

Financial Control Environment Trend Indicators

Quarter 2, 2024/25

Appendix I

TfL Audit and Assurance Committee

27 November 2024



Forecasting accuracy

P5, 2024/25

Total revenue is £73m lower than Budget in the year to date. This is mainly from lower passenger income (£78m), driven by lower journey growth than expected. Journeys are 2.1% up on last year, but lower than our budgeted 6% growth.

Total operating costs are £3,102m in the year to date and are £19m lower than Budget. This is mainly from higher roads user charging bad debt and the release of general contingency, which was held centrally in the operating cost budget to manage against risks, including the risks to passenger demand growth.

Total TfL capital expenditure is £668m in the year to date, and is broadly in line with Budget. Capital renewals are £10m higher than Budget in the year to date – a result of acceleration of some projects - which has been offset by rephasing of spend on capital enhancements (£8m).

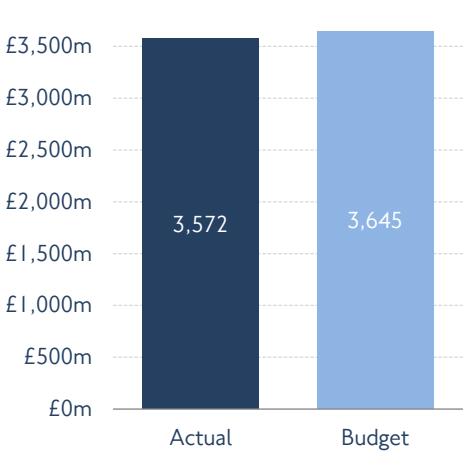
Cash flow was £84m negative in the year to date, £86m lower than Budget. This is a result of lower revenue and timing of borrowings and an asset sale.



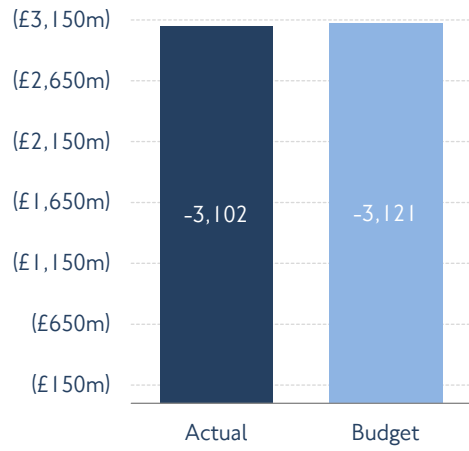
Quarterly forecasting accuracy (£m)	Q1, 2024/25	P4 and P5, 2024/25
Revenue	£2,126m	£1,446m
Variance to Budget	(£51m)	(£22m)
Operating costs	(£1,839m)	(£1,263m)
Variance to Budget	£24m	(£5m)
Capital delivery *	(£395m)	(£273m)
Variance to Budget	£4m	(£6m)
Cash flow	£206m	(£290m)
Variance to Budget	£122m	(£208m)

YTD forecasting accuracy (£m)	YTD, 2024/25
Revenue	
Actual	£3,572m
Budget	£3,645m
Operating costs	
Actual	(£3,102m)
Budget	(£3,121m)
Capital delivery	
Actual	(£668m)
Budget	(£667m)
Cash flow	
Actual	(£84m)
Budget	£2m

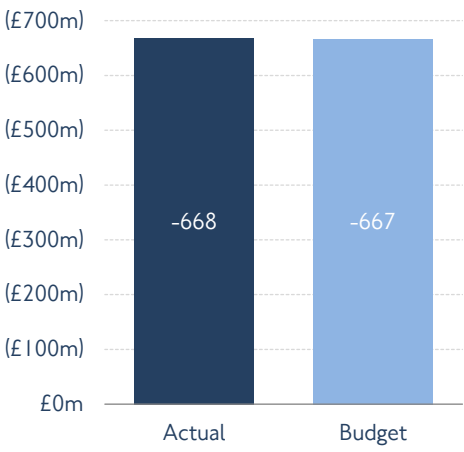
Revenue (£m)



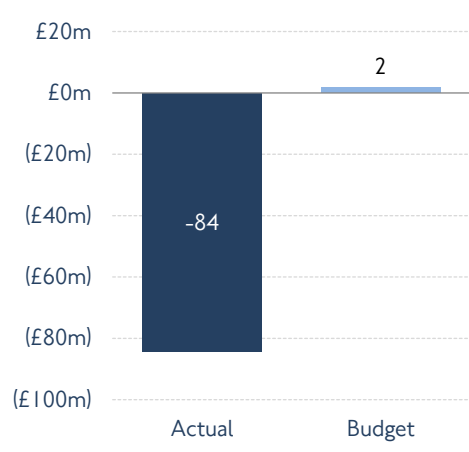
Operating costs (£m)



Capital delivery (£m) *



Cash flow (£m)



* Excludes Places for London and Crossrail construction

Procurement & Commercial activity

Q2 FY24/25

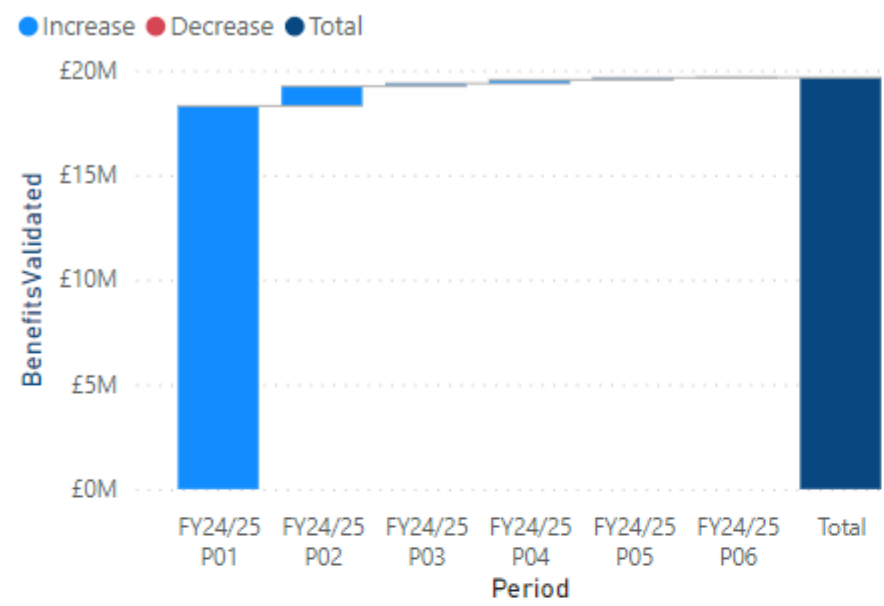
Validated cash releasing benefits:
Cash Releasing benefits have risen to £19.6m by the end of Q2 FY24/25. £279K of the benefits were validated in the past 3 periods, however due to the cyber incident, access to Ariba had been curtailed for some of the last quarter. The Cost Avoidance benefits over this financial year have risen by £8.7m in the past 3 periods.

Retrospective spend:
Due to the cyber incident, we currently only have data for 2 periods of retrospective spend. For the two periods, the trend shows a lower number of retrospective invoices being issued, however two large invoices from Alstom Engineering and 345 Rail Leasing have skewed these figures when looking at the amount spent (£35m & £31m respectively)

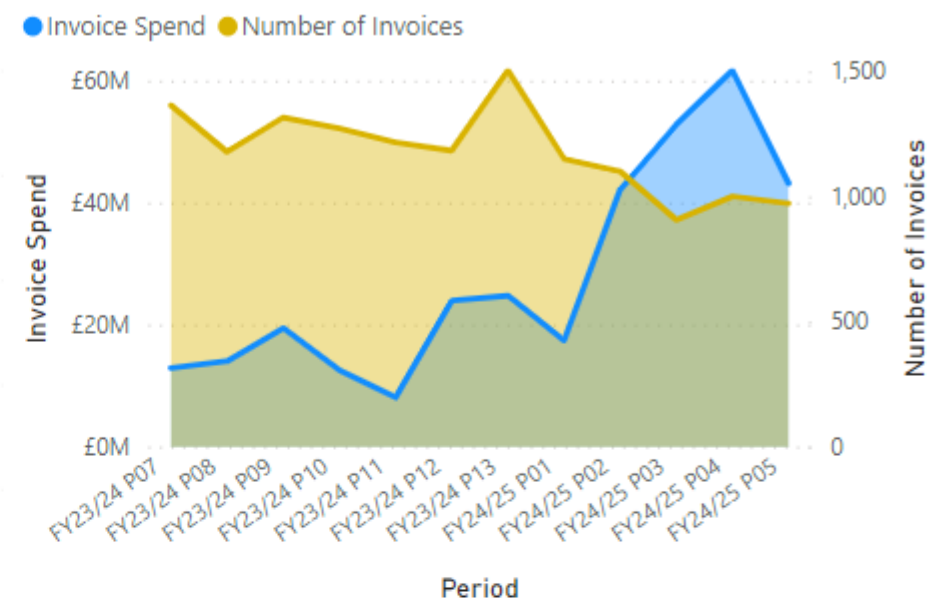
Over threshold single sources by volume:
The % of over threshold single sources for Q2 was 0.3% which means the measure was **GREEN** for the year (target = 1.2%; floor = 1.5%).

Commercial Assurance Meeting (CAM) submission compliance
CAM compliance (where CAM submissions are on time and meet the governance requirements) was 78.0% for Q2 FY24/25. This measure was **AMBER** for the Q2 FY24/25.

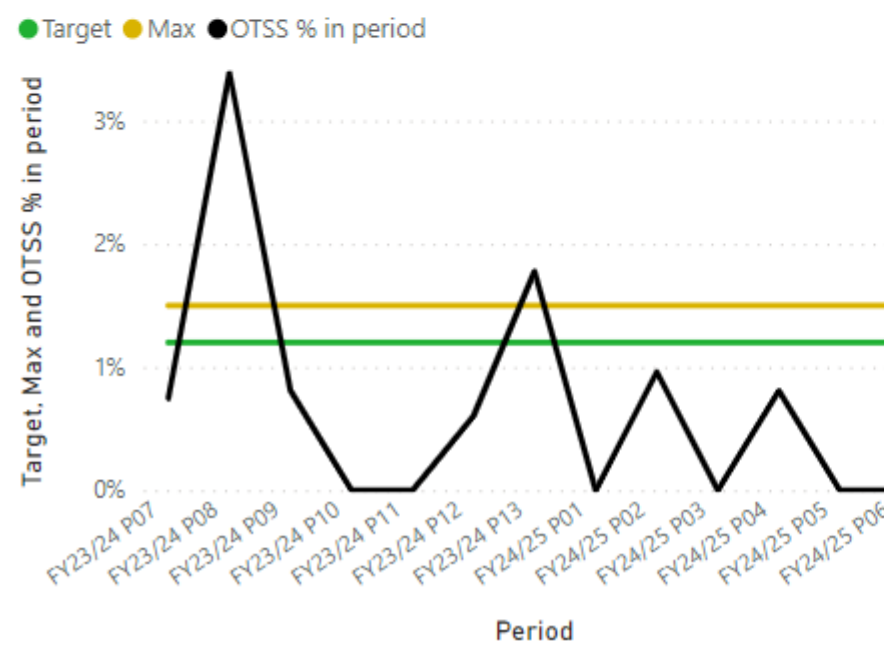
Cash Releasing Benefits Validated Per Period (£M)



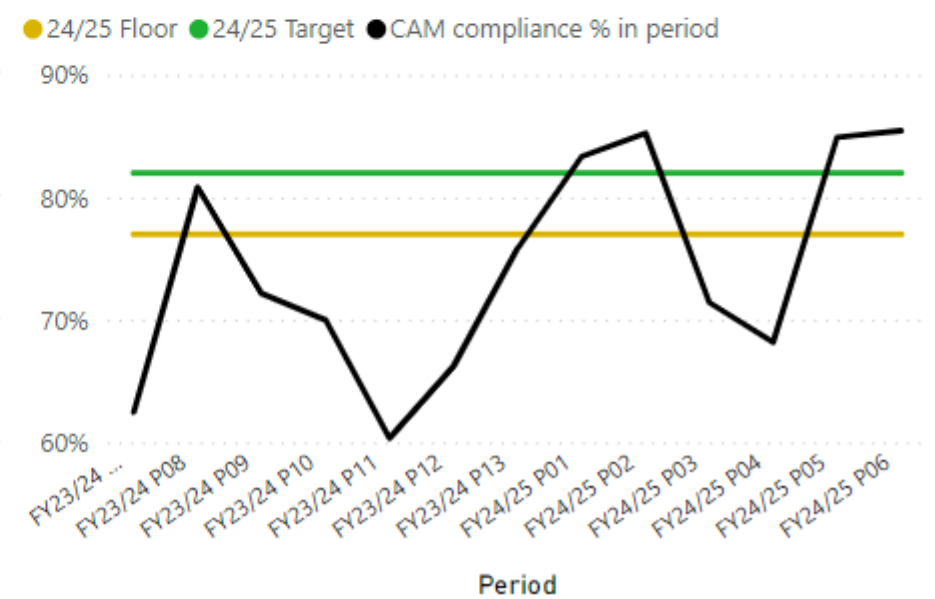
Retrospective Spend



Over threshold single source % (number)



Commercial Approvals Meeting Compliance by Period



Processing payments

Q2, 24/25

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 £0.14m for Q2. The volume of open items in Q1 > 30 days sits at 3,464. The value of open items less than 30 days is high due to falling within the period that coincided with the cyber incident.

Automated Posting % measures the proportion of transactions which are automatically reconciled in SAP. For Q2 this amounts to 82% on par with Q1.

Due to the ongoing cyber incident there is a delay developing the Travel Information Centre sales report at London City Airport that will reflect the additional cash we have received on DLR.

Although slightly down from the Q1 high of 92.9% the quarter performance remains above target at 90.9%. The quarter score includes results for period 06 (mid Aug to mid Sep 2024). This coincided with the cyber incident. As a direct consequence the results for P06 cannot be accurately calculated and are represented by average for the previous year.

Quarterly Figures

£m	Q3 23/24	Q4 23/24	Q1 24/25	Q2 24/25
Open Items < 30 days (£m Value)	7.95	11.50	35.68	482.88
Open Items > 30 days (£m Value)	3.91	(5.48)	1.71	(0.14)
Open Items < 30 days (Volume)	327	339	373	229
Open Items > 30 days (Volume)	2,184	2,852	2,755	3,464
Automated Postings %				
Automated	12,462	15,425	11,610	11,360
Manual	2,284	2,868	2,090	2,019
Automated	82%	81%	82%	82%
Manual	18%	19%	18%	18%
Target	85%	85%	85%	85%

