



Finance Report

Quarter 3, 2021/22

Management results from 1 April 2021 – 11 December 2021

Board

2 February 2022



Section 1 Quarter 3, 2021/22 results: divisional performance

Divisional performance 1

TfL Group performance 2



London Underground

Tube journeys are 64% of pre-pandemic levels in Period 9, down 2% from the prior period. Passenger income is £1,043m, (£194m) lower than Budget, driven by 77 million fewer passenger journeys. However, this is still more than double the value we saw last year.

Operating costs are (£1,397m) in the year to date, lower than at the same point last year, and £34m below Budget. This is mainly driven by lower staff costs and direct coronavirus related spend.

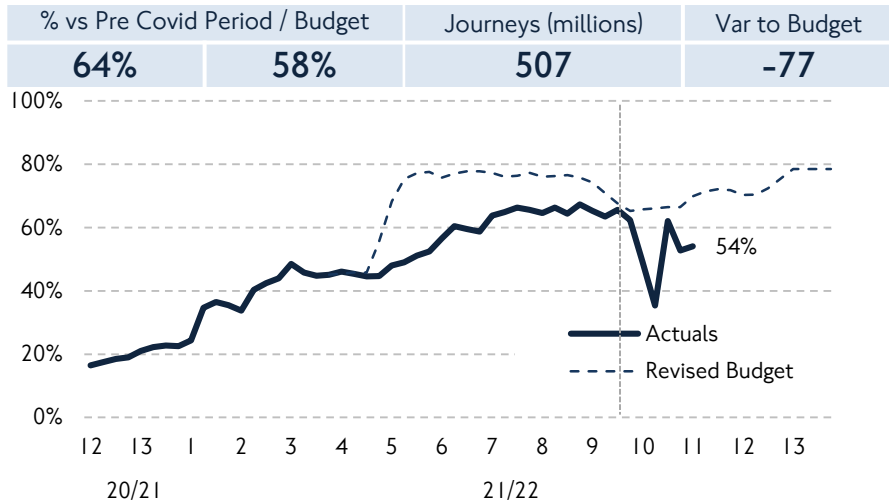
London Underground

Operating account (£m)

Passenger income
Other operating income
Total operating income
Government furlough grant
Total income
Operating costs
Net operating surplus
Indirect costs
Net financing costs
Capital renewals
Net cost of operations

New capital investment

Tube journeys compared to pre-pandemic baseline



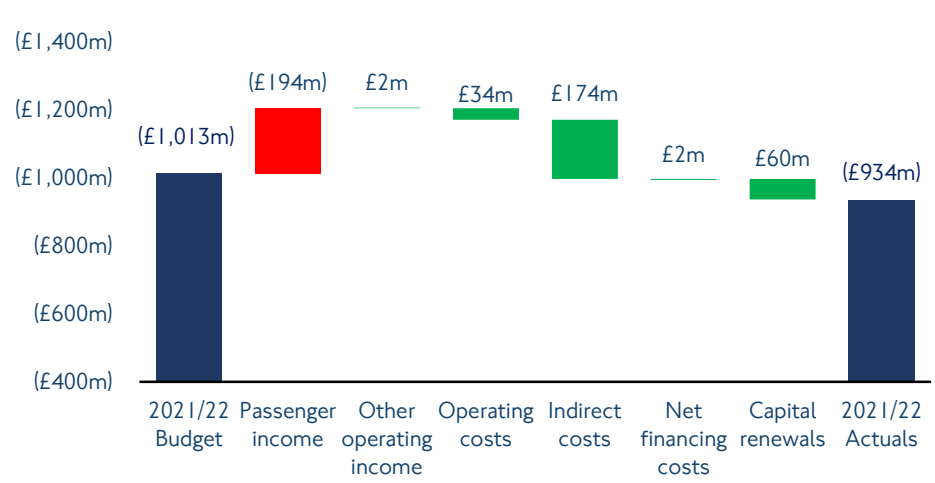
Q3 Year to date, 2021/22

Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget
1,043	1,237	(194)	-16%
17	15	2	13%
1,060	1,252	(192)	-15%
0	0	0	N/A
1,060	1,252	(192)	-15%
(1,397)	(1,431)	34	-2%
(338)	(180)	(158)	88%
(213)	(388)	174	-45%
(197)	(199)	2	-1%
(186)	(247)	60	-24%
(934)	(1,013)	79	-8%
(14)	(18)	4	-23%

Q3 Year to date, 2020/21

Last year	Variance to last year	% variance to last year
482	561	116%
11	6	51%
493	566	115%
38	(38)	-100%
531	529	100%
(1,400)	3	0%
(870)	532	-61%
(202)	(11)	6%
(195)	(2)	1%
(106)	(81)	76%
(1,373)	439	-32%
(21)	7	-31%

Net cost of operations compared to Budget



Elizabeth line

Elizabeth line journeys are 58% of pre-pandemic levels in Period 9, down from 63%. Passenger income is (£8m) lower than Budget primarily due to 4 million fewer passenger journeys, but £32m higher than last year.

Operating costs are £22m lower than Budget, mainly driven by lower rolling stock maintenance costs and lower regulatory charges (the latter offset in other operating income).

Elizabeth line

Operating account (£m)

Passenger income

Other operating income

Total operating income

Operating costs

Net operating surplus

Indirect costs

Net financing costs

Capital renewals

Net cost of operations

New capital investment

Crossrail construction

New capital investment

Q3 Year to date, 2021/22

Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget
61	69	(8)	-12%
16	24	(8)	-32%
77	93	(16)	-17%
(289)	(311)	22	-7%
(211)	(218)	6	-3%
(6)	(12)	6	-48%
(66)	(67)	1	-1%
(1)	(2)	1	-70%
(284)	(298)	14	-5%
(9)	(10)	1	-14%
(438)	(504)	67	-13%
(447)	(515)	68	-13%

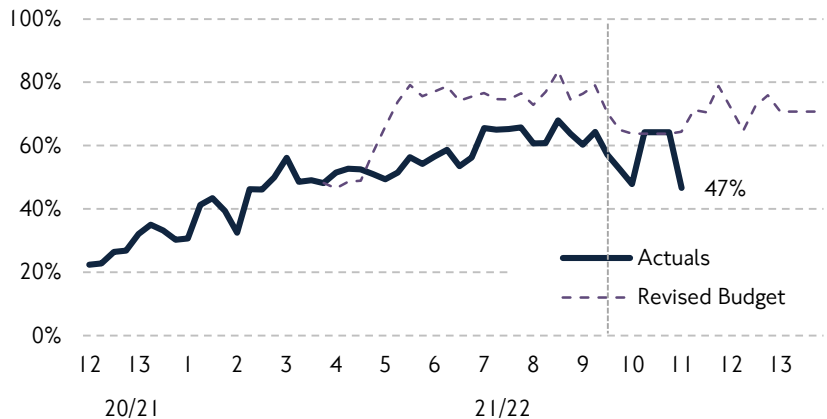
Q3 Year to date, 2020/21

Last year Variance to last year

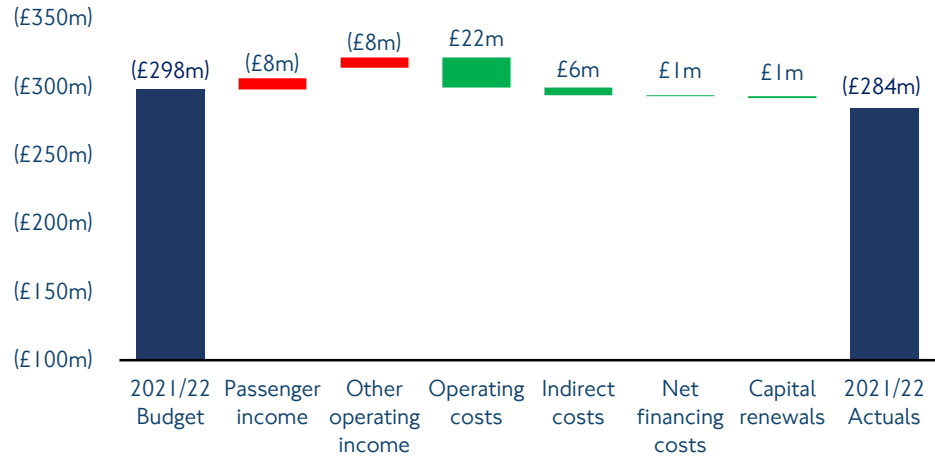
Last year	Variance to last year	% variance to last year
29	32	111%
5	12	250%
34	43	127%
(222)	(66)	30%
(188)	(23)	12%
(5)	(1)	28%
(65)	(1)	1%
0	(1)	N/A
(258)	(26)	10%
(22)	13	-59%
(522)	85	-16%
(544)	98	-18%

EL journeys compared to pre-pandemic baseline

% vs Pre Covid Period / Budget		Absolute m	Var to Bud m
58%	62%	27	-4



Net cost of operations compared to Budget



Buses, Streets & Other operations

Bus journeys are 73% of pre-pandemic levels in the latest period, up from 71%. Journeys until Period 9 were tracking close to target. Passenger income is £6m higher than Budget despite 24 million fewer journeys, a result of better than expected yield.

Other operating income is £506m, (£6m) lower than Budget driven by higher Congestion Charge income offset by lower ULEZ expansion income, the latter a result of higher than expected compliance levels.

Operating costs are £13m lower than Budget due to staff cost savings and lower bus related payments.

Buses, Streets & Other operations

Operating account (£m)

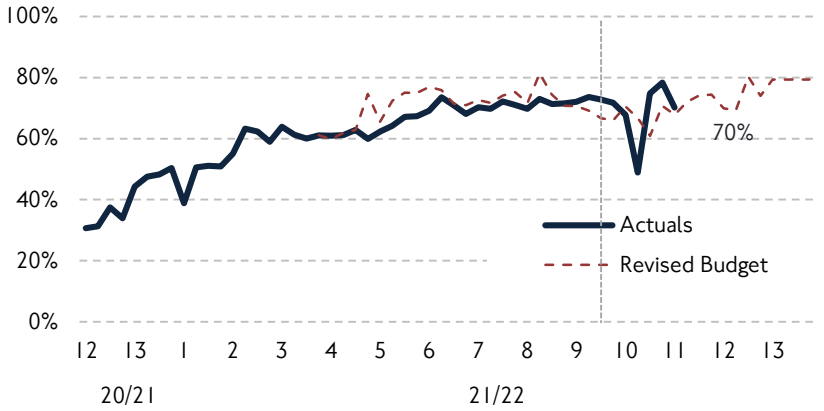
Passenger income
Other operating income
Total operating income
Government furlough grant
Total income
Operating costs
Net operating surplus
Indirect costs
Net financing costs
Capital renewals
Net cost of operations
New capital investment

Q3 Year to date, 2021/22				
Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget	
753	748	6	1%	
506	511	(6)	-1%	
1,259	1,259	0	0%	
0	0	0	N/A	
1,259	1,259	0	0%	
(1,949)	(1,961)	13	-1%	
(690)	(702)	13	-2%	
(64)	(97)	33	-34%	
(19)	(19)	0	-1%	
(70)	(81)	11	-14%	
(842)	(899)	57	-6%	
(74)	(101)	27	-27%	

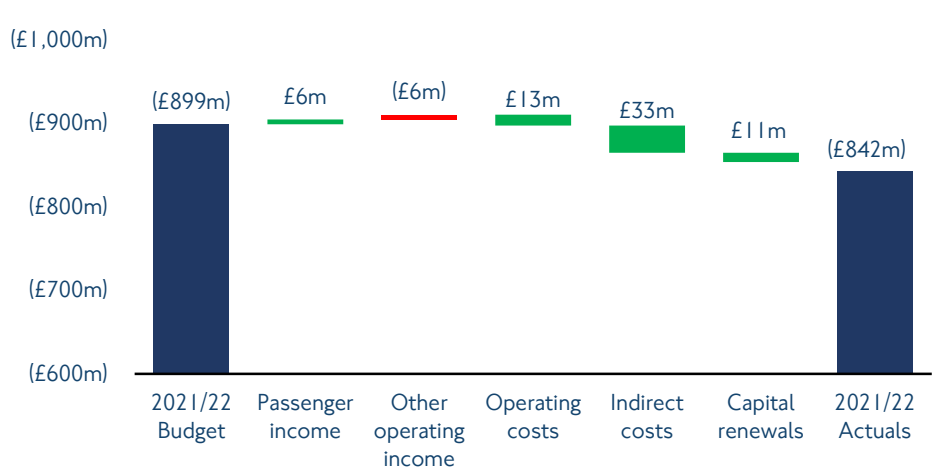
Q3 Year to date, 2020/21		
Last year	Variance to last year	% variance to last year
491	262	53%
358	148	41%
850	409	48%
9	(9)	-100%
859	400	47%
(1,931)	(18)	1%
(1,072)	383	-36%
(80)	16	-20%
(19)	(0)	1%
(61)	(9)	15%
(1,232)	390	-32%
(81)	7	-8%

Bus journeys compared to pre-pandemic baseline

% vs Pre Covid Period / Budget		Absolute m	Var to Bud m
73%	67%	1014	-24



Net cost of operations compared to Budget



Rail

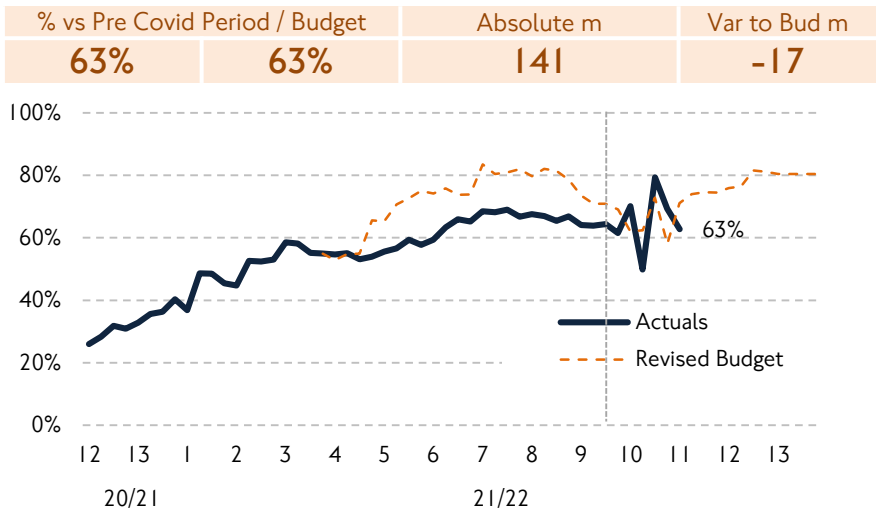
Rail journeys – including London Overground, DLR and Trams – are 63% of pre-pandemic levels in Period 9. Passenger income is (£13m) lower than Budget due to 17 million fewer journeys to date.

Operating costs are marginally down on Budget and similar to last year.

Rail

Operating account (£m)	Q3 Year to date, 2021/22				Q3 Year to date, 2020/21		
	Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget	Last year	Variance to last year	% variance to last year
Passenger income	200	213	(13)	-6%	101	99	99%
Other operating income	14	10	4	40%	4	11	299%
Total operating income	214	223	(9)	-4%	104	110	105%
Operating costs	(327)	(333)	7	-2%	(324)	(3)	1%
Net operating surplus	(113)	(111)	(2)	2%	(219)	107	-49%
Indirect costs	(11)	(17)	5	-32%	(13)	2	-13%
Net financing costs	(28)	(28)	0	-1%	(28)	(0)	1%
Capital renewals	(25)	(32)	7	-21%	(21)	(4)	18%
Net cost of operations	(177)	(188)	10	-5%	(282)	105	-37%
New capital investment	(7)	(9)	2	-21%	(15)	8	-53%

Rail journeys compared to pre-pandemic baseline



Net cost of operations compared to Budget



Major Projects Directorate

Year to date capital spend is £31m lower than Budget, driven by £21m in-year slippage for land purchase required for the DLR HIF project; forecast later this year following delays to funding from government. Spend also lower due to resource shortages for Piccadilly line rolling stock infrastructure work as well as delays to Elephant & Castle station Development Agreement, which has now been signed.

Major Projects Directorate

Operating account (£m)

Other operating income
Total operating income
Government furlough grant
Total income
Operating costs
Net operating surplus
Indirect costs
Net financing costs
Capital renewals
Net cost of operations

New capital investment

Actuals	Q3 Year to date, 2021/22		
	Revised Budget	Variance to Revised Budget	% variance to Revised Budget
6	7	(2)	-23%
6	7	(2)	-23%
0	0	0	N/A
6	7	(2)	-23%
(9)	(13)	4	-31%
(3)	(5)	2	-41%
(18)	(24)	6	-25%
0	0	0	N/A
(5)	(6)	1	-17%
(26)	(35)	9	-26%
(370)	(401)	31	-8%

Q3 Year to date, 2020/21		
Last year	Variance to last year	% variance to last year
5	1	15%
5	1	15%
2	(2)	-100%
7	(2)	-23%
(33)	24	-74%
(26)	23	-88%
(23)	6	-24%
0	0	N/A
(2)	(3)	196%
(51)	25	-50%
(319)	(51)	16%

Four Line Modernisation



The programme achieved a major milestone on 12 September 2021 when the first timetable change enabled by the new signalling system was introduced. Journey times have been reduced by 10 per cent and reliability of the timetable has since improved.

Software development and infrastructure works for the future migration areas continued. Notably, during weekend closures in November 2021, the programme continued Upminster depot installation works and completed commissioning of the Harrow on the Hill plate rack required for signalling migration area (SMA) 9.

In December 2021, the programme's ongoing commitment to the highest standards of safety led to the achievement of over four million hours worked since the last RIDDOR reported incident.

Barking Riverside



Delivery of the physical works is well advanced with the installation of track on the viaduct completed as planned in October 2021. The focus is now on installing the remaining rail systems on the viaduct ahead of the final signalling stage commissioning planned for April 2022.

At the station, the installation, testing and commissioning of systems continues ahead of completing the quality assurance activities that ramp up towards the end of this year.

Our most likely date to enter into service remains autumn 2022.

Bank Station Upgrade



The works and preparation activities leading to the start of the 17-week closure of the Bank branch of the Northern line from Kennington to Moorgate are progressing to plan.

The closure will allow the completion of the intricate work needed to connect the new tunnels to the existing railway, as well as to fit out the new station, install the final sections of track, complete work in the tunnels constructed during the project and integrate all the new systems installed in the station.

Section 2 Quarter 3, 2021/22 results: TfL Group performance

Divisional performance 1

TfL Group performance 2



Headlines

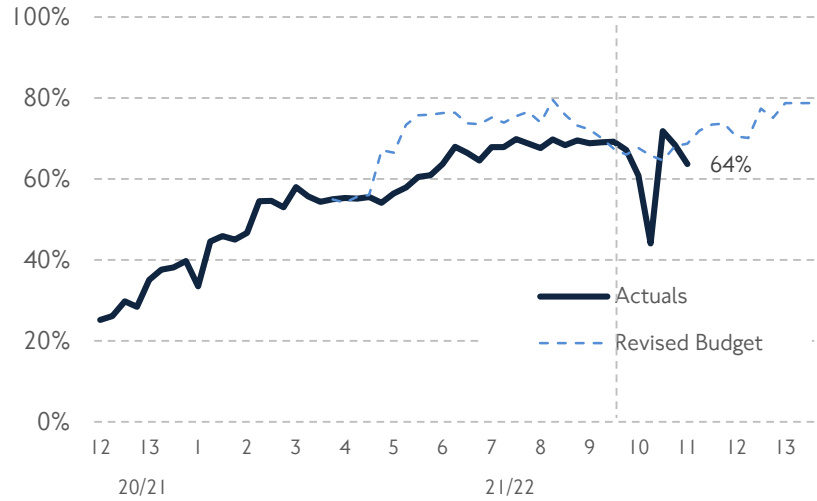
Passenger journeys and income saw growth up to Q2, but have remained broadly flat throughout Q3. Total TfL journeys are 68% of pre-pandemic levels in Period 9. Passenger income is nearly £1bn higher than last year, but 66% of historical levels.

Journeys declined at the end of the period, following the introduction of the government's Plan B, including guidance to work from home where possible. Journeys rebounded in the first full week of January 2022, but the outlook remains uncertain.

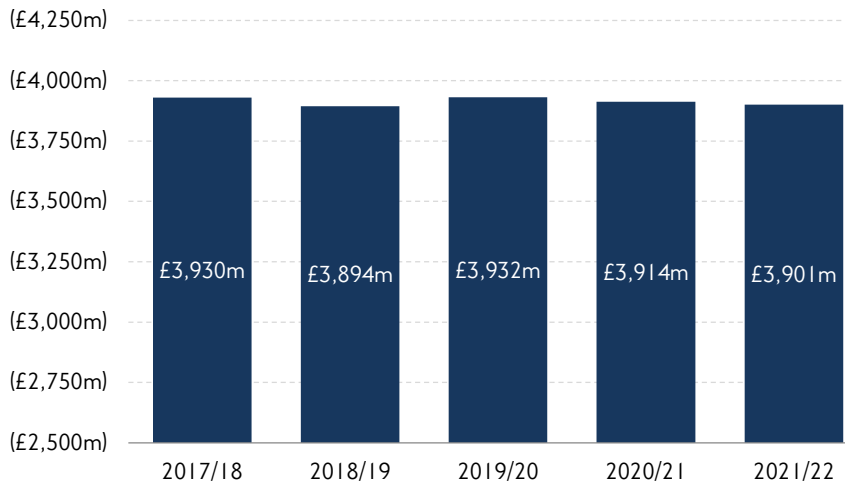
Since the end of Q3, we have agreed a new funding agreement with government covering the period to 4 February 2022. Cash balances remain broadly in line with expectations - with recent balances close to £1.2bn - although we expect these to dip below minimum cash levels by year end.

Headlines

Total passenger journeys 64% of pre-pandemic levels and below target after the festive period

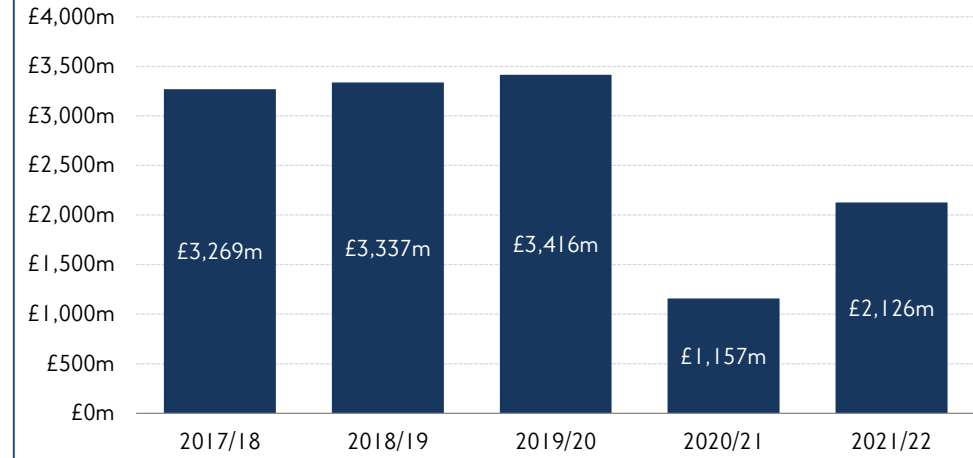


Like-for-like operating costs lower than last year, with our savings programme mitigating impacts of inflationary pressures



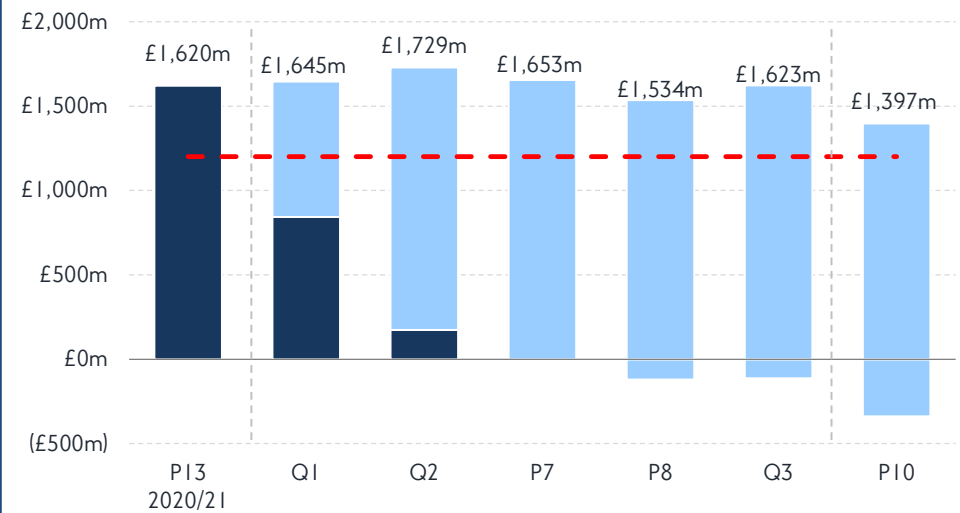
Individual years show year-to-date passenger income to end of Period 9.

Passenger income is nearly £1bn higher than last year, but £181m lower than Budget and 66% of pre-pandemic levels



Individual years show year-to-date passenger income to end of Period 9.

Cash balances temporarily high, but beginning to reduce as government funding declines



Passenger journeys

Total passenger journeys are 68% of the pre-pandemic levels in Period 9, which is above target. Throughout Q3, passenger demand was plateauing. However, following the Government announcement of Plan B restrictions, journeys declined throughout the festive period.

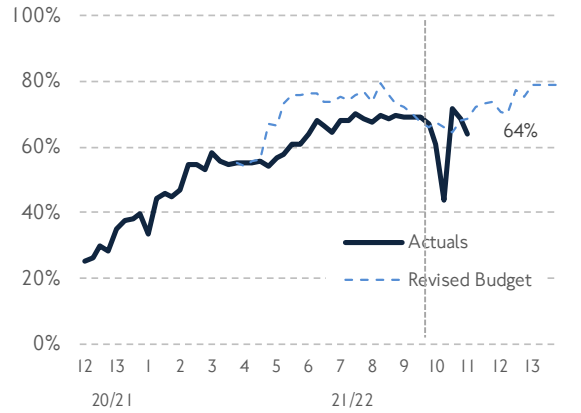
Bus and Tube journeys are at 73% and 64% of pre-pandemic levels respectively at the end of Period 9.

We had originally budgeted for journeys to increase during Q4; however, as we continue through winter with the Omicron variant, the outlook remains highly uncertain.

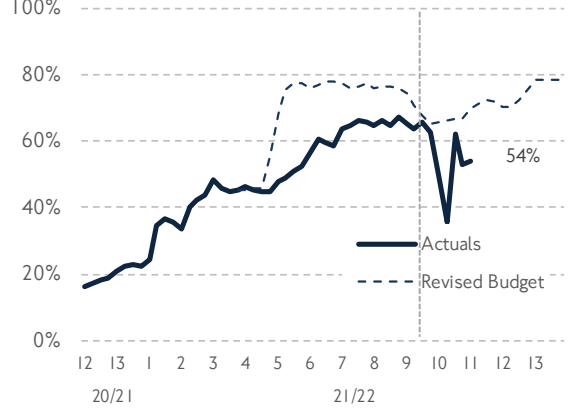
Passenger journeys

Journeys compared to pre-pandemic baseline (adjusted 2018/19 journeys)
 Target is budgeted demand against this baseline; 'P' denotes latest period; 'Y' denotes year-to-date performance

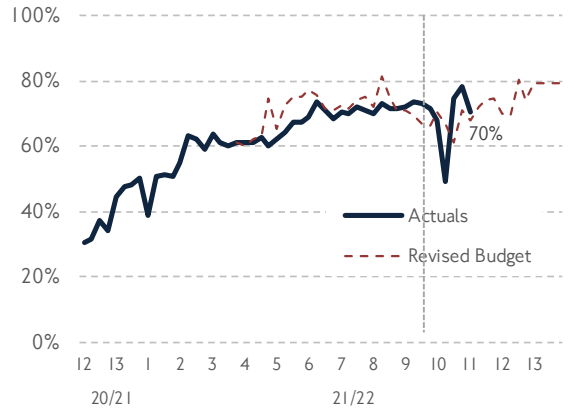
TfL	% vs Pre Covid Period / Budget		Absolute m		Var to Bud m
	68%	63%	P	228	-1
			Y	1689	-121



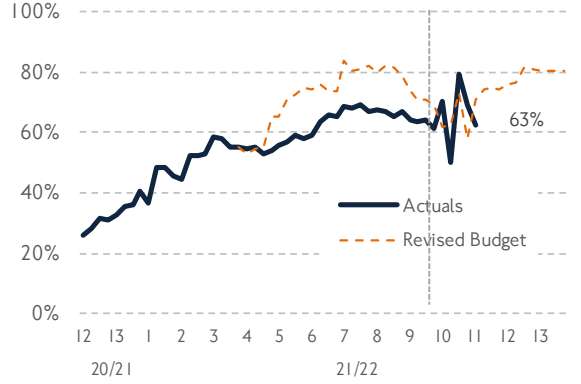
LU	% vs Pre Covid Period / Budget		Absolute m		Var to Bud m
	64%	58%	P	76	-6
			Y	507	-77



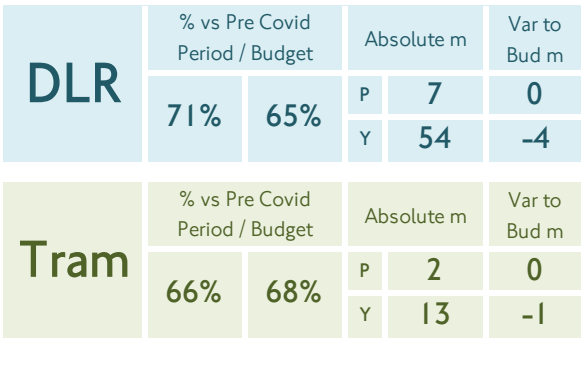
Bus	% vs Pre Covid Period / Budget		Absolute m		Var to Bud m
	73%	67%	P	131	8
			Y	1014	-24



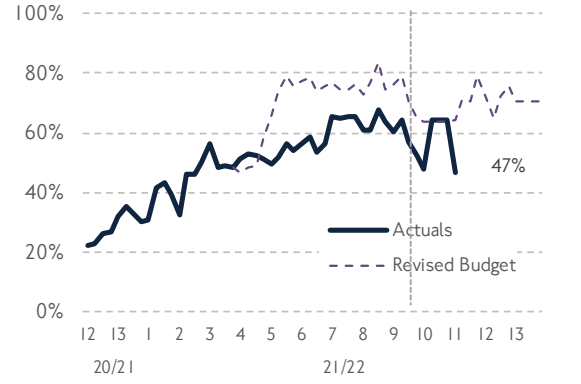
Rail	% vs Pre Covid Period / Budget		Absolute m		Var to Bud m
	63%	63%	P	18	-2
			Y	141	-17



LO	% vs Pre Covid Period / Budget		Absolute m		Var to Bud m
	59%	61%	P	9	-2
			Y	75	-12



TfLR	% vs Pre Covid Period / Budget		Absolute m		Var to Bud m
	58%	62%	P	3	-1
			Y	27	-4



Operating account

Passenger income is £2,126m year to date, which despite being nearly £1bn higher than last year, is (£181m) below Budget. This is driven by lower journeys across all modes. Other operating income is £10m higher than Budget, driven by higher Congestion Charge, advertising and property income, offset by lower ULEZ expansion income.

Operating costs are £281m below Budget: lower underlying costs (£96m), timing differences (£131m), and from the release of contingency (£60m) held to mitigate high risk uncertainties.

Extraordinary revenue grant is £196m higher than Budget, a result of higher revenue top up, which offsets lower passenger income.

Operating account

Operating account (£m)

Passenger income	Other operating income	Total operating income	Business Rates Retention	Revenue grant	Government furlough grant	Total income	Operating cost	Net operating surplus	Net financing costs	Net cost of operations after financing	Capital renewals	Net cost of operations	Extraordinary revenue grant	Net cost of operations after extraordinary revenue grant
------------------	------------------------	-------------------------------	--------------------------	---------------	---------------------------	---------------------	----------------	------------------------------	---------------------	---	------------------	-------------------------------	-----------------------------	---

Q3 Year to date, 2021/22			
Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget
2,126	2,308	(181)	-8%
741	731	10	1%
2,868	3,039	(171)	-6%
656	660	(5)	-1%
51	47	4	9%
0	0	0	N/A
3,575	3,746	(172)	-5%
(4,462)	(4,742)	281	-6%
(887)	(996)	109	-11%
(309)	(313)	4	-1%
(1,196)	(1,309)	113	-9%
(310)	(429)	119	-28%
(1,507)	(1,738)	232	-13%
1,544	1,348	196	15%
37	(390)	427	-110%

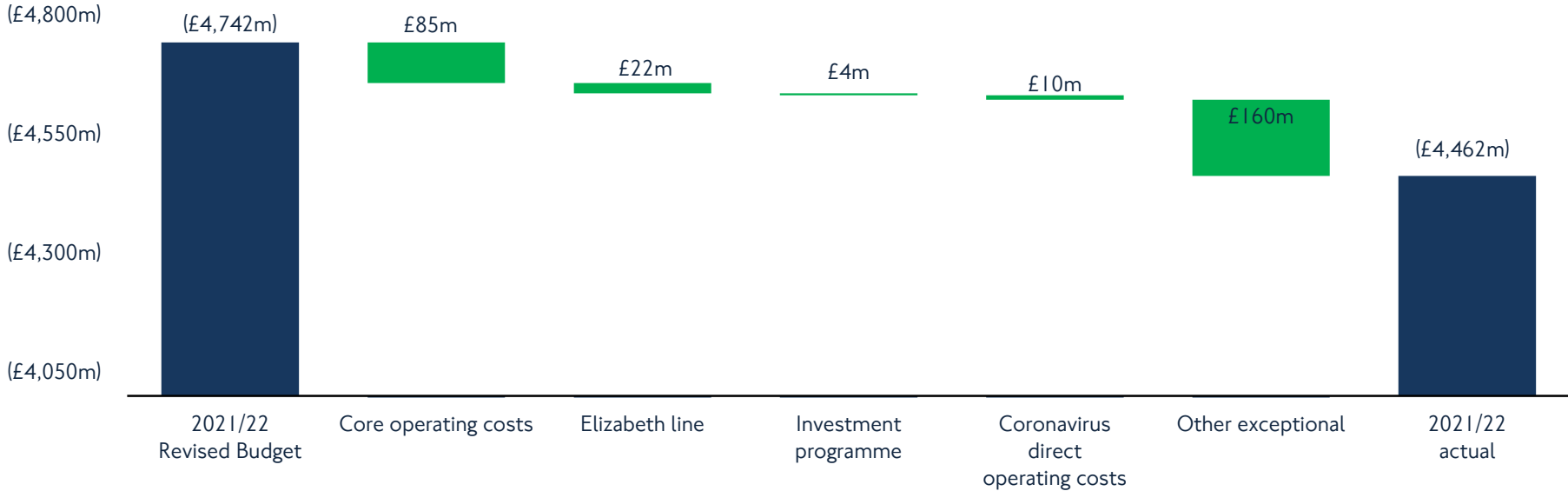
Q3 Year to date, 2020/21		
Last year	Variance to last year	% variance to last year
1,157	969	84%
522	219	42%
1,679	1,189	71%
659	(3)	-1%
22	29	130%
58	(58)	-100%
2,419	1,156	48%
(4,414)	(47)	1%
(1,996)	1,109	-56%
(307)	(2)	1%
(2,303)	1,107	-48%
(202)	(108)	54%
(2,505)	998	-40%
1,497	47	3%
(1,008)	1,045	-104%

Operating costs

Total operating costs £281m lower than Budget. Underlying costs are £96m better than expected, driven by new efficiencies (including staff cost savings), and cost reductions from lower bus performance payments, lower LU traction costs, and lower maintenance costs in Rail.

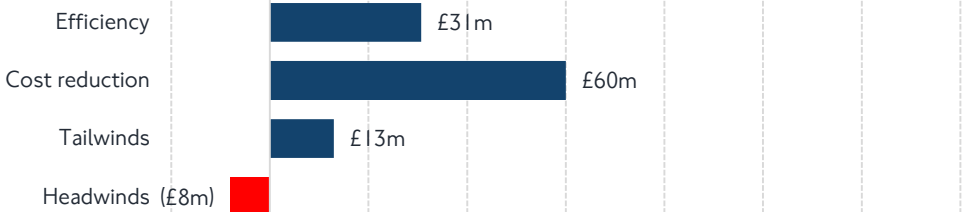
Operating account contingency release of £60m in the year to date, in place to offset high risk operating account uncertainties e.g. Congestion Charge and Ultra Low Emission Zone revenues.

Operating costs



Operating costs: drivers of year-to-date variances (£m)

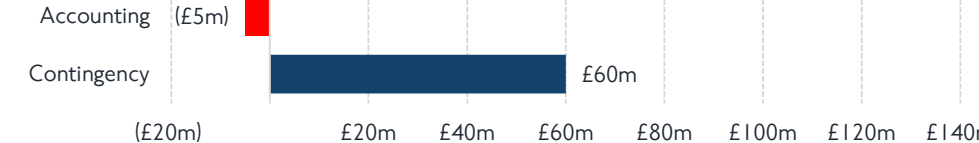
Underlying costs £96 better



Timing differences of £131m



Accounting and contingency £55m favourable



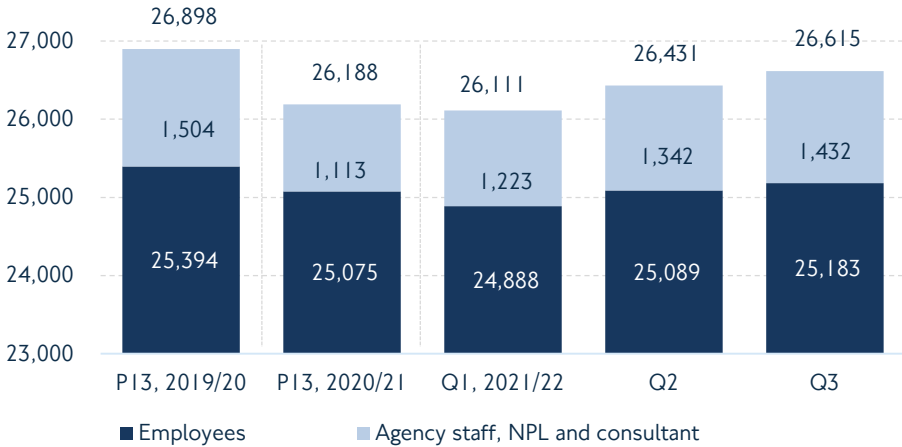
Staff

TfL staff levels are just over 280 lower than pre-pandemic levels. We have increased staff levels this year by around 420 FTE, following the introduction of Northern Line Extension operations, as well as ramping up preparations for Elizabeth line services.

Permanent employee numbers are just over 100 higher than last year; agency and NPL staff have increased by over 300, offering the organisation greater flexibility in the face of continued funding uncertainty.

Staff excl. Crossrail construction

Headcount trends since 2019/20

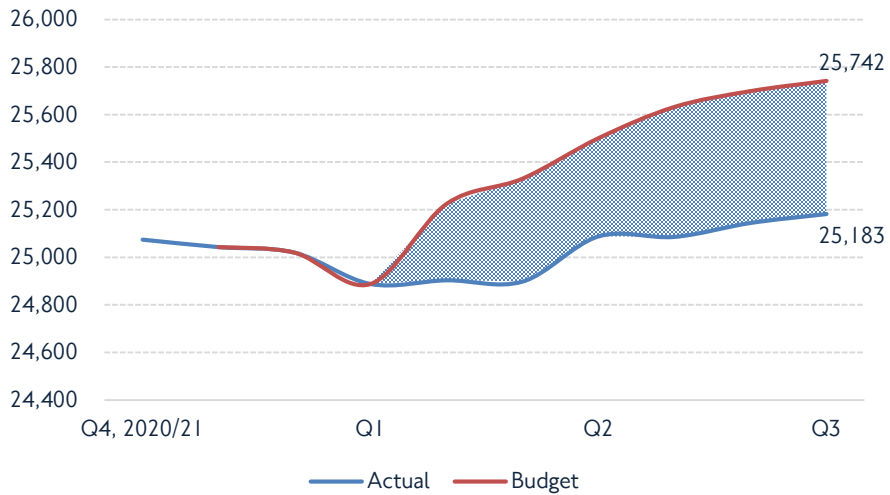


Total staff over 280 lower than pre-pandemic levels

- Agency, NPL and consultants down by over 70 FTE; increases this year to provide greater organisational flexibility
- Permanent employees down by over 200 since 2019/20 and broadly in line with last year

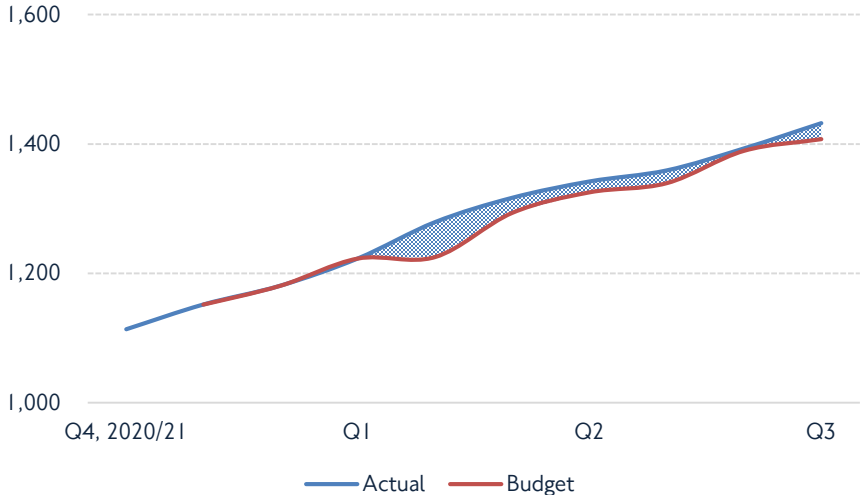
Permanent staff (FTE): actuals and Revised Budget

Permanent employees broadly higher than the end of 2020/21, but over 550 lower than Budget from recruitment delays, a competitive external market and leavers averaging 170 per period.



Agency and NPL staff (FTE): actuals and Revised Budget

Agency and NPL FTE up by over 300 since the end of 2020/21, and broadly in line with Budget. In context of economic and funding uncertainty, greater use of agency employees provides organisational flexibility.



Capital account

Total TfL capital expenditure (excluding Crossrail construction) is £257m lower than target, largely a result of project slippage and deferrals driven by short term and stop-start nature of funding agreements, and increased spend controls.

Property and asset receipts are (£90m) lower than Budget, driven by later than expected property disposals including 1 Oxford Street and Lillie Bridge depot.

Capital account

Capital account (£m)	Q3 Year to date, 2021/22				Q3 Year to date, 2020/21		
	Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget	Last year	Variance to last year	% variance to last year
New capital investment	(536)	(674)	138	-20%	(513)	(23)	4%
Crossrail	(438)	(504)	67	-13%	(522)	85	-16%
Total capital expenditure	(974)	(1,179)	205	-17%	(1,036)	62	-6%
Financed by:							
Investment grant	633	686	(53)	-8%	619	14	2%
Property and asset receipts	51	140	(90)	-64%	8	43	548%
Borrowing	1	1	(0)	-26%	507	(506)	-100%
Crossrail borrowing	74	74	0	0%	473	(399)	-84%
Crossrail funding sources	400	445	(45)	-10%	68	333	492%
Other capital grants	26	47	(21)	-45%	100	(74)	-74%
Total	1,184	1,393	(209)	-15%	1,774	(590)	-33%
Net capital account	210	214	(4)	-2%	738	(528)	-72%
Capital renewals	(310)	(429)	119	-28%	(202)	(108)	54%
New capital investment	(536)	(674)	138	-20%	(513)	(23)	4%
Total TfL capital expenditure	(847)	(1,103)	257	-23%	(715)	(131)	18%

Capital expenditure

Total capital expenditure is £257m lower than Budget, driven by slippage and deferrals as well as the release of capital contingency (£20m) held to mitigate high risk uncertainties.

The stop-start nature of the funding agreements alongside associated project approval and contractual delays are partly responsible for the underspend.

Capital expenditure by programme: year to date, 2021/22

Capital renewals and new capital investment (£m)	Q3 Year to date, 2021/22				Q3 Year to date, 2020/21		
	Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget	Last year	Variance to last year	% variance to last year
Major projects	(374)	(406)	32	-8%	(320)	(54)	17%
Northern Line Extension	(48)	(48)	0	1%	(74)	26	-35%
Four Lines Modernisation	(95)	(96)	1	-1%	(63)	(32)	51%
Major Stations	(44)	(53)	9	-18%	(50)	6	-13%
Railway Systems Enhancements	(4)	(5)	1	-17%	(8)	4	-53%
Piccadilly line trains	(98)	(98)	0	0%	(59)	(39)	68%
DLR Rolling Stock	(52)	(72)	20	-28%	(30)	(22)	74%
Barking Riverside	(26)	(26)	0	0%	(32)	6	-17%
Silvertown Tunnel	(8)	(9)	1	-12%	(5)	(3)	60%
Elizabeth line - infrastructure	(10)	(13)	3	-23%	(22)	12	-56%
LU	(201)	(265)	64	-24%	(127)	(74)	58%
Capital renewals	(186)	(246)	60	-24%	(105)	(81)	76%
New capital investment	(14)	(18)	4	-23%	(21)	7	-31%
Surface Transport	(177)	(223)	46	-21%	(178)	1	0%
Healthy Streets	(29)	(44)	15	-33%	(27)	(2)	6%
Surface - assets	(61)	(65)	4	-6%	(49)	(12)	24%
Surface Tech	(19)	(28)	9	-32%	(9)	(10)	99%
Public Transport	(36)	(47)	11	-24%	(41)	5	-13%
Air Quality and environment	(31)	(38)	7	-18%	(50)	19	-37%
Corporate programmes	(63)	(99)	36	-36%	(40)	(23)	55%
Professional Services	(63)	(100)	37	-37%	(50)	(13)	27%
Media	0	0	0	-7767%	9	(9)	-104%
Commercial Development	(22)	(75)	53	-71%	(26)	4	-16%
Estates and facilities	(1)	(2)	1	-47%	0	(1)	2912%
Property development	(21)	(74)	53	-71%	(26)	5	-20%
Total TfL	(847)	(1,084)	237	-22%	(716)	(131)	18%
Capital contingency	0	(20)	20	-100%	0	0	N/A
TfL incl. capital contingency	(847)	(1,104)	257	-23%	(716)	(131)	18%



Cash balances

Total cash balances are just above £1.6bn at the end of Period 9, £116m higher than Budget, a result of timing of extraordinary revenue grant and lower operating and capital costs.

Our latest cash forecast for the year gradually declines as we receive lower levels of government funding. The current funding agreement with government covers the period to 4 February 2022, and includes top up funding (up to an agreed limit) for passenger income.

The latest cash forecast includes £136m of revenue true up as part of the latest funding agreement. From this point, we expect cash balances to further decline to between £968m-£1,072m at year end.

Cash balances and latest forecast

TfL closing cash balances

2020/21	2021/22 cash movement	Q3, 2021/22 closing cash	Q3, 2021/22: variance to Revised Budget
1,620	4	1,623	116

Cash balances and latest cash forecast, 2021/22

