

Date: 24 January 2023

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 at Period 9 2022/23 and on risk management progress.
- 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 9, passenger journeys for the Elizabeth line exceeded budget by £32¹ million. This was due to both the opening of the Central Section and the start of through running being earlier than assumed, plus higher than expected passenger numbers across the whole line. Fares income was, therefore, £49m above budget as a consequence.
- 3.2 YTD, direct operating costs were £14m lower than budget, and the Net Operating Deficit for the Elizabeth line was £123m, £65m favourable to budget. Elizabeth line capital expenditure was £8m lower than budget for the YTD.
- 3.3 On 7 December 2022, the Board approved the Revised Budget as the reporting baseline for the remainder of this year. YTD to Period 9, passenger journeys for the Elizabeth line exceeded Revised Budget by three million. This was due to higher than expected passenger numbers across the whole line following the start of through running. Fares income was, therefore, £9m above Revised Budget as a consequence.

¹ This was corrected at the meeting to 32 million passenger journeys (not £).

- 3.4 YTD, direct operating costs were in line with Revised Budget, and the Net Operating Deficit for the Elizabeth line was £10m favourable to Revised Budget. Elizabeth line capital expenditure was £2m lower than Revised Budget for the YTD.
- 3.5 The Elizabeth line is on target to break-even in the year 2023/24.

4 Crossrail Programme Financial Performance

- 4.1 Spend in Period 9 was £111m, and £172m for the financial year to date. The period spend was £3m below the Delivery Control Schedule 1.2 (DCS1.2) Budget and the Programme is £48m below the DCS1.2 Budget for the year to date.
- 4.2 On average the Programme has seen an underspend of £5m a period in this financial year mainly driven by rephasing of contingencies and reduction of programme Anticipated Final Crossrail Direct Cost (AFCDC).
- 4.3 The number of Crossrail full time equivalent staff is 284 (note this excludes any consultancy resource). This was 54 higher than had been forecast in the DCS1.2 Workforce Plan, driven by role extensions based on agreed Crossrail close out strategy.

5 Anticipated Final Crossrail Direct Cost

- 5.1 In Period 9 the P50 (50th percentile) AFCDC was £15,931m, £4m lower than the reported value in Period 7, reflecting a reduction in risk exposure following the successful delivery on Stage 5b minus.

6 Funding

- 6.1 The total funding package for the programme remained unchanged at £15,887.5m. The last approved funding increase was granted in Period 7 for a total increase of £98.5m.
- 6.2 The total funding package is £44m below the P50 AFCDC, and £59m below the P80 (80th percentile) AFCDC of £15,947m. Both remain well below the “up to £1.1bn” requirement.

7 Risk

- 7.1 There are 4 Level 1 Risks at Period 9.
- 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 supplementary information is contained in a paper on Part 2 of the agenda.

List of Background Papers:

None

Contact Officer: Rachel McLean, Chief Finance Officer
Email: rachelmclean@crossrail.tfl.gov.uk