# Financial Control Environment Trend Indicators, Quarter 4, 2024/25

**Appendix 1**

Audit and Assurance Committee

4 June 2025

# Forecasting accuracy Q4, FY2024/25

Total revenue is £188m lower than Budget over the full year. This is mainly from lower passenger income (£255m) - driven by lower journey growth than expected – and higher Road User Charging income (£106m). Journeys are 0.9% up on 2023/24, but lower than our budgeted 6% growth.

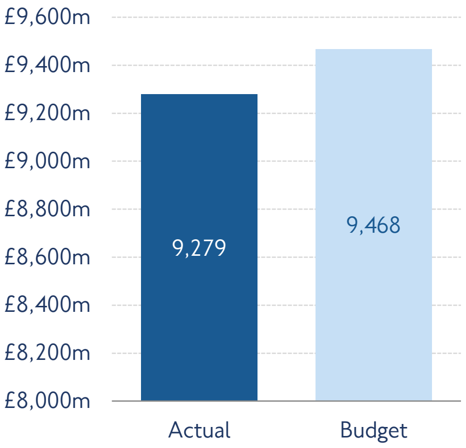
Total operating costs are £7,913m in 2024/25 and are £169m lower than Budget. This is mainly from £226m savings from lower employer pension contributions, contingency which was held to manage against risks (including the risks to passenger demand growth) which have been partly offset by higher road user charging bad debt and bus retender cost pressures.

Total TfL capital expenditure is £1,715m in the year and is £106m lower than Budget from rephasing of project spend.

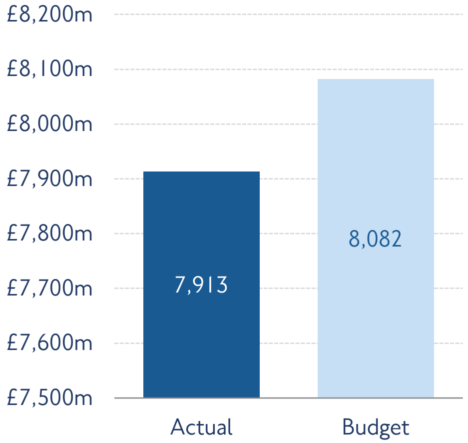
Cash flow is £31m positive in the year and £56m better than Budget. This is a result of borrowings brought forward from future years (no change across business plan years), lower capital expenditure and higher capital funding.

| Quarterly forecasting accuracy (£m) | Q1 2024/25 | Q2 2024/25 * | Q3 2024/25 * | Q4 2024/25 |
|---|---|---|---|---|
| **Revenue** | 2,126 | 2,151 | 2,198 | 2,803 |
| Variance to Budget | (51) | (26) | (60) | (51) |
| **Operating costs** | (1,839) | (1,881) | (1,853) | (2,340) |
| Variance to Budget | 25 | (17) | (20) | 181 |
| **Capital delivery** | (395) | (407) | (395) | (518) |
| Variance to Budget | 4 | 8 | 57 | 37 |
| **Cash flow **** | 206 | (376) | 181 | 20 |
| Variance to Budget | 123 | (213) | 69 | 77 |

## Revenue (£m)

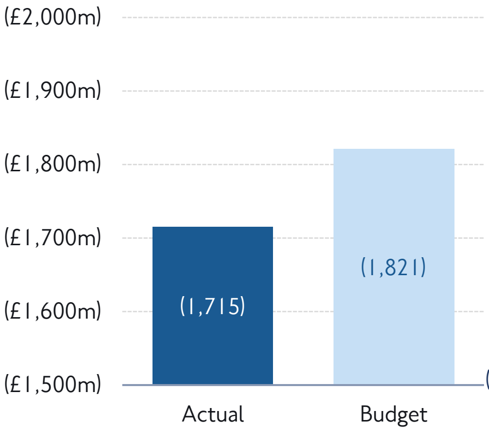



## Operating costs (£m)

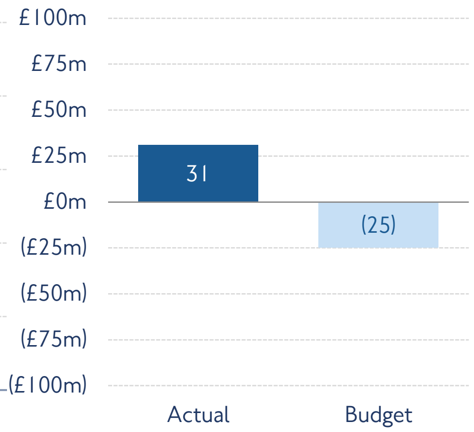



| YTD forecasting accuracy (£m) | YTD, 2024/25 |
|---|---|
| **Revenue** | |
| Actual | 9,279 |
| Budget | 9,468 |
| **Operating costs** | |
| Actual | (7,913) |
| Budget | (8,082) |
| **Capital delivery** | |
| Actual | (1,715) |
| Budget | (1,821) |
| **Cash flow** | |
| Actual | 31 |
| Budget | (25) |

## Capital delivery (£m)




## Cash flow (£m)




Excludes Places for London and Crossrail construction
* Quarterly results for Q2 2024/25 and Q3 2024/25 pro-rated due to the cyber incident
** Due to the cyber incident in September 2024, the balance at end of Q2 2024/25 is not available. The balance at the end of period 7 (12 October 2024) is shown instead

# Procurement & Commercial activity Q4 FY24/25

### Validated cash releasing benefits:

Cash-releasing benefits rose significantly to £104.0 million by the end of Q4 FY24/25, driven by a concerted effort from the pipeline team to ensure timely entry and validation of benefits.

### Retrospective spend:

Due to the cyber incident, data is currently available only up to the end of P05. The remaining spend data is in the process of being imported directly from R3 into Power BI.

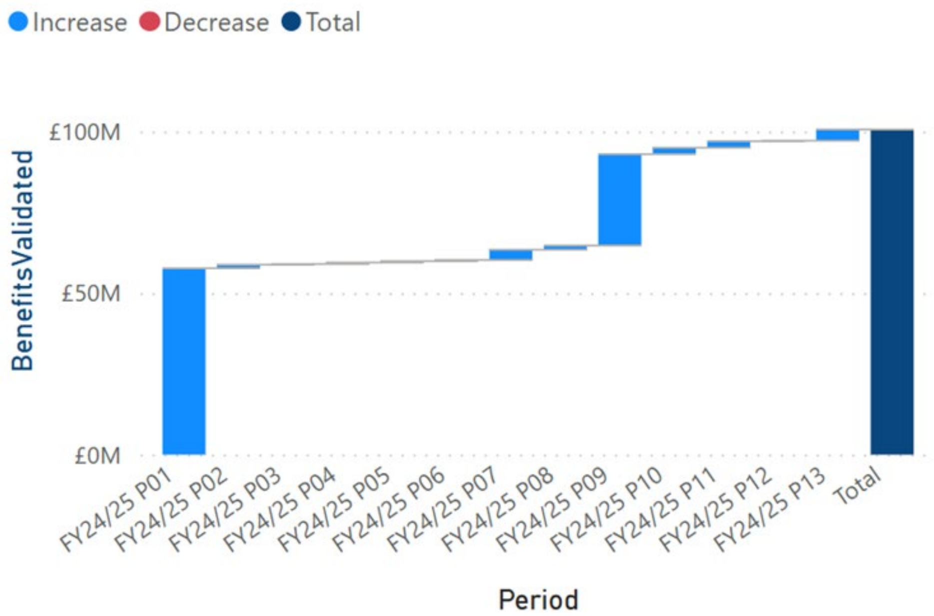
### Over threshold single sources by volume:

The percentage of over-threshold single sources for Q4 was 0.2%, keeping the measure GREEN for the year (target = 1.2%; floor = 1.5%). Performance has remained consistently well below the target throughout the period.

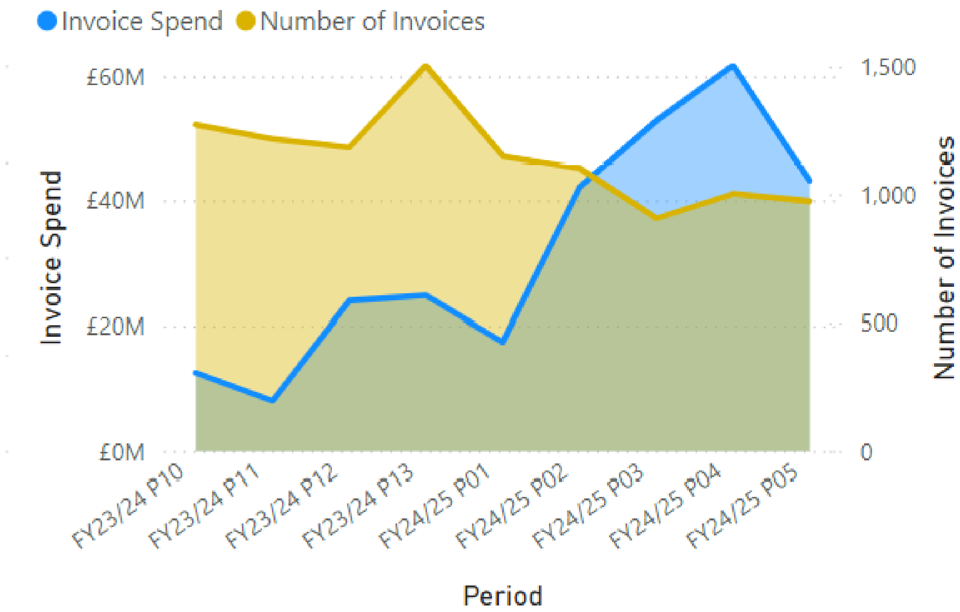
### Commercial Assurance Meeting (CAM) submission compliance

CAM compliance—defined as submissions being on time and meeting governance requirements—stood at 81.3% for Q4 FY24/25, resulting in an AMBER rating for the quarter.

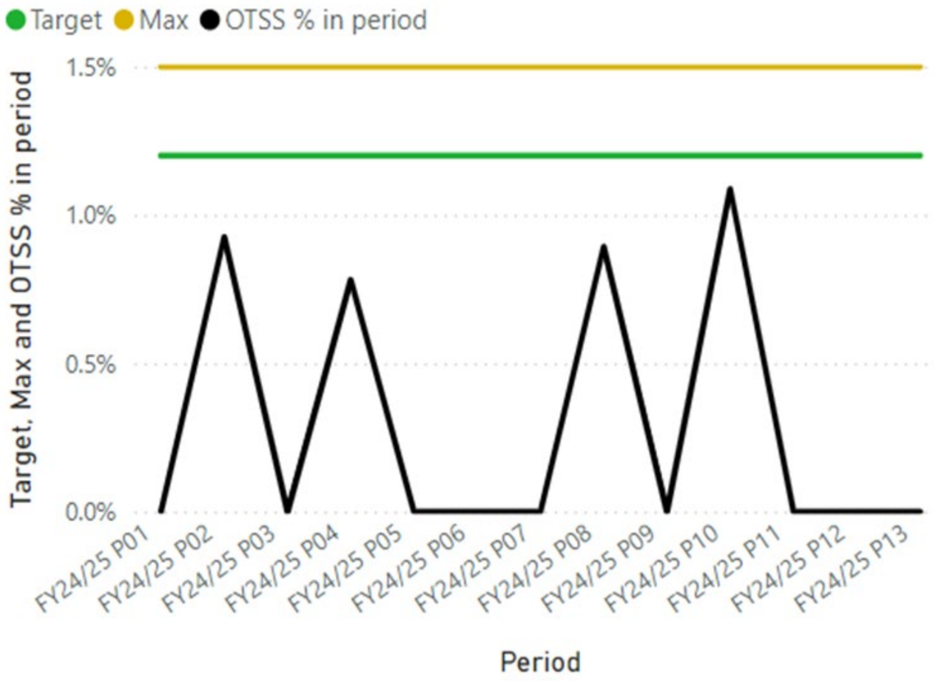
## Cash Releasing Benefits Validated Per Period (£M)



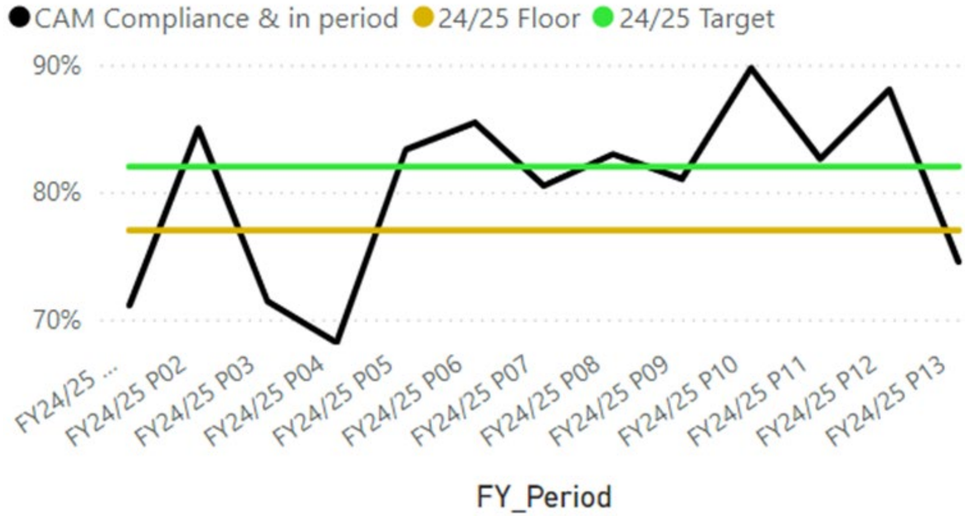

## Retrospective Spend




## Over threshold single source % (number)




## Commercial Approvals Meeting Compliance by Period



# Processing payments Q4, FY24/25

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 £1.97m for Q4. The volume of open items in Q3 > 30 days sits at 4,463.

Automated Posting % measures the proportion of transactions which are automatically reconciled in SAP. For Q4 this amounts to 68%.

A full review of all allocations made found additional manual allocations processed from a second unallocated account. This has led to a revision of the yearly % automatic allocations. A subsequent review of our annual target is recommended.

The percentage of SME payments meeting the 10 day terms has increased this quarter to 84.4%. Although this is a significant increase on the previous quarter, it is still below the 90% target. The main cause of late payments is staff unable to approve invoices remotely post the cyber incident. With remote working scheduled to return in Q1 25/26, it is expected that the percentage meeting the target will continue to steadily increase.

## Quarterly Figures

| *£m* | Q1 24/25 | Q2 24/25 | Q3 24/25 | Q4 24/25 |
|---|---|---|---|---|
| Open Items < 30 days (£m Value) | 35.68 | 482.88 | 39.76 | 11.69 |
| Open Items > 30 days (£m Value) | 1.71 | (0.14) | (0.56) | (1.97) |
| Open Items < 30 days (Volume) | 373 | 229 | 342 | 453 |
| Open Items > 30 days (Volume) | 2,755 | 3,464 | 4,127 | 4,463 |
| **Automated Postings %** | | | | |
| Automated | 11,610 | 11,360 | 9,872 | 14,034 |
| Manual | 3,688 | 3,546 | 3,187 | 4,527 |
| Automated | 68% | 69% | 68% | 68% |
| Manual | 32% | 31% | 32% | 32% |
| Target | 85% | 85% | 85% | 85% |