

Date: 24 November 2022

Item: Finance and Risk Update

This paper will be considered in public

1 Summary

- 1.1 This paper provides an update on the financial performance and risk management process at Period 7 2022/23.
- 1.2 A paper is included on the Part 2 agenda which contains supplementary information that is exempt from publication 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 and other parties. Any discussion of that exempt information must take place after the press and public have been excluded from the meeting.

2 Recommendation

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

3 Elizabeth Line Operational Finance

- 3.1 In the year to date (YTD) to Period 7, passenger journeys for the Elizabeth line exceeded budget by 20 million. This was due to the Central Section opening five weeks earlier than assumed, plus higher than expected passenger numbers across the whole line. Fares income was, therefore, £29m above budget as a consequence.
- 3.2 YTD, direct operating costs were £9m lower than budget, and the Net Operating Deficit for the Elizabeth line was £122m, £38m favourable to budget. Elizabeth line capital expenditure was £2m lower than budget for the YTD.
- 3.3 The Elizabeth line is on target to break-even in the year 2023/24.

4 Crossrail Programme Financial Performance

- 4.1 Spend in Period 7 was £15m and is £143m for the YTD. The period spend was £3m below the Delivery Control Schedule 1.2 (DCS1.2) Budget and the Programme is £47m below the DCS1.2 Budget for the YTD.

- 4.2 On average the Programme has seen an underspend of £7m a period in this financial year mainly driven by rephasing of contingencies and a reduction of the programme Anticipated Final Crossrail Direct Cost (AFCDC).
- 4.3 The number of Crossrail full time equivalent staff is 327 (note this excludes consultancy resource). This was 72 higher than what had been forecast in the DCS1.2 Workforce Plan, driven by role extensions.

5 Anticipated Final Crossrail Direct Cost

- 5.1 In Period 7 the P50 (50th percentile) AFCDC was reduced by £3m to £15,935m reflecting a reduction in risk exposure following the bringing into use of Bond Street Station and the completion of the Canary Wharf contract.

6 Funding

- 6.1 In Period 6, as part of the recent funding agreement with Government, a further £98.5m of funding became available to the Project, resulting in a revised funding package of £15,887.5m.
- 6.2 This is £47m below the P50 AFCDC, and £63m below the at P80 (80th percentile) AFCDC of £15,956m. Both remain well below the “up to £1.1bn” additional requirement originally expected at the point of transition to full TfL governance.
- 6.3 The AFCDC has reduced in each of the last two periods, reflecting greater certainty in delivery and progress on the contract completions. Work continues which aims to reduce the AFCDC further in future periods.

Risk

- 7.1 There are five Level 1 Risks at Period 7.
- 7.2 These risks summarise the significant risks that face the Elizabeth line and residual Crossrail Programme. Review and update of Level 1 and working-level risks is a well-established part of senior management activity, with a substantive review of risks and interventions on a four-weekly basis.

List of appendices to this report:

Exempt supplemental information is contained in a paper on Part 2 of the agenda.

List of Background Papers:

None

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