Transport for London

Operational and Financial Performance Report

Third Quarter 2013/14

Operational and Financial Performance Report - Third Quarter, 2013/14

Contents

Key

Financial tables

▲	Financial variance is positive: e.g. less expenditure or higher income than Budget/ forecast
▼	Financial variance is negative by less than 5%: e.g. more expenditure or less income than Budget/ forecast
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Delivery and customer operational performance tables

▲/▼	Performance is better than target. A number of Key Performance Indicators (KPIs) are better when lower: e.g. Lost Customer Hours, Excess Journey Time
▼/▲	Performance is worse than target by less than 5%. A number of Key Performance Indicators (KPIs) are better when lower: e.g. Lost Customer Hours, Excess Journey Time
▼/▲	Performance is worse than target by more than 5%. A number of Key Performance Indicators (KPIs) are better when lower: e.g. Lost Customer Hours, Excess Journey Time

All tables are subject to rounding

Operational and Financial Performance Report – Third Quarter, 2013/14

Quarter 3 (Periods 7-9), 15 September 2013 – 7 December 2013

Executive summary

- In Quarter 3, TfL continued to perform exceptionally well against the performance measures in our Budget
- Reliability levels remained above or on target for all modes, except the TLRN during the AM peak, despite the significant challenges of the 28 October storm
- TfL is on track to reduce Tube delays by 30 per cent by 2015; this in addition to the almost 40 per cent reduction achieved between 2007/08 and 2011/12
- Customer satisfaction was above or met target across all modes of transport
- Crime rates and total number of incidents on the Tube, DLR and buses show further improvement
- TfL is on track to reduce the number of killed and seriously injured by 40 per cent by 2020
- TfL is now forecast to make an additional £87m of savings this year; this is on top of its efficiency programme that has secured savings of £12bn up to 2020/21
- These savings have helped us bear down on fares, limiting the average fares change to 2.7 per cent, a real terms reduction
- Fares income is almost exactly as budgeted, only 0.3 per cent higher than Budget over the full year
- TfL's total cash balances (including funds ring fenced for the Crossrail project) are forecast to be £566m higher than Budget by the end of the year, driven by:
    - £67m for payments accelerated into the end of 2012/13 after the 2013/14 Budget was set, including £39m for new Tube rolling stock and £28m for the East London Line commercial settlement
    - As with many major capital programmes, specific projects are rescheduled into future years. TfL has rephased £113m of committed investment to future years, including the London Overground Capacity Improvement Programme (LOCIP), structures and tunnels investment, and Barclays Cycle Superhighways. Almost £70m of this expenditure is for commercial investment, whereby TfL will secure better value over the long term
    - £100m from the DfT for Crossrail rolling stock procurement that was secured as part of the 2013 Spending review; this funding is ring-fenced
    - A £250m working capital upside – 2.5 per cent of the 2013/14 Budget - due to timing differences from payments and receipts that will reverse in the next financial year
- TfL's cash balance (up to a prudent minimum) is committed to delivering the improvements outlined in TfL's latest Business Plan, updated in the TfL Budget 2014/15, including:
    - Almost £1.5bn on the Sub-Surface Rail upgrade, delivering new rolling stock, increased train frequency, greater capacity and automated train control
    - Over £1bn on new Crossrail trains, with the contract now awarded to Bombardier
    - Over £900m for key cycling programmes
    - £150m for a further 400 New Buses for London by the end of 2015/16

Delivery

Reliability

Reliability	Quarter 3	Variance to Target
LU: lost customer hours	5.4	-0.4 ▼
LU: excess journey time	5.77	-0.11 ▼
Buses: excess wait time	1.2	- ▶
DLR on-time performance	99.0	2.0 ▲
London Overground PPM	96.0	1.8 ▲
TLRN reliability – AM peak	87.6	-1.6 ▼

In Quarter 3, reliability remained high across most modes of transport, despite the impacts of the storm of 28 October 2013: Lost Customer Hours and Excess Journey Time were better than target on the Tube, although both down on the same quarter last year; DLR on-time performance was two percentage points better than target and equalled reliability levels from last year; London Overground's public performance measure, the industry standard for rail, was 1.8 points better than target, although down 0.8 points on the same quarter last year. TLRN journey time reliability in the morning peak was worse than both target and the same quarter last year; a result of increased traffic flows and an increased number and duration of incidents.

Safety and security

Recorded crime [1]	Quarter 3	Variance to Target
LU and DLR	7.5	-0.8 ▼
London Buses	7.6	-0.7 ▼

Crime has continued to fall on the LU/DLR network and on the buses. This is the result of additional measures put in place by the British Transport Police (BTP) to tackle crime on London Underground and DLR, and partnership working with TfL's policing partners to further reduce crime on London Buses.

Safety	Quarter 3	Variance to Target
Cumulative reduction in killed and seriously injured[2]	37.1	15.1 ▲

The number of people killed and seriously injured (KSI) was 15.1 points better than target in Quarter 3. Over the full year, TfL forecasts a reduction of 31.7 per cent, exceeding the target by 10.4 points. TfL is on track to meet its long-term target of a 40 per cent reduction in KSIs by 2020.

[1] Recorded crime per million passenger journeys

[2] Cumulative percentage reduction from a baseline of the 2005-2009 average

Value

Financial summary

£m	Year to date	Variance to Budget	Full year variance to Budget
Fares income	2,825	18 ▲	10 ▲
Other income	442	18 ▲	-13 ▼
Operating expenditure	-3,975	14 ▲	-42 ▼
Group Items	-218	43 ▲	52 ▲
Net capital expenditure	-967	211 ▲	230 ▲
Crossrail expenditure	-1,152	-25 ▼	-78 ▼
DfT grants	1,489	2 ▲	4 ▲
GLA precept	4	0 ▶	0 ▶
Business rates retention	630	74 ▲	0 ▶
Other grants	19	3 ▲	121 ▲
Crossrail funding sources	1,473	3 ▲	2 ▲
Working capital	26	378 ▲	250 ▲
Net borrowing	346	24 ▲	30 ▲
Cash movements	941	763 ▲	566 ▲

Fares income is almost exactly as budgeted. In the year to date fares income was £18m, or 0.6 per cent, higher than Budget. London Rail's income is out performing Budget due to increases in passenger numbers, despite lower than target passenger numbers in Quarter 3. Bus fares income has increased due to a higher number of fare paying passengers and a favourable ticket mix.

Over the full year, fares income is only 0.3 per cent higher than Budget. The £10m upside against Budget is driven by increased passenger numbers on London Overground and Buses, offset by lower than expected income on the Tube. The latest full-year forecast includes the effects of the January 2014 fares changes, with average fares increased by 2.7 per cent, a real terms fares reduction.

Operating expenditure (net of third-party contributions) was £14m, or 0.4 per cent, under Budget in the year to date. This under spend is driven by rephasing of £25m of minor Tube works and £16m of Surface Transport projects, including road capacity, road safety and cycling schemes. In addition, £10m of savings have been made on bus contract costs. These variances have been partly offset by the reclassification of £28m Jubilee, Northern and Piccadilly line costs from capital to operating expenditure, and a £17m Bus Services Operators' Grant (BSOG) payment, which transferred responsibility from the DfT to TfL from 1 October 2013.

Over the full year this position is expected to reverse, with operating expenditure forecast to be £42m over Budget. This is due to the transfer of BSOG payments of £46m, a voluntary severance provision, and increases in future commercial contractual arrangements. These increases are partly offset by £20m reductions in bus contract costs, £12m from further efficiencies and delayed recruitment within London Underground, £11m from lower electricity costs for the Tube and a further £11m of rephasing to future years.

In the year to date, net capital expenditure (excluding Crossrail) is £211m under Budget, with key drivers being the £28m for the commercial settlement for the East London

Line (ELL) incurred in the previous financial year and a further £13m rephased to later this year, and £48m from rephasing of projects within Surface Transport.

Over the full-year, net capital expenditure is forecast to be £230m under Budget, just under 13 per cent of this year's extensive programme. The main drivers are the early commercial settlement for ELL, an accelerated payment for Sub Surface Rail (SSR) rolling stock, £68m of reprofiling of commercial development investment initiatives whereby TfL will secure better value over the long term, and rephasing to future years of committed capital improvements including the London Overground Capacity Improvement Programme (LOCIP), structures and tunnels investment, and Barclays Cycle Superhighways.

Crossrail capital expenditure in the year to date is £25m over Budget from a combination of re-phasing of programme and project risk and upward revaluations on property acquisitions. These overspends will have no material impact on Crossrail's project costs, which will be delivered to time and within budget.

Cash balances

£m	Year to date	Variance to Budget	Full year variance to Budget
Crossrail SFA	1,944	90 ▲	142 ▲
Other TfL	2,890	673 ▲	424 ▲
Closing cash	**4,834**	**763 ▲**	**566 ▲**

Total TfL cash (including funds ring fenced for the Crossrail project) has increased by £941m in the year to date, £763m more than budgeted. This is driven by rephasing of capital expenditure to later this year and future years, an additional £100m from the DfT for Crossrail rolling stock, and a significant working capital upside of £378m that will start to reverse in the following quarter.

Cash movements

£m	Full year variance to Budget
Accelerated payments to 2012/13	67
Investment rephasing	113
DfT Crossrail rolling stock grant	100
Working capital	250
Other	36
Cash movements	**566**

Cash balances are now forecast to be £566m higher than Budget at the end of 2013/14, driven by:

- £67m for payments accelerated into the end of 2012/13 after the 2013/14 Budget was set, including £39m for new Tube rolling stock and £28m for the East London Line commercial settlement
- As with many major capital programmes, specific projects are rescheduled into future years. TfL has rephased £113m of committed investment to future years, including the London Overground Capacity Improvement Programme (LOCIP), structures and tunnels investment, and Barclays Cycle Superhighways. Almost £70m of this expenditure is for commercial

investment, whereby TfL will secure better value over the long term

- £100m from the DfT for Crossrail rolling stock procurement that was secured as part of the 2013 Spending review; this funding is ring-fenced
- A £250m working capital upside – 2.5 per cent of the 2013/14 Budget - due to timing differences from payments and receipts that will reverse in the next financial year

TfL's cash balance (up to a prudent minimum) is committed to delivering the improvements outlined in TfL's latest Business Plan, updated in the TfL Budget 2014/15, including:

- Almost £1.5bn on the Sub-Surface Rail upgrade, delivering new rolling stock, increased train frequency, greater capacity and automated train control
- Over £1bn on new Crossrail trains, with the contract now awarded to Bombardier
- Over £900m for key cycling programmes
- £150m for a further 400 New Buses for London by the end of 2015/16

Efficiencies

£m	Year to date	Variance to Budget	Full year variance to Budget
Efficiencies	152	49▲	87▲

At the time of publishing this year's Business Plan, TfL had secured a total of £12bn of savings. TfL aims to secure a further £4.2bn to 2020/21, of which £137m was targeted in 2013/14. In the year to date, £152m has already been secured. Over the full year, TfL forecasts that £224m of savings will be secured, £87m more than Budget.

Customer

Passenger journeys

Million	Quarter 3	Variance to Target
London Underground	311.7	12.7
London Buses	577	1
DLR	24.4	0.4
London Overground	31.5	-0.7
Tramlink	7.6	0.1
Emirates Air Line	0.3	-

Passenger journeys are ahead of target on all modes of transport except London Overground and Emirates Air Line. Underground passenger journeys show underlying year-on – year growth, with a new non-Games daily record being set in December. London Overground passenger journeys are down on target in the quarter, driven by the storm on 28 October causing difficult railhead conditions and six days of disruption at the beginning of the quarter following a freight train derailment near Camden Road.

Cycling index	Quarter 3	Variance to Target
Cycling levels on TLRN[3]	303	-3

Cycle flows on the TLRN were 13 index points up from the same quarter last year and are the highest Quarter 3 levels since the index began. Cycling levels are, however, 3 points (1 per cent) under target for the quarter and are not expected to reach target over the full year.

£913m will be spent on cycling schemes up to 2021/22, to boost cycling levels, delivering a step-change in cycling provision to support the growing numbers of cyclists in the capital.

Customer satisfaction and complaints

CSS score	Quarter 3	Variance to Target
London Underground	82	1
London Buses	83	1
DLR	86	4
London Overground	80	-
Tramlink	89	3
Emirates Air Line	93	8
Dial-a-Ride	92	-
Congestion Charge	87	5

Customer satisfaction was on or above target across all transport modes in Quarter 3. High customer satisfaction for buses has continued, retaining its record performance. Overground customer satisfaction is expected to deteriorate in the short-term, largely due to increased passenger demand and consequent crowding. The London Overground Capacity Improvement Project (LOCIP), currently underway, will provide 25 per cent more capacity upon completion by 2016.

[3] Cycling levels on the Transport for London Road Network (TLRN), indexed at 100 in March 2000

Complaints per 100,000 journeys	Quarter 3	Variance to last year
London Underground	1.14	0.02 ▲
London Buses	2.70	0.29 ▲
DLR	2.36	-0.34 ▼
London Overground	3.03	0.65 ▲
Tramlink	0.95	N/A ►
Congestion Charge	13.94	1.41 ▲
Barclays Cycle Hire	4.85	2.69 ▲
Dial-a-Ride [4]	145.28	78.38 ▲

Customer complaints over the Quarter have increased for most modes of transport, with only the DLR showing a improvement against last year. The most significant increase is in Dial-a-Ride, partly a result of last year's exceptional performance; Dial-a-Ride continued to schedule 90 per cent of journey requests in the quarter. Barclays Cycle hire has also seen an increase of complaints due primarily to billing issues; new software in development will look to address these complaints in the future. Peaks in complaints on most modes have also been the result of the 28 October storm and weather conditions.

The DLR has recorded its lowest complaints rate for over a year, with a comprehensive programme to tackle customers' most common complaints being implemented. There were no complaints relating to River Services.

People

FTE	Quarter 3	Variance to Budget
London Underground	21,145	-227
London Rail	216	27
Surface Transport	3,257	-115
Corporate	3,486	231
Crossrail	886	-23
Total TfL	**28,990**	**-107**

TfL employed 28,990 full time equivalent (FTE) staff (excluding those on maternity leave) at the end of Quarter 3, 107 fewer than Budget. This is driven by vacancies being held in London Underground, pending an organisational restructure, and Surface Transport, predominantly due to longer than anticipated recruitment lead times and strict headcount controls. These variances have been partly offset by increases across the Corporate directorates, including 154 temporary project roles working on IM and payment technology projects, the latter including implementation of contactless payments across TfL's rail network.

[4] Per 100,000 journey requests

Delivery

Reliability

Performance indicator	Unit	Quarter 3, 2013/14			Full year 2013/14			
		Actual	Variance to target	Variance to last year	Quarter 3 Forecast	Variance to target	Variance to last year	2010 – 2014
lower is better								
London Underground: total lost customer hours	Millions of hours	5.4	-0.4	0.7	22.0	-3.0	-0.9	
London Underground: excess journey time	Minutes	5.77	-0.11	0.24	5.12	-0.56	-0.15	
London Buses: excess wait time	Minutes	1.2	-	0.1	1.0	-	-	
TLRN: serious and severe disruption	Hours	572	N/A	156	2,030	-	-220	
higher is better								
DLR: on-time performance	%	99.0	2.0	-	98.7	1.7	-0.1	
London Overground: public performance measure	%	96.0	1.8	-0.8	95.2	1.0	-1.4	
Emirates Air Line: availability	%	95.6	-0.9	1.9	94.8	-1.7	0.9	
TLRN: journey time reliability (AM peak)	%	87.6	-1.6	-1.6	89.0	-0.5	-0.2	

1.1 Tube reliability has improved significantly over recent years. From 2007/08 to 2011/12, lost customer hours (LCH) were reduced by 40 per cent, despite increases in passenger numbers. In Quarter 3, London Underground LCH were 5.4 million; 0.4 million better than target, but 0.7 million worse than the same quarter last year. There was a dip in performance in the quarter, partly from the storm of 28 October 2013 which contributed 0.34 million more LCH. Future plans to minimise the impact of storms include new equipment for clearing rail lines of fallen trees and the placement of work gangs in the more heavily-wooded and exposed areas of the network. Based on the current reliability plan, with adjustments for seasonal factors, full-year performance is forecast to be 22 million, 3.0 million LCH better than target, but 0.6 million down on the previous forecast. LU remains on track to achieve its goal of reducing lost customer hours by a further 30 per cent by the end of 2015.

1.2 London Underground excess journey time averaged 5.77 minutes in Quarter 3; this was 0.11 minutes better than target, but 0.24 minutes worse than the same quarter last year. Excluding the impact of the storm, excess journey time was 5.70 minutes for the Quarter. Full-year performance is now forecast to be 0.56 minutes ahead of target at 5.12 minutes.

1.3 Bus excess wait time was in line with target in Quarter 3, but slightly down from the same quarter last year (see Section 1.10 for events affecting bus services). The enhanced service control facilities available to bus operators through iBus have helped maintain the high levels of reliability. It is anticipated that the full-year target of 1.0 minutes will be achieved.

1.4 Serious and severe disruption on the TfL Road Network (TLRN) for Quarter 3 was 156 hours worse than the same quarter last year. This was driven by a combination of increases in the number of incidents (262 events in 2013/14 compared to 205 events in 2012/13), and an increase in duration of disruption per incident (2 hours 2 minutes duration per event in 2013/14 compared to 1 hour 48 minutes duration per event in 2012/13). The main drivers since last year include increased traffic volumes, infrastructure issues (including traffic signals and signal timing), unplanned emergency works and hazards. Quarter 3 saw a number of incidents that were not only disruptive but had a wide area impact, including the closure of Whitehall due to a collapsed crane. Other significant one-off incidents included the storm on 28 October 2013, closure of the A316 Hogarth Flyover for repairs on 29 October 2013, a burst water main on the North Circular road on 7 October 2013 and emergency water works on the A501 Pentonville Road on 13 November 2013. Action has been taken to reduce breakdowns in tunnels under TfL control, for example using Variable Message Signs (VMS), and this has proved successful. TfL is currently negotiating its truck recovery contracts and these will enhance capability to reduce the disproportionate impact of HGV breakdowns within the overall breakdown disruption figures.

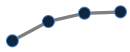
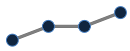
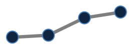
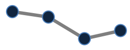
1.5 DLR on-time performance in Quarter 3 was better than target on all routes, resulting in performance of 99.0 per cent. This is 2.0 per cent up on target and equals that from Quarter 3 last year.

1.6 The London Overground public performance measure was 96.0 per cent in Quarter 3, down by 0.8 per cent against the same quarter last year, but 1.8 per cent better than target. The drop in performance since last year is due to the impact of the storm on 28 October 2013 and a 6-day closure following a freight train derailment at Camden Road, closing services between Gospel Oak and Highbury and Islington at the start of the Quarter. Full-year performance is forecast to be 1.0 per cent above target at 95.2 per cent.

1.7 Emirates Air line availability was 95.6 per cent in Quarter 3, 0.9 per cent below target, but 1.9 per cent higher than last year. High winds, particularly from the 28 October 2013 storm, and closures requested by the Port of London Authority to allow large vessels to pass underneath, accounted for the downtime. The expected full-year position has now reduced to an availability of 94.8 per cent, largely a result of the exceptional weather.

1.8 The TLRN Journey Time Reliability (JTR) was 1.6 percentage points below target in Quarter 3, with decreases in all three periods. Increased traffic flows on the TLRN, believed to be from increased economic growth, have affected all corridors, and are a significant factor in the deterioration. Traffic flows increased by an average of 4.5 per cent across all corridors in the pre-AM peak hour of 06:00 to 07:00, which in turn impacted JTR in the AM peak. The full-year forecast has been reduced to reflect the increase in traffic flows and improved modelling of the impacts of urban realm and Barclays Cycle Superhighways works.

Scheduled services operated

Per cent	Quarter 3, 2013/14			Full year 2013/14			
	Actual	Variance to target	Variance to last year	Quarter 3 Forecast	Variance to target	Variance to last year	2010 – 2014
▲ *higher is better*							
London Underground	97.6	0.4 ▲	-0.6	97.7	0.5 ▲	0.1	
London Buses	97.1	- ►	-0.4	97.8	0.2 ▲	0.2	
DLR	98.9	0.7 ▲	-0.1	98.8	0.6 ▲	0.3	
London Tramlink	98.8	0.8 ▲	1.9	98.5	0.5 ▲	0.6	

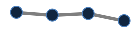
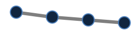
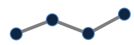
1.9 In Quarter 3, London Underground scheduled kilometres operated was 97.6 per cent, 0.4 per cent better than target, but down 0.6 per cent from the same quarter last year. Performance in the quarter was adversely affected by the storm of 28 October when 82.6 per cent of the scheduled kilometres were operated. Excluding the effects of the storm, scheduled kilometres were 97.8 per cent in the Quarter. Due to London Underground's reliability programme the full-year forecast is unchanged from last quarter.

1.10 The percentage of bus scheduled services operated in Quarter 3 was 97.1, lower than the same quarter last year, but on target. The increase in kilometres lost due to traffic delays was mainly due to higher traffic volumes. Events causing significant operational issues for buses included multiple roadworks on the Tottenham Court Road/Camden Town corridor and in Kingston, the closure of Uxbridge Road and Portman Street due to burst water mains, and particularly high volumes of disruptive incidents on 11 October 2013 and 8 November 2013. Efforts to keep disruption to a minimum during the storm on 28 October 2013 were largely successful, although there were prolonged delays due to the closure of Whitehall following a crane collapse, and Bath Road in Hounslow due to a gas explosion. Nevertheless, scheduled services operated in the year to date were 97.7 per cent, 0.2 points better than target; the full-year target is forecast to be achieved. London Buses continues to work with the bus operators to improve control of services during periods of disruption from road works, including introduction of more resilient schedules where necessary.

1.11 Scheduled kilometres on the DLR in Quarter 3 reached 98.9 per cent, 0.7 per cent better than target. This is the sixth consecutive quarter where the per cent of scheduled services operated was above 98 per cent. The full-year forecast remains at 98.8 per cent at Quarter 3, reflecting fewer service recovery options in the latter part of the year due to the operation of more services.

1.12 London Tramlink scheduled kilometres operated was 98.8 per cent in Quarter 3, 0.8 per cent better than target and 1.9 per cent up on the same quarter last year.

Safety and security

Performance indicator	Unit	Quarter 3, 2013/14			Full year 2013/14			
		Actual	Variance to target	Variance to last year	Quarter 3 Forecast	Variance to target	Variance to last year	2010 – 2014
▼ *lower is better*								
LU and DLR recorded crime *	Million passenger journeys	7.5	-0.8 ▼	-2.2	8.5	-0.1 ▼	-1.1	
London Buses: recorded crime [5]*	Million passenger journeys	7.6	-0.7 ▼	-1.1	7.9	-0.7 ▼	-0.7	
LU and LR Major Injury Frequency Rate	Major injuries/ m hours	0.31	0.04 ▲	- ►	0.27	- ►	0.02	
▲ *higher is better*								
Cumulative reduction in KSI Londonwide [6]	%	37.1	15.1 ▲	19.0	31.7	10.4 ▲	14.8	
Vehicles operated by FORS accredited companies [7]	No.	139,868	-132 ▼	-	162,300	- ►	67,101	

1.13 The rate of crime per million passenger journeys on the LU/DLR and bus network in Quarter 3 saw a significant improvement against target and the same quarter last year. The level of crime on the LU and DLR network was 20.3 per cent lower in Quarter 3 than the same period last year, with 678 fewer offences. The most notable reduction was seen in theft of railway property (15.9 per cent, 636 fewer offences). The British Transport Police (BTP), which has responsibility for policing the LU/DLR networks, has put additional measures in place to deal with the increase in theft experienced in 2012/13 which have been successful. These include the redeployment of officers to theft hotspots, a new crime reduction and awareness campaign, and targeted police enforcement activity against organised thieves operating on the network as part of Operation Magnum.

1.14 The level of crime on the bus network was 7.8 per cent lower in Quarter 3 than the same period last year, with 401 fewer offences. Notable reductions were seen in robbery (25.3 per cent, 146 fewer offences) and criminal damage (24.5 per cent, 95 fewer offences). These results build on the significant reductions in bus-related crime over recent years and reflect the work done by TfL and its policing partners to ensure that the bus network remains a safe, low crime environment.

1.15 The London Underground major injury rate in Quarter 3 was 0.31 major injuries per million passenger journeys, 0.04 worse than target. However, TfL expects to make inroads into reducing major injuries

* Quarter 3 refers to snapshot crime figures for September -November 2013. The information reported here may be different to other Quarter 3 crime information published by TfL which covers October - December 2013. Quarter 3 crime forecasts have been calculated on the basis of the latest passenger projections and projected crime levels for the year based on year-to-date crime trends

[5] London buses recorded crime target been revised upwards since the TfL 2013/14 target to reflect better than forecast performance in 2012/13

[6] Cumulative reduction from a baseline of the 2005-2009 average, Quarter 3 refers to June – August 2013

[7] Cumulative from 2008

over the next quarter and is forecast to hit target over the full year. Safety awareness campaigns using both PA announcements and posters are being implemented across the network, targeted at locations where most incidents occur. Where accidents occur, the site is visited and recommendations are agreed by the local management with assistance from the Safety managers; actions are tracked against threshold and long term action to prevent reoccurrence. Staff engagement has been developed through the requirement that all staff in both Assets and Operations attend a weekly 'Safety Hour'.

1.16 Provisional data for Quarter 3 of 2013/14 shows that the number of people killed or seriously injured (KSI) on London's roads was 37.1 per cent below the 2005-2009 baseline during Quarter 3. The full-year forecast for 2013/14 is a reduction in KSIs of 31.7 per cent from the baseline, significantly up on the target of 21.3 per cent. The full-year forecast is, therefore, ahead of target, with one further quarter to report. TfL is still on track to meet its long-term target of a 40 per cent reduction in KSIs by 2020.

1.17 The Fleet Operators Recognition Scheme (FORS) is a unique industry-led accreditation scheme that aims to transform freight delivery in London by encouraging freight companies in London to become safer, more efficient and more environmentally friendly. At the close of Quarter 3, FORS accreditation has been granted to over 139,868 vehicles. The full-year target of 162,300 vehicles is forecast to be achieved.

Value

The operating budget below shows financial variances for year-to-date actuals and the latest full-year forecast as of Quarter 3, both against Budget. The table highlights TfL's operating contribution to fund investment, after revenue grants, including DfT general grant, Business Rates Retention and Greater London Authority (GLA) precept. The operating contribution is used to help fund investment and is allocated to projects through the annual business planning process.

A consistent table format is adopted across the Business Plan, TfL Budget and OFR. This will ensure consistent in-year reporting as well as comparisons across years.

Operating budget [8]

TfL group	Year to date			Full year 2013/14				
(£m)	Actual	Variance to Budget		Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget		
Fares income	2,825	18	▲	4,093	-6	10	▲	0%
Other operating income	442	18	▲	645	3	-13	▼	2%
Total income	3,268	36	▲	4,738	-3	-3	▲	0%
Operating expenditure (net of third-party contributions)	-3,975	14	▲	-5,939	-8	-42	▼	1%
Operating margin	-707	50	▲	-1,201	-12	-45	▼	3%
Interest income [9]	14	4	▲	19	-2	5	▲	32%
Debt interest	-242	-12	▼	-345	3	-12	▼	4%
Contingency and group items	10	51	▲	-	13	59	▲	100%
Margin	-926	94	▲	-1,527	2	7	▲	1%
Finances sources								
General grant	757	2	▲	1,094	-	3	▲	0%
Overground grant	20	-	▶	29	-	1	▲	2%
GLA precept	4	-	▶	6	-	-	▶	0%
Business Rates Retention	630	74	▲	803	-	-	▶	0%
Other revenue grants	19	3	▲	42	5	21	▲	100%
Total revenue grants	1,430	80	▲	1,973	5	24	▲	1%
Operating contribution to fund investment	504	174	▲	446	7	31	▲	9%

[8] The Operating and Capital budget tables differ in approach to the Balance Sheet and the Cash Summary (Appendix C). These exclude London Transport Museum (LTM) activity; LTM cash balances as well fair value adjustments for long-term investments
[9] Includes interest on the Crossrail Sponsors' Fund Account

Capital budget

TfL group (£m)	Year to date Actual	Year to date Variance to Budget		Full year 2013/14 Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget		
Capital expenditure	-1,055	180	▲	-1,673	76	223	▲	12%
Third-party contributions – capital	71	37	▲	86	1	16	▲	23%
Sales of property and other assets	17	-7	▼	55	-16	-9	▼	14%
Net capital expenditure excl. Crossrail	-967	211	▲	-1,533	61	230	▲	13%
Crossrail capital expenditure	-1,152	-25	▼	-1,692	64	-78	▼	5%
Net capital expenditure incl. Crossrail	-2,119	185	▲	-3,225	125	152	▲	4%
Finance sources								
Operating contribution to fund investment	504	174	▲	446	7	31	▲	9%
Crossrail funding sources	1,473	3	▲	2,053	2	2	▲	0%
Investment grant	620	-	▶	895	-	-	▶	0%
Metronet grant	92	-	▶	184	-	-	▶	0%
Other capital grants	-	-	▶	100	-	100	▲	N/A
Working capital	26	378	▲	-222	154	250	▲	57%
Net borrowing and cash movements	-595	-739	▲	-230	-287	-535	▲	184%
Total	**2,119**	**-185**	▲	**3,225**	**-125**	**-152**	▲	**4%**

Fares income

Fares income (£m)	Year to date			Full year 2013/14			
	Actual	Variance to Budget		Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget	
London Underground	1,579	1	▲	2,290	0	-15	▼
London Rail	210	14	▲	305	3	21	▲
Emirates Air Line	4	-3	▼	5	0	-3	▼
London Buses	1,032	6	▲	1,493	-8	8	▲
Total fares income	**2,825**	**18**	▲	**4,093**	**-6**	**10**	▲

2.1 Both the year-to-date and the full-year forecast fares income are almost exactly as budgeted; £10m, or 0.3 per cent, higher than Budget over the full year. The Quarter 3 full-year forecast has been updated to reflect the effects of the January 2014 fares changes, with average fares increased by 2.7 per cent, a real terms fares reduction.

2.2 London Underground fares income in the year to date was £1m, or 0.04 per cent, more than Budget. Whilst passenger journeys are higher than Budget, the average yield per journey has fallen since the Budget was produced, as customers continue to make better use of the products available (e.g. Travelcards), and journeys on the 60+ Oystercard continue to rise from increased take up of the scheme. Underlying year-on-year passenger growth was at 3.9 per cent after taking into account Games-related journeys in 2012/13.

2.3 London Underground's latest full-year forecast fares income of £2,290m is 7.9 per cent higher than last year, but £15m (0.5 per cent) less than Budget, largely from lower than average yield and the effects of the January 2014 fares changes.

2.4 London Rail fares income in the year to date was £14m (7 per cent) higher than Budget. This upside was almost entirely from higher than Budget passenger demand on London Overground. London Overground revenue is £14m (16 per cent) ahead of Budget; DLR is £1m (1 per cent) ahead with Tramlink £1m (4 per cent) lower.

2.5 The strong year-to-date London Overground performance is reflected in the latest full-year forecast which shows an increase of £21m, with a further increase of £1m on the DLR, partly offset by a reduction of £1m for Tramlink.

2.6 Emirates Air Line fares (EAL) income in the year to date was £3m (39 per cent) lower than Budget. The absence of non-Games comparative passenger number data for the Emirates Airline resulted in a higher fares income Budget being set than will be realised. Emirates Airline's latest full-year forecast is now £3m below Budget. Despite this, EAL is forecast to make an operating surplus over the full year.

2.7 Bus fares income in the year to date was £6m, or 0.6 per cent, higher than Budget, reflecting 5 million higher fare-paying passengers, combined with a favourable ticket mix, with higher on-bus cash income, which is the highest yielding fare, partly offset by £1m travel card retrospective adjustments. Year-on-year passenger journey growth remains positive, with the underlying growth in journeys running at 1.4 per cent.

2.8 The full-year bus fares income is now forecast to be £8m higher than Budget, with additional revenue being driven by underlying passenger growth and updated economic and population projections, partly offset by the introduction of discounted ticket prices for apprentices. The decrease against the Quarter 2 forecast reflects recent underlying trends, the reduction in fare increases from January 2014, and higher take up of the free 60+ scheme than forecast.

Other operating income

Other operating income (£m)	Year to date			Full year 2013/14			
	Actual	Variance to Budget		Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget	
London Underground	133	6	▲	197	1	10	▲
London Rail	8	1	▲	18	-4	4	▲
Congestion Charge, LEZ and Road Network Compliance	200	11	▲	287	11	16	▲
Barclays Cycle Hire	10	-2	▼	13	-3	-3	▼
Other Surface Transport	64	1	▲	90	-4	-2	▼
Corporate	27	1	▲	40	1	-38	▼
Total other income	**442**	**18**	▲	**645**	**3**	**-13**	▼

2.9 In the year to date, LU other operating income is £6m higher than Budget, driven by additional property rental income from the early purchase of properties required for the Bank station project, and higher advertising revenues from increased availability of the advertising estate. As a result, full-year other operating income is now expected to be £10m over Budget.

2.10 London Rail year-to-date other operating income is £1m over Budget, primarily a result of phasing of property income. The full-year forecast is expected to be £4m over Budget, mainly due to additional Network Rail discretionary fund contributions, for works on London Overground stations.

2.11 Congestion Charge (CC), Low Emission Zone (LEZ) and Road Network Compliance income in the year to date is £11m higher than Budget, driven by a combination of increased Penalty Charge Notice volumes for CC and LEZ and higher CC income, particularly Fleet and Autopay detections and registrations, driven by higher than expected traffic volumes, possibly linked to the improving economy. The full-year forecast incorporates current trends and is £16m higher than Budget.

2.12 Barclays Cycle Hire income in the year to date is £2m down as a result of rephasing of sponsorship income due to a change in accounting treatment from that used in the Budget. Sponsorship income has now been evenly spread over the life of the contract. This is also reflected in the full-year-forecast.

2.13 Other Surface Transport operating income is slightly up in the year to date, but is expected to be £2m down over the full year. This is driven by a change in the accounting treatment for Victoria Coach Station ticket sales income to be consistent with statutory accounts. This has no net impact on TfL's cash position and is offset against operating expenditure.

2.14 Other operating income in the Corporate Directorates was £1m higher than Budget in the year to date, largely due to higher supplier rebates as a result of high user volumes on the new TfL website.

2.15 The full-year forecast is £38m lower than Budget. This is primarily due to the reprofiling of Commercial Development income of £30m into future years while TfL further develops its commercial plans for retail and property income. Forecast income of £13m from advertising, property rental and other contracts has been transferred to London Underground. This is partly offset by higher income of £4m; an improvement of £1m compared to last quarter, predominantly from Oyster card schemes, the new Travel Information Centre booth in Victoria, property lettings and Community Infrastructure Levy (CIL).

Operating expenditure

Operating expenditure (£m)	Year to date		Full year 2013/14		
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget
London Underground	-1,520	5 ▲	-2,251	-19	-10 ▼
London Rail	-235	5 ▲	-376	-20	-23 ▼
Surface Transport	-1,819	3 ▲	-2,711	19	-4 ▼
Corporate	-402	2 ▲	-600	11	-5 ▼
Total operating expenditure	**-3,975**	**14** ▲	**-5,939**	**-8**	**-42** ▼

2.16 London Underground operating expenditure was £5m, or 0.03 per cent, less than Budget. The primary driver is the rephasing of £25m of minor works to later this year and future years. In addition, £11m underspend is from traction energy savings from favourable pricing and volume changes, £3m from rail replacement services following reduced numbers of closures, £3m from a release of overprogramming, and £6m from the rephasing of other operating costs to the end of 2013/14. These underspends have been partly offset by £10m of Northern Line Extension expenditure, which has been transferred from the Corporate directorates and reclassified as operating expenditure, and the reclassification of £28m Jubilee, Northern and Piccadilly line expenditure from capital to operating expenditure.

2.17 Over the full-year, this position is expected to reverse, with operating expenditure forecast to be £10m over Budget. This is due to a combination of: an increase in wage awards of £6m from April 2014, driven by an increase in the February 2013 RPI rate from that previously assumed; a voluntary severance provision for Fit for the Future Stations; £10m for the Northern Line extension which was transferred from the Corporate Directorates and which has no net effect on TfL; and the reclassification of Fit for the Future Stations programme and some renewal elements of Infrastructure works which were transferred from capital to operating expenditure. This is partially offset by increased efficiencies and delayed recruitment of £12m, lower electricity costs of £11m, reductions in rail replacement services of £4m following reduced number of closures, lower back office expenditure of £6m, and £11m of rephasing into future years.

2.18 London Rail expenditure is £5m under Budget in the year to date, following the decision not to proceed with the proposed devolution of South Eastern Rail franchise and the rephasing of Access for All projects to next year. The latest full-year forecast is £23m over Budget due to increases in commercial contractual arrangements.

2.19 Surface Transport operating expenditure in the year to date was £3m below Budget. This was from a combination of rephasing to future years of £16m, £6m of in-year rephasing works accelerated to earlier in the year, and net bus operating costs increases of £3m. Project spend of £16m was re-phased to future years, including £12m for new projects added to the 2012 TfL Business Plan (such as road capacity, road safety, cycling schemes and bus pinch point activities) where delivery plans are being refined and £3m on Barclays Cycle Superhighways following the finalisation of the Mayor's Vision for Cycling. In-year rephasing was mainly due to accelerated expenditure of £13m on Local

Implementation Plans (LIP) and Borough Programme works, which was partly offset by the reprofiling of highways maintenance delivery through the London Highways Alliance Contracts (LoHAC) of £5m and other minor movements. Bus contract cost movements were due to £17m of Bus Service Operators' Grant (BSOG) costs, which transferred responsibility from the DfT to TfL from 1 October 2013, which were partly offset by savings of £10m on bus contracts, the latter from the impact of significantly lower than budgeted earnings index, one of the components used to calculate the annual bus Contract Price Adjustment (CPA), which determines contract prices. The BSOG payment was included in Group Items when setting the Budget, but was transferred to Surface Transport in the Quarter 1 forecast. This will, therefore, have no net impact on TfL.

2.20 The full-year forecast is £4m higher than Budget, due to the administration of the Bus Service Operations Grant (BSOG). This payment is partially offset by £20m bus contract savings from the impact of the significantly lower than budgeted earnings index, and £10m of project spend re-phased to future years, principally relating to projects added to the 2012 TfL Business Plan where delivery plans are now being refined. There was also a £6m reduction due to a change in the accounting treatment for Victoria Coach Station ticket sales (see Section 2.13).

2.21 Surface Transport's operating costs for the full year are £19m less than that forecast in the previous quarter. This is largely due to rephasing, primarily of cycling scheme programmes such as Quietways and Mini Hollands, following the revised timing of activities relating to the Mayor's vision for cycling, to future years.

2.22 In the year to date, operating expenditure for the Corporate Directorates was £2m lower than Budget. This is due to £9m of savings from property, insurance, consultancy and staff cost reductions, £5m of project rephasing and consultancy costs and £3m of contingency for project risk being reprofiled to future years. These are broadly offset by higher costs of £4m for the New Website Project (NWP) and additional staffing for the new Travel Demand Management (TDM) team, new planning activity of £3m relating to the Garden Bridge and HS2 projects, the transfer in of the Surface Commercial and Employee Communications and Engagement teams of £5m, ITSO costs for ticketing development of £3m and the reclassification of capital to operating expenditure of £2m.

2.23 In the full year, the Corporate Directorates are forecast to exceed Budget by £5m. This is driven by higher costs of £10m from additional activity including supporting new teams in TDM and Corporate Affairs and project work for Garden Bridge, Crossrail 2 and HS2, internal transfer of departments of £15m and £14m additional costs including British Transport Police CCTV support, and additional requirements for IM licences and contracts. These are partially offset by savings of £18m delivered across insurance, staff, consultancy, legal, and audit activities, and £7m of costs which are now expected in future years such as the Future Ticketing Programme (FTP), contactless payments campaign, River Crossings, HR Transformation and IM Strategic Sourcing. There are also project risk and net reclassifications to capital of £2m and £7m respectively.

Interest income, debt service and other group items

Interest income, debt service and other group items (£m)	Year to date			Full year 2013/14			
	Actual	Variance to Budget		Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget	
Interest income	14	4	▲	19	-2	5	▲
Debt service	-242	-12	▼	-345	3	-12	▼
Contingency and other group items	10	51	▲	-	13	59	▲
Total interest, debt service and other group items	**-218**	**44**	▲	**-326**	**14**	**52**	▲

2.24 Interest income is £4m up in the year to date, largely due to higher than expected cash balances and from TfL earning better rates than assumed in the Budget. This has been reflected in the Quarter 3 forecast, which now shows an upside of £5m over the full year. TfL continues to invest in accordance with the Board-approved Investment Strategy, prioritising security of principal and liquidity of investments over financial return.

2.25 Debt service is £12m over Budget in the year to date. This is caused by the £23m premium paid for the early redemption of Tube Lines debt earlier in the year. The future refinancing of this debt was at a lower interest rate, creating almost £36m in net present value benefits. This cost has been partly offset by an £11m favourable variance to Budget, from borrowing at better rates than previously expected. Debt service levels are forecast to be £12m over Budget in the full year.

2.26 Contingency and other group items are forecast to be £59m under Budget over the full year. This was driven by the transfer of £44m of BSOG payments to Surface Transport, non-utilisation of £49m of general contingency, including a further release of £15m release in the Quarter 3 forecast, offset by £33m savings to be found that were transferred to the business units in Quarter 1.

Capital expenditure

Gross Capital expenditure (£m)	Year to date			Full year 2013/14			
	Actual	Variance to Budget		Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget	
London Underground	-816	40	▲	-1,236	55	-15	▼
London Rail	-47	63	▲	-98	2	61	▲
Surface Transport	-146	59	▲	-258	16	77	▲
Corporate	-46	18	▲	-80	3	100	▲
Gross capital expenditure	**-1,055**	**180**	▲	**-1,673**	**76**	**223**	▲

2.27 London Underground's capital expenditure is tracking close to Budget. In the year to date, LU is £40m under Budget, a variance of less than five per cent. This is driven by a £48m underspend on Sub Surface Railway Upgrades, with a £39m accelerated payment made after the 2013/14 Budget was set, combined with planned deferral of Neasden Depot Phase B works to future years. An additional £33m underspend within Legacy Train Systems – renewal projects associated with legacy fleets - was due to rephasing of tunnel cleaning and Track Monitoring & Evaluating Systems, combined with unutilised risk for the Victoria Line upgrade. There was almost £10m of rephasing on stations projects, with £6m relating to Baker St Station Stabilisation and £3m on the Vauxhall Station Upgrade. A further £28m of expenditure, predominantly relating to Jubilee, Northern and Piccadilly lines, has been reclassified as operating expenditure. These variances have been offset by the release of £90m of overprogramming.

2.28 By the end of 2013/14, this position is expected to reverse, with full-year capital expenditure forecast to be £15m - just over one per cent - over Budget. This is driven by; £30m on SSR mainly due to accelerated payments brought forward to 2012/13; £39m for the Legacy train system which includes the rephasing due to suspension of tunnel cleaning and Track Monitoring & Evaluating Systems and unutilised risk for the Victoria Line upgrade, £22m from rephasing of infrastructure renewal projects; £10m reduction in scope from Civils Earth Structure and Bridges work; SSR Powerlink rephasing; rephasing of £14m of stations stabilisation expenditure into future years due to design delays, the largest being the Baker Street station stabilisation project;; re-scoping of the Vauxhall Station Upgrade following the contract award; and £20m of costs relating to Jubilee, Northern and Piccadilly lines has been reclassified to operating expenditure. This was offset by the transfer of £11m of capital expenditure for the Northern Line Extension (NLE) from the Corporate directorates, and the release of £173m of overprogramming.

2.29 In the year to date, London Rail is £63m under Budget. This is predominantly due to the settlement of claims of £28m for the East London Line (ELL) in late 2012/13 after the Budget was set, with a further £13m provision rephased to later this year. In addition, £16m of London Overground Capacity Improvement Programme (LOCIP) costs have been rephased to future years.

2.30 The latest full-year forecast for London Rail is £61m under Budget, mainly due to the ELL commercial settlement of £28m together with £25m from rephasing of LOCIP and Gospel Oak to Barking line, with the balance being made up of minor variances. The LOCIP project will deliver as per the overall project milestone date.

2.31 Surface Transport capital expenditure in the year to date was £59m below Budget, largely due to in-year rephasing of £25m including £16m Transport for London Road Network (TLRN) Capital Renewals rescheduling, of this £9m related to delivery works rescheduled following mobilisation of the new London Highways Alliance Contracts (LoHAC) and £7m as a result of network access issues, delays in lighting design and in order to coordinate activity with other streetworks. Further in-year slippage included £3m for the Barclays Cycle Hire phase 2 new finance & billing system, following successful implementation in September it is now at the bedding-in stage prior to completion of the final milestone, £3m for the energy efficient street lighting programme following delay in the contract award and £3m due to the slight delay in commencement of the Road Space Management Split Cycle Offset Optimisation Technique (SCOOT) programme for upgrade to traffic signal technology. Spend of £14m reprofiled to future years included rephasing of Barclays Cycle Superhighways (£11m) and Better Junctions (£3m), following the finalisation of the Mayor's Vision for Cycling. Savings of £7m have been realised on Barclays Cycle Hire Expansion and Intensification (CHEI) project equipment, construction and contract variation and £3m on the removal of the Congestion Charge retail channel following consultation in January 2013.

2.32 Surface Transport's full-year forecast is £77m below Budget mainly due to rephasing to future years. This includes: £17m for Structures and Tunnels Investment Portfolio (STIP) projects, mainly for Hammersmith Flyover phase II following contractor appointment after the Budget was set, and increases in the time expected to gain Network Rail possessions (e.g. permission to access bridges); Safety Camera Replacement Project due to contract awards delays at the tendering stage of £14m; Barclays Cycle Superhighways of £14m, to align with the Mayor's vision for cycling, and the Electronic Ticket Machine (ETM) replacement project of £11m, as we expect to extend the life of the current ETMs.

2.33 The full-year Surface forecast is £16m below Quarter 2, due to rephasing of £8m, including £3m for the completion of remaining SCOOT sites in 2014/15, and savings of £7m, including a further £3m of savings from the Barclays CHEI project.

2.34 Capital expenditure in the Corporate Directorates was £18m lower than Budget in the year to date. This is driven by the transfer of £11m NLE expenditure to LU. In addition, £7m for payment technology projects, (including FTP) and New Growth Areas has been reprofiled to future years, and £2m for the New Website Project was reclassified as operating expenditure. These variances have been partly offset by in-year rephasing of £3m for Property, IM and CEM&C projects, where work was brought forward and completed earlier than budgeted.

2.35 These drivers are also reflected in the full-year forecast, which is £100m lower than Budget. The main driver is the reprofiling of £68m Commercial Development investment programme initiatives, to increase future income from retail, property and other commercial ventures, into future years. In addition, £25m of capital expenditure for the NLE has been transferred to London Underground; £10m of this transfer has also been reclassified as operating costs, and £3m has been rephased to future years. In Quarter 3, an additional £6m of payment technology projects and IM projects were reprofiled, in addition to the reprofiling of £7m at Quarter 2. This reflects the revised activity schedule for the FTP and IM projects.

Capital third-party contributions

Third-party contributions (£m)	Year to date		Full year 2013/14		
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget
London Underground	29	16 ▲	30	2	7 ▲
London Rail	28	25 ▲	36	-1	26 ▲
Surface Transport	15	8 ▲	20	1	10 ▲
Corporate	-	-11 ▼	-	-	-27 ▼
Third-party contributions	**71**	**37** ▲	**86**	1	**16** ▲

2.36 London Underground third-party contributions in the year to date and the full-year forecast are over Budget due to increased recoverable costs, relating for the most part to Crossrail interface projects.

2.37 London Rail third-party contributions in the year to date are £25m up on Budget due to the earlier than budgeted recognition of East London Line RAB (Regulatory Asset Base of Network Rail) funding of £20m and European Regional Development Fund contribution of £8m towards the capital costs of Emirates Air Line. The latest full-year forecast is £26m better than Budget, due to the earlier than budgeted recognition of RAB funding of £20m and LOCIP funding from Network Rail of £8m.

2.38 Surface Transport capital third-party contributions in the year to date were £8m higher than Budget. This was due to an additional £4m for CHEI, where contributions from London boroughs have been brought forward in line with the planned delivery schedule, and DfT funding of £3m for carriageway works, following the 2012 Autumn Statement. The full-year forecast is £10m above Budget due to DfT funding for carriageway works of £4m, Traffic Signal Modernisation additional funding of £3m for Borough and Developer Funded Schemes, and CHEI of £3m. The movement from the Quarter 2 forecast is due to DfT funding for carriageway works which has been reclassified from operating expenditure.

2.39 Capital third-party contributions across the Corporate directorates were £11m lower than Budget in the year to date, unchanged since the previous quarter, and are forecast to be £27m lower than Budget in the full year. This is driven by the reclassification of £25m of Northern Line Extension (NLE) developers' contributions, which will now be received directly from the Greater London Authority (GLA) as grant funding. This funding has also been rephased to future years, with payments expected from 2014/15. The total level of funding for the NLE remains the same as assumed in the Budget, but will now be received in later years.

Sales of property and other assets

Sales of property and other assets (£m)	Year to date		Full year 2013/14		
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget
Total sales of property and other assets	17	-7 ▼	55	-16	-9 ▼

2.40 In the year to date, sales of property and other assets were £7m lower than Budget. £15m of property sales were reprofiled into future years: sales of Dalston Western Curve and Hillingdon following planning consent delays; the delayed sale of Fleet Street to investigate opportunities to increase revenue streams in future years; and Whitechapel which is required for future development. This rephasing was partly offset by higher income of £8m, from the sale of Wembley Park due to earlier vacancy than expected, the compulsory purchase orders at Blackfriars and Farringdon, the sale of Orion Business park and a higher than budgeted receipt for the sale of Princelet Street.

2.41 Full-year income is forecast to be £9m lower than Budget. This reflects the year to date position at Quarter 3, as detailed above. Additionally, Edgware Road and Debden have been reprofiled to future years, income for the A40 Sites was received in the last financial year, earlier than expected, and the sale of Landrick Road has been delayed as it is now required for A13 site works.

2.42 The reduced income forecast has been partially offset by the sale of Shepherds Bush Market, where sales income was budgeted in earlier years, the unbudgeted sale of Hanger Lane / Inglis Road, and the reprofiling of income from East Finchley substation, from a previous year, and Kidbrooke, which was brought forward from 2016.

Crossrail

Crossrail (£m)	Year to date		Full year 2013/14		
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget
Crossrail	-1,152	-25 ▼	-1,692	64	-78 ▼

2.43 In the year to date, Crossrail spent £25m more than Budget. Direct construction costs are £10m over Budget, principally due to the re-phasing of programme and project risk. Property costs are £33m over Budget principally due to upward revaluations notably at Paddington, Ealing Broadway, Liverpool Street, Slough Station, Whitechapel, Hayes and Harlington, Southall Station, Kensal Green and Maidenhead Station, offset by downward revaluations movements at Farringdon and Romford. Indirect project costs are £18m under Budget, principally due to the delays in recruiting technical and corporate staff.

2.44 The full-year forecast is now £78m over Budget, predominantly due to re-phasing of programme and project risk, and property revaluations. The latest full-year forecast is £64m less than forecast at Quarter 2. The reduction is driven by a review of work on the Network Rail Traction Control and Thames Tunnel project, reduced staff costs, and savings on instrumentation and monitoring from better than expected ground conditions at the Fisher Street Shaft. These variances have no material impact on Crossrail's overall project costs, which will be delivered to time and within budget.

Working capital

Working capital (£m)	Year to date			Full year 2013/14			
	Actual	Variance to Budget		Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget	
Working capital	26	378	▲	-222	154	250	▲

2.45 In the year to date, working capital is £26m, £378m higher than Budget. This is due to a combination of: a £76m earlier than expected receipt for concessionary fares from London Councils (which was budgeted to arrive in Quarter 4, but was received in late Quarter 3); £73m advanced receipt of commercial non-fares income; £37m from unused portions of tickets, Oyster balances and card deposits; £80m of capital creditors due to the withholding of payments to suppliers pending achievement of specific project milestone; and £44m of trade creditors from invoices being received later than expected.

2.46 Over the full year, working capital is forecast to be £222m, £250m higher than Budget. This is from £28m of capital creditors due to the withholding of payments to suppliers pending completion of specific project milestones; £38m from unused portions of tickets, Oyster balances and card deposits; £56m from accruals, including a provision for voluntary severance; and £49m for Crossrail property payments.

Government grants and funding

Government grants and funding (£m)	Year to date		Full year 2013/14		
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget
General Grant	757	2 ▲	1,094	-	3 ▲
Metronet Grant	92	- ▶	184	-	- ▶
Investment Grant	620	- ▶	895	-	- ▶
Overground Grant	20	- ▶	29	-	1 ▲
GLA precept	4	- ▶	6	-	- ▶
Business Rates Retention	630	74 ▲	803	-	- ▶
Crossrail Funding Sources	1,473	3 ▲	2,053	2	2 ▲
Revenue grants	19	3 ▲	42	5	21 ▲
Capital grants	-0	- ▶	100	-	100 ▲
Total grants and funding	**3,614**	**83** ▲	**5,205**	**7**	**126** ▲

2.47 Government grants and funding are £83m higher than Budget in the year to date. This is largely driven by a £74m favourable variance from timing differences from Business Rates Retention (BRR) payments, which have been received earlier than assumed. This is expected to be corrected by the end of the year.

2.48 Over the full year, grants and funding are forecast to be £126m more than budgeted. This is largely the result of an additional £100m funding from the Department of Transport (DfT) for Crossrail rolling stock procurement, which was agreed as part of the 2013 Spending Review and included in TfL's latest business plan. This sum will be held in the Crossrail Sponsors' Funding Account until 2015/16. A further £15m of one-off funding has been provided from the DfT in lieu of TfL applying for planning obligations for the costs of services to free schools for the duration of the current parliament.

Net borrowing, cash balances and cash movements

Borrowing, repayments and cash reserve movements (£m)	Year to date		Full year 2013/14		
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget
Borrowings Raised	440	95 ▲	438	1	93 ▲
Borrowings Repaid	-94	-71 ▼	-105	2	-63 ▼
Net borrowing	**346**	**24 ▲**	**333**	**3**	**30 ▲**
Cash movements	-941	-763 ▲	-564	-290	-566 ▲
Net borrowing and cash movements	**595**	**739 ▲**	**230**	**287**	**535 ▲**

2.49 In the year to date, borrowings raised were £95m above Budget. This is due to the refinancing of Tube Lines debt. Borrowings repaid were £71m higher than Budget, also largely due to the refinancing of Tube Lines debt.

2.50 Over the full year, borrowings raised are forecast to be £93m above Budget, while borrowings repaid are £63m higher. Both of these variances represent additional borrowing and repayments undertaken as a result of the refinancing of scheduled debt repayments on the Tube Lines debt, which was not included in the Budget. The overall effect of the refinancing is that borrowings raised will be £30m higher than Budget.

Cash balances (£m)	Year to date		Full year 2013/14		
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget
Crossrail Sponsors' Funding Account	1,944	90 ▲	1,972	197	142 ▲
Other TfL cash balances	2,890	673 ▲	2,485	94	424 ▲
Closing cash	**4,834**	**763 ▲**	**4,457**	**290**	**566 ▲**

2.51 TfL's closing cash (including Crossrail's cash balances) at the end of Quarter 3 is £763m more than that expected at the time of the Budget. This is driven by rephasing of capital expenditure to later this year and future years, an additional £100m from the DfT for Crossrail rolling stock, and a significant working capital upside of £378m that will start to reverse in the following quarter.

2.52 Cash balances are now forecast to be £566m higher than Budget at the end of 2013/14, driven by:

- £67m for payments accelerated into the end of 2012/13 after the 2013/14 Budget was set, including £39m for new Tube rolling stock and £28m for the East London Line commercial settlement

- As with many major capital programmes, specific projects are rescheduled into future years. TfL has rephased £113m of committed investment to future years, including the London Overground Capacity Improvement Programme (LOCIP), structures and tunnels investment, and Barclays Cycle Superhighways. Almost £70m of this expenditure is for commercial investment, whereby TfL will secure better value over the long term
- £100m from the DfT for Crossrail rolling stock procurement that was secured as part of the 2013 Spending review; this funding is ring-fenced
- A £250m working capital upside – 2.5 per cent of the 2013/14 Budget - due to timing differences from payments and receipts that will reverse in the next financial year

2.53 TfL's cash balance (up to a prudent minimum) is committed to delivering the improvements outlined in TfL's latest Business Plan, updated in the TfL Budget 2014/15, including:

- Almost £1.5bn on the Sub-Surface Rail upgrade, delivering new rolling stock, increased train frequency, greater capacity and automated train control
- Over £1bn on new Crossrail trains, with the contract now awarded to Bombardier
- Over £900m for key cycling programmes
- £150m for a further 400 New Buses for London by the end of 2015/16

Efficiencies

Efficiencies Programme [10] (£m)	Year to date		Full year 2013/14		
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget
Progress towards TfL's total efficiency programme	152	49▲	224	39	87▲

2.54 In the 2013 Business Plan, TfL has identified more than £16bn of efficiencies which has allowed us to invest in infrastructure while holding down fares and managing with lower Government grant levels. We have already secured nearly £12bn of savings, leaving £4.2bn still to be secured. This will be achieved by reducing back-office expenditure and driving out inefficient activity to protect front-line services and our capital investment programme.

2.55 The 2013/14 Budget set a target to secure £137m of efficiencies. In the year to date, TfL has increased its level of savings by an additional £49m against target. Secured efficiencies to date include energy savings for traction current, savings on rolling stock spares, a cheaper solution on dust cleaning, and the removal of the Congestion Charge retail channel following consultation in January 2013.

2.56 Over the full year, TfL now forecasts to achieve an additional £87m of savings against Budget. Additional efficiencies have been secured through savings from signalling and infrastructure renewals, the release of the Piccadilly Line signalling provision within London Underground, asset refresh and operational savings from re-letting the Congestion Charge contract and extending the Cycle Hire contract in Surface Transport. Corporate have identified additional staff and consultancy savings along with insurance re-tender efficiencies. There are plans in place to deliver the remaining unsecured efficiencies for the year.

[10] Efficiencies are quoted net of implementation costs

Customer

Passenger journeys

Millions	Quarter 3, 2013/14			Full year 2013/14			
	Actual	Variance to target	Variance to last year	Quarter 3 Forecast	Variance to target	Variance to last year	2010 – 2014
▲ *higher is better*							
London Underground	311.7	12.7 ▲	14.9	1,269.0	30.0 ▲	39.7	
London Buses	577	1 ▲	11	2,390	3 ▲	55	
DLR	24.4	0.4 ▲	1.1	100.9	0.8 ▲	0.8	
London Overground	31.5	-0.7 ▼	1.9	139.9	10.6 ▲	15.4	
London Tramlink	7.6	0.1 ▲	0.5	30.9	-0.3 ▼	0.8	
Emirates Air Line	0.3	- ▶	-0.2	1.6	0.1 ▲	-0.4	
Dial-a-Ride	0.3	- ▶	-	1.4	- ▶	-	
London River Services	1.6	0.1 ▲	0.3	8.5	1.3 ▲	2.2	

3.1 London Underground passenger journeys exceeded target by 12.7 million in Quarter 3, and were 14.9 million better than the same quarter in 2012/13. A new non-Games daily record was set on Friday 6 December with 4.53 million journeys made; only 14,000 less than the record set in August 2012. Year-to-date passenger journeys are 2.2 per cent higher than last year, without adjusting for journeys made on Olympic and Paralympics tickets. Once prior year demand is adjusted for Games related journeys, underlying year-on-year growth is 4.1 per cent.

3.2 Bus passenger journeys in Quarter 3 were slightly ahead of target and 1.9 per cent above last year; November 2012 suffered from severe weather, adjusting for exceptional events and the 2012 Games underlying passenger growth is 1.4 per cent. The full-year forecast is for 2.4 per cent growth, with Quarter 4 benefiting from timing of Easter and an assumption of more seasonal weather.

3.3 DLR passenger numbers were 0.4 million better than target in Quarter 3 and demand is 1.1 million up on last year. Year-to-date passenger journeys were one per cent above target and 5.5 per cent better than last year once prior year demand is adjusted for Games related journeys. Full year demand is forecast to surpass full-year target by 0.8 million.

3.4 London Overground journeys in Quarter 3 were 1.9 million up on the same period last year, but 0.7 million behind target. There were some significant challenges to London Overground due to the storm on 28 October causing difficult railhead conditions which affected other operators' services over shared infrastructure and six days of disruption at the beginning of the quarter following a freight train derailment near Primrose Hill. Full year demand is forecast to surpass the full-year target by 10.6 million

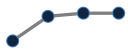
3.5 In Quarter 3 Tramlink saw 7.6 million passenger journeys, up 0.5 million on last year and 0.1 million better than target. Full-year passenger journeys are now forecast to be 0.3 million lower than targett.

3.6 The Emirates Air Line carried 0.3 million passengers in Quarter 3 which is slightly below target and 0.2 million lower than the same quarter last year. Full-year performance is expected to beat target by 0.1m.

3.7 Passenger journeys on London River Services during Quarter 3 were higher than target and last year. From 1 April 2013 a new methodology was introduced to calculate river passenger journeys as the number of passengers boarding all vessels, as recorded by the Automatic Identification System (AIS), plus the number of foot and vehicle passengers boarding the Woolwich Ferry, which is recorded manually by the ferry contractor. In previous years, passenger numbers were based on ticket sales by the principal boat operators excluding Woolwich Ferry passengers. The new counting method gives a more accurate picture of river usage.

3.8 There has also been underlying growth in demand for river services with the favourable late summer weather and the high visitor numbers to London sustaining the high tourist demand experienced in earlier in the year. Passenger journeys remain on forecast to reach over 8 million in 2013/14.

Cycling levels

Cycling index	Quarter 3, 2013/14			Full year 2013/14			
	Actual	Variance to target	Variance to last year	Quarter 3 Forecast	Variance to target	Variance to last year	2010 – 2014
▲ *higher is better*							
Cycling levels on the TLRN[11]	303	-3 ▼	13	276	-19 ▼	-	

3.9 Cycle flows on the TLRN in Quarter 3 of 2013/14 were 12.9 index points (4.6 per cent) higher than the same quarter last year; these represent the highest Quarter 3 cycle flows since the index began. However this is 3.4 index points (1.1 per cent) below the target set for Quarter 3. The full year forecast for 2013/14 is that target cycling levels will not be met and that across the full year cycle flow is not expected to change significantly from that recorded last year. There are a number of reasons for the slowdown in cycling growth. In addition to the weather, which can impact on cycle flows, delivery of new cycling infrastructure slowed in 2012/13 in the run up and during the Games period, following a moratorium on new project construction. Further, the implementation of the Better Junctions cycle safety review has impacted on the pace of delivery of major new cycle programmes, including both the Barclays Cycle Superhighway and Better Junctions programmes.

3.10 The Mayor published his Vision for Cycling in March 2013. In it he outlined plans for spending £913m on cycling over the next 9 years to 2021/22. This investment will deliver a step-change in cycling provision that will support the growing numbers of cyclists in London.

3.11 TfL have developed a new cycling key performance indicator (KPI) which will measure the daily average number of kilometres cycled in central London each quarter. This will be presented as the number of kilometres cycled per day in thousands, which is in line with the methodology used by DfT in their national traffic counts. The KPI will capture the outcomes of the investment in cycling infrastructure as set out in the Mayor's Vision for Cycling. It will also be able to report all cycle journeys on those parts of the Barclays Cycle Superhighways that fall within central London, the Central London Grid and the Quietways.

3.12 The number of journeys cycled are now being measured by quarterly on-street manual counts at 200 sites in central London. The new KPI will be monitored during 2014/15 to evaluate its robustness, and in the meantime we will continue to report the existing TLRN cycling index in parallel. The information will be published in the quarterly Operational and Financial Performance report from Quarter 1 2014/15 onwards.

[11] Cycling levels on the Transport for London Road Network (TLRN), indexed at 100 in March 2000

Customer satisfaction

Score (out of 100)	Quarter 3, 2013/14			Full year 2013/14			
	Actual	Variance to target	Variance to last year	Quarter 3 Forecast	Variance to target	Variance to last year	2010 – 2014
▲ *higher is better*							
London Underground	82	1 ▲	-2	82	1 ▲	-1	
London Buses [12]	83	1 ▲	2	83	1 ▲	1	
DLR	86	4 ▲	-2	85	3 ▲	-2	
London Overground	80	- ▶	-1	80	- ▶	-2	
London Tramlink	89	3 ▲	-	88	2 ▲	-1	
Emirates Air Line	93	8 ▲	-	92	7 ▲	-1	
Dial-a-Ride	92	- ▶	1	92	- ▶	-	
Congestion Charging	87	5 ▲	6	82	- ▶	-1	

3.13 LU customer satisfaction remained at 82 in Quarter 3, one point over target, but two points down fro the same quarter last year. Full-year performance is forecast to be one point above target at 82, based on current reliability trends.

3.14 Overall customer satisfaction with bus services has been on a general trend of improvement since Quarter 4, 2011/12. The overall satisfaction score in Quarter 3 was one point better than target and two points better than last year. On specific measures, satisfaction with waiting times declined slightly, falling one point compared with the same quarter last year, whilst satisfaction with journey time improved by one point. Based on year to date performance, the full-year forecast has now been increased to 83, one point up from the previous quarter.

3.15 DLR customer satisfaction was 86 in Quarter 3, down two points from the previous quarter and the same quarter last year. The poor score coincided with a number of ticket vending machines being out of service following a spate of vandalism, and lower than expected train frequency on the Woolwich and Stratford to Lewisham routes.

3.16 London Overground customer satisfaction was 80 in Quarter 3, on target but three points down from the previous quarter. This is due to overcrowding and poor service punctuality. Over the full year, the CSS score is expected to be 80 as overcrowding from extra demand continues. The LOCIP project is expected to improve on this as extra capacity is delivered.

3.17 In Quarter 3, Tramlink customer satisfaction remained at 89 for the fourth consecutive quarter.

[12] The London buses CSS target has been revised upwards since the TfL 2013/14 Budget to reflect better than forecast performance in 2012/13

3.18 Customer satisfaction for the Emirates Air Line remained at 93 in Quarter 3, continuing the record performance.

3.19 The Quarter 3 overall satisfaction score for Dial-a-Ride continues to be in line with target. Satisfaction with the helpfulness and courtesy of the driver remained the highest of the individual service attributes and increased by one point compared to the same quarter in the previous year.

3.20 Overall satisfaction for Congestion Charging has increased significantly for general customers from 84 in the February 2013 survey to reach a record high level of 87 in the October-November 2013 survey. Satisfaction with almost every aspect of the service has increased significantly among general customers. Most aspects have now reached historically high levels. Staff measures show the greatest improvement, especially the way queries/issues/complaints are dealt with and the ability to resolve them quickly. Satisfaction with the website (which tends to have lower scores than for other areas of the experience) has also improved significantly.

Customer complaints

No. complaints per 100,000 journeys	Quarter 3, 2013/14	
	Actual	Variance to last year
▼ lower is better		
London Underground	1.14	0.02 ▲
London Buses	2.70	0.29 ▲
Docklands Light Railway	2.36	-0.34 ▼
London Overground	3.03	0.65 ▲
Tramlink [13]	0.95	N/A ►
Emirates Air Line	5.37	N/A ►
Congestion Charge	13.94	1.41 ▲
Barclays Cycle Hire	4.85	2.69 ▲
Dial-a-Ride [14]	145.28	78.38 ▲
Oyster	1.33	-0.57 ▼
River	0	-0.24 ▼

3.21 London Underground continues to record one of the lowest complaint rates in the rail industry at one per 100,000 passenger journeys, despite record passenger numbers and the effects of the storm on 28 October. In Quarter 3, there was a slight increase in complaints compared to the same quarter last year, predominantly relating to delays and planed engineering works.

3.22 London Buses complaints rate continues to be one of the lowest of any of our services at 2.70 per 100,000 passenger journeys. Complaints about gaps in service and reliability increased in Quarter 3. This is related to a seasonal deterioration in traffic conditions. We work closely with the bus operators to minimise the impact on passengers. Around half of all expressions of dissatisfaction by customers are about bus drivers but so are 90 per cent of commendations. Plans are being developed for further improvements to driver training and communication with a strong emphasis on customer service.

3.23 The DLR has recorded its lowest complaints rate for over a year. A comprehensive programme to tackle customers' most common complaints, which relate to ticket vending machines, is being implemented, with more improvements planned during 2014. TfL meets regularly with the concessionaire, Serco, and the manufacturer, Atos, to review the performance of the machines. During 2013 TfL has borne down on areas of dissatisfaction for customers by ensuring the machines are floated more regularly at key locations and a more efficient fault reporting regime has been

[13] Tramlink complaints have been recategorised from Quarter 3, 2013/14. There is no directly comparable data from 2012/13
[14] Per 100,000 journey requests

introduced. In the coming months a further four machines at Woolwich Arsenal station will be added and DLR will review ticket machine locations to reflect passenger numbers.

3.24 London Overground remains the train operating company with the lowest complaints rate in the Office of Rail Regulation's national rankings. In Quarter 3, London Overground was awarded Commuter Train Operator of the Year by the European Rail Congress. This recognised a strong growth in passenger numbers while maintaining high levels of punctuality and customer satisfaction. There was a spike in complaints about train service performance, which was linked to the disruption caused by the storm on 28 October 2013 and a derailed freight train. The derailed freight train caused severe damage to the infrastructure in the Camden Road area, which took six days to repair. As a result of the storm, lines were blocked by fallen trees or damaged power lines at multiple locations.

3.25 Tramlink's complaints have been recategorised from Quarter 3. Previously, any customer contact was classified as a complaint; complaints data is now based on genuine complaints only. Issues relating to overcrowding continue to form the bulk of passenger complaints. During November there was a planned closure between Sandilands and New Addington, with some complaints relating to delays to rail replacement bus services.

3.26 The complaint rate on the Emirates Air Line (EAL) remains low, with the majority of complaints relating to fares issues. We are always looking at ways to improve the customer experience and this quarter have began to distribute sightseeing maps onboard, which highlight points of interest during the flight. Passenger feedback to this initiative has been very positive.

3.27 The was a slight increase in the complaints rate for the Congestion Charge this quarter, compared with the same time last year. The most common sources of complaint were about enforcement and Auto Pay. The former was linked to more Penalty Charge Notices being issued, while the latter correlated with a greater number of people taking advantage of the more efficient way to pay.

3.28 Barclays Cycle Hire continues to record a complaints rate in the same order of magnitude as the best performing TfL services. To reduce the number of complaints about how much customers are charged, we have commissioned new software, which tells us when bikes have not been docked correctly. This helps to ensure those using the scheme are charged the correct amount.

3.29 Customer complaints in Dial-a-Ride (DaR) during Quarter 3 are significantly higher than last year. Last year's Quarter 3 complaints were exceptionally low compared to prior years; the trend continues to show ongoing reductions in complaints. DaR's customer satisfaction scores are among the highest of all TfL modes (92 per cent in Quarter 3), although due to the door to door nature of the service its complaint rate is relatively high, and reflects the fact that DaR is the only transport option for many of its customers. Booking refusals continue to be the main source of complaints; however, DaR continued to schedule 90 per cent of journey requests in this quarter.

3.30 Complaints about Oyster have fallen when compared with the same quarter last year. In that time we launched a high profile campaign to help educate passengers about how to use Oyster and ensure they pay the lowest fare. Due to the campaign we have seen more customers contacting us to check their Oyster balance and ask for our assistance in resolving those journeys that are recorded as incomplete.

3.31 There were no complaints about River Services this quarter.

People

Staff

Full-time equivalent	Year to date		Full year 2013/14		
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget
London Underground	21,145	-227	21,446	112	198
London Rail	216	27	225	-18	30
Surface Transport	3,257	-115	3,414	-8	50
Corporate	3,486	231	3,597	66	397
Crossrail	886	-23	898	0	0
Total FTE	28,990	-107	29,580	153	675

4.1 At the end of Quarter 3, TfL (including Crossrail) employed 28.990 full-time equivalent staff, 107 under Budget. By the end of 2013/14, TfL forecasts it will employ 29,580 staff, an increase of 590 FTEs, 675 FTEs more than budgeted at the start of the year. This increase is due to a combination of new projects added in the new Business Plan published in December 2013, and existing projects where programme budgets have been approved, but the specific resourcing requirements were not finalised when the Budget was set.

4.2 London Underground total headcount at the end of the third quarter was 21,145. This is 227 less than Budget (after adjusting for 80 staff currently on maternity leave). The main driver is permanent staff vacancies resulting from attrition, delays in recruitment and positions held pending conclusion of reorganisational changes. This is partially offset by temporary headcount being over Budget by 182 FTE, this is due to 80 temporary staff covering permanent vacancies, 55 required for extended projects including Railway Engineering Workshop and Work Instruction Project and 68 relating to Maximo systems development and operations.

4.3 The full-year forecast for London Underground total headcount is 21,446, 198 FTE over Budget, with permanent FTE below by 78 and temporary above Budget by 276. The lower permanent FTE is the result of a 150 FTE over programming adjustment to reflecting the challenging recruitment plans, offset by additional Operations and Capital Programmes resource due to programme demands. Temporary FTEs are driven by 90 additional Operations resource for extended projects including Railway Engineering Workshop and Fleet Reliability, additional Capital Programmes resource of 100 to meet programme demands and 95 FTE to support JNP projects.

4.4 London Rail total headcount at the end of the third quarter was 216, which is 27 FTE above Budget in the year to date (after adjusting for maternity). This is predominantly driven by London Overground Capacity Improvement Programme (LOCIP) projects. The full year forecast is 30 FTE over Budget, due to LOCIP project staff.

4.5 Surface Transport was 115 FTE below Budget at Quarter 3. This was partly due to the transfer of 59 budgeted FTE to the Commercial team in Corporate to better reflect the dual reporting nature of this function. There were 35 unfilled vacancies in Enforcement and On Street Operations resulting from longer than anticipated recruitment lead times and strict headcount controls. In addition, Dial-a-Ride had 20 driver vacancies, with the shortfall covered by Community Transport drivers.

4.6 The full-year forecast for Surface is 50 FTEs higher than Budget. This is due to an increase of 108 FTEs that have been added to Asset Management mainly for the in-house design and traffic infrastructure and design teams, which is more cost effective than employing external consultants. In addition, 61 FTEs are required to support the delivery of the Surface Transport investment programme. Both of these increases are funded from existing programme budgets. These increases are partly offset by the transfer of 59 budgeted FTEs to the Corporate Commercial team and the inclusion of a vacancy factor overlay of 55 FTEs to reflect the significant recruitment challenge, and that a proportion of new positions will be filled by internal recruitment creating a vacancy elsewhere in the organisation.

4.7 At the end of Quarter 3, staff numbers in the Corporate Directorates exceeded Budget by 231 FTE. The majority of the increase is due to 154 FTE temporary staff funded through existing approved budgets for IM and Customer Experience to support payment technology workloads. Additionally, 75 FTEs were transferred into Corporate from the Surface Commercial team and consolidation of internal communications staff (reported in Quarter 2) and a further 90 FTE are required for new activities, projects and increased demand across HR, Accounting, Treasury, IM and CEM&C, and the establishment of TDM and Corporate Affairs teams. This is offset by 88 FTEs from a combination of maternity leave, project rephasing, staff vacancies and declared efficiencies.

4.8 For the full year, staff levels are forecast to be 397 FTE higher than Budget, an increase of 66 FTE from Quarter 2. This reflects 307 FTE funded by projects or existing budgets as detailed above, resulting in no financial variance. These increases are due to temporary project resources required in IM, Planning and CEM&C, the Commercial Development investment programme, and fixed term contractors to support the Commercial Operations teams. 97 FTEs have transferred into the Corporate Directorates, with a further 100 FTEs required for projects, new activities and increased demand. These were partly offset by 107 FTE reflecting other minor movements across the corporate directorates, including maternity leave and estimated of vacancies at the year end.

4.9 At the end of Quarter 3, Crossrail employed 886 FTE staff, which was 23 FTE less than Budget. This was driven mainly by lower than anticipated FTEs in Central and Technical areas. Programme critical roles in these areas have been filled by agency staff in the short term.

Appendix A: Business Unit financial tables

Rail and Underground

London Underground (£m)	Year to date		Full year 2013/14			Section
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget	
London Underground	1,579	1	2,290	0	-15	2.1; 2.3
London Rail	210	14	305	3	21	2.4; 2.5
Emirates Air Line	4	-3	5	0	-3	2.6
Total fares income	**1,793**	**12**	**2,600**	**3**	**3**	
Other operating income	142	7	215	-3	14	2.9; 2.10
Total operating income	**1,935**	**19**	**2,815**	**0**	**17**	
Chief Operating Officer	-1,078	14	-1,581	-2	-4	2.16; 2.17
Other Operational Expenses	-315	34	-492	-3	28	
London Rail Operations	-235	5	-376	-20	-23	2.18
Renewals and reliability Projects	-127	-43	-177	-14	-34	2.16; 2.17
Total operating expenditure	**-1,755**	**10**	**-2,627**	**-39**	**-33**	
Capital expenditure						
London Underground	-816	40	-1,236	55	-15	2.27; 2.28
aLU third party contributions	29	16	30	2	7	2.36
London Rail	-47	63	-98	2	61	2.29; 2.30
London Rail third party contributions	28	25	36	-1	26	2.37
Net capital expenditure	**-806**	**144**	**-1,269**	**57**	**79**	
Net Service Expenditure	**-627**	**173**	**-1,081**	**18**	**63**	

Surface Transport

Surface Transport (£m)	Year to date		Full year 2013/14			Section
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget	
Bus fares income	1,032	6	1,493	-8	8	2.7; 2.8
Bus contract costs & ticket commission	-1,277	-3	-1,873	-	-19	2.19; 2.20; 2.21
Direct Bus Subsidy	-244	3	-380	**-8**	-11	
Other Bus Income	19	2	26	-	1	**2.13**
Bus operating Expenditure (net of third-party contributions)	-64	2	-95	-1	2	2.19; 2.20; 2.21
Bus Capital Expenditure	-46	-	-76	3	3	2.31; 2.31; 2.33
Net Bus Service Expenditure	**-336**	5	-524	-6	-5	
Other Surface Transport						
Other Operating Income	249	7	356	3	8	2.13
Other Operating Expenditure (net of third-party contributions)	-473	6	-736	20	16	2.19; 2.20; 2.21
Other Capital Expenditure (net of third-party contributions)	-86	67	-162	14	84	2.31; 2.31; 2.33
Net Service Expenditure	-645	85	-1,066	31	102	

Corporate directorates

Corporate (£m)	Year to date		Full year 2013/14			Section
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget	
Other Operating Income	27	1	40	1	-38	2.14; 2.15
Operating Expenditure (net of third-party contributions)	-402	2	-601	11	-5	2.22; 2.23
Net Capital Expenditure	-29	-	-26	-13	64	2.34; 2.35
Net Service Expenditure	-404	2	-586	-1	20	

Appendix B: Balance Sheet [15]

TfL Group Balance Sheet at Quarter 3	Year to date		Full year		
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2 forecast	Variance to Budget
Non-current assets (-higher / lower than budget)	29,825	24	30,765	107	(16)
Current assets (exc. cash & investments) (-higher / lower than budget)	591	(93)	572	(71)	(26)
Cash & short-term investments (-higher / lower than budget)	4,500	(638)	4,197	(303)	(515)
Creditors (higher / -lower than budget)	(3,038)	326	(2,890)	174	156
Derivative liabilities (higher / -lower than budget)	(73)	(43)	(76)	3	(40)
Borrowings (higher / -lower than budget)	(7,879)	29	(7,867)	6	32
Provisions (higher / -lower than budget)	(3,097)	109	(3,016)	29	49
Total Net Assets – (higher) / lower than budget	20,829	(286)	21,685	(55)	(360)

5.1 Non-current assets were £24m higher than Budget at the end of Quarter 3, with lower activity capital expenditure of £155m being offset by higher long-term cash investments of £125m and prepayments of £6m, and minor disposal and depreciation variances. The Quarter 3 forecast assumes non-current assets will outturn £16m above Budget. Although the forecast assumes lower capital spend activity of £144m, the net of lower spend across the Group (£219m) offset by higher spend on the Crossrail project (£74m) and lower prepayments of £7m (mainly within Crossrail for Network Rail works), these are offset by higher long-term invested balances (£51m), as well as non-activity variances such as depreciation, disposals and capitalised interest (£116m).

5.2 Current assets were £93m higher than Budget at the end of Quarter 3. Of this, £58m was for trade and other debtors, including £11m higher Pass Agent debtors (where an expected reduction from the introduction of contactless transactions has not yet materialised) and higher property debtors of £8m, both items in TTL. In LU a £10m higher variance included disputed cost recoveries (received in period 10) and there was a further £12m in the Insurance Captive relating to re-insurance of Crossrail works, with the remaining balance comprised of minor variances in other companies.

5.3 Prepayments and accrued income were £26m higher than Budget, of which £10m was in TfL (where the budgets for certain IT, comms and insurance payments were incorrectly phased), and £10m was in Surface, including a £7m prepayment for hybrid buses (budgeted for within the periodic contract payment).

5.4 Finally, stock levels were £9m above Budget, primarily in Underground and Tube Lines.

5.5 Total creditor balances for the year to date position were £326m higher than Budget, £113m of which was for higher receipts in advance in TTL. Of this, £76m was for an earlier than expected receipt of Concessionary Fares income from the Boroughs (budgeted to arrive in Quarter 4 but actually received

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[15] The Balance Sheet and the Cash Summary (Appendix C) show the full consolidated accounts for TfL. This includes London Transport Museum (LTM) activity; cash balances as well as fair value adjustments for long-term investments.

late in Quarter 3). Additionally, both unused portions of period tickets (£13m) and Oyster balances and deposits (£24m) were higher than Budget as a result of the delay in launching contactless payments across the network.

5.6 Receipts in advance were £73m above Budget, due to the advanced receipt of commercial non-fares income.

5.7 Creditors and accruals were £140m higher than Budget at Quarter 3. Within Underground, capital creditors were £80m higher due to the withholding of payments pending achievement of specific project milestones, whilst trade creditors were £44m where invoices continue to be received later than assumed in the Budget. In Surface, accruals were £18m higher than Budget for Borough Services due to invoices not yet received.

5.8 The forecast position at Quarter 3 shows creditors at £170m above Budget, of which £122m is within LU, where capital creditors are expected to be £28m higher than Budget due to the withholding payments. Receipts in advance are forecast to be £38m being the remainder of the non-fares income referred to above, and revenue creditors and accruals are forecast at £56m over Budget, due to an accrual for voluntary severance payments in respect of the Customer Service Transformation Programme, allied to higher general accruals. Elsewhere across the group creditors and accruals are generally above Budget reflecting the increased revenue activity spend in the final quarter.

5.9 The derivatives position at Quarter 3 is based on market values. TfL is obliged to record the fair value of its derivatives on the balance sheet. However, as TfL only enters into such contracts to fix interest rates on its future borrowings, hedge accounting applies and any movement in the fair value of the derivative liability is recognised directly in reserves. The fair value liability is expected to reverse by maturity in future years.

5.10 External borrowings at Quarter 3 were £29m above Budget and the full-year borrowing position is forecast to be £24m above Budget. These variances are a result of the refinancing of Tube Lines scheduled debt repayments. This is permitted by TfL's funding settlement with Government and has already been factored into the operational boundary for prudential indicators.

5.11 Provisions at the end of Quarter 3 were £109m higher than Budget, primarily due to £60m lower payments against property claims and £53m higher anticipated property purchase costs for the Crossrail project.

5.12 Provisions are forecast to be £49m higher than Budget at the year end, due to higher anticipated costs for Crossrail property payments.

Balance Sheet (£m)	Year to Date			Full Year		
	Actual	Budget	Variance to Budget	Quarter 3 forecast	Budget	Variance to Budget
Intangible assets	112	108	(4)	168	119	(49)
Property, plant & equipment	28,540	28,695	155	29,428	29,509	81
Investment properties	424	428	4	429	425	(4)
Long term investments	334	209	(125)	260	209	(51)
Long term debtors	415	409	(6)	480	487	7
Non Current Assets	**29,825**	**29,849**	**24**	**30,765**	**30,749**	**(16)**
Stocks	51	42	(9)	50	42	(8)
Short term debtors	540	456	(84)	522	504	(20)
Cash and Investments	4,500	3,862	(638)	4,197	3,682	(515)
Current Assets	**5,091**	**4,360**	**(731)**	**4,769**	**4,228**	**(541)**
Short term creditors	(2,120)	(1,800)	320	(1,996)	(1,835)	161
Short term borrowings	(710)	(1,138)	(428)	(727)	(1,138)	(411)
Short term lease liabilities	(33)	(43)	(10)	(70)	(70)	-
Short term provisions	(175)	(102)	73	(136)	(86)	50
Current Liabilities	**(3,038)**	**(3,083)**	**(45)**	**(2,929)**	**(3,129)**	**(200)**
Long term creditors	(77)	(60)	17	(65)	(60)	5
Long term borrowings	(7,169)	(6,712)	457	(7,140)	(6,697)	443
Long term lease liabilities	(808)	(809)	(1)	(759)	(769)	(10)
Long term derivatives	(73)	(116)	(43)	(76)	(116)	(40)
Other provisions	(119)	(79)	40	(82)	(79)	3
Pension provision	(2,803)	(2,807)	(4)	(2,798)	(2,802)	(4)
Long Term Liabilities	**(11,049)**	**(10,583)**	**466**	**(10,920)**	**(10,523)**	**397**
Total Net Assets	**20,829**	**20,543**	**(286)**	**21,685**	**21,325**	**(360)**
Capital and Reserves						
Usable reserves	4,641	4,046	(595)	4,533	3,774	(759)
Unusable reserves	16,188	16,497	**309**	17,152	17,551	399
Total Capital Employed	**20,829**	**20,543**	**(286)**	**21,685**	**21,325**	**(360)**

Cash and Investments						
CRL Sponsor funding account	1,944	1,854	(90)	1,972	1,830	(142)
Other cash and investments	2,890	2,217	(673)	2,485	2,061	(424)
Total as above [16]	**4,834**	**4,071**	**(763)**	**4,457**	**3,891**	**(566)**

[16] Includes Cash and Investments, and long-term investments

Appendix C: Cash summary

Cash Summary In / (Out) Flow (£m) £m	Year to Date			Full Year 2013/14		
	Actual	Budget	Variance to Budget	Quarter 3 forecast	Budget	Variance to Budget
Margin	(926)	(1,019)	(93)	(1,527)	(1,534)	(8)
Working Capital Movements	181	(193)	(374)	(87)	(245)	(158)
Cash Spend on Operating Activities	**(745)**	**(1,212)**	**(467)**	**(1,613)**	**(1,779)**	**(166)**
Net Capital Expenditure	(996)	(1,178)	(182)	(1,533)	(1,762)	(228)
Crossrail	(1,152)	(1,127)	25	(1,692)	(1,615)	77
Working Capital Movements	(100)	(71)	29	(102)	(63)	39
Cash Spend on Capital Activities	**(2,219)**	**(2,376)**	**(157)**	**(3,328)**	**(3,440)**	**(112)**
Cash Settlement of derivatives	-	-	-	-	-	-
Non-cash items included in activity	83	48	(35)	106	52	(54)
Fair value adjustment for long term investments	(2)	-	2	-	-	-
Loans to third parties (paid) / repaid	(136)	(136)	-	(139)	(216)	(77)
Non-Activity Cash Movements	**(55)**	**(88)**	**(33)**	**(33)**	**(164)**	**(131)**
Grants, Precept & other contributions	3,614	3,532	(82)	5,205	5,078	(127)
Borrowings Raised	440	345	(95)	438	345	(93)
Borrowings Repaid	(94)	(23)	71	(105)	(42)	63
Total Funding	**3,960**	**3,854**	**(106)**	**5,538**	**5,381**	**(157)**
Net Movement in Cash	**941**	**178**	**(763)**	**564**	**(2)**	**(566)**

Glossary

Term	Description
Overprogramming	Over-programming is designed to address excess optimism for how quickly projects can be delivered. Outputs are often slowed, for example by political decisions or more complex delivery situations than anticipated. We accommodate this by assuming that expenditure will be lower than forecast, and add a credit to the forecast. In general the credit is held centrally, however for certain projects including the Sub-Surface Railway Upgrade, a specific provision is held. The provision reflects timing differences and delay, meaning that the money is simply spent later in the Plan and there is real cost saving. The credit is therefore reversed when the spend is realised and there is no change to the total cost of the Investment Programme. We do however expect that some spend will slip beyond the Plan, meaning that the provision doesn't fully net off in the 10 year periods compared in the next answer.

Measure	Unit	Description
London Underground: total lost customer hours	Hours	The total additional journey time, measured in hours, experienced by all customers as a result of delays that lasted two minutes or longer. A delay at a busy location or during peak hours results in more 'lost customer hours' because more customers are affected.
London Underground: excess journey time	Perceived minutes	The average extra time that it took to complete a journey, compared to the time it would have taken if there were no delays. This can be affected by many things, such as queues to buy tickets or board trains, escalators being out of service, delays to trains, longer walking routes within stations, or planned weekend closures. A lower EJ' figure means customers experience less delay whether planned or unplanned. TfL weigh' the figures according to when and where the delay occurred. For example, we know that for customers, waiting on a train that is delayed in the tunnel feels longer than waiting on a platform for a delayed train to arrive, even if the total length of delay is the same. This means that the

		'minutes' used in the measure are not actual minutes, but reflect customers' perception of the delay they experience.
London buses: excess wait time	Minutes	Excess wait time (EWT) represents the amount of time that a passenger has had to wait in excess of the time that they should expect to wait if buses ran as scheduled. EWT is the key measure of reliability of high frequency bus services as experienced by passengers and is also used to calculate operator performance bonuses or penalties.
Transport for London Road Network (TLRN): serious and severe disruption	Hours	The KPI measures the numbers of hours of serious and severe disruption on the Transport for London Road Network (TLRN) as a result of planned and unplanned interventions.
Docklands Light Railway: on-time performance	%	The number of valid train departures expressed as a percentage of the base service departures: valid departures must have a minimum dwell of 5 seconds, the correct number of carriages and complete the whole of the scheduled route.
London Overground: public performance measure	%	The Public Performance Measure (PPM) shows the percentage of trains which arrive at their destination on time. The PPM combines figures for punctuality and reliability into a single performance measure. It is the rail industry standard measurement of performance. PPM measures the performance of individual trains advertised as passenger services against their planned timetable as agreed between the operator and Network Rail at 22:00 the night before. PPM is therefore the percentage of trains 'on time' compared to the total number of trains planned. In London and the South East, a train is defined as on time if it arrives at the destination within five minutes (ie 4 minutes 59 seconds or less) of the planned arrival time. Where a train fails to run its entire planned route calling at all timetabled stations it will count as a PPM failure.
Emirates Air Line:	%	Operating availability is the ratio of actual operating hours /

availability		planned operating hours. Planned operating hours are not necessarily the same as scheduled due to instances when the EAL is open outside of schedule in support of local events – particularly those at the O_2.
TLRN: journey time reliability (am peak)	%	The key measure for monitoring smoothing traffic flow is journey time reliability (JTR). It is defined as the percentage of journeys completed within an allowable excess of 5 minutes for a standard 30 minute journey during the AM peak.
Scheduled services operated	%	The amount of service that TfL actually operated, compared to what we planned beforehand – comparing peak and off-peak times. (Peak times are 07.00 – 10.00 and 16.00 – 19.00 Monday – Friday.) This helps us check whether the service we operate at the busiest times of day is as good as during quieter periods.
Recorded crime	Per million passenger journeys	The number of recorded (or notifiable) crimes per million passenger journeys on the appropriate network.
LU and LR major injury frequency rate	Major injuries/ million hours	The KPI records the number of serious injuries to customers, employees and contractors using or working on London Underground and London Rail as a measure of customer and employee safety. A major injury is one classified as 'major' under schedule 1 of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations). Injuries arising from criminal acts, alleged suicide attempts, and medical conditions are excluded.
Cumulative reduction in killed and seriously injured (KSI) Londonwide	%	The percentage reduction in Killed or Seriously injured (KSI) KPI relates to personal injury road traffic collisions occurring on the public highway, and reported to the police, in accordance with the Stats 19 national reporting system. The KPI measures the percentage change in KSI casualties on London's roads compared to the baseline average number of KSI casualties between 2005 and 2009. The Safe Streets for London (SSfL) Road Safety Action Plan published on 6

		June 2013 sets out the target of a 40 per cent reduction in KSI casualties by 2020 against the 2005-09 baseline.
Vehicles operated by FORS accredited companies	Number	The KPI measures the cumulative total of vehicles operated by Fleet Operators' Recognition Scheme (FORS) accredited companies. The numbers of vehicles recognises those from at all levels (bronze, silver & gold) of accreditation. The cumulative total starts from 2008.
Passenger journeys	Millions	It's important to know how much people are travelling on TfL services. We use this information to plan for the future.
Cycling levels on the TLRN	Index	The purpose of this indicator is to assess the level of cycle use on the TLRN. The overall ambition is to increase cycling levels by 400% such that by 2025 cycling will equate to a 5% mode share of all journey trips. This indicator does not represent cycling across London as a whole; It only represents cycling on the 5% of London's roads that are the TLRN. The indicator is presented as an indexed flow relative to a baseline of March 2000 (a flow level that is represented as 100 on the index). Sixty automatic cycle counters on the TLRN provide sample counts of cyclists using the network. The indicator converts these counts into an index that is used to represent increases in cycle flows on the TLRN over time. It does not represent the total number of cyclists in London. Automatic cycling counters are pieces of monitoring equipment that emit a magnetic field that detects the presence of a moving cycle.
Customer satisfaction	%	One of our most important performance measures is customer satisfaction; this helps us understand what the people who use our services really think. An independent research company interviews around 10,000 customers every year, as they complete their trip. They are asked to make an 'overall evaluation' of their journey experience, by giving a score out of 10. We take the average of everybody's scores and multiply it by 10, to give a final result out of 100.