Financial Control Environment Trend Indicators, Quarter 2, 2025/26

Appendix 1

Forecasting accuracy Q2, 2025/26

Total revenue is £34m (1%) higher than Budget in the year to date. Passenger income is £42m (2%) lower than Budget. Passenger journeys are 50 million lower than Budget, with weaker than expected demand on buses and London Underground. Other operating income is £76m higher than Budget, driven by higher road enforcement income and tunnel user charging; this is partly offset by provisions for bad debt shown in operating costs.

Total operating costs are £22m (1%) lower than Budget in the year to date. This is driven from provisions for bad debt, which have been partly offset by lower than budgeted staff costs and lower performance payments to operators.

Total TfL capital expenditure is £792m in the year to date, £130m (14%) lower than Budget. Some of our largest capital enhancement projects and renewals have been rephased and we are aiming to ramp up delivery in the second half of the year.

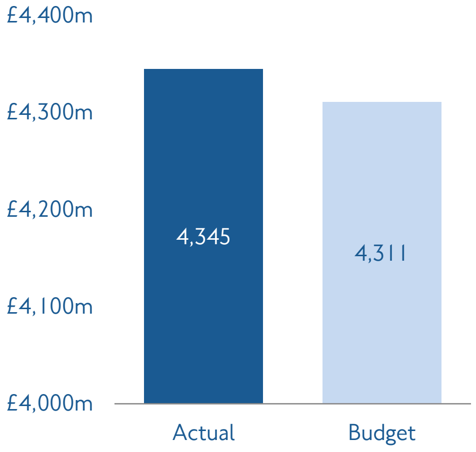
Cash flow is £260m down in the year, compared to the Budget of £2m due to timing of borrowing. Since the end of the period, we have issued a £350m bond.

Quarterly forecasting accuracy (£m)	Q1 2025/26	Q2 2025/26
Revenue	£2,164m	£2,181m
Variance to Budget	£26m	£8m
Operating costs	(£1,882m)	(£1,918m)
Variance to Budget	(£6m)	£28m
Capital delivery	(£398m)	(£394m)
Variance to Budget	£51m	£79m
Cash flow	£236m	(£496m)
Variance to Budget	£222m	(£484m)

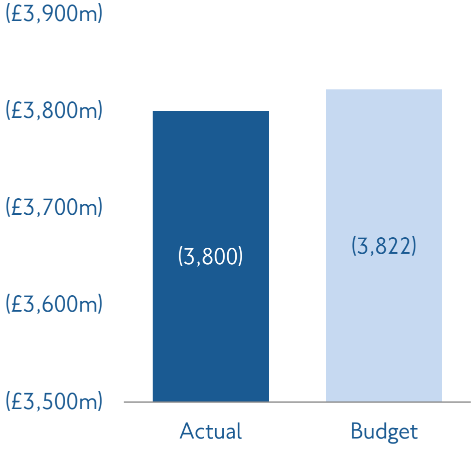
YTD forecasting accuracy (£m)	YTD, 2025/26
Revenue	
Actual	£4,345m
Budget	£4,311m
Operating costs	
Actual	(£3,800m)
Budget	(£3,822m)
Capital delivery	
Actual	(£792m)
Budget	(£922m)
Cash flow	
Actual	(£260m)
Budget	£2m

Excludes Places for London and Crossrail construction costs

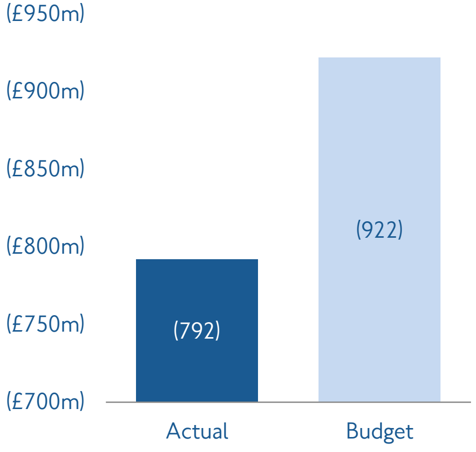
Revenue (£m)



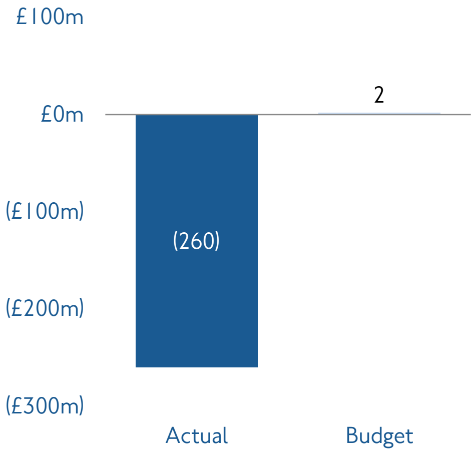
Operating costs (£m)



Capital delivery (£m)



Cash flow (£m)



Validated cash releasing benefits:
Significant increase in validated cash releasing benefits in Q2, from Q1, however a large amount of unvalidated data still remains with a campaign to target benefit validation in Q3.

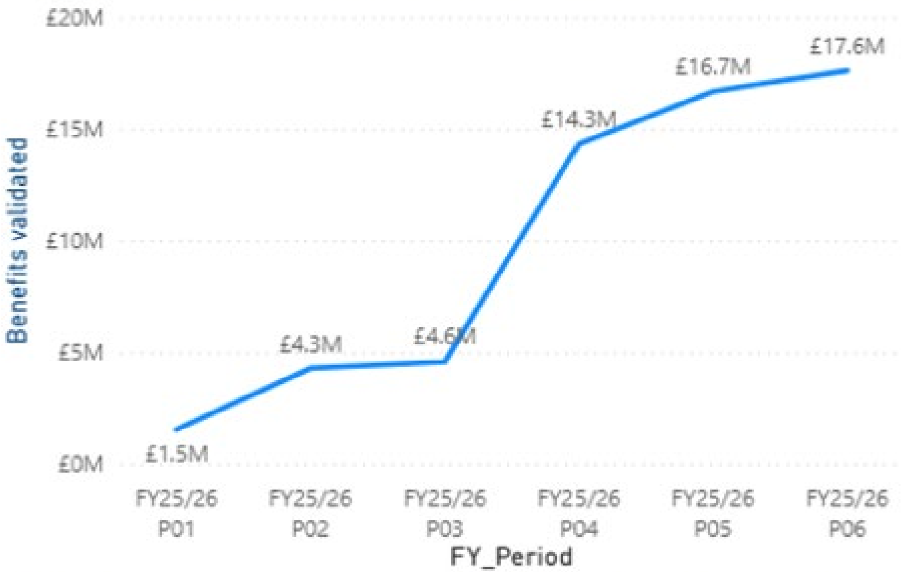
Retrospective spend:
The dataset does not yet include the invoice date needed to determine whether spend is retrospective. This request for T&D to add the field is still outstanding and will be escalated.

Final governance approval direct award % (by volume):
Measure replaced with one that assesses all direct awards. The previous measure only considered direct awards with a direct award reason code in P&C control.

Commercial and Finance Assurance Meeting (CFAM) submission compliance
Targets have not been agreed for 25/26 so 24/25 is included for comparison. On 27 October the value thresholds at which papers are assured at CFAM was raised to £5m for papers where the route to market is via competition. The value threshold for non-competitive activity remains £25,000. This change followed a period of extensive consultation and is enabled by other changes to the P&C assurance landscape, namely the introduction of an assurance schedule focussing on products outside of the formal governance touchpoints. This change will reduce volumes to CFAM submissions.

Procurement and Commercial (P&C) Q2,25/26

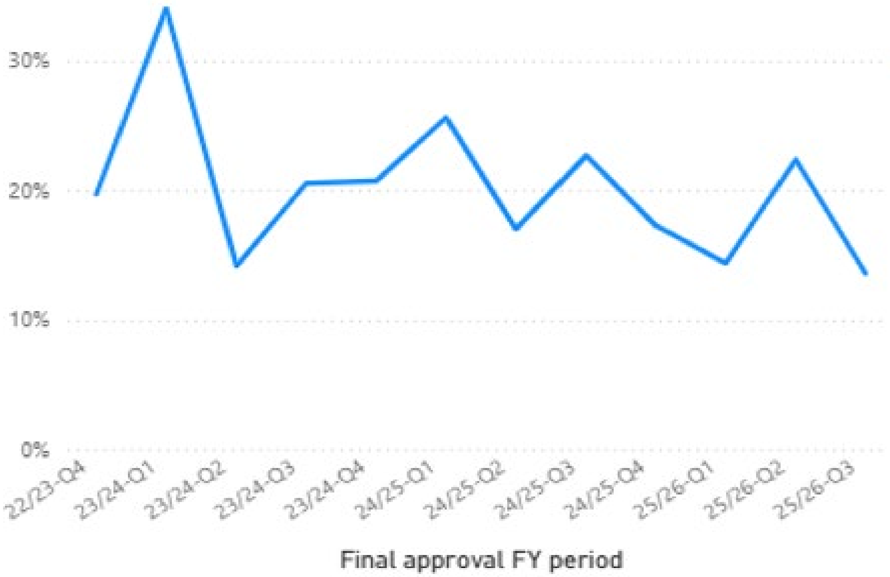
Cash Releasing Benefits Validated Per Period (£M)



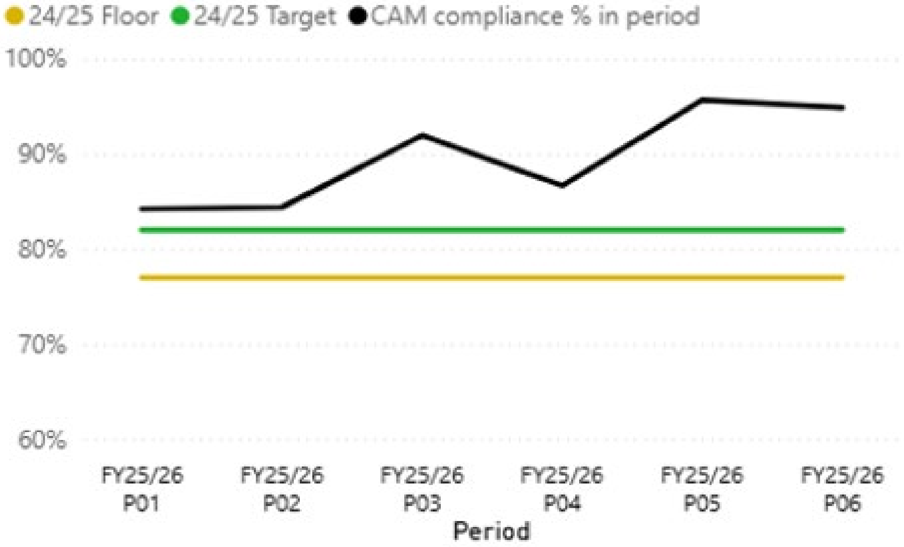
Retrospective Spend

See commentary to the left

% final governance approvals that are direct awards



Commercial and Finance Approvals Meeting Compliance by Period



Processing Payments Q2, 2025/26

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 check for fraudulent activity and to prevent financial statement errors.

Value of open items > 30 days on the bank reconciliation sits at £0.11m for Q2. The volume of open items in Q2 > 30 days sits at 3,590.

Automated Posting % measures the proportion of transactions which are automatically reconciled in SAP. For Q2 this amounts to 68%, a slight fall from the previous quarter. As part of the business plan process, we are exploring opportunities to progress towards our target of 85%.

As expected, SME payments performance continued to improve with a 2.5 point movement in Q2. Although still below the 90% target the trend is positive.

Quarterly Figures

£m	Q3 24/25	Q4 24/25	Q1 25/26	Q2 25/26
Open Items < 30 days (£m Value)	39.76	11.69	34.35	29.31
Open Items > 30 days (£m Value)	(0.56)	(1.97)	(0.30)	(0.11)
Open Items < 30 days (Volume)	342	453	371	483
Open Items > 30 days (Volume)	4,127	4,463	3,478	3,590
Automated Postings %				
Automated	9,872	14,034	12,371	12,791
Manual	3,187	4,527	3,671	4,149
Automated	68%	68%	70%	68%
Manual	32%	32%	30%	32%
Target	85%	85%	85%	85%