

**TfL Audit and Assurance
Committee
Performance Metrics
Quarter 2, 2022/23**

**30 November 2022
Appendix I**



Forecasting accuracy

Q2, 2022/23

It is important to track forecast variance as a mechanism for monitoring and managing forecast quality. It also focusses management attention on underlying performance, allowing them to make timely decisions and interventions based on a realistic understanding of performance and gap to targets.

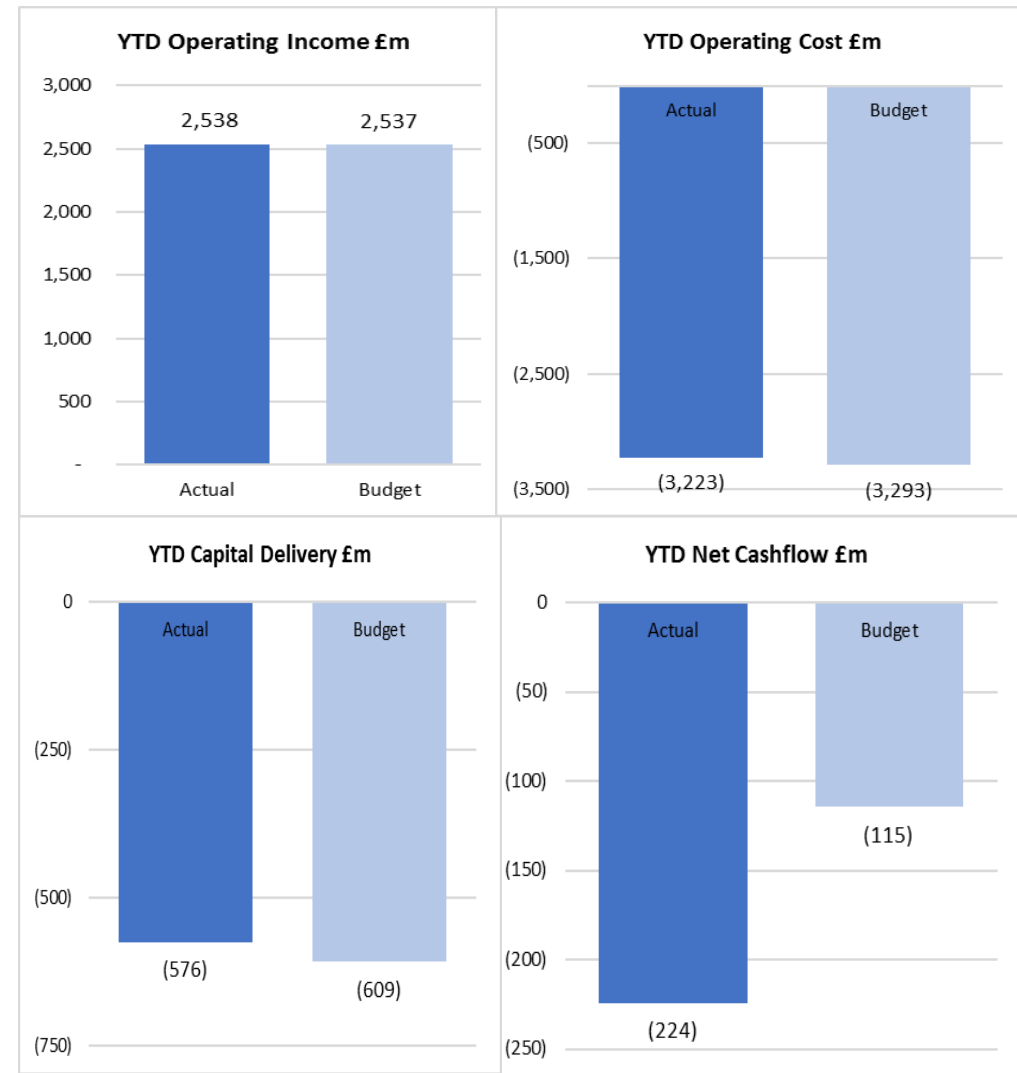
By continuing to track these measures management can rigorously evaluate the financial impact of planning decisions, offering the opportunity to change direction if decisions have not had the desired result or if new opportunities present themselves.

Given our variances are all circa 2% we conclude that this control is operating effectively.

Quarterly Forecasting Accuracy*				
£m	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Operating Income	1,169	1,480	1,264	1,274
Variance to reported Budget	(70)	(194)	5	(4)
Operating Cost	(1,481)	(2,016)	(1,633)	(1,590)
Variance to reported Budget	80	(321)	18	52
Capital Delivery**	(288)	(522)	(293)	(283)
Variance to reported Budget	71	(49)	4	29
Net Cashflow	(115)	(321)	(10)	(214)
Variance to reported Budget	56	(12)	(40)	(69)

YTD Forecasting Accuracy - Q2 2022/23

£m	YTD
Operating Income	
Actual	2,538
Budget	2,537
Operating Cost	
Actual	(3,223)
Budget	(3,293)
Capital Delivery	
Actual	(576)
Budget	(609)
Net Cashflow	
Actual	(224)
Budget	(115)



* Reported Budget - 2021/22 Revised Budget for Q2-Q4 2022 and the 2022/23 Budget for Q1 2023

** Total TfL capital expenditure excludes amounts relating to Crossrail and TTLP

Processing metrics

Q2, 2022/23

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 £270k for Q3. Overall, open items in Q3 with the items less than 30 days open stands at £10.66m, a reduction of nearly £5m on Q1. The volume of open items in Q2 have now decreased as vacancies have now been filled.

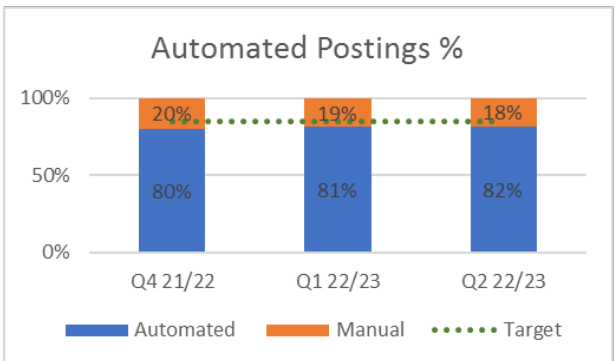
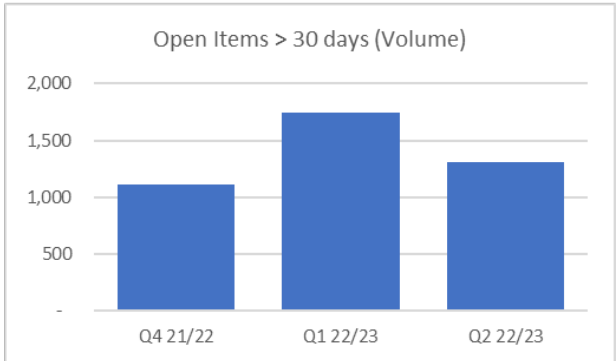
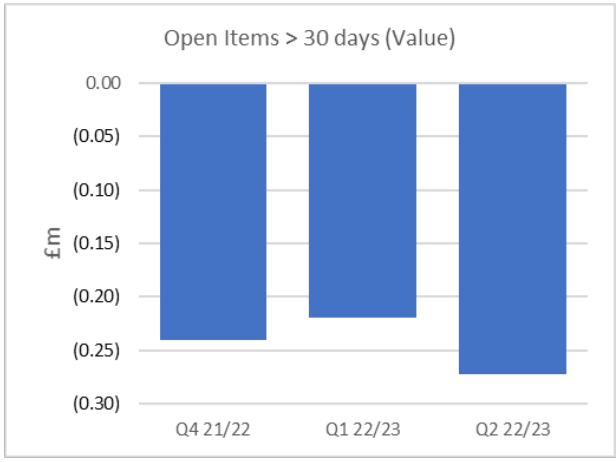
Automated Postings % measures the proportion of transactions which are automatically reconciled in SAP (accounting software). Manually checking and matching transactions and preparing / posting journals is time consuming and increases the risk of error and inconsistency.

The volume of manual postings continues to improve and stands at 18% in Q2.

Therefore, at 82% for Q2 we are closing the gap to our new target set of 85% for automated postings. This was recently revised up, after achieving the target of 80% in 2021/22.

Quarterly Figures

£m	Q3 21/22	Q4 21/22	Q1 22/23	Q2 22/23
Open Items < 30 days (£m Value)	(2.15)	(31.03)	(15.53)	(10.66)
Open Items > 30 days (£m Value)	(0.29)	(0.24)	(0.22)	(0.27)
Open Items < 30 days (Volume)	1,600	1,227	2,182	1,575
Open Items > 30 days (Volume)	722	1,110	1,744	1,312
Automated Postings %				
Automated	9,834	12,690	10,785	10,747
Manual	1,965	2,499	2,004	1,970
Automated	80%	80%	81%	82%
Manual	20%	20%	19%	18%
Target (for year-end 22/23)	85%	85%	85%	85%



Procurement metrics

Q2, 2022/23

Benefits Delivery:

- Floor of £50m in benefits and target of £85m has been set for P&C for FY22/23. £41.2m of benefits have been validated in the first 2 quarters.
- There is a strong degree of confidence that the target will be exceeded for the full year.

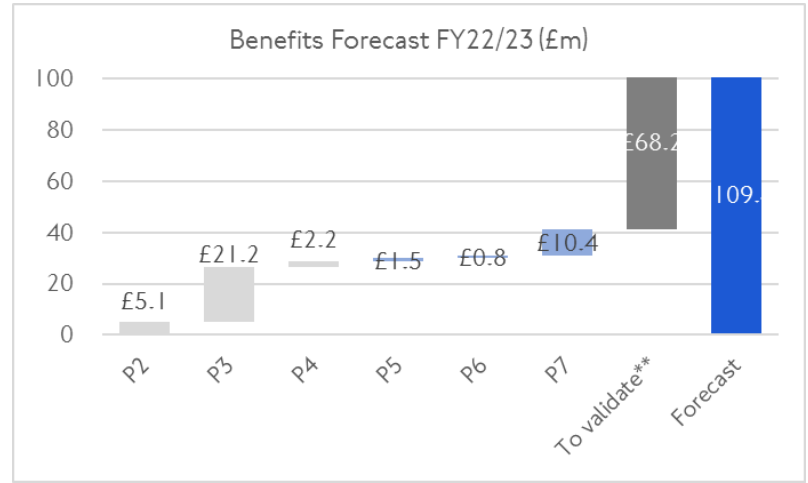
Direct Awards

- The profile of direct awards continues to follow the profile of renewals of existing asset, where our ability to competitively tender work is limited.
- Highest value items in Q2 were S7 S8 Overhaul of Couplers for S-Stock Fleet (£9m derogation) and Platform Edge Door mid-life overhaul (£7m derogation)

Retrospective spend:

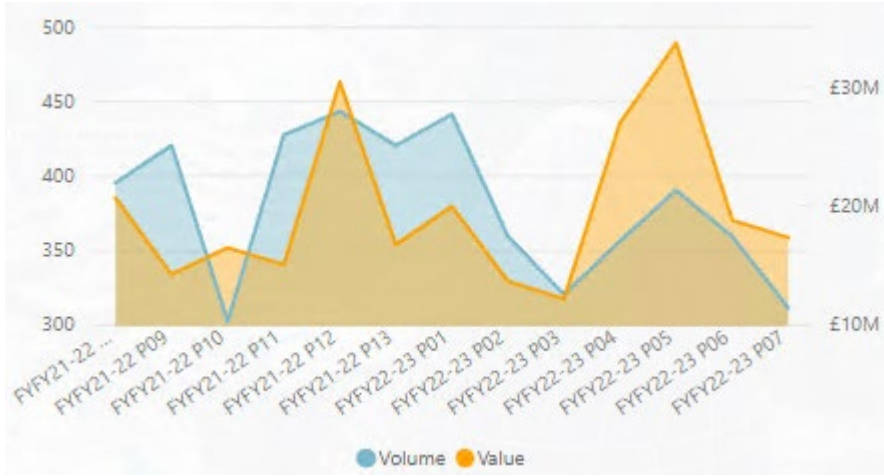
- Highest value amount in Q2 was £17m payment to 345 Rail Leasing

Benefit delivery



**adjusted to 75% confidence level

Profile of retrospective spend



Direct awards

