

Financial Control Environment Trend Indicators, Quarter 4, 2023/24

Appendix I

TfL Audit and Assurance Committee

5 June 2024



Budget accuracy Q4, 2023/24

TfL continues to deliver very close to Budget, demonstrating the robustness of its Budget in financial control.

Total revenue is £28m higher than Budget, with higher revenue grants more than offsetting lower other operating income. Other operating income is lower than Budget mainly from lower roads enforcement and charge income. Passenger income is £63m higher than Budget, which is offset by lower revenue top up from Government.

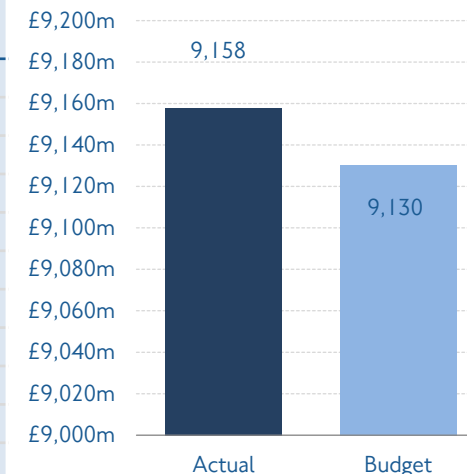
Operating costs are £42m lower than Budget. We are continuing to focus on cost savings, and our core operating costs are in line with our target for the year.

Total TfL capital expenditure (excluding Crossrail construction and Places for London) is £1,871m in the full year. This is £164m higher than last year, with increased spend in projects including DLR rolling stock (£90m), the Piccadilly line upgrade (£215m) and Safe and Healthy Streets (£44m).

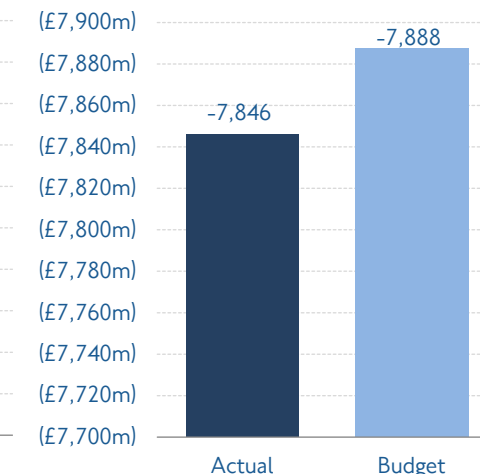
£m	Q1, 2023/24	Q2, 2023/24	Q3, 2023/24	Q4, 2023/24
Quarterly budget accuracy				
Revenue	£2,006m	£2,069m	£2,139m	£2,944m
Variance to Budget	(£16m)	(£3m)	£14m	£33m
Operating costs	(£1,678m)	(£1,777m)	(£1,843m)	(£2,548m)
Variance to Budget	£33m	£24m	(£30m)	£14m
Capital delivery *	(£359m)	(£360m)	(£516m)	(£637m)
Variance to Budget	£34m	£59m	(£17m)	£0m
Cash flow	(£40m)	£23m	(£93m)	£225m
Variance to Budget	(£40m)	£30m	£12m	£129m

YTD Budget accuracy	Full year, 2023/24
Revenue	
Actual	£9,158m
Budget	£9,130m
Operating costs	
Actual	(£7,846m)
Budget	(£7,888m)
Capital delivery *	
Actual	(£1,871m)
Budget	(£1,946m)
Cash flow	
Actual	£115m
Budget	£100m

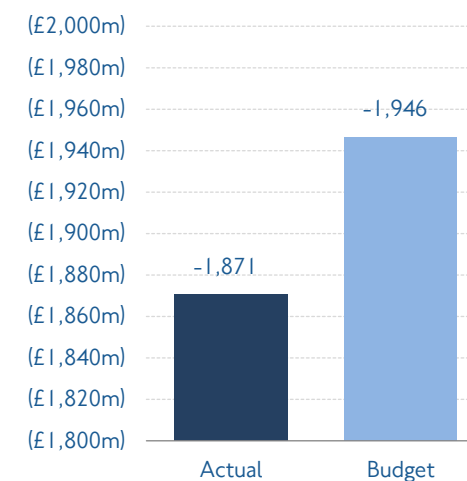
Revenue (£m)



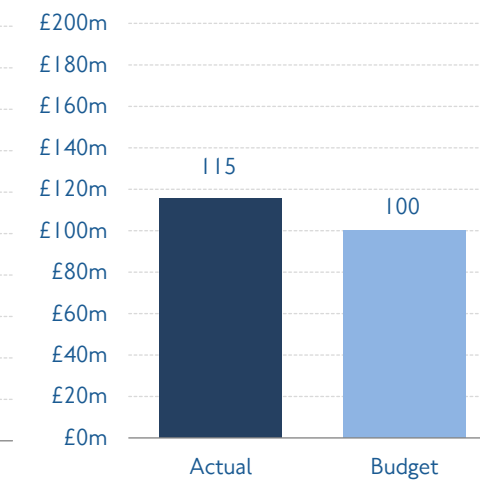
Operating costs (£m)



Capital delivery (£m) *



Cash flow (£m)



* Total TfL capital expenditure excludes amounts relating to Crossrail and Places for London

Procurement & Commercial activity

Q4 23/24

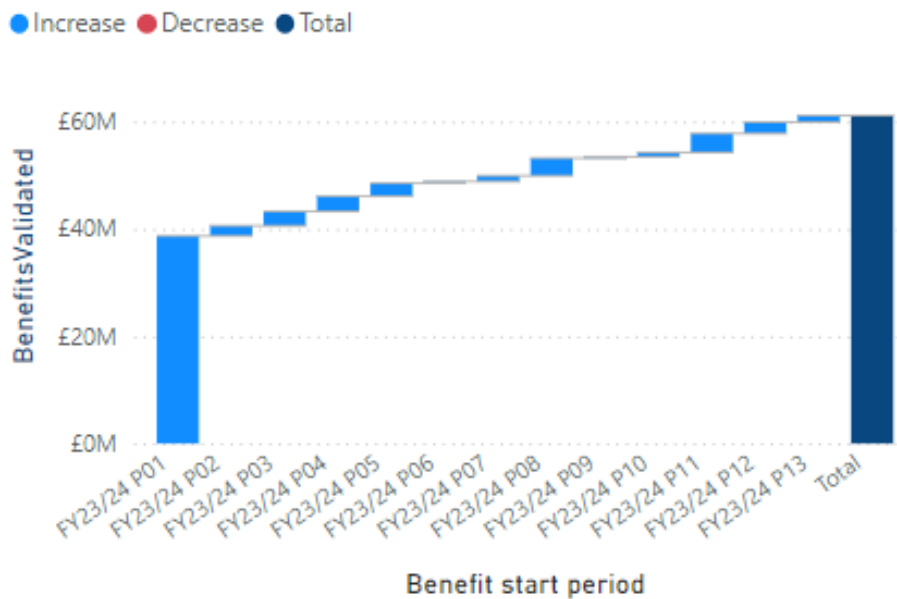
Validated cash releasing benefits:
Validated cash releasing benefits for FY23/24 amounted to £61.2M. This exceeded the target of £45m set for the P&C scorecard so this measure was **GREEN** for the year. In addition there were £91m of cost avoidance benefits delivered. FY24/25 targets are in the process of being set.

Retrospective spend:
Retrospective spend for Q4 amounts to £69.2M, with the largest individual supplier being Cubic Transportation Systems (£8.4M).

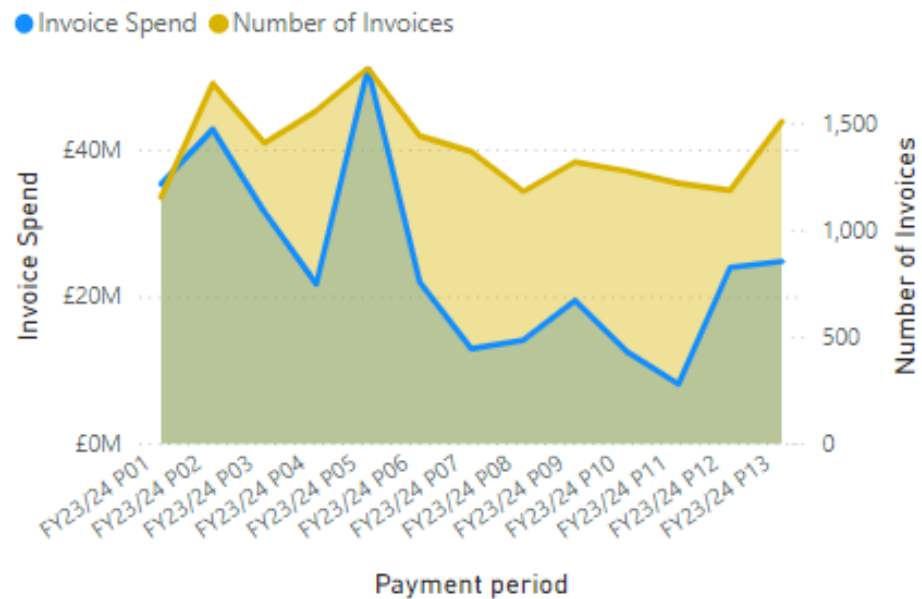
Over threshold single sources by volume:
The % of over threshold single sources for the year was 1.20% which means the measure was **GREEN** for the year (target = 1.2%; floor = 1.5%).

Commercial Assurance Meeting (CAM) submission compliance
CAM compliance (where CAM submissions are on time and meet the governance requirements) was 76.4% for FY23/24. This measure was **AMBER** for the year (target = 80%; floor = 75%). Stretch targets have been set for FY24/25 (target = 82%; floor = 77%).

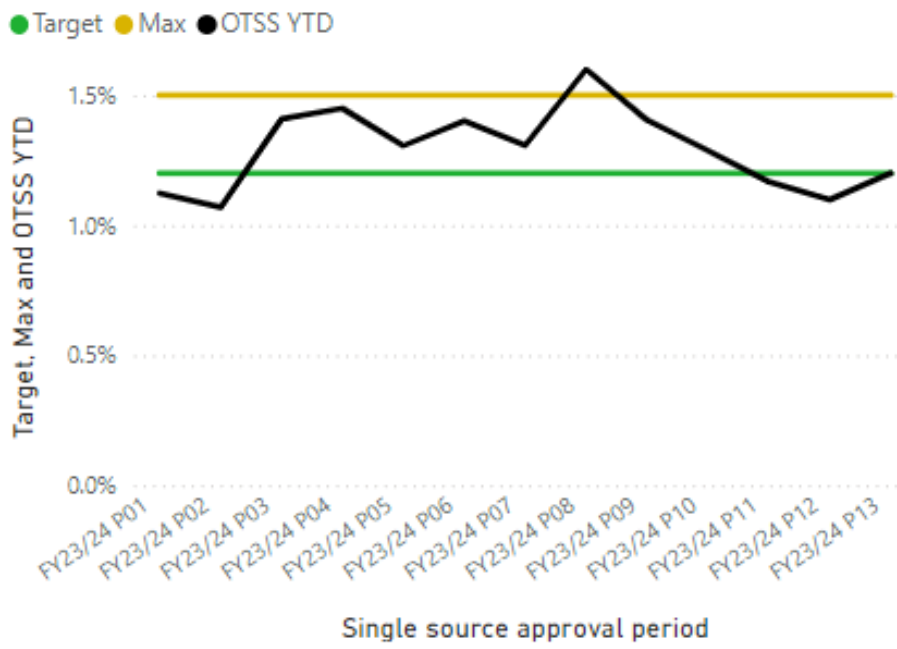
Cash Releasing Benefits Validated Per Period (£M)



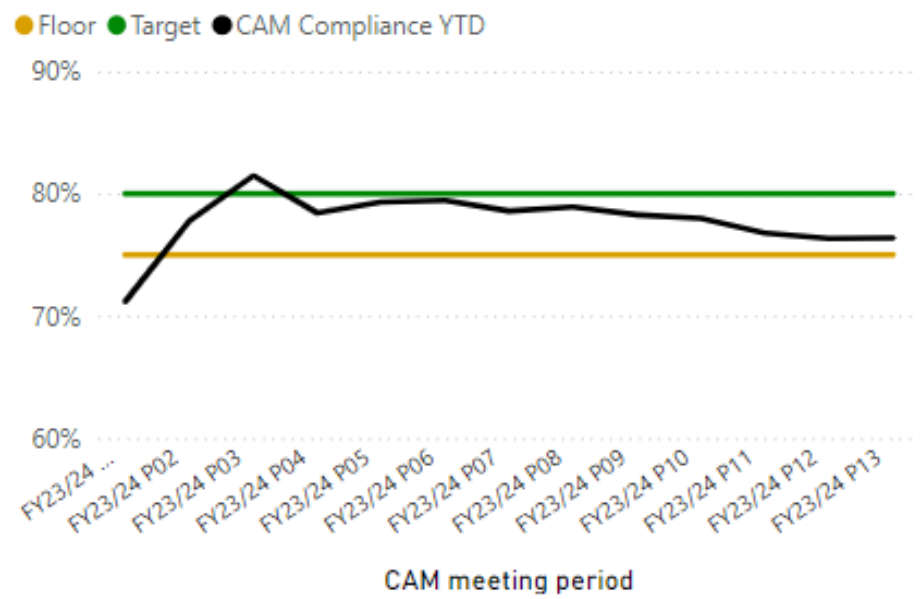
Retrospective Spend



YTD over threshold single source % (number)



Commercial Approvals Meeting Compliance by Period



Processing payments metrics, Q4 23/24

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 £5.48m for Q4. The volume of open items in Q4 > 30 days sits at 2,852.

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 automatic postings for Q4 is now at 81% slightly down from 82% in Q3.

The percentage of SME payments meeting the 10 day terms has increased this quarter by 1.7% to 89.7%, although still slightly below the 90% target. The results are on an upwards trajectory this quarter, with incremental improvements each period - P12 (91%) and P13 (91.2%) both over the 90% target

Quarterly Figures

£m	Q1 23/24	Q2 23/24	Q3 23/24	Q4 23/24
Open Items < 30 days (£m Value)	8.71	14.78	7.95	11.50
Open Items > 30 days (£m Value)	(0.27)	(1.56)	3.91	(5.48)
Open Items < 30 days (Volume)	419	224	327	339
Open Items > 30 days (Volume)	2,116	1,884	2,184	2,852
Automated Postings %				
Automated	10,558	11,986	12,462	15,425
Manual	2,451	2,454	2,284	2,868
Automated	77%	80%	82%	81%
Manual	23%	20%	18%	19%
Target	85%	85%	85%	85%

