outer London boroughs continuing to receive a higher proportion of funding compared to those in inner London.

As part of this year's funding, we allocated an additional £5m for borough-led cycling schemes as there are significant plans for new cycling infrastructure on local roads. This will help boroughs to increase accessibility to cycling on local roads and make their networks safer for cyclists.

'The Local Implementation Plan programme provides vital, localised investment in bus priority, walking and cycling schemes across the city and this investment will deliver huge benefits'

Penny Rees
Head of Healthy Streets Investment

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Our funding will help create safe, green spaces in the boroughs

89
new accessible bus stops created between 20219/20 and 2021/22

50km
of wider footways created between 2019/20 and 2021/22

500
School Streets across London

Spotlight on our people

Putting the best foot forward

Faith Martin
Principal Technical Specialist

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With a key role in designing London's streets, **Faith Martin** works to ensure we deliver equitable street schemes for the benefit of all pedestrians. She has presented to school students to engage them in street design and inspire them to consider careers in the industry

How did you get involved in walking policy?
My background is in road safety engineering. I worked through the ranks from engineer, senior engineer to principal engineer, before moving into a role in walking policy. I soon realised that I had a unique role, and I needed to upskill on pedestrians as a specialism. I attended many courses specifically for pedestrians and their accessibility, which included many other courses, such as street lighting, drainage, trees and greening.

Design policy is important, especially for guiding others. Broadly, this is to ensure it is transferrable for applying to relevant locations; it will support road safety; and is inclusive. Inclusive design is our top output because if we design to include everyone, everyone benefits. For example, if there is level access at crossings it is easier for walking, if footway space is clear it is easier to move through, when we use colour contrast it helps to navigate places and spaces.

Why is it important to make our streets healthier and safer?
Studies have found that badly maintained streets have lower levels of walking. If streets are clean, look safe and feel safe to be in, they can be enjoyed. Other studies reveal that most people prefer walking, so we have a duty to provide streets to encourage that.

Our Healthy Streets indicators were devised through engagement with residents. This showed people want streets where people feel safe, people feel relaxed, there are places to rest, there is shade and shelter, streets are not too noisy, they include people from all walks of life, and where people want to walk and cycle.

Encouraging people to choose more sustainable travel and more walking can improve personal safety, which can help lower risks of potential crime too. By lowering vehicle speeds, drivers should become more aware of their reduced priority and their greater responsibility for safer driving behaviour.

What improvements have you seen in the last year?
I have always been impressed by traffic signals and the ingenuity that goes into balancing the demand in traffic movement. I am glad we now have green pedestrian authority at signal crossings, wherever possible. The switch of priority from vehicle traffic in favour of pedestrians is quite revolutionary.

I have seen where footways have now been made permanently wider following our mitigation techniques to provide space for social distancing. Better footway comfort has implications on road safety and personal security benefits too.

Where we have lower vehicle speeds, we also have calmer environments. Less vehicles mean less noise, so streets can be enjoyed. This is especially true at a local level, for neighbours to catch-up and children to walk to school. Our ULEZ programme has definitely been a beacon for bringing together travel and health to clean up our capital to create healthier streets.

What are you most proud of from your career?
I have always been proud to say I work for TfL and I am proud to have achieved more than 45 years of service in road safety engineering and designing for pedestrians.

If you have a career that you believe in, because it adds such great value, then it is a wonderful blessing. I believe the traffic industry is vocational, because it is challenging and demanding. I am proud of the pedestrian design principles I devised for TfL to guide on what designs should aim to achieve for the best walking outcomes.

I have always appreciated being a voice for people with protected characteristics and what we can achieve in our street design. I believe we are doing a great job on accessibility in London, especially compared to other cities.

Creating safe, green spaces is essential to encourage active travel

Tackling the climate emergency

Our projects and improvements play a key role in helping to reduce the impact of our services on climate change

Taking action on climate change

We continued our Carbon Literacy training course this year. More than 4,000 colleagues have been trained, surpassing our 2023/24 scorecard target of 3,000. The course aims to raise awareness of the carbon impacts of our everyday activities and how we can reduce emissions in our personal lives and at work.

Developing a low-carbon culture is crucial to achieving net-zero carbon operations by 2030, and becoming London's strong, green heartbeat.

4,000
colleagues trained in Carbon Literacy across the organisation

Reducing carbon emissions

We were awarded two grants, totalling more than £16m, from the Public Sector Decarbonisation Scheme in March 2024 to help reduce carbon emissions from our head offices and London Underground depots.

The grants will enable heat pumps, solar panels, LED lighting, improved glazing and wall insulation to be installed across eight sites. Palestra, our head office in Southwark, currently represents 45 per cent of all our head office gas use. Once the work funded by the grant is completed, we estimate this will be reduced to zero.

As well as saving energy, some changes at the depots will provide better insulated, more comfortable places to work.

Turning our red buses green

We celebrated a major milestone in August 2023 when we introduced the 1,000th zero-emission bus to our fleet, making it the largest zero-emission bus fleet in western Europe.

The milestone bus, which entered service on route 204, meant we remain on track to have a fully zero-emission fleet by 2034, which could be accelerated to 2030 with Government funding. As of 31 March 2024, there were 1,418 zero-emission buses in our fleet.

London's buses have the lowest levels of carbon dioxide emissions per passenger kilometres compared to other global cities including New York, Paris and Vancouver.

Converting London's bus fleet to zero-emission by 2034 will save an estimated 4.8m tonnes of carbon or an estimated 5.5m tonnes of carbon by 2030.

Since 2021, all new vehicles joining our fleet have been zero emission, while all of our other buses are low emission and meet, or exceed, Euro VI emission standards, which is the same emissions standard as the Ultra Low Emission Zone.

As well as being cleaner, all of the new buses will have enhanced customer features, such as improved flooring, seating, lighting and customer information, and will meet the industry-leading bus safety standard.

8,454+
zero-emission capable cabs on London's streets

57%
of London's taxi fleet is now zero-emission capable

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Making black cabs greener

We reached a major milestone in December 2023, with more than half of the black cabs in London being zero-emission capable.

We helped bring about this step change by requiring that all new taxis licensed for the first time from 2018 to be zero-emission capable and providing taxi delicensing grants to drivers, which helped remove more than 4,000 older, more polluting vehicles from the fleet.

Further measures to reduce emissions from our black cab fleet include reducing the maximum age of the most polluting taxis from 15 to 12 years between 2020 and 2022 and introducing discounts and incentives to help drivers make the transition to new vehicles.

Most of the new zero-emission capable taxis in the capital are made by the London Electric Vehicle Company (LEVC), which manufactures its purpose-built, range-extended electric TX taxi at its state-of-the-art factory in Ansty, Coventry.

'Making the taxi fleet cleaner and bringing more electric vehicle charging points to the capital are significant parts of the wider efforts we're making to help continue being London's strong, green heartbeat, cleaning London's air and helping get Londoners around the city in the greenest ways possible'

Helen Chapman
Director of Licensing and Regulation

Improving our bus station in Kingston

In August 2023, work got under way to rebuild a state-of-the-art bus station at Kingston Cromwell Road, which will help make journeys by bus an easier and more attractive option. The project includes new, energy-efficient bus station buildings, while a new canopy will provide protection against the weather across the entire waiting area. It includes a green canopy edge.

We will install improved real-time travel information screens, fully accessible customer toilets, improved LED lighting and CCTV cameras, a new public announcement system, along with new retail units.

Before the work started, we told customers about the station closure and informed them of alternative travel options. We created two new temporary bus stops nearby to minimise disruption. Work on the bus station will continue until later in 2024.

Brightening up Oxford Circus

In October 2023, we completed work to upgrade the lighting at Oxford Circus station, with lighting throughout the station converted to LEDs, which use up to 60 per cent less energy than traditional lighting.

The new LED lights make the station brighter and more welcoming, giving customers a better experience as they travel to and from the West End.

More than 40 per cent of Tube stations, including Clapham North, Golders Green and Old Street, have been converted to LED lighting, with further stations planned for conversion in the coming years.

We aim to convert all stations to LED lighting by 2032 as part of our ambition to be net-zero by 2030.

Cable cars go green

In November 2023, we installed 89 new solar panels on the IFS Cloud Cable Car terminal buildings on both sides of the river.

The solar panels are expected to generate around 34MWh of renewable energy each year – which is the equivalent of 13 typical UK households.

The energy generated is being used to power the cable cars, with any excess energy generated from the South Terminal in Greenwich being fed back into the National Grid.

Lighting the way to energy efficiency

By the end of 2023/24, we achieved a significant landmark with 95 per cent of London's bus shelters being converted to use LED lighting. We also converted almost 70 per cent of all lamp columns on our roads to use LED lights.

The new lighting helps us reduce waste, energy consumption and associated carbon emissions.

Before and after testing showed that the new lighting uses around 57 per cent less energy, but provides 10 per cent brighter lighting, making the shelters both more welcoming and improving safety for customers, especially at night.

Once complete, the new lighting will have reduced our associated carbon emissions by more than 1,000 tonnes CO_2e annually.

In addition to bus shelters, we are working across the entire network to upgrade lighting to LEDs to help further reduce costs while improving customer benefits and minimising its long-term impact on the environment.

Customer lighting at tram stops served by London Trams has been converted to LED lighting, and work is also taking place to upgrade lighting at bus stations across London and the depot in Croydon. LED lighting has been installed at Upminster Tube depot, and is nearly complete at Hainault and Ruislip Tube depots. By the end of 2023/24, we had installed 60 per cent of the lighting at Stonebridge Park and 20 per cent of the lighting at King's Cross St Pancras station. Around 50 per cent of all lamp columns on our roads are also now LED lights.

Going greener

Creating spaces that support the nature and green spaces in our city

In full bloom

In May 2023, we announced the latest areas on our network to be managed as wildflower verges as part of our continuing work to encourage biodiversity, enhance green infrastructure within London's transport networks and mitigate against climate change for the overall benefit of our transport network.

The new sites, which included Gants Hill Roundabout in Redbridge, Clockhouse Roundabout in Feltham and the A21 Sevenoaks Road in Bromley, were selected following trials across north London, where we mowed the verges less often to encourage wildflowers to grow. The flowers create a supply of nectar and other food resources, plus shelter, for wildlife including bees, butterflies, birds and small mammals.

Wildflower verges take time to fully develop and are in bloom for a limited period of the year. We continue to maintain these verges, but they are mowed less frequently, with edges regularly mowed to ensure they remain safe for passing drivers. We have installed signs to help make it clear that these areas are being managed to encourage wildflowers.

In 2023/24, we doubled our total wildflower verges to 130,000 square metres, and we plan to double this again in 2024/25 to 260,000 square metres.

74k
square metres of wildflower verges created in 2023/24

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Blooming marvellous

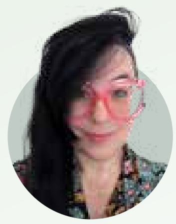
In May 2023, we brought some of the beauty of the Chelsea Flower Show to Latimer Road Tube station as part of a collaboration with Energy Garden, Kensington & Chelsea Council and the local community.

The garden from the world-famous show was rebuilt by the station entrance, giving the display materials and plants a second life.

The container garden was developed by landscape designers Amelia Bouquet and Emilie Bausager and is a celebration of sustainable gardening and the important role it plays in people's lives.

The project was funded by the Mayor's Future Neighbourhoods 2030 programme and maintained as part of the Energy Garden network. We continue to work with Energy Garden to enable local community groups to access some trackside spaces and create beautiful green spaces on London's railways.

> 'This garden is a great example of how we are working with our neighbours to reinvent spaces on our network through greening and planting. A little bit of nature makes stations more welcoming for all'



Ann Gavaghan
Customer Experience Manager

Creating a greener city

We published our new Green Infrastructure and Biodiversity Plan in March 2024 to protect, connect and enhance our green infrastructure and biodiversity.

The plan, which fully aligns with our 2021 Corporate Environment Plan, sets out how we will improve and care for green infrastructure and biodiversity across our estate and transport network.

The plan captures our existing relevant targets, legal requirements and policy commitments, while at the same time setting out the strategic actions we will take to deliver them. The plan was developed following a wide range of engagement within and outside TfL, including London's boroughs.

The targets include achieving a minimum of 10 per cent biodiversity net gain on applicable schemes from February 2024 and delivering a net gain in biodiversity across our estate by 2030, compared to the 2018 biodiversity baseline map.

We also committed to double the amount of wildflower verges to 260,000 square metres in 2024, and developing a longer-term plan to continue their introduction across London.

'A sustainable transport system is fundamental to London being an attractive, affordable and liveable city. By reducing our environmental impacts and maximising opportunities, like wildflower verges and sustainable drainage systems, we will be the strong, green heartbeat for London'

Dr Katherine Drayson
Senior Environment Manager

New look for Old Street

Work continued on transforming Old Street station and roundabout throughout the year, and is now almost complete. A new London Underground station entrance has been completed, along with two new passenger entrances and new lifts to improve accessibility.

The northwest arm of the roundabout has been permanently closed to traffic, creating a major new pedestrian space. Trees and plants have been added, along with benches and other street furniture to create an attractive and welcoming space.

New and improved crossings, as well as fully segregated cycle lanes, have been installed, creating better walking and cycling access for everyone.

The full transformation is due to be completed later this year.

A good public transport experience

Ensuring our network reflects our diverse city

Claire Mann
Chief Operating Officer

'We have continued to improve and expand London's transport network, to help ensure that every Londoner has access to safe, reliable and clean transport options'

Revolutionising bus travel

We are improving the experience for our bus customers, including the launch of our Superloop network of express bus routes across outer London

10
express bus routes make up the complete loop

138km
is the distance covered by the Superloop in one direction

6
million kilometres added to the bus network

'The Superloop is delivering more frequent and longer running bus services, with the express services circling the city, providing quicker links between transport hubs, town centres, schools and hospitals'

Seb Dance
Deputy Mayor for Transport

Launching the Superloop

In July and August 2023, we completed the first phase of the introduction of the new Superloop network of express bus services, by rebranding four existing routes. Route 607 became route SL8, route X68 was rebranded to SL6, route X26 became SL7 and route X140 was changed to SL9. Buses on these routes also became the first to showcase the Superloop branding, providing an instantly recognisable express bus service.

As part of the rebranding, the service features improved customer information, USB charging points on all buses and new stop names to better reflect their locations.

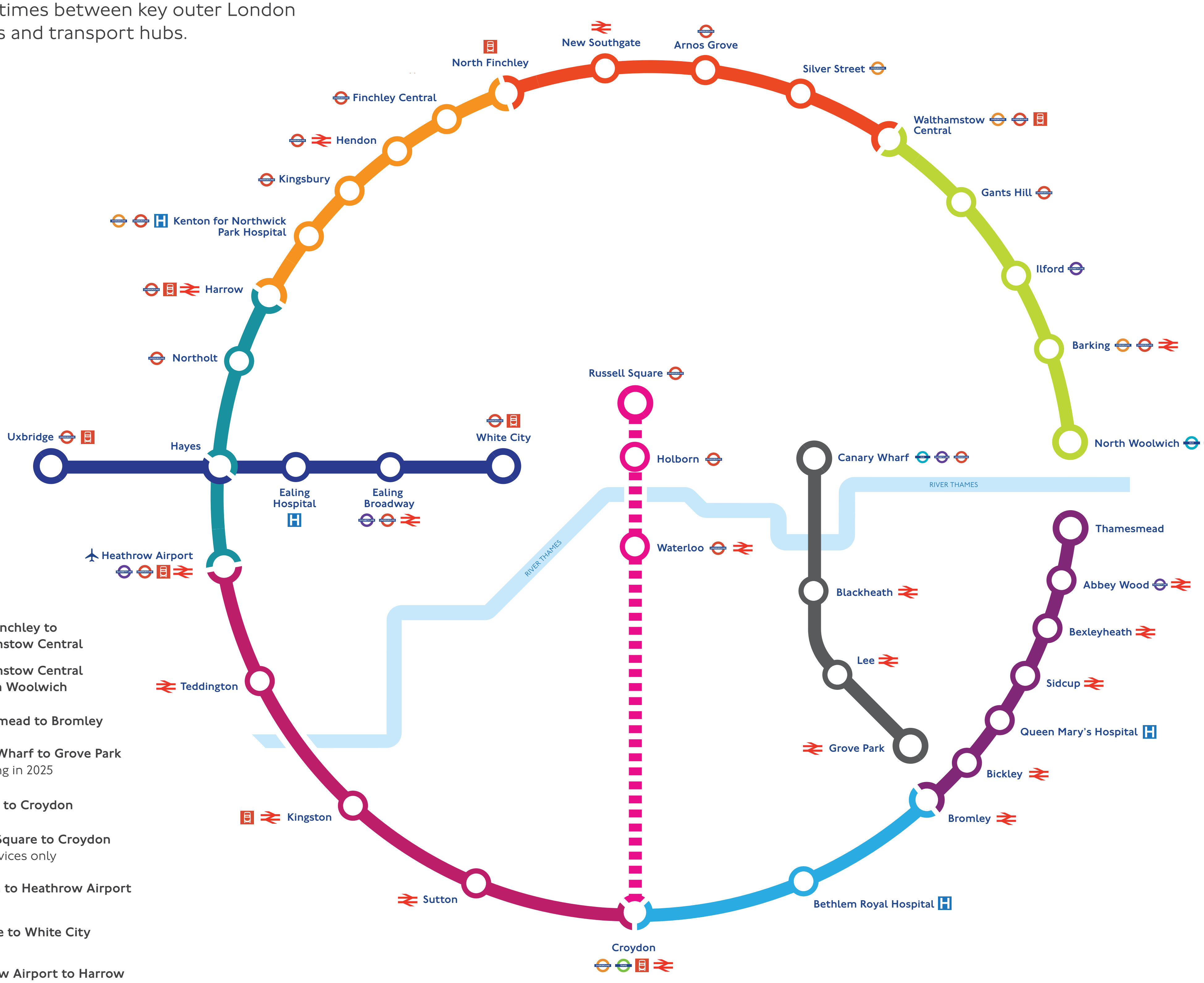
The changes for route SL8 included an extended timetable to provide more early morning and evening buses, and the frequency of the SL7 route doubled to a bus every 15 minutes.

Between November 2023 and March 2024, we launched five brand new routes – the SL1, SL2, SL3, SL5 and SL10 – to complete the 'loop'. The SL4 service will be introduced in 2025 once the Silvertown Tunnel opens.

This work marks a huge milestone in our commitment to connecting communities across outer London and giving people even better access to affordable and sustainable travel.

The full loop

The Superloop network will improve connections and journey times between key outer London town centres and transport hubs.



SL1	North Finchley to Walthamstow Central
SL2	Walthamstow Central to North Woolwich
SL3	Thamesmead to Bromley
SL4	Canary Wharf to Grove Park Launching in 2025
SL5	Bromley to Croydon
SL6	Russell Square to Croydon Peak services only
SL7	Croydon to Heathrow Airport
SL8	Uxbridge to White City
SL9	Heathrow Airport to Harrow
SL10	Harrow to North Finchley

New generation of iBus

In March 2024, we awarded a contract worth £160m over 10 years to INIT, to replace our iBus vehicle location system, which has been operating for 17 years. The contract will see the on-board hardware and back-office software replaced across our entire bus fleet.

The new iBus system will improve the reliability and accuracy of real-time passenger information and provide information on disruptions and diversions to routes, both on the bus customer information boards and our TfL Go app.

This will be particularly helpful for passengers with hearing or visual impairments who rely on accurate and up-to-date traffic information to use public transport.

Over the last year, we installed new bus countdown boards across every borough in London, with almost 3,000 boards in operation by the end of 2023/24.

'Priority Seating Week shows our commitment towards making travelling on the public transport network easier and more pleasant for everyone, especially for customers with visible and non-visible conditions'

Mark Evers
Chief Customer Officer

300
TfL buses now have new priority seating designs

1/5
bus customers have a visible or non-visible condition

New priority seating for London's buses

To mark Priority Seating Week in April 2023, we helped make bus travel more attractive, inclusive and accessible to all with new, prominent priority seating installed on our buses.

The specially designed seating makes travelling easier for people with a range of conditions, whose needs may not be immediately obvious. The design features an eye-catching moquette in distinctive colours, with a clear message showing it is a priority seat.

The design helps people who need a seat, including older and disabled customers and people with non-visible conditions to easily identify these seats, and serves as a helpful reminder to fellow passengers that there may be customers with a greater need for a seat.

The new seating designs build on our other successful campaigns since we first launched Priority Seating Week in 2017. More than 100,000 Please offer me a seat badges have been issued to disabled people and those with non-visible conditions since the campaign first launched.

New priority seating has also been introduced on London Overground and selected London Underground trains to encourage everyone to think about others who have a greater need.

The new priority seating is more recognisable for all customers

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Better travel for all customers

We are working to ensure that our network works for all our customers

Life through the lens

In July 2023, we launched a trial of new NaviLens technology at DLR stations. The technology helps blind and partially sighted customers to navigate the network more easily.

Customers use their smartphone to access and locate information and interact with their environment. It is based on image recognition using augmented smart codes, placed along designated customer itineraries, and a smartphone app that provides voice guidance for visually impaired passengers.

Users can use voice assistance through the app to continue their journey, which includes practical information including descriptions of the physical element, guidance indications and real-time DLR arrivals and departures.

We will use the findings from this trial to inform our innovation challenge, which is focused on improving the travelling experience of disabled customers.

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10k
new homes unlocked through the capacity increase on the DLR

99m
DLR journeys each year, making it the busiest light railway in the UK

Delivering more for the DLR

As part of our DLR train replacement programme, we placed an order for a further 11 new state-of-the-art trains in June 2023.

The trains, which are being funded through the Housing Infrastructure Fund, feature a walk-through design, latest audio and visual real-time travel information, air conditioning and mobile device charge points. They will help ensure customers can enjoy more frequent, reliable and comfortable journeys.

Designed and built by Construcciones y Auxiliar de Ferrocarriles (CAF), the new trains are in addition to 43 trains already ordered from CAF.

The 54 new trains will help boost overall capacity on the network by more than 50 per cent. Each train will provide better facilities for those with mobility impairments with three multi-use areas, in addition to three dedicated wheelchair spaces. These multi-use areas can be used for wheelchairs, pushchairs, bicycles and luggage.

> ‘These new DLR trains will transform the journeys of millions of existing customers but will also give us the opportunity to welcome many more as new jobs and homes are created in east London and the Docklands area’

Tom Page
DLR General Manager

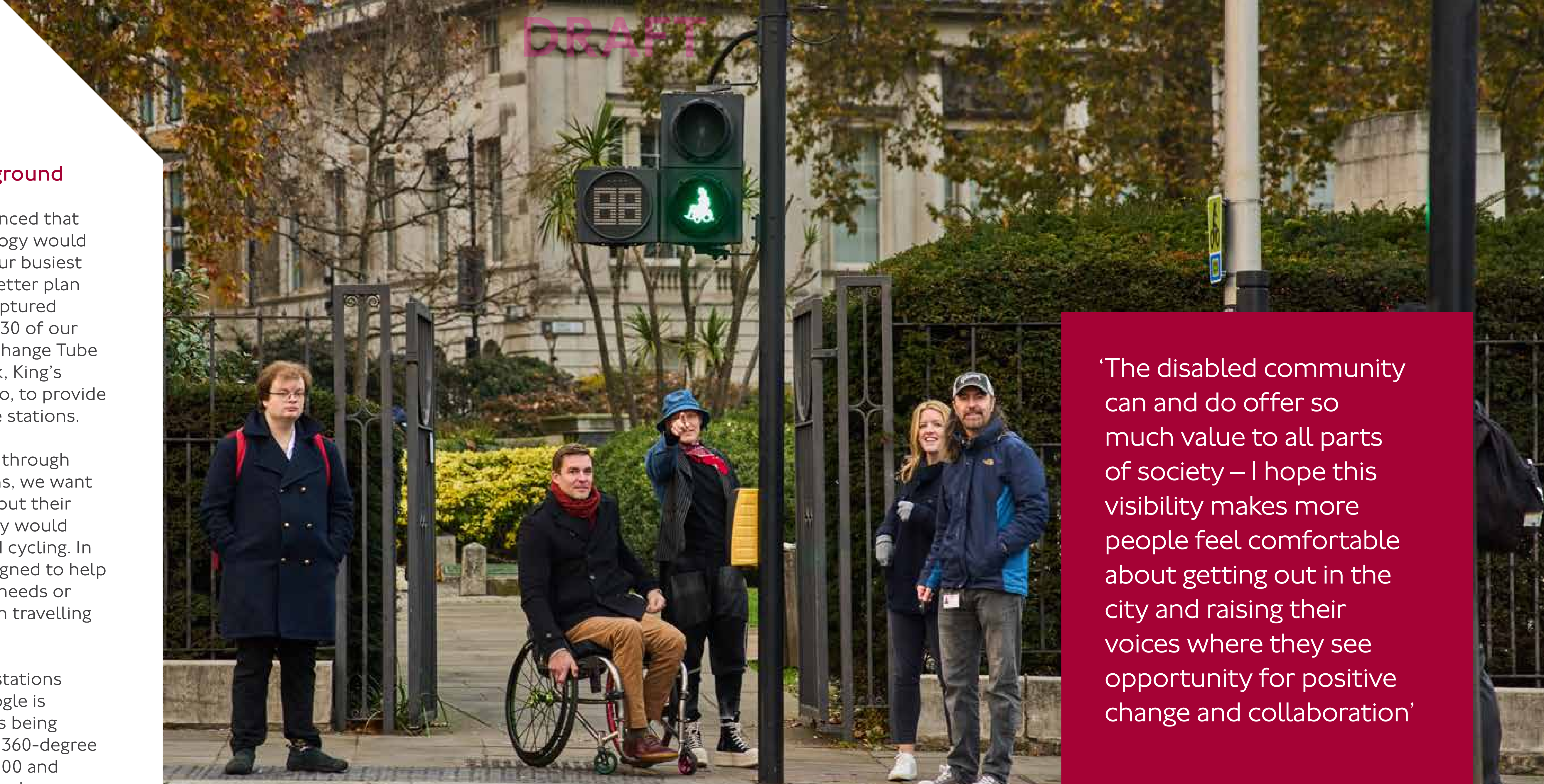
Street View goes Underground

In November 2023, we announced that Google's Street View technology would be provided in a number of our busiest stations to help customers better plan their journeys. The project captured 360-degree images in around 30 of our busiest central London interchange Tube stations, including Green Park, King's Cross St Pancras and Waterloo, to provide virtual representations of the stations.

By being able to show routes through some of London's key stations, we want to enable customers to map out their journeys in the same way they would for trips made by walking and cycling. In particular, the move was designed to help customers with accessibility needs or those who are unfamiliar with travelling in the capital.

We are displaying posters at stations to alert customers when Google is capturing the images, which is being done by a small team using a 360-degree backpack camera between 10:00 and 16:00 to avoid peak hours. Google uses blurring technology to automatically blur identifiable faces.

30
Tube stations that had images captured for the Google project



Captain Pete Reed OBE devised the idea for wheelchair-user lights

'The disabled community can and do offer so much value to all parts of society – I hope this visibility makes more people feel comfortable about getting out in the city and raising their voices where they see opportunity for positive change and collaboration'

Captain Pete Reed OBE

Shining a light on disability

In December 2023, we worked with three-time Olympic and gold-medal winning rower Captain Pete Reed OBE to introduce wheelchair-user traffic signals ahead of International Day of Persons with Disabilities.

In 2019, Captain Pete Reed OBE experienced a spinal stroke that left him paralysed from the chest down. He approached us with the idea of having a wheelchair-user traffic signal to draw attention to the large disabled population in London and beyond, for whom access and ease of travel is essential to make the most of the city.

We worked closely with our Independent Disability Advisory Group and other key disability campaigners to ensure the signs best reflected wheelchair users. There are two designs showing a person using an independently controlled manual wheelchair and a someone using an electric wheelchair.

The specially designed symbols were installed at pedestrian crossings in Earl's Court, King's Cross, Liverpool Street, Tower Hill and Whitechapel. The locations were carefully selected based on their proximity to busy Tube stations that offer step-free access. They were installed by Yunex Traffic, which installed the signals at no cost.

Our work at Kentish Town will help future-proof the station

15k
moving parts on a typical 15-metre rise escalator

20
hours per day that our escalators will typically operate

Improvement works at Kentish Town

In June 2023, major works got under way at Kentish Town Tube station to replace both escalators at the station.

The works, which are due to be completed by September 2024, involve replacing both escalators with new, high-performing machines. The old escalators, which are the most unreliable on the Underground network, were installed in 1997 and are bespoke to the station, making it difficult to source parts for maintenance and repairs.

The new escalators are the same model as those used on the Elizabeth line and throughout the Tube network and are expected to last for around 40 years. They have more efficient motors and drivers, meaning they use less electricity. When not in use, they will run slower to save energy.

We have used the temporary closure to carry out a range of other station improvements at the same time, including removing the redundant ticket office and realigning the ticket barriers to provide more space for customers and additional ticket gates.

The station is also being painted and deep cleaned, with new floor and wall tiling and improved signage installed.

Seizing the night

In August 2023, we extended the operating hours for our vital free Dial-a-Ride service to enable older Londoners, and those with long-term disabilities, to socialise at night.

We further extended Dial-a-Ride services during the festive period to enable people to enjoy Christmas festivities for longer.

The extended hours, which means the service runs until midnight with last pick-ups at 23:00, have been introduced following engagement with users and partners, including Transport for All and Age UK London.

The move followed a drive to improve the service through the year, which saw us recruit 12 additional drivers to meet the increased demand for the services, as well as more staff to improve call waiting times.

We also introduced a simpler booking system to enable members to book trips online, as well as over the phone and via email.

Improving access for all

This year, we achieved a significant milestone in our rollout of mini ramps when we introduced them at 47 stations across the Tube network.

The rollout follows a trial in 2022 on the Jubilee line of the ramps, which can help people get on and off trains where there is a small step or gap between the platform and the train.

The mini ramps are particularly helpful for customers with mobility aids with small or swivel wheels, giving them additional comfort and reassurance.

The ramps were developed after feedback from customers that the gap can still be a barrier to them being able to get on and off Tube trains confidently, even at step-free stations.

4.5m
Central line journeys are made on average each week

30
UK manufacturers are supplying the parts for this project

All change for the Central line trains

In December 2023, the Mayor visited our depot in Hainault to see the first of our refurbished Central line trains, which feature more reliable motors, better accessibility, improved customer information and a new moquette design.

Each carriage is fitted with CCTV cameras and audio customer displays, which is the first time they have been installed on trains on the Central line.

The introduction of CCTV is a significant step in the continuing effort to ensure that Londoners feel, and are, as safe as possible when using the transport network.

Our project to improve the Central line is the most significant overhaul scheme our engineers have done in the history of the Tube. The trains, which are more than 30 years old, are some of the most unreliable on the network. We have experienced a high number of severe challenges with the fleet in recent months, which is why the overhaul work is so important. It will ensure the fleet continues to operate and extend their working life.

The first completely refurbished train has already entered customer service, with improvements being made to the entire fleet over the next few years.

Piccadilly line trains are put to the test

In November 2023, the first newly built state-of-the-art test train for the Piccadilly line was tested at Siemens Test and Validation Centre in Germany. The train was put through a rigorous programme, including tests for acceleration, braking, noise and vibration, as well as extreme weather endurance testing.

This testing programme continues ahead of the first train arriving in London for further testing and integration onto the network later in 2024.

The new trains will feature walk-through carriages with all-double doorways to help customers get on and off more easily, enhanced digital display screens for real-time information, air conditioning and on-train CCTV cameras.

Around 80 per cent of the trains will be assembled at Siemens brand-new manufacturing site in Goole, Yorkshire, with some of the parts, such as the LED lighting, coming from local suppliers in Yorkshire.

£200m
invested in developing the Siemens site in Goole

700
skilled jobs created through assembling the trains

Setting Equity in Motion

We published an ambitious new customer plan in February 2024 to help create a fairer, more accessible and inclusive transport network for everyone.

Our Equity in Motion plan sets out more than 80 commitments to cover key areas for improvements around improving customer experience, enhancing connectivity, keeping travel affordable and addressing health inequalities.

The key commitments in the plan include:

Accessible travel
Increasing the number of step-free Tube stations, introducing mini ramps, creating more spaces for wheelchair users and buggies, and looking at how we can improve customer toilet provision.

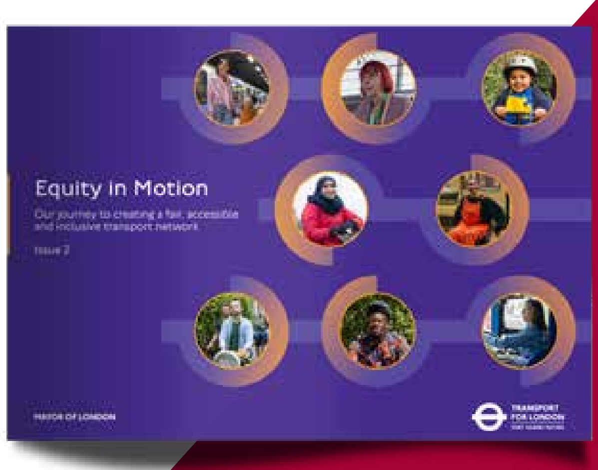
Safety
Expanding our Project Guardian school sessions on sexual harassment, making it easier for customers to report crime and safety concerns, and training staff to call out and help reduce all forms of harassment and to support victims.

Understanding customers
Creating a new inclusive Design Centre of Excellence, researching the needs of communities including LGBTQ+ people, and increasing the number of frontline staff who are disability equality trained.

Affordable travel
Studying how the cost of travel affects people with protected characteristics to inform our investment priorities.

Inclusive Information
Reviewing our approach to translating communications into different languages, including British Sign Language, adding virtual tools to the TfL Go app and website to help customers better understand the accessibility of the transport network, and introducing hundreds of new real-time information displays at bus stops and shelters.

Connectivity
Completing inclusivity audits at stations, researching the barriers to walking across protected characteristic groups, and expanding our electric cycle hire scheme.



'Equity in Motion draws on the experiences and viewpoints of a range of Londoners, prioritising the areas they want to see improved to create tangible actions that drive forward change and help make London a truly fair city'

Alex Williams
Chief Customer and Strategy Officer

Making more stations step-free

As part of our commitment to accessibility, we are making more Tube and London Overground stations step-free.

This year, we started work at Colindale station where we aim to provide step-free access by autumn 2025, alongside other station improvements including an accessible toilet.

We are also creating step-free access at Knightsbridge Tube station and improved access to the Bakerloo line at Paddington station.

We are working on the detailed design for step-free access at Leyton and Northolt stations, ahead of construction work starting later in 2024 at Leyton and early in 2025 at Northolt.

There are nine more Tube stations being reviewed to understand the feasibility, cost and benefits of delivering step-free access. We have delivered 24 step-free stations since 2016.

100%
of our Elizabeth line stations are step-free

1/3
of our Tube stations are step-free

Spotlight on our people

Putting diversity to the forefront

Patricia Obinna
Director of Diversity and Inclusion

Patricia Obinna supports the organisation in creating an inclusive workplace culture for all, which includes embedding inclusion into our behaviour, decision making and all our practices

What have been your highlights from 2023/24?
I have particularly enjoyed having the opportunity to meet with, and speak to, lots of different people from around the organisation. Hearing about people's experiences, good and bad, informs the work that I'm doing. Attending Pride, Black Pride and Notting Hill Carnival with colleagues from across the organisation were all notable highlights.

The launch of Action on Inclusion in June 2023 also ranks right up there. Putting a clear diversity and inclusion strategy in place was a career highlight for me, as well as a highlight for 2023/24.

We also launched our new diversity and inclusion e-learning module, Inclusion Matters, which explains the importance of inclusion in the workplace in an engaging, non-preachy way. The course is delivered through colleagues' personal experiences, helping to bring to life what it feels like to be included or excluded.

Our diversity work will help improve services for all Londoners

Why is diversity and inclusion so important for TfL?
Having a clear Diversity and Inclusion agenda means that we recognise the need and business imperative to give this agenda our focused attention, and that we are committed to taking action to improve diversity and inclusion within our business.

There is significant evidence to show that diversity, especially at the most senior level of an organisation, leads to better decision making, greater productivity and more creative problem-solving, all of which leads to the organisation being more successful. Greater inclusion is better for peoples' physical and mental wellbeing, as they feel more respected and valued.

We need to have an agenda, with a clear action plan, to ensure we bring about real, sustainable change.

What does the future hold at TfL?
Our future plans involve making sure that inclusion is an integral part of everything we do, so that we create an environment in which diversity can thrive. This means implementing all of the plans, measures and initiatives set out in our strategy, consistently measuring our progress and, if necessary, adapting our approach to ensure we continue to move progressively towards our 2030 aims.

Santander Cycles get electric boost

In January 2024, we announced improvements to our Santander Cycles hire scheme by rolling out more e-bikes and a new day pass.

Our e-bikes fleet will expand from 600 to 2,000 bikes during the summer of 2024, making it even easier for Londoners to find an affordable e-bike. The additional bikes are distributed across key central London locations. They can be docked at any of the scheme's 800 docking stations and are serviced on the street by cargo bikes and electric vans, ensuring that the scheme is as sustainable as possible.

The new day pass, launched in March 2024, gives customers a daily rate of £3 for unlimited hires up to 30 minutes within 24 hours. Hires longer than 30 minutes incur an extra £1.65 for each additional 30 minutes. The scheme makes cycling even more accessible and affordable to Londoners.

Santander Cycles saw another record-breaking year for member hires in 2023, with 6.75 million hires taking place. This is the highest since the scheme began and highlights the popularity of the e-bikes and the membership options.

'Santander Cycles has played an important role in encouraging more people to cycle and we look forward to seeing more Londoners making use of the bikes to ensure a greener and healthier future for everyone in London'

David Eddington
Head of Cycle Hire

1,400
new e-bikes will be added to the overall fleet

Green light for station improvements

In December 2023, we announced that we had got the go-ahead to progress improvements at Colindale and Leyton Tube stations to make them both step-free for the first time, after £43.1m in funding was provided by Government.

At Colindale, which was projected to reach passenger capacity by 2026, the 1960s station entrance will be replaced with a new, landmark building that includes a spacious ticket hall and a lift.

Leyton station will also get a new ticket hall, which will be built adjacent to the existing one, two new staircases and two lifts making the station fully accessible for the first time. The work will also ensure the station has capacity to support future passenger demand. The construction contract is expected to be awarded in summer 2024.

The development at both stations will help enable thousands of new homes to be built as both areas serve their rapidly growing communities.

A London legacy

Supporting the transport services that will serve the capital for many generations to come

Search launched for next Elizabeth line operator

In February 2024, we announced a shortlist of four bidders to become the next operator of the Elizabeth line from May 2025, when the current contract with MTR Elizabeth line expires.

The next operator will build on the success of the Elizabeth line, collaborating with key partners to optimise reliability, as well as sustaining the high levels of customer satisfaction and growth.

700k
journeys made each weekday on the Elizabeth line

770k
journeys made on 14 Dec 2023, the busiest day of the year

Service boost marks Elizabeth line anniversary

A new timetable was announced for the Elizabeth line that saw frequencies increase from 22 trains per hour to 24 between Paddington and Whitechapel as the service celebrated its first anniversary in May 2023.

Services increased to 12 trains per hour between Canary Wharf and Abbey Wood during peak hours, with a train around every five minutes.

All-day services launched between Shenfield and Heathrow Airport Terminal 5 for the first time, with two trains per hour providing direct connectivity between Essex, east London and west London.

The new timetable has fewer pauses between trains, so customers can enjoy more frequent and reliable services.

The introduction of the new timetable marked the final milestone of the Crossrail project and ensured higher frequencies, greater connectivity and faster journey times for those using the Elizabeth line.

'Delivering the Elizabeth line has been transformational for our city, with hundreds of thousands of Londoners and visitors now enjoying the fast and reliable trains each day'

Sadiq Khan
Mayor of London

Messages from Their Majesties

Their Majesties King Charles III and Queen Camilla recorded announcements that were played at railway stations across the country, as well as all Tube stations, during the Coronation weekend.

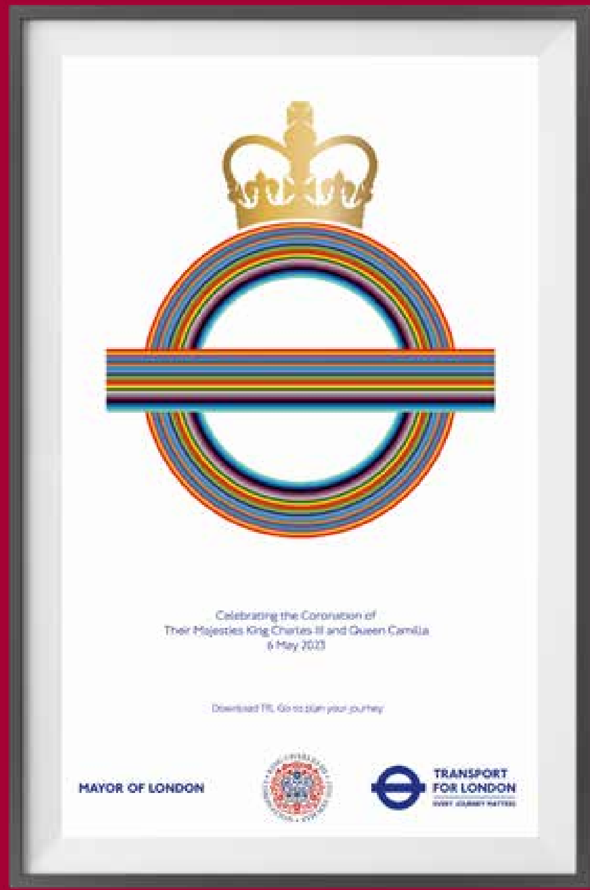
The message was recorded by our audio team, and included The King announcing the world-famous reminder to 'mind the gap'. Some of the other messages included King Charles III saying 'My wife and I wish you and your families a wonderful Coronation Weekend'.

A nod to the past

We produced a commemorative poster for the Coronation that paid homage to the one created in 1953 to celebrate the Coronation of Elizabeth II.

The poster was displayed across the network and available for customers to buy from London Transport Museum's shop.

There were also limited-edition travel advice leaflets, which again recreated the 1953 Coronation leaflet. These were available at Tube and bus stations, as well as National Rail stations, on the day of the Coronation.



Our crowning glory

To celebrate the Coronation of His Majesty King Charles III in May 2023, we unveiled specially designed 'crowndels' across the transport network.

The crowndels, which put a unique spin on the classic roundel design through the addition of the St Edward's Crown, were displayed at a number of Tube stations, as well as some Elizabeth line, London Overground and other key interchange stations.

We launched five commemoratively wrapped buses along routes passing iconic locations linked to the Royal Family, such as Horse Guards Parade and Westminster Abbey. Three bus shelters on Oxford Street were adorned with crowns so that customers on the top deck of buses or using bus stops in the area could spot them.

We also wrapped 20 Santander Cycles, including two e-bikes, with special designs and gave customers the chance to enjoy a free 30-minute cycle ride by using the code 'Coronation23'.

We decorated a number of our assets

'Public transport remained the best way to travel in London during the Coronation weekend and was at the heart of making this historic occasion a success, just like it did when London saw the 1953 Coronation of Elizabeth II'

Andy Lord
Transport Commissioner

The world is your Oyster

In June 2023, we launched a new limited-edition Oyster card to celebrate two decades of the iconic smartcard making travel on public transport quicker and easier for everyone.

The cards were available from ticket machines in Zone 1 Tube stations, as well as at Visitor Centres and Oyster Ticket Stops in central London.

Oyster is one of the world's most iconic transport smartcards, and more than 125 million people from around the world have benefited from more convenient travel in London since it launched.

The Oyster card has not just had an impact on how people travel in London, but also across the UK and even globally. The success of Oyster in London, which then paved the way for pay as you go with contactless as well, has led to more rail services across southeast England, and world cities, introducing similar pay as you go technology for travel.

The 20th anniversary design joined others that were created in previous years, such as for the launch of the Elizabeth line, the 2012 London Olympic and Paralympic Games, and Her Majesty Queen Elizabeth II's Diamond Jubilee.

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'Oyster has cemented TfL's reputation for being at the forefront of innovation and paved the way for the use of contactless payments on public transport – not only in London, but across the world'

Shashi Verma
Chief Technology Officer

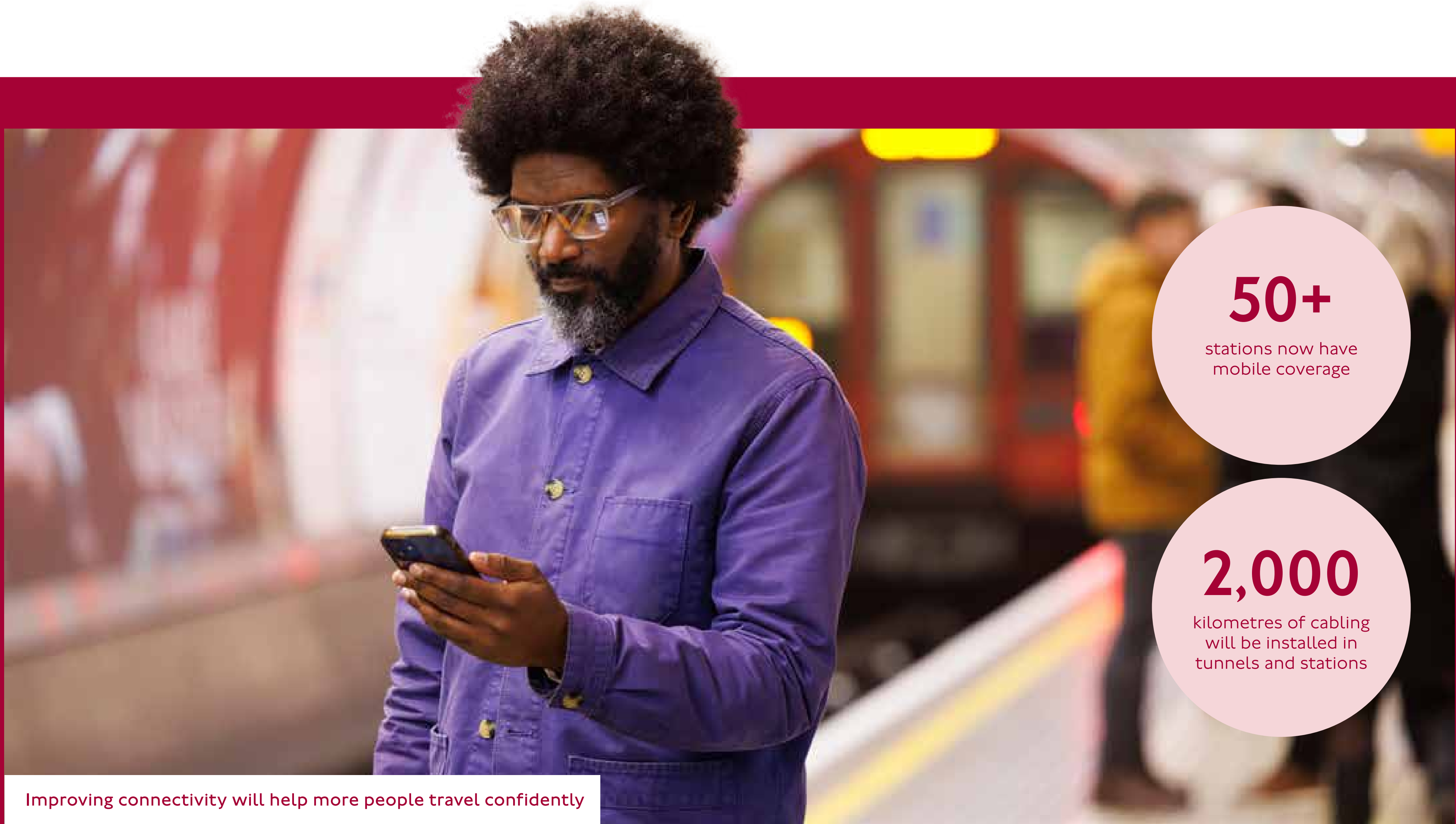
Pearls of wisdom

Other names were shortlisted before Oyster was chosen. In another world, Londoners could be carrying around Gem or Pulse cards to pay for their travel.

The Oyster system is designed to allow people to pass through ticket gates quickly and can process 40 people per minute passing through a gate – 15 more than with paper tickets.

Tapping through time

2003	2005	2007	2012 (May)	2012 (June)	2015	2018	2021
Oyster pay as you go is introduced on the Tube, bus and DLR	Daily capping on Oyster introduced	Oyster pay as you go is enabled across the new London Overground	Oyster online accounts introduced	London's Cable Car opens, offering pay as you go with Oyster	Oyster pay as you go extended to cover Thames Clipper river services	Pay as you go with contactless and Oyster extended to Heathrow Airport	Weekly capping on Tube and rail services extended from just contactless to include Oyster cards



50+
stations now have mobile coverage

2,000
kilometres of cabling will be installed in tunnels and stations

Improving connectivity will help more people travel confidently

Mobile boost to stay better connected underground

There was a huge boost for connectivity in September 2023 when the first stations in the West End went live with 4G and 5G mobile coverage.

The Mayor was present as high-speed mobile coverage was brought to the Central line, including ticket halls and escalators between Oxford Circus and Tottenham Court Road. Since then, further stations across the West End on the Central and Northern lines, and the Elizabeth line, have gone live, meaning that around 25 per cent of stations across London that have underground platforms now have coverage.

All four mobile network operators – Three UK, EE, Vodafone, and Virgin Media O2 (VMO2) – are committed to covering the whole of the Tube network, as well as the Elizabeth line, DLR and key parts of the London Overground, making it easier for customers to stay connected as they travel around the city.

Connectivity is beginning to be delivered on the Piccadilly and Victoria lines, as well as the southern section of the Northern line. The Bakerloo line will also go live in 2024, bringing in non-fare incremental revenue for us. This technology will also host the Home Office's Emergency Service Network, which when fully operational, will give first responders immediate access to lifesaving data, images and information.

Better connectivity across London

In a further boost to customer connectivity, the first 100 EE and 3UK small cells have been rolled out and are live on street lighting columns along our roads, broadcasting a 4G and 5G signal around Old Street, Waterloo, Euston, King's Cross and Park Lane.

In these areas, there has been a significant boost to the network capacity, providing high-speed 4G and 5G connections in high-density areas.

To provide the infrastructure needed for the roll out of the small cells, 40 kilometres of fibre has been laid through our traffic management system. This network will significantly improve fixed and mobile connectivity in these areas.

The small cells boost connectivity

Celebrating diversity

Showing our support for the great diverse communities that we serve

Showing our Pride

In July, we teamed up with LGBTQ+ personalities, including Drag Race's Bimini, stylist Gok Wan, DJ and writer Nick Grimshaw and dancer Queen MoJo, to celebrate Pride across the capital's transport network.

The stars featured in a poster campaign telling their stories, alongside LGBTQ+ community stories. We also invited passengers to share their own stories under our #EveryStoryMatters theme.

The posters also featured our colleagues, with staff members expressing their Pride creativity through designs, poems and craftwork.

To further celebrate London's diversity, a number of our services, including a London bus, a London Overground train, an Elizabeth line train and an Underground engineering train, were wrapped in a unique and vibrant design.

The design, which was shaped by the lived experience of the LGBTQ+ community, reflects the diversity of London and was seen by people across London to as far as Essex and Reading.

The wrapped London Overground and Elizabeth line trains, engineering train and bus were funded by our partners Arriva Rail London, MTR Elizabeth line, Hayley Rail, Abellio and Global.

Joining the Carnival

We celebrated the culture and contributions of the Windrush generation at Notting Hill Carnival in August 2023, with a specially wrapped double-deck bus.

The vibrant bus, designed by artist Baraka Carberry, formed part of our parade at the carnival, themed to commemorate the 75th anniversary of the arrival of passengers on the SS Empire Windrush.

The bus, provided by Go Ahead London, formed the central part of our float, which we arranged in collaboration with Lagniappe Mas band and the Windrush Generation Legacy Association. The wrapped bus went into customer service after the carnival.

'Our transport network would not be the success it is today without the incredible contributions of the Windrush generation who answered the call to come here from the Caribbean to work, so Baraka Carberry's design is a fitting tribute'

Andy Lord
Transport Commissioner

Spotlight on our people

Celebrating a unique legacy

Chris Samson
Project Manager,
Chief Capital Officer

As well as his day job leading on people plan workstreams, **Chris Samson** was project manager for our activities to celebrate the 75th anniversary of the Windrush generation, including arranging our presence at Notting Hill Carnival

How did you get involved in our Windrush celebrations?
We regularly celebrate the anniversary and have been a part of Notting Hill Carnival in the past, but never at the same time. Project managing the event was rewarding and exciting because although it was a first for us, the success was down to strong leadership endorsement and the willingness of colleagues and suppliers to make it happen.

Why is it important to recognise this anniversary?
The Windrush generation has a very close relationship with transport and our nation. I would go as far as saying they shaped the transport network at a time when it was truly at its most vulnerable. The part played by those who came from other countries has been either poorly documented or part of hidden history. Recognition and celebration is not only an effective way of redressing that, but also helping to shape our future as a more inclusive society and workforce.

The poet and author Maya Angelou said: ‘You can’t really know where you’re going until you know where you have been’. It’s a powerful lesson for us all in all walks of life and it’s why we took the time to partner with a charity who continue to work with veterans of the Windrush generation, many of who are retired members of London transport.

How was the experience of being involved with the commemorations?
It was incredibly challenging and inspiring at the same time. The challenge was ensuring we showcased the impact of the Windrush legacy– the art, music, clothes, language, literature and food. There are very few events that bring all of that together better than the Notting Hill Carnival. We also have so many colleagues who play an active role in the carnival.

We celebrated the contributions of the Windrush generation

The inspiration came from collaborating with some amazing colleagues and organisations who not only gave their time, resources, energy and support – but also shared their experiences and the impact of the Windrush pioneers. It helped shape so much of what we achieved.

I was really humbled with the opportunity to visit some of the businesses and meet the people who were helping to get things done. In a world where online meetings have become the norm, it was really nice to meet in person and pass on my personal thanks. I’ve made some good friends and developed important relationships.

What was your highlight from the events?
Meeting the veterans, including some in their 90s, and members of the Windrush Generation Legacy Association. Like any real hero, they are all very humble. We made sure they realised they were much more than that on the day, along with the thousands of revellers who clapped and cheered them along the route.

My mum also took part. She spoke with so many of our veterans about shared experiences and she was made to feel special by so many colleagues. The feedback from customers was incredible. Events like this can spark curiosity and builds bridges, both generational and cultural. It’s what legacy is all about.

Celebrating Black History

We celebrated Black History Month in October 2023 with a series of events and performances to honour the Black people who have shaped the transport network and the city.

A leaflet of poems by Black poets was available at most Tube stations, bringing together works from our Poems on the Underground programme, including those by Benjamin Zephaniah, Lemn Sissay and Grace Nichols.

Brixton station hosted a photo series celebrating Black women members of staff working across TfL in a range of areas. The work, titled Saluting Our Sisters, sees each woman share their achievements and aspirations, both inside and outside the workplace.

The specially wrapped bus, featuring a design by artist Baraka Carberry, which was created for the Notting Hill Carnival, went into service throughout the month on route 40, between Clerkenwell Green and Dulwich.

There were also DJ sets on the London Overground, with Service Delivery Manager Bentley Brooks taking to the decks as Bentley B at Shoreditch High Street, Shepherd's Bush, White Hart Lane and Dalston Junction stations, playing a variety of music from Africa, the Caribbean and America.

Supporting the Poppy Appeal

In November 2023, we once again showed our support for the Royal British Legion by creating special poppy-themed roundels that were displayed at 10 Tube stations and five London Overground stations, as well as at some bus stations across the network.

We wrapped five buses in a special poppy design, which featured at Battersea Power Station and alongside Yeoman of the Guard at the Tower of London. Tube, DLR, Elizabeth line and London Overground trains, as well as trams, displayed poppies to mark their support. Poppy flags were raised over our piers along the Thames.

We further supported the cause, which raises money to support veterans and servicemen and women, by creating transport-inspired poppy pins, which could be purchased from the British Legion's Poppy Shop.

Voicing support

We teamed up with celebrities Jools Holland OBE, Ross Kemp and Britain's Got Talent winner, magician and serviceman Lance Corporal of Horse Richard Jones to help promote London Poppy Day and encourage people to donate to the Poppy Appeal, ahead of Remembrance Day in November 2023.

Jools Holland made a series of special station announcements that were played across the network to encourage people to donate to the appeal. Richard Jones tried his hand as a train driver on the Elizabeth line in the simulator at Old Oak Common.

Ross Kemp braved Storm Ciaran by travelling along the Thames in a Royal Marines landing craft to meet Transport Commissioner Andy Lord and members of the London Transport Old Comrades Association at Westminster Pier, before joining them for fundraising activity, which raised more than £1 million for the charity.

2,000+
volunteers help collect donations across our transport network

£1.3m
raised on our network each year through bucket collections

Jools Holland OBE was on hand to address our customers

Our Lost Property Office provides a vital service

257k

items were received at the Lost Property Office in 2023/24

11,401

items returned to their owners in 2023/24

Lost and found

In October 2023, our Lost Property Office celebrated its 90th anniversary with a move from South Kensington to a new permanent home in West Ham.

The relocation enables us to accommodate the increasing number of lost items being received. This, coupled with the existing lost property database, will make it faster and easier for people to be reunited with their belongings. In due course, it will also make it easier for black taxis to park when they need to drop off lost property.

The Lost Property Office was created in 1933 and based at 200 Baker Street. From there, staff reunited customers with belongings left on stops, stations and vehicles, including black cabs. It is now the largest facility of its kind in Europe.

In safe hands

Our Lost Property Office keeps hold of recovered items for three months, while attempts are made to reunite them with customers by using information found inside the property or matching items to descriptions provided by customers.

After three months, any unclaimed items will have personal data removed and securely destroyed, before being either donated to charity, recycled or auctioned.

Any revenue generated from unclaimed items contributes to the cost of running the Lost Property Office.

New Labyrinth artworks unveiled

As part of our celebrations for the 160th anniversary of the London Underground, we unveiled two new Labyrinth art installations at Battersea Power Station and Nine Elms stations in September 2023.

The artworks form part of a project commissioned by Art on the Underground from artist Mark Wallinger, who created a unique Labyrinth for each station on the Tube, with the first piece unveiled 10 years ago.

Wallinger, who was first commissioned for the project in 2013, chose the ancient symbol of the Labyrinth, with its single path, as the theme of the expansive work.

Each Tube station has its own unique Labyrinth design, emblazoned in black and white on a single enamel panel, representing the journey through the network taken by millions of individuals each year.

The two stations joined the London Underground network in September 2021 when the extension of the Northern line opened.

The Labyrinth at Nine Elms features nine concentric circles to hint at the station's name while Battersea Power Station has a four-cornered structure within the circular outline, a nod to the location's famous four-chimney landmark.

London Underground enthusiasts were the first to see the new Labyrinths at Battersea and Nine Elms stations be unveiled. The Labyrinths are located in each stations' ticket hall and are now on permanent display.

Music to your ears

Our busking scheme celebrated 20 years since opening in 2023. We celebrated this milestone by launching a portrait exhibition at Victoria station featuring 20 licensed buskers, all sharing their stories of their time on the Underground.

Buskers perform at more than 40 pitches on our network. Last year, the first ever pitches opened on the Elizabeth line, with buskers bringing their talents to two spots at Bond Street station. More pitches are planned for the Elizabeth line in 2024.

Talented musicians have been performing on London's transport network since 2003 through the London Underground Licensed Busking Scheme. The performances help brighten people's journeys with genres from rock, to classical and pop for 364 days-a-year.

'From the Jam to The Kinks' 'Waterloo Sunset', London has a long history of inspiring and celebrating music, and as we enter our busking programme's twentieth year, I can't wait to hear the songs of a whole new generation of buskers'

Chris Steer
Area Manager, Green Park and Euston Victoria Line

Sing when you're winning

Auditions for the latest cohort of buskers on our network got under way in February 2024, as London's finest musical talent looked to book themselves a pitch.

Around 280 musicians from all genres performed to a panel of judges at Bank, Blackfriars, Canary Wharf, Farringdon and Southwark stations, shortlisted from around 600 applicants.

Each prospective busker had a 10-minute slot to convince a panel, which included a professional musician and station staff. The auditions were designed to assess the musician's repertoire, musical ability, and performance styles.

200
existing buskers performing across our transport network

40+
busking pitches on the Tube, Overground and Elizabeth line networks

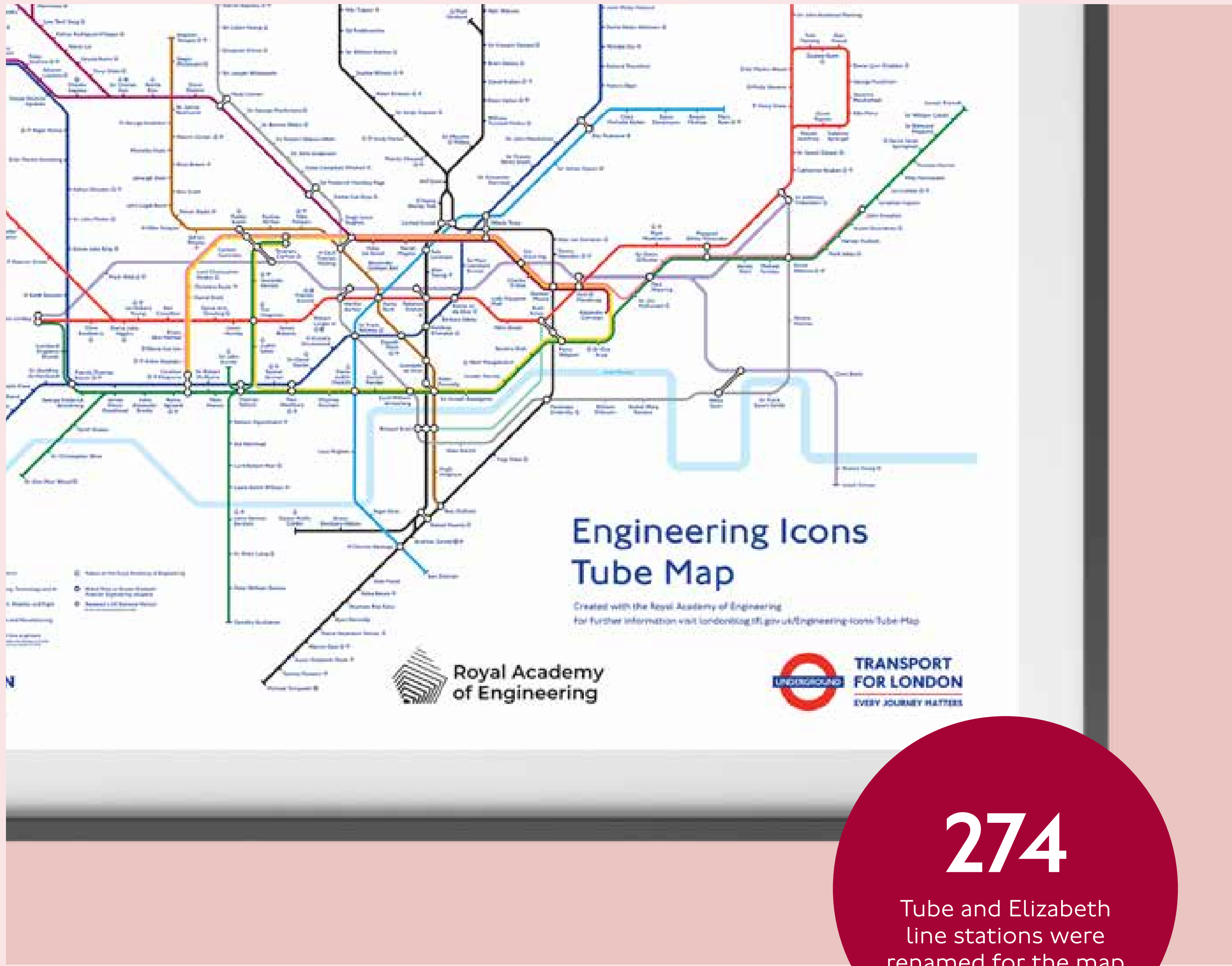
Building our brand

In May 2023, we announced a multi-year deal with internationally renowned licensing agency IMG to expand our brand engagement and licensing programme, within both the UK and across the world.

IMG will manage and build on our existing licensing programme, which has seen major collaborations with brands in recent years such as Arsenal Football Club, Kurt Geiger and Uniqlo.

Working together, we are looking to extend our internationally recognised brand across new markets, with a special focus on engaging children and supporting wellness and active travel products. These include apparel and accessories, home, gift and stationery, publishing, food and beverage, toy and games, and experiential experiences.

The partnership will help brands access our assets, as well as iconography for rail and river services, buses, active travel modes such as walking and cycling, as well as the Elizabeth line.



274
Tube and Elizabeth line stations were renamed for the map

Engineering a new look

In November 2023, we partnered with the Royal Academy of Engineering to launch a special-edition of the Tube map, which replaced the 274 Tube and Elizabeth line station names with leading engineers.

The launch of the Engineering Icons map coincided with National Engineering Day, which recognises the achievements and contributions of engineers and aims to inspire people from all backgrounds to pursue careers in engineering.

The map saw stations renamed in honour of notable engineers. Oxford Circus was renamed as Harry Beck, who was an electrical draughtsman and created the iconic London Underground Tube map in 1933.

Shepherd's Bush became Professor Dame Ann Dowling, who was the first female President of the Royal Academy of Engineering and worked on pioneering noise-reduction research on Concorde.

Ealing Common honoured Isambard Kingdom Brunel, who is the most celebrated civil engineer of the nineteenth century, while Warren Street became Ada Lovelace, who is considered the world's first computer programmer.

Talk of the Tube

In December 2023, as part of the celebrations to mark 160 years of the London Underground, we launched a podcast series to showcase what makes the service so iconic.

Presented by railway historian, broadcaster and lifelong Tube enthusiast Tim Dunn, the four-part 'Mind the Gap' series shines a light on the iconic transport network, looking at the architecture and history of stations, innovation in transport and how public transport connects people and places.

Each episode features people who have a special connection to the Underground, including Wayne Hemingway, the world-renowned designer who created the uniforms for London Underground frontline staff, Night Czar Amy Lamé, along with other experts and TfL staff.

There was a special festive episode that saw Tim meet up with – and journey with – one of his broadcasting heroes and fellow self-professed Tube fan Rylan Clark. The pair travelled from central London towards Rylan's hometown in Essex.


Tim Dunn spoke with Amy Lamé

We have helped people to enjoy the best of London's nightlife

Friday is the new Friday

In March 2024, we introduced a three-month trial of off-peak fares on the Tube and rail networks every Friday to encourage more people to enjoy London for less.

The trial, which applied to all pay as you go journeys using contactless or Oyster, was designed to encourage people onto the network and support London's wider economic recovery.

The daily cap was also amended to cap at an off-peak rate on Friday, helping those who make multiple journeys through the day to save even more.

To further support the trial, we teamed up with London & Partners, the capital's business growth and destination agency, to create a new webpage to showcase a range of offers available on Fridays during the trial. We also worked with Business Improvement Districts and key stakeholders, to identify a range of deals to further encourage people to make the most of their Fridays.

We also announced a headline partnership with OpenTable, which offered customers special menus across a range of restaurants in the capital, with different deals available each off-peak Friday.

Concessions for care leavers

Applications for travel concessions for young care leavers opened in February 2024 to enable them to benefit from half-price bus and tram travel in London.

The concession will support around 15,500 care leavers aged 18 to 25 who can apply for the travel concession, enabling them to be able to travel more affordably while they transition into independent living.

London's children in care can face many obstacles once they leave the care system. This means fewer care leavers go onto further training or university and may have to deal with complex challenges after they leave care.

Studies by the Children's Society suggests that nationally, nearly 42 per cent of care leavers aged 19 to 21 are not in education, employment, or training, compared to around 11 per cent of all 19 to 21-year-olds.

The new concession sits alongside our other travel concessions, aimed at everyone from young people to older people and those seeking employment.

15,500
care leavers will be supported by the new concession

Artistic flair

We have showcased some of the great creative talent that London has to offer through a range of initiatives

Colour mapped out

A new pocket Tube map, which launched in December 2023 with a cover featuring a photographic collage by artist Joy Gregory, was inspired by more than 100 years of cultivated gardens on the transport network.

Gregory, who works primarily in photography, took inspiration from our annual staff gardening competition 'In Bloom', which recognises staff for cultivating gardens in unlikely station environments. Having visited and documented gardens across our network, Gregory was inspired by Morden station's garden and fruit and vegetables, naming the piece after what the station's customer service manager calls 'a little slice of paradise'.

The artwork was the 39th piece commissioned by Art on the Underground to adorn the cover of a pocket Tube map. Since 2004, there have been two new covers every year, with previous artists including Joy Labinjo, Larry Achiampong and Phyllida Barlow.

The Tube map was available for free at all stations across our network.

Declaration of independence

Throughout spring and summer 2023, London-based artist Barby Asante worked with our staff on a new performative artwork project, titled 'Declaration of Independence'.

The work brought together Black women and people of colour and culminated in a performative piece at Stratford Tube station in September 2023, with visual outcomes at Stratford, Bethnal Green and Notting Hill Gate.

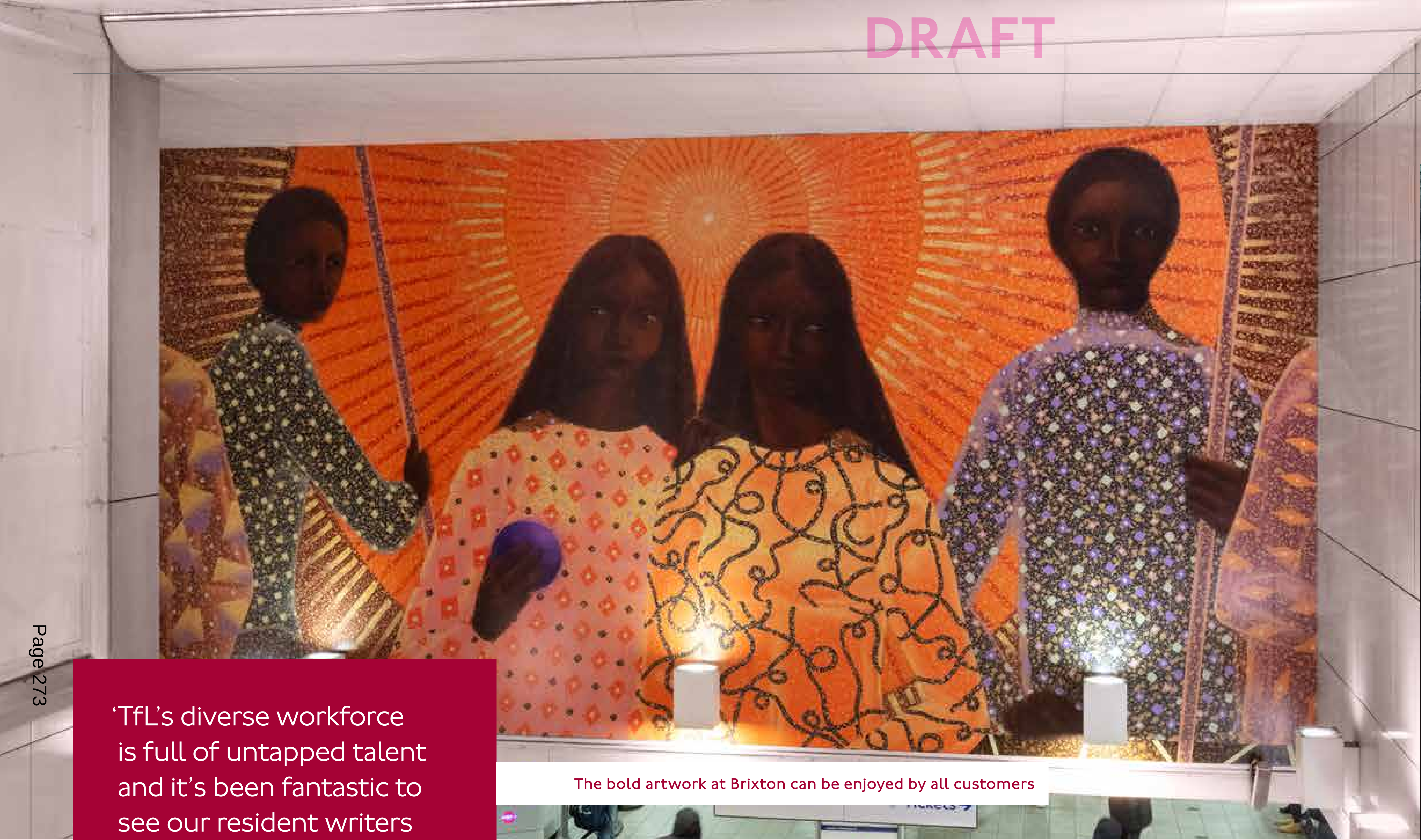
The process of this project also drew on research into our photography archives, connecting histories of Black, Asian and minority ethnic women workers to our current moment to reflect on how histories also inform the present.

Commissioned by Art of the Underground, this work was Asante's first major piece in a public space.

'The most beautiful and rewarding part of working on this commission was seeing the positive impact these gardens had on the lives of people using the transportation system'

Joy Gregory
Artist

Image credit: Benedict Johnson



The bold artwork at Brixton can be enjoyed by all customers

‘TfL’s diverse workforce is full of untapped talent and it’s been fantastic to see our resident writers showcase their writing skills alongside their operational roles’

Eleanor Pinfield
Head of Art on the Underground

Art is reborn in Brixton

In November 2023, Art on the Underground unveiled a new artwork by Jem Perucchini at Brixton Tube station, marking the Italian artist’s first major commission.

Titled ‘Rebirth of a Nation’, the large-scale public artwork is the latest in a series of commissions for the station, following on from the work of artists including Njideka Akunyili Crosby and Joy Labinjo.

Initiated in 2018, the programme invites artists to respond to the diverse narratives of the area, in recognition of the local murals painted in Brixton in the 1980s.

Perucchini’s work captures ethereal figures with luminous light in which the past, embodied by a female figure, and the future, her mirror image, meet. Drawing from Brixton, one of London’s most distinctive areas, Perucchini’s work responds to an environment shaped by its diverse residents and their histories.

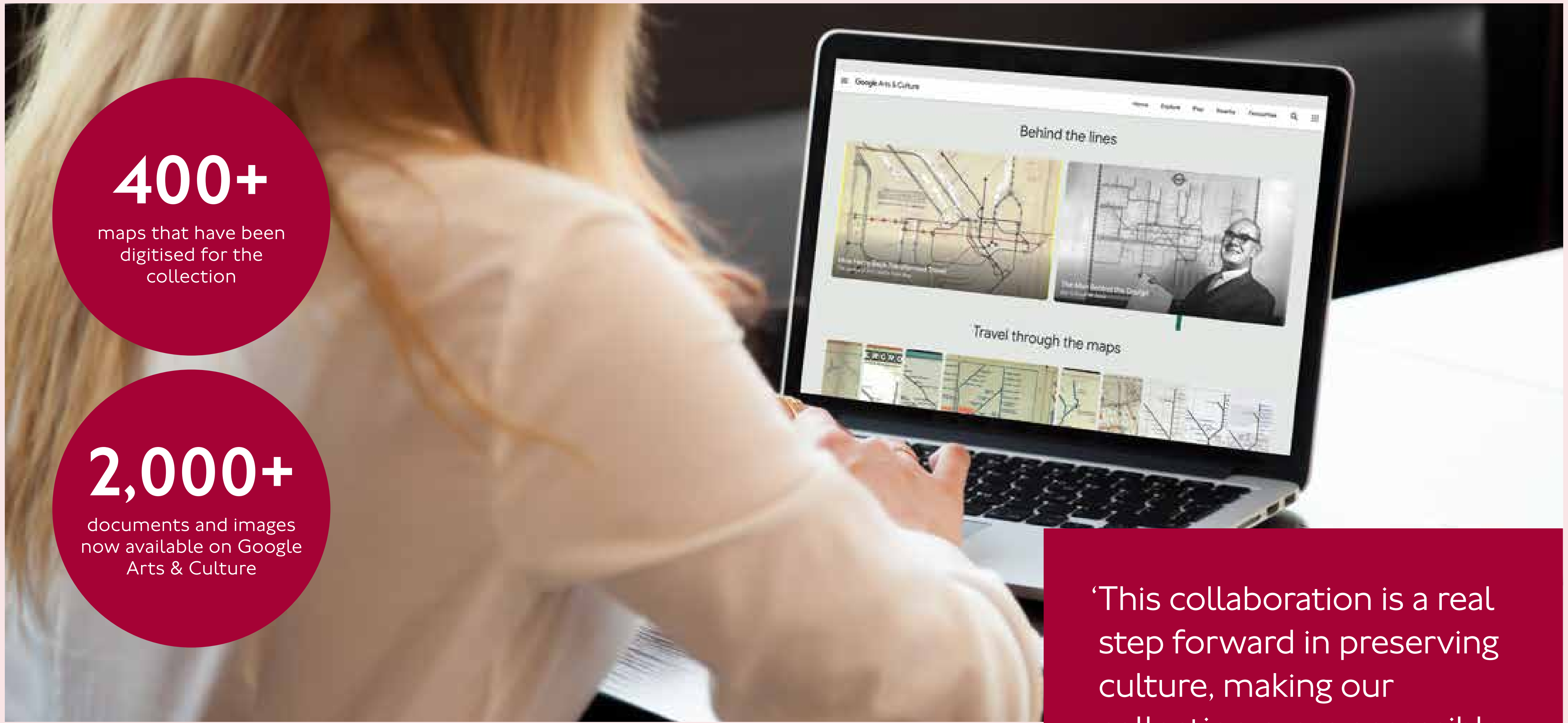
Pond life

In May 2023, Art on the Underground unveiled a large-scale installation on the disused platform at Gloucester Road station by Monster Chetwynd.

Her installation, titled ‘Pond Life: Albertopolis and the Lily’, reveals the entwined histories of the station and the vast programme of cultural redevelopment that followed the Great Exhibition of 1851 in Hyde Park.

Chetwynd created a series of five four-metre diameter disc-shaped sculptures along the length of a platform. Each sculpture was populated with creatures – beetles, dragonfly larvae, tadpoles and tortoises – that appear to be constructing sections of the Crystal Palace.

Image credits: Angus Mills / GG Archard



400+
maps that have been digitised for the collection

2,000+
documents and images now available on Google Arts & Culture

Sharing our culture

In February 2024, we collaborated with Google Arts & Culture to share our collection and stories online with the world for free.

Many of these documents are available online for the first time, and cover everything from the first London Underground line opening in 1863 to the modern day services. Among our collection are maps prepared for the 1937 and 1953 coronations, cartoons by Tube map designer Harry Beck, and extracts from oral histories with people who sheltered in the Tube during World War II.

The collection has been sourced from our Corporate Archives, which is responsible for safeguarding the corporate memory of TfL and our predecessor companies. It will be regularly updated to keep material relevant and ensure that our innovative projects are equally preserved for the future.

'This collaboration is a real step forward in preserving culture, making our collection more accessible, and helping to open never before seen content to a wider audience'

Tamara Thornhill
Corporate Archivist

Poetry in motion

In March 2024, we unveiled a poem by Harrow-on-the-Hill station customer service manager Anthony Okolie at St James's Park station, as part of Art on the Underground's writer in residence scheme.

Okolie's poem 'Ode to the Mother' is inspired by the large-scale public artwork by Jem Perucchini above the entrance to Brixton Underground station.

The poem was launched as an artwork poster on the platform at St James's Park station, with the 45-line work arranged across four panels.

The Writer in Residence scheme was established in 2022 to highlight and amplify the creative voices of our staff, creating engaging responses to art across the network.

Poet Anthony Okolie with his work

New homes and jobs

Helping business thrive and building new homes

Graeme Craig
Chief Executive,
Places for London

‘We’re moving London forward with thriving, connected places by unlocking the full potential of TfL’s land to deliver new, sustainable and affordable homes, support Londoners and businesses to thrive, and boost the regional and national economy’

Introducing Places for London

Our property company is creating spaces that will help support London's growth and development

Going places

For decades, we have kept London moving and been one of the city's biggest innovators. In April 2022, a financially independent property company was established in TfL. In September 2023, this company was unveiled as Places for London, becoming one of our newest and most important innovations.

Places for London was created to help solve some of the capital's biggest challenges and meet its wider needs, including building new affordable housing, delivering new workspaces, and helping create a more sustainable city. It does this without diverting any funding from transport, while all operating profits from recurring revenue are returned to TfL as a dividend and reinvested into the transport network.

By 2031, Places for London will have started delivering more than 20,000 homes, half of which will be affordable. It has already completed more than 940 homes, and has started on further sites that will provide more than 3,400 homes across the capital.

There are more than 1,500 businesses on the Places for London estate, in stations, on high streets and in arches under railway lines. That number is set to grow as we create more than 250 more spaces for London's entrepreneurs. Places for London is also introducing flexible workspaces in key central London locations, by upgrading existing spaces and building new offices.

95%
of businesses on our estate are small and medium enterprises

20k
new homes started on by 2031

Places for London's approach is focused on partnership and inclusion, taking the role of a long-term steward across its sites.

As well as developing and managing buildings and spaces, Places for London wants to support the capital to prosper and be more sustainable. It is driving positive social impact, promoting economic development and embodying environmental stewardship across all its developments. As a member of the Better Buildings Partnership, Places for London has published a Net-Zero Carbon Roadmap for its portfolio.

Places for London's construction skills programme is helping Londoners take their first steps into the construction industry and is equipping them with vital skills. In the last four years, 2,775 people have gone through this construction skills programme and moved into employment in the built environment, with more than half of those coming from minority ethnic backgrounds.

'Places for London is a dynamic and diverse place to work, and I'm thrilled to be a part of it. I am excited to have the opportunity to deliver more of the space that Londoners want and need across the capital'

Frances Fok
Assistant Lettings Manager

50
new homes will be created

35%
of new homes will be affordable housing

Living in London

Our plans for moving forward and growing our asset base

Restoring South Kensington Tube station

Alongside our partner Native Land, Places for London obtained planning permission for the redevelopment of property around South Kensington Tube station that respects the unique heritage of the area.

The plans will see a key cultural quarter of London served by a modern and accessible station by completing step-free access to the Circle and District lines at the station and a new accessible station entrance with lifts to the ticket hall and the subway under Exhibition Road. The plans will help preserve and restore the historic arcade within the Grade-II listed station building.

The development will also provide 50 new homes around the station, of which 35 per cent will be affordable, as well as high-quality retail and workspaces.

Building a successful partnership

In April 2023, we announced that Places for London had appointed Barratt London as its joint venture partner to deliver thousands of new homes across west London.

Bollo Lane in Acton is the first site of the West London Partnership to come forward and is set to deliver up to 900 new homes, including 50 per cent affordable housing. The proposals will also provide other community benefits, including green areas, playgrounds, and spaces for businesses to thrive and grow.

Together, Places for London and Barratt London will create new educational and job opportunities for those considering a career in the construction industry, including people who live locally through apprenticeships and training programmes.

Places for London has successfully partnered with Barratt London to complete Blackhorse View, comprising 350 new homes, all of which are sold. The partnership is also making great strides, delivering 454 homes including 40 per cent affordable housing, at Wembley Park in Brent.

A thriving London

Working together to improve our estate and drive progress

'We have more than 900 arches across our estate, which are home to hundreds of small- and medium-sized businesses, from swimming pools to art studios. We are determined to unlock more of the spaces for businesses to set up, grow and thrive – starting at Kilburn Mews'

Jo Fisher
Head of Arches,
Places for London

Mewsing on improvements

In October 2023, Places for London announced it had secured planning permission to improve 11 arches along Kilburn Mews. The new development will open the mews to Kilburn High Street, creating a gateway to the area that has been shaped by local people and is accessible.

In collaboration with architect DKCM, the work will enhance the infrastructure of the historic and characterful arches, bridges and surrounding external space to create a new public space off the busy high street. The plans include new frontages and improved energy efficiency for the arches by using air source heat pumps to provide heating and cooling, helping to lower operating utility costs for tenants.

The proposal includes planters and tree pits, which will support sustainability and improve the ambience of the area.

Throughout the development of the designs, Places for London listened to the local community to ensure their needs were prioritised. This included hosting sessions in person and online, working with a local youth centre and running activities with a nearby secondary school.

The safety of women and girls is central to the plans, with the development focusing on how the area can be shaped and designed to ensure they feel safer. This includes improving the general lighting and security along the mews by installing CCTV cameras and mitigating potential hotspots for antisocial behaviour.

Learning together

As one of the capital's largest landowners, Places for London provides a home to a range of businesses including florists, cafés, construction companies and garages located in arches, high streets and stations across London.

In March 2024, Places for London announced a pilot of a new business skills training programme for tenants across our estate, as part of its commitment to be a responsible and sustainable landlord that promotes an inclusive economy.

Working with Heart of the City, the year-long programme offers up to 40 tenants the chance to learn responsible business skills, where they will receive a range of training and support at no cost.

The training includes online learning modules, webinars, insight sessions with experts, responsible business health checks and one-to-one sessions with advisors. There is also the chance for businesses to meet other like-minded tenants from across our estate, so they can exchange ideas, learnings and collaborate.

As well as learning skills like protecting mental health and wellbeing, and understanding more about accessibility and inclusion, tenants will also learn how to make a wider impact on their communities, such as through community investment, volunteering and by learning how to measure their carbon footprint and create a net-zero action plan.

Inspiring the next generation

In February 2024, we announced Construction Youth Trust as the delivery partner for the Educational Engagement Programme. The programme aims to inspire the next generation of young people to consider working in the built environment.

The Educational Engagement Programme will bring together schools, young people and employers, so that students, teachers and parents can learn more about the construction industry and the impact it has. Over the next three years, the programme aims to reach 6,750 young Londoners through a range of workshops and intensive programmes to help young people progress into the built environment.

Places for London and its partners will directly support 250 young people to progress into an education, training or employment outcome related to the built environment. This could be an 18-year-old starting a degree level apprenticeship, or a 16-year-old going onto study a construction T-Level.

> 'We're inspiring young people to get into the built environment industry through our Educational Engagement Programme and, by working with our partners, connecting them to opportunities created by our pipeline'

Tom Glover
Educational Engagement Programme Lead at Places for London

Designing spaces for every Londoner

We have welcomed the first residents to the development at Kidbrooke Station Square and are expecting to complete the first phase later in 2024.

To help engage everyone in the development and improve safety for women and girls, a sustainable development framework looking at the design of teenage playspaces was developed. Together with joint venture partner, Notting Hill Genesis, Places for London engaged teenage girls from Thomas Tallis School, who reviewed and suggested improvements to the designs.

167k
plug-in electric cars and vans already registered in the capital

19,500
charge points installed across London

300
electric vehicle charging points that we have delivered

Charging ahead with joint partnership

In November 2023, we announced that Places for London had set out to secure a joint venture partner to help bring forward a number of new ultra-rapid electric vehicle charging hubs across our estate.

The partnership aims to create new off-street charging hubs.

Five locations have been identified as initial seed sites. These sites are at Hanger Lane, Canning Town, Tottenham Hale, Hillingdon Circus and Hatton Cross Tube station. In the coming years, Places for London expects to deliver up to 60 further charging hubs across the capital.

Each site will deliver at least six publicly accessible ultra-rapid charging bays, including at least one bay for those with accessibility needs. The ultra-rapid charging facilities will enable drivers to charge their vehicles in up to 30 minutes.

Creating a long-term joint venture partnership will enable Places for London to directly shape the design and delivery of the hubs, ensuring the highest standards of service, while generating long-term revenue that can be reinvested back into the transport network.

Spotlight on our people

Building a successful career path

Kelly Lopez
Senior Property
Development Manager

Working for Places for London, **Kelly Lopez** is responsible for unlocking the potential of our land, leading on a portfolio of projects from feasibility stage to completion

What does your role involve?

I lead on a portfolio of projects from feasibility stage to completion. I manage a high-performing multi-disciplinary team from across Places for London and third parties to meet key objectives, which includes affordable housing, sustainability credentials and providing a financial return that can be reinvested into public transport.

How did you get involved in property development?

I have always had a passion for property and have worked in the property development sector for more than 15 years. Before joining TfL to work on property, I spent most of my time in the registered provider sector, where I would ensure a social purpose was always considered in any project.

After seeing an advert on LinkedIn, I applied for the role as Senior Property Development Manager and I have enjoyed every minute of being part of the team, which has grown to around 75 people all with a key objective to help delivering the quality, sustainable homes that London needs.

Why is it important to build new homes and workplaces?

With London's growing population, significant housing shortage and the homelessness crisis, delivering and managing new homes and workplaces is critical. Creating employment opportunities, which construction does, will also contribute to London's cultural richness and vibrancy, and generate economic growth. By doing this, Places for London is able to create a dividend that helps TfL to reinvest in the transport network, enabling it to become more and more accessible to all.

What is the highlight of your career so far?

My highlight would be playing an integral part with our joint venture partners in delivering new homes that include 50 per cent genuinely affordable homes coming out of the ground and being let to residents in locations such as Kidbrooke.

The developments at Kidbrooke are providing vital new housing

Balancing all the different stakeholder demands is always challenging, and I pride myself on my ability to bring people together, to represent Places for London's views and deliver inclusive, sustainable homes. People have already started to move into Kidbrooke, and we are expecting to complete the remainder of phase one at Kidbrooke in 2024 – I can't wait to see Londoners benefit from their new homes and community.

What are your future plans?

In Places for London, we have a target to start on the sites that will provide 20,000 homes by 2031, with 50 per cent of those being affordable. These won't just be homes, but they will unlock the full potential of land with mixed-used developments, with some proposals set to include workspace, light-industrial units, logistics hubs and retail for the future.

We value design highly and want to leave a positive legacy in the places we create for Londoners to enjoy. This could be achieved by completing step-free access at Tube stations or designing public realm that is green and beautiful, with input from the community. The buildings and places we deliver will be there much longer than the people behind them, and I want to see good, quality design shine through and sustain for many years improving the areas in and around the wonderful stations and transport assets we have across London.

Economic boost

Our investments are having a positive impact on the wider UK economy, supporting jobs across our supply chain and partners

£6.5bn that we invested in projects throughout 2022/23

2,000+ suppliers involved in our supply chain

93% of our suppliers are based in the UK

A boost beyond our borders

In October 2023, we published a major independent report, which outlines the powerful economic effect that sustained investment in our public transport system can have across the whole country.

The report, by global engineering, project management and professional services firm Hatch, showed how our investment has a huge benefit for our UK-wide supply chain, which in turn delivers wider benefits for the economy of the local areas where the suppliers are based, further supporting jobs and economic growth.

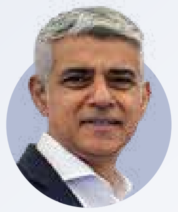
During 2022/23, our investments led to a total economic output of £5.9bn in gross value added to the UK economy, and supported 100,000 direct and indirect jobs across the UK.

Analysis of our supply chain shows that two-thirds of our suppliers are based outside of London, with large numbers in the North West and West Midlands.

More broadly across the UK, our supply chain supports a wide range of small and medium-sized enterprises, such as MDS ltd, which is based in Bedford and supply the London Underground with fabricated escalator steps. We also have AJ Wells and Sons Ltd, which is based on the Isle of Wight and provides station signs and roundels across our network.

The analysis showed that for every £1m that we spend, 16 jobs are supported in the wider economy.

'London is the engine room of the UK, and this research demonstrates not only how great TfL's impact on the wider UK economy is, but also how much London needs the expertise from around the country that isn't available in our capital'



Sadiq Khan
Mayor of London

Unlocking Thamesmead and Beckton Riverside

In June 2023, we submitted plans to the Government to deliver new transport links, homes and general regeneration of Thamesmead and Beckton Riverside, with a particular focus on extending the DLR in this area.

As part of our Strategic Outline Case, which we worked on with our partners, we would deliver huge improvements through the Thamesmead & Beckton Riverside Public Transport Programme.

This includes a DLR extension from Gallions Reach to Thamesmead via Beckton Riverside, including a new DLR station at Beckton Riverside, with a tunnel under the Thames linked to another new DLR station at Thamesmead.

There would also be a bus transit scheme to provide reliable, accessible and frequent connections to the Elizabeth line and DLR, to help tackle bottlenecks and deliver improvements ahead of the extension.

The DLR extension to Thamesmead would build on experience from 2009 when the DLR was extended to Woolwich Arsenal tunnelling beneath the River Thames, unlocking significant housing growth in areas including Woolwich, Canning Town, Pontoon Dock and West Silvertown.

We have continued to develop the cases for West London orbital, which would extend the London Overground from Hounslow towards Hendon and West Hampstead, and the Bakerloo line extension.

> ‘We've seen what can be achieved with investment in public transport bringing transformational change over the past few years with the Elizabeth line, the Northern line extension to Battersea and the London Overground extension to Barking Riverside. This Strategic Outline Case is the next step on the way to making this scheme a reality’

David Rowe
Director of Investment Delivery Planning

Extending the DLR will help support vital new homes and jobs

30k new homes could be delivered by unlocking the area

10k jobs could be created through the support of the extended DLR

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London's major stations

We are working in partnership with London Legacy Development Corporation, Network Rail, and Newham Council to look at long-term solutions for forecasted congestion and delays at Stratford station and to support planned growth.

In July 2023, we set out an initial Strategic Outline Case for investment and the need for a long-term solution. This case will be developed further over the coming year.

We are also working with Network Rail and Westminster City Council on the potential redevelopment of Victoria station and the surrounding area. These plans would seek to improve the transport interchange and customer experience, and increase capacity at the station, as well as transforming the local area.

We have supported work led by Network Rail and Lambeth Council to develop Waterloo station, which was published in March 2024. This is a vision for the station and surrounding Waterloo and South Bank areas.

Together with Network Rail we own a combined 14,000 acres of land in the capital. Having signed a collaboration agreement in 2023, we are committed to working together to unlock the housing, jobs and new infrastructure through joint development at these and many more across London.

Positive influence

During 2023/34, we worked with more than 16 boroughs to help embed sustainable transport in their local plan policies.

We also attended two local plan examinations where we challenged policies that undermined our key objectives. As a result, we managed to make changes so that the plans better align with the London Plan. We have also shaped more than 10 supplementary planning documents that cover more detailed planning for particular areas.

2,600
planning applications were received in 2023/24

Sustainable drainage schemes will help prepare for climate change

Developing brownfield sites

We have worked closely with the Department for Levelling Up, Housing and Communities to secure transport infrastructure funding to support new housing. Recent successes include the DLR and London Overground upgrade projects and the Levelling-Up Fund projects at Colindale and Leyton.

In 2023/24, this work continued with the Brownfield, Infrastructure and Land fund.

In November 2023, the Thamesmead Bus Transit was allocated £23m, subject to business case approval, to link existing communities and key development sites in Thamesmead with local town centres and the Elizabeth line.

We are also working on a potential allocation to Pontoon Dock station, which is needed to enable the delivery of more than 6,000 homes at Silvertown Quays.

DRAFT

London Overground

Naming the future

We revealed six new names and colours for the London Overground in February 2024, representing a significant update to London's world-famous Tube map

London's latest legacy

Reflecting our past for the future

The new names and colours will make it easier for customers, while acknowledging our heritage

Page 285

160
kilometres of railway

In February 2024, we unveiled the new names and colours that will help make navigating the network easier, while celebrating London's rich history. The much-loved orange roundel will continue to be used across the whole of the London Overground.

Research showed that some customers find the London Overground network confusing and would find it easier to navigate if it wasn't one single colour and name. This also brought a unique opportunity to honour and celebrate different parts of London's history and culture, creating new identities that will stand the test of time.

Starting off

We created the London Overground after taking over under-used suburban lines.

2007

A new addition

A new line between Dalston Junction and West Croydon was opened, with branches to New Cross and Crystal Palace. We used the old Underground East London line and disused railway in the north, as well as existing tracks to the south.

2010

Spreading further

We took over the suburban rail routes connecting Liverpool Street with Chingford, Enfield Town and Cheshunt, and services operating between Romford and Upminster.

2015

Better connected

The Barking Riverside extension was completed, connecting passengers to central London in as little as 22 minutes and to Barking in seven minutes.

2022

113
stations across the network

60+
London Overground stations have step-free access

There are now more than three million passengers using the service each week, connecting some of London's most historic and diverse neighbourhoods. The lines are named to help customers navigate the network and to celebrate different parts of London's history and culture.

2024

'Many of us didn't realise the history of the areas around the lines we drive, so it's been really interesting to learn about. It's brilliant to see the diverse history of London and its achievements recognised, leaving a lasting legacy. Customers have clearly been kept at the heart of this change and that shines through'

Samantha Ashman
London Overground train driver

Choosing the identities

Positive engagement

Emma Strain
Customer Director

Engaging with a range of people was key to selecting the line names, as **Emma Strain** explains

Why was there a need for line names?
We want to give customers more confidence to travel around London, especially those unfamiliar with the network. The new colours and names will make these lines much more recognisable.

Making this part of the network more accessible could see more people choosing to travel sustainably, which would benefit the whole city and wider network. At the same time, this is a great chance to honour and reflect our diverse communities and histories through the names.

How were the names chosen?
Working alongside our expert partner, creative agency DNCO, we engaged with stakeholders, customers, historians, industry experts, communities and our staff to discover shared local histories and stories, and suggestions for new names.

This was key, as London's diverse history, culture and communities have always played a significant role in shaping the city, and we wanted the names to reflect and celebrate this important aspect. We then took those suggestions through a rigorous refinement process looking at operational, legal and the customer experience to result in the final set of six names.

What were the challenges involved?
In the first phase of the project, the challenge lay in reaching out, and listening to, London's diverse communities.

The even trickier part was then capturing and translating all that incredible shared history and passion into a single and cohesive set of six names. Add in the fact that they all needed to work operationally, pass legal tests and be customer friendly, and you have a significant number of hurdles to jump.

Now the challenge is updating our expansive network to reflect the new names. We'll be changing signs at 113 stations, updating all the information on our London Overground trains, bringing all our external partners along the journey and ensuring they're kept abreast of progress. We will also work with all partners impacted to reflect the changes in their digital information systems, all while trying to minimise confusion for customers as we make the big transition.

How will the branding change?
It is important to note that the London Overground modal identity or brand will not change, and there will still be the familiar orange 'London Overground' roundels displayed outside all stations and on platforms. This is because the distinct orange branding is highly recognisable and much loved by our customers. London Overground will remain the umbrella brand and the stations will retain their names.

How did it go at the launch event and what's next?
The event was a great success with Highbury & Islington station a hive of activity as Mayor Sadiq Khan officially announced the names. The Mayor was joined by Director of Rail and Sponsored Services Trish Ashton and me, along with representatives from communities and organisations reflected in the names. We're aiming to launch the new lines operationally by the end of 2024.

We'll work with our colleagues and local community groups over the summer to showcase the line stories and bring them to life, leading up to the moment when the new line names and colours go live across the network.

Liberty line

This line runs between Romford and Upminster

Lioness line

This line runs between Watford Junction and Euston

Mildmay line

This line runs between Richmond/ Clapham Junction and Stratford

Suffragette line

This line goes between Gospel Oak and Barking Riverside

Weaver line

This line runs between Liverpool Street and Enfield Town/Cheshunt/Chingford

Windrush line

This line runs between Highbury & Islington and New Cross/Clapham Junction/Crystal Palace/West Croydon

Liberty line

The Liberty line celebrates the freedom that is a defining feature of London, and references the motto of the London Borough of Havering and its historic status as a royal liberty

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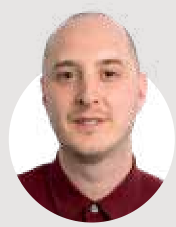
Romford — Upminster

The line, which runs from Romford to Upminster, travels through the London Borough of Havering. The name reflects the independent spirit of the Havering community, looking back at its historic status as a royal liberty, which continues to be celebrated today. It gives its name to the Royal Liberty School in Gidea Park and the Liberty Shopping Centre in Romford, as well as being the motto of the London Borough of Havering.

It also celebrates how this London Overground line links its residents to the rest of the city, including by connecting it to the Elizabeth line, giving them the freedom to explore everything London has to offer. It enables residents to enjoy the freedom and independence that public transport provides, as well as by signifying the truly unique independence of the area, reflecting its past, present and future.

My connection to the line



Peter Fletcher
Community Partnerships Lead

‘My team is responsible for managing our relationship with London’s boroughs, their political leadership and local community groups. Havering is a particularly interesting borough for us, as it’s the only one in the entirety of London where a high proportion of councillors come from residents’ associations. In the 2022 local elections they won the most seats on the council, and now run the borough. It goes to show that the citizens of Havering are politically independent minded and care about their community’

Lioness line

The name honours the legacy and achievements of the England women's football team, which continues to inspire the next generation of women and girls in sport

Watford Junction — Euston

The line runs through the heart of Wembley, which in 2023 the team's manager, Sarina Wiegman, described as a 'very special place for us'. It was where the Lionesses enjoyed their greatest triumph when they won UEFA Women's EURO 2022, attended by more than 87,000 people. It set the UK record for the highest ever attendance in a women's football game.

Following their triumph at the UEFA Women's EUROs in 2022 and reaching the World Cup final the following year, the Government set aside £30m to fund brand-new pitches and facilities. The team has also successfully campaigned for girls in England to get equal access to all school sports, and in 2023 the Government committed £600m in funding.

The team have attracted millions of fans and had a significant impact on what has traditionally been a male-oriented sport, creating a lasting legacy that continues to inspire and empower the next generation of women and girls in sport.

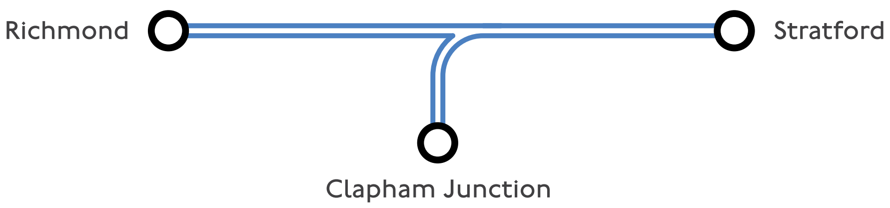
My connection to the line

Surekha Griffiths
Operational Strategy Officer and FA referee

'As a woman in football I am thrilled to experience the acceptance and growth that was triggered by the Lionesses. As someone who works in grassroots football, it is a joy to see that passion transfer to the younger generation. Each of those women we saw raise that trophy would have started their journey on a muddy field at a local club. Despite the differences between men and women, in sport we are all equal and there is a place for everyone to get involved and the impact of that is so powerful'

Mildmay line

This name honours the work of the Mildmay NHS hospital during the HIV/AIDS crisis, making it the valued and respected place for the LGBTQ+ community it is today



This line honours the tenacity of the NHS and its smaller healthcare centres in caring for all Londoners. The Mildmay hospital first opened in the 1860s to help nurse people in the East End's poorest slums. It played a key role in providing vital care when cholera broke out in 1866.

Following a short closure, Mildmay reinvented itself in the 1980s to play a pivotal role in the HIV/AIDS crisis, becoming Europe's first hospital for people with HIV- and AIDS-related illnesses. It was visited by Princess Diana a total of 17 times, and press coverage of some of these visits helped break the stigma at the height of the HIV/AIDS crisis.

The name cherishes the role of the NHS and its smaller healthcare centres in caring for all Londoners. To this day, Mildmay is still an internationally renowned centre for the rehabilitation of and care for patients with complex HIV, making it a valued and respected place for London's LGBTQ+ community.

My connection to the line

Claire Alleguen
Head of our OUTbound Colleague Network Group

'The Mildmay Hospital offered hope for people desperately in need. The photos of Princess Diana visiting the hospital showed the world that the LGBTQ+ community weren't to be feared. Those themes of trailblazing, compassion, hope and care are an inspiring legacy to offer. It is only right to celebrate an institution that has done so much to support the community. London has such a brilliant LGBTQ+ population, so it is good to reflect that in the line naming – as well as the hugely important work that the NHS does every day'

Suffragette line

The name celebrates this movement, with its London links, that fought for votes for women and paved the way for women's rights

Gospel Oak — Barking Riverside

The line's name pays particular homage to the East London Federation of Suffragettes, which was a largely working-class suffragette movement in the East End. They campaigned for the rights of working-class women, and held public marches, produced a newspaper and formed a small People's Army to defend themselves from police violence.

The suffragette movement played a vital role in transforming Britain's democracy for the better. The term was derived from the first wave of the campaign for women's votes – the Suffragists. Together with the suffragettes, they paved the way for women's rights, giving women a voice and campaigning for the opportunity to vote.

A key member of the movement was Annie Huggett, who lived, campaigned and died in Barking at the age of 103, making her the longest surviving suffragette. Huggett was a pioneer who fought for votes when she was just a teenager, and even held tea for the Pankhursts, a family of leading suffragettes, at her home on King Edward's Road. She organised meetings from the former George Inn in Barking Broadway – then the Three Lamps – a spot favoured by trade unionists and suffragettes. Her work helped empower women to have a significant impact on society, in the past, present and continuing into the future.

My connection to the line

Sarah Hargest
Chair of our Women's Colleague Network Group

'The suffragettes showed amazing courage at a time when it was very dangerous to make a stand against societal norms. I think TfL's choice of name for the Suffragette line will resonate with Londoners and remind them of the courageous actions taken to create a more equitable society that everyone benefits from today. To me it demonstrates a commitment by TfL to continue to foster positive impactful change and support women including its customers, its employees and London's community, as ultimately all are affected'

Weaver line

The name celebrates an area of London known for its textile trade, which has been shaped over the centuries by a diverse group of migrant communities and individuals

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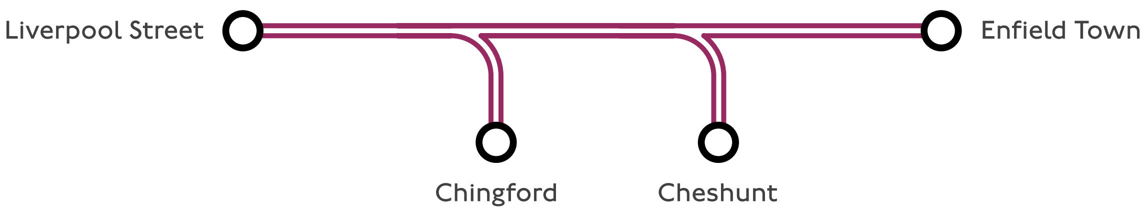


The Weaver line winds through Liverpool Street, Spitalfields, Bethnal Green and Hackney, and then heads up to Walthamstow, the home of designer William Morris. It speaks to the diverse mix of migrant communities and individuals who have driven London's success over the centuries as a centre of fashion and textile innovation.

The area around Liverpool Street, Spitalfields, Bethnal Green and Hackney is known for the textile trade, which has been shaped by different migrant communities. It started with the Huguenots in the 17th century, who established a flourishing silk trade and were joined the next century by Irish weavers searching for work after the collapse of the Irish linen trade. At the end of the 19th century and during the Second World War, Jewish families fleeing antisemitism moved to the area and revitalised the garment industry, maintaining the famous market at Petticoat Lane. By the 1960s, Bangladeshi immigration brought their culture to Brick Lane, with the area becoming a cultural melting pot and popular centre for fashion and food.

The line weaves up to Walthamstow, home to William Morris. His vision was for accessible art for all, selling low-cost furniture and embroidery sets to those who were less well off.

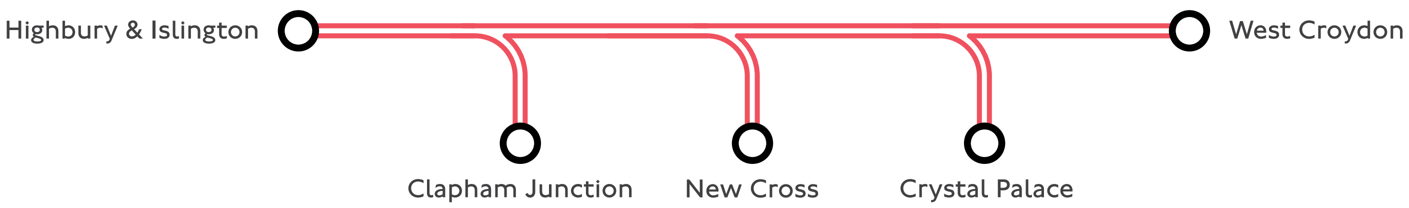
My connection to the line

Paul Marchant
Product and Industrial Design Manager

'I was part of the team that created the London Overground identity in 2007, specifically the colours, materials and finishes on the trains, including the moquette fabric. Although the Weaver line is a tribute to artisans and crafts people in East London more than 300 years ago, some of the processes used to produce a train are still pertinent today. The fabric, with its unique repeating pattern design, the dyeing of yarn, the use of looms, the pattern making and the upholstery would all be familiar to previous generations'

Windrush line

This name recognises the contribution of the Windrush generation, who continue to shape and enrich London's cultural and social identity today



The line runs through areas with strong ties to Caribbean communities today, such as Dalston Junction, Peckham Rye and West Croydon. The name recognises the migrants who came to live in Britain between 1948 and 1971, often referred to as the Windrush generation in honour of the Empire Windrush, which docked in Tilbury in June 1948.

Often met with discrimination and racism, the Windrush generation paved the way for future migration. They were frequently denied access to housing, shops, pubs, clubs and even churches on account of their race, yet these communities played an important part in our vibrant, multicultural city that we celebrate today. From ska, reggae, jazz and blues to an eclectic range of Latin music, Caribbean communities enriched and expanded London's music scene at the time, and influenced more recent genres such as hip hop, rap and grime. Writers such as Sam Selvon, author of The Lonely Londoners, blended his own language and rhythms with English, inventing a creolised English that is still used by writers such as Zadie Smith today.

The new line celebrates the Windrush generation and the wider importance of migration in creating a lasting legacy that continues to shape and enrich London's identity today.

My connection to the line

Ashley Mayers
Bus Customer Development Manager

'My grandfather was a bus driver in Barbados and was recruited by London Transport in the 1950s. My dad worked for a bus operator in the 1990s, so I have three generations of buses in my family. I think the naming is so appropriate considering the area it serves is home to large Caribbean communities. Without the Windrush generation, transport and health services would have ground to a halt. These brave men and woman came to this country, after being invited, and played a vital role in keeping our public services afloat'

Statement of Accounts

Outlining our financial overview

Patrick Doig
Statutory Chief
Finance Officer

'We have seen a remarkable turnaround in our finances in 2023/24 following the impact of the pandemic and we are working hard to ensure this continues'

Statement of Accounts – contents

Narrative Report and Financial Review

Overview

During 2023/24, we saw the completion of a remarkable turnaround in TfL's finances.

Before the outbreak of the pandemic, we had been close to reaching financial sustainability in terms of our operational activities without the need for direct Government grant, which had been phased out from April 2016 and was removed entirely from April 2018. Between 2015/16 and 2019/20 we focused on improving our financial position and resilience. We reduced the net cost of operations, excluding Government funding, by almost £1bn over that period, and we increased cash reserves to more than £2bn, giving ourselves a cash buffer that proved crucial 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 required extraordinary funding support from Government under a series of funding agreements from the Department for Transport (DfT). On 30 August 2022, the TfL Board approved a 20-month funding settlement with the DfT until 31 March 2024. This funding settlement provided £1.2bn of Government funding along with the guaranteeing of passenger revenue over the period.

A key term under this settlement was for TfL to become financially sustainable, which means we are able to cover the cost of operating, renewing, and financing our existing network from TfL and Mayoral income sources – without relying on Government support. In 2023/24, we achieved the historic milestone of delivering an operating surplus, delivering on the Government's target for TfL becoming operationally financially sustainable.

We achieved our target growth in passenger journeys of six per cent from the end of 2022/23 and continue to explore new ways to attract customers to our services. In 2023/24, we saw the introduction of end-to-end running on the Elizabeth line, the launch of the full Superloop service and the 'Off-peak Fridays' trial. The Mayor's decision to freeze TfL fares until March 2025 further helps to support Londoners struggling with the cost of living and also diversifies TfL's income sources as it was funded by additional Mayoral funding to TfL.

Although we have achieved operational financial sustainability, like transport authorities around the world, we still require Government funding for new major projects and replacing significant assets such as rolling stock, signalling and major road structures. In 2023/24, we received base Government funding of £565m from the 30 August 2022 settlement, which was used solely for capital investment. In December 2023, we secured £250m additional funding from Government, of which £245m was received during 2023/24, to support our capital investment for 2024/25. We are working with Government to secure longer-term capital funding so we can invest in the capital's infrastructure with more efficiency and effectiveness.

Investing in London's infrastructure means we can continue to support jobs and growth throughout the UK with our supply chain and open up new areas for development. We will continue to play our part for a more sustainable and green future, and maintain London's position as a competitive global city that supports the national economic recovery.

Organisational overview

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 are the integrated body responsible for the capital's transport system. We implement the Mayor of London's Transport Strategy and manage transport services across the capital. We aim to deliver safe, reliable and integrated transport to those who live in, work in or visit London.

Governance

Our governance and decision-making arrangements ensure we manage the organisation responsibly and effectively and to high standards of business conduct (see TfL's Annual Governance Statement on page xx). 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. We conduct, 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 2024 concluded that TfL's governance framework was satisfactory for TfL's needs and operated in an effective manner. The opinion highlighted the progress against the 2023/24 improvement plan.

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 experiences 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 xx to xx). At the date of this report, 50 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.

Narrative Report and Financial Review (continued)

Operating model
We are led by the TfL Executive Committee which is responsible for setting the strategy and direction for the whole organisation. Members of the committee have clear individual accountabilities and objectives for the businesses they run directly and also collective objectives and accountabilities to be delivered by the organisation as a whole.

The TfL Executive team have worked to define the highest-level process that describes what we do and how we do it and create our value chain. Our value chain is:

- Strategise and plan
- Fund and procure
- Build and maintain
- Operate and optimise
- Enable and support

The value chain helps us make sure work isn't duplicated and that we have clear accountabilities in each part of the business. The TfL Executive Committee is organised around the principles of the value chain, with the following roles:

- TfL Commissioner – Andy Lord
- Chief Customer and Strategy Officer – Alex Williams
- Chief Finance Officer – Rachel McLean
- Chief Capital Officer – Stuart Harvey
- Chief Operating Officer – Clare Mann
- Chief People Officer – Fiona Brunskill
- Chief Officer – Pensions Review – Tricia Wright
- Chief Safety, Health and Environment Officer – Lilli Matson
- General Counsel – Andrea Clarke
- Director of Communications and Corporate Affairs – Matt Brown

Strategy and resource allocation
The Mayor's Transport Strategy sets out plans to transform London's streets, improve public transport and create opportunities for new homes and jobs. This strategy is developed 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.

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 x of the Annual Report).

We produce a Business Plan, approved by the TfL Board, which sets out the medium-term plan for the organisation, demonstrating how we will achieve the Mayor's Transport Strategy. In December 2023, the TfL Board approved the 2024 TfL Business Plan, which laid out our plans and investment priorities for 2023/24 to 2026/27.

The first full year of the Business Plan is used as the basis for an annual budget, which allocates resource to individual departments and projects for the year ahead. In March 2024, the Finance Committee approved the 2024/25 TfL Budget, under authority delegated by the Board.

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 are 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.

Our colleague strategy sets out how we will deliver our ambition to be a great place to work for everyone to thrive. We have introduced a new approach to managing talent and career progression, supporting everyone to have regular conversations about their role and their development.

While the majority of our colleagues are in roles that require them to be at an operational or project location, for our office-based colleagues we are operating a hybrid-working approach, which offers flexibility and is valued by them.

Those who are hybrid working are expected to spend a maximum of 50 per cent of their time working at home per period on average, for the purpose of what we call the three Cs: Collaboration, Culture and Coaching.

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.

In June 2023, we launched our new workforce diversity and inclusion strategy, Action on Inclusion. This ambitious seven-year strategy is our long-term promise to our people, setting out how we can become a truly inclusive organisation that reflects the city we serve. We want to create and embed a culture where everyone feels a sense of belonging.

To truly meet the needs of our customers, we must have a workforce that represents Londoners, through inclusive leadership, culture, behaviours, and ways of working. While diversity has always been an important focus for us, this strategy prioritises inclusion to positively impact our organisation for years to come.

Our 2023 pay gap report showed our overall gender pay gap had reduced. We continue to work to improve gender representation at all levels, providing and promoting initiatives that encourage women to enter the transport industry, as well as addressing barriers that may prevent women from advancing to more senior and higher-paid positions. We published our Pay Gap Action Plan, which outlines how we will work to further reduce our pay gaps, ensuring equity for all. Our efforts to build an inclusive workplace, increase the voices of colleagues from under-represented groups and review organisational policies, practices and guidelines are among our key deliverables.

Narrative Report and Financial Review (continued)

Ensuring we hear the voice of our employees remains important to us. While our Trade Union relationships – with local, functional, and company-level meetings taking place across different parts of the organisation – play a significant role in achieving this, our Colleague Network Groups provide employees the chance to share ideas and support each other in developing our equality agenda in all areas of employment.

Performance

Summary of financial performance for the TfL Group

Total revenues, excluding grant funding, for the year came in at £6,714m, compared with a total of £5,804m for 2022/23, reflecting recovering fares revenues as passengers continue to return to the network.

Gross expenditure of £9,084m has increased from the prior year total of £8,490m primarily from higher staff costs following base pay increases, inflationary pressures and service expansion.

In 2023/24, our net financing and investment expenditure decreased from £647m to £537m, primarily reflecting investment property valuations losses of £108m which decreased from prior year losses of £155m, due to ongoing fluctuations in the property market. Net gains on disposals of investment properties also decreased from £22m to £16m (see Note 8 and Note 9 to the financial statements).

Grant income remains steady at £3,505m, consistent with last year. In 2023/24, the DfT contributed £810m to support our capital programme.

These items combined with Corporation tax of £50m results in an overall Group surplus after tax for the year of £393m compared to a prior year surplus of £74m. After reserves transfers, this translated to an increase in usable reserves from £203m as at 31 March 2023 to £455m at 31 March 2024.

Reconciliation from management reports to statutory accounts (£m)

Year ended 31 March	2024
Operating surplus per management reports	**138**
Adjustments between internal management reports and statutory accounts	
Depreciation, amortisation and impairments on property, plant & equipment and intangibles	(1,298)
Change in fair value on investment properties	(108)
Difference in payments under PFI and lease arrangements and depreciation and interest under IFRS 16	(74)
Group share of loss from associate and joint ventures	(58)
Capital grant income excluded from the management accounts operating surplus	1,005
Capital renewals treated as operating expenditure in the management accounts	763
Difference in pension payments charged to management accounts and pension service costs and interest under IAS 19	123
All other items	(98)
Group surplus after tax per the Comprehensive Income and Expenditure Statement	**393**

A detailed segmental analysis is provided in Note 2.

In addition to £763m (2022/23 £624m) of spend on renewals works, capital spend included new investment of £50m (2022/23 £188m) on the Crossrail project and £1,316m (2022/23 £1,234m) on other investment projects. Capital projects progressed in the year included the Piccadilly line upgrade, DLR rolling stock and systems integration, Four Lines Modernisation, improving air quality and the environment through safe and healthy streets, Silvertown Tunnel, and transformative developments such as at Old Street roundabout.

Narrative Report and Financial Review (continued)

Funding sources

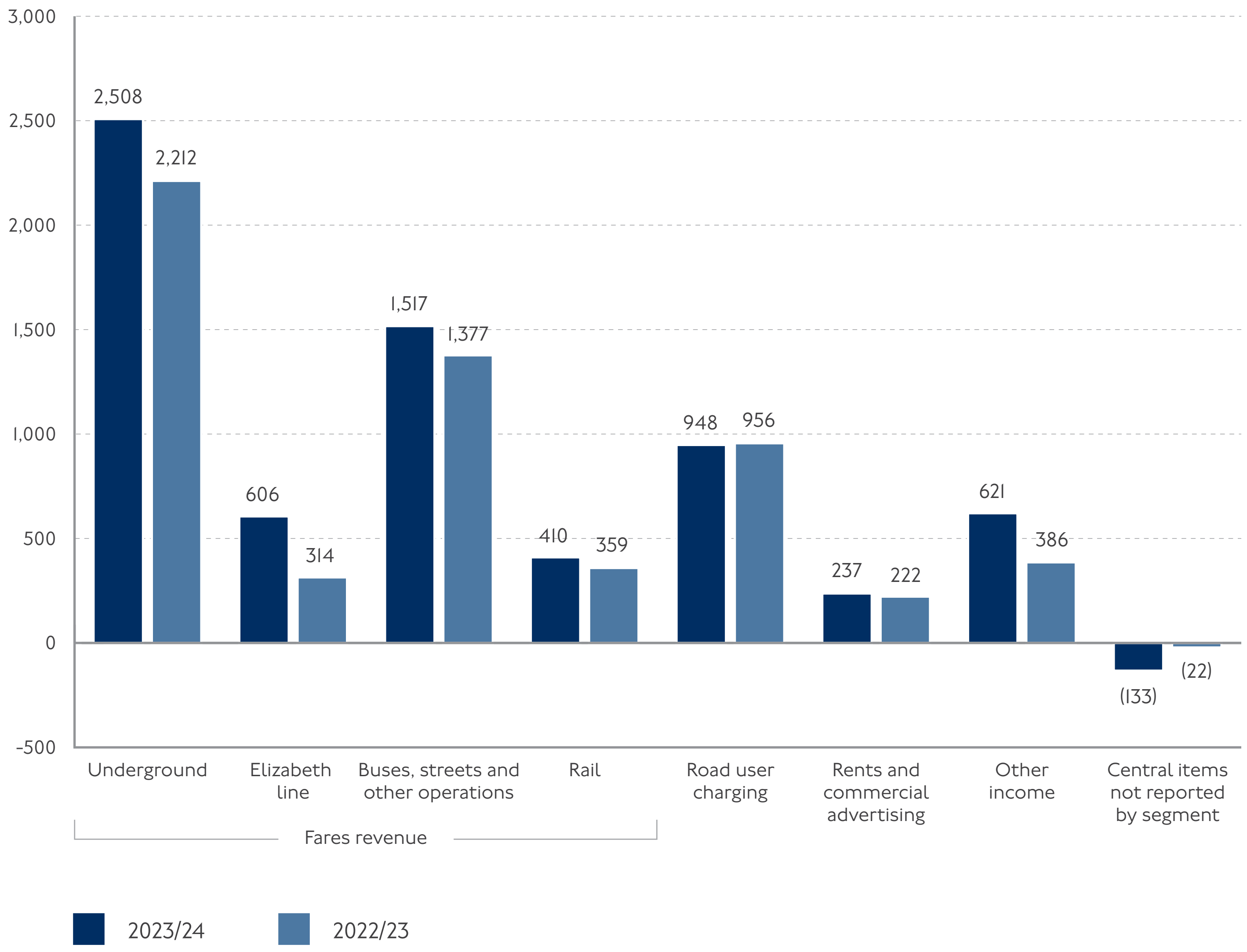
Our activities are funded from four main sources:

- Passenger fares income – the largest single source of our income
- Other income, including commercial activity and income from the Congestion Charge scheme and the Low Emission Zone / Ultra Low Emission Zone schemes
- Grant income, including a share of London Business Rates passed down to TfL from the GLA and grants from the DfT
- Prudential borrowing and cash reserves

Our 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. Government recognises that we may require further capital funding beyond the current funding settlement.

Gross service income

Gross service income breakdown by type (£m)

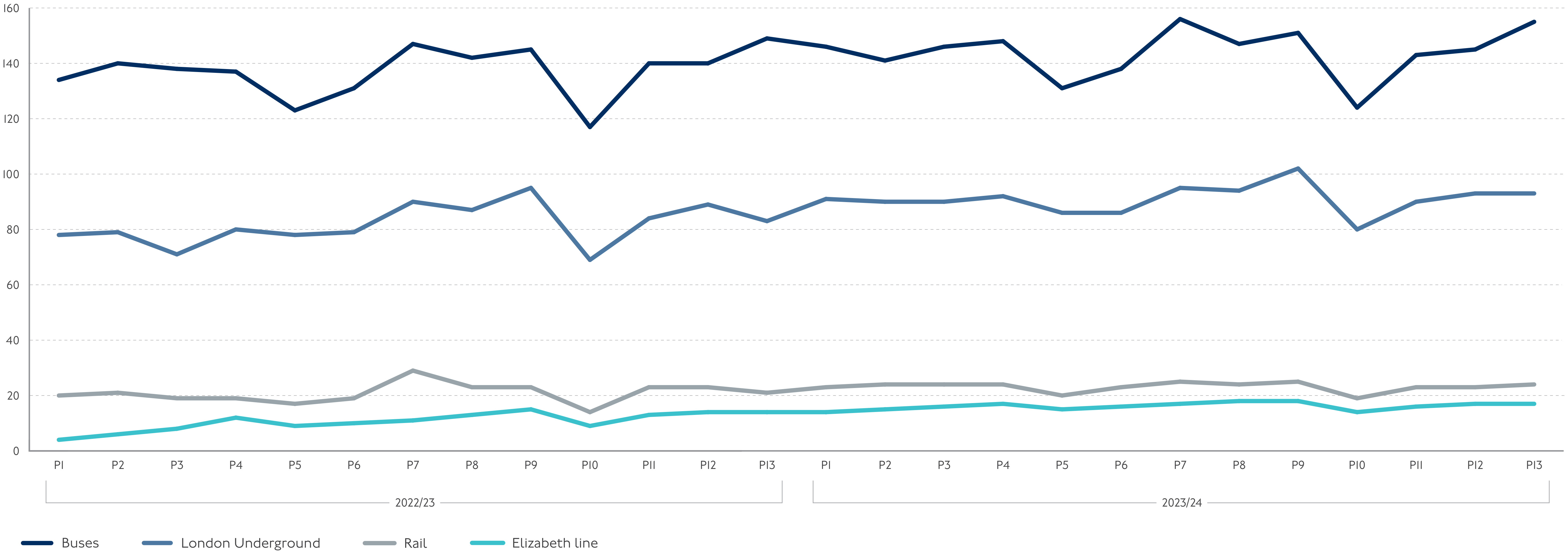


Total gross service income increased by 16 per cent from £5,804m in 2022/23 to £6,714m in 2023/24, reflecting our commitment to explore new ways of actively growing passenger demand and creating new sources of revenue to reduce our reliance on fares income.

Our primary source of income comes from passenger fares income. Currently fares make up around 75 per cent of our gross service income (exclusive of grant revenue). Fares income have increased from £4,241m in 2022/23 to £5,045m in 2023/24, a growth of 19 per cent. Passenger journeys are relatively steady at 90 per cent of pre-pandemic levels, up from 85 per cent at the end of 2022/23, as full-year figures show 3,560 million journeys have been completed, compared with 3,252 million last year.

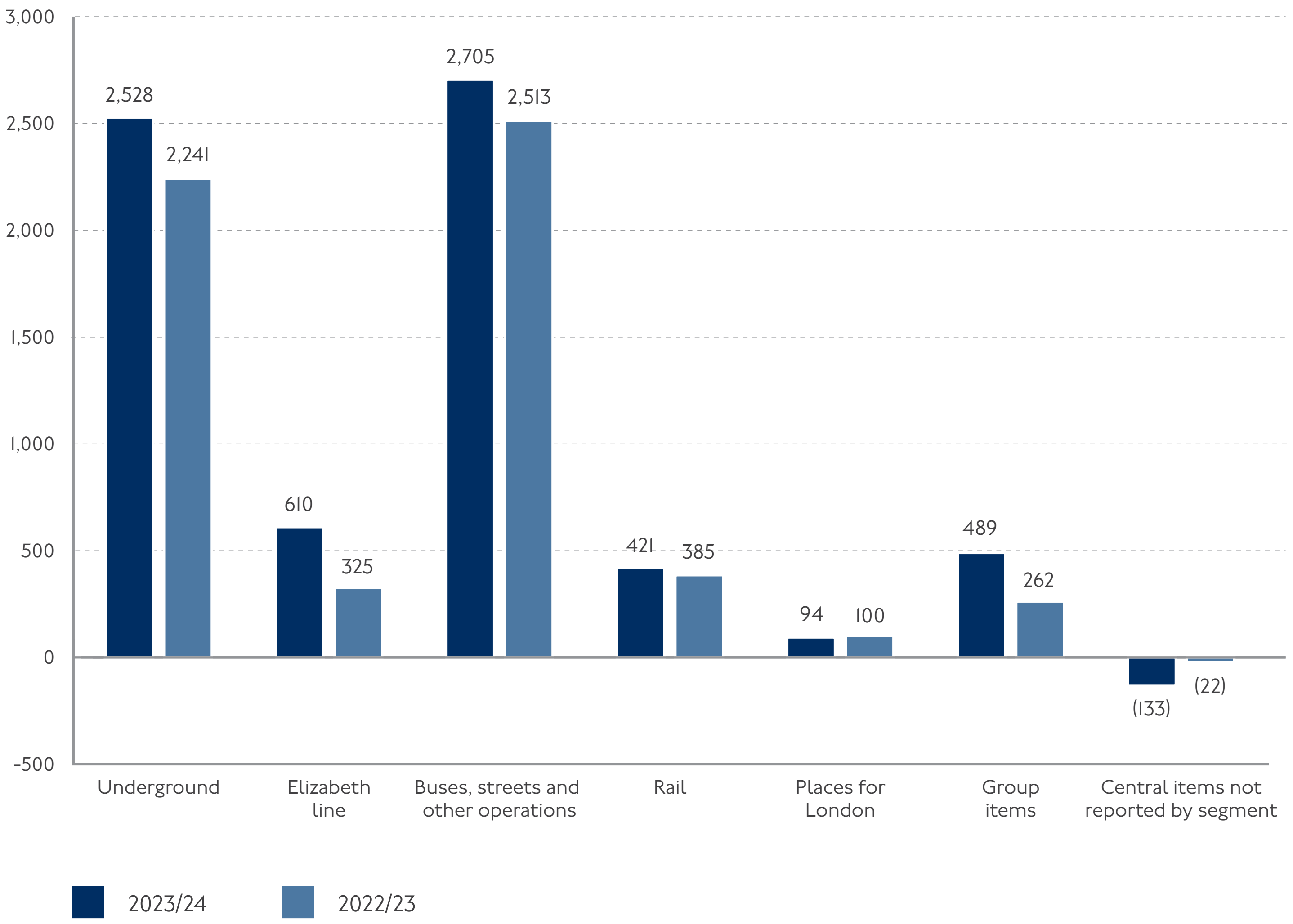
Narrative Report and Financial Review (continued)

Passenger journeys per period (millions)



As well as the increase in passenger journeys, passenger revenues also reflect fare levels. TfL fares decisions are taken annually by the Mayor who, following five years of fare freezes and taking into account the requirements of Government funding agreements, increased fares initially in March 2021, and again in March 2022 by an average of 4.8 per cent (reflecting retail price index (RPI) plus one per cent) and in March 2023 by 5.9 per cent in line with National Rail fares. In March 2024, the Mayor announced a freeze on all fares under his control from March 2024.

Total gross service income by operating division (£m)



Total gross service income for the Underground was £2,528m, which is £287m higher than 2022/23. The fares component made up the majority of this increase as a result of the increase in passenger journeys from 1,063 million to 1,181 million in 2023/24 (an 11 per cent increase).

Gross service income for the Elizabeth line increased by 88 per cent from £325m in 2022/23 to £610m in 2023/24. Within this total, passenger income increased from £314m to £606m. In 2023/24, the Elizabeth line saw 210 million passenger journeys. This is an increase of 72 million over the previous year and passenger journeys on the Elizabeth line are now averaging around four million journeys every week.

Income from Buses, streets and other operations rose eight per cent from £2,513m in 2022/23 to £2,705m in 2023/24. Within this total, passenger income for buses, at £1,517m, was £140m more than the previous year. London's bus network saw an increase in passenger journeys of 87 million with demand steadily improving during the year, along with the launch of the Superloop service which has also added additional bus kilometres to the capital's bus network, helping to drive ridership. Fares income from the IFS Cloud Cable Car, at £10m for the year, was £1m higher than the prior year.

Road user charging income, at £948m, was £8m lower than 2022/23 levels as we continue to see high levels of compliance.

In the Rail division, income at £421m was nine per cent above prior year levels. Within this, passenger income of £410m was £51m above the 2022/23 total. Rail journeys, including London Overground, DLR and London Trams, were 30 million higher than this time last year, showing rising demand on the network from 270 million in 2022/23 to 300 million in 2023/24.

Places for London income has decreased by six per cent from £100m in 2022/23 to £94m in 2023/24, mainly owing to lower dividend payments from joint ventures.

Income from Group items relates to a variety of activities, including media, estates management and travelcard administration.

Government grants and other funding

During 2023/24, the DfT contributed grant funding totalling £188m (2022/23 £135m) to protect our growing passenger income against any demand shocks, and £nil (2022/23 £808m) towards running our day-to-day operations. Although we have achieved operating financial sustainability, TfL still requires Government funding for major capital expenditure and in 2023/24, the DfT contributed £810m to support our capital programme. In addition, we 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 us as a resource grant.

Other sources of grant income included specific capital grant from the GLA for Housing Infrastructure projects, such as DLR train replacement and the East London Line, Levelling-up funding for step free access at Leyton and Colindale stations, Home Office funding for communication networks on the Underground, and other contributions from third parties.

The total of resource and capital grants receivable by us in 2023/24 amounted to £3,505m (2022/23 £3,523m).

Narrative Report and Financial Review (continued)

Prudential borrowing

Movements in borrowing during 2023/24 (£m)

Opening borrowing at 1 April 2023 per the accounts	12,910
Green Finance Fund loan from GLA – £100m due in 2027	100
Issuance of rolling short-term Commercial Paper	88
Repayments on Public Works Loan Board (PWLB) and European Investment Bank (EIB) loans	(129)
Repayment of DfT Crossrail loans	(35)
Fair value movements, issue premia/discounts and fee adjustments	2
Closing borrowing at 31 March 2024 per the accounts	**12,936**

The authorised limit for direct borrowings for the Corporation set by the Mayor for 2023/24 was £14,108.5m.

In addition to these sources of financing, other sources include Private Finance Initiative contracts (PFIs) (note 28 to the accounts) and other leasing arrangements which are discussed in more detail in note 14 to the financial statements.

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 seven per cent from £8,490m in 2022/23 to £9,084m in 2023/24.

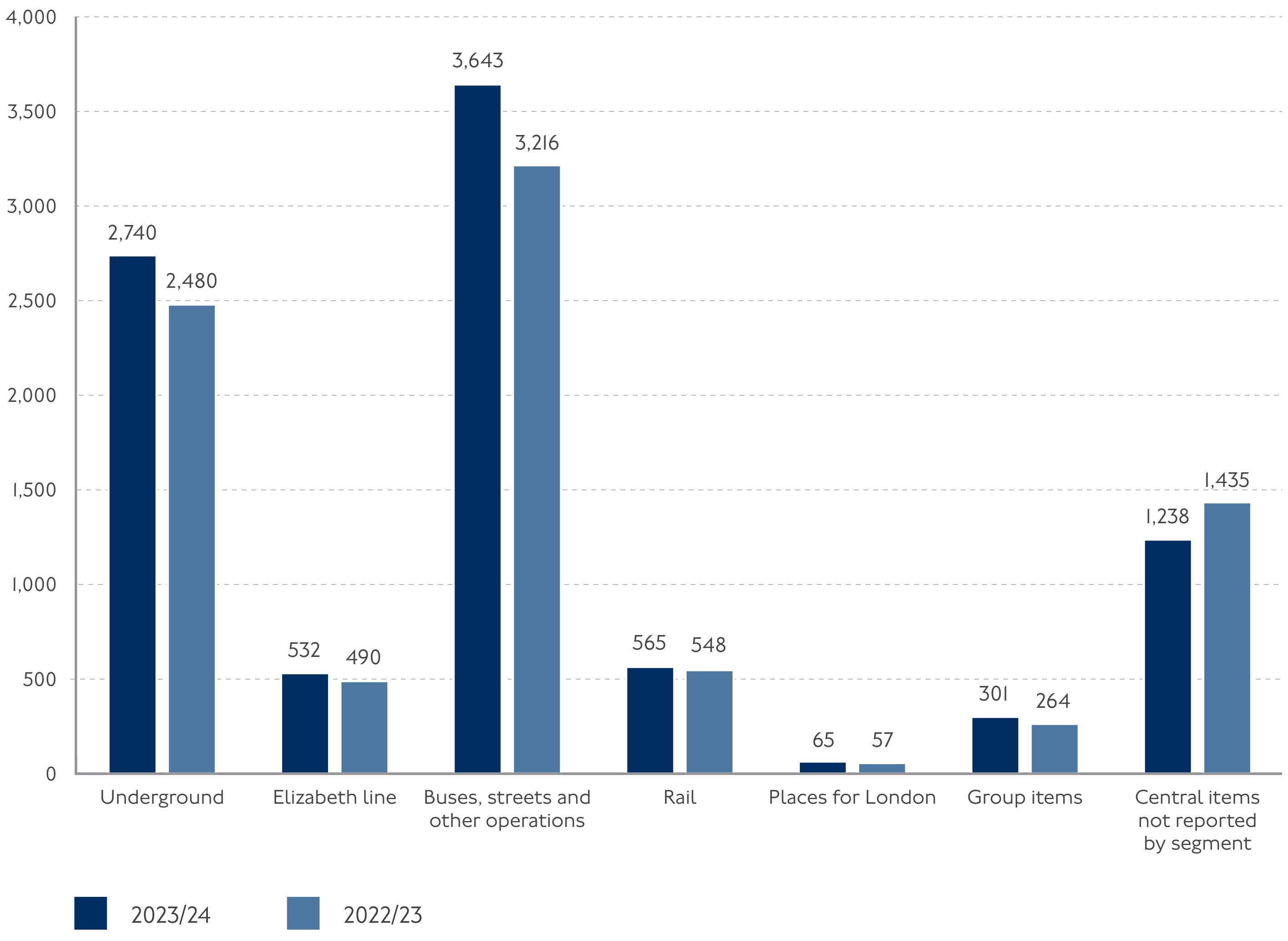
Year-on-year costs of operations (£m)

	2023/24	2022/23	2021/22
Cost of operations as per internal management reports	**(7,846)**	**(7,055)**	**(6,478)**
Adjust for one-off items incurred	42	44	35
Adjust for investment programme operating costs included in operating expenditure	312	146	157
Adjust for Elizabeth line direct operating costs	519	477	422
Adjust for other new services	253	177	85
Accounting and other changes	(16)	(25)	-
Cost of operations (like-for-like basis)	**(6,736)**	**(6,236)**	**(5,779)**
Adjust for RPI at 12.9% in 2022/23	**710**	710	-
Adjust for RPI at 7.5% in 2023/24	**469**	-	-
Cost of operations (like-for-like basis) in real terms (2021/22 prices)	**(5,557)**	**(5,526)**	**(5,779)**
Like-for-like cost decrease compared to 2021/22	**222**		
Like-for-like cost decrease as a percentage compared to 2021/22	**-3.8%**		

Like-for-like costs have reduced from £5.8bn in 2021/22 to £5.6bn in 2023/24 (in 2021/22 prices). We made £138m of recurring savings in 2023/24, taking total recurring savings delivered since 2016 to £1.4bn. We remain focused on right control of expenditure and reducing our core costs where possible.

Narrative Report and Financial Review (continued)

Gross expenditure by operating division (£m)



Operating costs across the Group were impacted by the pay deals for 2023/24 which consisted of a five per cent increase in base pay plus a £1,000 consolidated payment, with further consolidated payments for our lowest earners.

On the Underground, costs increased by £260m (10 per cent) in the year.

Total operating expenditure on the Elizabeth line at £532m was £42m (nine per cent) higher than the prior year figure of £490m with higher maintenance and operations costs following the introduction of the full peak timetable on 21 May 2023,

The cost of operating Buses, streets and other operations at £3,643m increased by 13 per cent on the prior year figure of £3,216m.

Operating expenditure for the Rail division increased by three per cent from £548m in 2022/23 to £565m in 2023/24 with lower costs in London Overground (£54m) offset by higher costs in Trams (£50m).

Property costs have increased during the year – from £57m to £65m, partly a result of catching up on the maintenance underspend 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 licencing, estates management and travelcard administration). At the total Group level, for management reporting purposes, this income is shown as an element of 'total income'. However, in the divisional analysis of performance, this income is included in the management recharge of net central overheads in the indirect operating cost of individual divisions.

As set out in Note 2, Central items not reported on a segmental basis primarily 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 £1,524m in 2022/23 to £1,628m in 2023/24. 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.

Narrative Report and Financial Review (continued)

Net interest and finance income/charges
Gross financing and investment expenditure for the year was £623m, £126m below the prior year.

This decrease was primarily a reflection of valuation losses of £108m recognised in relation to the Group's investment property portfolio. In 2022/23, £155m of valuation losses had been recognised within financing and investment income.

Also within this overall total, interest payable on direct borrowings increased by five per cent from £444m to £466m. This increase was primarily due to the prevailing interest rates on variable rate borrowing during the year and on borrowing refinanced during 2023/24. As at 31 March 2024, TfL had a nominal £12.961bn of borrowings, of which around £0.6bn was short-term borrowing under the Commercial Paper programme. The weighted average interest rate was 3.5 per cent and the borrowings had a weighted average remaining life to maturity of 18.6 years.

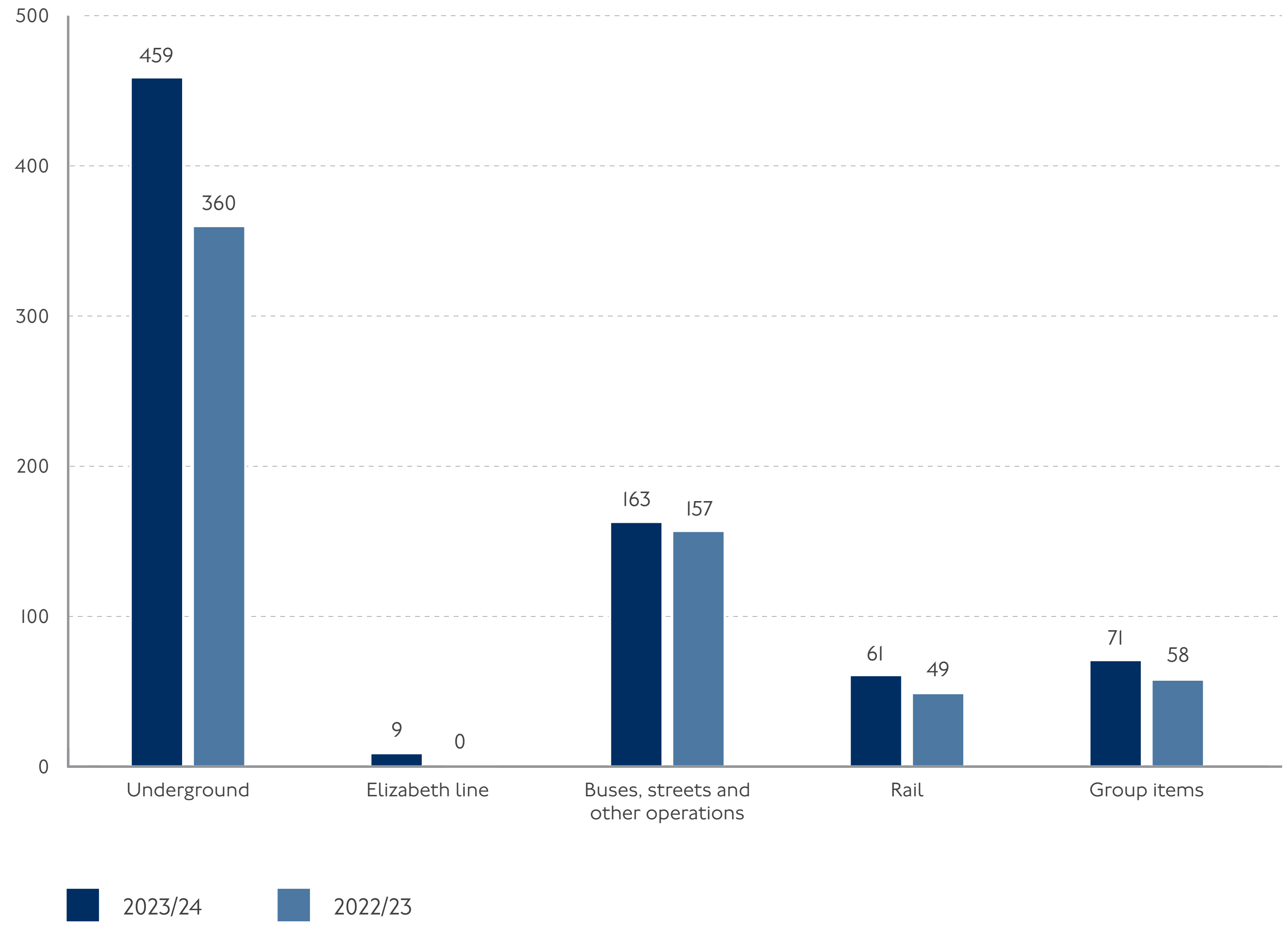
Interest payable on borrowings was offset, to a degree, by the amount of interest capitalised into the cost of qualifying property, plant and equipment. Interest capitalised in 2023/24 totalled £12m (£32m in 2022/23).

Interest payable on leases, including contingent rentals in respect of PFIs, increased from £93m in 2022/23 to £136m in 2023/24, reflecting a portion of lease contracts that are impacted by increasing interest rates. The Group's net interest income in respect of its defined benefit pension scheme obligations increased from an expense of £79m in 2022/23 to income of £80m in 2023/24.

Gains from the disposal of investment properties decreased from £22m in 2022/23 to £16m in 2023/24.

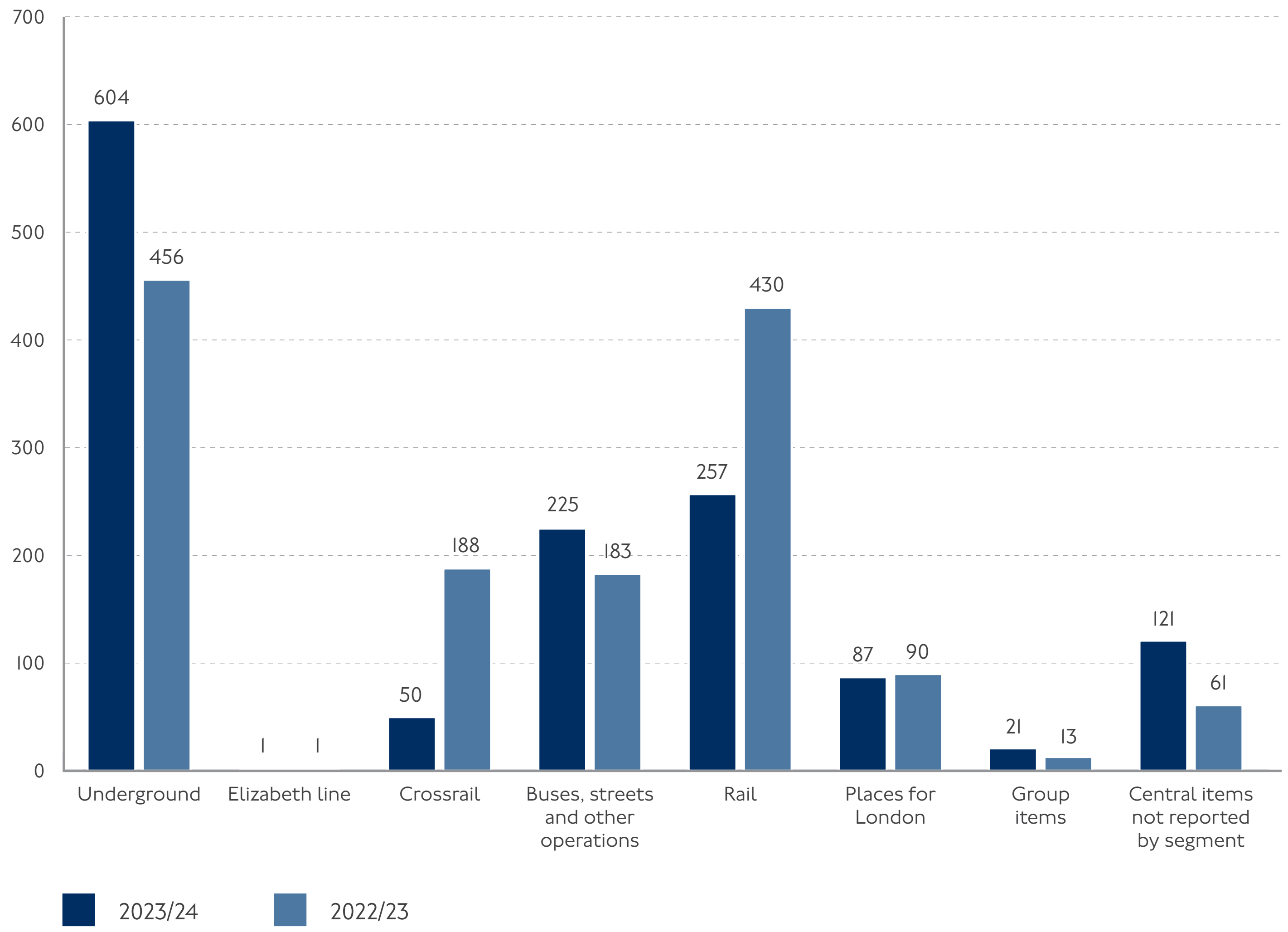
Capital expenditure
Total Group capital expenditure for the year, including property, plant and equipment intangibles, investment in associates and investment properties totalled £2,129m (2022/23 £2,046m). Within this total £763m was spent on capital renewals (2022/23 £624m).

Capital renewals by business area (£m)



Narrative Report and Financial Review (continued)

New capital investment by business area (£m)



On the Underground, capital expenditure totalled £1,063m, an increase of £247m from £816m in the prior year. This included £604m of new capital investment and £459m of asset renewals.

The Piccadilly line upgrade continues to progress with a further £445m invested this year. During 2023/24, a rephased schedule of payments and delivery was agreed under the contract with Siemens Mobility, which is currently building the new, higher capacity walk-through trains. This enables us to better align the introduction of the new trains with the refurbishment of our depots.

The delivery of the first train to London remains on target for 2024, ahead of entering service in 2025. The revised schedule means that up to 80 per cent of the new trains will now be built in the UK at the Siemens' factory in Goole, Yorkshire, surpassing the 50 per cent target originally planned. Siemens is investing up to £200m and creating up to 700 jobs at the Goole factory, with up to 1,700 new jobs in the supply chain.

Modifications are under way within the existing depots to provide initial maintenance facilities for the first new trains. The construction of three new stabling and reversing sidings at Northfields is substantially complete, with final commissioning planned for October 2024. At Cockfosters depot, site preparation and enabling works are under way for the new wheel lathe facility, and a contract has been awarded for building construction.

We continue to make progress on modernising the Circle, District, Hammersmith & City and Metropolitan lines with £99m being spent on the project in 2023/24. New signalling is being progressively installed on sections of the railway known as signal migration areas (SMAs).

We reached a significant milestone when the installation of the trackside signalling assets was finished at the end of March 2024. With these trackside assets in place, each SMA is tested with the new software before it is ready to go live with the new signalling system.

In 2023, we successfully commissioned SMA 6 (Stepney Green to Becontree) and SMA 7 (Dagenham East to Upminster), increasing the area operating under the new automated signalling system to 62 stations. This includes the entire Circle and Hammersmith & City lines, leaving just the Metropolitan line and parts of the District line to be completed.

Total capital expenditure within the Buses, streets and other operations division of £388m is £48m higher than in 2022/23. Within this total, the amount spent on renewals increased from £157m to £163m and on new capital investment from £183m to £225m.

Narrative Report and Financial Review (continued)

Work continues on the Silvertown Tunnel, a new 1.4km long twin-bore public transport focused road tunnel linking the A102 Blackwall Tunnel Approach on the Greenwich Peninsula to the Tidal Basin Roundabout in the Royal Docks area. Construction of the permanent wall to the tunnel portal approach is progressing well. Building of the tunnel domes in the area that was previously excavated has been completed, with backfilling started. At Greenwich, similar work has commenced to allow waterproofing of the tunnel domes prior to backfilling.

Another milestone was reached with the completion of cable tray installation throughout the entire 1.1km stretch of tunnels and cross passages. Cable pulling has now started within the tunnel, including the first tranche for lighting, following which around 75km of electrical cable will be fitted.

Following several productive weekend closures, works have progressed well at the A102, including the installation of gantries across the carriageway, construction of a new overbridge and resurfacing. This progress has negated the need to utilise proposed contingency weekends.

Total capital expenditure within the Rail division of £318m is £161m lower than in 2022/23 which included the purchase of the London Overground class 378 fleet (£281m).

Work continues on the DLR rolling stock replacement programme, which will see 54 new walk-through trains introduced, 33 replacing the oldest trains in the fleet and the remainder used to boost capacity and meet growing demand across the DLR network. £223m was spent this year, an increase of £90m, with the manufacture of 30 trains completed in Spain.

The new trains will improve the customer experience with live travel information, more capacity and air conditioning. Main line testing and signalling integration is under way, with the first new trains expected to begin entering passenger service in 2024/25.

On the London Overground, we are upgrading Surrey Quays station and improving our signalling and power infrastructure to enable us to increase train frequencies on the core section of this line. Following successful preparatory works in January, we have now installed a tower crane within the main works compound to support critical lifting activity for construction work over the coming months.

Our property company, Places for London, is creating the spaces that are vital for London's growth and development and invested £87m during 2023/24. To date, Places for London has started building more than 4,000 homes, as part of its ambition to deliver 20,000 new homes, including 50 per cent affordable housing.

During the year, £50m was spent on the Crossrail project. The full Elizabeth line peak timetable was introduced on 21 May 2023. This timetable change saw the railway move to a peak service of 24 trains per hour in the central section, an increase from 22 trains per hour, and increased connectivity and reduced journey times.

Cash and investments

Total cash, cash equivalents and investments with maturities greater than three months held by the Group at 31 March 2024 amounted to £1,494m, an increase of £92m since the end of 2022/23. Of the total cash balance, £142m is held for the Crossrail project, London Transport Museum Limited (LTM), London Transport Insurance (Guernsey) Limited (LTIG) and Places for London Limited.

Our liquidity policy requires that we aim to maintain cash reserves equivalent to at least 60 days' worth of forecast annual operating expenditure, on average (around £1.3bn for 2023/24). Our cash reserves remained on average around this level. This was in line with the long-term funding settlement agreed with Government in August 2022.

The average yield from TfL's cash investments for 2023/24 was 5.03 per cent, an increase from 2.21 per cent in 2022/23. The increased investment yield reflects the recent interest rates environment.

Pensions

As at 31 March 2024, most TfL employees were members of the TfL Pension Fund. 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.

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 2024. 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.

On this IAS 19 basis, the Public Sector Section's net deficit/surplus increased from a £1,630m surplus at the start of the year to a £2,342m surplus at the end of the year, as a result of a change in the financial assumptions adopted. The increase in discount rate reduced the value of the liabilities over the accounting period.

The total net surplus recognised in respect of all funded and unfunded pension arrangements at 31 March 2024 amounted to £2,269m (2023 £1,543m surplus).

Narrative Report and Financial Review (continued)

Prospects, outlook, and principal risks

Government funding

TfL is one of the only major authorities in Europe not to receive a regular central Government grant to cover day-to-day operations. The pandemic devastated our finances and exposed the inadequacy of our current funding model. Our high fixed cost base and our dependence on revenue from passenger fares meant that we were particularly susceptible to the significant alterations in travel patterns arising from Government-mandated lockdowns and the resulting of 'new-normal' changes to post-Coronavirus passenger behaviour.

We are grateful for the various Funding Settlements that central Government provided to TfL since the onset of the pandemic, enabling TfL to continue to provide services to Londoners and deliver its programme of capital investment, culminating in the August 2022 settlement, which expired on 31 March 2024. In December 2023, the Government agreed to a further £250m of capital funding to support the delivery of our rolling stock and signalling replacement projects for the 2024/25 financial year.

In 2023/24, TfL has delivered strong results that show we are successfully implementing our financial strategy. We are actively growing passenger demand and creating new sources of revenue to reduce our reliance on fares income, delivering recurring savings and maintaining solid and effective cost control. In 2023/24, we achieved operational financial sustainability, generating an operating surplus for the first time and no longer relying on Government funding to support our day-to-day operations. Our focus is now firmly on maintaining and building on this sustainability as the financial foundation of our ambitious plans.

The latest TfL Budget, published in March 2024, shows us delivering an increased operating surplus in 2024/25 of £161m and every penny of this surplus will be re-invested to help fund our capital programme.

However, despite this increased surplus, looking ahead this will not be enough to ensure TfL can deliver on all our plans. The 2024 TfL Business Plan assumes that further Government capital funding is provided from April 2025 onwards to contribute towards major projects and asset replacement. Based on our latest business plan, in 2025/26, we are able to fund around 80 per cent of the total £1.9bn of capital investment, but a Government funding contribution of £350m is assumed.

The Government continues to recognise that TfL is not expected to fund major projects and asset replacement through its own operating income, and we look forward to continuing the constructive conversations we are having with Government about the need for a longer-term funding settlement that will enable us to commit to the projects that will better serve this great city.

Passenger income

Rebuilding our ridership is still a key area of focus, after the pandemic. Our colleagues have continued to work tirelessly to attract customers back onto our network, including by delivering exceptional customer service, and creating a safe and clean environment on our buses, trains and in stations through an enhanced cleaning regime. In 2023/24 our demand rose by six per cent from the end of 2022/23 – representing a nine per cent annual average growth. Passenger demand is expected to return to pre-pandemic levels of four billion journeys by the end of 2026/27.

In March 2024, the Mayor announced a freeze on all fares under his control from March 2024. TfL was compensated by the Mayor for the foregone revenue. Nationally regulated fares rose by an average of 4.9 per cent in March 2024 and we continue to plan on the basis that all fares are uplifted by average annual RPI from March 2025, subject to a Mayoral decision for non-regulated fares.

Commercial development activity

On 20 June 2023, TTL Properties Limited (TTLP) was renamed to Places for London Limited. On 1 April 2022, Places for London was financially separated from TfL as a fully self-financing commercial property company. It 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. Places for London's funding will come from a combination of receipts from property disposals and commercial debt.

Other income sources

Other operating income initially increases over the course of this Business Plan, based on the London-wide Ultra Low Emission Zone (ULEZ) scheme, which went live on 29 August 2023 and was supported by the Mayor's Scrappage Scheme for more polluting vehicles, before falling as policy outcomes of reducing polluting cars are achieved. We are also seeking to grow our non-fares revenue through a number of commercial media and partnership activities. Other revenue grants include the Mayor's proposal for an increase in band D council tax precept by £20 in 2024/25, and the funding from the Mayor for the Scrappage Scheme is also included here.

Narrative Report and Financial Review (continued)

Operating expenditure
Achieving financial sustainability in 2023/24 was a key aim for us. To do this at the same time as reducing our reliance on fares income, and during time of high inflation, has meant a strong focus on our operating costs has been a core part of our strategy.

In the 2023 Business Plan we committed to £600m of recurring operating savings by 2025/26, adding to the £1.1bn of savings already delivered between 2016/17 and 2021/22. The 2024 Business Plan stretched that target to £650m to help us achieve our 2030 strategy of growing our costs by inflation less two per cent.

Savings will be delivered through a number of measures including improved working practices, optimising our procurement and commercial approach to deliver savings across our third-party expenditure (including our operational concessions), other key operating and maintenance contracts, and our head office accommodation. We will also maintain tight controls on recruitment and overtime. Creating a whole-life assets approach and working effectively across our value-chain creates the opportunity to deliver, maintain and renew our assets more efficiently.

To build a new programme of savings initiatives to 2030 will require us to embrace the benefits of innovation and new technology. We will use our innovation team to identify opportunities and run trials that can develop into a new programme of savings initiatives, which we can deliver over the second half of this decade.

Service levels
With the change in the post-pandemic travel patterns, we are seeking to adjust service levels to better reflect the changing needs of passengers while balancing the need to make savings and efficiencies and to respond to new Mayoral policies such as the expansion of the existing ULEZ London-wide in August 2023.

In March 2023, the Mayor announced plans for the Superloop, a transformative network of 10 express bus services linking outer London's town centres, hospitals, schools and transport hubs. The new Superloop network is adding more than six million scheduled bus kilometres each year to outer London's bus network and maximising the benefits of the London-wide ULEZ expansion, while also helping deliver the faster journeys, improved connections and customer experience set out in our Bus action plan.

Over the course of this Business Plan, we are aiming for an overall increase of four per cent in outer London scheduled bus kilometres to offer more alternative sustainable transport options to key amenities such as shopping centres and hospitals. This will make journeys easier and more reliable for customers and generate more revenue that can be reinvested into the public transport network.

The Elizabeth line's full peak timetable started in May 2023, marking the final milestone of the Crossrail project. There are now up to 24 trains running every hour between Paddington and Whitechapel at peak times, roughly a train every two and a half minutes. The Elizabeth line has already become one of the most used railways in the country, supporting more than 250 million journeys since its launch, and regularly enabling more than 700,000 journeys every day. The improved connectivity it enables across London, Berkshire, Buckinghamshire and Essex, including to Heathrow Airport, provides a real boost for new housing, workspaces, retail and economic growth.

The Elizabeth line has also transformed accessibility on our transport network, with 41 step-free stations unlocking new journeys for disabled and older customers, as well as those with buggies or luggage.

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: both attracting and retaining the best talent.

In December 2023, the Mayor provided funding for an improved pay offer for London Underground colleagues for the 2023/24 year. TfL's reward strategy has aimed to bring pay settlements for both operational and non-operational colleagues closer together. Therefore, the same pay deal was also offered to colleagues on TfL contracts 2023/24, which was accepted.

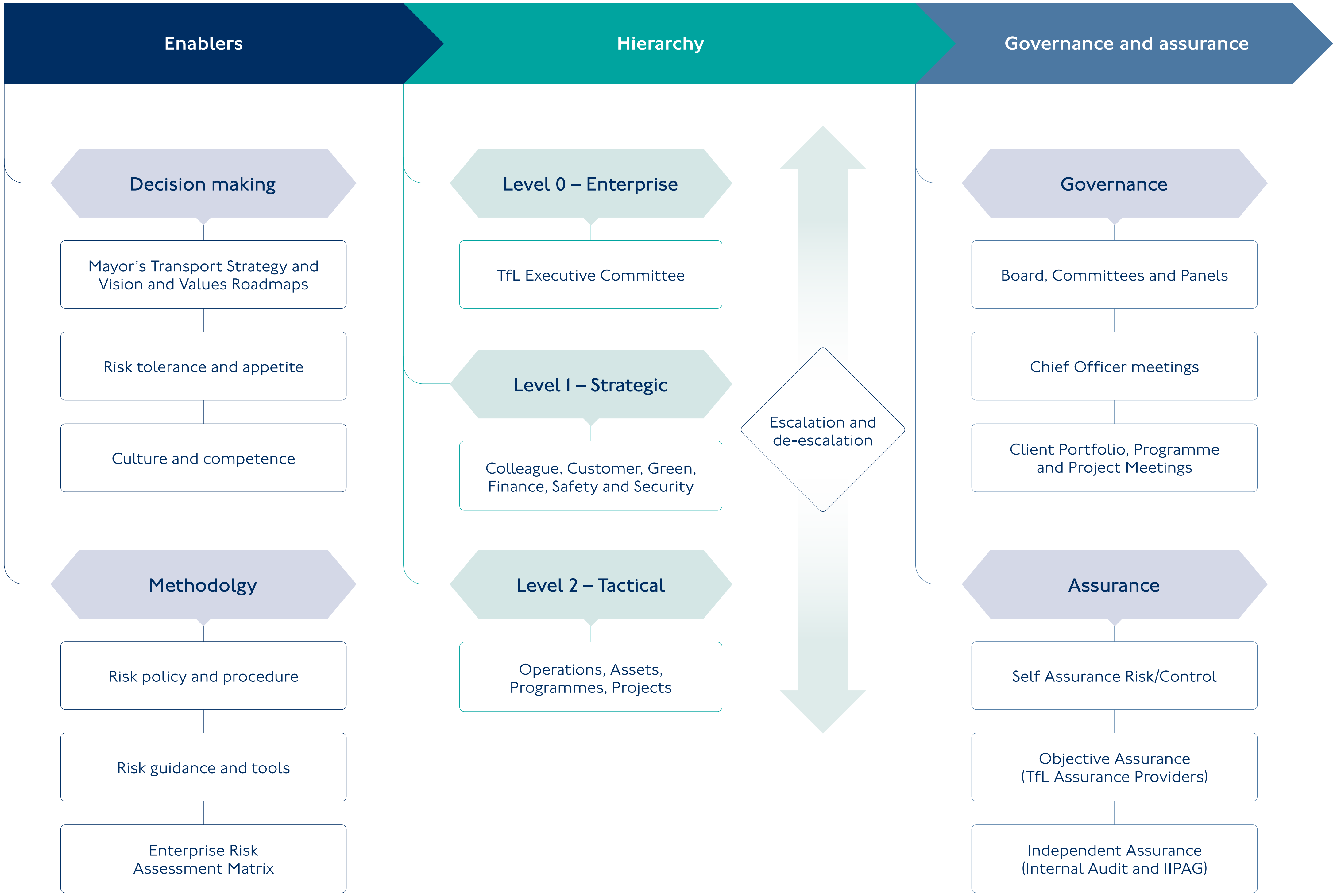
In April 2024, TfL confirmed that it had delivered against the targets set in its annual scorecard, and therefore will proceed with the payment of performance awards for the 2023/24 financial year.

Narrative Report and Financial Review (continued)

Enterprise Risk Management Framework
The TfL Board has overall accountability for risk management. TfL's risk appetite and tolerance approach is agreed by the Executive Committee and endorsed by the Board. Our Enterprise Risk Management Framework (ERMF) supports a broader and more integrated approach to managing risks across the organisation, enabling a co-ordinated and less siloed process including the provision of governance and assurance activities. Risk Management activities are aligned with the vision and values themes; Safety and Security, Customer, Colleague, Green, and Finance, to help deliver our objectives. The ERMF has been updated to reflect these themes. An extract of the ERMF is shown below covering the rnablers to risk management, TfL's risk hierarchy and governance and assurance overview.

Our Strategic Risks are directly categorised by the vision and values themes and the enterprise level risks have been mapped to a relevant theme. The enterprise level risks have been assigned to an appropriate panel or committee and continue to be presented annually for scrutiny. Our Executive Committee reviews and discusses the enterprise risks on a quarterly cycle once a full assessment of each enterprise risk has been carried out. Emerging risks are reported to the Executive Committee on a six monthly basis.

The governance process has been strengthened in the last 12 months with the introduction of thematic Executive Committee sub groups. The Audit and Assurance Committee is updated on key risk management activities every quarter.



Narrative Report and Financial Review (continued)

TfL's enterprise risks
TfL's enterprise risks, as well as the top three key mitigations for each risk, are detailed in the table below.

Risk	Title	Key mitigations
ER01	Inability to deliver safety objectives and obligations	• Safety, health and environment culture • Safety management system • Safety governance
ER02	Attraction, retention, wellbeing and health of our employees	• Delivery of the Colleague Wellbeing Plan • Strategic Workforce Plan • Reward Strategy
ER03	Environment including climate adaptation	• Safety, health and environment management system and assurance measures • Environmental governance and oversight
ER04	Significant security incident, including cyber security	• Security Governance and Culture programme • Cyber Security Improvement Programme • Security governance
ER05	Efficient and high performing supply chains and effective procurement	• Pan-procurement and commercial risk management process • Supply chain management and risk management analytics • Financial monitoring

Risk	Title	Key mitigations
ER06	Deterioration of operational performance	• Long-term asset degradation control • Short-term asset degradation controls • Delivery planning optimisation (longer term)
ER07	Financial resilience	• Maintaining minimum cash reserves (liquidity control) • Demand forecasting (systematic control) • Periodic analysis against budget (operating control)
ER08	Delivery of TfL key investment programmes and projects	• Supply chain engagement • Capital Efficiencies Plan • Project management community
ER09	Changes in customer demand	• Business planning and budgeting • Scenario and risk-based planning • Delivery of the customer strategy
ER10	Governance and controls suitability	• Privacy and security • Management system • Governance Framework including the TfL Board, panels and committees

Narrative Report and Financial Review (continued)

Streamlined Energy Carbon Reporting
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.

We have used invoiced consumption and metered data and have calculated emissions using government conversion factors for company reporting of greenhouse gas emissions 2024. District heating and cooling factors are specific to the Olympic Park district heating system.

Streamlined energy and carbon reporting 2023/24

Description	Amounts	Units	2022/23 comparison
Total energy consumption	1,625,182,625	kWh	1,572,490,169
Total gas consumption	60,705,848	kWh	83,309,200
Total fuel for company fleet	1,204,272	litres	1,245,548
Purchased district heating and cooling	3,405,748	kWh	3,449,667

Emissions breakdown	Amounts	Units	Conversion factor ($kgCO_2e$)
Scope 1 – emissions from combustion of gas	11,105	tCO_2e	0.183 (natural gas)
Scope 1 – emissions from combustion of fuel for transport purposes	2,973	tCO_2e	2.512 (diesel) 2.097 (petrol)
Scope 2 – emissions from purchased electricity	336,533	tCO_2e	0.207 (UK grid electricity)
Scope 2 – emissions from purchased heating and cooling	434	tCO_2e	0.202 (district heating) 0.053 (district cooling)
Total gross CO_2e based on the above	**351,045**	**tCO_2e**	
Total gross CO_2e including energy/fuel purchased by public transport service operators	**821,157**	**tCO_2e**	

Intensity metric	Amounts	Units	
Operated train kilometres	101,221,283	3.47$kgCO_2e$/operated train km	
Average headcount	26,344	13.33 tCO_2e/employee	

Our financial disclosure on climate change

Our central purpose is to keep London moving to make the city as safe, sustainable, and inclusive as possible.

The Mayor's Transport Strategy outlines how TfL should approach the delivery of a safe and sustainable transport system, and the London Environment Strategy combines policy and action to deliver environmental benefits to London, including improving air quality. This year we are trialling our first Taskforce on Nature-related Financial Disclosures (TNFD) report alongside Task Force on Climate-related Financial Disclosures (TCFD) reporting. Combining both reports, TCFD and TNFD will be covered under the four key areas: governance, strategy, risk and metrics and targets.

Our sustainability governance

Responsibility for managing climate risk sits with our Executive Committee, overseen by the Board. Environmental management is embedded across the organisation, with all areas represented at our Executive Committee Sustainability Group. The Executive Committee Sustainability Group which meets at least six times a year, oversees the strategic and operational direction on our behalf by ensuring we align between the vision, purpose, and corporate plans relating to climate risks and opportunities.

Governance structure for sustainability

Group	Role
TfL Board	• The Board has overall responsibility for the oversight of TfL's sustainability-related strategies and management guidelines. TfL's environmental initiatives are scrutinised by the Board's Finance Committee and Safety, Sustainability Human Resources (SSHR) Panel, who meet quarterly to scrutinise and support environmental initiatives • The Board meets a minimum of six times a year • The SSHR Panel considers wide-ranging issues including policy, strategy and the implementation of the Mayor's Transport Strategy and operating business performance in relation to safety and sustainability considerations for TfL services, this includes climate • In the last 12 months the SSHR Panel have discussed: implementation of the Corporate Environment Plan for capital and operations, Environment including adaption Enterprise Risk update, progress on Climate Change Adaptation Plan 2023, and approval and endorsement for the Green Infrastructure and Biodiversity Plan 2024
Executive Committee	• TfL's Commissioner and Chief Officers are responsible for fulfilling the priorities and objectives set out in the Mayor's Transport Strategy and TfL Business Plan • The Executive Committee is responsible for the management of TfL's Enterprise-level environmental risk • The Executive Committee meets on a weekly cadence and has performance and strategic meetings every four weeks
Executive Committee Sustainability Group	• The Executive Committee Sustainability Group is responsible for the co-ordination of cross-organisational environmental and sustainability issues and work-programmes, on behalf of the Executive Committee • The group is chaired by TfL's Chief Safety, Health and Environment Officer and Chief Capital Officer, and includes representation from all TfL business units The Executive Committee Sustainability Group meets at least six times a year and its role includes: • Agreeing the strategy for environmental management, including setting targets, monitoring, and reporting on performance • Providing central oversight of the Group's management of climate impact to ensure that climate chance informs strategic planning and decision making across all TfL activities • Overseeing management practices that ensure that these exposures are controlled in line with TfL's risk appetite and Corporate Environment Plan • Promoting internal awareness and understanding of climate- related threats and opportunities • Ensuring actions and responses to climate are proportionate

Narrative Report and Financial Review (continued)

Integrating sustainability across TfL

To meet our sustainability-related legal requirements and policy commitments, we have set out clear accountabilities and actions for our leadership and business areas. We have mapped out high level environmental accountabilities within the Chief Officer areas and across the value chain, to ensure that climate and nature-related impacts and dependencies are considered, while our risks are managed and opportunities are taken up to improve our climate, decarbonise our network and enhance our green infrastructure and biodiversity.

During 2023/24:

- The Green Infrastructure Steering Group was formed to deliver on our nature-related actions. The group leads on the short-, medium- and long-term actions in our Green Infrastructure and Biodiversity Plan and work to ensure resources and funding for the work
- We formalised our Adaptation Steering Group, which is responsible for delivering the Climate Change Adaptation Plan. The responsibilities of this cross-functional group are to identify key strategic actions and decisions on adaptation, share knowledge and best practice, embed considerations of climate risk and adaptation work across the organisation, improve our understanding of climate risk, and identify adaptation-related projects that require funding
- The Net Zero Matrix team was established to support and accelerate delivery of net zero commitments

  The team manage setup, delivery and oversight of specific programmes and projects, as well as other initiatives, with the primary objective of reducing TfL's operational carbon emissions to net zero by 2030
- Following all the Executive Committee completing sustainability awareness training in 2022/23, more than 90 per cent of our directors completed the same training in 2023/24
- In September 2023, we also hosted a five-day Sustainability Summit for all TfL colleagues, which included more than a dozen events attended by more than 2,000 colleagues
- Through our Carbon Literacy Programme, we trained more than 75 colleagues as certified, volunteer Carbon Literacy trainers and nearly 20 volunteer coordinators. This network of colleagues facilitated the training of more than 4,000 colleagues from all areas of TfL in 2023/24. This was supplemented with a three-part online Carbon Management training course, targeted at enabling project managers, sponsors and engineers to use the carbon modelling tool to assess and reduce their project's carbon footprint
- TfL received the Bronze Accreditation from the Carbon Literacy Project in February 2024, and was shortlisted for the 2024 Chartered Institution of Highways and Transportation Sustainability Award. Of those who attended, 93 per cent of colleagues became certified in Carbon Literacy with the Carbon Literacy Project. At the close of 2023/24, 3,135 people of the around 88,384 people certified globally were trained at TfL, meaning 3.5 per cent of all people certified globally in Carbon Literacy were trained at TfL
- In September 2023, we launched Sustainability Apprenticeship and Sustainability Graduate schemes, to promote the skills pipeline for sustainability expertise. We recruited five sustainability graduates and five sustainability apprentices and a further five sustainability graduates will join TfL in September 2024
- More than 30 per cent of the capital's population – nearly three million people – is under 25 years old. Therefore, we work with young people and organisations representing young people to ensure these views inform our work. One example is the TfL Youth Panel, made up of 30 volunteers aged 16 to 25, who travel in London. In October 2023, the TfL Youth Panel concluded a 12-month exploration into sustainability at TfL and published its report with nine recommendations. In February 2024, we responded to the recommendations and have already begun to put these into action, including appointing a youth representative to attend some of the TfL Board level meetings such as the SSHR Panel and the Customer Service and Operational Performance Panel

Managing our Green Estate

The development of the first Natural Capital Account (NCA) involved a wide range of internal stakeholders, including senior managers, to gain full understanding of the nature-related impacts and dependencies, as well as risks and opportunities within TfL. The baseline NCA (2022) includes our top impacts and dependencies, risk and asset register, and identifies gaps and opportunities for the future. Managing the risks identified in the NCA is critical for the safe running of our transport network. Our green infrastructure provides many wide-ranging benefits, which, when managed correctly, provide safer, more attractive, comfortable, and adaptable spaces for Londoners to live, visit and work in.

From February 2024, the Environment Act 2021 required that developments going through planning leave the land in a measurably better position than it was before. To prepare for this requirement, in 2023/24, we established the Biodiversity Net Gain (BNG) steering group with key stakeholders across the business, to address these BNG requirements. The aim of the group is to identify projects that need to comply with BNG and establish the overall strategic BNG position. Failing to comply with this piece of legislation could result in financial, reputational, and legal risks to the business. Early engagement with key stakeholders aids us in identifying and understanding scheme viability, the costs of providing BNG, and future funding options.

In 2024/25, we will be exploring options such as the Habitat Bank project; to identify potential Habitat Bank sites within TfL boundaries to provide off-site biodiversity gains. This project has the potential for key lessons learned for TfL, as well as other future parties who wish to adopt similar projects and initiatives.

In 2024/25, we plan to update our biodiversity baseline to understand the changes in biodiversity from our last assessment, which was conducted in 2019. The data for green infrastructure and biodiversity, which is to be improved and updated in this baseline, will be employed by our Geographical Information System (GIS) team to improve our surveying, monitoring and asset management. At the same time, we will investigate the data requirements for BNG and procurement of further management systems.

Integrating sustainability across London's communities

Our natural assets provide wide ranging benefits to London's communities, and to the people living in, working in, and visiting the city. As these benefits are so impactful at the community level, we will continue to collaborate with stakeholders across London and more widely. We look to share best practices, provide inspiration, and support London in unlocking opportunities to maximise our positive impact on nature and sustainability. We collaborate with external stakeholders on climate and nature-related risks and opportunities. This work includes projects with community groups at various locations across our network. For example, in 2023/24, teams at Hatch End and South Tottenham London Overground stations, collaborated to continually improve their thriving community hub. Hatch End station is renowned for its gardens and floral displays, as well as its annual community events. The team at South Tottenham also aims to create a greener London while building valuable relationships with the local community, which in turn provides an enhanced level of customer service.

We are also active members of various industry-lead nature related working groups (for example, the RSSB Nature Value working group) to contribute to and learn from the community, as well as tackle various challenges collaboratively. Internally, gardening enthusiasts across TfL hold an annual In Bloom competition. This more than 100-year-old competition extends to all parts of the network, including stations, depots, service control rooms and offices. In 2024/25, the theme is sustainability and future-focused: gardens are expected to represent what gardens of the future would be like.

As a transport authority, we acknowledge that improving green infrastructure and providing sustainable travel access will also help reduce social and environmental inequalities as follows:

- Our Leisure Walking Plan seeks to enhance and improve the Walk London Network. In 2023/24, we continued to deliver actions to upgrade existing routes and improving communities' access to green spaces
- Marginalised and vulnerable groups are more likely to experience climate change impacts. TfL's work on green infrastructure ensures equitable access to active travel opportunities. For example, walking is the most common transport option for older Londoners, as stated in our 2019 report: Understanding London's diverse communities. We are continuing to work with community groups, to improve the walking environment for everyone

Our sustainability strategy

To deliver the Mayor's Transport Strategy, we work with many partners, including other parts of the GLA and London's 32 boroughs and the City of London. In 2023/24, we developed our internal strategy, which sets out how we will deliver our vision of being a strong, green heartbeat for London and our values, which describe the culture we are building and how we work.

This strategy is broken down into five key themes, which cover customers, safety and security, our green future, colleagues and finance. Within these areas, we have key priorities to help shape our plans and ensure we can secure the best future for London's transport network as we support the capital's growth and development.

Progress against our strategic targets is tracked using our TfL scorecard and Mayor's Transport Strategy progress reporting. Structured to clearly align to our vision, values and strategy, it plays an important role in keeping us on track and helping us to maintain momentum.

To deliver our vision to be a strong, green heartbeat for London, we need to turn the Mayor's Transport Strategy into day-to-day reality. Centring around creating a fairer, greener, healthier, and more prosperous city by changing how people get around, this requires us to deliver a huge array of projects and initiatives across our business over the coming two decades.

The TfL scorecard is structured according to the themes of our vision and values and strategy – with our environmental priorities driven through the theme of 'Our Green Future'. We continually track our progress against metrics aligned to these, giving us an objective view of our performance. This helps us to manage our resources and informs the decisions we make as we run our organisation responsibly.

There are also local scorecards which feed into the overarching TfL view and further specify areas of focus to ensure the day-to-day delivery of key targets. This ensures that our environmental priorities are delivered with responsibility held in the Chief Officer area including Customer and Strategy, Capital, and Operations.

The 'Our Green Future' theme focuses on delivering three priorities and outcomes:

- Reduce carbon emissions and adapt to climate change;
- Improve air quality; and
- Protect, connect, and enhance green infrastructure and biodiversity

Narrative Report and Financial Review (continued)

Our annual Green Roadmap sets out the quarterly actions we will progress against these priorities. The Green Roadmap ultimately sets TfL on the path to achieve our 2030 success measures:

- Net zero operations by the end of December 2030;
- Reduce nitrogen dioxide concentrations to less than 26 micrograms per cubic meter in central London, less than 22 in inner London and less than 19 in outer London;
- Add 40,000 square meters of catchment area draining into sustainable drainage systems (SuDS) to our network

Nature-related dependencies, impacts, risks and opportunities the organisation has identified

Our first natural capital assessment (carried out in 2022, in line with BS:8632 Natural Capital Accounting for Organisations) focused on the nature-related impacts and dependencies related to the physical attributes of TfL owned and managed land. The purpose of the Natural Capital Account is to show the benefits provided by the natural capital assets that the organisation owns, manages, or depends on over the future time period. We held internal workshops to identify the area of focus for scenario analysis. We decided upon:

- Meeting legal and policy commitments for biodiversity net gain and green infrastructure leading to increased expenditure. In the scenario analysis, we will be focussing on the risks and opportunities of delivering our commitment to street tree planting

As part of the materiality assessment, the following impacts and dependencies were concluded:

Impacts	• Air pollutants • Greenhouse gas emissions • Biodiversity loss • Disturbances • Use of fossil fuels
Dependencies	• Erosion and soil regulation • Use of fossil fuels • Solid waste • Flood attenuation • Land availability

The six highest rated impacts and dependencies are:

1. Greenhouse gas emissions
2. Use of fossil fuels
3. Air pollutants
4. Biodiversity loss
5. Use of materials
6. Flood attenuation

This Natural Capital Approach uses qualitative, quantitative, and monetary data to assess impacts and dependencies. The final account tables tend to be in monetary units.

Extract from TfL natural capital balance sheet, PV60 £m

Produced at: February, 2022 Year-on-year costs of operations	Valuation metric	Value to TfL	Value to London	Value to global society	Total
Asset values (monetised)					
Carbon Sequestration	Value of CO_2e sequestered by woodland, semi-improved grassland, and shrub			18.0	18.0
Air Quality Regulation	Value of PM2.5 removal by woodland		65.0		65.0
Flood risk and Water Management	Avoided volumetric charge, energy cost and greenhouse gas emissions from water treatment	0.3			0.3
Recreation	Income from land rents	2.5			2.5
	Welfare value of recreational visits		130.0		130.0
Physical health	Avoided medical treatment costs		112.0		112.0
Volunteering	Value of volunteer time	0.2			0.2
Total gross asset value	**Mix of values**	**3.0**	**307.0**	**18.0**	**328.0**
Asset values (non-monetised)					
Biodiversity	Biodiversity score of natural capital assets: 8,171BUs				
	Number of hibernating bats species: 44				
	Area of wildflower verges: 7 hectares				
Visual screening	Potential visual screening provided by trees: 147 hectares				
Shading	Potential shading of passengers at TLRN transport nodes provided by trees: 0.08 hectares				
Unquantified material benefits					
Mental Health					
Education					
Liabilities*					
Production costs					
Natural capital maintenance costs					
Total gross asset maintenance costs					
Total net asset value (monetised)					

* Certain items are not disclosed and these lines have been left blank in the table above

In 2023/24, we used the results from the NCA to apply to projects, decision making and investment. In 2024/25, we will use the information to set targets for green canopy cover.

Asset Location for Green Infrastructure
In March 2024, as part of our Green Infrastructure and Biodiversity Plan, we published the locations of sites of importance for nature conservation areas on our network. We identified intersections between our estate and two Special Areas of Conservation, six Sites of Special Scientific Interest, eight Local Nature Reserves and 139 Sites of Importance for Nature Conservation. This work also included our previous habitat and biodiversity assessments, which identified more than 1,000 animal species and 700 plant species.

In 2024/25, we will conduct a re-assessment of our entire network's biodiversity potential. This will track changes over time when compared to the previous biodiversity baseline assessment conducted in 2019. This will meet our latest BNG requirement, and inform further locations for biodiversity offsetting, as well as which are priority locations within TfL's value chains.

Narrative Report and Financial Review (continued)

Risks and opportunities over the short, medium and long-term

In 2023/24, we began our first scenario analysis in collaboration with the Government Actuary's Department (GAD). Our aim is to pilot scenario analysis with a sample of risks and opportunities, covering transition, physical and nature related risk and opportunities to align with both TCFD and TNFD. For this years annual report, we have identified seven risks, and selected scenarios. Each of these risks link to a number of existing risks within our Enterprise Risk Framework, the modelling completed through scenario analysis, will be embedded into existing risk profiles. In 2024/25, we will further the analysis by conducting a qualitative and quantitative assessment of our sample risks.

We have chosen three timeframes for analysis, and they are short-term (to 2030), medium-term (to 2050) and long-term (to 2080). The financial impacts within climate scenarios are time- sensitive. For example, transition risks may be a dominant influence in the short term, but physical risks might dominate in the longer term. We have chosen these timeframes to align with TfL, Mayoral, Governmental and International climate time horizons. We have done this to ensure our scenario analyses take advantage of the best, most current data available, while producing results we can then use when planning for our operational and financial future.

- Short term – to align with TfL Strategy which sets out our path over the coming years to 2030

- Medium term – to align with London Environment Strategy, which sets out the plan until 2050. Also aligning with our medium time horizon within our Climate Risk Assessment

- Long term – to align with the long-term time horizon within our Climate Risk Assessment

To select physical risks for scenario analysis, we used our Climate Risk Assessment, which was published in 2021. This risk assessment covered risks to assets and people from chronic and acute climate change. This risk assessments covers 333 risks, and they are rated minor, moderate, major and severe, over three timeframes 2021, 2050 and 2080. We consolidated our risks, to group together similar risks to aid in prioritisation. We chose two physical risks to complete scenario analysis on in 2024/25. These risks are both acute risks, and they are rated as major and severe over the timeframes. We will explore a wider range of physical risks, in future scenario analysis. The physical risks we chose were:

- Extreme precipitation leading to flooding London Underground stations, shafts and portals. This risk was chosen as it is rated as a major and severe risk for TfL due to the potential impact to services and high likelihood of significant asset and infrastructure damage

- Extreme high temperatures on transport and in buildings. This was chosen as it is rated as major and severe for TfL due to the health, safety and wellbeing impacts on staff, tenants, and customers

To prioritise transition risks, we worked with GAD to identify a long list of transition risks which were relevant to us. This list contained 44 transition risks covering policy and legal, market, reputational, technology, resilience, resource efficiency, energy sources, and products and services. We held workshops with colleagues from across business areas to decide upon risk ratings for each risk, and to determine the financial impact route. Through this process, we prioritised four transition risks and opportunities for scenario analysis this year:

- Tighter regulation leading to higher capital expenditure for TfL due to assets becoming prematurely obsolete or non-performing

- Early adoption of new and novel technologies for sustainability initiatives leading to increased capital and operational expenditure

- Skills requirement relating to TfL strategic sustainability ambitions and Mayoral commitments becoming misaligned to our skills profile

- Improved building efficiency for Places to London leading to higher income from tenants

Narrative Report and Financial Review (continued)

The financial impact routes for the above climate and nature-related risks and opportunities are as follows:

Seven selected climate- and nature-related risks and opportunities

Risk type	Description	Risks financial impact route	Opportunities financial impact route	Management of risks and opportunities and strategic response
Nature	Increasing legal and policy commitments for biodiversity net gain and green infrastructure	• Increased expenditure for sourcing stock and materials • Increased costs of maintenance • Increased public interest and transparency • Reputational consequences	• Health and wellbeing benefits • Air quality benefits • Co-benefits with adaptation and mitigation • Increased wildlife and habitat in urban environment • Carbon sequestration benefits	Our Green Infrastructure and Biodiversity Plan sets out the actions to deliver our commitments to improve biodiversity and maximise the benefits of TfL's green infrastructure. Projects to deliver commitments are included in TfL's budget.
Physical	Extreme precipitation leading to flooding of London Underground tunnel shafts and portals	• Increased asset repair costs • Revenue loss from closures, reduced service or reduced customer confidence. • Capital costs associated with replacement of damaged assets • Compensation payments to tenants due to station closures • Increased insurance claims, leading to higher insurance premiums		We manage climate risk through the implementation of the Climate Change Adaptation Plan. We are incorporating adaptation requirements into asset strategies and engineering standards. We use research and modelling to better under our future risk and what interventions might be most suitable. We collaborate with industry partners and stakeholders to share best practice on adaptation measures.
Physical	Extreme high temperatures on transport and in buildings	• Increased health, safety and wellbeing incidents • Overtime costs to cover staff illness • Increased investment in portable cooling systems • Revenue loss from customers choosing not to travel during hot periods • Increased asset repair costs • Revenue loss from closures, reduced service or customer comfort. • Capital costs associated with replacement of damaged assets • Compensation payments to tenants due to station closures • Increased insurance claims, leading to higher insurance premiums		We manage climate risk through the implementation of the Climate Change Adaptation Plan. We are incorporating adaptation requirements into asset strategies and engineering standards. We use research and modelling to better under our future risk and what interventions might be most suitable. We collaborate with industry partners and stakeholders to share best practice on adaptation measures.
Transition	Tighter regulation leading to assets becoming prematurely obsolete or non performing	• Third party external investment more difficult to secure due to asset obsolescence • Slower development resulting in increased costs and lower revenue • Fines or penalties for not complying with new regulation • Increased capital costs to upgrade or replace assets to adhere to new regulation • Reputational consequences from negative media attention	• Lower maintenance and replacement costs as assets may be more efficient	Active management with Government, and the GLA enables us to be aware of upcoming regulation. Known regulation is included in TfL asset strategies with plans to avoid assets becoming prematurely obsolete.

Narrative Report and Financial Review (continued)

Risk type	Description	Risks financial impact route	Opportunities financial impact route	Management of risks and opportunities and strategic response
Transition	Early adoption of new and novel technologies for sustainability initiatives	• Increased capital expenditure to buy new technologies • Increased obsolescence costs of current assets • Increased costs of new technology due to price increases, caused by high demand and low supply in the market • Costs incurred from new technologies being superseded quickly • Costs of asset write offs, before time expiry • New technologies incurring increased maintenance costs • New technologies requiring additional integration costs	• New technologies bringing reliability benefits, lowering operational expenditure • New technologies being more energy efficient and having lower running costs, lowering operational expenditure	New technology is budgeted into financial accounting in line with business strategy. TfL has a strategy to decarbonise the network which includes adoption of new technologies, risks associated with this is included in our risk management.
Transition	Skills requirement misaligned with strategic sustainability ambitions and Mayoral commitments	• Increased costs of outsourcing and reliance and contractors and non-permanent labour • Increased training costs to meet new technical skills • Increased resource costs, due to high demand for sustainability skills across UK • Skills shortages causing slower transition to net zero • Increased costs of culture change associated with embedding sustainability across business areas • Costs associated with sustainability skills retention		TfL has a skills pipeline including critical role identification. In addition to this, we are actively reviewing reward management, talent management and strategic resourcing to align skills profile with skills requirements.
Transition	Changes to building energy efficiency on our Places for London commercial properties	• Increased capital investment to improve building efficiency • Decreased income if building energy efficiency is not improved	• Higher income on our commercial properties • Better quality properties leading to improved wellbeing for tenants • Lower operational expenditure due to increased energy efficiency • Increased attractiveness for third party investment	Places for London have a sustainability strategy which covers improving building efficiency. We continually evaluate our real estate portfolio to ensure our premises are suitable for clients.

Through scenario analysis, we will be analysing the scale of financial impact for each scenario under the three timeframes we have set out. The results of scenario analysis will be used for business strategy and financial planning.

We have developed four scenarios which can be used for scenario analysis. These link to existing internal TfL scenarios: Green Innovation, Rebalancing, Agglomeration and Instability. We have mapped climate related factors to existing scenarios to produce relevant and plausible scenarios that are relevant to TfL. In 2023/24, we short-listed our risks for scenario analysis, based on risks that are most material to us, we have also agreed our scenarios. The focus of 2024/25 will be to further our work by completing quantitative and qualitative analysis for the seven risks and opportunities we have identified.

For TCFD, scenarios must be plausible, distinctive, consistent, relevant and challenging.

- Plausible: we used the scenarios set out by NGFS (Network of Greening the Financial System) as a baseline. We have then linked these with existing TfL internal scenarios which we use for business planning to create realistic, credible and believable scenarios
- Distinctive: we focused on a combination of key factors which are differentiated under each scenario. The factors we consider for our scenarios are:
  - » Global climate action
  - » Global climate conditions
  - » Macro-economic trends
  - » Low carbon technology
  - » Energy costs and mix in the UK
  - » Natural environment in the UK
  - » Sustainability regulation in the UK
  - » Socioeconomic London
  - » Climate action and sustainable behaviours in London
  - » Level of Government spending on transport
  - » Level of private investment appetite for sustainable projects
  - » TfL supply chains
  - » Skills of the workforce
  - » Modal and customer preferences
- Consistent: each scenario aligns with industry best practice, as well as using internal scenarios and datasets
- Relevant: each scenario has a narrative that is consistent with potential futures for London. We have related the scenarios to the strategic and financial implications of climate: related TfL risks and opportunities
- Challenging: the scenarios cover a range of factors, which challenge the conventional wisdom and simplistic assumptions about the future

	Low transition risk	High transition risk
Low physical risk	**Orderly transition** Coordinated global climate action aims for net zero emissions by 2050, limiting warming to 1.5°C by the end of the century and largely avoiding the most severe physical impacts of climate change. London thrives through its booming environmental technology sector, achieving net zero emissions ahead of the global target, by 2030. Coordinated public and private investment focuses on decarbonisation, adaptation and nature. Widespread behavioural change leads to sustainable travel practices, low carbon technologies and products becoming the norm. A fall in commuting to central London is balanced with increased off-peak and recreational travel. Walking and cycling are popular. Regulations monitor sustainability and penalise non-compliance.	**Disorderly transition** Global climate action is limited in the short term but there is a race to decarbonise from 2030 onwards, and aggressive global climate action is taken, effectively reducing global emissions and limiting warming to 2°C by the end of the century. In London, the population ages, growth stagnates, and the city loses its world-leading reputation causing travel demand within central London to decline. Investment in transport and technologies becomes available but is often erratic and lacks coordination. Growing individual responsibility, drives a shift to local and sustainable travel options. Effective adaptation planning addresses climate impacts in the medium-to-long term and London's economy and population recover.
High Physical Risk	**Hot House World** Global climate action has stalled, non-binding pledges do not all materialise. Emissions continue rising until 2080, pushing global warming beyond 3°C by the end of the century. In London, extreme weather events intensify and become more frequent, leading to significant losses and disruption. Although London's economy booms in the short term with an increasing population driving increased demand for public transport, in the long-term London's economic growth declines as it experiences more frequent extreme weather events. Investment in mitigation and adaptation lags, adoption of sustainable behaviours is slow and increased exposure to climate hazards stress natural habitats.	**Too little too late** London's economy suffers and demand for public transport decreases. Uptake and development of low carbon technologies is slow and fossil fuels dependency persists. Geopolitical shocks affect energy costs and inequality persists. Environmental degradation worsens and biodiversity, water quality, and soil health decline. There is little appetite for low carbon investment in the short term. Spending on adaptation is necessary in the long term.

Narrative Report and Financial Review (continued)

We have aligned our climate scenarios with TfL's strategic scenarios, which are used to help the business make plans and agree priorities which are resilient to multiple futures. Using our climate scenarios we anticipate increased transition risks and opportunities in the shorter term, as we decarbonise across TfL. We have clear plans to decarbonise, which is detailed in our Corporate Environment Plan (2021). In the longer term, we anticipate increased physical risks, which we are planning for through the implementation of our Adaptation Plan. In addition to managing physical risk, we have robust operational emergency response in place for extreme weather across our operation managed through our Control Centres.

Our sustainability risks

Enterprise Risk Management (ERM) refers to the holistic management of risks across all areas of the business (threats and opportunities) that may impact the achievement of TfL's objectives. The TfL Enterprise Risk Management Framework (ERMF) provides a structured and consistent approach to risk management across the organisation. The TfL Board has overall accountability for risk management, and the Audit and Assurance Committee (AAC) reviews risk management activities on a quarterly basis on behalf of the Board. The ERMF applies to all categories of risk including sustainability, climate and adaptation risks at three levels Enterprise (Level 0), Strategic (Level 1) and Tactical (Level 2). The Framework also covers governance and assurance which includes reporting at Panels and Committees (Safety Sustainability and Human Resources Panel), Executive Committee and Sustainability Executive Committee.

There is a dedicated Enterprise level risk ER03 Environment, including climate adaptation. ER03 is subject to an annual deep dive review at Sustainability Executive Committee, main Executive Committee and Safety, Sustainability and HR panel. This covers risks associated with not meeting environmental commitments and compliance, including transition to net zero, adaptation to long-term climate change and extreme weather events, and nature-related risks. Risk owners provide details of the risk assessments including financial impacts, key risk indicators and key mitigations to manage the risks. In the last 12 months, the Level 1 environment and climate Strategic risks feeding into ER03 have been developed and presented at Sustainability Executive Committee.

Climate risks at the Enterprise, Strategic and Tactical levels are captured in TfL's risk database, Active Risk Manager. This allows climate and / environment risks to be tagged enabling visibility of the risk cascade. Interdependencies between risks are also considered, for example, there are clear linkages between our supply chain and climate risks. Climate change is recognised as a potentially significant future supply chain disruptor that needs to be actively monitored and mitigated.

Since last year's report, we have made progress on climate risk development. We have included our seven sample risks and opportunities for scenario analysis, in our Enterprise Risk Framework at Level 2, to ensure they are embedded into our business risk processes. In 2023/24, we inputted environmental risks into the Enterprise Risk Framework at Level 1. This gives accountability and more specific risk detail to risk owners and responsible managers. In 2024/25, we will continue to embed environmental risks into the Enterprise Risk Framework at strategic and tactical level.

Climate risks at the Enterprise, Strategic and Tactical levels are captured in TfL's risk database, Active Risk Manager. This allows climate/ environment risks to be tagged enabling visibility of the risk cascade. Interdependencies between risks are also considered, for example, there are clear linkages between our supply chain and climate risks. Climate change is recognised as a potentially significant future supply chain disruptor that needs to be actively monitored and mitigated.

We have introduced processes by which projects must assess the impact they make on the natural environment. Initially sponsors, along with project managers, identify how planned developments pose a risk to the natural environment. Projects then manage and mitigate impacts with relevant measures outlined in Pathway (TfL's delivery methodology for projects and programmes) and create appropriate biodiversity reinstatements to meet legal (BNG), and other corporate requirements. Pathway is part of our management system, within Pathway's toolkit, we have a tool called the Environmental Evaluation, which is accessible to all sponsors and project managers. It is a rigorous process to establish the monitoring of nature-related risks, biodiversity progress, carbon impacts and climate risk.

Since last year's report, we have made progress on climate risk development. We have included our seven sample risks and opportunities for scenario analysis, in our Enterprise Risk Framework at Level 2, to ensure they are embedded into our business risk processes. In 2023/24, we inputted environmental risks into the Enterprise Risk Framework at Level 1. This gives accountability and more specific risk detail to risk owners and responsible managers. In 2024/25, we will continue to embed environmental risks into the Enterprise Risk Framework at strategic and tactical level.

We are continually improving our understanding of our physical climate risks. In 2023/24, we began work on Adaptation Reporting Power (ARP) fourth round. This involved updating our risk assessment from ARP3 (2022) and including additional transport modes and business areas that were not captured previously. This work also involved engagement with London Boroughs, developing the first borough climate risk assessment for London's road network. In addition to this, we also explored risks through understanding a multitude of organisational interdependencies and their associated risks for the land-based transport sector, this included working with all key infrastructure owners in London. We will continue to finalise our risk assessments and publish the results in December 2024.

Narrative Report and Financial Review (continued)

In our Green Infrastructure and Biodiversity plan published for the 2023/24 period, we established that NCA will be updated every four years. Methodology for this update will be informed by latest industry recommendations, and we will take any lessons learned from the first Account into consideration. The first NCA did not include any upstream or downstream value chain assessments, however our intention is to include these in the next evaluation. We will also focus on identifying the most innovative methodology and software to use for these projects, which will be tailored to assess green infrastructure and canopy cover within our network.

Our sustainability metrics and targets
Carbon emissions from TfL's operations is measured on TfL's scorecard, we annually report on our carbon emissions and energy usage in accordance with Streamlined Energy and Carbon Reporting (SECR).

Our target set out in the Mayor's Climate Budget is to be net-zero carbon by 2030 for our operational emissions. This target covers all Scope 1 and 2 emissions, as well as Scope 3 Purchased Goods And Services emissions associated with operating some TfL services, such as Buses and rail franchises. We publish our forecast of carbon emissions to 2030 in the Mayors Budget, as well as setting internal performance targets (scorecard) for carbon emissions, which are aligned to the 2030 Mayors Budget forecast.

In 2023/24, we committed to setting science-based targets for all emissions scopes, including scope 3 categories material to TfL's activities. We have undertaken emissions calculations for scope 1, 2 and 3 emissions in line with the GHG Protocol. External validation of these targets will continue in 2024/25 so that we are working towards validated science-based targets for carbon emissions from 2024/25.

In 2024/25, our targets include achieving 70 per cent of our Green milestones, transitioning 500 more buses to zero emissions, bringing the total to 1,900 and converting 15 Tube stations, including Kings Cross to LED lighting.

TfL's Green Infrastructure and Biodiversity Plan sets out short-, medium- and long-term nature-related targets:

- From February 2024, we aim to achieve 10 per cent biodiversity net gain on applicable schemes (for example, planning system projects and nationally significant infrastructure projects)
- Deliver a net gain in biodiversity across TfL's estate by 2030, compared to the 2019 biodiversity baseline map
- Increase TfL-wide tree canopy cover by 10 per cent by 2050 compared with the 2016 baseline
- Increase TfL's street-tree numbers by one per cent every year between 2016 and 2025
- Double the area of our wildflower verges to 260,000 square metres in 2024
- Deliver an additional 5,000 square meters of catchment draining into TfL highways SuDS every year, as laid out in our Adaptation Plan, this measure is included in our TfL scorecard

To embed green infrastructure and biodiversity targets into our processes and projects, we include requirements in our Environmental Evaluation for Pathway, which is the system used for project and programme management. As discussed above, the Mayor's Transport Strategy included a target of a one per cent increase in street trees each year, from 2016 to 2025. While there have been annual fluctuations in the achievement of this target due to climate, resources, and external variables, we are still on track to meet this target.

Since the completion of a successful trial of wildflower verges on our road network, we are now positioned to double the wildflower road-verge area this year. This work showcases the excellent symbiosis between our enhanced management approaches in our strategy, and tangible biodiversity benefits. Further expansion and exploration of our wildflower verges will also identify future potential for the delivery of biodiversity net gain; this has the added benefit of meeting the newly released legal requirements for BNG.

Narrative Report and Financial Review (continued)

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.

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.

During the year Ernst & Young LLP was appointed by the PSAA as auditor of TfL for the duration of the five-year appointing period, covering the audit of the accounts from 2023/24 to 2027/28.

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 the 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 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 of 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 2022/23, 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 one 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 seven per cent of the audit fee of the Corporation as a single entity for 2023/24.

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 17, 18 and 19

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 2023/24 (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.

Our 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 Statement of Accounting Policies
- The Statement of Responsibilities for the Accounts
- Notes to the Group and Corporation financial statements

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.

Narrative Report and Financial Review (continued)

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'.

The Cash Flow Statement
The Cash Flow Statement shows our changes in cash and cash equivalents during the financial year. The statement shows how we generate 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 our operations 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 our future service delivery.

Movement in Reserves Statement
This statement shows the movement in the year on the different reserves we held, 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.

Statement of Responsibilities for the Accounts

Statutory Chief Finance Officer certification
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 then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code
- Kept proper accounting records that 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 2024.

SIGNATURE

Patrick Doig
Statutory Chief Finance Officer
XX November 2024

Independent Auditor's Report to the Members of Transport for London

Opinion

We have audited the financial statements of Transport for London ('the Corporation') and its subsidiaries ('the Group') for the year ended 31 March 2024. The financial statements comprise the:

- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Movement in Reserves Statement
- Group Statement of Cash Flows
- Corporation Comprehensive Income and Expenditure Statement
- Corporation Balance Sheet
- Corporation Movement in Reserves Statement
- Corporation Statement of Cash Flows
- Accounting Policies
- the related notes 1 to 44

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion the financial statements:

- give a true and fair view of the financial position of Transport for London and the Group as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities and the Code of Audit Practice 2020, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Corporation's ability to continue to adopt the going concern basis of accounting included:

- We understood management's assessment of funding requirements and commitments for the going concern period to 31 March 2026
- We considered the historical accuracy of management's budgets and forecasting by comparing the last two years variances in actual outturn as well as the post-year end period
- We validated performance to date on efficiency savings programmes, to determine the potential risk of non-delivery of the savings assumed within the budget
- We validated the performance against conditions set out in the DfT funding agreement dated 30 August 2022 to assess the likelihood of a clawback of funding or a dispute being raised by the Department for Transport
- We corroborated management's base case model for 2024/25 and 2025/26 through to the approved budget and challenged the key assumptions with the model including fare increases, passenger increases and RPI increase
- We challenged each material element of downside risk Identified by management, including those related to inflation and passenger income and tested to supporting evidence to assess the underlying assumptions and the appropriateness of TfL calculations
- We stress tested the downside risk, using plausible downside parameters and calculated a "worst case" downside risk– this included no increase to passenger demand, further non-delivery of savings and reduced funding
- We considered the mitigations available to TfL, challenged the assumptions over access to further borrowing and other potential mitigations to determine the reasonableness of those options. We assessed the headroom available against TfL's Authorised Prudential Borrowing Limit over the going concern period and considered the accessibility of borrowing from the Public Works Loans Board
- We assessed the adequacy of the going concern disclosures relating to the ability to deliver current planned operational services within available sources of funding in the financial statements

Management has concluded that the Group has access to sufficient mitigations including accelerating planned borrowing within their Authorised Prudential Borrowing Limit and descoping and deferring planned capital investment in its 2024 Business Plan to mitigate the risks of insufficient funding being received as outlined in their going concern assessment. The Authority's management has determined, having set a balanced budget for 2024/25 and 2025/26, that they have sufficient income to continue to provide services within the going concern period without having to make unplanned service reductions.

Independent Auditor's Report to the Members of Transport for London (continued)

Going concern has also been determined to be a key audit matter

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Corporation's ability to continue as a going concern for a period to 31 March 2026.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of two components • The components where we performed full audit procedures accounted for 100 per cent of expenditure, 100 per cent of revenue and 100 per cent of total assets
Key audit matters	• Going concern • Fares revenue • Capital projects • Property valuation
Materiality	• Overall group materiality of £131.5m which represents one per cent of group operating and capital expenditure

An overview of the scope of the parent and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Corporation and Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Corporation and Group and effectiveness of group wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent Internal audit results when assessing the level of work to be performed.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the three reporting components Transport for London Corporation, Transport Trading Limited and London Transport Insurance (Guernsey) Limited, only Transport Trading Limited and the Corporation are material to the Group, representing 100 per cent of the Group's expenditure. The other entity represents less than 0.5 per cent of Group's expenditure, revenue and total assets and is considered immaterial to the Group.

We performed an audit of the complete financial information of Transport for London Corporation and Transport Trading Limited ("full scope components") which were selected based on their size or risk characteristics. For the remaining component we performed other audit procedures including analytical review, testing of consolidation journals and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

The reporting components where we performed audit procedures accounted for 100 per cent (2023: 99 per cent) of the Group's operating and capital expenditure, 100% (2023: 100%) of the Group's revenue and 100 per cent (2023: 99 per cent) of the Group's total assets.

Changes from the prior year

There were no changes in scope in the current year.

Involvement with component teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Climate change

Stakeholders are increasingly interested in how climate change will impact Transport for London. The Group has determined that the most significant future impacts from climate change on its operations will be from impact of the increase in frequency of extreme weather events with periods of hot and cold weather, flash flooding and storm events. Such events can cause widespread disruption to operations and damage to assets whether caused by falling debris, flooding or failure of assets. These are explained on pages 115 to 119, in the Task Force On Climate Related Financial Disclosures and on pages 120 to 125 in the principal risks and uncertainties, which form part of the "Other information" rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in its climate change accounting policy its articulation of how climate change has been reflected in the financial statements. There are no significant judgements or estimates relating to climate change in the notes to the financial statements as it is not considered that climate change risks have a material impact on the Group's judgements or sources of estimation uncertainty.

Independent Auditor's Report to the Members of Transport for London (continued)

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition and their climate commitments, and whether these have been appropriately reflected in asset values, retirement benefits and the going concern assessment (see accounting policy aj). As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Our efforts to adapt to climate change have been considered

Independent Auditor's Report to the Members of Transport for London (continued)

Fares revenue

Risk	Our response to the risk	Key observations communicated to the Audit and Assurance Committee
Passenger income £4,843.1m (2022 £4,046.6m) - refer to Note 1 in the consolidated financial statements. Transport for London (TfL) generated 72.1 per cent of its revenue from fares charged to customers during FY23/24. Fares revenue remains a focus of the financial statements audit due to the complexity of the IT systems and arrangements with service organisations used to record revenue and the amount of judgement required to determine the apportionment of revenue due to TfL and other Train Operating Companies. This risk over revenue recognition specifically arises in the following judgemental areas, where there is risk of overstatement of revenue: • Oyster Pay As You Go and Contactless Pay • Travelcard and Through Ticket	Our testing of revenue recognition included both tests of control and substantive testing. Our test of controls focused on the effectiveness of the cash collection process and sales made at various sales outlets to provide evidence of existence of passenger income and services delivered. We obtained an understanding of the processes for recording fares revenue including the IT applications. We tested IT controls using our IT specialists for the SAP, CPAY and OXNR systems. We evaluated the conclusions, with the support of our IT specialists, from the ISAE3402 reports on the controls operated by service organisations over contactless ticketing and Oyster Pay as You Go. Our substantive testing of revenue relating to Oyster Pay as You Go, Contactless Pay, Travelcard and Through Ticket included: • We selected a sample of sales included in the sales database and agreed the information to sales returns received, analysed by outlets. For each return we have then re-performed the calculation of the amount to be recognised as revenue based on the product type and agreed it to the revenue recorded for that period. This calculation also includes the apportionment of revenue between TfL and the Train Operating Companies, which was tested for this sample. • We agreed the values reported as revenue in advance to the revenue system reports identifying the proportion of revenue relating to future periods for annual or periodic tickets and travel cards purchased in the 2023/24 year. We tested the parameters used in the report to confirm the appropriate calculation of this amount as payments received in advance. • We compared the assessment of fares apportioned to the Train Operating Companies for reasonableness against latest agreements, settlements in year and correspondence with the Train Operating Companies. • We performed journals testing over manual journal posted to fares revenue. We performed full scope audit procedures over this risk area for the whole Group, which covered 100 per cent of passenger income.	We concluded that the basis on which fares revenue is recognised is in accordance with the requirements of IFRS15 – Revenue from contracts with customers as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. The judgements made related to fares revenue in the financial statements have been appropriately described.

Independent Auditor's Report to the Members of Transport for London (continued)

Capital projects

Risk	Our response to the risk	Key observations communicated to the Audit and Assurance Committee
Additions to Group property, plant and equipment £1,981.1m (2023: £1,978.3m). Refer to note 13 in the consolidated financial statements. The TfL Group undertakes multiple capital projects at any point in time. These projects vary in size, complexity and length of time to complete and therefore there is a risk of inappropriate capitalisation of costs that do not meet the criteria of IAS16: Property, Plant and Equipment as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.	Testing of capital expenditure included both tests of controls and substantive testing to assess whether the expenditure capitalised in property, plant and equipment met the criteria under IAS16. We have gained an understanding of key controls and governance surrounding capital project accounting and management. Our test of controls focused on the effectiveness of the approval process for expenditure and for capitalisation, by testing controls related to the approval of capital expenditure recorded in property, plant and equipment to evidence of appropriate authorisation and of review of amounts capitalised. The following procedures were performed as part of our substantive testing: • We selected a sample of major projects and tested expenditure capitalised during the financial period to supporting project documentation, including third party reports and valuations and assessed whether the expenditure met the criteria for capitalisation • We met with project managers for a sample of projects to understand the scope, progress and viability of the project, to enable us to consider whether the accounting amounts recorded were consistent with the understanding gained of any delivery challenges encountered, or disputes with contractors and to consider whether this indicated any expenditure did not meet the criteria for capitalisation • We have compared the latest positions of the projects recorded in respect of "pain or gain" arrangements to contract terms and conditions and to the latest project outturn forecasts to assess the related value recorded in accruals • We have also performed detailed testing on a sample of capital accruals to source documentation to test completeness of costs recognised at 31 March 2024 • We visited a sample of project sites to further understand the scope and the progress on projects for a sample of projects, to enable us to consider whether the accounting amounts recorded were consistent with the understanding gained of any delivery challenges encountered, or disputes with contractors and to consider whether this indicated any expenditure did not meet the criteria for capitalisation • We performed journals testing over unusual manual journals posted to capital during the year We performed full scope audit procedures over this risk area for the whole Group, which covered 100 per cent of the risk amount.	We are satisfied that the capitalised costs in the year meet the criteria for capitalisation of IAS16: Property, Plant and Equipment as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Independent Auditor's Report to the Members of Transport for London (continued)

Property valuation

Risk	Our response to the risk	Key observations communicated to the Audit and Assurance Committee
Investment properties £1,615.1m (2023: £1,573.4m) Refer to note 16 in the consolidated financial statements. The TfL Group has an extensive and diversified property portfolio across London. Any changes to the assumptions used to value properties within the portfolio could have a significant impact on the financial statements due to the nature of the properties. External valuers perform a detailed valuation across the property portfolio during each financial year. Significant judgement is used during the valuation of the property portfolio due to the uniqueness thereof. Inaccuracies in inputs or inappropriate bases used in these judgements (in respect of estimated rental value and yield profile applied) could result in a material misstatement of the balance sheet.	The following procedures were performed as part of our substantive testing: • We obtained an understanding of management's process and controls around the valuation of properties • We obtained management's valuations report for properties valued at 31 March 2024 • We evaluated the competence of the Group's external valuers, CBRE, which included consideration of their qualifications, expertise and independence • We tested the valuations report prepared by TfL's external valuers, agreeing the entries in the report back to the financial statements to confirm the accuracy of the entries • We met with TfL's external valuers and discussed the methodology applied and key judgements used in the valuation. Such judgements included the estimated rental value, yield profile and other assumptions that impact the value • We challenged whether certain assets were classified correctly as Investment Property under IAS 40 or whether they should be classified as operational assets under IAS 16 or lease receivables under IFRS 16 • We selected a sample of investment properties based on a number of factors including size, risk and representation across asset classes. For all assets in this sample of properties, we tested source documentation provided by the Group to CBRE and the appropriateness of assumptions applied. This included agreeing a sample back to underlying lease data • For certain assets within this sample, we used our valuation experts to assist in our testing of assumptions. Assets tested by our valuation experts were determined based on risk factors such as properties valued on a project basis and properties with significant movements in valuation from the prior year. Our valuation experts reviewed and challenged the approach and assumptions that have been applied in the valuation of these assets. They compared the yields applied to each property to an expected range of yields taking into account available market data and asset specific considerations. They assessed whether the other assumptions applied by the external valuers, such as the estimated rental values, voids and tenant incentives were supported by available data. They also considered whether other market transactions contradict the assumptions used in the valuation We performed full scope audit procedures over this risk area for the whole Group, which covered 100 per cent of the risk amount.	We conclude that the balances and disclosures in the financial statements and notes appropriately reflect the risk factors identified and are in compliance with the requirements of IAS40: Investment Property as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Independent Auditor's Report to the Members of Transport for London (continued)

Our application of materiality
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £131.5m (2023: £86.8m), which is one per cent (2023: one per cent) of operational and capital expenditure. TfL Group's key responsibilities are to provide transportation services across London and to continue to develop the capital's transport infrastructure. TfL has two key purposes: operational responsibilities for transport services and the development of London's transport infrastructure. Both of these elements are of significant interest to the users of the financial statements identified above and we therefore determined that TfL expenditure in these areas is an appropriate measure for planning materiality. The increase in materiality reflects the increased expenditure incurred by the group following the return of activity to pre-pandemic levels. Materiality has increased due to an increase in operational and capital costs in year.

We determined materiality for the Transport for London Corporation to be £165.6m (2023: £163.4m), which is 0.5 per cent (2023:0.5 per cent) of total assets. As this results in a higher materiality for Corporation than Group (based on total assets rather than gross expenditure for group), we reduced materiality for Corporation to the lower group level of £131.5m.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50 per cent (2023:50 per cent) of our planning materiality, namely £65.8m (2023: £43.4m). We have set performance materiality at this percentage based on our assessment of the Group's internal control environment and the extent and nature of audit findings identified in the prior period.

Audit work at Transport for London Corporation and Transport Trading Limited for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total group performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, we set performance materiality for the Transport for London Corporation of £39.5m (2023: £15.2m) and Transport Trading Limited £55.9m (2023: £36.9m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Assurance Committee that we would report to them all uncorrected audit differences in excess of £6.6m (2023: £4.3m), which is set at five per cent of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the National Audit Office's Code of Audit Practice 2020

In our opinion:

- the parts of the Remuneration Report identified as subject to audit have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Independent Auditor's Report to the Members of Transport for London (continued)

Matters on which we are required to report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and the Corporation
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Group and the Corporation has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024

We have nothing to report in these respects.

Responsibility of the Statutory Chief Finance Officer

As explained more fully in the directors' responsibilities statement set out on page 127, the directors are responsible for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, 2023/24 and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Authority and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are Accounts and Audit Regulation 2015, the Local Government Act 2003 and the Local Government Finance Act 2012. In addition, we considered that there are certain specific laws and regulations which could have an effect on the determination of the amounts and disclosures in the financial statement, in particular, the Civil Enforcement of Road Traffic Contraventions Regulations
- We engaged appropriate internal specialists to support in our procedures concerning management's compliance with these laws and regulations

Independent Auditor's Report to the Members of Transport for London (continued)

- We understood how the Group is complying with those frameworks by making enquiries with management and those responsible for legal and compliance procedures. We understood the oversight of those charged with governance, the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. We corroborated our enquiries through our reading of board minutes and papers provided to the Audit and Assurance Committee
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. Where the risk was considered higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements are free from fraud or error
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved reading of board minutes to identify any non-compliance with laws and regulations, a review of the reporting to the Audit and Assurance Committee on compliance with regulations, enquiries of the Head of Counter-Fraud and Corruption, enquiries of legal and enquiries of management
- To address our fraud risk around the manipulation of reported financial performance through improper recognition of revenue, we have completed the procedures set out in the key audit matter above on revenue recognition relating to the allocation of fares received based on time periods, services provided by other parties and refunds
- To address our fraud risk of inappropriate capitalisation of revenue expenditure we have completed the procedures set out in the key audit matter above on capital projects
- To address our fraud risk of misstatement due to fraud or error, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

We were appointed by Public Sector Audit Appointments on 6 December 2022 to audit the financial statements for the year ending 31 March 2024 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is nine years, covering the years ending 31 March 2016 to 31 March 2024. The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or Corporation and we remain independent of the Group and Corporation in conducting the audit. The audit opinion is consistent with the additional report to the Audit and Assurance Committee.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in May 2024, as to whether the Transport for London had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Transport for London put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether Transport for London had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Independent Auditor's Report to the Members of Transport for London (continued)

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance certificate in respect of the Whole of Government Accounts consolidation pack and the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Transport for London. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have completed our procedures related to objections we have received. We are satisfied that this work does not have a material effect on the financial statements or on our value for money work.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Transport for London, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

SIGNATURE

Janet Dawson
For and on behalf of Ernst & Young LLP,
Statutory Auditor London
XX November 2024

We work to ensure our economic security

Group Comprehensive Income and Expenditure Statement

Year ended 31 March	Note	Gross service income 2024 £m	Gross expenditure 2024 £m	Net income/ (expenditure) 2024 £m	Gross service income 2023 £m	Gross expenditure 2023 £m	Net income/ (expenditure) 2023 £m
Operating segment							
London Underground		2,528.0	(2,740.0)	(212.0)	2,241.0	(2,480.0)	(239.0)
Elizabeth line		610.0	(532.0)	78.0	325.0	(490.0)	(165.0)
Buses, streets and other operations		2,705.0	(3,643.0)	(938.0)	2,513.0	(3,216.0)	(703.0)
Rail		421.0	(565.0)	(144.0)	385.0	(548.0)	(163.0)
Places for London		94.0	(65.0)	29.0	100.0	(57.0)	43.0
Other group items		489.0	(301.0)	188.0	262.0	(264.0)	(2.0)
	2	6,847.0	(7,846.0)	(999.0)	5,826.0	(7,055.0)	(1,229.0)
Central items not reported on a segmental basis	2	(132.7)	(1,237.7)	(1,370.4)	(22.4)	(1,435.2)	(1,457.6)
Net cost of services	2	6,714.3	(9,083.7)	(2,369.4)	5,803.6	(8,490.2)	(2,686.6)
Other net operating expenditure	7			(97.3)			(86.4)
Financing and investment income	8			86.2			101.8
Financing and investment expenditure	9			(623.4)			(749.6)
Grant income	10			3,504.6			3,522.5
Surplus on the provision of services				500.7			101.7
Group share of profit before tax of joint ventures	18			0.1			8.8
Group share of loss before tax of associated undertakings	19			(58.3)			(41.5)
Group surplus before tax				442.5			69.6
Taxation	11			(49.5)			4.8
Group surplus after tax				393.0			73.8

Year ended 31 March	Note	Gross service income 2024 £m	Gross expenditure 2024 £m	Net income/ (expenditure) 2024 £m	Gross service income 2023 £m	Gross expenditure 2023 £m	Net income/ (expenditure) 2023 £m
Group surplus after tax				393.0			73.8
Other comprehensive income and expenditure							
Items that will not be subsequently reclassified to profit or loss							
(Deficit)/surplus on the revaluation of property, plant and equipment*	13			(11.4)			1.6
Surplus on the valuation of newly created investment properties	16			-			6.0
Net remeasurement gain on defined benefit pension schemes*	35			602.4			5,087.3
				591.0			5,094.9
Items that may be subsequently reclassified to profit or loss							
Movement in fair value of derivative financial instruments*	37			(44.0)			17.6
Derivative fair value loss reclassified to income and expenditure*	37			1.1			9.4
Discontinued hedging relationship	37			-			13.5
				(42.9)			40.5
				548.1			5,135.4
Total comprehensive income and expenditure				941.1			5,209.2

* There is no tax effect of these items on other comprehensive income and expenditure in the years ended 31 March 2024 or 2023 (see Note 11)

Group Balance Sheet

	Note	31 March 2024 £m	31 March 2023 £m
Long-term assets			
Intangible assets	12	271.9	257.1
Property, plant and equipment	13	45,261.2	44,588.5
Right-of-use assets	14	1,970.4	1,954.5
Investment property	16	1,615.1	1,574.6
Investment in joint ventures	18	78.8	79.7
Investment in associated undertakings	19	114.3	166.7
Other investments	24	1.2	-
Derivative financial instruments	32	28.6	26.2
Finance lease receivables	20	18.2	9.1
Retirement benefit surplus	35	2,352.7	1,631.4
Debtors	22	28.9	60.2
		51,741.3	50,348.0
Current assets			
Inventories	21	101.4	78.7
Debtors	22	608.2	696.3
Assets held for sale	23	-	53.7
Derivative financial instruments	32	0.7	1.7
Finance lease receivables	20	7.1	5.2
Other investments	24	5.8	15.0
Cash and cash equivalents	25	1,488.3	1,387.5
		2,211.5	2,238.1
Current liabilities			
Creditors	26	(2,022.1)	(2,062.9)
Capital grants received in advance	26	(34.6)	(43.4)
Borrowings	27	(864.0)	(693.7)
Right-of-use lease liabilities	14	(275.4)	(299.6)
PFI liabilities	28	(15.5)	(14.3)
Other financing liabilities	29	(20.5)	(6.6)
Derivative financial instruments	32	(10.8)	(3.4)
Provisions	30	(230.9)	(175.1)
		(3,473.8)	(3,299.0)

	Note	31 March 2024 £m	31 March 2023 £m
Long-term liabilities			
Creditors	26	(310.8)	(83.5)
Capital grants received in advance	26	(3.2)	(4.1)
Borrowings	27	(12,071.6)	(12,216.6)
Right-of-use lease liabilities	14	(2,029.2)	(1,915.9)
PFI liabilities	28	(61.2)	(76.7)
Other financing liabilities	29	(94.7)	(115.1)
Derivative financial instruments	32	(48.6)	(10.1)
Deferred tax liabilities	11	(422.4)	(370.4)
Provisions	30	(55.1)	(49.9)
Retirement benefit obligation	35	(83.9)	(88.1)
		(15,180.7)	(14,930.4)
Net assets		35,298.3	34,356.7
Reserves			
Usable reserves		455.1	319.1
Unusable reserves	37	34,843.2	34,037.6
Total reserves		35,298.3	34,356.7

The notes on pages XX to XX form part of these financial statements. These financial statements were approved by the Audit and Assurance Committee acting on behalf of the Board on XX November 2024 and signed on its behalf by:

SIGNATURE

Mark Phillips
Chair, Audit and Assurance Committee
XX November 2024

Group Movement in Reserves Statement

	Note	General Fund £m	Earmarked Reserves £m	**General Fund and Earmarked Reserves £m**	Street Works Reserve £m	Capital grants unapplied account £m	**Usable reserves £m**	Corporation unusable reserves £m	**Total Corporation reserves £m**	Share of Group Unusable reserves £m	**Total reserves £m**
At 1 April 2022		500.0	108.9	**608.9**	25.2	-	**634.1**	13,516.4	**14,150.5**	14,996.4	**29,146.9**
Movement in reserves during 2022/23											
Group surplus after tax		1,889.2	-	**1,889.2**	-	-	**1,889.2**	-	**1,889.2**	(1,815.4)	**73.8**
Other comprehensive income and expenditure		-	-	**-**	-	-	**-**	5,039.9	**5,039.9**	95.5	**5,135.4**
Total comprehensive income and expenditure		1,889.2	-	**1,889.2**	-	-	**1,889.2**	5,039.9	**6,929.1**	(1,719.9)	**5,209.2**
Adjustments between group and authority accounts		(2,058.1)	-	**(2,058.1)**	-	-	**(2,058.1)**	-	**(2,058.1)**	2,058.1	**-**
Net (decrease)/increase before transfers		(168.9)	-	**(168.9)**	-	-	**(168.9)**	5,039.9	**4,871.0**	338.2	**5,209.2**
Derivative fair value loss reclassified to the Balance Sheet	37	-	-	**-**	-	-	**-**	-	**-**	0.6	**0.6**
Adjustments between accounting basis and funding basis under statutory provisions	38	(250.3)	-	**(250.3)**	2.0	102.2	**(146.1)**	146.0	**(0.1)**	0.1	**-**
Net (decrease)/increase before transfer to/from Earmarked Reserves		(419.2)	-	**(419.2)**	2.0	102.2	**(315.0)**	5,185.9	**4,870.9**	338.9	**5,209.8**
Transfer to/from Earmarked Reserves		108.9	(108.9)	**-**	-	-	**-**	-	**-**	-	**-**
(Decrease)/increase in 2022/23		(310.3)	(108.9)	**(419.2)**	2.0	102.2	**(315.0)**	5,185.9	**4,870.9**	338.9	**5,209.8**
Balance at 31 March 2023		**189.7**	**-**	**189.7**	**27.2**	**102.2**	**319.1**	**18,702.3**	**19,021.4**	**15,335.3**	**34,356.7**
Movement in reserves during 2023/24											
Group surplus after tax		2,153.1	-	**2,153.1**	-	-	**2,153.1**	13.2	**2,166.3**	(1,773.3)	**393.0**
Other comprehensive income and expenditure			-	**-**	-	-	**-**	600.2	**600.2**	(52.1)	**548.1**
Total comprehensive income and expenditure		2,153.1	-	**2,153.1**	-	-	**2,153.1**	613.4	**2,766.5**	(1,825.4)	**941.1**
Adjustments between group and authority accounts		(1,767.1)	-	**(1,767.1)**	-	-	**(1,767.1)**	-	**(1,767.1)**	1,767.1	**-**
Net increase before transfers		386.0	-	**386.0**	-	-	**386.0**	613.4	**999.4**	(58.3)	**941.1**
Derivative fair value loss reclassified to the Balance Sheet	37	-	-	**-**	-	-	**-**	-	**-**	0.5	**0.5**
Adjustments between accounting basis and funding basis under statutory provisions	38	(324.6)	-	**(324.6)**	4.8	69.8	**(250.0)**	250.0	**-**	-	**-**
Increase in 2023/24		61.4	-	**61.4**	4.8	69.8	**136.0**	**863.4**	**999.4**	(57.8)	**941.6**
Balance at 31 March 2024		**251.1**	**-**	**251.1**	**32.0**	**172.0**	**455.1**	**19,565.7**	**20,020.8**	**15,277.5**	**35,298.3**

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Group Movement in Reserves Statement (continued)

Earmarked Reserve have 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 38.

Adjustments between group and authority accounts represent intra-group transactions between the Corporation and subsidiaries. This includes capital and revenue grants and interest income. The balance is adjusted against the Group deficit after tax.

Group Statement of Cash Flows

Year ended 31 March	Note	2024 £m	2023 £m
Surplus on the provision of services		**500.7**	101.7
Adjustments to the surplus on the provision of services for non-cash movements	36b	**2,245.8**	2,159.4
Adjustments to the surplus on the provision of services for investing or financing activities	36c	**(1,880.3)**	(2,147.9)
Net cash flows from operating activities		**866.2**	113.2
Investing activities	36d	**(471.2)**	283.7
Financing activities	36e	**(294.2)**	(399.6)
Increase/(decrease) in net cash and cash equivalents in the year		**100.8**	(2.7)
Net cash and cash equivalents at the start of the year		**1,387.5**	1,390.2
Net cash and cash equivalents at the end of the year	25	**1,488.3**	1,387.5

Our transport network is integral to London's growth

Corporation Comprehensive Income and Expenditure Statement

Year ended 31 March	Note	2024 £m	2023 £m
Highways and Transport Services			
Gross service income	1	**1,176.0**	1,160.0
Gross expenditure	4	**(1,734.1)**	(1,817.7)
Net cost of services		**(558.1)**	(657.7)
Other net operating expenditure	7	**(109.0)**	(0.3)
Financing and investment income	8	**565.4**	489.8
Financing and investment expenditure	9	**(420.3)**	(559.2)
Grant income	10	**3,468.5**	3,475.6
Grant funding of subsidiaries		**(2,547.3)**	(2,917.0)
Surplus/(deficit) on the provision of services		**399.2**	(168.8)
Other comprehensive income and expenditure			
Items that will not be subsequently reclassified to profit or loss			
Deficit on the revaluation of property, plant and equipment	13	**-**	(1.1)
Net remeasurement gain on defined benefit pension schemes	35	**600.2**	5,040.8
		600.2	5,039.7
Total comprehensive income and expenditure		**999.4**	4,870.9

Corporation Balance Sheet

	Note	31 March 2024 £m	31 March 2023 £m
Long-term assets			
Intangible assets	12	**190.8**	167.6
Property, plant and equipment	13	**4,519.6**	4,379.6
Right-of-use assets	14	**319.4**	339.8
Investment property	16	**117.8**	86.9
Investments in subsidiaries	17	**13,062.5**	13,062.5
Other investments	24	**0.2**	-
Finance lease receivables	20	**13.0**	-
Retirement benefit surplus	35	**2,349.3**	1,630.0
Debtors	22	**12,220.2**	12,326.9
		32,792.8	31,993.3
Current assets			
Debtors	22	**422.4**	389.4
Assets held for sale	23	**-**	3.0
Finance lease receivables	20	**0.2**	-
Cash and cash equivalents	25	**1,294.2**	1,131.3
		1,716.8	1,523.7
Current liabilities			
Creditors	26	**(715.0)**	(823.3)
Capital grants received in advance	26	**(18.8)**	(24.3)
Borrowings	27	**(864.0)**	(693.7)
Right-of-use lease liabilities	14	**(25.6)**	(27.0)
PFI liabilities	28	**(15.5)**	(14.3)
Provisions	30	**(107.3)**	(113.0)
		(1,746.2)	(1,695.6)

	Note	31 March 2024 £m	31 March 2023 £m
Long-term liabilities			
Creditors	26	**(163.4)**	(51.3)
Capital grants received in advance	26	**-**	(0.9)
Borrowings	27	**(12,075.6)**	(12,221.5)
Right-of-use lease liabilities	14	**(324.1)**	(341.1)
PFI liabilities	28	**(61.2)**	(76.7)
Provisions	30	**(34.3)**	(20.3)
Retirement benefit obligation	35	**(83.9)**	(88.1)
		(12,742.5)	(12,799.9)
Net assets		**20,020.9**	19,021.5
Reserves			
Usable reserves		**455.1**	319.1
Unusable reserves	37	**19,565.8**	18,702.4
Total reserves		**20,020.9**	19,021.5

The notes on pages XX to XX form part of these financial statements. These financial statements were approved by the Audit and Assurance Committee acting on behalf of the Board on XX November 2024 and signed on its behalf by:

SIGNATURE

Mark Phillips
Chair, Audit and Assurance Committee
XX November 2024

Corporation Movement in Reserves Statement

	Note	General Fund £m	Earmarked Reserves £m	**General Fund and Earmarked Reserves £m**	Street Works Reserve £m	Capital grants unapplied account £m	**Usable reserves £m**	Unusable reserves £m	**Total reserves £m**
At 1 April 2022		500.0	108.9	**608.9**	25.2	-	**634.1**	13,516.4	**14,150.5**
Movement in reserves during 2022/23									
Deficit on the provision of services		(168.9)	-	**(168.9)**	-	-	**(168.9)**	-	**(168.9)**
Other comprehensive income and expenditure		-	-	**-**	-	-	**-**	5,039.9	**5,039.9**
Total comprehensive income and expenditure		(168.9)	-	**(168.9)**	-	-	**(168.9)**	5,186.0	**4,871.0**
Adjustments between accounting basis and funding basis under statutory provisions	38	(250.3)	-	**(250.3)**	2.0	102.2	**(146.1)**	146.1	**-**
Net (decrease)/increase before transfer to/from Earmarked Reserves		(419.2)	-	**(419.2)**	2.0	102.2	**(315.0)**	5,186.0	**4,871.0**
Transfer to/from Earmarked Reserves		108.9	(108.9)	**-**	-	-	**-**	-	**-**
(Decrease)/increase in 2022/23		(310.3)	(108.9)	**(419.2)**	2.0	102.2	**(315.0)**	5,186.0	**4,871.0**
Balance at 31 March 2023		**189.7**	**-**	**189.7**	**27.2**	**102.2**	**319.1**	**18,702.4**	**19,021.5**
Movement in reserves during 2023/24									
Surplus on the provision of services		386.0	-	**386.0**	-	-	**386.0**	13.2	**399.2**
Other comprehensive income and expenditure		-	-	**-**	-	-	**-**	600.2	**600.2**
Total comprehensive income and expenditure		386.0	-	**386.0**	-	-	**386.0**	613.4	**999.4**
Adjustments between accounting basis and funding basis under statutory provisions	38	(324.6)	-	**(324.6)**	4.8	69.8	**(250.0)**	250.0	**-**
Increase in 2023/24		61.4	-	**61.4**	4.8	69.8	**136.0**	863.4	**999.4**
Balance at 31 March 2024		**251.1**	**-**	**251.1**	**32.0**	**172.0**	**455.1**	**19,565.8**	**20,020.9**

Earmarked Reserves have 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	2024 £m	2023 £m
Surplus/(deficit) on the provision of services		**399.2**	(168.8)
Adjustments to surplus on the provision of services for non-cash movements	36b	**209.8**	823.1
Adjustments to surplus on the provision of services for investing or financing activities	36c	**(1,851.2)**	(2,095.5)
Net cash flows from operating activities		**(1,242.2)**	(1,441.2)
Investing activities	36d	**1,423.1**	1,437.4
Financing activities	36e	**(18.0)**	(96.7)
Increase/(decrease) in net cash and cash equivalents in the year		**162.9**	(100.5)
Net cash and cash equivalents at the start of the year		**1,131.3**	1,231.8
Net cash and cash equivalents at the end of the year	25	**1,294.2**	1,131.3

Our projects are helping transform and connect areas of London

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 have therefore been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (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 2023/24 is based on UK-adopted international accounting standards (hereafter the '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) 'Conceptual Framework for Financial Reporting' as interpreted by the Code.

CIPFA/LASAAC announced its plans to delay mandatory implementation of IFRS 16 Leases in the Code until 1 April 2024. 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 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. The majority of these leases were held at peppercorn rents by a previous lessee prior to the leases being taken on by TfL. An exercise was undertaken to assess the fair value of the assets leased under these arrangements and it was 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 2024. 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.

Accounting Policies (continued)

The financial statements 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.

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.

The Corporation is required to make adjustments between the accounting basis and funding basis under statutory provisions. Further detail regarding these adjustments is included within Note 38 For the alignment of accounting policies for the purposes of Group accounts, the Group transfers amounts between the Retained Earnings Reserve in its subsidiaries and the Group Capital Adjustment Account on the same basis as if those statutory provisions applied to its subsidiaries. Further details regarding this alignment is included within Note 37.

d) Going concern
The financial statements have been prepared on a going concern basis as the Board remain confident that TfL will continue in operational existence from the date of signing these financial statements for the period ending 31 March 2026 (i.e. the remainder of 2024/25 and 2025/26 financial years), which is the going concern assessment period, and will meet its liabilities as they fall due for payment. In making this assessment, the Board has had regard to Practice Note 10: Audit of financial statements of public sector bodies, which sets out that a public sector entity is presumed to be a going concern unless there is a clearly expressed Parliamentary intention to discontinue the provision of services that the entity provides.

In the 2022/23 accounts, Management highlighted two key areas that represented a level of judgement to the going concern position for TfL:

a. The dispute mechanism in the 30 August 2022 funding settlement to 31 March 2024 remained, with outstanding funding of £85m at the date of approving the 2022/23 TfL accounts

b. The Government capital funding contribution of £475m assumed in the 2023 Business Plan for 2024/25, which was not confirmed at the date of approving the 2022/23 TfL accounts

These two areas of judgement have been resolved. The 30 August 2022 funding settlement with Government has now concluded, with no disputes being raised by Government and the funding outstanding has been received. A capital funding settlement for 2024/25 was agreed with Government on 18 December 2023, which provided £250m of further capital funding. The shortfall in the amount compared to the 2023 TfL Business Plan was mitigated in the 2024 TfL Business Plan.

The December 2023 capital funding settlement expires on 31 March 2025 and there is no certainty on future capital funding support from Government. In its funding settlement letters, the Government has consistently recognised that TfL – similar to transport authorities around the world – cannot solely finance investment in major capital projects and asset replacement from its own operating incomes.

Based on these statements, and the track record of Government providing TfL funding since the start of the pandemic, TfL's 2024 Business Plan assumes £350m of further Government capital funding is provided in 2025/26 to contribute towards major capital projects and asset replacement, with TfL able to fund the other three-quarters of its circa £2bn capital investment.

The level of funding support assumed alongside our strategy to rebuild our finances are sufficient to create a balanced budget for the going concern assessment period ending 31 March 2026.

Accounting Policies (continued)

Management has mitigations available to support continuation of its capital programme over the going concern period, which include:

1. Descoping and deferring planned capital investment in its 2025 Business Plan, due to be published in December 2024 including delaying those elements of the programme that are not subject to contractual delivery commitments into future periods beyond 31 March 2026. This would require approval from the Board and assessment against contracts but is within TfL's control

2. Accelerating planned borrowing from beyond March 2026. This reduces available funding in future years, but could enable TfL to continue to meet its contractual commitments as they fall due over the going concern period. TfL has headroom against its Authorised External Debt Limits, which can be accessed at short notice from a number of sources including the PWLB for capital expenditure purposes

3. Completing asset disposals, which would take longer to deliver and offer poor value. This would only be utilised in a severe downside case scenario should multiple risks highlighted above crystallise. This would require approval from the Board and assumes a buyer can be found

On this basis, management has a reasonable expectation that they will have adequate resources to continue in operational existence throughout the going concern period ending 31 March 2026 maintaining the provision of its services without significant amendment or reductions. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

e) The application of new and revised standards

The Group applied the following amendments related to IAS 12 'Income Taxes' for the first time for the financial period beginning 1 April 2023:

- Amendments to IAS 12 'Income Taxes' International Tax Reform – Pillar Two Model Rules. The Group applied the relief from deferred tax accounting for Pillar Two top-up taxes upon the release of the amendments in May 2023. The Group have also provided new disclosures about its exposure to these taxes. See note 11 for further information

- The group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Following the amendments, the group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes

The following standards, effective for the Group for the financial period beginning 1 April 2023, were considered and were concluded that they are either not relevant to the Group or that they do not have a significant impact on the Group's financial statements:

- IFRS 17 'Insurance Contracts'

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgements' on the disclosure of accounting policies

- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' on the definition of accounting estimates

- Amendments to IAS 12 'Income Taxes' on Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' on the sale or contribution of assets between an investor and its associate or joint venture

f) Accounting standards that have been issued but have not yet been adopted

The following standards and revisions will be effective for future periods:

- Amendments to IFRS 16 'Leases' on lease liability in a sale and leaseback

- Amendments to IAS 1 'Presentation of Financial Statements' on the classification of liabilities as current or non-current

- Amendments to IAS 1 'Presentation of Financial Statements' on non-current liabilities with covenants

- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosure' on supplier finance arrangements

- Amendments to IAS 21 'Effects of Changes in Foreign Exchange Rates' on lack of exchangeability

The Group has considered the impact of the remaining above standards and revisions and have concluded that they will not have a significant impact on the Group's 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.

Accounting Policies (continued)

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, which by definition, will seldom equal the actual results. Management additionally exercise judgement in applying the Group's accounting policies.

Outlined below is a summary of areas that involve a higher degree of judgement or complexity, and items that are more likely to be materially adjusted due to estimates and assumptions changing. Detailed information about the sensitivity of such judgement is including within the relevant note.

Use of Estimates
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 £301.6m (2023 £596.8m). 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 £304.7m (2023 £600.0m).

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.

Use of Judgements
Determining whether an arrangement contains a lease
In determining whether an arrangement contains a lease, as required by IFRS 16 Leases, there is a 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.

Determining whether a lease is an operating or a finance lease as the lessor
In determining whether a lease is an operating or finance lease under IFRS 16 Leases, there is a significant judgement in determining whether the lease transfers from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the asset.

The Group is a lessor for a number of property assets on long leases (99 years or longer), which can be an example of a situation where substantially all the risks and rewards incidental to ownership of the underlying asset have transferred to the lessee. However, for the long leases which have variable rents – either regular market reviews or landlord rental shares of five per cent or greater – it is judged that substantially all the risks and rewards incidental to ownership have not been transferred to the lessee. Therefore, these leases are accounted for as operating leases.

Determining whether the Group has an unconditional right to a refund of surplus pension assets
After consideration of the Trust Deed and Rules, the Group has assessed that under IFRIC 14 TfL has an unconditional right to a refund of surplus assets for accounting purposes assuming the gradual settlement of plan liabilities for the Crossrail Shared Cost Section of the Railways Pension Scheme (Crossrail Section) and the Public Sector Section of the TfL Pension Fund. As a result, the net pensions surplus has been recognised in full.

For the London Pension Fund Authority Pension Fund (Local Government Pension Fund) the recognition of a surplus has been limited to the lower of the surplus in the defined benefit plan and the asset ceiling, being the present value of any economic benefit available to the Group in the form of reduction in future contributions to the plan.

Accounting Policies (continued)

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 is not recognised in the Comprehensive Income and Expenditure Statement and is recorded on the Balance Sheet within current liabilities as contract liabilities. Contract liabilities represent 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.

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, car parks and other property interests classified as investment property is recognised on a straight-line basis over the term of the lease. 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 tenant turnover is considered to be variable income and is therefore recognised as income in the period in which it is earned.

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.

Accounting Policies (continued)

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.

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
- 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 IFS Cloud Cable Car
- Rail – Provision of passenger rail services through contracted third-party operators on the DLR, London Overground and London Trams
- Places for London – Investment in our commercial and residential estate and building portfolio

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.

l) Grants and other funding
The main source of grant funding during 2023/24 and 2022/23 was the Extraordinary Funding Support Grant from the DfT and 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.

Accounting Policies (continued)

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.

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
In July 2023, the Finance (No.2) Act 2023 was enacted in the UK, which implemented the global minimum tax rules, commonly referred to as Pillar Two. The rules implement a domestic top-up tax and a multinational top-up tax in the UK that will apply to the Group with effect from 1 April 2024. The rules will require the Group to pay top-up taxes on any 'excess profits' in the UK in respect of any operations in territories where a minimum effective tax rate of 15 per cent has not been met. Where overseas jurisdictions in which the Group operates have implemented qualified domestic minimum top-up tax rules, any top-up tax due may be payable in that jurisdiction in part or in full.

The Group has assessed the impact of Pillar Two to estimate its exposure to top-up taxes arising from 1 April 2024 and the impact is expected to be negligible. The Group will continue to closely monitor further developments in respect of Pillar Two to assess the impact on financial performance.

The Group has applied the exception to IAS 12 in respect of recognising and disclosing information relating to deferred tax assets and liabilities arising in respect of Pillar Two, as provided in the amendments to IAS 12 issued in May 2023.

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. Contingent assets acquired as part of a business combination are not recognised.

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.

Accounting Policies (continued)

Other intangible assets

Software costs are measured at cost less accumulated depreciation and accumulated impairment losses.

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.

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.

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 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. Proceeds generated from an asset prior to its intended use are not deducted from the cost of the asset and area instead charged to the Comprehensive Income and Expenditure Statement as generated.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items 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.

Where there are similar assets with identical useful lives e.g. cabling, these assets are accounted for as pooled items of property, plant and equipment and are depreciated over their useful lives. When pooled items are fully depreciated the gross acquisition value and accumulated depreciation are derecognised.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal along with the costs of 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.

Accounting Policies (continued)

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. Property interests that represent a reversionary interest in property, ground rent assets or an interest in property of a similar substance, are also classified as investment property.

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.

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.

See Note 16 - Investment Property for the valuation methods and inputs.

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 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.

Accounting Policies (continued)

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 carried at lower of cost and net realisable value. 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.

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.

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 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 unchanged discount rate. Further, a corresponding adjustment is also made to the right-of-use asset. When the change in the lease payments results from a change in floating interest rates, the Group uses a revised discount rate that reflects changes in interest rates.

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.

Accounting Policies (continued)

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

The Group 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.

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 investment properties. Any lease modifications are treated as new leases from the date of modification.

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.

Accounting Policies (continued)

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 IFRS 16.

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. In assessing whether impairment indicators exist Management have considered climate change risks and the impact of any commitments under the Group's Climate Change Adaptation Plan.

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.

Where an impairment loss is reversed subsequently, the reversal is credited to the Impairment line of the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

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.

Accounting Policies (continued)

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.

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.

Management has determined that the Retained Earnings Reserve in subsidiaries are unusable unless the subsidiary declares a dividend to the Corporation, and they are able to fund these via their own cash reserves. The majority of assets held in subsidiaries are related to transport infrastructure and are not readily convertible to cash.

The Group's investment property assets are held within a separate property investment vehicle for the purpose of creating an estate of commercial, income-producing assets and development opportunities. They are not available to fund the expenditure of the Corporation.

Accounting Policies (continued)

ai) 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.

Cash and cash equivalents
Cash and cash equivalents comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents are classified as financial assets at amortised cost.

Accounting Policies (continued)

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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.

Long-term investments with an outstanding maturity, at the date of acquisition, of greater than a year, are classified as long-term investments. Long-term investments are classified as fair value through profit and loss.

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.

Accounting Policies (continued)

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. 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.

aj) Climate change

In preparing the Group's financial statements, consideration has been given to the impact of both physical and transition climate change risks as described within the Task Force on Climate Related Financial Disclosures (TCFD) section of the Narrative Report, and how these impact the financial statements. Management have considered the commitments made under the Group's Climate Change Adaptation Plan and other external commitments and have concluded that there is no material impact to the Group's financial statements.

Accounting Policies (continued)

Impact of climate change on the Group's judgements and estimates

In assessing the Group's judgements and sources of estimation uncertainty, consideration has been given to the impact of climate change risk on these. It is not considered that climate change risks have any material impacts on the Group's judgements or sources of estimation uncertainty for the following reasons:

Estimate/judgement	Explanation
Useful economic lives	• In assessing assets for impairment, Management did not identify any material assets for which there would be climate-related obsolescence or indicators that an asset's useful economic life would be restricted • In particular, in light of the Group's commitment to a net-zero bus fleet by 2034, Management considered whether any right-of-use assets had restricted useful lives. All lease terms were confirmed to expire prior to transition therefore no material impairments were identified
Asset carrying values	• In carrying out impairment assessments, Management considered future committed cashflows in relation to climate in determining the asset's value in use. There were no material climate-related asset impairments identified
Goodwill	• In carrying out their annual impairment assessment of Goodwill, Management ensured that the value-in-use forecasts included climate-related future committed expenditure and appropriate stress testing for climate-related risks and opportunities
Going concern	• Going concern analysis covers the period from the date of signing of these financial statements until the period ending 31 March 2026. Climate events materially impacting the carrying value of reported assets and liabilities are not expected to occur within this period
Post retirement benefits	• Each year Management obtain an IAS 19 valuation of the TfL Pension Fund from actuaries at the XPS Pensions Group. It is not expected that there are climate factors that would materially impact the valuation of the Fund of the assumptions used therein

Policies and market changes in response to climate change are continually developing and therefore the financial statements cannot capture all possible outcomes as these are not yet known. The degree of uncertainty of these changes may also mean they cannot be considered in the determination of asset and liability valuations and the timing of future cashflows.

We must prepare our assets for a changing cliimate

Notes to the Financial Statements

1. Gross service income

a) Group gross service income

Year ended 31 March	2024 £m	% of total	2023 £m	% of total
Passenger income	4,843.1	72.1	4,046.6	69.7
Revenue in respect of free travel for older and disabled customers	202.0	3.0	194.2	3.3
Congestion Charging	345.9	5.2	358.1	6.2
Direct Vision Scheme income	14.4	0.2	-	-
Ultra Low Emission Zone charges	534.5	8.0	479.9	8.3
Low Emission Zone charges	67.7	1.0	118.2	2.0
Charges to London Boroughs and Local Authorities	13.6	0.2	14.2	0.2
Charges to transport operators	77.8	1.2	53.1	0.9
Road Network compliance income	89.3	1.3	86.5	1.5
Commercial advertising receipts	154.0	2.3	144.9	2.5
Rents receivable	83.1	1.2	77.1	1.3
Contributions from third parties to operating costs	62.2	0.9	30.8	0.5
Taxi licensing	37.7	0.6	37.9	0.7
Ticket and photocard commission income	16.3	0.2	14.9	0.3
General fees and charges	55.1	0.8	16.6	0.3
ATM and car parking income	16.7	0.2	16.6	0.3
Museum income	15.3	0.2	13.0	0.2
Training and specialist services	29.3	0.4	22.9	0.4
Cycle hire scheme	10.2	0.2	14.5	0.2
Other	46.1	0.8	63.6	1.2
	6,714.3	100.0	5,803.6	100.0

b) Corporation gross service income

Year ended 31 March	2024 £m	% of total	2023 £m	% of total
Congestion Charging	345.9	29.4	358.1	30.9
Direct Vision Scheme income	14.4	1.2	-	-
Ultra Low Emission Zone charges	534.5	45.5	479.9	41.4
Low Emission Zone charges	67.7	5.8	118.2	10.2
Charges to London Boroughs and Local Authorities	12.5	1.1	12.9	1.1
Road Network compliance income	89.3	7.6	86.5	7.5
Rents receivable	0.6	0.1	0.1	-
Contributions from third parties to operating costs	33.8	2.9	29.5	2.5
Taxi licensing	37.7	3.2	37.9	3.3
General fees and charges	4.3	0.3	4.4	0.4
Training and specialist services	18.7	1.6	15.4	1.3
Other	16.6	1.3	17.1	1.4
	1,176.0	100.0	1,160.0	100.0

Notes to the Financial Statements

1. Gross service income (continued)

c) Congestion Charging

Year ended 31 March	Group and Corporation 2024 £m	Group and Corporation 2023 £m
Income	345.9	358.1
Toll facilities and traffic management	(107.7)	(133.2)
	238.2	224.9
Administration, support services and depreciation	(2.6)	(2.4)
Net income from Congestion Charging	235.6	222.5

Net income from the Congestion Charge (above), Low Emission Zone and Ultra Low Emission Zone (below) is spent on delivering the Mayor's Transport Strategy.

d) Combined Emission Zone Charging

Year ended 31 March	Group and Corporation 2024 £m	Group and Corporation 2023 £m
Income	602.2	598.1
Toll facilities and traffic management	(408.9)	(373.8)
	193.3	224.3
Administration, support services and depreciation	(23.3)	(15.7)
Net income	170.0	208.6

Emission zone charging comprises the Low Emission Zone (LEZ) and Ultra Low Emission Zone (ULEZ).

e) Direct Vision Standard and HGV Safety Permit Scheme

Year ended 31 March	Group and Corporation 2024 £m	Group and Corporation 2023 £m
Income	14.4	-
Toll facilities and traffic management	(6.7)	-
Net income recognised within net cost of services	7.7	-

f) Street works

Year ended 31 March	Group and Corporation 2024 £m	Group and Corporation 2023 £m
Income	12.8	10.6
Allowable operating costs of managing the lane rental scheme	(2.6)	(2.4)
Application of Street Works Reserve to projects reducing the adverse effects caused by street works	(5.4)	(6.2)
Net income recognised within net cost of services	4.8	2.0
Net income for the year transferred to the Street Works Reserve	4.8	2.0

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

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2a) Segmental analysis
The breakdown of performance reporting by segment is presented in the Expenditure and Funding Analysis in Note 3. 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 internal management reports income statement to the Group Comprehensive Income and Expenditure Statement
The segmental information presented in the Expenditure and Funding Analysis reflects the presentation of the internal management reports income statement, published on TfL's website in the form of Quarterly Performance Reports.
The methodology for preparation and the presentation of figures within the internal management reports 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 to the Group Comprehensive Income and Expenditure Statement is presented on the following pages.

Our investments help keep London moving

Notes to the Financial Statements

2. Segmental analysis (continued)

Reconciliation of internal management reports to the Group Comprehensive Income and Expenditure Statement (CI&E)

Year ended 31 March 2024	Internal management reports Income Statement £m	Items included in the CI&E but excluded from management reports £m	Items included in management reports 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 service income/(total operating income)	6,847.0	-	-	(131.6)	(1.1)	6,714.3
Gross expenditure/(operating cost)	(7,846.0)	(1,920.1)	726.6	(56.7)	12.5	(9,083.7)
Net cost of services (divisional net operating deficit excluding grant income)	(999.0)	(1,920.1)	726.6	(188.3)	11.4	(2,369.4)
Other net operating expenditure	-	(97.3)	-	-	-	(97.3)
Grant income	2,311.0	-	-	188.3	1,005.3	3,504.6
Group share of profit before tax of joint ventures	-	0.1	-	-	-	0.1
Group share of loss before tax of associated undertakings	-	(58.3)	-	-	-	(58.3)
(Capital renewals)	(763.0)	-	763.0	-	-	-
(Operating surplus before interest)	549.0	(2,075.6)	1,489.6	-	1,016.7	979.7
Financing and investment income	-	16.2	-	70.0	-	86.2
Financing and investment expenditure	-	(151.5)	-	(481.0)	9.1	(623.4)
(Net interest costs)	(411.0)	-	-	411.0	-	-
Group surplus before tax/(operating surplus)	138.0	(2,210.9)	1,489.6	-	1,025.8	442.5
Taxation	-	(49.5)	-	-	-	(49.5)
Group surplus after tax	138.0	(2,260.4)	1,489.6	-	1,025.8	393.0

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Notes to the Financial Statements
2. Segmental analysis (continued)

Reconciliation of internal management reports to the Group Comprehensive Income and Expenditure Statement (CI&E)

Year ended 31 March 2023	Internal reports as reported to management £m	Items included in the CI&E but excluded from the internal reports £m	Items included in the internal reports 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 service income/(total operating income)	5,826.0	–	–	–	(22.4)	5,803.6
Gross expenditure/(operating cost)	(7,055.0)	(2,106.2)	711.5	–	(40.5)	(8,490.2)
Net cost of services (divisional net operating deficit excluding grant income)	(1,229.0)	(2,106.2)	711.5	–	(62.9)	(2,686.6)
Other net operating expenditure	–	(86.4)	–	–	–	(86.4)
Grant income	2,898.0	–	–	–	624.5	3,522.5
Group share of profit before tax of joint ventures	–	8.8	–	–	–	8.8
Group share of loss before tax of associated undertakings	–	(41.5)	–	–	–	(41.5)
(Capital renewals)	(624.0)	–	624.0	–	–	–
(Operating surplus before interest)	1,045.0	(2,225.3)	1,335.5	–	561.6	716.8
Financing and investment income	–	68.7	–	33.1	–	101.8
Financing and investment expenditure	–	(295.4)	–	(457.1)	2.9	(749.6)
(Net interest costs)	(424.0)	–	–	424.0	–	–
Group surplus before tax/(operating surplus)	621.0	(2,452.0)	1,335.5	–	564.5	69.0
Taxation	–	4.8	–	–	–	4.8
Group surplus after tax	621.0	(2,447.2)	1,335.5	–	564.5	73.8

Where line item descriptors differ between the internal reports and the Comprehensive Income and Expenditure Statement, those used in the internal reports 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 internal management report's Income Statement 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 internal management report's Income Statement 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 internal management report's Income Statement 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 internal management report's Income Statement 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 for management reporting purposes to present the ongoing, full, day-to-day cost of running and maintaining our existing network

- The internal management report's Income Statement 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 interest costs so that amounts charged to the internal management report's Income Statement reflect the full cost to the Group of financing its debt

- Certain grants received are treated as capital grant for management reporting purposes and are thus excluded from the internal management report's Income Statement (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 internal management report's Income Statement as the TfL Group does not hold a controlling interest in these undertakings

- Other differences between the Comprehensive Income and Expenditure Statement and the internal management reports 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 management reports to net cost of services per the Comprehensive Income and Expenditure Statement

	Note	2024 £m	2024 £m	2023 £m	2023 £m
Operating surplus per internal management reports			**138.0**		621.0
Adjustments between management and statutory reports:					
Add amounts included in the Comprehensive Income and Expenditure Statement not reported in management reports					
Depreciation	4	**(1,228.1)**		(1,133.9)	
Amortisation of right-of-use assets	4	**(330.6)**		(357.5)	
Amortisation of software intangibles	4	**(70.0)**		(59.9)	
Impairment	4	**0.5**		27.8	
Pension service costs including scheme expenses	35	**(291.9)**		(582.7)	
			(1,920.1)		(2,106.2)
Other net operating expenditure	7		**(97.3)**		(86.4)
Group share of profit before tax of joint ventures	18		**0.1**		8.8
Group share of loss before tax of associated undertakings	19		**(58.3)**		(41.5)
Premium receivable on settlements	8	**-**		46.3	
Net gain on disposal of investment properties	8	**16.2**		22.4	
			16.2		68.7
Net interest on defined benefit obligation	9	**80.4**		(79.3)	
Interest payable on lease and PFI liabilities	9	**(121.4)**		(81.7)	
Contingent rentals on PFI liabilities	9	**(14.4)**		(11.2)	
Change in fair value of investment properties included in financing and investment expenditure	9	**(107.9)**		(155.0)	
Amounts capitalised into qualifying assets	9	**11.8**		31.8	
			(151.5)		(295.4)
Tax	11		**(49.5)**		4.8
			(2,260.4)		(2,447.2)

	Note	2024 £m	2024 £m	2023 £m	2023 £m
Less items included in the management reports but excluded from the Comprehensive Income and Expenditure Statement					
Cash payments under PFI and lease arrangements		**392.0**		392.0	
Pension payments charged to operating costs		**334.6**		319.5	
			726.6		711.5
Capital renewals			**763.0**		624.0
			1,489.6		1,335.5
Amounts subject to differing accounting treatment between management reports and the Comprehensive Income and Expenditure Statement					
Specific grant income			**1,005.3**		624.5
Central items			**20.5**		(60.0)
			1,025.8		564.5
Group surplus after tax per the Comprehensive Income and Expenditure Statement			**393.0**		73.8

Notes to the Financial Statements
3. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the Group's annual expenditure is used and funded from its resources (including grants and business rates) in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how the Group has allocated this expenditure 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.

	For the year ended 31 March 2024			For the year ended 31 March 2023		
	Net expenditure chargeable to the General Fund £m	**Adjustments***	**Net expenditure in the Comprehensive Income and Expenditure Statement £m**	Net expenditure chargeable to the General Fund £m	Adjustments*	Net expenditure in the Comprehensive Income and Expenditure Statement £m
London Underground	**(212.0)**	**-**	**(212.0)**	(239.0)	-	(239.0)
Elizabeth line	**78.0**	**-**	**78.0**	(165.0)		(165.0)
Buses, streets and other operations	**(938.0)**	**-**	**(938.0)**	(703.0)	-	(703.0)
Rail	**(144.0)**	**-**	**(144.0)**	(163.0)	-	(163.0)
Places for London	**29.0**	**-**	**29.0**	43.0	-	43.0
Group items	**188.0**	**-**	**188.0**	(2.0)	-	(2.0)
Central items not reported on a segmental basis	**546.7**	**1,917.2**	**(1,370.5)**	1,113.4	2,571.0	(1,457.6)
Net cost of services	**(452.3)**	**1,917.2**	**(2,369.5)**	(115.6)	2,571.0	(2,686.6)
Other income and expenditure	**513.7**	**(2,248.7)**	**2,762.4**	(303.6)	(3,064.0)	2,760.4
Surplus/(deficit) after tax	**61.4**	**(331.5)**	**392.9**	(419.2)	(493.0)	73.8
Opening general fund and earmarked reserves balance	**189.7**			608.9		
Surplus/(deficit) on the general fund	**61.4**			(419.2)		
Closing general fund and earmarked reserves balance	**251.1**			**189.7**		

* Management has concluded that the Expenditure and Funding Analysis presents a true and fair view of the Group's financial performance. Central items are not reported to management or maintained on a segmental basis. The effect of this is presented on a separate line item and disclosed in Note 2

Notes to the Financial Statements

3. Expenditure and Funding Analysis (continued)

For the year ended 31 March 2024	Capital adjustments £m	Pension adjustments £m	Other statutory adjustments £m	**Total statutory adjustments £m**	Non-statutory adjustments £m	**Total adjustments £m**
London Underground	–	–	–	–	–	–
Elizabeth line	–	–	–	–		–
Buses, streets and other operations	–	–	–	–	–	–
Rail	–	–	–	–	–	–
Other segments	–	–	–	–	–	–
Group items	–	–	–	–	–	–
Central items not reported on a segmental basis	230.5	(123.3)	(1.3)	105.9	1,811.3	1,917.2
Net Cost of Services	**230.5**	**(123.3)**	**(1.3)**	**105.9**	**1,811.3**	**1,917.2**
Other income and expenditure	(348.9)	–	(81.6)	(430.5)	(1,818.2)	(2,248.7)
(Deficit)/surplus after tax	**(118.4)**	**(123.3)**	**(82.9)**	**(324.6)**	**(6.9)**	**(331.5)**

For the year ended 31 March 2023	Capital adjustments £m	Pension adjustments £m	Other statutory adjustments £m	**Total statutory adjustments £m**	Non-statutory adjustments £m	**Total adjustments £m**
London Underground	–	–	–	–	–	–
Elizabeth line	–	–	–	–	–	–
Buses, streets and other operations	–	–	–	–	–	–
Rail	–	–	–	–	–	–
Other segments	–	–	–	–	–	–
Group items	–	–	–	–	–	–
Central items not reported on a segmental basis	205.4	340.1	(3.4)	**542.1**	2,028.9	**2,571.0**
Net Cost of Services	**205.4**	**340.1**	**(3.4)**	**542.1**	**2,028.9**	**2,571.0**
Other income and expenditure	(678.7)	–	(113.9)	(792.6)	(2,271.4)	(3,064.0)
(Deficit)/surplus after tax	**(473.3)**	**340.1**	**(117.3)**	**(250.5)**	**(242.5)**	**(493.0)**

Notes to the Financial Statements
4. Gross expenditure

Gross expenditure recognised in the Comprehensive Income and Expenditure Statement comprises:

Year ended 31 March	Note	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Staff costs:					
Wages and salaries*		**1,676.7**	1,524.0	**476.7**	404.7
Social security costs		**197.0**	187.1	**54.4**	49.1
Pension costs	35	**281.9**	564.5	**38.6**	335.5
		2,155.6	2,275.6	**569.7**	789.3
Other service expenditure**		**4,854.1**	4,245.8	**482.0**	390.1
Credit loss expense		**445.8**	445.3	**451.9**	432.9
Depreciation	13	**1,228.1**	1,133.9	**163.2**	151.2
Amortisation right-of-use assets	14	**330.6**	357.5	**29.1**	29.1
Amortisation of software intangibles	12	**70.0**	59.9	**38.2**	34.7
Impairment***	13	**(0.5)**	(27.8)	**-**	(9.6)
		9,083.7	8,490.2	**1,734.1**	1,817.7

* Wages and salaries include amounts provided for the cost of voluntary severance

** Included in the Corporation's other service expenditure is £99.2m (2022/23 £71.3m) relating to financial assistance to London Boroughs and other third parties (see Note 41 for detailed analysis

*** Impairment includes impairment reversals where management have determined assets are no longer impaired

The average number of persons employed in the year was:

Year ended 31 March	Group 2024 Number	Group 2023 Number	Corporation 2024 Number	Corporation 2023 Number (restated)*
Permanent staff (including fixed term contracts)	**26,306**	26,044	**7,991**	7,530
Agency staff	**2,195**	1,962	**1,578**	1,371
	28,501	28,006	**9,569**	8,901

* Restated to correct the misclassification of 214 employees included in the employee numbers of Places for London

Notes to the Financial Statements
5. External audit fees

External audit fees are made up as follows:

Year ended 31 March	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Auditor's remuneration:				
for statutory audit services	**2.1**	1.8	**0.3**	0.1
for non-audit services*	**-**	-	**-**	-
	2.1	1.8	**0.3**	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

Notes to the Financial Statements
6. Remuneration

a) Number of employees receiving total remuneration of more than £50,000
The Code requires the disclosure of remuneration for the Corporation's employees whose total remuneration in the year was £50,000 or more, grouped in rising bands of £5,000. The impact of the transfer of employees into and out of the Corporation from subsidiaries can cause distortion for year on year comparison purposes. Consequently, an additional voluntary disclosure for the Group is provided that shows the combined employee bands for TfL and its subsidiaries. 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.

Remuneration (£)	Group 2024	Group 2023	Corporation 2024	Corporation 2023
50,000 - 54,999	1,597	1,810	537	715
55,000 - 59,999	2,137	2,224	782	667
60,000 - 64,999	4,207	4,471	672	570
65,000 - 69,999	2,480	2,310	574	503
70,000 - 74,999	1,571	1,474	479	445
75,000 - 79,999	1,318	1,181	423	306
80,000 - 84,999	1,001	814	328	200
85,000 - 89,999	762	603	242	123
90,000 - 94,999	582	417	185	69
95,000 - 99,999	458	352	136	70
100,000 - 104,999	333	244	96	47
105,000 - 109,999	252	136	68	18
110,000 - 114,999	172	102	50	24
115,000 - 119,999	147	54	47	17
120,000 - 124,999	88	48	26	7
125,000 - 129,999	68	34	23	9
130,000 - 134,999	39	23	14	8
135,000 - 139,999	45	21	17	7
140,000 - 144,999	24	15	9	2

Remuneration (£)	Group 2024	Group 2023	Corporation 2024	Corporation 2023
145,000 - 149,999	21	15	7	6
150,000 - 154,999	23	11	9	6
155,000 - 159,999	14	7	5	4
160,000 - 164,999	9	9	3	3
165,000 - 169,999	11	6	6	2
170,000 - 174,999	5	3	2	2
175,000 - 179,999	6	6	2	1
180,000 - 184,999	7	2	2	-
185,000 - 189,999	9	5	6	3
190,000 - 194,999	5	1	3	-
195,000 - 199,999	5	2	1	2
200,000 - 204,999	1	1	1	1
205,000 - 209,999	1	-	1	-
210,000 - 214,999	2	-	2	-
215,000 - 219,999	3	1	2	-
220,000 - 224,999	1	-	1	-
225,000 - 229,999	1	2	1	1
230,000 - 234,999	1	2	1	2
235,000 - 239,999	2	1	1	1

Notes to the Financial Statements

6. Remuneration (continued)

Remuneration (£)	Group 2024	Group 2023	Corporation 2024	Corporation 2023
240,000 - 244,999	4	2	2	2
245,000 - 249,999	-	1	-	1
250,000 - 254,999	1	2	-	1
255,000 - 259,999	1	1	1	1
260,000 - 264,999	-	1	-	-
265,000 - 269,999	-	1	-	-
270,000 - 274,999	1	-	1	-
275,000 - 279,999	2	-	2	-
285,000 - 289,999	2	-	1	-
290,000 - 294,999	-	1	-	1
295,000 - 299,999	2	1	1	1
300,000 - 304,999	1	1	1	-
305,000 - 309,999	1	-	1	-
315,000 - 319,999	1	-	1	-
325,000 - 329,999	1	-	1	-
335,000 - 339,999	2	1	2	1
345,000 - 349,999	1	-	-	-
355,000 - 359,999	1	-	1	-
360,000 - 364,999	-	1	-	1
375,000 - 379,999	1	-	1	-
480,000 - 484,999	-	1	-	1
495,000 - 499,999	1	1	1	-
520,000 - 524,999	1	-	1	-
Total	**17,432**	**16,422**	**4,782**	**3,851**

b) Remuneration for senior employees
The Accounts and Audit Regulations 2015 require disclosure of 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 the tables below.

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. Performance-related pay is reported on a cash paid basis as it may not be determined for many months after the end of the relevant year.

Notes to the Financial Statements

6. Remuneration (continued)

Employees receiving a base annual salary of £150,000 or more (£)

Name	Notes	Salary (including fees and allowances) 2023/24	Performance -related pay and retention payments paid in the year 2023/24**	Compensation for loss of employment 2023/24	Benefits in kind 2023/24	Total remuneration excluding pension contributions 2023/24	Employer's contribution to pension 2023/24	Salary (including fees and allowances) 2022/23	Performance -related pay and retention payments paid in the year 2022/23	Total remuneration excluding pension contributions 2022/23***
Andy Lord, Commissioner	a	*424,416	99,204	-	2,150	525,770	-	*361,453	-	363,680
Glynn Barton, Chief Operating Officer		245,050	51,451	-	1,666	298,167	44,974	185,633	-	187,373
Fiona Brunskill, Chief People Officer	b	244,247	83,319	-	2,132	329,698	49,629	208,584	17,500	228,311
Andrea Clarke, General Counsel	c	206,812	94,337	-	1,666	302,815	50,558	167,793	28,548	198,081
Stuart Harvey, Chief Capital Officer		*336,101	159,296	-	1,666	497,063	-	*336,106	-	337,846
Lilli Matson, Chief Safety, Health and Environment Officer	d	199,115	73,053	-	1,666	273,834	52,667	200,000	-	201,740
Rachel McLean, Chief Finance Officer		302,131	71,434	-	1,666	375,231	55,827	261,348	34,950	298,045
Alex Williams, Chief Customer and Strategy Officer	e	*309,655	49,303	-	-	358,958	-	*252,173	-	252,173
Tricia Wright, Chief Officer - Pensions Review	f	*255,007	84,267	-	759	340,033	-	*244,506	-	245,777
Thomas Ableman, Director of Strategy and Innovation		160,000	16,666	-	1,666	178,332	41,784	147,425	-	149,165
Trish Ashton, Director of Rail and Sponsored Services	g	171,278	11,046	-	751	183,075	33,958	146,198	-	146,983

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* 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 performance awards for 2021/22 and 2022/23 was subject to TfL achieving the financial overlay trigger which was confirmed as met in June 2023, with payments made for both years in 2023/24

*** total remuneration for 2022/23 also includes benefits in kind as reported in last year's Statement of Accounts

a Commissioner forwent any performance award in 2021/22 when he was in previous role of Managing Director, London Underground. Performance award disclosed relates to 2022/23 only. Base salary increase to £395,000 on 7 June 2023 on permanent appointment

b salary sacrificed for holiday buy of £1,080 (2022/23 £nil). Performance-related pay disclosed includes retention payment

c salary sacrificed for holiday buy of £3,577 (2022/23 £809). Performance-related pay disclosed includes retention payment

d salary sacrificed for holiday buy of £885 (2022/23 £nil)

e salary sacrificed for Cycle to Work scheme of £3,195 (2022/23 £nil)

f member of the TfL unfunded unapproved pension scheme. Salary sacrificed for pension of £10,225 (2022/23 £9,058)

g salary sacrificed for childcare vouchers of £1,456 (2022/23 £1,456) and holiday buy of £752 (2022/23 £nil)

Notes to the Financial Statements

6. Remuneration (continued)

Name	Notes	Salary (including fees and allowances) 2023/24	Performance -related pay and retention payments paid in the year 2023/24**	Compensation for loss of employment 2023/24	Benefits in kind 2023/24	Total remuneration excluding pension contributions 2023/24	Employer's contribution to pension 2023/24	Salary (including fees and allowances) 2022/23	Performance -related pay and retention payments paid in the year 2022/23	Total remuneration excluding pension contributions 2022/23***
Matt Brown, Director of Communications and Corporate Affairs		178,500	51,900	-	-	230,400	44,974	161,616	-	161,616
Christina Calderato, Director of Transport Strategy and Policy		157,914	35,384	-	1,666	194,964	38,459	140,012	-	141,752
George Clark, Technical Director		179,150	32,683	-	1,666	213,499	-	171,600	-	173,340
Isabel Coman, Director of Engineering and Asset Strategy	h	189,000	10,463	-	751	200,214	47,722	102,575	-	103,010
Michael Cooper, Director of Programme Management Office		167,235	22,621	-	1,666	191,522	40,852	153,378	-	155,118
Graeme Craig, Director and Chief Executive, Places for London		202,020	35,461	-	1,666	239,147	51,132	192,400	-	194,140
Nick Dent, Director of Customer Operations - London Underground		196,560	46,616	-	1,666	244,842	49,701	187,200	-	188,940
Patrick Doig, Group Finance Director		*267,254	70,528	-	1,666	339,448	-	*238,543	-	240,283
Nick Fairholme, Director of Capital Delivery – Systems		180,514	39,740	-	1,665	221,919	33,568	159,331	-	161,071
Stephen Field, Director of Pensions and Reward	i	*212,604	97,000	-	1,666	311,270	-	*203,004	28,088	232,832
Jonathan Fox, Director of Rail and Sponsored Services	j	167,629	28,156	-	1,666	197,451	39,697	159,681	-	161,421
Lester Hampson, Director of Property Development, Places for London		195,094	125,286	-	1,666	322,046	48,272	186,069	-	187,809

* 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 performance awards for 2021/22 and 2022/23 was subject to TfL achieving the financial overlay trigger which was confirmed as met in June 2023, with payments made for both years in 2023/24

*** total remuneration for 2022/23 also includes benefits in kind as reported in last year's Statement of Accounts

h entered service 5 September 2022

i member of the TfL unfunded unapproved pension scheme. Salary sacrificed for pension of £9,011 (2022/23 £8,547). Performance-related pay disclosed includes retention payment

j currently on secondment with Network Rail and all costs recovered from Network Rail

Notes to the Financial Statements
6. Remuneration (continued)

Name	Notes	Salary (including fees and allowances) 2023/24	Performance -related pay and retention payments paid in the year 2023/24**	Compensation for loss of employment 2023/24	Benefits in kind 2023/24	Total remuneration excluding pension contributions 2023/24	Employer's contribution to pension 2023/24	Salary (including fees and allowances) 2022/23	Performance -related pay and retention payments paid in the year 2022/23	Total remuneration excluding pension contributions 2022/23***
Michael Hardaker, Director of Capital Delivery - Infrastructure		196,779	45,590	-	116	242,485	49,183	187,889	-	190,116
Joanna Hawkes, Corporate Finance Director	k	*234,336	54,115	-	-	288,451	-	*217,862	37,440	255,302
Geoff Hobbs, Director of Public Transport Service Planning		*166,557	35,060	-	-	201,617	34,633	*169,283	-	169,283
Lorraine Humphrey, Director of Risk and Assurance	l	161,753	33,558	-	751	196,062	41,128	153,980	-	154,764
Maureen Jackson, Director of Business Services	m	165,796	47,363	-	1,666	214,825	39,697	148,021	-	149,761
Siwan Lloyd-Hayward, Director of Security, Policing and Enforcement		163,013	27,656	-	1,666	192,335	40,921	144,666	-	146,406
Stewart Mills, Director of Infrastructure, Crossrail	n	198,260	-	-	1,666	199,926	19,269	178,509	-	180,135
Peter McNaught, Director of Operational Readiness		*231,651	56,013	-	1,666	289,330	-	*221,760	28,080	251,225
Andrew Morsley, Director of Operational Planning		152,250	26,740	-	1,666	180,656	38,105	138,982	-	140,722

* 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 performance awards for 2021/22 and 2022/23 was subject to TfL achieving the financial overlay trigger which was confirmed as met in June 2023, with payments made for both years in 2023/24

*** total remuneration for 2022/23 also includes benefits in kind as reported in last year's Statement of Accounts

k salary sacrificed for Cycle to Work scheme of £803 (2022/23 £936) and for holiday buy of £3,518 (2021/22 £796). Performance-related pay disclosed includes retention payment

l salary sacrificed for holiday buy of £2,932 (2022/23 £2,020)

m salary sacrificed for holiday buy of £2,834 (2022/23 £2,779)

n entered service 25 April 2022

Notes to the Financial Statements
6. Remuneration (continued)

Name	Notes	Salary (including fees and allowances) 2023/24	Performance -related pay and retention payments paid in the year 2023/24**	Compensation for loss of employment 2023/24	Benefits in kind 2023/24	Total remuneration excluding pension contributions 2023/24	Employer's contribution to pension 2023/24	Salary (including fees and allowances) 2022/23	Performance -related pay and retention payments paid in the year 2022/23	Total remuneration excluding pension contributions 2022/23***
Digby Nicklin, Chief Finance Officer, Places for London	o	89,507	-	-	828	90,335	22,731	-	-	-
Patricia Obinna, Director of Diversity and Inclusion	p	156,931	32,876	-	1,666	191,473	34,531	132,748	13,200	147,688
Howard Smith, Director of the Elizabeth line	q	*199,658	53,267	-	1,666	254,591	-	*189,750	70,000	261,490
Emma Strain, Director of Customer	r	152,533	-	-	733	153,266	38,313	-	-	-
Sue Taylor, Director of Business Partnering and Employee Relations	s	163,509	22,001	-	1,666	187,176	33,936	124,550	-	126,290
Lucinda Turner, Director of Spatial Planning	t	170,868	44,745	-	1,666	217,279	38,459	154,995	-	156,735
Shashi Verma, Chief Technology Officer		234,604	55,350	-	751	290,705	66,719	243,604	-	244,388
Jonathan Wharfe, Director of Procurement and Commercial - Operations		173,250	35,640	-	1,666	210,556	43,601	168,639	-	170,379

* 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 performance awards for 2021/22 and 2022/23 was subject to TfL achieving the financial overlay trigger which was confirmed as met in June 2023, with payments made for both years in 2023/24

*** total remuneration for 2022/23 also includes benefits in kind as reported in last year's Statement of Accounts

o entered service 25 September 2023. Salary sacrificed for Cycle to Work scheme of £862 (2022/23 £nil)

p performance-related pay disclosed includes retention payment

q member of the TfL unfunded unapproved pension scheme. Salary sacrificed for pension of £8,750 (2022/23 £8,487)

r entered service 3 April 2023

s salary sacrificed for holiday buy of £2,226 (2022/23 £1,951)

t salary sacrificed for holiday buy of £2,832 (2022/23 £nil)

Notes to the Financial Statements

6. Remuneration (continued)

Name	Notes	Salary (including fees and allowances) 2023/24	Performance -related pay and retention payments paid in the year 2023/24**	Compensation for loss of employment 2023/24	Benefits in kind 2023/24	Total remuneration excluding pension contributions 2023/24	Employer's contribution to pension 2023/24	Salary (including fees and allowances) 2022/23	Performance -related pay and retention payments paid in the year 2022/23	Total remuneration excluding pension contributions 2022/23***
Former employees										
Howard Carter, General Counsel	u	*133,168	89,052	-	1,102	223,322	-	*257,578	-	259,805
Louise Cheeseman, Director of Buses	v	173,833	36,767	-	1,296	211,896	37,833	216,355	-	218,095
Chris Hobden, Project Director, Four Lines Modernisation	w	95,534	18,512	-	1,021	115,067	24,040	156,000	22,500	180,240
Stacey Kalita, Finance Director, Crossrail	x	43,671	-	131,731	58	175,460	2,425	150,230	-	151,014
Esther Sharples, Director of Asset Performance and Facilities	y	68,587	42,633	-	293	111,513	17,829	176,800	-	177,584
Jadon Silva, Director of Procurement and Commercial - Capital	z	119,147	32,400	-	580	152,127	30,050	155,648	-	156,432

* 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 performance awards for 2021/22 and 2022/23 was subject to TfL achieving the financial overlay trigger which was confirmed as met in June 2023, with payments made for both years in 2023/24

*** total remuneration for 2022/23 also includes benefits in kind as reported in last year's Statement of Accounts

u left service 29 September 2023. Member of the TfL unfunded unapproved pension scheme. Salary sacrificed for pension of £5,507 (2022/23 £9,061)

v left service 2 January 2024

w left service 3 November 2023

x left service 28 April 2023

y left service 14 August 2023

z left service 31 December 2023

Notes to the Financial Statements

6. Remuneration (continued)

c) Severance payments
The Code requires the separate disclosure of the number and cost of compulsory and voluntary severance termination packages agreed during the year. This is fully in line with the Code and our policy on severance can be seen on page XX.

Termination payments disclosed in the table below 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.

Termination payments	Group 2024 (number)	Group 2024 (£m)	Corporation 2024 (number)	Corporation 2024 (£m)	Group 2023 (number)	Group 2023 (£m)	Corporation 2023 (number)	Corporation 2023 (£m)
Non-compulsory exit packages (£)								
0 - 20,000	14	0.2	1	–	29	0.4	4	0.1
20,001 - 40,000	25	0.8	1	–	37	1.1	4	0.1
40,001 - 60,000	13	0.6	3	0.1	19	0.9	1	–
60,001 - 80,000	4	0.3	–	–	11	0.8	1	0.1
80,001 - 100,000	10	0.9	–	–	3	0.3	–	–
100,001 - 150,000	10	1.3	2	0.2	21	2.6	7	0.9
150,001 - 200,000	4	0.7	1	0.2	8	1.3	3	0.5
250,001 - 300,000	1	0.3	–	–	–	–	–	–
350,001 - 400,000	–	–	–	–	1	0.4	1	0.4
Total non-compulsory exit packages	**81**	**5.1**	**8**	**0.5**	**129**	**7.8**	**21**	**2.1**
Compulsory exit packages (£)								
0 - 20,000	–	–	–	–	1	–	–	–
Total	**81**	**5.1**	**8**	**0.5**	**130**	**7.8**	**21**	**2.1**

All information is subject to audit.

Notes to the Financial Statements

7. Other operating expenditure

Year ended 31 March	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Net loss on disposal of investment property	1.2	0.1	-	0.1
Net gain on termination of right of use assets	-	(13.7)	-	-
Fair value loss on office buildings	4.1	1.7	-	-
Net loss on disposal of property, plant and equipment	15.3	98.3	11.4	0.2
Reversal of net gain on disposal of investment property	112.0	-	110.8	-
Net gain on disposal of intangibles	(19.7)	-	-	-
Net gain on disposal of finance leases	(15.6)	-	(13.2)	-
Total other operating expenditure	97.3	86.4	109.0	0.3

8. Financing and investment income

Year ended 31 March	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Interest income on bank deposits and other investments	64.7	27.9	59.5	26.6
Interest income on loans to subsidiaries	-	-	434.4	403.5
Change in fair value of investment properties (including those classified as held for sale)	-	-	55.6	-
Net gain on disposal of investment properties	16.2	22.4	6.1	11.5
Premium receivable on settlements	-	46.3	-	46.3
Interest receivable on finance lease receivables	0.8	0.8	0.4	-
Dividends receivable from subsidiaries	-	-	7.5	-
Other investment income	4.5	4.4	1.9	1.9
	86.2	101.8	565.4	489.8

9. Financing and investment expenditure

Year ended 31 March	Note	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Interest payable on loans and derivatives		465.9	443.7	471.1	435.6
Interest payable on right-of-use lease liabilities		117.4	77.3	10.2	10.4
Interest payable on PFI liabilities		4.0	4.4	4.0	4.4
Contingent rentals on PFI contracts		14.4	11.2	14.4	11.2
Change in fair value of investment properties (including those classified as held for sale)	16	107.9	155.0	-	14.0
Net interest on defined benefit obligation	35	(80.4)	79.3	(80.4)	78.2
Other financing and investment expenditure		6.0	10.5	1.0	5.4
		635.2	781.4	420.3	559.2
Less: amounts capitalised into qualifying assets	13	(11.8)	(31.8)	-	-
		623.4	749.6	420.3	559.2

Notes to the Financial Statements

10. Grant income

Year ended 31 March	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Non ring-fenced resource grant from the DfT used to fund operations	188.3	942.6	188.3	942.6
Non ring-fenced Business Rates Retention from the GLA used to fund operations	1,030.8	205.3	1,030.8	205.3
Other revenue grant received	268.4	137.9	267.3	137.1
Council tax precept	178.2	114.0	178.2	114.0
Total grants allocated to revenue	**1,665.7**	1,399.8	**1,664.6**	1,399.0
Ring-fenced grant from the GLA used to fund capital expenditure relating to Crossrail	-	271.0	-	271.0
Non ring-fenced Business Rates Retention from the GLA used to fund capital	882.8	1,613.7	882.8	1,613.7
Non ring-fenced grant from DfT used to fund capital	810.0	-	810.0	-
Other capital grants and contributions received	146.1	238.0	111.1	191.9
Total grants allocated to capital	**1,838.9**	2,122.7	**1,803.9**	2,076.6
Total grants	**3,504.6**	3,522.5	**3,468.5**	3,475.6

Allocation of capital grants

Year ended 31 March	Note	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Capital grant funding of subsidiaries*		-	-	1,484.0	1,342.3
Applied capital grants	37	1,769.1	2,020.5	250.1	632.1
Transfer from unapplied capital grants	38	69.8	102.2	69.8	102.2
Total capital grants		**1,838.9**	2,122.7	**1,803.9**	2,076.6

* Capital grant funding of subsidiaries in the Corporation represent revenue expenditure funded from capital under statute (REFCUS). The sources of finance are all applied during the year. Refer to Note 39

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 25 per cent (2022/23 19 per cent) comprised:

Year ended 31 March	Group 2024 £m	Group 2023 £m
UK Corporation Tax – current year charge	-	-
UK Corporation Tax – adjustments in respect of prior years	(2.5)	-
Total current tax income	**(2.5)**	-
Deferred tax – current year charge/(credit)	4.1	(4.8)
Deferred tax – prior year charge	47.9	-
Total tax charge/(credit) for the year	**49.5**	(4.8)

Reconciliation of tax expense

Year ended 31 March	Group 2024 £m	Group 2023 £m
Surplus on the provision of services before tax	442.5	69.0
Surplus on the provision of services before tax multiplied by standard rate of Corporation Tax in the UK of 25% (2022/23 19%)	110.6	13.1
Effects of:		
Non-taxable income/non-deductible expenses	(200.8)	(70.4)
Prior period adjustments	(2.5)	-
Permanent difference in TfL Corporation	(51.1)	(34.9)
Amount charged to current tax for which no deferred tax was recognised	148.7	89.1
Recognition of previously unrecognised deferred tax	47.9	-
Utilisation of tax losses carried forward for which no deferred tax was recognised	(1.3)	(0.9)
Overseas earnings	(2.0)	(0.8)
Total tax charge/(credit) for the year	**49.5**	(4.8)

Notes to the Financial Statements

11. Taxation (continued)

b) Unrecognised deferred tax assets

The Group has a potential net deferred tax asset of £345.2m (2023 £600.0m) in respect of the following items:

	Group 2024 £m	Group 2023 £m
Deductible temporary differences	**3.1**	3.2
Tax losses	**342.1**	596.8
Unrecognised deferred tax asset	**345.2**	600.0

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.

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 2024	Balance at 1 April 2023 £m	Movement in the provision of services £m	Movement in other comprehensive income during the year £m	Balance at 31 March 2024 £m
Deferred tax assets				
Tax losses	781.8	306.9	-	**1,088.7**
Derivative financial instruments	4.6	10.7	-	**15.3**
Total	786.4	317.6	-	**1,104.0**
Deferred tax liabilities				
Investment properties	(361.1)	(2.4)	-	**(363.5)**
Assets held for sale	(12.7)	12.7	-	**-**
Property, plant and equipment	(783.0)	(379.9)	-	**(1,162.9)**
Total	(1,156.8)	(369.6)	-	**(1,526.4)**
Net deferred tax liability	(370.4)	(52.0)	-	**(422.4)**

11. Taxation (continued)

c) Movement in recognised deferred tax assets and liabilities during the year (continued)

For the year ended 31 March 2023	Balance at 1 April 2022 £m	Movement in the provision of services £m	Movement in other comprehensive income during the year £m	Balance at 31 March 2023 £m
Deferred tax assets				
Property, plant and equipment	59.0	(59.0)	-	-
Tax losses	-	781.8	-	781.8
Derivative financial instruments	11.6	(7.0)	-	4.6
Total	70.6	715.8	-	786.4
Deferred tax liabilities				
Investment properties	(429.4)	68.3	-	(361.1)
Assets held for sale	(16.4)	3.7	-	(12.7)
Property, plant and equipment	-	(783.0)	-	(783.0)
Total	(445.8)	(711.0)	-	(1,156.8)
Net deferred tax liability	(375.2)	4.8	-	(370.4)

The key movements in the period were due to the following:

- The deferred tax liability arising on investment properties, including those classified as assets held for sale, has decreased 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 Places for London Limited (formerly 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
- The property, plant and equipment deferred tax balance has changed in the period due to a change in methodology for calculating the tax base of certain assets held in subsidiary companies. Other movements in the year arise 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 increased during the year due to movement in the fair value of derivatives

UK Corporation Tax is calculated at a rate of 25 per cent (2022/23: 19 per cent). The main rate of Corporation Tax increased to 25 per cent with effect from 1 April 2023.

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 2022		509.9	28.1	351.8	889.8
Additions		33.0	7.4	-	40.4
Net transfers from property, plant and equipment	13	17.2	2.9	-	20.1
Transfers between asset classes		18.9	(18.9)	-	-
Disposals		(8.1)	-	-	(8.1)
Write offs		(0.9)	-	-	(0.9)
At 31 March 2023		570.0	19.5	351.8	941.3
Additions		**41.1**	**10.5**	**-**	**51.6**
Net transfers from property, plant and equipment	13	**-**	**33.3**	**-**	**33.3**
Transfers between asset classes		**48.4**	**(48.4)**	**-**	**-**
Disposals		**(34.8)**	**-**	**-**	**(34.8)**
At 31 March 2024		**624.7**	**14.9**	**351.8**	**991.4**
Amortisation and impairment					
At 1 April 2022		284.1	-	349.2	633.3
Amortisation charge for the year	4	59.9	-	-	59.9
Disposals		(8.3)	-	-	(8.3)
Write offs		(0.7)	-	-	(0.7)
At 31 March 2023		335.0	-	349.2	684.2
Amortisation charge for the year	4	**70.0**	**-**	**-**	**70.0**
Disposals		**(34.7)**	**-**	**-**	**(34.7)**
At 31 March 2024		**370.3**	**-**	**349.2**	**719.5**
Net book value at 31 March 2024		**254.4**	**14.9**	**2.6**	**271.9**
Net book value at 31 March 2023		235.0	19.5	2.6	257.1

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 2022		318.5	12.2	330.7
Additions		9.9	5.4	15.3
Net transfers from property, plant and equipment	13	0.5	2.2	2.7
Transfers between asset classes		8.7	(8.7)	-
Disposals		(0.9)	-	(0.9)
At 31 March 2023		336.7	11.1	347.8
Additions		**28.2**	**9.5**	**37.7**
Net transfers from property, plant and equipment	13	**-**	**23.7**	**23.7**
Transfers between asset classes		**32.5**	**(32.5)**	**-**
Disposals		**(27.8)**	**-**	**(27.8)**
At 31 March 2024		**369.6**	**11.8**	**381.4**
Amortisation and impairment				
At 1 April 2022		146.2	-	146.2
Amortisation charge for the year	4	34.7	-	34.7
Write offs		(0.7)		(0.7)
At 31 March 2023		180.2	-	180.2
Amortisation charge for the year	4	**38.2**	**-**	**38.2**
Disposals		**(27.8)**	**-**	**(27.8)**
At 31 March 2024		**190.6**	**-**	**190.6**
Net book value at 31 March 2024		**179.0**	**11.8**	**190.8**
Net book value at 31 March 2023		**156.5**	**11.1**	**167.6**

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 2024 comprised the following elements:

	Note	Office building £m	Infrastructure £m	Rolling stock £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost or valuation							
At 1 April 2023		271.5	50,856.6	5,447.3	1,975.8	2,912.8	61,464.0
Additions		0.3	256.2	21.2	51.1	1,652.4	1,981.2
Transfers to intangible assets	12	-	-	-	-	(33.3)	(33.3)
Transfers to investment properties	16	0.3	-	-	-	(18.7)	(18.4)
Transfers between asset classes		12.5	202.0	10.2	43.6	(268.3)	-
Disposals		-	(256.3)	(38.2)	(119.8)	-	(414.3)
Write offs		-	(3.5)	(6.1)	(10.9)	(3.9)	(24.4)
Revaluation		(23.3)	-	-	-	-	(23.3)
At 31 March 2024		261.3	51,055.0	5,434.4	1,939.8	4,241.0	62,931.5
Depreciation and impairment							
At 1 April 2023		52.1	12,866.6	2,638.4	1,255.7	62.7	16,875.5
Depreciation charge for the year	4	8.9	947.1	149.6	122.5	-	1,228.1
Impairment	4	-	-	-	-	(0.5)	(0.5)
Transfers to investment properties	16	(1.6)	-	-	-	-	(1.6)
Disposals		-	(256.3)	(38.3)	(119.8)	-	(414.4)
Write offs		-	(1.6)	(5.0)	(2.5)	-	(9.1)
Revaluation		(7.7)	-	-	-	-	(7.7)
At 31 March 2024		51.7	13,555.8	2,744.7	1,255.9	62.2	17,670.3
Net book value at 31 March 2024		209.6	37,499.2	2,689.7	683.9	4,178.8	45,261.2
Net book value at 31 March 2023		219.4	37,990.0	2,808.9	720.1	2,850.1	44,588.5

Notes to the Financial Statements

13. Property, plant and equipment (continued)

b) Group property, plant and equipment at 31 March 2023 comprised the following elements:

	Note	Office building £m	Infrastructure £m	Rolling stock £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost or valuation							
At 1 April 2022		299.5	33,569.6	5,087.5	1,861.3	18,786.9	59,604.8
Additions		–	493.9	320.8	51.3	1,112.3	1,978.3
Transfers to intangible assets	12	–	–	–	–	(20.1)	(20.1)
Transfers to investment properties	16	(23.0)	0.2	–	–	(3.5)	(26.3)
Transfers between asset classes		–	16,888.9	39.0	69.1	(16,997.0)	–
Disposals		–	(19.9)	–	(4.9)	–	(24.8)
Write offs		–	(76.1)	–	(1.0)	–	(77.1)
Revaluation		(5.0)	–	–	–	–	(5.0)
At 31 March 2023		271.5	50,856.6	5,447.3	1,975.8	2,878.6	61,429.8
Depreciation							
At 1 April 2022		47.1	12,060.0	2,506.7	1,143.2	56.3	15,813.3
Depreciation charge for the year	4	9.3	874.7	131.7	118.2	–	1,133.9
Impairment		–	–	–	–	(27.8)	(27.8)
Transfers to investment properties	16	0.5	(1.0)	–	–	–	(0.5)
Disposals		–	(19.8)	–	(4.9)	–	(24.7)
Write offs		–	(47.3)	–	(0.8)	–	(48.1)
Revaluation		(4.8)	–	–	–	–	(4.8)
At 31 March 2023		52.1	12,866.6	2,638.4	1,255.7	28.5	16,841.3

Notes to the Financial Statements

13. Property, plant and equipment (continued)

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 £11.8m (2023 £31.8m). The cumulative borrowing costs capitalised are £967.0m (2023 £955.2m). 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 2024, the Group had capital commitments which are contracted for but not provided for in the financial statements amounting to £1,854.2m (2023 £1,856.6m).

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 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	Plant and equipment £m	Total £m
Gross cost	209.1	16.7	225.8
Accumulated depreciation	(104.1)	(16.7)	(120.8)
Net book value at 31 March 2024	**105.0**	**-**	**105.0**
Net book value at 31 March 2023	107.6	-	107.6

See Note 28 for the details of the associated PFI finance lease liabilities.

d) Depreciation charge

The total depreciation charge for the Group for the year comprised:

Year ended 31 March	Note	2023 £m	2022 £m
Depreciation of owned assets		1,225.6	1,129.0
Depreciation of assets held under PFI arrangements		2.5	4.9
Total depreciation	4	**1,228.1**	1,133.9

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 2024 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.

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. The last valuation was carried out as at 31 March 2024 resulting in a value of £40.8m. The net book value of these assets at 31 March 2024 was £nil (2023 £nil).

g) Corporation property, plant and equipment at 31 March 2024 comprised the following elements:

	Note	Office buildings £m	Infrastructure £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost or valuation						
At 1 April 2023		(4.6)	6,212.9	307.8	545.3	7,061.4
Additions		0.2	50.3	50.1	250.2	350.8
Net transfers to intangible assets	12	-	-	-	(23.7)	(23.7)
Transfers to investment properties	16	-	-	-	(12.5)	(12.5)
Transfers between asset classes		0.3	43.8	34.8	(78.9)	-
Disposals		-	(89.7)	(63.5)	-	(153.2)
Write offs		-	-	(9.8)	(3.6)	(13.4)
At 31 March 2024		(4.1)	6,217.3	319.4	676.8	7,209.4
Depreciation						
At 1 April 2023		(4.6)	2,506.0	159.7	20.7	2,681.8
Depreciation charge for the year	4	-	123.3	39.9	-	163.2
Disposals		-	(89.7)	(63.5)	-	(153.2)
Write offs		-	-	(2.0)	-	(2.0)
At 31 March 2024		(4.6)	2,539.6	134.1	20.7	2,689.8
Net book value at 31 March 2024		0.5	3,677.7	185.3	656.1	4,519.6
Net book value at 31 March 2023		-	3,706.9	148.1	524.6	4,379.6

Notes to the Financial Statements
13. Property, plant and equipment (continued)

h) Corporation property, plant and equipment at 31 March 2023 comprised the following elements:

	Note	Office buildings £m	Infrastructure £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost or valuation						
At 1 April 2022		0.8	6,060.4	248.5	410.0	6,719.7
Additions		-	77.2	19.3	247.2	343.5
Transfers to intangible assets	12	-	-	-	(2.7)	(2.7)
Transfers to investment properties	16	-	-	-	(0.4)	(0.4)
Transfers between asset classes		-	75.4	42.8	(118.2)	-
Disposals		-	0.1	(2.1)	-	(2.0)
Reversal AUC impairments		-	-	-	9.6	9.6
Write offs		-	(0.2)	(0.7)	-	(0.9)
Revaluation		(5.4)	-	-	-	(5.4)
At 31 March 2023		(4.6)	6,212.9	307.8	545.5	7,061.4
Depreciation						
At 1 April 2022		-	2,384.3	133.0	20.7	2,538.0
Depreciation charge for the year	4	-	121.7	29.5	-	151.2
Disposals		-	-	(2.2)	-	(2.2)
Write offs		-	-	(0.6)	-	(0.6)
Revaluation		(4.6)	-	-	-	(4.6)
At 31 March 2023		(4.6)	2,506.0	159.7	20.7	2,681.8

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 (2023 £nil). The cumulative borrowing costs capitalised are also £nil (2023 £nil).

At 31 March 2024, the Corporation had capital commitments which are contracted for but not provided for in the financial statements amounting to £83.1m (2023 £64.4m).

In addition, and as described in section b) to this note, the Corporation has entered into an agreement with Riverlinx Limited for the design, build, financing 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, initially at £65m annually and indexed until the expiry date of the agreement in January 2050.

Notes to the Financial Statements

13. Property, plant and equipment (continued)

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	(104.1)	(16.7)	(120.8)
Net book value at 31 March 2024	**105.0**	**-**	**105.0**
Net book value at 31 March 2023	107.6	-	107.6

j) Depreciation charge

The total depreciation charge for the Corporation comprised:

Year ended 31 March	Note	2024 £m	2023 £m
Depreciation of owned assets		160.7	148.5
Depreciation of assets held under PFI		2.5	2.7
Total depreciation	4	**163.2**	151.2

k) Corporation office buildings and other infrastructure assets held at valuation

The existing use value of owner-occupied office buildings at 31 March 2024 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.

Notes to the Financial Statements
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 20.

a) Group right-of-use assets at 31 March 2024 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 2023		598.3	1,395.5	1,342.0	14.3	118.6	3,468.7
Additions		28.6	10.0	279.2	0.8	39.5	358.1
Lease terminations		(15.2)	-	(3.4)	-	(1.6)	(20.2)
Valuation adjustment		-	(0.9)	-	-	-	(0.9)
At 31 March 2024		611.7	1,404.6	1,617.8	15.1	156.5	3,805.7
Amortisation							
At 1 April 2023		156.2	412.6	865.6	10.8	69.0	1,514.2
Charge for the year	4	40.1	63.9	207.9	2.0	16.7	330.6
Disposals		(6.6)	-	(2.0)	-	(0.9)	(9.5)
At 31 March 2024		189.7	476.5	1,071.5	12.8	84.8	1,835.3
Net book value at 31 March 2024		422.0	928.1	546.3	2.3	71.7	1,970.4
Net book value at 31 March 2023		442.1	982.9	476.4	3.5	49.6	1,954.5

b) Group right-of-use assets at 31 March 2023 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 2022		585.3	1,546.5	1,175.9	14.0	120.5	3,442.2
Additions		14.4	13.5	166.1	0.3	(1.3)	193.0
Lease terminations		(1.4)	(163.6)	-	-	-	(165.0)
Valuation adjustment		-	(0.9)	-	-	(0.6)	(1.5)
At 31 March 2023		598.3	1,395.5	1,342.0	14.3	118.6	3,468.7
Amortisation							
At 1 April 2022		116.5	405.0	650.8	8.5	51.5	1,232.3
Charge for the year	4	39.7	83.2	214.8	2.3	17.5	357.5
Disposals		-	(75.6)	-	-	-	(75.6)
At 31 March 2023		156.2	412.6	865.6	10.8	69.0	1,514.2

Notes to the Financial Statements

14. Right-of-use assets and related lease liabilities (continued)

c) Group lease liabilities in relation to right-of-use assets

At 31 March	2024 £m	2023 £m
Principal outstanding		
Short-term liabilities	**275.4**	299.6
Long-term liabilities	**2,029.2**	1,915.9
	2,304.6	2,215.5

d) Group maturity analysis of right-of-use lease liabilities

At 31 March	2024 £m	2023 £m
Contractual undiscounted payments due in:		
Not later than one year	**372.7**	359.5
Later than one year but not later than two years	**300.7**	297.0
Later than two years but not later than five years	**690.5**	555.7
Later than five years	**2,164.7**	1,898.6
	3,528.6	3,110.8
Less:		
Present value discount	**(1,224.2)**	(895.3)
Present value of minimum lease payments	**2,304.4**	2,215.5

e) Analysis of amounts included in the Group Comprehensive Income and Expenditure Statement

Year ended 31 March	Note	2024 £m	2023 £m
Amortisation of right-of-use assets	4	**330.6**	357.5
Interest payable on right-of-use lease liabilities (before impact of interest rate hedges)		**117.5**	77.3
Expense relating to short-term leases (included in gross expenditure)		**0.1**	1.5
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in gross expenditure)		**0.1**	0.1
Income from sub-leasing right-of-use assets (included in gross income)		**13.4**	14.8

Notes to the Financial Statements

14. Right-of-use assets and related lease liabilities (continued)

f) Analysis of amounts included in the Statement of Cash Flows

The total cash outflow in the Group in respect of leases was £414.2m (2022/23 £393.4m).

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.

i) Corporation right-of-use assets at 31 March 2024 comprised the following elements:

	Note	Infrastructure and office buildings £m	Other equipment £m	Total £m
Cost or valuation				
At 1 April 2023		434.4	19.1	453.5
Additions		12.2	-	12.2
Disposals		(8.9)	-	(8.9)
At 31 March 2024		437.7	19.1	456.8
Amortisation				
At 1 April 2023		100.8	12.9	113.7
Charge for the year	4	25.7	3.4	29.1
Disposals		(5.4)	-	(5.4)
At 31 March 2024		121.1	16.3	137.4
Net book value at 31 March 2024		316.6	2.8	319.4
Net book value at 31 March 2023		333.6	6.2	339.8

Notes to the Financial Statements

14. Right-of-use assets and related lease liabilities (continued)

j) Corporation right-of-use assets at 31 March 2023 comprised the following elements:

	Note	Infrastructure and office buildings £m	Other equipment £m	Total £m
Cost or valuation				
A 1 April 2022		430.8	22.3	453.1
Additions		3.6	(3.2)	0.4
At 31 March 2023		434.4	19.1	453.5
Amortisation				
At 1 April 2022		75.5	9.1	84.6
Charge for the year	4	25.3	3.8	29.1
At 31 March 2023		100.8	12.9	113.7
Net book value at 31 March 2023		333.6	6.2	339.8

k) Corporation lease liabilities in relation to right-of-use assets

At 31 March	2024 £m	2023 £m
Principal outstanding		
Short-term liabilities	**25.6**	27.0
Long-term liabilities	**324.1**	341.1
	349.7	368.1

l) Corporation maturity analysis of right-of-use lease liabilities

At 31 March	2024 £m	2023 £m
Contractual undiscounted payments due in:		
Not later than one year	**35.0**	36.7
Later than one year but not later than two years	**34.3**	34.6
Later than two years but not later than five years	**99.0**	99.2
Later than five years	**256.2**	278.8
	424.5	449.3
Less:		
Present value discount	**(74.8)**	(81.2)
Present value of minimum lease payments	**349.7**	368.1

m) Analysis of amounts included in the Corporation Comprehensive Income and Expenditure Statement

Year ended 31 March	Note	2024 £m	2023 £m
Amortisation of right-of-use assets	4	**29.1**	29.1
Interest payable on right-of-use lease liabilities		**10.3**	10.4
Income from sub-leasing right-of-use assets (included in gross income)		**1.8**	-

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 2023/24 was £37.3m (2022/23 £36.7m).

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 2024 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 (2023 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. Operating leases - as a lessor

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. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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 2024		
Within one year	**63.6**	**2.7**
Between one and two years	**54.0**	**2.3**
Between two and five years	**117.3**	**0.3**
Later than five years	**917.2**	**45.1**
	1,152.1	**50.4**
At 31 March 2023		
Within one year	62.6	0.8
Between one and two years	53.7	0.7
Between two and five years	114.4	1.0
Later than five years	839.6	4.7
	1,070.3	7.2

Notes to the Financial Statements
16. Investment properties

	Note	Group £m	Corporation £m
Valuation			
At 1 April 2022		1,713.3	97.1
Additions		20.7	1.7
Transfer to assets held for sale	23	(3.6)	(1.0)
Transfers from assets held for sale	23	4.6	1.3
Transfers from property, plant and equipment	13	25.8	0.4
Disposals		(37.3)	(0.1)
Fair value adjustments	9	(148.9)	(12.5)
At 31 March 2023		1,574.6	86.9
Additions		**88.6**	**1.0**
Transfers to subsidiary undertakings		**-**	**(41.2)**
Net transfers from assets held for sale	23	**51.8**	**3.0**
Transfers from property, plant and equipment	13	**16.8**	**12.5**
Disposals		**(8.8)**	**-**
Fair value adjustments	9	**(107.9)**	**55.6**
At 31 March 2024		**1,615.1**	**117.8**

In order to create a consolidated commercial property portfolio, properties held for rental income or capital appreciation 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. These properties 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.

Such properties held for rental income or capital appreciation are classified as investment properties and measured under the fair value model.

Reconciliation between the fair value of the investment property and the book value in the financial statements

At 31 March	Group 2024 £m	Group 2023 £m
Fair value of investment property	**1,615.1**	1,574.6
Less: lease incentives presented separately in receivables	**(6.0)**	(6.5)
Book value of investment property	**1,609.1**	1,568.1

The property valuations were carried out primarily by CBRE on a Fair Value basis in accordance with the latest version of the RICS Valuation – Global Standards, but with a number valued by management, as set out below:

At 31 March	Fair value 2024 £m	Fair value 2023 £m
Valued by CBRE	**1,599.8**	1,422.7
Valued by management	**15.3**	151.9
Total	**1,615.1**	1,574.6

The approach used by management in their valuations was to apply an index of property movements obtained from CBRE to the prior year valuations. Because of the low aggregate value of these properties, management consider that this valuation approach is appropriate.

The valuation methodology used by CBRE depends upon the nature of the property. The majority of properties are income producing assets and were valued using an income capitalisation ('income cap') approach, where the key inputs were equivalent yield (EY), estimate rental values (ERV) and future capital expenditure (Cap Ex). These are considered Level III valuations in the IFRS 13 hierarchy.

However, residential properties were valued using a sales comparison approach, where values were based on observed sales of similar properties in the same area. Observed sales values on a per square foot basis are adjusted judgementally to reflect the size, quality and location of the properties owned. These are considered Level III valuations in the IFRS 13 hierarchy.

Notes to the Financial Statements

16. Investment properties (continued)

Development properties were valued using a residual appraisal, where in addition to the inputs used to value income producing assets, a deduction is also made for developer profit (DP). Noting also that more weight is placed on the future capital expenditure estimates that in this case will include a wider range of costs due to the nature of development properties. These are considered Level III valuations in the IFRS 13 hierarchy.

The split of the valuation is set out below:

At 31 March	Valuation approach	2024 £m	2023 £m
Arches	Income cap	**147.1**	157.4
Bus Garage	Income cap	**95.5**	95.8
Car Parks	Income cap	**162.5**	167.5
Development	Income cap	**124.4**	132.7
Industrial	Income cap	**50.0**	51.4
Office Buildings	Income cap	**258.8**	189.7
Other	Income cap	**103.5**	111.8
Residential	Sale comparison	**57.5**	67.5
Retail	Residual appraisal	**615.8**	600.8
Total		**1,615.1**	1,574.6

Included in the amounts above are certain property interests that represent a reversionary interest in property, ground rent assets or an interest in property of a similar substance. Breakdown as follows:

At 31 March	2024 £m	2023 £m
Office	**152.3**	71.5
Retail	**121.5**	124.8
Other	**21.4**	17.0
Residential	**7.7**	8.4
Total ground rent assets	**302.9**	221.7
Non-ground rent assets	**1,312.2**	1,352.9
Total	**1,615.1**	1,574.6

The key unobservable inputs into these valuations can be summarised as follows:

At 31 March 2024	EY range %	ERV range £psqft	Cap Ex range £psqft	DP range %
Retail	4.50-10.00	4-585	0-600	-
Office	2.90-9.50	9-75	0-633	-
Leased car parks	3.50-9.50	-	0-66	-
Bus stations	3.50-7.00	5-8	0-31	-
Industrial and Arches	4.00-8.50	1-41	0-447	-
Other properties	3.50-15.00	2-33	0-192	-
Development properties	5.25-5.50	30-57.50	260-350	18.50-20.00

At 31 March 2023	EY range %	ERV range £psqft	Cap Ex range £psqft	DP range %
Retail	4.00-10.00	4-585	0-700	-
Office	2.90-9.50	9-75	0-593	-
Leased car parks	3.50-9.50	-	0-44	-
Bus stations	3.50-7.00	5-8	0-31	-
Industrial and Arches	4.00-8.50	1-46	0-229	-
Other properties	4.00-15.00	1-40	0-68	-
Development properties	5.00-5.50	30-57.50	260-350	18.50-20.00

Notes to the Financial Statements

16. Investment properties (continued)

Valuation hierarchy

The valuations are considered Level 3. There were no transfers between the hierarchies in either year presented.

Sensitivities

Information about the impact of changes in unobservable inputs on the fair value of the investment property portfolio is set out in the table below.

The most significant inputs in all the investment valuations except residential are the passing rent, the EY, the ERV and capital expenditure.

There are interrelationships between the unobservable inputs which are partially determined by market conditions, but with all other factors being equal:

- A higher EY would lead to a decrease in the valuation
- An increase in the ERV would increase the valuation

A higher DP would lead to a decrease in the valuation, but only applies to development property, and changes would not be considered significant, so are not modelled below.

The table below 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.

Information about fair value measurements for the TfL Group using unobservable inputs (level 3) for the year ended 31 March 2024

		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)%**	1,733.9	1.68%	1,670.3	(2.05)%	**1,613.2**	**(5.40)%**	1,587.1	(6.93)%	1,527.6	(10.42)%
	(5)%	1,785.3	4.69%	1,719.1	0.81%	**1,659.1**	**(2.71)%**	1,632.3	(4.28)%	1,569.9	(7.94)%
	0%	1,836.8	7.71%	1,767.7	3.66%	**1,705.3**	**0.00%**	1,677.3	(1.64)%	1,612.2	(5.46)%
	5%	1,888.4	10.74%	1,816.5	6.52%	**1,751.2**	**2.69%**	1,722.5	1.01%	1,654.5	(2.98)%
	10%	1,940.1	13.77%	1,865.1	9.37%	**1,797.4**	**5.40%**	1,767.9	3.67%	1,696.9	(0.49)%

Other disclosures

Total rental income recognised in year is set out in Note 1.

Details of lease arrangements with tenants in investment property and future contract minimum lease payments is set out in Note 15.

Operating expenditure recognised for the year associated with the investment properties totalled £35.4m for the Group (2022/23 £32.7m).

Notes to the Financial Statements
17. Investments in subsidiaries

Cost	Corporation 2024 £m	Corporation 2023 £m
At 1 April	**13,062.5**	12,782.5
Investments in year	**-**	280.0
At 31 March	**13,062.5**	13,062.5

During the year, the Corporation did not increase its investment in ordinary share capital. In the prior year, the Corporation increased its investment in the ordinary share capital of Transport Trading Limited (TTL) by £280m. TTL subsequently increased its investment in the ordinary share capital of Crossrail Limited by £280m.

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 maintain a wide range of services and transport modes

Notes to the Financial Statements
17. 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
Tramtrack Croydon Limited	Passenger transport by light rail

Subsidiaries	Principal activity
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 Office Properties Limited	Holding company
TTL Kidbrooke Properties Limited	Holding company
TTL Landmark Court Properties Limited	Holding company
TTL Northwood Properties Limited*	Dormant company
Places for London Limited (formerly 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	Holding company
TTL West London 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

* TTL Northwood Properties Limited changed its name to TTL High Barnet Properties Limited on 4 October 2024

Notes to the Financial Statements

18. 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 and 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 2023/24 the Group invested a further £1.1m in the equity of CLL (2022/23 £53m). Summarised financial information in respect of the Group's investment is set out below. Amounts presented are taken from management accounts made up to 31 March.

Balance Sheet of CLL at the 100 per cent level

At 31 March	Group 2024 £m	Group 2023 £m
Long-term assets		
Investment property under construction	89.3	80.3
	89.3	80.3
Current assets		
Cash	5.2	9.6
Other short-term assets	-	0.5
	5.2	10.1
Current liabilities		
Other short-term liabilities	(2.2)	(0.1)
	(2.2)	(0.1)
Long-term liabilities		
Borrowings	-	-
Other long-term liabilities	-	-
	-	-

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 March	Group 2024 £m	Group 2023 £m
Net assets at 100%	92.3	90.3
Percentage held by the TfL Group	49%	49%
Carrying amount of the Group's equity interest in CLL	45.1	44.1

Notes to the Financial Statements

18. Investment in joint ventures (continued)

Group share of comprehensive income and expenditure of CCL

Year ended 31 March	Group 2024 £m	Group 2023 £m
Group share of loss from continuing operations	(0.1)	(0.7)
Group share of other comprehensive income	-	-
Total Group share of comprehensive income and expenditure for the year	**(0.1)**	(0.7)

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 2023/24, the Group had no additional investment in the equity of KP LLP (2022/23 £nil). Summarised financial information in respect of the Group's investment in KP LLP is set out below. Amounts presented are taken from management accounts made up to 28 February.

Balance Sheet of KP LLP at the 100 per cent level

At 31 March	Group 2024 £m	Group 2023 £m
Non-current assets		
Investment property under construction	**37.7**	-
	37.7	-
Current assets		
Cash	**7.6**	2.0
Other short-term assets	**0.1**	39.7
	47.7	41.7
Current liabilities		
Other short-term liabilities	**(8.0)**	(4.4)
	(8.0)	(4.4)

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 March	Group 2024 £m	Group 2023 £m
Net assets at 100%	**37.4**	37.3
Percentage held by the TfL Group	**49%**	49%
Carrying amount of the Group's equity interest in KP LLP	**18.2**	18.2

Group share of comprehensive income and expenditure of KP LLP

Year ended 31 March	Group 2024 £m	Group 2023 £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

18. 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 management accounts made up to 28 February.

Balance sheet of BRP LLP at the 100 per cent level

At 31 March	Group 2024 £m	Group 2023 £m
Current assets		
Cash	2.3	2.5
Other short-term assets	0.1	1.5
	2.4	4.0
Current liabilities		
Other short-term liabilities	(1.6)	(2.4)
	(1.6)	(2.4)

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 March	Group 2024 £m	Group 2023 £m
Net assets at 100%	0.8	1.6
Percentage held by the TfL Group	49%	49%
Carrying amount of the Group's equity interest in BRP LLP	0.3	0.8

Group share of comprehensive income and expenditure of BRP LLP

Year ended 31 March	Group 2024 £m	Group 2023 £m
Group share of profit from continuing operations	0.6	7.2
Group share of other comprehensive income	-	-
Total Group share of comprehensive income and expenditure for the year	0.6	7.2

Notes to the Financial Statements

18. 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 management accounts made up to 31 March.

Balance sheet of LCP Limited at the 100 per cent level

At 31 March	Group 2024 £m	Group 2023 £m
Current assets		
Cash	-	-
Other short-term assets	12.0	24.9
	12.0	24.9
Current liabilities		
Other short-term liabilities	(11.9)	(15.3)
	(11.9)	(15.3)

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 March	Group 2024 £m	Group 2023 £m
Net assets at 100%	0.1	9.6
Percentage held by the TfL Group	49%	49%
Carrying amount of the Group's equity interest in LCP Limited	-	4.7

Group share of comprehensive income and expenditure of LCP Limited

Year ended 31 March	Group 2024 £m	Group 2023 £m
Group share of (loss)/profit from continuing operations	(2.3)	2.3
Group share of other comprehensive income	-	-
Total Group share of comprehensive income and expenditure for the year	(2.3)	2.3

Notes to the Financial Statements

18. Investment in joint ventures (continued)

e) Wembley Park LLP
In 2022/23 the Group acquired a 49 per cent holding in the members' interest of Wembley Park Properties LLP (WPP LLP), a newly created property development partnership, for a cash consideration of £12m. The investment was purchased through a newly incorporated subsidiary of the Group, TTL Wembley Park 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 2022/23, the Group granted a 999 year lease over land at Wembley Park station car park to WPP LLP for a consideration of £16.25m. The financial year end of WPP LLP is 30 June.

Summarised financial information in respect of the Group's investment in WPP LLP is set out below. Amounts presented are taken from management accounts made up to 31 March.

Balance sheet of WPP LLP at the 100 per cent level

At 31 March	Group 2024 £m	Group 2023 £m
Current assets		
Cash	5.4	7.9
Inventory under construction	33.0	23.3
	38.4	31.2
Current liabilities		
Other short-term liabilities	(10.1)	(6.7)
	(10.1)	(6.7)

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 March	Group 2024 £m	Group 2023 £m
Net assets at 100%	28.3	24.5
Percentage held by the TfL Group	49%	49%
Carrying amount of the Group's equity interest in WPP LLP	13.8	11.9

Group share of comprehensive income and expenditure of WPP LLP

Year ended 31 March	Group 2024 £m	Group 2023 £m
Group share of profit from continuing operations	1.9	-
Group share of other comprehensive income	-	-
Total Group share of comprehensive income and expenditure for the year	1.9	-

Notes to the Financial Statements

18. Investment in joint ventures (continued)

f) Platinum HoldCo Limited
In 2023/24, the Group via its subsidiary, TTL Office Properties Limited, acquired a 49 per cent interest in a joint arrangement called Platinum HoldCo Limited, which was set up as a partnership together with Helical Plc, to fund the development of its sustainable commercial office portfolio across central London. The registered office address of Platinum HoldCo Limited is 5 Hanover Square, London, United Kingdom, W1S 1HQ.

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 Platinum HoldCo Limited is 31 March.

During 2023/24, the Group invested £1.47m in the equity of Platinum HoldCo Limited.

Summarised financial information in respect of the Group's investment is set out below. Amounts presented are taken from management accounts made up to 31 March.

Balance Sheet of Platinum HoldCo Limited at the 100 per cent level

At 31 March	Group 2024 £m	Group 2023 £m
Long-term assets		
Investment property under construction	-	-
	-	-
Current assets		
Cash	0.8	-
Other short-term assets	3.4	-
	4.2	-
Current liabilities		
Other short-term liabilities	(1.2)	-
	(1.2)	-
Long-term liabilities		
Borrowings	-	-
Other long-term liabilities	-	-
	-	-

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 March	Group 2024 £m	Group 2023 £m
Net assets at 100%	3.0	-
Percentage held by the TfL Group	49%	49%
Carrying amount of the Group's equity interest in Platinum HoldCo Limited	1.4	-

Group share of comprehensive income and expenditure of Platinum HoldCo Limited

Year ended 31 March	Group 2024 £m	Group 2023 £m
Group share of loss from continuing operations	-	-
Group share of other comprehensive income	-	-
Total Group share of comprehensive income and expenditure for the year	-	-

Notes to the Financial Statements

19. 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 2024 the Group had invested £44.4m (2023 £44.4m) in share capital and a further £439.6m (2023 £433.9m) in loan notes.

The financial year end of ECP is 31 December. For the purposes of applying the equity method of accounting, the management accounts of ECP at 31 March 2024 have been used.

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 March	Group 2024 £m	Group 2023 £m
Current assets	18.0	17.6
Long-term assets	419.5	541.2
Current liabilities	(9.3)	(9.5)
Long-term liabilities	(119.2)	(98.3)

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 March	Group 2024 £m	Group 2023 £m
Net assets at 100%	309.0	451.0
Percentage held by the TfL Group	37%	37%
Carrying amount of the Group's equity interest in Earls Court Partnership Limited	114.3	166.7

Group share of comprehensive income and expenditure of Earls Court Partnership Limited

Year ended 31 March	Group 2024 £m	Group 2023 £m
Revenue	3.2	0.1
Loss from continuing operations	(157.6)	(112.2)
Loss on fair value of investment and development property	(153.3)	(102.0)
Other comprehensive income	-	-
Total comprehensive expenditure	(157.6)	(112.2)
Group share of:		
Loss from continuing operations	(58.3)	(41.5)
Other comprehensive income	-	-
Total Group share of comprehensive income and expenditure for the year	(58.3)	(41.5)

Notes to the Financial Statements

20. 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	2024 £m	2023 £m
Principal outstanding		
Short-term	**7.1**	5.2
Long-term	**18.2**	9.1
	25.3	14.3

Principal outstanding		
At 1 April	**14.3**	37.0
Additions	**15.6**	0.5
Interest	**1.3**	0.8
Lease terminations	**-**	(4.1)
Repayments	**(5.9)**	(19.9)
	25.3	14.3

Minimum cash receipts in:		
Not later than one year	**7.2**	5.2
Later than one year but not later than five years	**4.4**	10.6
Later than five years	**45.8**	-
	57.4	15.8
Less unearned finance income	**(32.1)**	(1.5)
	25.3	14.3

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21. Inventories

As at 31 March	Group 2024 £m	Group 2023 £m
Raw materials and consumables	**100.6**	77.9
Goods held for resale	**0.8**	0.8
	101.4	78.7

There is no material difference between the balance sheet value of Group inventories and their net realisable value. The Corporation had no inventories at 31 March 2024 and as at 31 March 2023.

The movement on inventories was as follows:

	Group £m
Balance at 1 April 2022	58.1
Purchases in the year	120.7
Recognised as an expense in the year:	
Consumed in the year	(90.1)
Goods sold in the year	(0.5)
Net write offs in the year	(9.5)
Balance at 31 March 2023	78.7
Purchases in the year	**130.1**
Recognised as an expense in the year:	
Consumed in the year	**(105.3)**
Goods sold in the year	**(1.8)**
Net write offs in the year	**(0.3)**
Balance at 31 March 2024	**101.4**

Notes to the Financial Statements

22. Debtors

At 31 March	Group 2024 £m	Group 2023 £m
Short-term		
Trade debtors	**179.3**	133.7
Capital debtors	**9.8**	3.2
Other debtors	**31.0**	39.2
Other tax and social security	**76.7**	200.6
Grant debtors	**177.3**	110.9
Interest debtors	**6.3**	3.2
Contract assets: accrued income	**63.3**	53.0
Prepayments for goods and services	**64.5**	152.5
	608.2	696.3
Long-term		
Other debtors	**13.0**	40.2
Prepayments for goods and services	**15.9**	20.0
	28.9	60.2

Trade debtors are non-interest bearing and are generally paid within 28 days.

As at 31 March 2024, £1,195.1m (2023 £994.7m) 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.

Grant debtors represent grant income where cash has not yet been received.

At 31 March	Corporation 2024 £m	Corporation 2023 £m
Short-term		
Trade debtors	**52.3**	57.8
Amounts due from subsidiary companies	**119.4**	171.8
Capital debtors	**0.8**	2.3
Other debtors	**4.8**	3.7
Other tax and social security	**9.3**	9.0
Grant debtors	**170.7**	97.6
Interest debtors	**5.2**	2.9
Contract assets: accrued income	**26.2**	18.1
Prepayments for goods and services	**33.7**	26.2
	422.4	389.4
Long-term		
Loans made to subsidiary companies	**12,213.9**	12,290.9
Other debtors	**0.4**	28.4
Prepayments for goods and services	**5.9**	7.6
	12,220.2	12,326.9

Trade debtors are non-interest bearing and are generally paid within 28 days.

As at 31 March 2024, £1,184.1m (2023 £965.7m) 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 2024 was 3.7 per cent (2023 3.5 per cent).

Notes to the Financial Statements

23. Assets held for sale

	Note	Group £m	Corporation £m
Balance at 1 April 2022		160.9	12.1
Assets newly classified as held for sale			
Investment properties	16	3.6	1.0
Net assets transferred from held for sale to investment property			
Investment properties	16	(4.6)	(1.3)
Revaluation losses			
Investment properties		(0.1)	(1.5)
Disposals			
Property, plant and equipment		(83.3)	-
Investment properties		(22.8)	-
Transfers to subsidiary undertakings			
Investment properties		-	(7.3)
Balance at 31 March 2023		53.7	3.0
Assets newly classified as held for sale			
Net assets transferred from held for sale to investment property			
Investment properties	16	**(51.8)**	**(3.0)**
Disposals			
Investment properties		**(1.9)**	**-**
Balance at 31 March 2024		**-**	**-**

24. Other investments

At 31 March	Group 2024 £m	Group 2023 £m
Short-term		
Investments held at amortised cost	**5.8**	15.0
Long-term		
Investments measured at FVTPL	**1.2**	-

At 31 March	Corporation 2024 £m	Corporation 2023 £m
Short-term		
Investments held at amortised cost	**-**	-
Long-term		
Investments measured at FVTPL	**0.2**	-

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.

Long-term investments comprise initial ‘core commitment’ investment in the London Treasury Liquidity Fund (LTLF) LP.

25. Cash and cash equivalents

At 31 March	Group 2024 £m	Group 2023 £m
Cash at bank	**143.8**	285.3
Cash equivalents with a maturity of less than three months	**1,331.8**	1,090.0
Cash in hand and in transit	**12.7**	12.2
	1,488.3	1,387.5

At 31 March	Corporation 2024 £m	Corporation 2023 £m
Cash at bank	**24.3**	41.3
Cash equivalents with a maturity of less than three months	**1,269.9**	1,090.0
	1,294.2	1,131.3

Cash and cash equivalents comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents are classified as financial assets at amortised cost.

Cash equivalents 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.

26. Creditors

a) Group creditors at 31 March comprised:

	Group 2024 £m	Group 2023 m
Short-term		
Trade creditors	**157.9**	225.0
Accrued interest	**184.9**	106.4
Capital works	**476.6**	666.4
Retentions on capital contracts	**7.2**	5.5
Capital grants received in advance	**34.6**	43.4
Wages and salaries	**249.8**	161.8
Other taxation and social security creditors	**71.9**	57.5
Contract liabilities: receipts in advance for Travelcards, bus passes and Oyster cards	**174.7**	185.9
Contract liabilities representing other deferred income	**51.2**	54.0
Accruals and other payables	**647.9**	600.4
	2,056.7	2,106.3
Long-term		
Capital grants received in advance	**3.2**	4.1
Retentions on capital contracts	**(3.5)**	(2.0)
Contract liabilities representing other deferred income	**27.6**	29.0
Deferred income arising from operating leases	**109.7**	-
Accruals and other payables	**177.0**	56.5
	314.0	87.6

Notes to the Financial Statements

26. Creditors (continued)

The performance obligations related to deferred income balances recorded as at 31 March 2024, 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 £20.3m (2023 £22.2m), of which, £19.3m (2023 £20.1m) relates to obligations that are to be satisfied within one to three years, and £0.9m (2023 £1.5m) within three to five years and £nil (2023 £0.6m) over five years

ii. Maintenance income of £4.1m (2023 £5.2m) expected to be released over 30 years

iii. Other miscellaneous contracts, together totalling £3.2m (2023 £1.5m)

Set out below is the amount of revenue recognised by the Group during the year from:

Year ended 31 March	Group 2024 £m	Group 2023 £m
Amounts included in contract liabilities at 1 April	85.1	43.0
Performance obligations satisfied in previous years	-	-

b) Corporation creditors at 31 March comprised:

At 31 March	Corporation 2024 £m	Corporation 2023 £m
Short-term		
Trade creditors	78.2	85.6
Accrued interest	184.6	106.4
Capital works	101.5	131.3
Capital grants received in advance	18.8	24.3
Amounts due to subsidiary companies	78.6	266.1
Wages and salaries	50.9	46.5
Other taxation and social security creditors	9.1	4.5
Contract liabilities representing other deferred income	22.2	17.1
Accruals and other payables	189.9	165.8
	733.8	847.6
Long-term		
Capital grants received in advance	-	0.9
Retentions on capital contracts	0.4	0.3
Contract liabilities representing other deferred income	15.5	16.1
Deferred income arising from operating leases	109.7	-
Accruals and other payables	37.8	34.9
	163.4	52.2

Total long-term contract liabilities balances in the Corporation are broadly consistent with the prior year.

Notes to the Financial Statements

26. Creditors (continued)

At 31 March 2024, the significant balance of remaining performance obligations in relation to contract liabilities expected to be recognised in more than one year, relate to:

i. License revenue totalling £8.2m (2023 £9.4m), of which £8.2m is expected to be satisfied within five years (2023 £9.4m) and £nil (2023 £nil) over five years

ii. Maintenance income of £4.1m (2023 £5.2m) is expected to be released over 30 years

iii. Other miscellaneous contracts totalling £3.2m (2023 £1.5m)

Set out below is the amount of revenue recognised during the year from:

Year ended 31 March	Corporation 2024 £m	Corporation 2023 £m
Amounts included in contract liabilities at 1 April	8.9	9.4
Performance obligations satisfied in previous years	-	-

27. Borrowings and overdrafts

At 31 March	Group 2024 £m	Group 2023 £m
Short-term		
Borrowings	864.0	693.7
Long-term		
Borrowings	12,071.6	12,216.6

At 31 March	Corporation 2024 £m	Corporation 2023 £m
Short-term		
Borrowings	864.0	693.7
Long-term		
Borrowings	12,075.6	12,221.5

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, of which we repaid £35m during the year.

Notes to the Financial Statements

27. Borrowings and overdrafts (continued)

Changes in liabilities arising from financing activities

	Group 2024 £m	Group 2023 £m
Balance at 1 April		
Short-term	**1,014.2**	1,774.1
Long-term	**14,324.3**	13,858.2
	15,338.5	15,632.3
Borrowings drawn down	**187.5**	1,661.0
Net repayment of other financing liabilities	**(6.5)**	(6.4)
Repayment of borrowings	**(163.9)**	(1,720.7)
Repayment of PFI liabilities	**(14.3)**	(10.6)
Repayment of right-of-use lease liabilities	**(296.7)**	(322.9)
Non-cash increase in right-of-use lease liabilities	**385.8**	102.1
Other movements*	**1.7**	3.7
At 31 March	**15,432.1**	15,338.5
Short-term	**1,175.4**	1,014.2
Long-term	**14,256.7**	14,324.3
	15,432.1	15,338.5

Changes in liabilities arising from financing activities

	Corporation 2024 £m	Corporation 2023 £m
Balance at 1 April		
Short-term	**735.0**	1,460.6
Long-term	**12,639.3**	12,005.4
	13,374.3	13,466.0
Borrowings drawn down	**187.5**	1,661.0
Repayment of borrowings	**(163.9)**	(1,720.7)
Repayment of PFI lease liabilities	**(14.3)**	(10.6)
Repayment of right-of-use lease liabilities	**(27.1)**	(26.4)
Non-cash increase in right-of-use-lease liabilities	**8.7**	0.4
Other movements*	**0.8**	4.6
At 31 March	**13,366.0**	13,374.3
Short-term	**905.1**	735.0
Long-term	**12,460.9**	12,639.3
	13,366.0	13,374.3

* Other movements are non-cash and relate to the unwind of discounts and fees

Notes to the Financial Statements
28. 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). IPSAS 32 provided a symmetry with IFRIC 12 – Service Concession Arrangements on relevant accounting issues from the grantor's point of view.

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.

PFI finance lease liabilities

	Group 2024 £m	Group 2023 £m	**Corporation 2024 £m**	Corporation 2023 £m
At 1 April	**91.0**	101.6	**91.0**	101.6
Payments	**(18.3)**	(15.0)	**(18.3)**	(15.0)
Interest	**4.0**	4.4	**4.0**	4.4
At 31 March	**76.7**	91.0	**76.7**	91.0

At 31 March	**Group 2024 £m**	Group 2023 £m	**Corporation 2024 £m**	Corporation 2023 £m
Short-term	**15.5**	14.3	**15.5**	14.3
Long-term	**61.2**	76.7	**61.2**	76.7
	76.7	91.0	**76.7**	91.0

Group and 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 2024				
Less than 1 year	**3.3**	**15.5**	**31.4**	**50.2**
Between 1 and 5 years	**6.3**	**56.2**	**118.6**	**181.1**
Between 6 and 10 years	**0.2**	**5.0**	**23.4**	**28.6**
	9.8	**76.7**	**173.4**	**259.9**
At 31 March 2023				
Less than 1 year	4.0	14.3	30.2	48.5
Between 1 and 5 years	9.1	64.1	126.0	199.2
Between 6 and 10 years	0.8	12.6	47.3	60.7
	13.9	91.0	203.5	308.4

Notes to the Financial Statements

29. Other financing liabilities

Group other financing liabilities at 31 March comprised:

	Group 2024 £m	Group 2023 £m
Short-term		
Deferred capital payments	**20.5**	6.6
Long-term		
Deferred capital payments	**94.7**	115.1

Other financing liabilities comprise deferred capital payments in respect of the acquisition of property, plant and equipment. Gross payments with a nominal value of £130.9m (2023 £141.3m) fall due over the period to March 2033. These have been discounted back at an effective rate of interest of 3.2 per cent (2023 3.2 per cent) to the present value recorded in the table above.

30. Provisions

a) Group provisions

	At 1 April 2023 £m	Payments in the year £m	Charge for the year £m	Releases in the year £m	At 31 March 2024 £m
Compensation, contractual and statutory	141.8	(16.5)	157.5	(86.4)	**196.4**
Capital investment activities	49.8	(9.6)	-	-	**40.2**
Environmental harm	10.1	(4.0)	7.2	-	**13.3**
Severance and other	23.3	(12.4)	25.7	(0.5)	**36.1**
	225.0	(42.5)	190.4	(86.9)	**286.0**

At 31 March	2024 £m	2023 £m
Due		
Short-term	**230.9**	175.1
Long-term	**55.1**	49.9
	286.0	225.0

Notes to the Financial Statements

30. Provisions (continued)

b) Corporation provisions

	At 1 April 2023 £m	Payments in the year £m	Charge for the year £m	Releases in the year £m	At 31 March 2024 £m
Compensation, contractual and statutory	83.5	(13.3)	67.4	(59.6)	**78.0**
Capital investment activities	47.4	(7.8)	-	-	**39.6**
Severance and other	2.4	(0.8)	22.8	(0.4)	**24.0**
	133.3	(21.9)	90.2	(60.0)	**141.6**

At 31 March	2024 £m	2023 £m
Due		
Short-term	**107.3**	113.0
Long-term	**34.3**	20.3
	141.6	133.3

c) Nature of provisions

Compensation, contractual and statutory

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.

In addition, the Group also recognised a provision in respect of an ongoing investigation in relation to a certain statutory requirement. In this case, the Group has assessed there to be a probable outflow of resources and has made an estimate based on the best information available.

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
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 monitored to ensure that, where a possible obligation has become probable or a transfer of economic benefits has become probable, a provision is made.

Notes to the Financial Statements
32. Derivative financial instruments

Group derivatives in cash flow hedge relationships

At 31 March	Fair value 2024 £m	Notional amount 2024 £m	Fair value 2023 £m	Notional amount 2023 £m
Long-term assets				
Interest rate swaps	28.4	145.5	26.2	96.0
Foreign currency forward contracts	0.2	7.7	-	14.6
	28.6	153.2	26.2	110.6
Current assets				
Foreign currency forward contracts	0.3	14.3	1.0	41.3
	0.3	14.3	1.0	41.3
Current liabilities				
Foreign currency forward contracts	(10.6)	149.0	(3.4)	59.8
	(10.6)	149.0	(3.4)	59.8
Long-term liabilities				
Interest rate swaps	(40.8)	578.0	(1.5)	51.0
Foreign currency forward contracts	(7.8)	192.6	(8.6)	144.0
	(48.6)	770.6	(10.1)	195.0

Group derivatives not in hedge relationships

At 31 March	Fair value 2024 £m	Notional amount 2024 £m	Fair value 2023 £m	Notional amount 2023 £m
Current assets				
Foreign currency forward contracts	0.4	54.9	0.7	105.6
	0.4	54.9	0.7	105.6
Current liabilities				
Foreign currency forward contracts	(0.2)	103.0	-	-
	(0.2)	103.0	-	-

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.

Notes to the Financial Statements
33. 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
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.

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 2024 is £30.1m (2023 net asset of £14.4m).

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 2024 the fair value of all financial guarantees granted has been recorded as £nil (2023 £nil).

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, the GLA (via the Mayor's Green Finance Fund), 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 2023/24 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 (2021 Edition) (the Treasury Management Code) and the Prudential Code for Capital Finance in Local Authorities (2021 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 22.

A significant portion of the financial assets arising in the Corporation are with other Group companies. Per Note 33, 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.

Notes to the Financial Statements

34. Funding and financial risk management (continued)

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 2024 was determined as follows for both trade receivables and contract assets:

Trade debtors and contract assets: 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 2024						
Expected credit loss rate	0.1%	70.1%	92.7%	98.8%	99.9%	68.2%
Estimated total gross carrying amount at default	511.0	113.2	123.2	220.7	783.8	1,751.9
Expected credit loss allowance	(0.7)	(79.4)	(114.2)	(218.0)	(782.9)	(1,195.2)
At 31 March 2023						
Expected credit loss rate	0.4%	55.4%	89.5%	98.9%	99.9%	63.0%
Estimated total gross carrying amount at default	534.9	86.3	92.7	221.0	643.8	1,578.7
Expected credit loss allowance	(2.2)	(47.9)	(83.0)	(218.7)	(642.9)	(994.7)

Trade debtors and contract assets: 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 2024						
Expected credit loss rate	-	74.2%	93.2%	99.0%	100.0%	8.6%
Estimated total gross carrying amount at default	12,565.2	105.6	121.7	218.5	776.1	13,787.1
Expected credit loss allowance	-	(78.4)	(113.4)	(216.2)	(776.1)	(1,184.1)
At 31 March 2023						
Expected credit loss rate	-	60.7%	89.7%	99.2%	100.0%	7.1%
Estimated total gross carrying amount at default	12,641.6	75.0	92.3	214.1	625.2	13,648.2
Expected credit loss allowance	-	(45.4)	(82.8)	(212.3)	(625.2)	(965.7)

Finance lease receivables for the Group and Corporation are not overdue and no allowance has been recognised.

Notes to the Financial Statements
34. Funding and financial risk management (continued)

Expected credit loss allowance

	Group 2024 £m	Corporation 2024 £m	Group 2023 £m	Corporation 2023 £m
At 1 April	**994.7**	**965.7**	607.8	580.2
Provision for expected credit losses	**439.8**	**451.7**	435.6	433.0
Write offs	**(239.4)**	**(233.3)**	(48.7)	(47.5)
At 31 March	**1,195.1**	**1,184.1**	994.7	965.7

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, among 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) Cash and cash equivalents

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 2023/24, 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 2024, the fair value of the collateral held amounted to £100m (2023 £100m).

Investments classified as cash and cash equivalents as at 31 March 2024 totalled £1,269.9m (2023 £1,090.0m).

During the year, TfL invested for the first time in the London Treasury Liquidity Fund (LTLF) LP. While the assets of the Fund comprise a single pool of assets, investments by the limited partners are structured as two components, either core commitments or loan commitments. TfL became a limited partner in July 2023 and made an initial core commitment investment of £0.2m with no further investment to date. The core commitment has been recognised at fair value and subsequently measured at FVTPL. In line with the accounting policy the core commitment is held as long-term investments due to redemption rules.

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 2024			
UK Debt Management Office	**360.2**	**P-1/A-1+/F1+**	**30**
Other Government Agencies	**141.4**	**P-1/A-1+/F1+**	**35**
Money Market Funds	**246.3**	**AAA/AAA/AAA**	**1**
Banks (including Gilt backed repos)	**399.9**	**P-1/A-1/F1**	**12**
Corporates	**122.1**	**P-1/A-1/F1**	**43**
Total	**1,269.9**		**20**
At 31 March 2023			
UK Debt Management Office	371.5	P-1/A-1+/F1+	20
Other Government Agencies	69.7	P-1/A-1+/F1+	12
Money Market Funds	199.0	AAA/AAA/AAA	1
Banks (including Gilt backed repos)	377.0	P-1/A-1/F1	13
Corporates	72.8	P-1/A-1/F1	46
Total	1,090.0		15

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 2024 and as at 31 March 2023 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 33, 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 2024, the fair value of the Corporation's financial guarantees has been assessed as £nil (2023 £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 2024 and 2023, all derivatives in designated cash flow 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 2023/24, 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 2024, the Group held foreign exchange contracts to hedge €66.3m future Euro receipts in relation to its Euro investments (2023 €119.6m). 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 2024 (2023 a net gain of £0.7m). These derivative instruments mature in the period to May 2024.

During 2023/24, TfL issued Commercial Paper denominated in Euros and US Dollars. These foreign currency denominated borrowings 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 borrowings 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 2024, the Group held foreign exchange contracts to hedge €99.5m and $24.9m future Euro and US Dollars payments in relation to its Euro and US Dollar Commercial Paper (2023 zero). Throughout the year, the hedging strategy provided an effective offset of fair value movements due to having foreign currency borrowings. The unrealised exchange net gain was £nil as at 31 March 2024 (2023 £nil). These derivative instruments mature in the period to May 2024.

For 2023/24, 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 2024, the Group held forward foreign exchange derivative contracts in Euros, Canadian Dollars, Swedish Krona and Chinese Yuan Renminbi. These forward contracts hedge planned foreign currency capital expenditure payments with a nominal value of £319.5m (2023 £266.9m). At 31 March 2024, these contracts had a combined net fair value of £(17.9)m (2023 £(11.1)m). The fair value of forward contracts was recognised in equity at 31 March 2024, with the exception of Chinese Yuan Renminbi 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 gain/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 September 2029. 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.

Notes to the Financial Statements

34. Funding and financial risk management (continued)

Sensitivity analysis on foreign exchange risk at 31 March

	2024 Net nominal value £m	2024 Fair value £m	2024 Fair value after a 10% increase in GBP against other currency £m	2024 Fair value after a 10% decrease in GBP against other currency £m	2023 Net nominal value £m	2023 Fair value £m	2023 Fair value after a 10% increase in GBP against other currency £m	2023 Fair value after a 10% decrease in GBP against other currency £m
Impact on Comprehensive Income and Expenditure								
Net sell								
Euros	(57.2)	0.3	5.4	(6.0)	(105.6)	0.7	10.3	(11.0)
Net buy								
Euros	85.5	(0.1)	(7.9)	9.3	-	-	-	-
USD dollars	19.8	0.1	(1.7)	2.3	-	-	-	-
Chinese Yuan Renminbi	-	(0.1)	-	(0.1)	-	-	-	-
	n/a	0.2	(4.2)	5.5	n/a	0.7	10.3	(11.0)
Impact on Hedging Reserves								
Net buy								
Euros	296.3	(16.4)	(42.4)	15.4	217.1	(9.4)	(28.2)	13.6
Canadian dollars	6.0	(0.1)	(0.6)	0.5	15.3	(0.3)	(1.7)	1.4
Swedish Krona	17.3	(1.4)	(2.9)	0.4	20.0	(1.4)	(3.2)	0.7
Chinese Yuan Renminbi	-	-	-	-	7.2	-	(0.6)	0.9
	n/a	(17.9)	(45.9)	16.3	n/a	(11.1)	(33.7)	16.6
Total (liability)/ asset	n/a	(17.7)	(50.1)	21.8	n/a	(10.4)	(23.4)	5.6

(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 hedge accounting – Interest rate swaps

As at 31 March 2024, the Group, through its wholly owned subsidiary, Transport for London Finance Limited, held seven float to fixed interest rate swaps at a total notional value of £723.5m (2023 two interest rate swaps at a total notional value of £147.0m).

During the year, five additional interest rate swaps were entered into in July 2023, hedging interest rate risk on lease payments on an existing lease at a total notional value of £581.0m initially. These new swaps were designated in a hedge relationship with the lease payments for the respective lease now fully hedged.

The net fair value of outstanding interest rate swap contracts at 31 March 2024 was a liability of £12.4m (2023 net asset of £24.7m). The fair value is recognised in equity at 31 March 2024 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 January 2039. Details on the maturity of these contracts are disclosed later in this note.

Notes to the Financial Statements

34. Funding and financial risk management (continued)

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 2024, the Group holds interest rate derivative contracts with a combined notional value of £723.5m (2023 £147m) 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 £65.4m/£(71.7)m (2023 £12.5m/£(14.4)m).

(iii) Inflation risk

The Group has a number of exposures to inflation including staff pay awards, operating costs 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 around £1.3bn.

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, £0.1bn overdraft facility and a further £0.1bn uncommitted money market line 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.

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.

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	2024 Average exchange rate	2024 Fair value £m	2024 Notional amount £m	2023 Average exchange rate	2023 Fair value £m	2023 Notional amount £m
Foreign currency forward contracts						
Buy Euro						
Less than one year	**0.898**	**(9.7)**	**213.7**	0.888	(1.5)	69.6
Between one and two years	**0.905**	**(5.9)**	**110.2**	0.913	(5.0)	85.9
Between two and five years	**0.914**	**(0.9)**	**55.7**	0.917	(2.9)	58.1
After five years	**0.953**	**(0.1)**	**2.1**	0.952	(0.1)	3.5
Sell Euro						
Less than one year	**0.859**	**0.3**	**(57.2)**	0.886	0.7	(105.6)
Total Euro	**0.907**	**(16.3)**	**324.5**	0.910	(8.8)	111.5
Buy US Dollars						
Less than one year	**0.787**	**0.1**	**19.8**	–	–	–
Total US Dollars	**0.787**	**0.1**	**19.8**	–	–	–
Buy Canadian Dollars						
Less than one year	**0.589**	**(0.1)**	**3.5**	0.610	(0.3)	15.3
Between one and two years	**0.594**	**–**	**2.1**	–	–	–
Between two and five years	**0.593**	**–**	**0.4**	–	–	–
Total Canadian Dollars	**0.591**	**(0.1)**	**6.0**	0.610	(0.3)	15.3

At 31 March	2024 Average exchange rate	2024 Fair value £m	2024 Notional amount £m	2023 Average exchange rate	2023 Fair value £m	2023 Notional amount £m
Foreign currency forward contracts						
Buy Swedish Krona						
Less than one year	**0.082**	**(0.7)**	**3.0**	0.084	(0.7)	9.5
Between one and two years	**0.081**	**(0.5)**	**12.3**	0.086	(0.4)	5.5
Between two and five years	**0.086**	**(0.2)**	**2.0**	0.086	(0.3)	5.1
Total Swedish Krona	**0.082**	**(1.4)**	**17.3**	0.085	(1.4)	20.1
Buy Chinese Yuan Renminbi						
Less than one year	**–**	**–**	**–**	0.115	0.1	6.7
Between one and two years	**–**	**–**	**–**	0.122	–	0.5
Total Chinese Yuan Renminbi	**–**	**–**	**–**	0.117	0.1	7.2
Grand total	**n/a**	**(17.7)**	**367.6**	n/a	(10.4)	154.1

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	2024 Average contracted fixed interest rate (%)	2024 Fair value £m	2024 Notional amount £m	2023 Average contracted fixed interest rate (%)	2023 Fair value £m	2023 Notional amount £m
Interest rate hedges						
After five years	3.942	(12.4)	723.5	1.866	24.7	147.0
Total	3.942	(12.4)	723.5	1.866	24.7	147.0

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.

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has 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 2024					
Derivatives settled gross					
Foreign exchange forward contracts:					
Amounts receivable	366.3	133.6	67.3	2.5	569.7
Amounts payable	(377.5)	(142.7)	(70.8)	(2.7)	(593.7)
Derivatives settled net					
Interest rate swaps	6.4	0.5	(10.4)	(12.3)	(15.8)
	(4.8)	(8.6)	(13.9)	(12.5)	(39.8)
Group – at 31 March 2023					
Derivatives settled gross					
Foreign exchange forward contracts:					
Amounts receivable	232.7	96.2	70.6	3.5	403.0
Amounts payable	(234.9)	(103.7)	(76.0)	(3.8)	(418.4)
Derivatives settled net					
Interest rate swaps	3.7	2.3	6.7	18.3	31.0
	1.5	(5.2)	1.3	18.0	15.6

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 2024, the fair value of the interest rate derivatives was a net liability of £12.4m (2023 £24.7m net asset). The fair value of forward exchange derivatives was a net liability of £17.7m (2023 £10.4m net liability).

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 2024					
Trade and other creditors	**1,796.2**	**173.5**	**-**	**-**	**1,969.7**
Borrowings – principal	**869.9**	**595.7**	**815.9**	**10,680.0**	**12,961.5**
Borrowings – interest	**522.8**	**435.5**	**1,171.0**	**6,487.5**	**8,616.8**
Right-of-use lease liabilities	**372.7**	**300.7**	**690.5**	**2,164.7**	**3,528.6**
PFI liabilities	**18.8**	**18.1**	**44.4**	**5.2**	**86.5**
Other financing liabilities	**23.9**	**13.4**	**40.1**	**53.5**	**130.9**
	3,604.3	**1,536.9**	**2,761.9**	**19,390.9**	**27,294.0**
Group – as at 31 March 2023					
Trade and other creditors	1,823.0	54.5	-	-	1,877.5
Borrowings – principal	698.9	246.5	1,019.2	10,972.4	12,937.0
Borrowings – interest	362.3	512.0	1,241.3	6,803.7	8,919.3
Right-of-use lease liabilities	359.5	297.0	555.7	1,898.6	3,110.8
PFI liabilities	18.3	18.8	54.4	13.4	104.9
Other financing liabilities	20.9	13.4	40.1	66.9	141.3
	3,282.9	1,142.2	2,910.7	19,755.0	27,090.8

	Less than one year £m	Between one and two years £m	Between two and five years £m	More than five years £m	Total £m
Corporation – as at 31 March 2024					
Trade and other creditors	**692.8**	**38.2**	**-**	**-**	**731.0**
Borrowings – principal	**869.9**	**595.7**	**815.9**	**10,680.0**	**12,961.5**
Borrowings – interest	**522.8**	**435.5**	**1,171.0**	**6,487.5**	**8,616.8**
Right-of-use lease liabilities	**35.0**	**34.3**	**99.0**	**256.2**	**424.5**
PFI lease liabilities	**18.8**	**18.1**	**44.4**	**5.2**	**86.5**
	2,139.3	**1,121.8**	**2,130.3**	**17,428.9**	**22,820.3**
Corporation – as at 31 March 2023					
Trade and other creditors	806.2	35.2	-	-	841.4
Borrowings – principal	698.9	246.5	1,019.2	10,972.4	12,937.0
Borrowings – interest	362.3	512.0	1,241.3	6,803.7	8,919.3
Right-of-use lease liabilities	36.7	34.6	99.2	278.8	449.3
PFI lease liabilities	18.3	18.8	54.4	13.4	104.9
	1,922.4	847.1	2,414.1	18,068.3	23,251.9

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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 – for assets measured at amortised cost, 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. For the investment in the London Treasury Liquidity Fund LP, which is measured at FVTPL, it is classed as Level 2
- 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:

  i. Forward exchange contracts – based on market data and exchange rates at the balance sheet date

  ii. 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

Notes to the Financial Statements

34. Funding and financial risk management (continued)

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	2024 Carrying value £m	2024 Fair value £m	2023 Carrying value £m	2023 Fair value £m
Long-term				
Financial assets measured at amortised cost				
Finance lease receivables	**18.2**	**18.2**	9.1	9.1
Debtors	**13.0**	**13.0**	40.1	40.1
Financial assets measured at fair value				
Derivative in cash flow hedge relationship	**28.6**	**28.6**	26.2	26.2
Long-term investments	**1.2**	**1.2**	-	-
Current				
Financial assets measured at amortised cost				
Cash and cash equivalents	**1,488.3**	**1,488.3**	1,387.5	1,387.5
Short-term investments	**5.8**	**5.8**	15.0	15.0
Debtors	**543.7**	**543.7**	520.9	520.9
Finance lease receivables	**7.1**	**7.1**	5.2	5.2
Financial assets measured at fair value				
Derivative in cash flow hedge relationship	**0.3**	**0.3**	1.0	1.0
Derivatives not in a hedge relationship	**0.4**	**0.4**	0.7	0.7
Total financial assets	**2,106.6**	**2,106.6**	**2,005.7**	**2,005.7**

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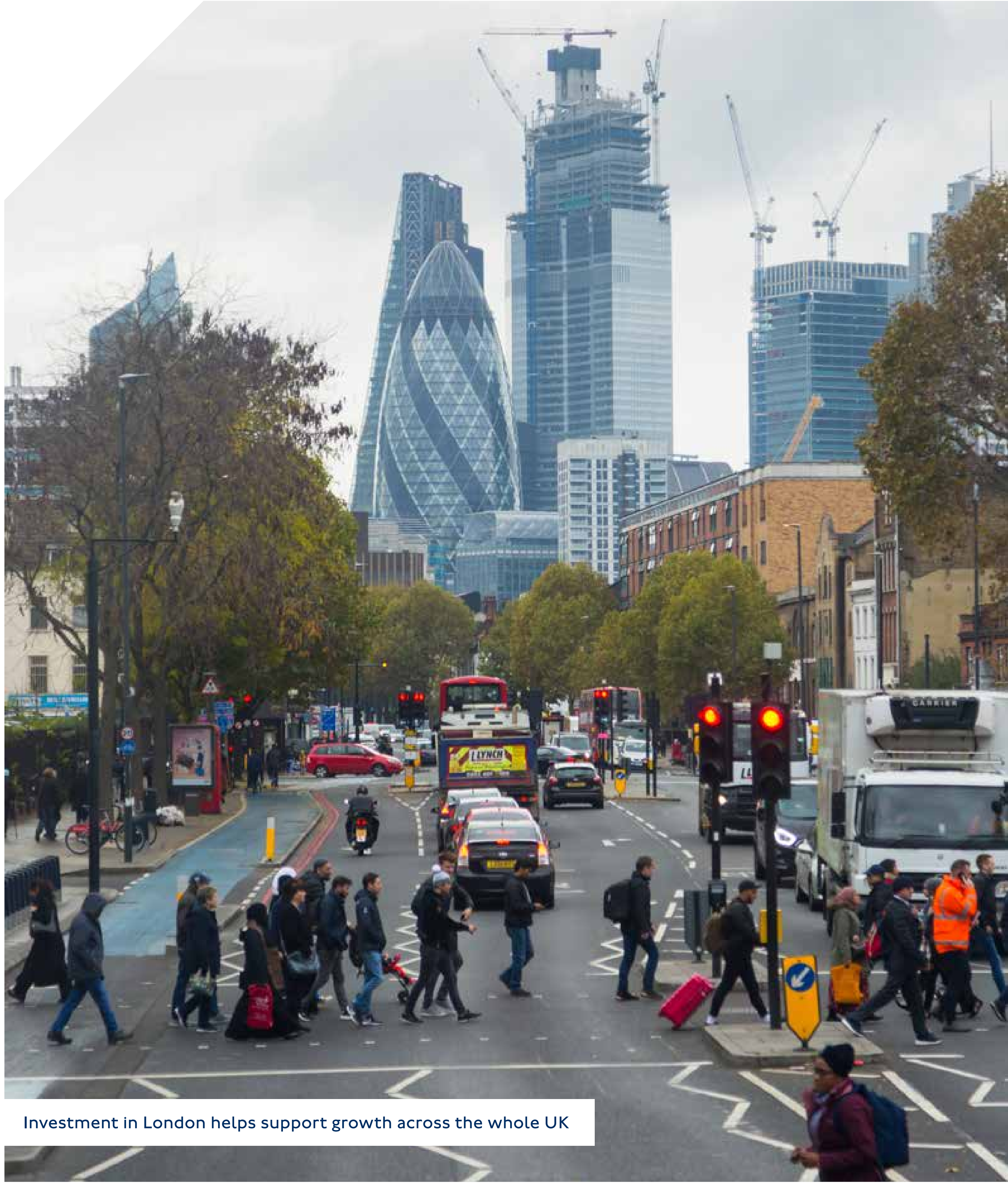
At 31 March	2024 Carrying value £m	2024 Fair value £m	2023 Carrying value £m	2023 Fair value £m
Long-term				
Financial liabilities measured at amortised cost				
Creditors	**(173.5)**	**(173.5)**	(54.5)	(54.5)
Borrowings	**(12,071.6)**	**(11,957.7)**	(12,216.6)	(12,561.5)
Right-of-use lease liabilities	**(2,029.2)**	**(2,029.2)**	(1,915.9)	(1,915.9)
PFI liabilities	**(61.2)**	**(61.2)**	(76.7)	(76.7)
Other financing liabilities	**(94.7)**	**(94.7)**	(115.1)	(115.1)
Financial liabilities measured at fair value				
Derivatives in a cash flow hedge relationship	**(48.6)**	**(48.6)**	(10.1)	(10.1)
Current				
Financial liabilities measured at amortised cost				
Creditors	**(1,796.2)**	**(1,796.2)**	(1,823.0)	(1,823.0)
Borrowings	**(864.0)**	**(903.7)**	(693.7)	(719.3)
Right-of-use lease liabilities	**(275.4)**	**(275.4)**	(299.6)	(299.6)
PFI liabilities	**(15.5)**	**(15.5)**	(14.3)	(14.3)
Other financing liabilities	**(20.5)**	**(20.5)**	(6.6)	(6.6)
Financial liabilities measured at fair value				
Derivatives in a cash flow hedge relationship	**(10.6)**	**(10.6)**	(3.4)	(3.4)
Derivatives not in a hedge relationship	**(0.2)**	**(0.2)**	-	-
Total financial liabilities	**(17,461.2)**	**(17,387.0)**	**(17,229.5)**	**(17,600.0)**
Net financial liabilities	**(15,354.6)**	**(15,280.4)**	**(15,223.8)**	**(15,594.3)**

Notes to the Financial Statements
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	2024 Carrying value £m	2024 Fair value £m	2023 Carrying value £m	2023 Fair value £m
Long-term				
Financial assets measured at amortised cost				
Debtors	12,214.4	12,214.4	12,319.2	12,319.2
Financial assets measured at fair value				
Long-term investments	0.2	0.2	-	-
Current				
Financial assets measured at amortised cost				
Cash and cash equivalents	1,294.2	1,294.2	1,131.3	1,131.3
Debtors	388.7	388.7	351.9	351.9
Total financial assets	13,897.5	13,897.5	13,802.4	13,802.4
Long-term				
Financial liabilities measured at amortised cost				
Creditors	(38.2)	(38.2)	(35.2)	(35.2)
Borrowings	(12,075.6)	(11,957.7)	(12,221.5)	(12,561.5)
Right-of-use lease liabilities	(324.1)	(324.1)	(341.1)	(341.1)
PFI liabilities	(61.2)	(61.2)	(76.7)	(76.7)
Current				
Financial liabilities measured at amortised cost				
Creditors	(692.8)	(692.8)	(806.2)	(806.2)
Borrowings	(864.0)	(903.7)	(693.7)	(719.4)
Right-of-use lease liabilities	(25.6)	(25.6)	(27.0)	(27.0)
PFI liabilities	(15.5)	(15.5)	(14.3)	(14.3)
Total financial liabilities	(14,097.0)	(14,018.8)	(14,215.7)	(14,581.4)
Net financial liabilities	(199.5)	(121.3)	(413.3)	(779.0)



Investment in London helps support growth across the whole UK

Notes to the Financial Statements

34. Funding and financial risk management (continued)

Income, Expense, Gains and Losses – Group

At 31 March	2024 Financial liabilities measured at amortised cost £m	2024 Financial assets at amortised cost £m	2024 Financial assets at FVOCI £m	2024 Financial assets FVTPL £m	2024 Financial liabilities FVTPL £m	2024 Total £m	2023 Financial liabilities measured at amortised cost £m	2023 Financial assets at amortised cost £m	2023 Financial assets at FVOCI £m	2023 Financial assets FVTPL £m	2023 Financial liabilities FVTPL £m	2023 Total £m
Interest expense	454.1	-	-	-	-	454.1	411.9	-	-	-	-	411.9
Interest on defined benefit pension	-	-	(80.4)	-	-	(80.4)	-	-	79.3	-	-	79.3
Interest on right of use lease and PFI liabilities	121.4	-	-	-	-	121.4	81.7	-	-	-	-	81.7
Reduction in fair value	-	-	107.9	-	-	107.9	-	-	155.0	-	-	155.0
Expected and actual credit losses	-	445.8	-	-	-	445.8	-	445.3	-	-	-	445.3
Impairment losses	(0.5)	-	-	-	-	(0.5)	(27.8)	-	-	-	-	(27.8)
Fee expense	55.1	-	-	-	-	55.1	16.6	-	-	-	-	16.6
Other financing and investment expenditure	6.0	-	-	-	-	6.0	10.5	-	-	-	-	10.5
Total expense in Deficit on the Provision of Services	**636.1**	**445.8**	**27.5**	**-**	**-**	**1,109.4**	**492.9**	**445.3**	**234.3**	**-**	**-**	**1,172.5**
Interest income	-	-	-	(64.7)	-	(64.7)	-	-	-	(27.9)	-	(27.9)
Finance lease interest	(0.8)	-	-	-	-	(0.8)	(0.8)	-	-	-	-	(0.8)
Other investment income	-	-	-	(4.5)	-	(4.5)	-	-	-	(4.4)	-	(4.4)
Total income in Surplus on the provision of services	**(0.8)**	**-**	**-**	**(69.2)**	**-**	**(70.0)**	**(0.8)**	**-**	**-**	**(32.3)**	**-**	**(33.1)**
Net loss/(gain) for the year	**635.3**	**445.8**	**27.5**	**(69.2)**	**-**	**1,039.4**	**492.1**	**445.3**	**234.3**	**(32.3)**	**-**	**1,139.4**

Notes to the Financial Statements

34. Funding and financial risk management (continued)

Income, Expense, Gains and Losses – Corporation

At 31 March	2024 Financial liabilities measured at amortised cost £m	2024 Financial assets at amortised cost £m	2024 Financial assets at FVOCI £m	2024 Financial assets FVTPL £m	2024 Total £m	2023 Financial liabilities measured at amortised cost £m	2023 Financial assets at amortised cost £m	2023 Financial assets at FVOCI £m	2023 Financial assets FVTPL £m	2023 Total £m
Interest expense	471.1	-	-	-	471.1	435.6	-	-	-	435.6
Interest on defined benefit pension	-	-	(80.4)	-	(80.4)	-	-	78.2	-	78.2
Interest on right of use lease and PFI liabilities	14.2	-	-	-	14.2	14.8	-	-	-	14.8
Reduction in fair value	-	-	-	-	-	-	-	14.0	-	14.0
Expected and actual credit losses/(reversals)	-	451.9	-	-	451.9	-	432.9	-	-	432.9
Impairment losses	-	-	-	-	-	(9.6)	-	-	-	(9.6)
Fee expense	4.3	-	-	-	4.3	11.2	-	-	-	11.2
Other financing and investment expenditure	1.0	-	-	-	1.0	5.4	-	-	-	5.4
Total expense in Surplus on the Provision of Services	**490.6**	**451.9**	**(80.4)**	**-**	**862.1**	**457.4**	**432.9**	**92.2**	**-**	**982.5**
Interest income	-	(493.9)	-	-	(493.9)	-	(430.1)	-	-	(430.1)
Other investment income	-	-	-	(1.9)	(1.9)	-	-	-	(1.9)	(1.9)
Total income in Surplus on the provision of services	**-**	**(493.9)**	**-**	**(1.9)**	**(495.8)**	**-**	**(430.1)**	**-**	**(1.9)**	**(432.0)**
Net loss/(gain) for the year	**490.6**	**(42.0)**	**(80.4)**	**(1.9)**	**366.3**	**457.4**	**2.8**	**92.2**	**(1.9)**	**550.5**

Notes to the Financial Statements
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) Reconciliation of amounts included in net cost of services and amounts included in staff costs

For the year ended 31 March	Note	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
TfL Pension Fund		290.5	578.5	53.7	351.7
Local Government Pension Fund		0.7	1.5	0.7	1.5
Crossrail Section of the Railways Pension Scheme		0.5	1.9	-	-
Unfunded schemes provision		0.2	0.8	0.2	0.8
Total for schemes accounted for as defined benefit		**291.9**	582.7	**54.6**	354.0
Principal Civil Service Pension Scheme		0.6	0.6	0.6	0.6
Other schemes and accrued costs		9.3	0.9	3.3	0.3
Less: pension costs capitalised		(0.5)	-	-	-
Amounts included in net cost of services		**301.3**	584.2	**58.5**	354.9
Less: scheme expenses		(19.9)	(19.7)	(19.9)	(19.4)
Add: current service costs capitalised		0.5	-	-	-
Amount included in staff costs	4	**281.9**	564.5	**38.6**	335.5

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 2024. 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. Management has assessed that TfL has an unconditional right to a refund of surplus assets for accounting purposes under IAS 19 assuming the gradual settlement of plan liabilities after consideration of the Trust Deed and Rules. Therefore, any net surplus is recognised in full.

Notes to the Financial Statements

35. Pensions (continued)

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 2022 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 16 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 15.3 per cent for 2023/24 (2022/23 15.6 per cent) of pensionable pay, plus a lump sum deficit reduction payment of £nil (2022/23 £nil). The Corporation's share of the underlying assets and defined benefit obligation resulted in an IAS 19 deficit as at 31 March 2024 of £(7.3)m (2023 £0.5m). The discounted scheme liabilities have an average duration of 16years.

The last full actuarial valuation available was carried out at 31 March 2022. The report showed a funding surplus of £1.63bn at that date. The annual report and financial statements for the whole scheme can be found on the London Pension Fund Authority's website (www.lpfa.org.uk). A separate valuation as at 31 March 2024 has been prepared for accounting purposes on an IAS 19 basis by Barnett Waddington LLP.

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited), ruled that certain historical amendments for contracted-out defined benefit schemes where invalid if they were not accompanied by the correct actuarial confirmation. The judgement has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liability or if it can be reliably estimated. As a result, the Group does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

The Group has assessed there is no impact to the TfL Pension Fund or the Crossrail Shared Cost Section of the Railways Pension Scheme.

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 2022. The report showed a funding surplus of £4.6m. This was translated into a current employer contribution level of 24.9 per cent. A separate valuation has been prepared for accounting purposes on an IAS 19 basis as at 31 March 2024 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 2022. The Group's share of the underlying assets and defined benefit obligation resulted in an IAS 19 surplus, as at 31 March 2024, of £3.4m (2023 surplus of £1.4m). The discounted Crossrail Section liabilities have a duration of around 19 years. Management has assessed that TfL has an unconditional right to a refund of surplus assets for accounting purposes under IAS 19 assuming the gradual settlement of plan liabilities after consideration of the deed of the established section together with the Adopted Rules. Therefore, any net surplus is recognised in full.

The defined benefit obligation for the Crossrail Section has been calculated using the mortality assumptions adopted for the funding valuation as at 31 December 2022. 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 2022 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 2024 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 2024 was £83.9m (2023 £87.6m) and is fully provided for in these financial statements.

Notes to the Financial Statements

35. Pensions (continued)

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 2024 %	IAS 19 valuation at 31 March 2023 %
RPI Inflation	3.15-3.25	3.20
CPI Inflation	2.70-2.90	2.70-2.95
Rate of increase in salaries	2.70-3.90	2.95-3.95
Rate of increase in pensions in payment and deferred pensions	2.70-3.15	2.70-3.15
Discount rate	4.85-4.90	4.75-4.80

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 £200.2m/(increase by £204.2m)
- If the expected salary growth were increased/(decreased) by 0.1 per cent, the defined benefit obligation would increase by £54.4m/(decrease by £55.5m)
- If life expectancy were increased/(decreased) by one year, the defined benefit obligation would increase by £406.7m/(decrease by £419.6m)
- If the inflation rate were 0.1 per cent higher/(lower), the defined benefit obligation would increase by £151.8m/(decrease by £193.7m)

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.

c) Accounting for defined benefit schemes

The total assets in the schemes were:

At 31 March	Value 2024 £m	Value 2023 restated* £m
Equities and alternatives	12,656.0	11,764.7
Bonds	2,316.7	2,404.2
Cash and other	25.5	24.3
Total fair value of assets	**14,998.2**	14,193.2

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	2024 %	2023 restated* %
Equities	90	83
Bonds	10	17
	100	100

The unfunded pension schemes have no assets to cover their defined benefit obligation.

* The prior year comparatives have been restated to reflect the misclassification of UK Liability Driven Investments in the total asset disclosure. There is no impact on the primary statements or other notes to the financial statements.

Notes to the Financial Statements

35. Pensions (continued)

Total pension surplus at 31 March

Group	2024 £m	2023 £m
Fair value of scheme assets	14,998.2	14,193.2
Actuarial valuation of defined benefit obligation	(12,729.4)	(12,649.9)
Net surplus recognised in the Balance Sheet	**2,268.8**	1,543.3

Group	2024 £m	2023 £m
TfL Pension Fund	2,342.0	1,630.0
Local Government Pension Fund	7.3	(0.5)
Crossrail Section of the Railways Pension Scheme	3.4	1.4
Unfunded schemes provision	(83.9)	(87.6)
Net surplus recognised in the Balance Sheet	**2,268.8**	1,543.3

Corporation	2024 £m	2023 £m
Fair value of scheme assets	14,907.6	14,101.6
Actuarial valuation of defined benefit obligation	(12,642.2)	(12,559.7)
Net surplus recognised in the Balance Sheet	**2,265.4**	1,541.9

Corporation	2024 £m	2023 £m
TfL Pension Fund	2,342.0	1,630.0
Local Government Pension Fund	7.3	(0.5)
Unfunded schemes provision	(83.9)	(87.6)
Net surplus recognised in the Balance Sheet	**2,265.4**	1,541.9

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 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Current service cost	272.0	562.6	271.7	561.1
Less contributions paid by subsidiaries	-	-	(236.8)	(226.8)
Past service cost	-	0.4	-	0.4
Total included in staff costs	**272.0**	563.0	**34.9**	334.7
Scheme expenses	19.9	19.7	19.7	19.3
Total amount charged to net cost of services	**291.9**	582.7	**54.6**	354.0

Amounts charged to financing and investment expenditure

Year ended 31 March	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Net interest (income)/expense on scheme defined benefit obligation	(80.4)	79.3	(80.4)	78.2

Amount recognised in other comprehensive income and expenditure

Year ended 31 March	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Net remeasurement gain recognised in the year	(602.4)	(5,087.3)	(600.2)	(5,040.8)

Notes to the Financial Statements

35. Pensions (continued)

Analysis of scheme defined benefit obligation into amounts arising from schemes that are wholly or partly funded and wholly unfunded

At 31 March	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Wholly unfunded schemes	**83.9**	87.6	**83.9**	87.6
Wholly or partly funded schemes	**12,645.5**	12,562.3	**12,558.3**	12,472.1
Total scheme defined benefit obligation	**12,729.4**	12,649.9	**12,642.2**	12,559.7

Reconciliation of defined benefit obligation

	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Actuarial value of defined benefit obligation at 1 April	**12,649.9**	17,645.0	**12,559.7**	17,506.9
Current service cost	**272.0**	562.6	**271.7**	561.1
Interest cost	**591.8**	454.0	**587.5**	450.4
Employee contributions	**60.3**	56.7	**60.3**	56.5
Remeasurement losses/(gains) on scheme liabilities:				
Net remeasurement – financial	**(346.1)**	(6,679.0)	**(344.5)**	(6,619.3)
Net remeasurement – experience	**150.9**	1,058.9	**153.6**	1,050.6
Net remeasurement – demographic	**(140.9)**	(3.6)	**(139.9)**	(3.6)
Actual benefit payments	**(508.5)**	(445.1)	**(506.2)**	(443.3)
Past service cost	**-**	0.4	**-**	0.4
Actuarial value of defined benefit obligation at 31 March	**12,729.4**	12,649.9	**12,642.2**	12,559.7

Reconciliation of fair value of the scheme assets

	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Fair value of assets at 1 April	**14,193.2**	14,443.5	**14,101.6**	14,348.1
Expected return on assets net of expenses	**672.2**	374.7	**667.9**	372.2
Other actuarial gains and losses	**-**	2.8	**-**	2.8
Scheme expenses	**(19.9)**	(19.7)	**(19.7)**	(19.3)
Return on assets excluding interest income	**266.3**	(539.2)	**269.4**	(534.3)
Actual employer contributions	**328.8**	314.1	**91.7**	86.6
Contributions paid by subsidiaries	**-**	-	**236.8**	226.8
Employee contributions	**60.3**	56.7	**60.3**	56.5
Actual benefits paid	**(502.7)**	(439.7)	**(500.4)**	(437.8)
Fair value of assets at 31 March	**14,998.2**	14,193.2	**14,907.6**	14,101.6

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 £938.5m (2022/23 a loss of £164.5m).

Total contributions of £373.5m are expected to be made to the schemes in the year ending 31 March 2025.

Notes to the Financial Statements

35. Pensions (continued)

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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 2022. Details can be found in the Civil Service Superannuation Resource Accounts (www.civilservicepensionscheme.org.uk/).

During 2023/24, minimum employers' contributions represented an average of 27.3 per cent of pensionable pay (2022/23 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 2021.

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 plus 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 2021 valuation, it was agreed that DLR would pay 22.6 per cent per annum of Pensionable Salaries towards future benefit accrual from 1 April 2020 to 31 March 2022, amounting to £3.3m in respect of 2020/21, which was paid on 30 July 2021 and £3.1m, which was paid on 28 July 2022: plus in respect of subsequent Scheme Years, commencing 1 April 2022:

- 21.7 per cent per annum of Pensionable Salaries in respect of the cost of accrual for active members payable within four months of the end of the relevant Scheme Year;
- £957,000 per annum in respect of administration expenses and the cost of death in service benefit for active members payable on or before each 10 April, from 10 April 2023 onwards;
- £800,000 per annum payable on or before each 10 April from 2023 to 2025 inclusive (£800,000 per annum in respect of 2021 and 2022 were paid on 30 April 2021 and 12 April 2022 respectively)

In addition, it was agreed that DLR would pay additional contributions if actual Pensionable Salary growth exceeds RPI inflation plus 0.5 per cent per annum (up to a maximum of RPI inflation plus 1.5 per cent per annum).

Over the year beginning 1 April 2024, the contributions payable to the DLR Scheme are expected to be around £5.7m from KAD and £4.2m 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 plus 0.5 per cent per annum or any changes as a result of a new schedule of contributions.

A valuation of the DLR Scheme has been prepared for accounting purposes on an IAS 19 basis as at 31 March 2024. This gave a valuation for the net surplus as at 31 March 2024 of £26.8m (2023 £30.5m surplus). 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 around 18 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 £4.8m were paid by DLR in 2023/24. 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.

Notes to the Financial Statements

35. Pensions (continued)

e) Type of pension assets per the TfL Pension Fund accounts (%)

	Group 2024 quoted	Group 2024 unquoted	Group 2023 quoted	Group 2023 unquoted
Bonds	**5**	**0**	5	0
Equities	**15**	**3**	19	3
Loans	**0**	**2**	0	2
Pooled investment vehicles	**25**	**40**	27	38
Derivatives	**0**	**0**	1	0
Liquidity funds	**7**	**0**	3	0
AVC investments	**1**	**0**	1	0
Cash	**1**	**0**	1	0
Other investment balances	**1**	**0**	0	0
	55	**45**	57	43

Quoted assets represent unadjusted quoted prices in an active market and inputs other than quoted prices which are observable.

Type of pension assets per the London Pension Fund Authority (%)

	Group 2024 quoted	Group 2024 unquoted	Group 2023 quoted	Group 2023 unquoted
Equities	**54**	**0**	51	0
Private equity	**0**	**7**	0	8
Fixed income	**2**	**0**	0	0
Investment, hedge funds and unit trusts	**3**	**0**	8	0
Credit	**0**	**12**	0	10
Infrastructure	**0**	**11**	0	13
Real estate	**0**	**9**	0	10
Cash	**2**	**0**	0	0
	61	**39**	59	41

Notes to the Financial Statements

36. Cash flow notes

a) The cash flows for operating activities include the following items:

	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Interest and other investment income received	**66.9**	78.8	**501.4**	475.6
Interest paid	**(433.9)**	(507.0)	**(341.1)**	(467.1)
	(367.0)	(428.2)	**160.3**	8.5

b) Adjustments to the surplus on the provision of services for non-cash movements

	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Depreciation, amortisation and impairment of property, plant and equipment, intangibles and right-of-use assets	**1,628.2**	1,523.5	**230.5**	205.4
Reversal of movements in the value of investment properties	**107.9**	155.0	**(55.6)**	14.0
Increase in interest receivable	**(83.5)**	(0.6)	**(82.7)**	(2.7)
Increase in interest payable	**81.6**	87.6	**79.2**	78.1
Movement in pensions liability	**(42.7)**	263.2	**(42.9)**	261.9
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	**25.9**	89.2	**52.6**	7.7
Tax received	**2.5**	-	**-**	-
Reversal of gain on disposal of investment property	**112.0**	-	**110.8**	-
Gain on recognition of finance leases	**(15.4)**	-	**(13.2)**	-
Adjustments to net surplus for non-cash movements before movements in working capital	**1,816.5**	2,117.9	**278.7**	564.4
Increase/(decrease) in creditors	**185.9**	163.7	**(155.6)**	264.2
Decrease/(increase) in debtors	**195.3**	(149.4)	**70.6**	(55.8)
Increase in inventories	**(22.7)**	(20.6)	**-**	-
Increase in provisions	**70.6**	47.8	**16.1**	50.3
Adjustments to net surplus for total non-cash movements	**2,245.8**	2,159.4	**209.8**	823.1

c) Adjustments to the surplus on the provision of services for investing or financing items

	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Proceeds from the sale of property, plant and equipment, intangibles and investment properties	**(41.4)**	(25.2)	**(47.3)**	(18.9)
Reversal of capital grants receivable	**(1,838.9)**	(2,122.7)	**(1,803.9)**	(2,076.6)
Adjustments for items included in the net surplus that are investing or financing activities	**(1,880.3)**	(2,147.9)	**(1,851.2)**	(2,095.5)

Notes to the Financial Statements

36. Cash flow notes (continued)

d) Investing activities

Year ended 31 March	**Group 2024 £m**	Group 2023 £m	**Corporation 2024 £m**	Corporation 2023 £m
Capital grants received	**1,762.8**	2,056.9	**1,724.4**	1,996.8
Purchase of property, plant and equipment and investment property	**(2,235.8)**	(1,846.2)	**(387.8)**	(317.9)
Purchase of intangible assets	**(51.6)**	(40.4)	**(37.7)**	(15.3)
Proceeds from the sale of property, plant and equipment and intangible assets	**18.5**	27.9	**0.1**	(0.1)
Net sales/(purchases) of other investments	**8.5**	14.6	**(0.2)**	-
Issue of loans to subsidiaries	**-**	-	**-**	19.1
Repayments of loans to subsidiaries	**-**	-	**77.0**	15.9
Finance leases granted in year	**(1.5)**	(1.3)	**-**	-
Finance leases repaid in year	**5.9**	24.0	**-**	-
Proceeds from sale of investment property	**26.9**	82.5	**47.3**	18.9
Investment in equity of associates and joint ventures	**(4.9)**	(34.3)	**-**	-
Investment in share capital of subsidiaries	**-**	-	**-**	(280.0)
Net cash flows from investing activities	**(471.2)**	283.7	**1,423.1**	1,437.4

e) Financing activities

Year ended 31 March	**Group 2024 £m**	Group 2023 £m	**Corporation 2024 £m**	Corporation 2023 £m
Cash payments for reduction of the outstanding liabilities relating to lease and PFI arrangements	**(311.0)**	(333.5)	**(41.4)**	(37.0)
Cash payments for reduction of other financing liabilities	**(6.5)**	(6.4)	**-**	-
Net proceeds from new borrowing	**187.5**	1,661.0	**187.5**	1,661.0
Repayments of borrowings	**(164.2)**	(1,720.7)	**(164.1)**	(1,720.7)
Net cash flows from financing activities	**(294.2)**	(399.6)	**(18.0)**	(96.7)

Notes to the Financial Statements
37. Unusable reserves

At 31 March	2024 £m	2023 £m
Group		
Capital Adjustment Account	**32,092.4**	30,924.4
Pension Reserve	**2,265.4**	1,541.9
Accumulated Absences Reserve	**(16.7)**	(13.2)
Retained Earnings Reserve in Subsidiaries	**(16.4)**	1,034.3
Revaluation Reserve	**201.9**	216.2
Hedging Reserve	**(60.3)**	(17.4)
Cost of Hedging Reserve	**(1.9)**	(2.4)
Financial Instruments Adjustment Account	**(100.5)**	(112.3)
Merger reserve	**466.1**	466.1
Deferred capital receipts	**13.2**	-
	34,843.2	34,037.6

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At 31 March	2024 £m	2023 £m
Corporation		
Capital Adjustment Account	**17,382.3**	17,263.6
Pension Reserve	**2,265.4**	1,541.9
Accumulated Absences Reserve	**(16.7)**	(13.2)
Revaluation Reserve	**22.1**	22.4
Financial Instruments Adjustment Account	**(100.5)**	(112.3)
Deferred capital receipts	**13.2**	-
	19,565.8	18,702.4

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 Corporation Capital Adjustment Account remains unchanged at Group level. The adjustments for the Group financial statements arise due to an alignment of accounting policies between the Group and its subsidiaries for assets not held in the Corporation. 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 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Balance at 1 April		**30,924.4**	29,680.3	**17,263.6**	16,787.3
Amounts attributable to the Corporation					
Charges for depreciation and impairment of non-current assets		**(230.5)**	(205.4)	**(230.5)**	(205.4)
Capital proceeds from disposals of investment properties		**47.3**	18.9	**47.3**	18.9
Net book value of disposals of investment properties		**(41.2)**	(7.4)	**(41.2)**	(7.3)
Release of Revaluation Reserve relating to historical revaluation gains recognised in respect of properties disposed during the year		**0.2**	3.2	**0.2**	3.2
Movements in the market value of investment properties recognised in the deficit/surplus on the provision of services after tax		**55.6**	(14.3)	**55.6**	(14.3)
Capital grants and contributions	10	**1,734.1**	1,974.4	**1,734.1**	1,974.4
REFCUS	10	**(1,484.0)**	(1,342.3)	**(1,484.0)**	(1,342.3)
Minimum Revenue provision		**48.5**	49.3	**48.5**	49.3
Loss on disposal of property, plant and equipment		**(11.4)**	(0.2)	**(11.4)**	(0.2)
Adjustments for the alignment of Group accounting policies for assets not held in the Corporation					
Charges for depreciation, impairment and disposals for assets not held in the Corporation		**(469.5)**	(620.5)	**-**	-
Capital grants and contributions applied to assets not held in the Corporation	10	**1,519.0**	1,388.4	**-**	-
Balance at 31 March		**32,092.5**	30,924.6	**17,382.2**	17,263.6

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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 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Balance at 1 April	**1,541.9**	(3,158.8)	**1,541.9**	(3,158.8)
Net remeasurement losses on pension assets and defined benefit obligations	**600.2**	5,040.8	**600.2**	5,040.8
Reversal of charges relating to retirement benefits	**(211.0)**	(659.0)	**25.8**	(432.2)
Employer's pension contributions, contributions from subsidiaries and direct payments to pensioners payable in the year	**334.3**	318.9	**97.5**	92.1
Balance at 31 March	**2,265.4**	1,541.9	**2,265.4**	1,541.9

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 2024 £m	Group 2023 £m	**Corporation 2024 £m**	Corporation 2023 £m
Balance at 1 April	**(13.2)**	(14.6)	**(13.2)**	(14.6)
Settlement or cancellation of accrual made at the end of the preceding year	**13.2**	14.6	**13.2**	14.6
Amounts accrued at the end of the current year	**(16.7)**	(13.2)	**(16.7)**	(13.2)
Balance at 31 March	**(16.7)**	(13.2)	**(16.7)**	(13.2)

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 unless the subsidiary declares a dividend to the Corporation, and they are able to fund these via their own cash reserves. The majority of assets held in subsidiaries are related to transport infrastructure and are not readily convertible to cash.

	Group 2024 £m	Group 2023 £m
Balance at 1 April as previously reported	**1,034.3**	1,483.6
(Deficit)/surplus on the provision of services after tax in subsidiaries	**(6.2)**	242.8
Surplus on valuation of newly created investment properties (net of tax)	**-**	6.0
Transfer of current year capital grants and contributions to the Capital Adjustment Account	**(1,519.0)**	(1,388.4)
Transfer of adjustments between Group and Corporation financial statements to the Capital Adjustment Account	**469.6**	620.5
Remeasurement gains on defined benefit pension plan assets and liabilities	**2.2**	46.5
Release of Revaluation Reserve relating to historical revaluation gains recognised in respect of properties disposed	**-**	22.6
Release of Revaluation Reserve relating to the difference between fair value depreciation and historical cost depreciation	**2.7**	0.7
Balance at 31 March	**(16.4)**	1,034.3

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 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Balance at 1 April		**216.2**	241.2	**22.4**	26.6
Revaluation of assets	13	**(11.4)**	1.6	**-**	(1.1)
Release of Revaluation Reserve relating to historical revaluation gains recognised in respect of properties disposed		**(0.2)**	(25.8)	**(0.3)**	(3.1)
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		**(2.7)**	(0.8)	**-**	-
Balance at 31 March		**201.9**	216.2	**22.1**	22.4

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, or recognised as an adjustment to the cost of a capital asset where capital expenditure is hedged.

	Group 2024 £m	Group 2023 £m
Balance at 1 April	**(17.4)**	(57.9)
Net change in fair value of cash flow interest rate hedges	**(37.2)**	11.6
Net change in fair value of cash flow foreign exchange hedges	**(6.8)**	6.0
Reclassification of interest rate fair value losses to profit and loss	**1.1**	9.4
Discontinued hedging relationship	**-**	13.5
Balance at 31 March	**(60.3)**	(17.4)

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 2024 £m	Group 2023 £m
Balance at 1 April	(2.4)	(3.0)
Reclassification of cashflow foreign exchange hedge losses to the Balance Sheet	0.5	0.6
Balance at 31 March	(1.9)	(2.4)

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 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Balance at 1 April	(112.3)	(124.0)	(112.3)	(124.0)
Release of premium	11.8	11.7	11.8	11.7
Balance at 31 March	(100.5)	(112.3)	(100.5)	(112.3)

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 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Balance at 1 April and 31 March	466.1	466.1	-	-

Deferred capital receipts reserve

The deferred capital receipts reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, TfL does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the capital receipts reserve.

	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Balance at 1 April and 31 March	13.2	-	13.2	-

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 2024	Note	General Fund £m	Capital Adjustment Account £m	Capital receipts reserve £m	Pension Reserve £m	Street Works Reserve £m	Capital Grants Unapplied Account £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	4	230.5	(230.5)	-	-	-	-	-	-
Net book value of disposals		41.1	(41.1)	-	-	-	-	-	-
Capital proceeds from disposals	39	(47.2)	-	47.2					
Capital receipts applied		-	47.2	(47.2)					
Movements in the market value of investment properties	9	(55.6)	55.6	-	-	-	-	-	-
Capital grants and contributions	10	(250.1)	250.1	-	-	-	-	-	-
Capital grants and contributions applied to REFCUS		(1,484.0)	1,484.0						
REFCUS		1,484.0	(1,484.0)						
Unapplied capital grants	10	(69.8)	-	-	-	-	69.8	-	-
Loss on disposal of non-current assets	7	11.4	(11.4)	-	-	-	-	-	-
Reversal of items relating to retirement benefits		(25.8)	-	-	25.8	-	-	-	-
Transfers to/from Street Works Reserve		(4.8)	-	-	-	4.8	-	-	-
Difference between the remuneration charged on an accruals basis and the remuneration chargeable in accordance with statutory requirements		3.5	-	-	-	-	-	-	(3.5)
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		(97.5)	-	-	97.5	-	-	-	-
Minimum Revenue provision	40	(48.5)	48.5	-	-	-	-	-	-
Amortisation of premium on financing		(11.8)	-	-	-	-	-	11.8	-
		(324.6)	118.4	-	123.3	4.8	69.8	11.8	(3.5)

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Notes to the Financial Statements

38. Adjustments between accounting basis and funding basis under regulations (continued)

Corporation

Year ended 31 March 2023	Note	General fund £m	Capital Adjustment Account £m	Capital receipts reserve £m	Pension Reserve £m	Street Works Reserve £m	Capital Grants Unapplied Account £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	4	205.4	(205.4)	–	–	–	–	–	–
Net book value of disposals		7.7	(7.7)	–	–	–	–	–	–
Capital proceeds from disposals	39	(18.9)	–	18.9					
Capital receipts applied		–	18.9	(18.9)					
Movements in the market value of investment properties	9	14.0	(14.0)	–	–	–	–	–	–
Capital grants and contributions	10	(632.1)	632.1	–	–	–	–	–	–
Capital grants and contributions applied to REFCUS		(1,342.3)	1,342.3						
REFCUS		1,342.3	(1,342.3)						
Unapplied capital grants	10	(102.2)	–	–	–	–	102.2	–	–
Loss on disposal of non-current assets	7	0.2	(0.2)	–	–	–	–	–	–
Reversal of items relating to retirement benefits		432.2	–	–	(432.2)	–	–	–	–
Transfers to/from Street Works Reserve		(2.0)	–	–	–	2.0	–	–	–
Difference between the remuneration charged on an accruals basis and the remuneration chargeable in accordance with statutory requirements		(1.4)	–	–	–	–	–	–	1.4
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		(92.1)	–	–	92.1	–	–	–	–
Minimum Revenue provision	40	(49.3)	49.3	–	–	–	–	–	–
Amortisation of premium on financing		(11.7)	–	–	–	–	–	11.7	–
		(250.2)	473.0	–	(340.1)	2.0	102.2	11.7	1.4

Notes to the Financial Statements

39. Sources of finance

Capital expenditure analysed by source of finance:

Year ended 31 March	Note	Corporation 2024 £m	Corporation 2023 £m
Capital expenditure			
Intangible asset additions	12	**37.7**	15.3
Property, plant and equipment additions	13	**350.8**	343.5
Investment property	16	**1.0**	1.7
Investments in year	17	**-**	280.0
Capital grants allocated to subsidiaries in year	10	**1,484.0**	1,342.3
Total capital expenditure		**1,873.5**	1,982.8
Sources of finance			
Business Rates Retention used to fund capital	10	**882.8**	1,613.7
Non ring-fenced grant from DfT	10	**810.0**	-
Community infrastructure levy and other third party contributions	10	**111.1**	191.9
Crossrail specific grant	10	**-**	271.0
Adjusted by amounts transferred to Capital Grants Unapplied Account	10	**(69.8)**	(102.2)
Prudential borrowing		**58.0**	-
Repayment of loans from subsidiaries		**42.0**	-
Capital receipts		**47.2**	18.9
Working capital		**(7.8)**	(10.5)
Total sources of finance		**1,873.5**	1,982.8

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 2024 this stood at £13,019.6m (2023 £13,085.6m) 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 capex 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 2023/24, 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 £48.5m (2022/23 £49.3m).

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 2024 £m**	Corporation 2023 £m
Financial assistance to subsidiaries		
Transport Trading Limited	**10.7**	364.2
London Underground Limited	**1,257.9**	967.1
London Bus Services Limited	**845.1**	865.0
London River Services Limited	**6.1**	5.3
London Transport Museum Limited	**-**	3.4
Docklands Light Railway Limited	**199.2**	149.1
Rail for London Limited	**-**	204.1
Crossrail Limited	**41.6**	238.8
Tramtrack Croydon Limited	**54.8**	41.1
Rail for London (Infrastructure) Limited	**93.4**	71.3
	2,508.8	2,909.4

Year ended 31 March	Note	**Corporation 2024 £m**	Corporation 2023 £m
Financial assistance to London Boroughs and other third parties			
Local Implementation Plan		**42.5**	41.2
Taxicard		**7.6**	7.1
London Streetspace		**0.1**	1.1
Cycling		**27.4**	11.3
Bus priority		**10.5**	3.2
Livable neighbourhoods		**2.8**	-
Other		**8.3**	7.4
	4	**99.2**	71.3

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 the Commissioner, Chief Officers 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 2023/24 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 2024 £m
GLA	15.1	(2.5)	8.6
Mayor's Office for Policing and Crime (MOPAC)	0.4	(108.5)	(19.3)
London Legacy Development Corporation (LLDC)	0.9	-	-

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 (2022/23 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 6).

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 2023/24, the DfT contributed grant funding to TfL totalling £998.3m (2022/23 £942.6m) under a series of Extraordinary Funding and Financing Agreements.

In the year to 31 March 2024, the GLA paid grants totalling £nil to TfL in relation to the Crossrail project (2023 £271m). And as at 31 March 2024 £680m of the Crossrail loan facility provided by the DfT in relation to the Crossrail project remained drawn down (2023 £715m).

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.

Notes to the Financial Statements

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 2024				
TfL Healthcare Trust	-	-	-	-
At 31 March 2023				
TfL Healthcare Trust	1.2	(3.8)	2.5	-

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44. Events after the Balance Sheet date

On 1 September 2024, we identified some suspicious activity on our systems. The security of our systems and customer data is very important to us, and we took immediate action to protect our systems. We are conducting a thorough investigation into the incident, alongside the National Crime Agency and the National Cyber Security Centre.

Although there has been very little impact on our customers, our investigations have identified that certain customer data has been accessed. This could include bank account numbers and sort codes for a limited number of customers (around 5,000). We have contacted these customers directly as a precautionary measure, to offer support and guidance.

This cyber security incident has not impacted the financial statements for the year ending 31 March 2024. As the investigations into the incident are ongoing, the total financial effect of the incident cannot be currently estimated at this time. The impact on both revenue and expenditure identified to date is not material.

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 (the 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 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. This 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 2023/24 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 Enterprise and 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 as per the 12-month rolling schedule. 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 section 127 of the GLA Act 1999) is responsible for safeguarding TfL's financial position. 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 comments annually on the effectiveness of the Code.

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 TfL's whistleblowing procedures and guidance on conflicts of interest and through the Modern Slavery Statement. The General Counsel and Commissioner have specific responsibilities to ensure that TfL's decisions meet legal requirements. Inductions for new senior staff and the one new Member of the Board appointed in 2023/24 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 routinely webcast contemporaneously on TfL's YouTube channel to further enhance transparency in decision making. TfL has an active social media presence including Facebook, X (formerly Twitter) and YouTube. Members of TfL's Youth Panel now attend meetings of the Board's two Panels to provide the perspective of young people.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits. TfL 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.

TfL's Vision and Values, launched in 2021, define 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". In 2023, TfL launched "Our Strategy", which built on the Vision, purpose and Values, setting out how TfL would achieve its Vision and explaining how everything fitted together to do that. TfL has established five roadmaps to deliver the Vision and Values and these are reviewed annually. They 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:

- Safety and Security – get everyone home safe and healthy, every day;
- Colleagues – be a great place to work for everyone to thrive;
- Customers – give people more reasons to choose sustainable travel;
- Finance – grow our income and control our costs; and
- Green – tackle the climate and ecological emergency

In 2023, TfL launched "Action on Inclusion" to support a more inclusive workforce. In 2024, TfL launched "Equity in Motion" which set out its plans for creating a fair, accessible and inclusive transport network.

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, through running and Sunday services introduced on 6 November 2022 and the final integration of the railway on 21 May 2023. Following a period of monitoring performance and the close out of the Crossrail project, the Elizabeth Line Committee was stood down on 25 July 2023. TfL had previously given greater financial independence to its property subsidiary company, now named Places for London Limited, and established a Land and Property Committee to oversee and drive forward schemes that will deliver affordable housing for the Mayor and revenue for TfL. The governance of the Committee has been reviewed, with additional assurance and the Places for London management team is also supported by external experts. Following a review of its safety culture, further consideration is being given to enhancing the Board's role in the oversight of safety.

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 have been reviewed and implemented. TfL undertakes a wide range of human resources activities to develop the capacity of its colleagues. Regular reports are submitted to the Safety, Sustainability and Human Resources Panel and the Remuneration Committee on this and key initiatives including the Our TfL Programme, leadership programme, succession planning and TfL's graduate and apprenticeship programmes. During the year, the Remuneration Committee reviewed and supported proposals in relation to resourcing at TfL, including the approach to reward. TfL's Vision and Values are also intended to develop capacity (see Principle C above). Board Members are developed through induction, briefings, and site visits. One new Board Member was 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. Following a review with the Board and the Executive Committee in May 2022, the Enterprise Risks were updated and the Enterprise Risk Management Framework was changed to reflect TfL's Vision and Values roadmaps. A 12-month rolling schedule of reviews for the Level 0 Enterprise Risks was established, with risks reviewed and updates provided to the Executive Committee and the relevant Committees and Panels. The Audit

and Assurance Committee maintains overall responsibility for scrutinising TfL's approach to risk and receives reports to each meeting and reports on this to the Board. The Finance Committee scrutinises TfL's financial performance and reports on this to the Board. It monitors the effectiveness of rigorous cost control and scrutiny measures introduced because of the impact of the coronavirus pandemic on TfL's funding and saw TfL make an operational surplus for the first time in its history at financial year end 2024. 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 was also an annual Board Effectiveness Review in 2023 led by an external specialist and reported to the Board in October 2023.

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 and Assurance Statement 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 2024 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. The opinion did highlight three issues to be addressed following audits: insider threats are a significant risk and this spans new and existing employees, non-permanent labour and consultants; weaknesses in the controls around the provision of labour contracts; and gaps in audit trails and supporting documentation and an inconsistent approach to record keeping, particularly in relation to records management for procurement and contracts. The audit of the safety complaints process also found that, while safety complaints were taken seriously, there were inconsistencies at an operational level in how processes were carried out. Processes to manage and handle safety complaints were not always aligned with the requirements of the safety complaints procedure. Audit recommendations have been agreed and are being implemented to address each of these issue.

The significant impact of the coronavirus pandemic on TfL's operational activities and its finances continues to be felt. A 19-month funding settlement was agreed with Government on 30 August 2022 and lasted until to 31 March 2024 and a subsequent capital funding settlement is now in place. Discussions are ongoing in relation to securing long-term capital funding to enable TfL to plan effectively.

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 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
XX November 2024

SIGNATURE

Andy Lord
Commissioner
XX November 2024

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

Sadiq Khan
Chair

Seb Dance
Deputy Chair

Heidi Alexander

Kay Carberry CBE

Professor Greg Clark CBE

Cllr Ross Garrod*

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

Cllr Kieron Williams***

* Cllr Garrod appointed from 3 November 2023

** Ben Story left the Board on 29 September 2023

*** Cllr Kieron Williams left the Board on 13 October 2023

Membership of TfL committees and panels

Audit and Assurance Committee

Mark Phillips
Chair

Anurag Gupta
Vice Chair

Kay Carberry CBE

Cllr Ross Garrod*

Dr Mee Ling Ng OBE

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Elizabeth line Committee (disbanded 25 July 2023 following the opening of the end-to-end railway)

Heidi Alexander
Chair

Anne McMeel
Vice Chair

Seb Dance

Dr Nelson Ogunshakin OBE

Mark Phillips

* Cllr Garrod appointed from 13 December 2023

Finance Committee

Anne McMeel
Chair

Anurag Gupta*
Vice Chair

Prof Greg Clark CBE

Seb Dance

Dr Nina Skorupska CBE FEI

Ben Story**

Land and Property Committee

Prof Greg Clark CBE
Chair

Dr Nina Skorupska CBE FEI
Vice Chair

Seb Dance

Anurag Gupta***

Anne McMeel

Marie Pye****

Ben Story**

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* Anurag Gupta appointed Vice Chair from 30 September 2023

** Ben Story left the Board on 29 September 2023 and was Vice Chair of the Finance Committee until that date

*** Anurag Gupta appointed from 8 June 2023

**** Marie Pye appointed from 26 July 2023

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Programmes and Investment Committee

Dr Nelson Ogunshakin OBE*
Chair

Peter Strachan**
Vice Chair

Seb Dance

Mark Phillips***

Dr Lynn Sloman MBE

Ben Story****

Cllr Kieron Williams*****

Remuneration Committee

Kay Carberry CBE
Chair

Peter Strachan
Vice Chair

Seb Dance

Dr Nelson Ogunshakin OBE

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* Dr Nelson Ogunshakin OBE was Vice Chair until appointed Chair from 30 September 2023

** Peter Strachan was appointed appointed Vice Chair from 30 September 2023

*** Mark Phillips was appointed from 26 July 2023

**** Ben Story left the Board on 29 September 2023 and was Chair until he left

***** Cllr Kieron Williams left the Board on 13 October 2023

Customer Service and Operational Performance Panel

Dr Mee Ling Ng OBE
Chair

Marie Pye
Vice Chair

Cllr Ross Garrod*

Bronwen Handyside

Anne McMeel

Dr Lynn Sloman MBE

Peter Strachan

Cllr Kieron Williams**

Safety, Sustainability and Human Resources 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

Rail user representatives***

Professor Greg Clark CBE
(South of London)

Peter Strachan
(North of London)

* Appointed from 13 December 2023

** Member until he left the Board on 13 October 2023

*** The rail users represent the interests of those living, working and studying in areas outside Greater London who use railway services operated by TfL.

TfL Board and committee member remuneration

Current Board Member	For the year ended 31 March 2024 (£)
Sadiq Khan	Not remunerated by TfL
Seb Dance	Not remunerated by TfL
Heidi Alexander	19,000
Kay Carberry CBE	20,000
Professor Greg Clark CBE	20,000
Anurag Gupta[1]	18,818
Bronwen Handyside	18,000
Anne McMeel	20,000
Dr Mee Ling Ng OBE	20,000
Dr Nelson Ogunshakin OBE[2]	19,000
Mark Phillips[3]	20,000
Marie Pye[4]	18,682
Councillor Ross Garrod[5]	7,124
Dr Nina Skorpuska CBE FEI	19,000
Dr Lynn Sloman MBE	20,000
Peter Strachan	20,000

Members who left in 2023/24	
Ben Story[6]	10,000
Councillor Kieron Williams[7]	9,333

Non-voting meeting attendees: Board – Government observers	For the year ended 31 March 2024 (£)
John Hall (Strategic Special Representative)	Not remunerated by TfL
Becky Wood (Technical Special Representative) (until 2 June 2023)	Not remunerated by TfL
David Coles (DfT Observer) (from 26 July 2023)	Not remunerated by TfL

Non-voting meeting attendees: Elizabeth Line Committee (until 26 July 2023)	For the year ended 31 March 2024 (£)
Sarah Atkins	5,079
Matt Lodge (Government observer)	Not remunerated by TfL

Non-voting meeting attendees: Finance Committee – Government observers	For the year ended 31 March 2024 (£)
Becky Wood (Technical Special Representative) (until 2 June 2023)	Not remunerated by TfL
John Hall (Strategic Special Representative) (from 26 July 2023)	Not remunerated by TfL

Non-voting meeting attendees: Programmes and Investment Committee – Government observers	For the year ended 31 March 2024 (£)
Becky Wood (Technical Special Representative) (until 2 June 2023)	Not remunerated by TfL
David Coles (DfT Observer) (from 26 July 2023)	Not remunerated by TfL

1 Anurag Gupta was appointed to the Land and Property Committee from 8 June 2023

2 Dr Nelson Ogunshakin OBE was appointed Chair of the Programmes and Investment Committee from 30 September 2023

3 Mark Phillips was appointed to the Programmes and Investment Committee from 26 July 2023

4 Marie Pye was appointed to the Land and Property Committee from 26 July 2023

5 Councillor Ross Garrod was appointed to the Board from 3 November 2023

6 Ben Story left the Board on 29 September 2023

7 Councillor Kieron Williams left the Board on 13 October 2023

TfL members attendance 2023/24[1]

Member	Board (6)	Audit and Assurance Committee (4)	Customer Service and Operational Performance Panel (4)	Elizabeth line Committee (2)	Finance Committee (5)[2]	Land and Property Committee (4)	Programmes and Investment Committee (5)	Remuneration Committee (3)	Safety, Sustainability and Human Resources Panel (4)
Sadiq Khan	6	–	–	–	–	–	–	–	–
Seb Dance	6	–	–	2	5	2	5	2	–
Heidi Alexander	4	–	–	2	–	–	–	–	–
Kay Carberry CBE	6	4	–	–	–	–	–	3	4
Professor Greg Clark CBE	5	–	–	–	3	4	–	–	–
Councillor Ross Garrod	3 (3)	0 (1)	0 (1)	–	–	–	–	–	–
Anurag Gupta	6	3	–	–	5	4	–	–	–
Bronwen Handyside[3]	1	–	0	–	–	–	–	–	0
Anne McMeel	6	–	4	2	5	4	–	–	–
Dr Mee Ling Ng OBE	6	4	4	–	–	–	–	–	4
Dr Nelson Ogunshakin OBE	5	–	–	1	–	–	3	1	–
Mark Phillips	6	4	–	2	–	–	3(3)	–	3
Marie Pye	6	–	4	–	–	3 (3)	–	–	4
Dr Nina Skorupska CBE FEI	5	–	–	–	4	4	–	–	2
Dr Lynn Sloman MBE	4	–	4	–	–	–	4	–	3
Ben Story[4]	1 (2)	–	–	–	1 (1)	1(2)	2 (2)	–	–
Peter Strachan	4	–	3	–	–	–	5	2	–
Councillor Kieron Williams[5]	1 (2)	–	1 (2)	–	–	–	1 (3)	–	–

1 Number of total meetings includes those held entirely online, but live streamed for the public. Member attendance includes virtual attendance

2 Includes an additional meeting held on 22 December 2023, called with less than five clear days' notice, which impacted Member availability

3 Bronwen Handyside's attendance was impacted due to ill-health

4 Ben Story left the Board on 29 September 2023

5 Cllr Williams left the Board on 13 October 2023

Remuneration report 2023/24

Fairly rewarding our colleagues and people

Kay Carberry CBE
Chair, TfL Remuneration Committee

'TfL must have a pay policy that is competitive with peers, while at the same time keeping a firm eye on salary levels to ensure they remain appropriate'

Rewarding our colleagues is essential to attract and retain talented people

SIGNATURE TO BE ADDED

Kay Carberry CBE
Chair, TfL Remuneration Committee

People are at the core of everything TfL does. As Chair of the Remuneration Committee, my role is to ensure that TfL has a remuneration policy that enables it to attract and retain people with the right level of skill and experience to lead the organisation through the many challenges and opportunities that it faces. It is also right that senior salaries offer value for money and are benchmarked fairly and consistently.

While the job market appears to be slowing slightly, there are still significantly more job vacancies than there were before the pandemic and competition remains high. This is particularly the case for specialist roles, including in sustainability and in technology and data. In this context, it is even more important that TfL has the right remuneration policy.

TfL has made great progress on recovering its finances that were decimated by the pandemic, and met its target this year of being financially sustainable in terms of its day-to-day operations, with Government support only being required for capital investment.

We approved revised performance award schemes for the financial years 2021/22 and 2022/23, which reflected the need for TfL to ensure that it could sustain a fair reward package and retain talent at such a vital time, while working to reach financial self-sufficiency. Payment of any awards relating to those years was subject to TfL running its operations free of extraordinary Government funding for revenue support in 2023/24. Meeting this target means that it was possible for the performance awards for 2021/22 and 2022/23 to be reintroduced, rewarding colleagues for their hard work and commitment over that period and ensuring we can retain talent in a competitive market.

> 'My role is to ensure that TfL has a remuneration policy that enables it to attract and retain people with the right level of skill and experience to lead the organisation'

Due to the exceptional circumstances of performance awards covering these two years being paid out within this financial year, the number of colleagues receiving total remuneration of more than £100,000 in 2023/24 rose.

TfL is a large and complex organisation that delivers the capital's vital public transport network, and its people are at the heart of making it a success. Through the skills and hard work of our people, we are focused on delivering a safe, efficient and reliable service to make using transport in London a good experience.

As a Committee, this means setting a policy that is competitive on pay with our peers, while at the same time keeping a firm eye on salary levels to ensure they remain appropriate. In doing so, we can attract and retain motivated, energised, and talented people who will guarantee the future success of the organisation.

Governance

Remuneration Committee members

Kay Carberry CBE
Chair

Peter Strachan
Vice Chair

Seb Dance

Dr Nelson Ogunshakin OBE

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 appropriate.

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 12 June 2023, 9 November 2023 and 29 February 2024.

Committee activities

In November 2021, the Committee agreed the reintroduction of performance award schemes for the 2021/22 and 2022/23 performance years, with the addition of a financial overlay trigger, which was the approval of the 2023/24 Budget demonstrating how we achieve financial sustainability. At the meeting on 12 June 2023, the Committee noted the business performance results as measured by the TfL and delivery business scorecards for the year ended 31 March 2023 and agreed that the financial overlay trigger had been met. Therefore the payment of performance awards for 2021/22 and 2022/23 was made during 2023/24.

The Committee endorsed the proposal to operate performance award schemes across all levels for the 2023/24 performance year and agreed that it would include the continuation of a financial criterion. The financial criterion for 2023/24 was to achieve an operating surplus without government base funding and would also apply to the performance award schemes operated for other employees.

At the November meeting the Committee noted a new and updated benchmarking report and that the unique nature of TfL's role and governance arrangements meant there were no direct comparators, so benchmarking was against a broad range of organisations.

As with previous benchmarking exercises, all of TfL's chief officer roles were shown to be below the benchmarked medians, and this was further entrenched when total compensation packages were included.

The Committee noted that officers were attracted to TfL for a variety of reasons but that continued or widening pay disparity did impact TfL's ability to retain and attract the best talent. The impact of below median chief officer remuneration also compressed remuneration throughout the organisation.

While considering resourcing at TfL, the Committee noted the update on how TfL was addressing its green, digital and leadership skills challenges through its strategic workforce planning activities.

A review of roles that are critical and hard to fill took place at the end of October, which identified 250 unique roles through a succession planning exercise to help ensure a talent pipeline was being developed. Technology and Data would have its own strategic workforce plan owing to the challenges in filling specialist roles given market rates, and this would be submitted to a future meeting.

The Committee noted that leaver surveys identified a key reason for leaving TfL was a lack of career opportunities. The Committee would receive updates on succession planning and the Reward Strategy at future meetings.

Throughout the year, the Committee has been responsible for approving salaries of £100,000 or more for any new appointments, including the package for the Commissioner's appointment in June 2023.

Policy

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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 total remuneration 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 the TfL transport network. No allowances are paid to members.

Any expenses claimed by members, in relation to fulfilling their role as a TfL board member, are published on the board members' page of our website, along with details of any gifts or hospitality received.

The remuneration for each member for the year ended 31 March 2024 is shown on page XX. 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 individuals of the right calibre to manage a large and complex organisation. Remuneration packages reflect responsibilities, experience, performance and the market from which we recruit.

The reward structure that has been developed is commensurate with this policy. It includes a base salary and a performance award scheme against the achievement of 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 that the overall reward 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.

The remuneration received by the Commissioner and chief officers for 2023/24 is shown in Note 6 of the Statement of Accounts.

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.	The following factors are taken into account: • Remuneration benchmark information from a specific peer group to identify a market median range of base pay, which reflects what TfL's Commissioner and chief officers would receive if they were to work 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. Any increases to base pay for the Commissioner, chief officers and directors will be reviewed on an annual basis subject to Remuneration Committee approval.
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.	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 TfL's scorecard alone or a combination of TfL's scorecard and the divisional 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 age 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: • £181,800 from 6 April 2022 to 5 April 2023 • £205,200 from 6 April 2023 to 5 April 2024 for members who joined after 31 May 1989

Performance-related pay
Performance awards are a critical component of TfL's total remuneration proposition for senior management supporting TfL's ability to attract and retain talent within the business.

TfL's performance award schemes have an important role to play in delivering high performance across TfL. Through the direct relationship with business performance (as captured in our scorecards) the schemes serve to highlight the main priorities in delivering the Mayor's Transport Strategy and unify senior management in delivering our critical goals. They also ensure that reward is only delivered that is commensurate with the level of success achieved and therefore provide a fair and value for money approach to reward.

For the 2023/24 performance year, the schemes continued to operate with a revised financial criterion, which was to achieve operating breakeven without the support of Government base funding. This was a metric on the TfL scorecard for 2023/24 and needed to be achieved before any individual awards can be made.

Severance policy
Most employees who leave owing to 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
- Enhanced pension provision

There are minimum service requirements for some of these terms and some elements vary if employees 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. All such arrangements are considered on a case-by-case basis. In non-redundancy situations, we may enter into severance arrangements where it is in the interests of the organisation and represents value for money. All such arrangements are considered on a case-by-case basis.

Remuneration

Benchmarking of senior executives' pay
The Remuneration Committee uses data from remuneration consultants to benchmark the remuneration for the Commissioner and chief officers. Following a procurement process, Willis Towers Watson (WTW) was appointed as the new supplier for senior executive benchmarking until 2026.

Benchmarking uses two separate peer groups with the first made up of private sector companies that are comparable in terms of scale, complexity and sector. The data is mainly derived from WTW's UK compensation survey data; a survey peer group which comprises 311 organisations focusing on the transport, construction, engineering, energy and utilities industries. This provides a broad cross-section of the UK private sector market.

The second peer group is solely from publicly accountable organisations, which comprises 23 UK organisations deemed to have some degree of public accountability.

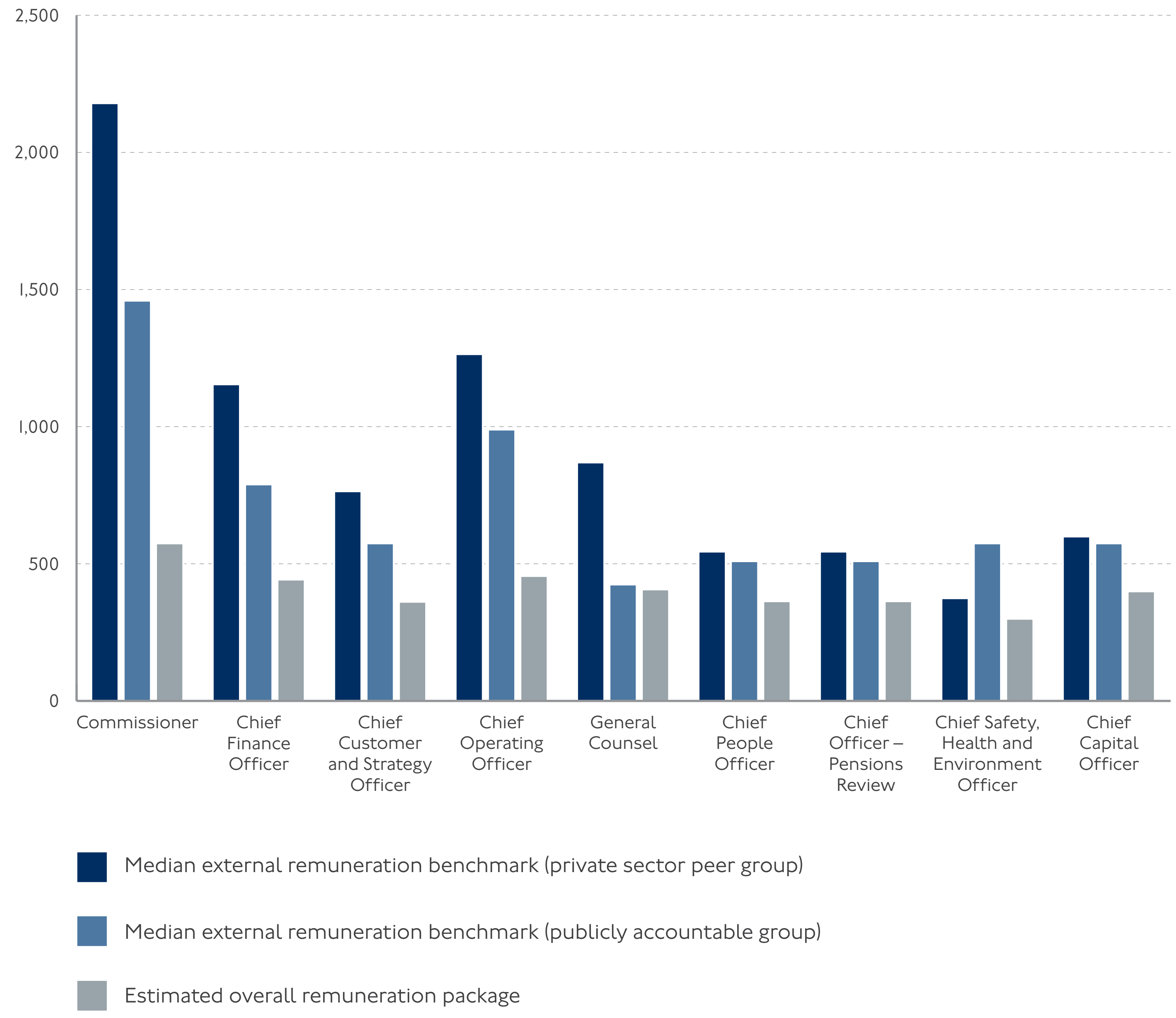
Each role is benchmarked against its respective counterparts in comparator organisations, with the scope of each role matched using WTW's global grading system and our internal Hay job evaluation scores.

Estimated overall remuneration for each role includes the base salary and estimates of performance-related pay and pension provision.

Performance-related pay has been based on the relevant budget at a scorecard result of 75, 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.

Benchmarking of remuneration for Commissioner and chief officers (£000s)



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Commissioner remuneration ratio

In total remuneration terms, the Commissioner earns 8.2 times that of the median employee, excluding Crossrail. The ratio has increased in 2023/24 as no performance awards were paid across the organisation in 2022/23.

	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021/22	8.5:1	6.3:1	5.5:1
2022/23	8.1:1	5.9:1	5.5:1
2023/24	10.9:1	8.2:1	7.2:1

The Commissioner's base salary in 2023/24 was £395,000 (appointed on 7 June 2023). This compares with the median base salary of £60,705 and the lowest base salary, excluding apprentices, of £22,000.

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Our people are at the core of everything the organisation does

Total remuneration of more than £100,000
Total remuneration includes salaries, fees, performance-related pay, benefits in kind, lump sums and termination payments, but excludes pension contributions paid by the employer.

The figures for 2023/24 were impacted by the TfL pay award, the timing of the payment of performance awards for 2021/22 and 2022/23 and back dated holiday payments causing an increase in the numbers, which we expect to reduce next year.

This was the final year of a two-year pay deal and eligible colleagues received an increase of 4.4 per cent. In January 2024, the Mayor provided funding for, an improved pay offer for London Underground colleagues for the 2023/24 year. Our reward strategy has aimed to bring pay settlements for both operational and non-operational colleagues closer together. Therefore, the same pay deal was also offered to non-operational colleagues for 2023/24, which was accepted.

The London Underground and TfL pay deals for 2023/24 consisted of a five per cent increase in base pay plus a £1,000 consolidated payment, with further consolidated payments for our lowest earners.

Owing to the timing of the agreement, the full impact of the pay awards is not reflected in these figures. Back-dated payments will be made in early 2024/25 to London Underground and TfL colleagues, which will impact next year's remuneration figures.

Number of employees who earned total remuneration of more than £100,000 in the year

	2023/24	2022/23
Base salary of £100,000 or more	345	232
Base salary below £100,000	360	206
Voluntary severance payments taking earnings over £100,000	10	16
Level of overtime worked taking earnings over £100,000	585	275
Total TfL	**1,300**	**729**
Crossrail	19	37
Total (including Crossrail)	**1,319**	**766**

In the years since 2016, inflation and salaries in the external market have risen more significantly than budgets provided within TfL, with record levels of inflation in 2022 and 2023 while the £100,000 threshold has remained static. In 2016, there were 188 employees on a base salary of more than £100,000. This has now risen to 363. Had the threshold set in 2016 risen in line with the February Retail Price Index (RPI) each year, the equivalent value would now be £146,558, with 39 employees on a higher salary than this. Had it risen in line with the February Consumer Price Index (CPI) it would be £132,522, with 74 employees above this level.

In comparison, if we applied the annual pay review budgets awarded to the senior manager population over the same time this figure would now be £112,230, with 128 employees above this.

Performance awards were paid during 2023/24, for the schemes in operation for 2021/22 and 2022/23. These were exceptional circumstances and contributed to the increase in the number of people who earned more than £100,000.

The number of people whose base salary was less than £100,000 but the overtime they earned took their total remuneration over the threshold increased by 310. Many of these people are specialist engineers working overnight and at weekends to repair and maintain tracks and trains on the Tube network and installing new signalling on the Circle, District, Hammersmith & City and Metropolitan lines. In addition, under the Working Time Regulations, this requires regular overtime pay to be included in the calculation of holiday pay. As a result, we reached an agreement with our trade union colleagues to pay two years back-pay, which was processed during 2023/24 and has contributed to the increase in overall pay of these affected staff.

There were 10 people, compared with 16 in 2022/23, 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.

Appendix 1

Representation of equalities groups at different pay levels as at 31 March 2024, excluding Crossrail and our apprentices (this is not subject to audit)

	Less than £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		More than £100,000	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Gender																		
Female	276	41	1,155	41	1,839	33	1,012	28	1,468	19	577	18	228	15	59	13	105	29
Male	394	59	1,643	59	3,713	67	2,606	72	6,461	81	2,679	82	1,320	85	398	87	258	71
Total	**670**		**2,798**		**5,552**		**3,618**		**7,929**		**3,256**		**1,548**		**457**		**363**	
Ethnicity																		
Black, Asian and minority ethnic	243	36	1,111	40	2,561	46	1,181	33	2,961	37	871	27	353	23	85	19	41	11
White	240	36	1,036	37	1,987	36	2,070	57	4,008	51	2,028	62	1,039	67	328	72	298	82
Not stated	187	28	651	23	1,004	18	367	10	960	12	357	11	156	10	44	9	24	7
Total	**670**		**2,798**		**5,552**		**3,618**		**7,929**		**3,256**		**1,548**		**457**		**363**	
Disability status																		
Disabled	40	6	137	5	239	4	114	3	225	3	112	3	55	4	16	4	21	6
No disability	371	55	1,627	58	3,716	67	2,411	67	5,082	64	2,026	62	842	54	285	62	264	73
Not stated	259	39	1,034	37	1,597	29	1,093	30	2,622	33	1,118	34	651	42	156	34	78	21
Total	**670**		**2,798**		**5,552**		**3,618**		**7,929**		**3,256**		**1,548**		**457**		**363**	

Appendix 2

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

799

members of staff elected as union representatives as at 31 March 2024 (881 as at 31 March 2023)

Working hours spent on facility (number of employees)

Percentage of time	Number of employees
0	–
1-50	757
51-99	7
100	35
Total	**799**

At any time we have a number of vacancies for Trade Union representatives, as such the number of representatives will be a snapshot.

We allow representatives paid time off for union duties and meeting these costs represents 0.36 per cent of our total wage bill.

	2023/24	2022/23
Total cost of facility time (£m)	7.9	8.0
Total remuneration costs for all TfL employees (£m)	2,155.6	2,275.6
Percentage of pay bill spent on facility time (%)	0.36	0.35

We do not provide paid time off for representatives to carry out union activities. The above approach to paid time off, and the number of representatives for our 28,000 employees, is in line with legislation guidelines from ACAS and agreements with the trade unions.

About us

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 safety, 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 IFS Cloud Cable Car.

We manage the city's red route strategic roads and are responsible for the maintenance, management and operation of more than 6,000 sets of traffic lights across the capital. The London boroughs are responsible for all the remaining roads within their boundaries. The experience, reliability and accessibility of our services are fundamental to Londoners' quality of life. Safety remains our number one priority and we continue to work tirelessly to improve safety across the network for both colleagues and customers.

Our vision is to be a strong, green heartbeat for London. We are investing in green infrastructure, improving walking and cycling, reducing carbon emissions, and making the city's air cleaner. The Ultra Low Emission Zone, and fleets of increasingly environmentally friendly and zero-emission buses, are helping to tackle London's toxic air. We are also improving public transport options, particularly in outer London, to ensure that more people can choose public transport or active travel over using their vehicles. That is why we are introducing the outer London Superloop bus network, providing express bus routes circling the entire capital, connecting outer London town centres, railway stations, hospitals and transport hubs.

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

The Elizabeth line, which opened in 2022, has quickly become one of the country's most popular railways, adding 10 per cent to central London's rail capacity and supporting new jobs, homes and economic 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 information, data and technology to make services intuitive and easy to use and doing all we can to make streets and transport services accessible and safe 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 are creating brighter journeys and a better city.

DRAFT

November 2024

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PUB24_006 Annual Report 2024_DI5

Audit and Assurance Committee

Date: **27 November 2024**

Item: **Legal Compliance Report (1 April 2024 – 30 September 2024)**

This paper will be considered in public

1 Summary

1.1 The paper summarises legal and compliance information provided by each TfL Directorate for the Legal Compliance Report for the period 1 April 2024 to 30 September 2024. Updates are also provided for ongoing matters carried over from the previous reports where applicable.

1.2 There are no material breaches of law which would affect TfL's continued operations and reported matters continue to be broadly in line with previous reports.

2 Recommendation

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

3 Background and Scope of the Report

3.1 The Legal Compliance Report is compiled from information supplied through questionnaires completed by each TfL Directorate and follow up discussions concerning known legal compliance issues.

3.2 The Directorates were asked to identify where they are aware of any alleged breaches of law between 1 April 2024 and 30 September 2024. The questionnaire sought responses concerning the following:

(a) prosecutions against TfL;

(b) formal warnings or notices from the Health and Safety Executive (HSE), the Office of Rail and Road (ORR), the London Fire Commissioner, the Environment Agency, the Information Commissioner, or the other Government agencies;

(c) investigations by the Ombudsman;

(d) alleged legal breaches notified by local authorities or other bodies;

(e) judicial reviews;

(f) involvement in inquests;

(g) commercial/ contract claims in excess of £100,000;

(h) personal injury claims;

(i) proceedings in relation to discrimination including on the grounds of race, sex, disability, age, religion or belief, sexual orientation, equal pay, or breach of contract;

(j) wrongful or unfair dismissal;

(k) actions to recover unpaid debt in excess of £5,000;

(l) breaches of procurement rules and/ or the Competition Act 1998;

(m) other material breaches of the law;

(n) any other material compliance issues; and

(o) any initiatives introduced by Directorates to address compliance issues.

3.3 The numbers of matters reported against each of the categories listed in section 3.2 (a) to (l) above, together with the number of matters reported against them in each of the preceding two reporting periods, is set out in Appendix 1.

4 Commentary on Legal Compliance Issues

Prosecutions

4.1 No formal warnings or notices of prosecution were received during this reporting period.

Formal Warnings or Notices from the Health and Safety Executive or Office of Rail and Road

4.2 On 28 March 2024, the HSE served a Notification of Contravention on TfL following its investigation into the tragic death of a pedestrian at Walthamstow bus station on 15 December 2023. The HSE identified a failure to provide safe crossings for vehicles and pedestrians which contravenes sections 2(1) and 3(1) of the Health and Safety at Work etc. Act 1974 and regulation 4(1) of the Workplace (Health, Safety and Welfare) Regulations 1992.

4.3 Temporary signals have been installed at the pedestrian crossing where the incident occurred. TfL is now making permanent changes to the pedestrian crossing in the station so as to reduce pedestrian risk and continues to liaise with the HSE on these works.

Formal Warnings or Notices from the London Fire Commissioner

4.4 No formal warning or notices were received during this reporting period from the London Fire Commissioner.

Formal Warnings or Notices from the Environment Agency

4.5 We previously reported a Compliance Notice received from the Environment Agency dated 7 October 2019 requiring the removal of all equipment containing polychlorinated biphenyls (PCBs) on the London Underground network by the end of 2023. PCBs on our network were safely contained within electrical components, not accessible to the public and had not escaped into the environment. We made good progress in complying with the Compliance Notice, however, due to a number of issues which were outside of our control, including the coronavirus pandemic, we were unable to remove and replace all PCBs by that date. We have continually updated the Environment Agency with our progress in removing PCBs from the network, including where there were risks to completion. At the end of 2023 we confirmed to the Environment Agency that the remaining PCBs would be removed from the London Underground network by the end of 2024.

4.6 On 10 October 2024, the Environment Agency issued a fine to London Underground of £150,000 for not completing the removal of all PCBs by the end of 2023 as required by the Compliance Notice, which has been paid. The Environment Agency also require the removal of PCBs by 31 December 2024. The last of the equipment which we suspect contains PCBs will be removed and replaced by the deadline. The Environment Agency has acknowledged the mitigating circumstances which delayed the PCB removal programme and our extensive actions throughout the removal programme to ensure the London Underground network is free from PCBs when deciding on the level of fine.

Formal Warnings or Notices from the Information Commissioner

4.7 The Information Commissioner's Office (ICO) investigates alleged instances of non-compliance with the UK General Data Protection Regulation (UK GDPR), the Data Protection Act (DPA) 2018 and the Privacy and Electronic Communications (EC Directive) Regulations 2003 (together, data protection legislation), the Freedom of Information Act 2000 (the FOIA) and the Environmental Information Regulations 2004 (the EIRs).

4.8 No formal action was taken by the ICO in the reporting period in connection with TfL's compliance with data protection legislation.

4.9 A requirement of the UK GDPR is for all data breaches posing a risk to individuals' rights and freedoms to be reported to the ICO within 72 hours, and for affected data subjects to be informed of the breach if it represents a high risk to their rights and freedoms.

4.10 TfL was subject to a cyber incident which was detected on 1 September 2024. We notified the ICO on 2 September and are conducting a thorough investigation, alongside the National Crime Agency and the National Cyber Security Centre, keeping the ICO informed. Some customer names and contact details, including email address and home addresses, were accessed during the incident as well as data relating to Oyster refunds which included bank account numbers and sort codes for around 5,000 customers, who were contacted individually and offered support and guidance. No other data breaches were reported to the ICO in this period.

4.11 As previously reported, there was one outstanding complaint relating to compliance with data protection legislation, where TfL was advised by the ICO that it had received an unspecified number of complaints from drivers based in the European Union (EU) about TfL's contractor, Euro Parking Collection plc, accessing vehicle keeper data from EU vehicle licensing authorities, in order to issue Penalty Charge Notices (PCNs). TfL provided the ICO with the information requested and the ICO has confirmed that it will not be pursuing the matter further.

4.12 There were three complaints to the ICO in this reporting period relating to TfL's compliance with data protection legislation.

4.13 Two of the complaints related to the handling of Subject Access Requests. In one case the ICO advised that, while the statutory timescale had been exceeded, the request had otherwise been answered properly. The second Subject Access complaint was from an employee. The ICO upheld TfL's use of an exemption to withhold legally privileged information but noted that some information was initially withheld without an exemption, although it was recognised that this had been rectified following an internal review by the TfL Privacy team prior to the ICO's involvement.

4.14 The final complaint was from an employee regarding the level of detail shared from an Occupational Health report with managers responsible for the employee. The ICO noted the advice that had already been provided by the TfL Privacy team and required no further action to be taken.

4.15 The FOIA and the EIRs give a general right of access to information held by public authorities. Public authorities are generally required to respond to requests for information within 20 working days and provide the requested information unless an exemption applies. Any person who has made a request to a public authority for the disclosure of information under the FOIA or the EIRs can complain to the ICO. Unless the complaint is resolved informally, the ICO records the outcome in a published Decision Notice. Appeals against the ICO's decision are heard by the First-Tier Tribunal (Information Rights).

4.16 In this reporting period 1,585 requests were made to TfL under the FOIA and EIRs, with 1,581 (99.7 per cent) replied to on time.

4.17 There were five open ICO complaints at the end of the last reporting period. Two complaints were in relation to the use of the EIR exception relating to public safety, which resulted in the ICO issuing a Decision Notice upholding TfL's use of the exception to refuse disclosure. One complaint related to the use of EIR exceptions on protecting public safety, the course of justice and the confidentiality of commercial information and resulted in a Decision Notice in TfL's favour. One complaint was in relation to the use of FOI exemptions protecting law enforcement and commercial interests and the final complaint was in relation to the use of the FOI cost limit. Both were resolved informally without the need for a Decision Notice.

4.18 Five new complaints were received by the ICO in this reporting period.

4.19 Two complaints relate to the application of the FOI exemption protecting personal data; one relates to the use of the cost limit; and another relates to the use of EIR exceptions protecting the confidentiality of proceedings and legally privileged information. The fifth complaint is about the general handling of an FOI request and the response issued.

4.20 One of the complaints relating to the personal data exemption was dismissed with a Decision Notice issued by the ICO. Four complaints remain open.

4.21 During this reporting period, an appeal against a Decision Notice in TfL's favour was dismissed by the First-Tier Tribunal (Information Rights). This concerned the use of the FOI exception for law enforcement in a case about the cost of damage caused by graffiti on the TfL network. The Tribunal's decision is awaited on the outcome of five linked appeals heard during this period against Decision Notices issued in TfL's favour relating to cameras used to enforce traffic restrictions and road user charging.

Formal Warnings or Notices from any other Government Department or Agency Indicating a Breach of Law

4.22 TfL had two ongoing Notices of Assessment from HM Revenue and Customs (HMRC) from the last reporting period.

4.23 The first notice was issued following a Value Added Tax (VAT) investigation in July 2023, the initial conclusions of which found that the income generated by the services provided by the IFS Cloud Cable Car should be subject to VAT at a standard rate of 20 per cent. Since the cable car had commenced operating, TfL had treated the services as passenger transport services and therefore eligible for zero rated VAT. Since the end of the reporting period, HMRC has finalised its decision and withdrawn the assessment, concluding that the IFS Cloud Cable Car is VAT zero rated. The matter has now been closed.

4.24 The second notice was issued following an investigation of TfL's Off Payroll Working process and whether the Off Payroll Working rules have been applied correctly. TfL is liaising with HMRC and continues to provide requested information. The matter is ongoing.

Investigation by an Ombudsman

4.25 There were six new investigations reported during this reporting period.

4.26 Three investigations related to the refusal of Ultra Low Emission Zone (ULEZ) scrappage scheme applications; one investigation related to the incorrect administration of PCNs issued for contraventions on the TfL road network; and two investigations related to the processing of private hire vehicle licence renewal applications.

4.27 A decision from the Ombudsman is awaited in one of the investigations relating to a ULEZ scrappage scheme application.

4.28 In the second such investigation, the complainant's application had been refused despite them having provided the information required. On the Ombudsman's recommendation, TfL made a payment to the complainant for loss and distress caused by the way in which the application was handled.

4.29 In the third investigation, the Ombudsman found that TfL was correct in refusing the application for being out of time but should have advertised the ULEZ scrappage scheme policy change. In accordance with the Ombudsman's recommendation, TfL sent a letter of apology.

4.30 In the fourth investigation, the Ombudsman found that two of the complainant's three PCNs were incorrectly administered. The Ombudsman was satisfied that TfL had cancelled the two PCNs in question and only took payment for one.

4.31 In the fifth investigation, in accordance with the Ombudsman's recommendation, TfL made a payment to the complainant for distress caused and the delay in resolving the renewal.

4.32 In the sixth investigation, TfL has offered to refund the licence fee for the delay caused in processing the renewal application. A decision from the Ombudsman is awaited.

Notices Received Regarding any Alleged Breach of Law by a Local Authority or Other External Agency

4.33 There were four ongoing enforcement notice matters reported in the last reporting period and two new enforcement notices issued during the reporting period.

4.34 The first ongoing enforcement notice (received in October 2022) was issued by the London Borough of Haringey in relation to planning conditions for improvements to Tottenham Hale station. Since the end of this reporting period, TfL's revised planning application was refused by the borough on 8 October 2024. TfL awaits the borough's report on the reasons for the refusal to determine its next steps. The borough has decided not to enforce the notice until the process has been decided. The matter is ongoing.

4.35 The second ongoing enforcement notice (received on 14 April 2023) was a Community Protection Notice issued pursuant to the Anti-social Behaviour, Crime and Policing Act 2014 which relates to the removal of graffiti at 19 locations in the Royal Borough of Kensington and Chelsea. TfL informed the Royal Borough of Kensington and Chelsea that the graffiti has been removed from all TfL property listed in the Notice by 29 November 2023 and that not all 19 locations in the Notice are TfL property. TfL has not received a response and is following up to close the matter.

4.36 The third ongoing enforcement notice (received 1 December 2022) was issued by Westminster City Council in relation to improvement works required to the building façade at Queensway Underground station. The work was due to be completed by 23 June 2023 but was delayed due to complications in agreeing the construction design of the scaffolding. On 1 May 2024 Westminster City Council informed TfL that the work has not been undertaken in accordance with the enforcement notice. TfL is completing the works in consultation with the Council's planning and heritage officers.

4.37 The fourth notice (received 22 March 2024) was issued by the City of London environmental department enquiring about the materials contained within the external wall system and the ownership details of the premises at 29-30 Queen Street, a London Underground owned property, in preparation for an inspection of the building under the Housing Act 2004 and Building Safety Act 2022. This forms part of the council's programme to assess the fire risk associated with medium and high-rise residential blocks following the Grenfell tragedy. TfL provided the required ownership details and confirmed that the external wall system contained bricks; further detailed documentation required by the City of London on the building and its construction and management are to be provided by the leaseholder of the building Berkeley Homes (Eastern). No further response has been received from the City of London Environmental team and the matter is considered closed.

4.38 The two new notices (received on 3 July 2024) were issued by the London Borough of Tower Hamlets for use of land adjacent to Magdalen Passage without planning permission. One notice relates to unauthorised installation of a container on the land. TfL has written to the tenant requiring them to remove the container or obtain the relevant planning permission. This matter is ongoing.

4.39 In relation to the second new notice, the tenant has complied with the notice and ceased the use of the land as an unauthorised car park. This matter is now closed.

Decisions Subject to Judicial Review

4.40 There were two judicial reviews from the previous reporting period and one new judicial review was reported during this period.

4.41 The first ongoing judicial review was issued on 23 February 2023 by an individual purporting to represent those affected by the ULEZ expansion, seeking to challenge the Mayor's decision to expand the ULEZ London-wide from 29 August 2023. At a hearing on 14 September 2023, the claim was dismissed on procedural grounds and TfL (second defendant) was awarded its legal costs of responding to the claim. The claimant made an application for permission to appeal in December 2023, which was refused on 13 June 2024. The claimant applied for permission to appeal directly to the Supreme Court which was also refused. There is an outstanding costs order against the claimant which we are seeking to enforce.

4.42 The second ongoing judicial review claim was issued on 25 October 2023 by a group of claimants based in the Netherlands seeking to challenge the lawfulness of PCNs issued to drivers working for those companies. The claim included allegations that PCNs issued under the Low Emission Zone (LEZ) and ULEZ schemes were unlawfully denominated in Euros and exceeded the amount prescribed by the relevant legislation. TfL has agreed a settlement of the claim which has been approved by the court. Any financial remedies will be subject to further directions from the court.

4.43 The new judicial review application was issued on 18 June 2024 by an individual in claiming that there was inadequate signage within the relevant LEZ/ULEZ charge zone, with TfL listed as an Interested Party. The applicant contended that the signs displayed were wrongly authorised by the Secretary of State for Transport on the basis that the signs do not clearly specify that charges apply. The court refused application for permission for judicial review on the grounds that the claim was substantially out of time with no good reason to extend time and that the case was unarguable.

4.44 Since the end of this reporting period, a new judicial review application was issued on 21 October 2024, brought by an individual challenging the decisions of the Parking Adjudicator to dismiss their appeal against a PCN issued by TfL following a moving traffic contravention. TfL has responded to the claim and lodged its summary of grounds of resistance with the court. A decision is awaited.

Inquests

4.45 This section reports on those inquests in which TfL is either a witness, has been asked to provide information to the coroner or is, or may be, an interested person.

4.46 There were five ongoing inquests from the last reporting period and 12 new inquests reported during this reporting period. Three of the five ongoing inquests were concluded: one was recorded as an accidental death; one a suicide; and, in one inquest, the Coroner decided not to hold the inquest due to the outcome of the related criminal proceedings in which a driver was convicted of death by careless driving and sentenced. The outcomes of the two remaining ongoing inquests and 12 new inquests are awaited.

Commercial/ Contract Claims Brought by or Against TfL in Excess of £100,000 (Not including Personal Injury Claims)

4.47 No such claims were brought during this reporting period.

Personal Injury Claims

4.48 TfL has been subject to 316 claims for personal injury that were closed during the reporting period, of which 22 were employers' liability claims by staff and 294 were for public liability by customers/members of the public.

4.49 Of the 294 claims for public liability, 259 were closed without payment and 35 were settled. Of these claims, 145 related to London Underground and 149 to other parts of the network. These are increases from 140 and 119 respectively in the previous reporting period and 101 and 89 in the period before that and this increase will be kept under review for trends.

4.50 Of the 22 claims for employers' liability, 13 were closed without payment and nine were settled.

4.51 The increase in the number of closed claims compared with the last reporting period reflects an increase in the number of claims being received overall, which in turn reflects a gradual return to pre-pandemic levels, albeit that claim numbers are still significantly lower than they were pre-pandemic.

Employment Tribunal (ET) Proceedings

4.52 There were 126 ET claims reported during the period, of which 89 were carried forward from the previous report and 37 were reported for the first time.

4.53 Of the 126 ET claims, 47 were for unfair dismissal, seven for constructive unfair dismissal, one for wrongful dismissal, 11 for sex discrimination, 26 for disability discrimination, three for discrimination on the grounds of religion/belief, 19 for race discrimination, two for age discrimination, four for whistleblowing, one for part-time worker discrimination, one for unpaid holiday pay, two for breach of contract, and two for health and safety detriment/breach of health and safety legislation.

4.54 Of the 126 ET claims reported during the period, 88 cases are ongoing and 38 were concluded during the period. Of the 38 ET cases concluded, four were won (one of which is being appealed), 16 were settled (two of which were non-financial), two were lost (the remedy for one of which was settled before the remedy hearing and we await the remedy judgment in relation to the other), three were partially lost (and we await the remedy judgment in relation to one), four were struck out, and nine were withdrawn.

4.55 Considering the nature of new claims, settlements, and tribunal outcomes over the last 12 months, there has been no clear or discernible trend (either upwards or downwards) in relation to the number of claims relating to any specific protected characteristics. Overall, the number of ET claims lodged and the number of claims that are settled is the same level as in previous reporting periods. Any lessons learnt in relation to ET matters will be addressed in regular reporting to the People and Remuneration Committee.

Civil Debt Claims in Excess of £5,000

4.56 No civil debt claims in excess of £5,000 were reported for this reporting period.

Other Material Compliance Issues

4.57 Since 1 October 2022, the environmental activist group Just Stop Oil (JSO) has engaged in protests in London, including on a number of TfL's roads, resulting in obstruction of the highway and significant road traffic disruption. In response to these protests, on 17 October 2022 TfL made an application to the High Court seeking an interim injunction to protect the most important roads on the TfL network, preventing further protests designed to obstruct the highway. The interim injunction was granted on 18 October 2022.

4.58 A final hearing took place on 4 May 2023 to determine TfL's application for the interim injunction to be made permanent. A number of defendants signed an undertaking not to commit any prohibited acts set out in the injunction and as such were removed from the final injunction Order and were not liable to pay TfL costs, but a breach of the undertaking could result in contempt of court proceedings. A final injunction was granted against the remaining named Defendants and Persons Unknown. The final injunction was granted for five years from the date of the Order made by the Judge in the Insulate Britain case (3 May 2023), with the consequence that the JSO injunction expires at the same time as the Insulate Britain injunctions. The remaining Defendants have, since the handing down of the final injunction judgment, made applications to the court to be offered the opportunity to sign an undertaking so that they are removed as Defendants in this matter and also discharged from the liability to pay costs. Those applications are still pending before the court.

4.59 Both the JSO and Insulate Britain final injunctions are subject to annual supervisory review by the court. The first such review took place on 13 and 20 May 2024 at which we set out our case to keep the injunction in place for five years from the date it was granted, as originally ordered. The Court has reserved judgment which is awaited; the existing final injunctions remain in place until a decision is made.

Breaches or Alleged Breaches of EU/UK Procurement Rules and /or the Competition Act 1998

4.60 No known breaches or alleged breaches were reported.

Other known Breaches

4.61 No other known breaches were reported.

Management of Compliance Issues

4.62 TfL’s legal and compliance risks are managed as part of TfL’s overarching Enterprise Risk Management Framework. A range of operational and assurance processes are in place to mitigate these risks at all levels in the organisation.

4.63 These safeguards are supported by the provision of advice on, and training in relevant legal and corporate governance issues, which are tailored to the needs of TfL’s business units.

4.64 The legal and compliance framework is the subject of continuous review and improvement. Initiatives to address compliance across TfL have included:

(a) the continued provision of online training on Inclusion Matters including online and in-person training on Disability Awareness for People Leaders, to improve disability awareness across TfL to create an inclusive workplace and improving the experience of disabled colleagues;

(b) the introduction of Customer Equality Impact Assessment training throughout the business explaining the requirements of the Public Sector Equality Duty to ensure that we continue to comply with our obligations pursuant to that duty and continue to consider inclusion and putting people (customers) at the heart of the decisions and changes we make;

(c) ongoing work to update contractual and commercial templates and forms to ensure they align with legal requirements;

(d) ongoing work to support Procurement and Commercial activity including reviewing arrangements to prepare for the implementation of the new Procurement Act 2023, which has been postponed to February 2025;

(e) promoting ongoing compliance with information governance legislation (including the FOIA, EIRs, DPA 2018 and UK GDPR) and associated statutory Codes of Practice, including transparency and the proactive publication of information;

(f) ongoing use of Data Protection Impact Assessments, to review proposed new or changed uses of personal data;

(g) the promotion through the TfL Management System of Information Governance policies, instructions and guidance;

(h) ongoing bespoke training to the business on a range of employment issues including employment law updates, reasonable adjustments requirements, disability discrimination, tribunal procedures, witness workshops, mediation and alternative dispute resolution, diversity and inclusion, respect in the workplace, probation, effective case management and providing guidance and best practice learnt from ET cases;

(i) ongoing and regular issue of the employment law bulletin to managers and HR to support the dissemination of the latest developments in the law and best practice;

(j) training on a wide range of legal issues including employment law updates, witness workshops, contractual payment notices, landlord's remedies for breach of covenant, legal terms, restriction on land disposals, guidance on conducting public inquiries, a practical guide to inquests, GLA powers and powers of the functional bodies; and contentious issues in supplier contracts;

(k) continued support with the use of TfL's e-tendering system to assist users to comply with the procurement regulations, and to observe the principles of transparency and equal and fair treatment of suppliers;

(l) continued production of instructions, guidance and templates in the TfL Procurement and Commercial Management Framework to support compliance with regulations and governance;

(m) ongoing work to identify and address areas of weakness in TfL's processes, helping to implement corrective actions where appropriate;

(n) ongoing work to update TfL's Enterprise Risk Framework and processes to ensure they effectively support TfL's objectives; and

(o) the ongoing issue of the Commercial Law Bulletin to the Procurement and Commercial teams to support the dissemination of important messages relating to regulatory and legal issues.

5 Conclusions

5.1 The Legal Compliance Report for the period 1 April 2024 to 30 September 2024 sets out the legal and compliance matters of which TfL senior management is aware. There are no material breaches of law which would affect TfL's continued operations.

5.2 Reported matters continue to be broadly in line with previous reports.

List of Appendices:

Appendix 1: Legal and compliance matters covering reporting periods from 1 October 2022 to 30 September 2024

List of Background Papers:

None

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Appendix 1

Legal and compliance matters reported from 1 October 2022 to September 2024.

	1/10/2022 to 31/3/2023	1/4/2023 to 30/9/2023	1/10/2023 to 31/3/2024	1/4/2024 to 30/9/2024
(a) Prosecutions against TfL	0	1	0	0
(b) formal warnings or notices from the Health and Safety Executive (HSE), the Office of Rail and Road, the London Fire Commissioner, the Environment Agency, the Information Commissioner or the other Government agencies	11	9	10	5
(c) investigations by the Ombudsman	2	1	0	6
(d) alleged legal breaches notified by local authorities or other bodies	6	9	[i]10	6
(e) judicial reviews	3	5	4	3
(f) involvement in inquests	10	9	9	17
(g) commercial/ contract claims in excess of £100,00	2	1	0	1
(h) personal Injury claims	230	205	276	316
(i) proceedings in relation to discrimination including on the grounds of race, sex, disability, age, religion or belief, sexual orientation, equal pay or breach of contract	89	89	73	63
(j) wrongful or unfair dismissal	47	45	51	55
(k) actions to recover unpaid debt in excess of £5,000	0	0	0	0
(l) breaches of procurement rules and/ or the Competition Act 1198	0	0	0	0

[i] Correction: the calculation for (b) reported in period 1/10/2023 to 31/03/2024 was incorrectly reported as 17 due to a calculation error and has been corrected.

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Audit and Assurance Committee

Date: **27 November 2024**

Item: **Annual Tax Compliance Update**

This paper will be considered in public

1 Summary

1.1 This report presents to the Committee the key policies and documents that form TfL's Tax Governance Framework and the steps being taken to ensure TfL is compliant with all relevant tax legislation. In addition, it provides an update on any key tax matters considered during the year.

2 Recommendation

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

3 Background

3.1 Over recent years there has been an increased focus from HM Revenue and Customs (HMRC) to ensure that tax compliance and governance issues are properly considered and understood at the highest levels within organisations. This has included making directors personally responsible for the tax affairs of the companies they manage.

3.2 Due to this increased focus, it is considered appropriate that the Committee is provided with an annual tax update focusing on tax governance. This annual update occurs at the November meeting of the Committee, shortly before the annual Senior Accounting Officer sign off (see Section 6).

3.3 The Financial Accounting and Tax team meets with the statutory Chief Finance Officer every eight weeks to review significant activities and provide an opportunity to discuss all tax risks and concerns.

3.4 The Anti-Tax Evasion and Senior Accounting Officer policies, the Anti-Tax Evasion Statement and the TfL Annual Tax Strategy have all been reviewed by the Financial Accounting and Tax team in September 2024, but no changes to those policies have been considered necessary. The appendices present the policies as originally drafted for information purposes only.

3.5 TfL has a low risk appetite in relation to tax matters and when evaluating tax planning the organisation's reputation and corporate and social responsibilities are always considered. TfL seeks to be transparent and open about its approach to tax which has led to HMRC awarding TfL a 'low risk' tax rating.

3.6 The TfL Financial Accounting and Tax team manages a range of controls and procedures to ensure that tax risks are mitigated, that TfL is compliant with all relevant tax legislation and that TfL retains its low risk tax status.

4 TfL Tax Update 2024

4.1 On 30 October 2024, the Chancellor delivered the Autumn Budget. The TfL Financial Accounting and Tax team prepared a short analysis of the key tax announcements together with an assessment of the likely impact on TfL which has been discussed with relevant business areas. A copy of this tax analysis is provided at Appendix 1.

4.2 The changes to both the rate and thresholds for Employer National Insurance Contributions (NIC) will have a significant impact on TfL with the additional NIC liability being estimated at approximately £35m per annum. We understand that the government intends to compensate public sector employers for the costs arising from this NIC change. However, we await confirmation of this and details of the mechanism for this compensation.

4.3 At the time of the Tax Update to the Committee in November 2023, HMRC were in the process of finalising their Business Risk Review (BRR+) of Transport Trading Ltd group (‘TTL Group’) which they began in June 2023. TTL Group is our holding company for our operating transport companies and our land and property companies.

4.4 The BRR+ determines where TTL Group sits on HMRC’s tax compliance spectrum: low risk; moderate risk; moderate-high risk; or high risk. HMRC confirmed in January 2024 that they were satisfied that TTL Group met the conditions for ‘low risk’ tax status. For low risk taxpayers a BRR+ will, in general, be carried out on a three-year cycle, instead of annually. We are therefore anticipating the next BRR+ to commence in the second half of 2026.

4.5 During 2024 several ongoing VAT enquiries have been resolved in TfL’s favour. These enquiries arose from HMRC’s 2023 VAT audit and were detailed in the Tax Update to the Committee in November 2023.

IFS Cloud Cable Car fares

4.6 HMRC issued protective VAT assessments on the grounds that IFS Cloud Cable Car fares income is VAT standard-rated (20 per cent) not zero rated because “services provided via the London Cable Car have been overwhelmingly marketed, used and perceived as those relating to a place of attraction and entertainment, rather than a means of passenger transport”. Therefore, the VAT assessment was that IFS Cloud Cable Car fares should not benefit from the zero-rating for VAT provided to passenger transport.

4.7 This VAT assessment gave rise to a potential unbudgeted tax cost of around £3.9m and the risk of increased IFS Cloud Cable Car fares due to the application of VAT as 20 per cent. TfL disputed HMRC’s tax analysis and over the course of 14 months responded to multiple requests for information and provided different forms of evidence which demonstrated the cable car was a means of passenger transport. HMRC accepted our arguments and withdrew their VAT assessments in full on 22 October 2024.

London River Services pier handling income

4.8 HMRC issued protective VAT assessments on the basis that the London River Service pier handling “facilities are not supplied in a port” such that income should have been subject to 20 per cent VAT and not VAT zero-rated.

4.9 This VAT assessment gave rise to a potential unbudgeted tax cost of around £2.2m. TfL disputed this tax analysis on the basis that the Port of London Authority covers the stretch of the River Thames east of Teddington Lock. HMRC accepted our arguments and withdrew their VAT assessments in full on 15 January 2024.

Other Tax Matters

4.10 On 18 June 2024, HMRC contacted TfL with several queries in relation to TfL’s compliance with Construction Industry Scheme (CIS) reporting over the previous four years. As part of this a small number of administrative errors were identified which may result in a total CIS tax payment to HMRC of around £4,500. We continue to engage with HMRC on their queries and no significant issues have been identified in our processes and controls across the total volume of construction spend during the same period.

4.11 On 18 September 2024, the Committee was given an update on other commercially sensitive tax matters. There have been no significant developments in relation to these matters and no further update is included in this paper.

4.12 The TfL Financial Accounting and Tax team will continue to keep abreast of all legislative, HMRC policy and case-law developments across the full range of taxes that may impact TfL and communicate these changes to different TfL business areas as appropriate.

5 Anti-Tax Evasion Policy and Statement

5.1 The Criminal Finances Act 2017 created a new corporate criminal offence of failure to prevent either domestic or foreign tax evasion.

5.2 This legislation makes it a criminal offence for a body corporate or partnership to fail to prevent the facilitation of tax evasion by one of its associates (employee, contractor or any other person providing services on their behalf).

5.3 Prosecution under the legislation could lead to:

(a) an unlimited fine;

(b) public record of the conviction; and

(c) significant reputational damage and adverse publicity.

5.4 A defence exists in the legislation for having ‘reasonable prevention procedures’ in place. The following steps have been taken to ensure TfL is able to demonstrate reasonable prevention procedures are in place:

(a) a six-monthly risk assessment is undertaken by the Financial Accounting and Tax team in conjunction with the Risk and Assurance directorate. This risk assessment considers key areas of risk where tax evasion could be facilitated and ensures that sufficient controls are in place to mitigate the risk. The risks captured on the latest assessment are currently held on TfL's Enterprise Risk Assessment Matrix and have been assessed as low or very low risk;

(b) the Criminal Finances Act 2017 is included in the wider Fraud Awareness e-learning training course;

(c) the Anti-tax evasion policy at Appendix 2 is held on the TfL Management System and is linked to both the Counter-fraud and Corruption team and Group Tax SharePoint sites. While not a strict requirement of the legislation, it further demonstrates TfL's commitment to having a zero-tolerance approach to all forms of tax evasion. Everyone working for, or on behalf of, TfL or any subsidiary company must comply with this policy. This policy has not changed since the version shared with the Committee on 29 November 2023; and

(d) the Anti-tax evasion statement at Appendix 3 has been published on TfL's website.

6 Tax Strategy

6.1 The Finance Act 2016 requires large companies with UK operations (turnover of more than £200m or a balance sheet exceeding £2bn) to publish their tax strategy on their external website and update it annually.

6.2 The tax strategy must include the following details:

(a) the organisation's approach to risk management and governance of its UK tax;

(b) the organisation's attitude towards tax planning;

(c) the level of risk the organisation is willing to accept in relation to UK tax; and

(d) the organisation's approach to dealing with HMRC.

6.3 TfL's tax strategy is included at Appendix 4. This is reviewed annually by the Financial Accounting and Tax team and the statutory Chief Finance Officer and is updated each March in accordance with the legislation and is published on TfL's website. There were no substantive changes to the tax strategy from the version shared with the Committee on 29 November 2023.

7 Senior Accounting Officer

7.1 The Finance Act 2009 introduced the Senior Accounting Officer (SAO) legislation for large companies. This legislation applies to UK incorporated companies, as defined by the Companies Act 2006, which means that the TTL Group must comply with the legislation; although the TfL Corporation is exempt.

7.2 The SAO should be the most senior person in an organisation with responsibility for financial accounting and with an overall view of accounting processes. The SAO for the group is the statutory Chief Finance Officer.

7.3 The SAO is required to ensure that appropriate accounting arrangements are in place to enable tax liabilities to be calculated accurately. These arrangements must be monitored on an ongoing basis. The SAO must also provide an annual certificate to HMRC which confirms that appropriate accounting arrangements were in place throughout the financial year or provide an explanation as to why such a declaration cannot be made.

7.4 The certificate for the TTL Group must be submitted to HMRC by 31 December each year. Failure to do so will result in a £5,000 penalty which is levied on the SAO personally.

7.5 Details of the TfL SAO sign off procedure are included in the SAO Policy at Appendix 5. This policy is unchanged from the version shared with the Committee on 30 November 2022 and 29 November 2023. The SAO certificate for the accounting period ended 31 March 2023 will be submitted before 31 December 2024.

List of appendices to this report:

Appendix 1: TfL Tax Analysis of the Chancellor's Autumn Statement
Appendix 2: Anti-Tax Evasion Policy
Appendix 3: Anti-Tax Evasion Statement
Appendix 4: TfL Tax Strategy
Appendix 5: Senior Accounting Officer Policy

List of Background Papers:

None

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Chancellor's Budget 30 October 2024 Appendix 1

Please see below a summary of the main tax announcements set out in the Chancellor's Autumn Statement 2024 that may impact TfL. We will be discussing these developments with the relevant business areas but if you have any queries or require any further information please let us know.

National Insurance Contributions (NIC)

Although the rates of NIC payable by employees remain unchanged, the rate of NIC payable by employers will increase by 1.2 per cent from April 2025 to 15 per cent. The income level from which employer NIC becomes payable will also reduce from £9,100 per annum to £5,000.

TfL tax comment: *The changes in Employer NIC could represent a significant additional cost for TfL. However, we understand that the government intend to compensate public sector employers for the costs arising from this NIC change. We await formal confrimation and details have not yet been confirmed but this could mitigate the financial impact for TfL.*

Umbrella Company Reform

Legislation will change who has responsibility to account for PAYE where an umbrella company is used in a labour supply chain to engage a temporary worker. The recruitment agency that supplies the worker to the end client will be responsible for operating PAYE. If there is no agency, the responsibility will fall to the end client i.e. TfL. This measure will take effect from April 2026.

TfL tax comment: *Although TfL engage a significant number of temporary workers via umbrella companies they are generally engaged via Reed as our Managed Service Provider, or other recruitment agencies. This means the burden of operating PAYE will fall on the agency. However, care should be taken in engaging temporary workers or consultants directly to ensure TfL is not making payments to an umbrella company.*

Corporation Tax

No major changes were announced however the Chancellor did publish a Corporate Tax Roadmap. Although the commitments within this roadmap currently have limited impact for TfL there are some proposed simplifications and the certainty regarding future rates and reliefs is useful for budgeting purposes.

VAT

No major changes announced.

SDLT

Increase to the Higher Rates on Additional Dwellings - From 31 October 2024 the Higher Rates for Additional Dwellings (HRAD) surcharge on Stamp Duty Land Tax (SDLT) will be increased from 3 per cent to 5 per cent.

TfL tax comment: *This change will have limited impact on TfL group, however occasionally residential property is bought for operational or property development reasons which may be impacted by these higher rates of SDLT.*

Appendix 2

Policy

P010 A2 Anti-Tax Evasion Policy

Policy statement

1 Background

In the light of the Criminal Finances Act 2017, Transport for London has decided to adopt a statement of our corporate value on anti-facilitation of tax evasion. Transport for London strives to conduct all of its business dealings in an honest and ethical manner. The statement governs all our business dealings and the conduct of all persons or organisations who are appointed to act on our behalf.

We require all our employees and any associates who have, or seek to have, a business relationship with TfL and/or any member of our Group, to familiarise themselves with our anti-tax evasion value statement and to act at all times in a way which is consistent with our anti-tax evasion value statement.

2 Anti-tax evasion value statement

Transport for London and its subsidiaries ("TfL") have a zero-tolerance approach to all forms of tax evasion, whether under UK law or under the law of any foreign country.

Employees and **Associates** (as defined at Section 5) of TfL must not undertake any transactions which:

a) cause TfL to commit a tax evasion offence; or

b) facilitate a tax evasion offence by a third party.

TfL strives to act professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter tax evasion facilitation.

At all times, business should be conducted in a manner such that the opportunity for, and incidence of, tax evasion is prevented.

3 Who must comply with this policy?

This policy applies to all persons working for TfL or on TfL's behalf in any capacity, including employees at all levels, directors, officers and **Associates**, including but not limited to agency workers, seconded workers, volunteers, interns, contractors, external consultants, third-party representatives and business partners, sponsors or any other person associated with us, wherever located.

4 Who is responsible for this policy?

The Senior Accounting Officer (SAO), supported by the Chief Officers of TfL, has overall responsibility for ensuring that this policy complies with our legal obligations, and for ensuring our employees and associates comply with it. The SAO for the group is the Statutory Chief Finance Officer. This policy is adopted by TfL. It may be varied or withdrawn at any time, in TfL's absolute discretion. Employees in leadership positions are responsible for ensuring those reporting to them understand and comply with this policy and are given adequate training on fraud.

5 Definitions

For the purposes of this policy:

Associates includes contractors or an agent of TfL (other than a contractor) who is acting in the capacity of an agent, or any person who performs services for and on behalf of TfL who is acting in the capacity of a person or business performing such services.

Tax Evasion means an offence of cheating the public revenue or fraudulently evading UK tax and is a criminal offence. The offence requires an element of fraud, which means there must be deliberate action, or omission with dishonest intent.

Foreign Tax Evasion means evading tax in a foreign country, provided that the conduct is an offence in that country and would be a criminal offence if committed in the UK. As with **tax evasion**¸ the element of fraud means there must be deliberate action, or omission with dishonest intent.

Tax Evasion Facilitation means being knowingly concerned in, or taking steps with a view to, the fraudulent **evasion** of **tax** (whether UK **tax** or **tax in a foreign country** by another person, or aiding, abetting, counselling or procuring the commission of that offence. Tax evasion facilitation is a criminal offence, where it is done deliberately and dishonestly.

Tax evasion is not the same as tax avoidance or tax planning. Tax evasion involves deliberate and dishonest conduct. Tax avoidance is not illegal and involves taking steps, within the law, to minimise tax payable (or maximise tax reliefs).

Tax means all forms of UK taxation, including but not limited to corporation tax, income tax, value added tax, stamp duty, stamp duty land tax, national insurance contributions (and their equivalents in any non-UK jurisdiction) and includes duty and any other form of taxation (however described).

6 Corporate responsibilities

TfL has completed a risk assessment and has established procedures governing certain transactions with third parties designed to prevent specific areas of possible tax evasion by a third party.

7 What team members and associates must not do

Employees and **Associates** must at all times adhere to TfL's anti-tax evasion value statement and must ensure that they read, understand and comply with this policy. It is not acceptable for employees or **associates** to:

a) Engage in any form of facilitating Tax Evasion or Foreign Tax Evasion;

b) Aid, abet, counsel or procure the commission of a Tax Evasion offence or Foreign Tax Evasion offence by another person;

c) Fail to promptly report any request or demand from any third party to facilitate the fraudulent Evasion of Tax by another person, in accordance with this policy;

d) Engage in any other activity that might lead to a breach of this policy;

e) Threaten or retaliate against another individual who has refused to commit a Tax Evasion offence or a Foreign Tax Evasion offence or who has raised concerns under this policy;

f) Commit an offence under the law of any part of the UK consisting of being knowingly concerned in, or taking steps with a view to, the fraudulent evasion of tax.

8 Prevention through vigilance

There is not an exhaustive list of Tax Evasion opportunities. At a more general level, the best defence against Tax Evasion and facilitation of Tax Evasion remains the vigilance of our employees and **Associates** and the adoption of a common-sense approach supported by our clear procedures for challenging wrongdoing. In applying common sense, team members must be aware of the following:

a) Is there anything unusual about the manner in which an **Associate** of TfL is conducting their relationship with TfL or the third party?

b) Is there anything unusual about the third party's or **Associate's** conduct or behaviour in your dealings with them?

c) Are there unusual payment methods?

Unusual payment methods and unusual conduct of third parties with **Associates** can be indicative that a transaction may not be as it seems.

9 How to raise a concern

Our employees have a responsibility to take reasonable action to prevent harm to TfL and we hold our employees accountable for their actions and omissions. Any actions that breach the Criminal Finances Act 2017 and the tax laws of wherever we operate bring harm to TfL and will not be tolerated.

You are responsible for properly following TfL's policies and procedures. These ensure that all taxes are properly paid. If you are ever asked by anyone either inside or outside our organisation to go outside our standard procedures, this must be reported without delay, as someone may be attempting to evade tax. Please refer to TfL's Challenging wrongdoing page for details on how you can report any queries or concerns.

Date: 29.11.2023

Signed by:

Patrick Doig
Statutory Chief Finance Officer
Transport for London

Transport for London **Appendix 3**
Anti-Tax Evasion Statement

In the light of the Criminal Finances Act 2017, Transport for London has decided to adopt a statement of our corporate value on anti-facilitation of tax evasion. Transport for London strives to conduct all of its business dealings in an honest and ethical manner. The statement governs all our business dealings and the conduct of all persons or organisations who are appointed to act on our behalf.

We request all our employees and all who have, or seek to have, a business relationship with TfL and/or any member of our Group, to familiarise themselves with our anti-tax evasion value statement and to act at all times in a way which is consistent with our anti-tax evasion value statement.

Anti-tax Evasion Value Statement

Transport for London and its subsidiaries ("TfL") have a zero tolerance approach to all forms of tax evasion, whether under UK law or under the law of any foreign country.

Employees and Associates of TfL must not undertake any transactions which:

(a) cause TfL to commit a tax evasion offence; or

(b) facilitate a tax evasion offence by a third party.

We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter tax evasion facilitation.

At all times, business should be conducted in a manner such that the opportunity for, and incidence of, tax evasion is prevented.

What is the facilitation of tax evasion?
For the purposes of this statement:

Associates includes contractors or an agent of TfL (other than a contractor) who is acting in the capacity of an agent, or any person who performs services for and on behalf of TfL who is acting in the capacity of a person or business performing such services.

Tax Evasion means an offence of cheating the public revenue or fraudulently evading UK tax and is a criminal offence. The offence requires an element of fraud, which means there must be deliberate action, or omission with dishonest intent.

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Tax evasion is not the same as tax avoidance or tax planning. Tax evasion involves deliberate and dishonest conduct. Tax avoidance is not illegal and involves taking steps, within the law, to minimise tax payable (or maximise tax reliefs).

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Appendix 4

Transport for London

Tax Strategy

Transport for London (TfL) has adopted the following set of tax principles which it believes illustrate good practice in the area of tax management and tax transparency, takes into consideration its public purpose and balances the interests of its stakeholders.

The TfL Tax Strategy is reviewed and approved on an annual basis.

Background

TfL is a statutory corporation established by Section 154 of the Greater London Authority (GLA) Act 1999. It is a functional body of the GLA, and reports to the Mayor of London. The legal structure of TfL is complex and comprises:

- The Corporation, which is treated like a local authority for tax purposes. It is exempt from corporation tax, and is a Section 33 body, which entitles it to recover VAT incurred on costs relating to its non-business activities; and

- Transport Trading Limited and its trading subsidiaries, which are assessable to corporation tax and VAT in accordance with current legislation.

Our approach to tax risk management and governance

TfL has controls and procedures in place to manage tax risks, and strives to ensure these remain effective and up to date. These controls and processes are documented and reviewed annually during the Senior Accounting Officer sign-off process.

In accordance with the requirements of the Criminal Finances Act 2017, TfL has undertaken a risk assessment, which is reviewed on a six monthly basis, to ensure that reasonable procedures are in place to prevent the facilitation of tax evasion by persons associated with TfL.

TfL is committed to meeting all legal requirements and aims to comply with the spirit as well as the letter of the law. TfL completes all tax returns and makes all tax payments in an accurate and timely manner.

TfL will engage external tax specialists, where it is appropriate to do so, to ensure a high level of tax compliance.

Attitude to tax planning and tax risk

TfL will claim such reliefs and incentives as it is properly entitled to, and will take reasonable steps to minimise its tax liabilities, where it is appropriate and responsible to do so.

TfL has a low risk appetite in relation to tax matters and does not use artificial tax structures or undertake transactions whose sole purpose is to create an abusive tax result.

When evaluating tax planning the organisation's reputation and corporate and social responsibilities are always considered.

Relationships with tax authorities

TfL is transparent about its approach to tax and discusses the interpretation of tax legislation with HMRC, in real-time, particularly where the tax treatment is unclear. HMRC are kept up to date regarding major changes or transactions within the business, so that any potential tax risks can be addressed at an early stage.

TfL seeks to develop and maintain strong, mutually respectful relationships with HMRC.

TfL has maintained its 'low risk' tax rating by HMRC.

Patrick Doig
Statutory Chief Finance Officer
Transport for London

Published on 19 February 2024 to comply with Finance Act 2016 Schedule 19.

Policy

P012 A2

Senior Accounting Officer Policy - Appendix 5

Contents

1 Purpose

The purpose of this Senior Accounting Officer (SAO) policy is to set out the requirements of the SAO legislation and the assurance processes that have been developed to ensure that TfL meets it's SAO obligations.

2 Scope

The SAO legislation applies to UK incorporated companies (as defined by the Companies Act 2006), which together with other companies in the same group have a turnover in the preceding year of more than £200m or a balance sheet total of £2bn.

This policy therefore applies to Transport Trading Limited (TTL) and its subsidiaries as well as TfL Trustee Company Limited, the SAO legislation does not apply to London Transport Insurance (Guernsey) Limited as this company is not incorporated in the UK. As TfL (the statutory corporation) is not a company incorporated under the Companies Act the rules will not apply to TfL as an entity. Hence when TfL is referred to in this policy, reference is being made to the wider TfL group.

3 Senior Accounting Officer Policy

3.1 Background

The rules were introduced in the Finance Act 2009 to make SAOs of certain qualifying companies, responsible for ensuring and certifying that *appropriate tax accounting arrangements* have been established and are maintained. The arrangements are those which enable the company's relevant tax liabilities to be calculated in all material respects.

3.2 SAO Legislation

3.2.1 Who is the SAO

The SAO should be the most senior person in an organisation with responsibility for financial accounting, and with an overall view of accounting processes. For TfL the Statutory Chief Finance Officer is the SAO.

3.2.2 Responsibilities of the SAO

The SAO is responsible for taking reasonable steps to ensure that *appropriate accounting arrangements* are in place, to enable tax liabilities to be calculated accurately.

The SAO must monitor these arrangements on an ongoing basis and identify any respects in which the arrangements fall short of the requirements.

The SAO must provide an annual certificate to HM Revenue & Customs (HMRC), which confirms that *appropriate accounting arrangements* were in place throughout the financial year, or provide an explanation as to why such a declaration cannot be made. The certification must be filed by the deadline for filing the company accounts i.e. 31 December.

3.2.3 Appropriate Accounting Arrangements

Tax accounting arrangements are:

- The framework of responsibilities, policies, appropriate people and procedures in place for managing the tax compliance risk; and
- The systems and processes which put this framework into practice.

The tax accounting arrangements must allow for the tax liabilities of the company to be calculated accurately in all material aspects.

The steps an SAO must take to ensure the company establishes and maintains appropriate tax accounting arrangements might include such responsible actions as:

- Establishing and monitoring processes;
- Ensuring staff and businesses to whom work is outsourced are appropriately trained and qualified to undertake their functions; and
- Instituting improvements where shortcomings have been found in the tax accounting arrangements.

3.2.4 Reasonable steps

Reasonable steps are the steps a person in this situation would normally be expected to take to:

- Ensure awareness of all taxes and duties for which the company is liable;
- Ensure that risks to tax compliance are properly managed; and
- Enable the various returns to be prepared with an appropriate degree of confidence.

The steps that are reasonable will depend on the particular circumstances within which tax accounting is taking place. The SAO may delegate some or all of the control and monitoring activities to other people. If so, in taking reasonable steps, the SAO should think about and take account of the risks of delegating.

3.2.5 Penalties

There are two penalty provisions for non compliance which can be levied on the SAO personally. Both have a maximum fine of £5,000:

i. failure to comply with the main duty to establish and maintain appropriate tax accounting arrangements, and

ii. failure to provide a certificate, or providing an incorrect certificate

A penalty of £5,000 can also be levied where a company fails to notify HMRC of the name of the SAO by the end of the period for filing the company's accounts. Confirmation has been received that TfL's Directors' & Officers' Liability insurance will cover fines and penalties up to a limit of £250k.

3.3 TfL approach

The processes and procedures TfL have in place are robust and fully compliant with the legislation, they have been discussed with HMRC both before the commencement of the SAO legislation and at subsequent risk review meetings.

The main duty of the SAO is to take reasonable steps to monitor the tax accounting arrangements of the company on an ongoing basis, this is achieved by regular update meetings with the Tax Department and the inclusion of tax risks on appropriate risk registers as required.

In order to give the SAO the comfort required to sign the annual certificate, an assurance plan has been developed which spans all of the taxes covered by the SAO sign off. The plan notes the risks associated with each tax together with the assurance that can be taken from the controls that exist to eliminate these risks. The assurance plan will be signed by those responsible for making sure the controls are working correctly. Where weaknesses are identified these will be documented along with the steps to be taken to mitigate such risks.

Where the signatories to the assurance plan have relied on the work of others, sub-sign offs will be obtained e.g. the work of the BSF. Separate assurance plans will be signed by companies whose accounting systems are not centralised (i.e. Crossrail Ltd and London Transport Museum). The sub sign offs and separate assurance plans will certify that there are sufficient controls in place to mitigate the key SAO risks for which individuals are responsible. Alternatively where controls are currently insufficient, action will be taken to resolve any weaknesses.

4 Person accountable for this document

Name	Job title
Chris Tann	Head of Tax and Financial Accounting

5 Abbreviations

Term	Definition
SAO	Senior Accounting Officer
HMRC	HM Revenue & Customs

6 Document history

Issue no.	Date	Changes	Author
A1	November 2021	New document as per CR-15335.	Emily Clark
A2	November 2022	Change of name of the person accountable. Change No. CR-16787.	

Audit and Assurance Committee

Date: 27 November 2024

Item: Financial Control Environment Trend Indicators

This paper will be considered in public

1 Summary

1.1 This paper reports to the Committee on the Financial Control Environment Trend Indicators.

2 Recommendation

2.1 **The Committee is asked to note the paper and the Financial Control Environment Trend Indicators dashboard.**

3 Background

3.1 This paper reports on the Quarter 2 2024/25 Financial Control Environment Trend Indicators (included at Appendix 1), that informs the Committee as to the control environment across TfL's Finance, Business Services and Procurement and Commercial teams.

List of appendices to this report:

Appendix 1: Financial Control Environment Trend Indicators dashboard

List of Background Papers:

None

Contact Officer: Patrick Doig, Group Finance Director
Email: Patrick.Doig@tfl.gov.uk

Financial Control Environment Trend Indicators Quarter 2, 2024/25

Appendix 1

TfL Audit and Assurance Committee

27 November 2024

Forecasting accuracy P5, 2024/25

Total revenue is £73m lower than Budget in the year to date. This is mainly from lower passenger income (£78m), driven by lower journey growth than expected. Journeys are 2.1% up on last year, but lower than our budgeted 6% growth.

Total operating costs are £3,102m in the year to date and are £19m lower than Budget. This is mainly from higher roads user charging bad debt and the release of general contingency, which was held centrally in the operating cost budget to manage against risks, including the risks to passenger demand growth.

Total TfL capital expenditure is £668m in the year to date, and is broadly in line with Budget. Capital renewals are £10m higher than Budget in the year to date – a result of acceleration of some projects - which has been offset by rephasing of spend on capital enhancements (£8m).

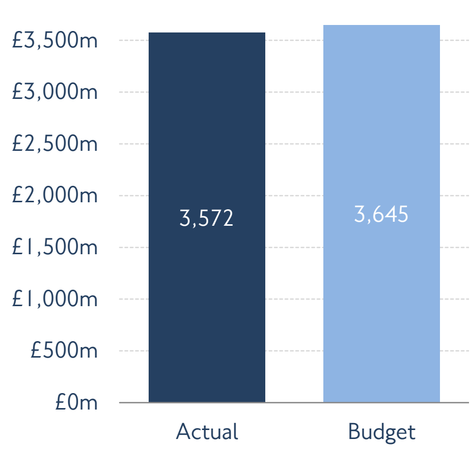
Cash flow was £84m negative in the year to date, £86m lower than Budget. This is a result of lower revenue and timing of borrowings and an asset sale.

Quarterly forecasting accuracy (£m)	Q1, 2024/25	P4 and P5, 2024/25
Revenue	£2,126m	£1,446m
Variance to Budget	(£51m)	(£22m)
Operating costs	(£1,839m)	(£1,263m)
Variance to Budget	£24m	(£5m)
Capital delivery *	(£395m)	(£273m)
Variance to Budget	£4m	(£6m)
Cash flow	£206m	(£290m)
Variance to Budget	£122m	(£208m)

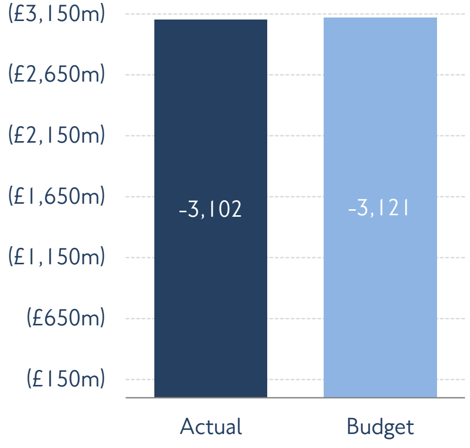
YTD forecasting accuracy (£m)	YTD, 2024/25
Revenue	
Actual	£3,572m
Budget	£3,645m
Operating costs	
Actual	(£3,102m)
Budget	(£3,121m)
Capital delivery	
Actual	(£668m)
Budget	(£667m)
Cash flow	
Actual	(£84m)
Budget	£2m

* Excludes Places for London and Crossrail construction

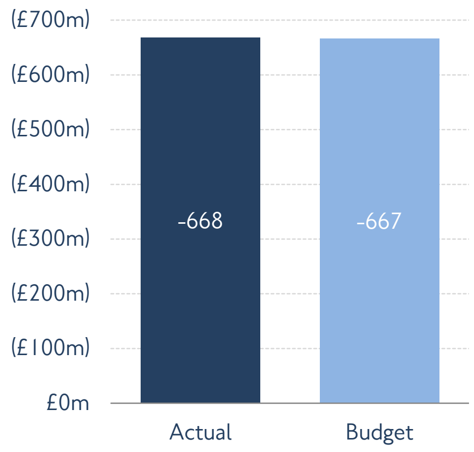
Revenue (£m)



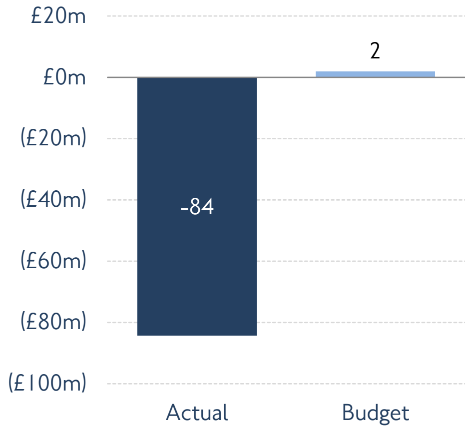
Operating costs (£m)



Capital delivery (£m) *



Cash flow (£m)



Procurement & Commercial activity Q2 FY24/25

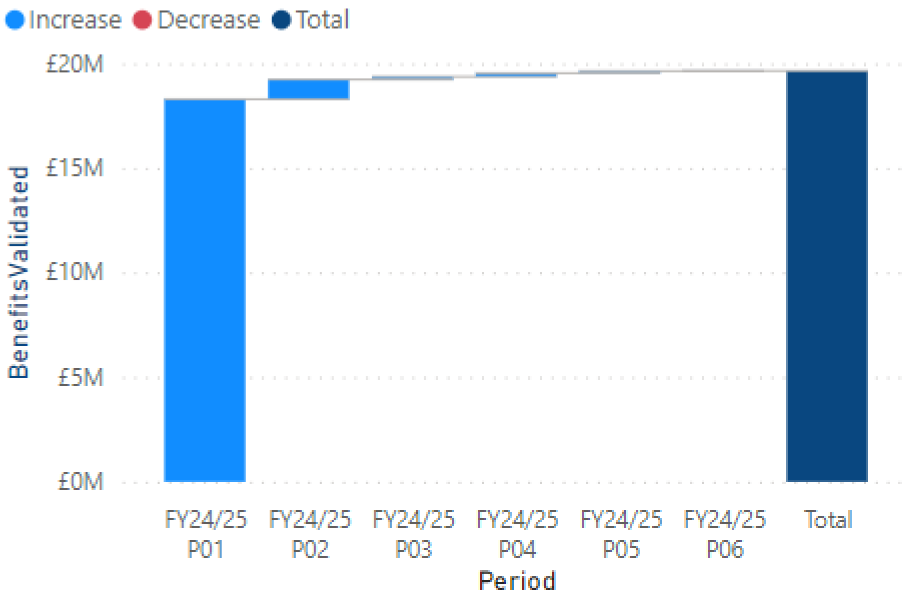
Validated cash releasing benefits:
Cash Releasing benefits have risen to £19.6m by the end of Q2 FY24/25. £279K of the benefits were validated in the past 3 periods, however due to the cyber incident, access to Ariba had been curtailed for some of the last quarter. The Cost Avoidance benefits over this financial year have risen by £8.7m in the past 3 periods.

Retrospective spend:
Due to the cyber incident, we currently only have data for 2 periods of retrospective spend. For the two periods, the trend shows a lower number of retrospective invoices being issued, however two large invoices from Alstom Engineering and 345 Rail Leasing have skewed these figures when looking at the amount spent (£35m & £31m respectively)

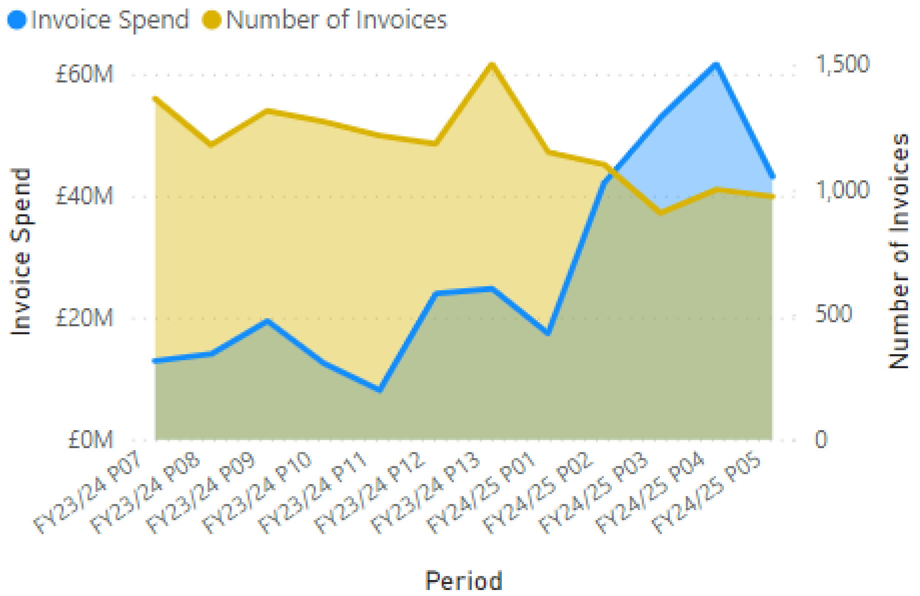
Over threshold single sources by volume:
The % of over threshold single sources for Q2 was 0.3% which means the measure was GREEN for the year (target = 1.2%; floor = 1.5%).

Commercial Assurance Meeting (CAM) submission compliance
CAM compliance (where CAM submissions are on time and meet the governance requirements) was 78.0% for Q2 FY24/25. This measure was AMBER for the Q2 FY24/25.

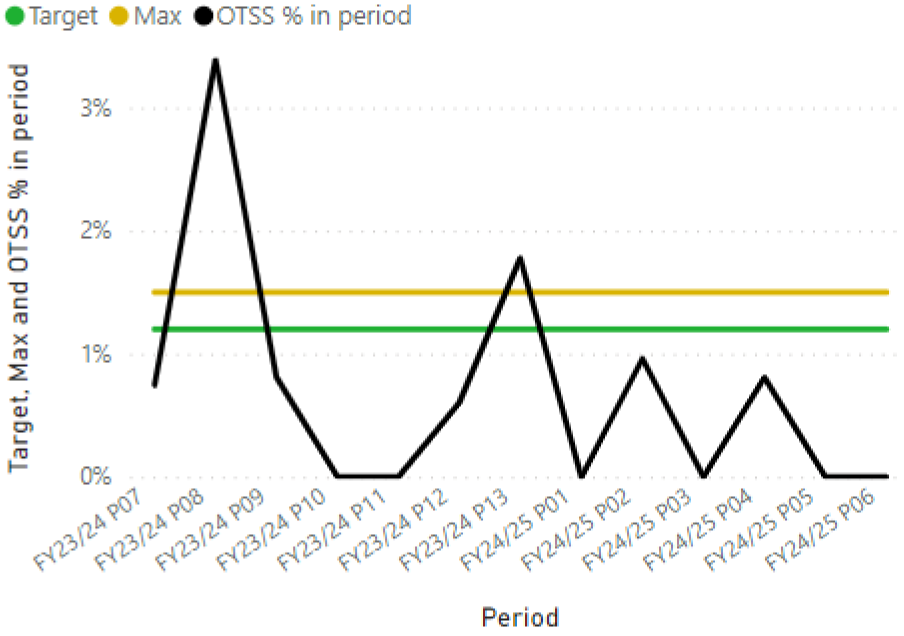
Cash Releasing Benefits Validated Per Period (£M)



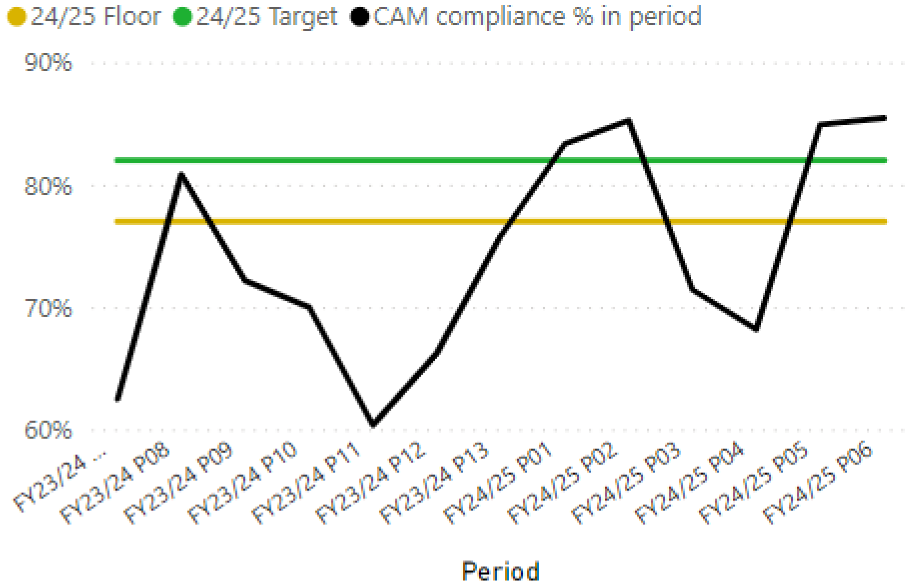
Retrospective Spend



Over threshold single source % (number)



Commercial Approvals Meeting Compliance by Period



Processing payments Q2, 24/25

Open items indicate the extent to which the balance on your accounts are accurate thus allowing for the actual reconciling items on the account to be revealed. Reconciling the accounts is a particularly important activity because it is an opportunity to check for fraudulent activity and to prevent financial statement errors.

Value of open items > 30 days on the bank reconciliation sits at £0.14m for Q2. The volume of open items in Q1 > 30 days sits at 3,464. The value of open items less than 30 days is high due to falling within the period that coincided with the cyber incident.

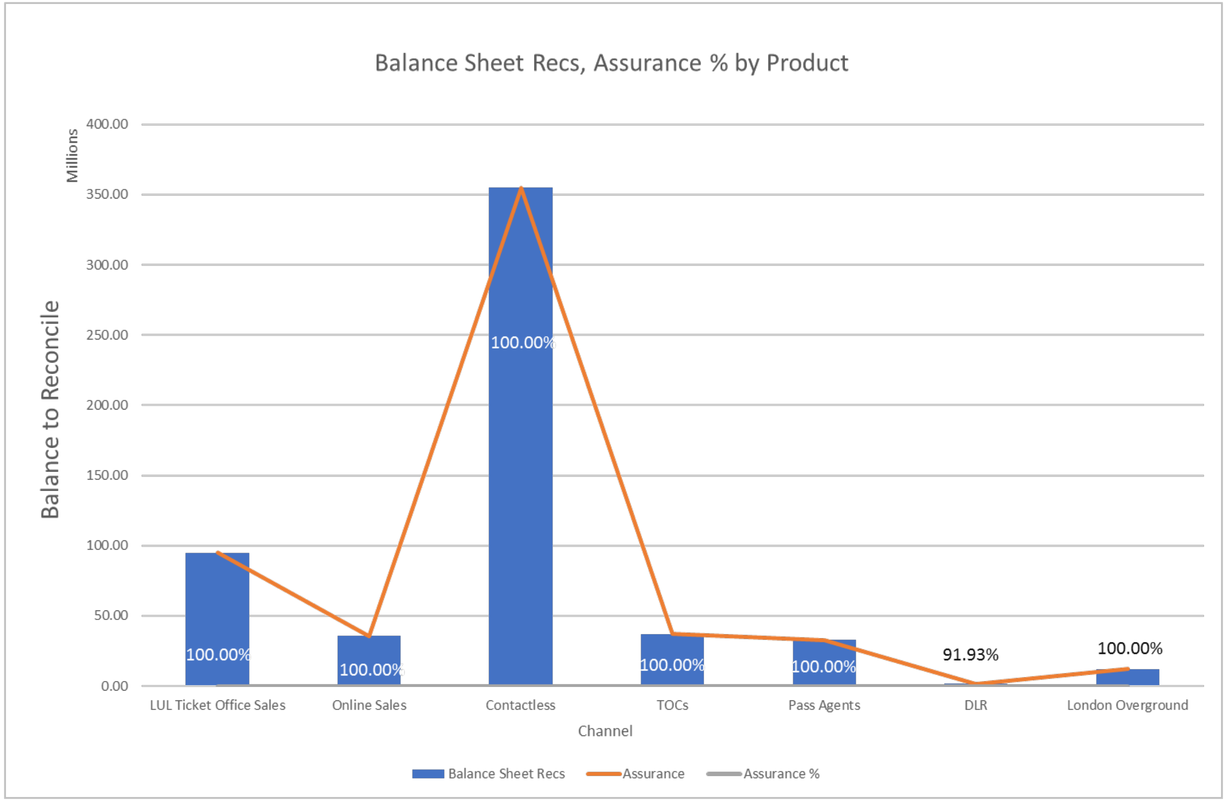
Automated Posting % measures the proportion of transactions which are automatically reconciled in SAP. For Q2 this amounts to 82% on par with Q1.

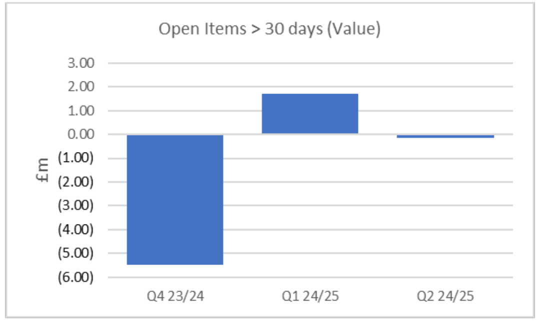
Due to the ongoing cyber incident there is a delay developing the Travel Information Centre sales report at London City Airport that will reflect the additional cash we have received on DLR.

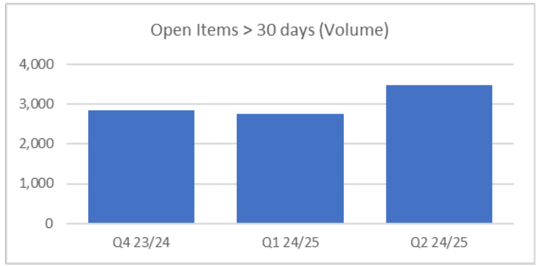
Although slightly down from the Q1 high of 92.9% the quarter performance remains above target at 90.9%. The quarter score includes results for period 06 (mid Aug to mid Sep 2024). This coincided with the cyber incident. As a direct consequence the results for P06 cannot be accurately calculated and are represented by average for the previous year.

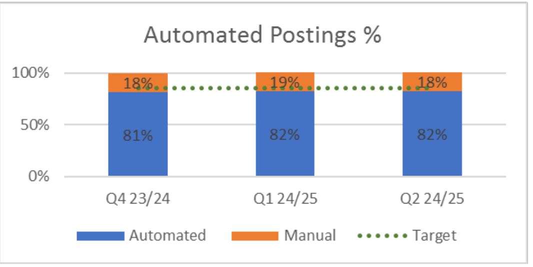
Quarterly Figures

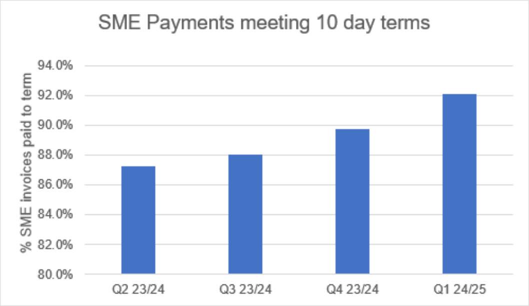
£m	Q3 23/24	Q4 23/24	Q1 24/25	Q2 24/25
Open Items < 30 days (£m Value)	7.95	11.50	35.68	482.88
Open Items > 30 days (£m Value)	3.91	(5.48)	1.71	(0.14)
Open Items < 30 days (Volume)	327	339	373	229
Open Items > 30 days (Volume)	2,184	2,852	2,755	3,464
Automated Postings %				
Automated	12,462	15,425	11,610	11,360
Manual	2,284	2,868	2,090	2,019
Automated	82%	81%	82%	82%
Manual	18%	19%	18%	18%
Target	85%	85%	85%	85%











Audit and Assurance Committee

Date: **27 November 2024**

Item: **Register of Gifts and Hospitality for Members and Senior Staff**

This paper will be considered in public

1 Summary

1.1 This paper provides a summary of gifts and hospitality declared by Board Members and senior staff at TfL (Chief Officers, Directors and senior leaders reporting directly to a Chief Officer). In line with the Greater London Authority Group Framework Agreement, we provide a quarterly report to the Committee on gifts and hospitality accepted by Members and senior staff, attached as Appendix 1 to this paper. Details of accepted offers by Members and Chief Officers are also published on the TfL website on a quarterly basis.

1.2 This report covers a three-month reporting period, from 1 August to 31 October 2024. During that period, there were no declarations by Members. A total of 144 declarations of offers were made by senior staff in this period and 67 of these were declined, with 77 accepted.

2 Recommendation

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

3 Background

3.1 TfL's policy on gifts and hospitality applies to TfL Board Members, all staff who work for TfL and staff contracted to work for TfL including on advisory groups or through a third party. It covers both gifts and hospitality offered directly or offered through a spouse or partner.

3.2 The policy starts from the premise that any gifts or hospitality offered should usually be declined. No offer should be accepted where there is a possibility, or a perception, of being influenced by it. A guidance section is included with the policy and provides advice on the few circumstances where acceptance might be appropriate but, as a guiding principle, Members and staff are advised to err on the side of caution. Acceptance of any offer requires line manager approval and an explanation as to why acceptance is appropriate.

3.3 Members and staff are required to register with the General Counsel any gift or hospitality received in connection with their official duties that has a value of £25 or over, and also the source of the gift or hospitality. Senior staff are required to make a declaration every month, including a nil return for those months where no gift or hospitality has been offered. As the acceptance of any offers of gifts or hospitality by Members is uncommon, they are asked to confirm any declarations at the end of every quarter.

4 Reporting Period and Issues for Consideration

4.1 There were no declarations made by Members during the three-month period from 1 August to 31 October 2024. A total of 144 declarations of offers were made by senior staff in this period and 67 of these were declined, with 77 accepted.

4.2 Table 1 provides a summary of the number of offers accepted and declined by senior staff who received more than 10 offers during the period.

Table 1: Senior staff receiving more than 10 offers during the reporting period

Name and Role	Offers	Accepted	Declined
Andy Lord, Commissioner	44	8	36
Graeme Craig, Director and Chief Executive, Places for London	11	8	3

4.3 Table 2A shows the current period and the previous two periods. Table 2B shows the same reporting periods for the previous year.

4.4 For the current reporting period, the number of offers received was higher than in the same period in 2023 but reflect figures prior to the coronavirus pandemic.

4.5 The offers received and accepted are set out in Appendix 1 and have been reviewed for compliance with the policy and guidance. Where there are concerns that the policy or guidance is not being followed, these are raised with the member of staff and their line manager and appropriate action taken. There are no issues to raise with the Committee.

Table 2A: Figures reported to this meeting

Three-month period	01/02/24-30/04/24	01/05/24-31/07/24	01/08/24-31/10/24
Total offers	73	129	144
Total declined	45	67	67
Total accepted	28	62	77
Monthly average			
Total offers	24.3	43	48
Total declined	15	22.3	22.3
Total accepted	9.3	20.6	25.6

Table 2B: Figures reported to previous meetings and monthly averages

Three-month period	**01/02/23-30/04/23**	**01/05/23-31/07/23**	**01/08/23-31/10/23**
Total offers	45	58	75
Total declined	27	38	41
Total accepted	18	20	34
Monthly average			
Total offers	15	19.3	25
Total declined	9	12.6	13.6
Total accepted	6	6.7	11.3

List of appendices to this report:

Appendix 1: Gifts and Hospitality Register (covering 1 August to 31 October 2024)

List of Background Papers:

Previous Gifts and Hospitality reports to the Audit and Assurance Committee

Contact Officer: Andrea Clarke, General Counsel
Email: andreaclarke@tfl.gov.uk

Appendix 1

Name of Officer	Offer Status	Donor/Provider of Gift/Hospitality	Detail of Gift/Hospitality	Reason for Accepting Gift/Hospitality	Date of Event/Hospitality
Alex Williams	Accepted	Business London	Welcome Reception for London MPs	Stakeholder event	12/09/2024
Alex Williams	Accepted	John Dickie, Chief Executive, Business LDN	The London Reception at the Labour Party Conference	Stakeholder event	22/09/2024
Andy Lord	Accepted	Rail Positive Relations, Rupert Brennan Brown	Wolmar Transport Lunch	Giving keynote speech	04/09/2024
Andy Lord	Accepted	Business LDN	Business LDN: Annual Business Reception at Labour Party Conference	Networking at Labour Party Conference	22/09/2024
Andy Lord	Accepted	APTA	3 x nights at Hotel	Accommodation provided as key speaker at conference, along with airport transfers	28/09/2024
Andy Lord	Accepted	APTA	APTA Foundation Reception	Networking at Conference where Commissioner was a keynote speaker	29/09/2024
Andy Lord	Accepted	APTA	Buffet lunch provided to APTA TRANSform Conference	Buffet lunch provided at venue in between conference sessions	30/09/2024
Andy Lord	Accepted	APTA	APTA Honours Luncheon	Invited as conference speaker	01/10/2024
Andy Lord	Accepted	Grant Poulton, MD Transport Times	National Transport Awards	Commissioner presenting at Awards	03/10/2024
Andy Lord	Accepted	Mayor of London	Mayor's Annual Business Reception	Networking	16/10/2024
Christina Calderato	Accepted	UTG & Centre for Cities	Roundtable breakfast meeting at the Liberal Democrat party conference in Brighton	Attendance at Liberal Democrat party conference	16/09/2024
Christina Calderato	Accepted	Soprasteria	Guest of Soprasteria at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024
Claire Mann	Accepted	Stagecoach	Guest of Stagecoach at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024
Dharmina Shah	Accepted	Business London	BusinessLondon annual reception at Labour Party Conference	Networking at Labour Party Conference	22/09/2024
Dharmina Shah	Accepted	Capita	Guest of Capita at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024
Elizabeth Mckay	Accepted	RSA House	RSA House 250th Gala Celebration Dinner	Networking in the cultural / heritage sector	17/10/2024
Emma Strain	Accepted	PA Consulting	Guest of PA Consulting at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024
Geoff Hobbs	Accepted	Smart Classes	Lunch & Breakfast included whilst at event	Keynote speaker and attendee at event	10/10/2024
Geoff Hobbs	Accepted	Cubic Transportation Systems	Guest of Cubic Transportation Systems at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024
Graeme Craig	Accepted	London Labour Party	The London Labour Party Regional Reception, ACC Liverpool Kings Dock	This event provides an opportunity hear from key stakeholders on issues relating to London and to network with those stakeholders	21/09/2024
Graeme Craig	Accepted	Opportunity London	Opportunity London Dinner in partnership with LCA at Riva Blu Liverpool, 1 Castle St, Liverpool, L2 4SW	This is an event to promote Opportunity London's call for investment into the capital, and it provides an opportunity to network with key stakeholders	22/09/2024
Graeme Craig	Accepted	BusinessLDN in partnership with Ballymore	BusinessLDN Breakfast, Royal Liver Suite, Liver Building, Liverpool, L3 1HU	Opportunity to talk about the work we and Ballymore are doing to deliver housing in London and to network with key stakeholders	23/09/2024
Graeme Craig	Accepted	Concilio	Event at the Crowne Plaza Liverpool - The Housing Revolution and Devolution: Building 1.5m homes. Hosted by Concilio	Lunch & speaking engagement. Provided an opportunity talk positively about how we are delivering housing in London and to network with key stakeholders	23/09/2024
Graeme Craig	Accepted	Kanda / DP9	Kanda / DP9 Drinks Reception, SME4Labour pod, Arena Room 7, ACC Liverpool, Kings Dock Street, Liverpool, L3 4FP	Speaking engagement and networking opportunity	23/09/2024
Graeme Craig	Accepted	LCA	LCA Labour Party Conference Drinks Reception, The Botanist Liverpool One, Chavasse Park, Liverpool, L2 9SQ	Networking opportunity	23/09/2024
Graeme Craig	Accepted	Hadley Property Group	Dinner at Hawksmoor, 8 Brunswick Street, Liverpool, L2 0PL	Attendees include an MP, a Council Leader, and key Council cabinet members. This event provides an opportunity to network with key stakeholders	23/09/2024
Graeme Craig	Accepted	LCA	LREF Dinner with LCA, Café du Marche, 22 Charterhouse Square, London, EC1M 6DX	Networking event after the London Real Estate Forum	25/09/2024
Howard Smith	Accepted	Australasian Railway Association	Dinner with Australasian Railway Association	Networking and TfL Consultancy Clients/Partners	17/09/2024
Howard Smith	Accepted	Department of Business & Trade	Lancaster House Honours Reception	Networking and TfL Consultancy Clients/Partners	23/09/2024
Howard Smith	Accepted	Alstom	Dinner at Innotrans Event, Berlin	Networking with partners	24/09/2024
Howard Smith	Accepted	Arup	Welcome Reception	Networking and TfL Consultancy Clients/Partners	30/09/2024
Howard Smith	Accepted	Siemens	Guest of Siemens at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024
Howard Smith	Accepted	Grimshaws	Awards Dinner	Winners - receiving award for Elizabeth Line	16/10/2024
Isabel Coman	Accepted	ICE	Infrastructure Client Group annual report launch and dinner	ICE member - being part of the community	12/09/2024
Isabel Coman	Accepted	Birmingham University	InnoTrans Berlin event and Dinner with Birmingham University team	Interacting with VIP stakeholders via InnoTrans	24/09/2024
Isabel Coman	Accepted	Hitachi	InnoTrans Berlin event and Dinner with Hitachi	Interacting with VIP stakeholders via InnoTrans	25/09/2024
Isabel Coman	Accepted	Siemens	Guest of Siemens at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024
Isabel Coman	Accepted	WW+P Architects	Elizabeth line celebration at RIBA Stirling Prize 2024 Ceremony	Networking	16/10/2024
Isabel Coman	Accepted	ICE Reservoir committee	October Smeaton 300 Lunch	Member of ICE	30/10/2024
Joanna Hawkes	Accepted	Earls Court Development Company	Evening event	Event following Board meet	16/10/2024
Jonathan Wharfe	Accepted	ERIKS	lunch and gift - (water bottle and charger pack for Phone)	Guest to opening of new facility dedicated to work on TfL contract	24/10/2024
Lester Hampson	Accepted	Barratt	Dinner with Barratt	Barratt is one of our Property Development JV partners	27/08/2024
Lester Hampson	Accepted	The Earls Court Development Company - Caroline Blanchard	Greatest Showman Circus Spectacular Event	Partnership event	16/10/2024
Lilli Matson	Accepted	PA Consulting	Guest of PA Consulting at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024
Lilli Matson	Accepted	Low Carbon Networking Reception	Reception to meet US and UK delegation	Meet government and industry leaders	14/10/2024
Lisa-Jane Risk	Accepted	NLA	Drinks Reception - London Real Estate Forum	Networking opportunity - raising profile of Places for London	24/09/2024
Lorna Murphy	Accepted	Global	Guest of Global at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event. Invited to attend in capacity as Director for Women in Bus and Coach	02/10/2024
Lucinda Turner	Accepted	British Land / Berkeley Group	Women in Planning Lunch	Celebrating Women in Planning and sharing thoughts and ideas about planning reforms	16/10/2024
Luke Jarvis	Accepted	Tarmac/Kier Joint Venture	CIPS Procurement Awards Dinner	To represent TfL where relevant team members have been shortlisted for awards, one of which is with the supplier who is hosting us	18/09/2024
Luke Jarvis	Accepted	Turner & Townsend	Chartered Institution of Civil Engineering Surveyors (CICES) Annual Dinner	Sustaining working relationships	20/09/2024
Martin Boots	Accepted	Isio	Networking lunch with pension advisors	Networking with pension advisors supporting the Pension Review	24/10/2024
Martin Boots	Accepted	Isio	Business lunch with pension advisor	Working lunch collaborating with pension advisor	24/10/2024
Matt Brown	Accepted	Markettiers, Broadcast PR Agency	Ticket to PR Week Awards	Judge for the awards	16/10/2024
Michael Cooper	Accepted	Turner & Townsend	Industry networking lunch invitation from Turner & Townsend - Friday 6 December 2024	Industry networking Lunch	30/09/2024
Nick Dent	Accepted	Mott MacDonald	Guest of Mott MacDonald at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024
Nick Fairholme	Accepted	Capita	Guest of Capita at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024
Nick Fairholme	Accepted	New Civil Engineer Magazine & Taylor Woodrow	Reception and industry panel discussion event	Attendee / support industry press and long-term delivery partners	03/10/2024
Nick Owen	Accepted	Transport UK	Attendance at leaving event for company directors	Part of TfL role.	26/09/2024
Nick Owen	Accepted	Stagecoach	Guest of Stagecoach at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024
Peter McNaught	Accepted	Hitachi	Guest of Hitachi at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024
Richard Jones	Accepted	Reg Cook, Telent	Guest of Telent at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024
Sagal Dirie	Accepted	Capita	Guest of Capita at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024
Sagal Dirie	Accepted	Urban Transport Group and TfL	Ev Restaurant, The Arches 97-99 Isabella Street, London, SE1 8DD	This is part of the UTG Leadership programme and I am in the 2024-25 intake	23/10/2024
Scott Haxton	Accepted	Morgan Sindall	Guest of Morgan Sindall at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024
Scott Haxton	Accepted	New Civil Engineer Magazine & Taylor Woodrow	Invited to join industry panel discussion and reception	On the panel / support industry press and long-term delivery partners	03/10/2024
Shashi Verma	Accepted	Artha Global, a non-profit organisation, and CEPT University	Flights London to Mumbai/ Kochi/Delhi, hotel stay in Kochi. Flights Mumbai to Ahmedabad and Ahmedabad to Kochi, hotel stay in Ahmedabad,	Policy conclave called Artha Dialogues and lecture for the Ahmedabad Urban Development Authority	29/08/2024
Siwan Hayward	Accepted	PA Consulting	Guest of PA Consulting at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024
Stephen Field	Accepted	David Aleppo, Managing Director, WTW	Review meeting with WTW followed by lunch	Review meeting and networking	30/08/2024
Stephen Field	Accepted	Chris Barnes, Senior Consultant, XPS	XPS Drinks Reception	Networking	19/09/2024
Stephen Field	Accepted	David Saunders, Senior Partner, Sackers	Guest of Sackers at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024
Tricia Wright	Accepted	Miles Advisory	Women's Network Group Dinner	Annual networking dinner with Women's Network Group colleagues	28/08/2024
Tricia Wright	Accepted	XPS	Pension Advisor drinks reception	Networking with advisors used throughout the pension review process	19/09/2024
Tricia Wright	Accepted	Isio Group Limited	Lunch with Pension Advisors	Networking with Pension Advisors supporting Pension Review	24/10/2024
Trish Ashton	Accepted	Ashurst	Drinks & nibbles at DLR contract signing	Partnership offering at contract signing	02/10/2024
Will Norman	Accepted	London Marathon Events	Big Half Marathon Finish Line Hospitality for Will & 1 Guest	Networking hospitality from LME who work closely on the London Marathon and Ride London events	01/09/2024
Will Norman	Accepted	Rapha	20th Anniversary event	Attended on behalf of the Mayor of London	14/09/2024
Will Norman	Accepted	British Land	Guest of British Land at London Transport Museum Dinner and Auction	Stakeholder relationship / networking event	02/10/2024

Audit and Assurance Committee

Date: **27 November 2024**

Item: **Members' Suggestions for Future Discussion Items**

This paper will be considered in public

1 Summary

1.1 This paper presents the current forward plan for the Committee and explains how this is put together. Members are invited to suggest additional future discussion items.

2 Recommendation

2.1 **The Committee is asked to note the forward plan and is invited to raise any suggestions for future discussion items.**

3 Forward Plan Development

3.1 The Board and its Committees and Panels have forward plans. The content of the plan arises from a number of sources:

(a) standing items for each meeting: minutes; matters arising and actions list; and any regular quarterly reports. For this Committee these include quarterly risk and assurance reports and Places for London Limited assurance and Independent Investment Programme Advisory Group quarterly updates;

(b) regular items (annual, half-year or quarterly) which are for review and approval or noting: examples include the legal compliance report and TfL annual report and accounts;

(c) matters reserved for annual approval or review: examples include those already mentioned above as well as annual audit fee; and

(d) items requested by Members: the Deputy Chair of TfL and the Chair of this Committee will regularly review the forward plan and may suggest items. Other items will arise out of actions from previous meetings (including meetings of the Board or other Committees and Panels) and any issues suggested under this agenda item.

3.2 The Committee is required to meet in private, on an annual basis, with the Director of Risk and Assurance, External Auditors and the Chief Finance Officer. These discussions are scheduled after the following Committee dates:

27 November 2024	Director of Risk and Assurance/Head of Internal Audit
12 March 2025	Chief Finance Officer
June 2025	External Auditors

4 Current Plan

4.1 The current plan is attached as Appendix 1. Like all plans, it is a snapshot in time and items may be added, removed or deferred to a later date.

List of appendices to this report:

Appendix 1: Audit and Assurance Committee Forward Plan

List of Background Papers:

None

Contact Officer: Andrea Clarke, General Counsel
Email: AndreaClarke@tfl.gov.uk

Audit and Assurance Committee Forward Plan **Appendix 1**

Membership: Mark Phillips (Chair), Keith Richards OBE (Vice Chair), Cllr Ross Garrod, Anurag Gupta, Deborah Harris-Ugbomah, Tanya Joseph and Marie Pye

Standing Items		
Finance Control Environment Trend Indicators	Statutory Chief Finance Officer	Quarterly
Risk and Assurance Quarterly Report	Director of Risk and Assurance/Head of Internal Audit	Quarterly
Places for London Assurance Update	Director of Risk and Assurance	Quarterly
Independent Investment Programme Advisory Group Quarterly Report	Director of Risk and Assurance	Quarterly
Register of Gifts and Hospitality	General Counsel	Quarterly

12 March 2025		
Crtiical Accounting Policies	Statutory Chief Finance Officer	Annual
Personal Data Disclosure to Police and Other Statutory Law Enforcement Agencies	Director of Security, Policing and Enforcement	Annual
Enterprise Risk Update – Governance and Controls Suitability (ER10)	General Counsel	Annual

June 2025		
EY Letter on Independence and Objectivity	EY	Annual
EY Annual Audit Fee	EY	Annual
EY Report to Those Charged with Governance	EY	Annual
Risk and Assurance Annual Report and Assurance Statement	Director of Risk and Assurance/Head of Internal Audit	Annual
TfL Annual Report and Statement of Accounts	Chief Finance Officer	Annual
Review of Governance and the Annual Governance Statement	General Counsel	Annual

Audit and Assurance Committee Forward Planner

12 March 2025		
Legal Compliance Report	General Counsel	Bi-annual
September 2025		
TfL Statement of Accounts – Changes Made Prior to Finalisation	Statutory Chief Finance Officer	Annual
Effectiveness Review of the External Auditors	Statutory Chief Finance Officer	Annual
EY Audit Results Report	EY	Annual
Freedom of Information Update	General Counsel	Annual

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