Financial Control Environment Trend Indicators, Quarter 1, 2023/24

Appendix 1

TfL Audit and Assurance Committee

20 September 2023

Forecasting accuracy Q1, 2023/24

Our 2023 TfL Business Plan set out our strategy for rebuilding our finances, improving efficiency and helping to secure our future. The 2023/24 Budget built on this, demonstrating how we will become operationally financial sustainable this year. We have successfully delivered that strategy in Quarter 1, 2023/24.

Total revenue is (£16m) (1%) lower than Budget. Passenger income is £20m up on budget and £236m higher than last year, partly from new Elizabeth line services. We have seen some pressure on roads enforcement income from delays to our Deployable Enforcement Camera (DEC) rollout, but we expect to manage this risk.

Operating costs are £33m lower than Budget. However, we are seeing some cost pressures on bus operators costs as well as timing differences in delivering savings. These have been offset by central contingency (held to mitigate key risks on bus performance and London-Wide ULEZ), one offs and other smaller savings.

Capital renewals are (£8m) ahead of Budget, from timing of LU renewals. Capital enhancements are £41m lower than Budget, from release of provision for Bank station and slippage across Piccadilly line upgrade (PLU) and DLR rolling stock.

| £m	Q1, 2023/24
Quarterly forecasting accuracy	
Revenue	**2,007**
Variance to Budget	(16)
Operating costs	**(1,711)**
Variance to Budget	33
Capital delivery *	**(359)**
Variance to Budget	33
Cash flow	**(40)**
Variance to Budget	(40)
YTD forecasting accuracy	
Revenue	
Actual	2,007
Budget	2,023
Operating costs	
Actual	(1,678)
Budget	(1,711)
Capital delivery *	
Actual	(359)
Budget	(392)
Cash flow	
Actual	(40)
Budget	0

Revenue (£m)
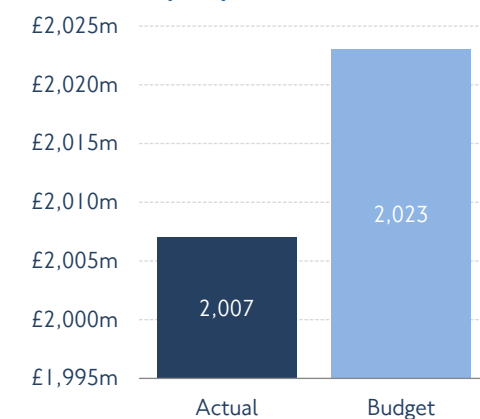
Operating costs (£m)
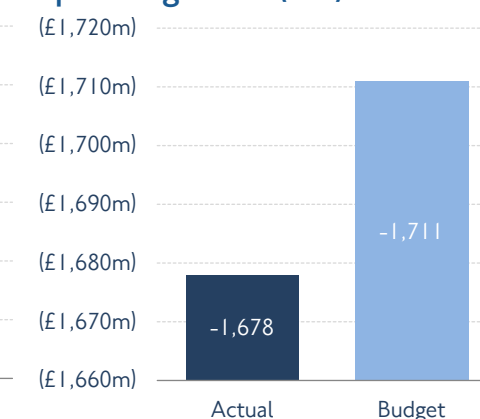
Capital delivery (£m) *
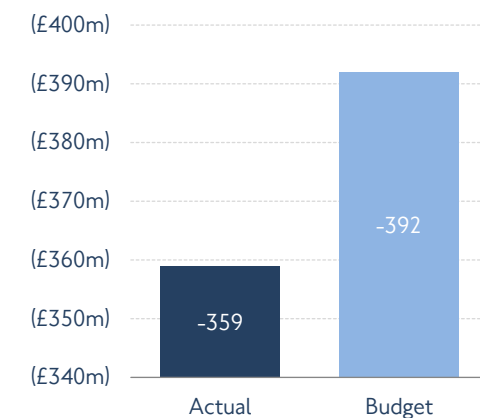
Cash flow (£m)
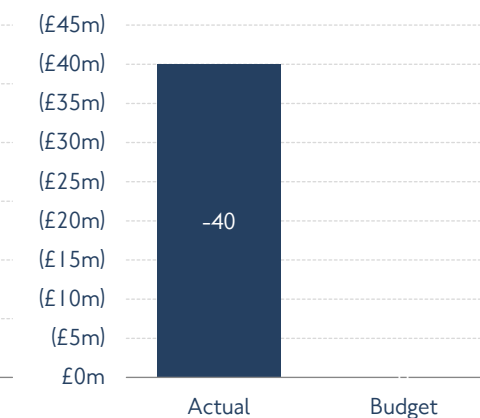
* Total TfL capital expenditure excludes amounts relating to Crossrail and TTL Properties Limited

Procurement activity Q1, 23/24 *This slide was updated after publication.

Benefits delivery:
Floor of £85m in benefits and target of £116m has been set for P&C for FY23/24. £30.9m of benefits have been validated with Finance to the end of P03
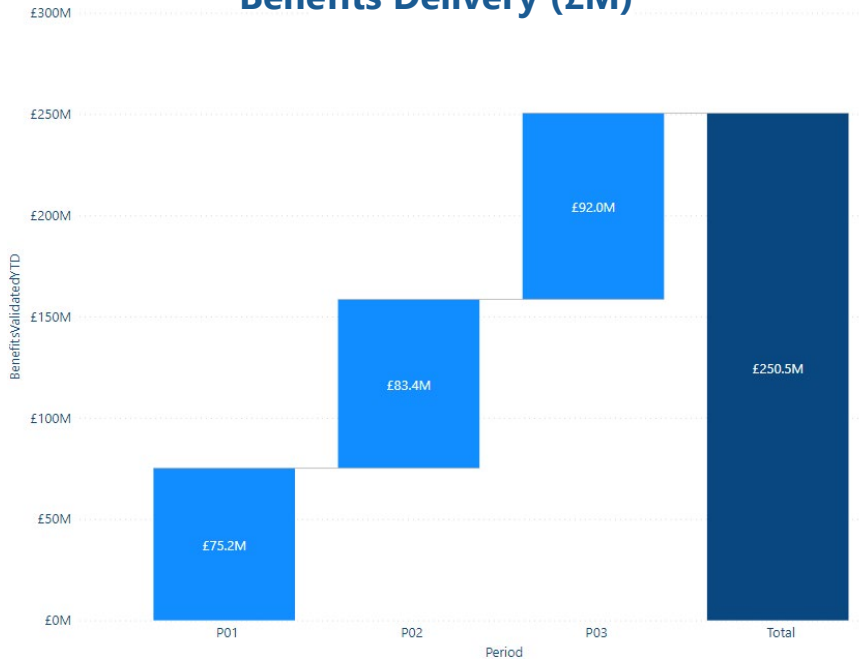
Retrospective Spend:
This measures where the Purchase Order (PO) was created after the invoices was received. The spike in the value of retrospective POs in P2 is due to a payment of £36m to DLUHC, and of £18m to Arriva Rail London

Over Threshold Single Sources by Value and Volume:
The number of over threshold single sources (by volume and value) increased slightly over the first three periods of 23/24, but remained within the scorecard target of 1.2% of the number of all awards.
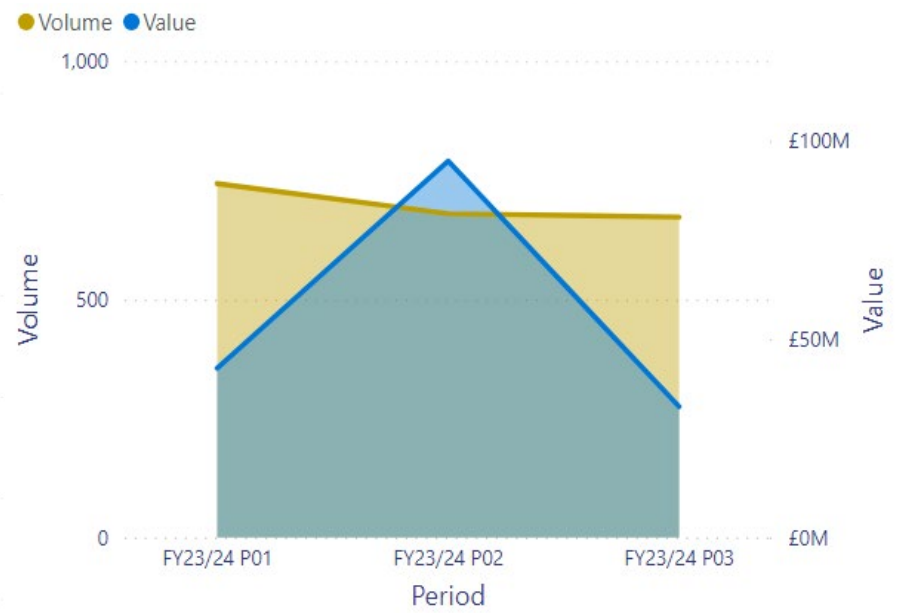
Compliance with the Commercial Assurance Meeting (CAM) process
CAM Compliance (where CAM submissions are on time and meet the governance requirements) was at 84.6% as of P03, and has been above the scorecard target for each period.
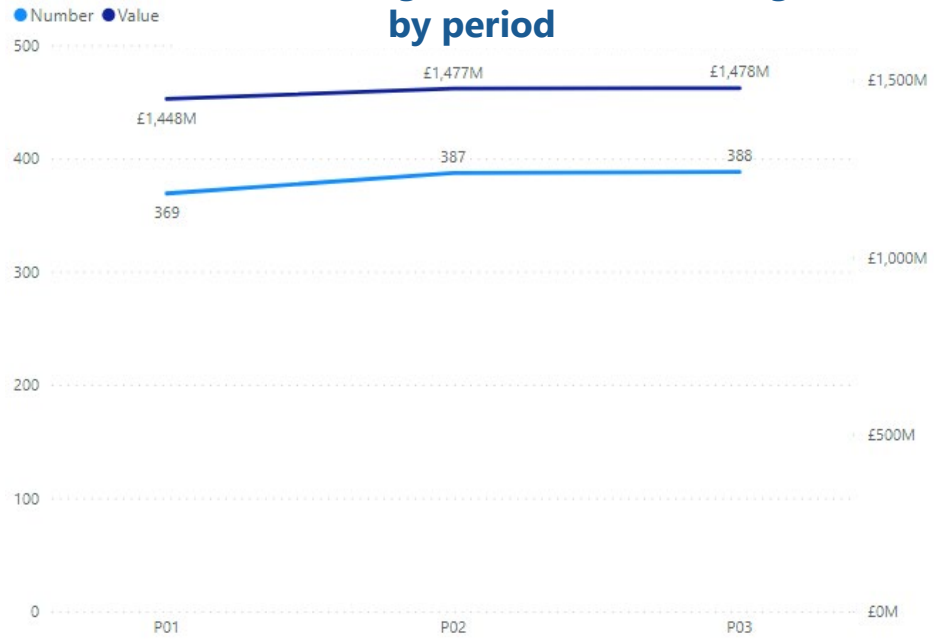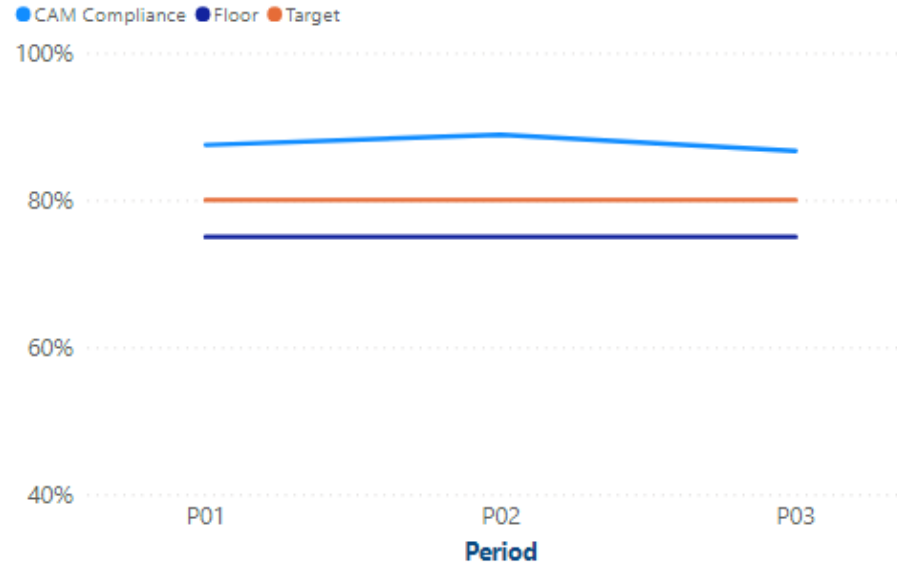
Benefits Delivery (£M)

Retrospective Spend

Total Number of Single Sources and Derogations by period

CAM Compliance by Period

Audit Committee performance metrics to Q1, 23/24

Value of open items > 30 days on the bank reconciliation sits at £270k for Q1. The volume of open items in Q1 > 30 days sits at 2116.

Automated Posting % measures the proportion of transactions which are automatically reconciled in SAP. 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 decreased over last quarter. There was a particular issue in Q3 and Q4 last year with regard to London Transport Museum's ticket issuing system which increased manual processing whilst a tender was out for a new system. This has now been resolved. Additionally, further automations have been identified in our SAP ERP system which will deliver full benefits by Q3 this year. This will help us to achieve our target of 85%.

The percentage of SME payments meeting the 10 day terms has improved this quarter, but is still slightly below the 90% target. It is expected that performance will continue to improve as legacy Purchase Orders – which slow down the goods receipting process – are gradually closed out.

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Processing payments

Quarterly Figures

£m	Q2 22/23	Q3 22/23	Q4 22/23	Q1 23/24
Open Items < 30 days (£m Value)	(10.66)	(5.97)	6.69	8.71
Open Items > 30 days (£m Value)	(0.27)	(0.79)	(0.37)	(0.27)
Open Items < 30 days (Volume)	1,575	1,494	144	419
Open Items > 30 days (Volume)	1,312	1,434	1,504	2,116
Automated Postings %				
Automated	10,747	12,143	21,593	10,558
Manual	1,970	3,033	6,198	2,451
Automated	82%	75%	71%	77%
Manual	18%	25%	29%	23%
Target	**85%**	**85%**	**85%**	**85%**

Open Items > 30 days (Value)

Open Items > 30 days (Volume)

Automated Postings %

SME Payments meeting 10 day terms