Transport for London quarterly performance report

Quarter 4 2019/20
(1 April 2019 – 31 March 2020)

MAYOR OF LONDON

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

Contents

The financial information included in the report is unaudited and does not constitute TfL's statutory accounts. TfL's last audited Statement of Accounts for the year ending 31 March 2019 was published in July 2019.

Introduction

Since mid-March, TfL have supported Government policies for reducing the spread of coronavirus. Our people, contractors and supply chain have been working in the most difficult of circumstances to run services for essential workers to travel safely. Thank you to everyone who has helped keep London moving during these extraordinary times.

As people followed Government advice, passenger numbers declined steeply. Journeys reduced by 96 per cent on the Tube and 84 per cent on buses compared to last year.

This had a significant impact on passenger income, which ended the year £219m below the revised budget. Of this, £183m was owing to coronavirus, with the difference reflecting the downward trend from last quarter, and weekend storms in February.

Operating costs increased as we ran the network safely with enhanced cleaning and from bringing non-safety critical projects to a temporary Safe Stop. Despite this, operating costs were broadly in line with the revised budget, reflecting our sustained focus on savings.

The negative financial impact of coronavirus in 2019/20 was £220m. This pushed our net cost of operations to £423m, which is £116m lower than the revised budget. If the impact of the coronavirus effect is adjusted out, the net cost of operations would have been £100m better than the revised budget, which represents a strong financial performance for 2019/20.

The temporary stop on capital programmes meant that the underspend from the end of the last quarter increased. Despite this, we delivered 87 per cent of project milestones on time. However, we have experienced challenges regarding station accessibility programmes.

As lockdown restrictions start to ease, we are working closely with the Mayor, Government, our contractors and supply chain, on restarting services and projects. With a funding package now agreed with the Government for the first half of 2020/21, our priority is helping people travel around safely and support London's recovery.

Simon Kilonback
Chief Finance Officer

Tony King
Group Finance Director

Business at a glance

Keeping London moving, working and growing to make life in our city better

How we report on our business

Underground
London Underground

Elizabeth line
Currently operating as TfL Rail

Buses
London Buses

Streets
Transport for London Road Network

Rail
DLR, London Overground and London Trams

Other operations
London Dial-a-Ride, London River Services, London Taxi and Private Hire, Santander Cycles, Victoria Coach Station, Emirates Air Line, Crossrail 2, Planning and Group items

Major projects
Responsible for our largest and most complex projects

Property
Our commercial and residential estate and building portfolio

Media
Advertising estate and digital marketing infrastructure

Facts and figures

979 Trains on the TfL network

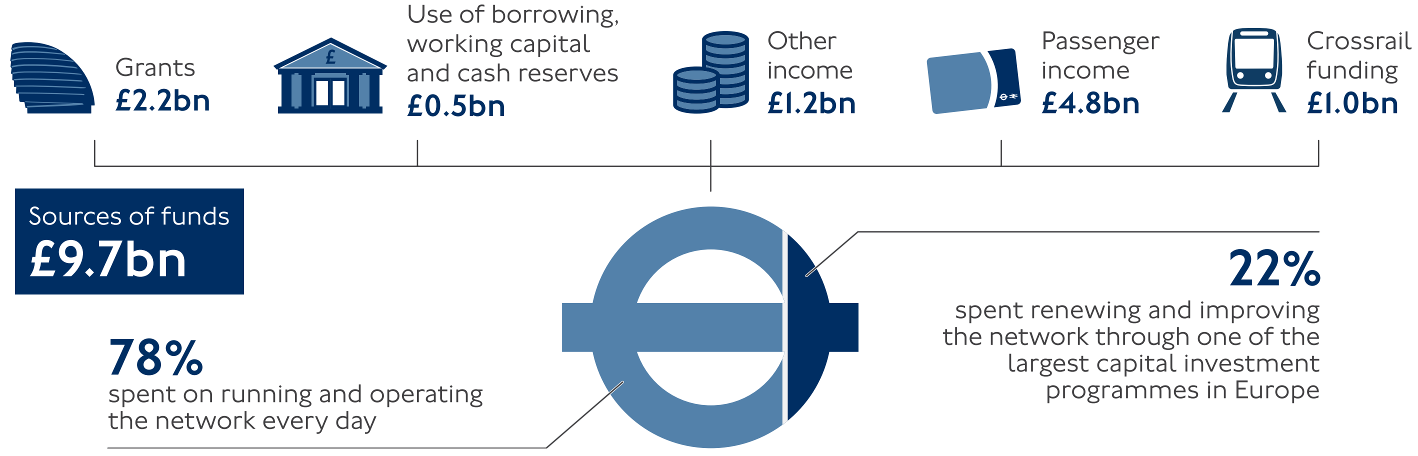
580km TfL-operated highways

755km TfL-operated Rail and London Underground routes

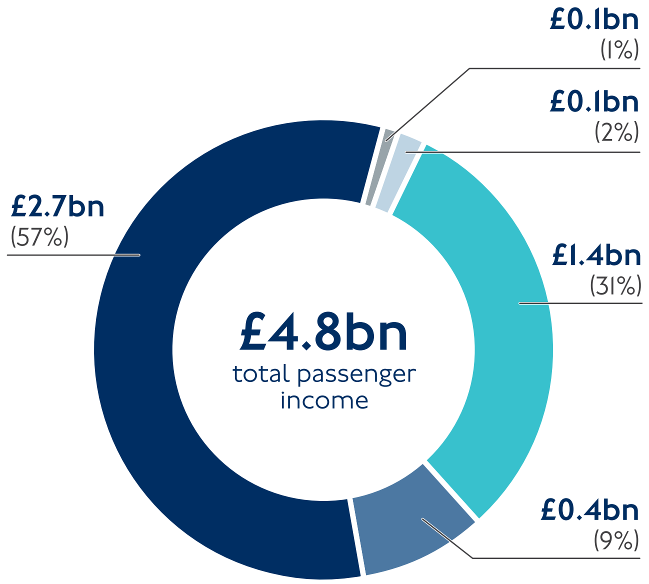
9,100 Buses on the TfL network

6,300 Traffic signals operated by TfL

2019/20 finances at a glance

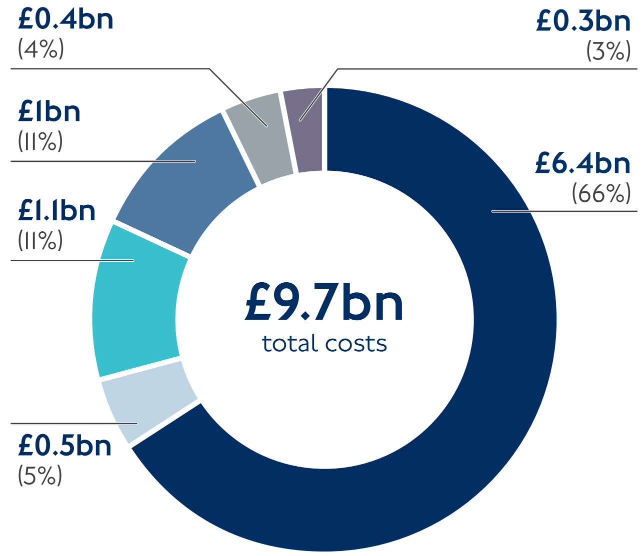


Total passenger income



- London Underground
- Buses
- Other operations
- Rail
- TfL Rail

Total costs



- Operating cost
- Crossrail
- Net financing
- Capital renewals
- New capital investment
- Cash reserve movements

Financial summary

Performance in the full year

Operating account

TfL Group (£m)	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
Passenger income	4,751	4,970	(219)	4,854	(103)
Other operating income	1,023	1,007	16	812	211
Total operating income	**5,774**	**5,977**	**(203)**	**5,666**	**108**
Business Rates Retention	988	954	34	947	41
Other revenue grants	117	113	4	103	14
Total income	**6,879**	**7,044**	**(165)**	**6,716**	**163**
Operating cost	(6,415)	(6,419)	4	(6,295)	(120)
Net operating surplus	**464**	**625**	**(161)**	**421**	**43**
Capital renewals	(452)	(480)	28	(388)	(64)
Net surplus of operations before financing	**12**	**145**	**(133)**	**33**	**(21)**
Net financing costs	(435)	(452)	17	(454)	19
Net cost of operations	**(423)**	**(307)**	**(116)**	**(421)**	**(2)**

Capital account

TfL Group (£m)	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
New capital investment	(1,085)	(1,199)	114	(1,246)	161
Crossrail	(1,026)	(1,055)	29	(1,389)	363
Total capital expenditure	**(2,111)**	**(2,254)**	**143**	**(2,635)**	**524**
Financed by:					
Investment grant	893	893	-	976	(83)
Property and asset receipts	151	182	(31)	650	(499)
Borrowing	545	545	-	728	(183)
Crossrail funding sources	995	1,030	(35)	795	200
Other capital grants	206	208	(2)	218	(12)
Total	**2,790**	**2,858**	**(68)**	**3,367**	**(577)**
Net capital account	**679**	**604**	**75**	**732**	**(53)**

Cash flow summary

TfL Group (£m)	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
Net cost of operations	(423)	(307)	(116)	(421)	(2)
Net capital account	679	604	75	732	(53)
Working capital movements	71	(104)	175	(361)	432
Increase/(decrease) in cash balances	**327**	**193**	**134**	**(50)**	**377**

Passenger journey analysis

TfL Group (£m)	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
Number of passenger journeys (millions)	3,840	4,022	(182)	3,999	(159)
Average yield per passenger journey (£)	1.24	1.24	-	1.21	0.03
Operating cost per journey (£)	(1.67)	(1.60)	(0.07)	(1.57)	(0.10)

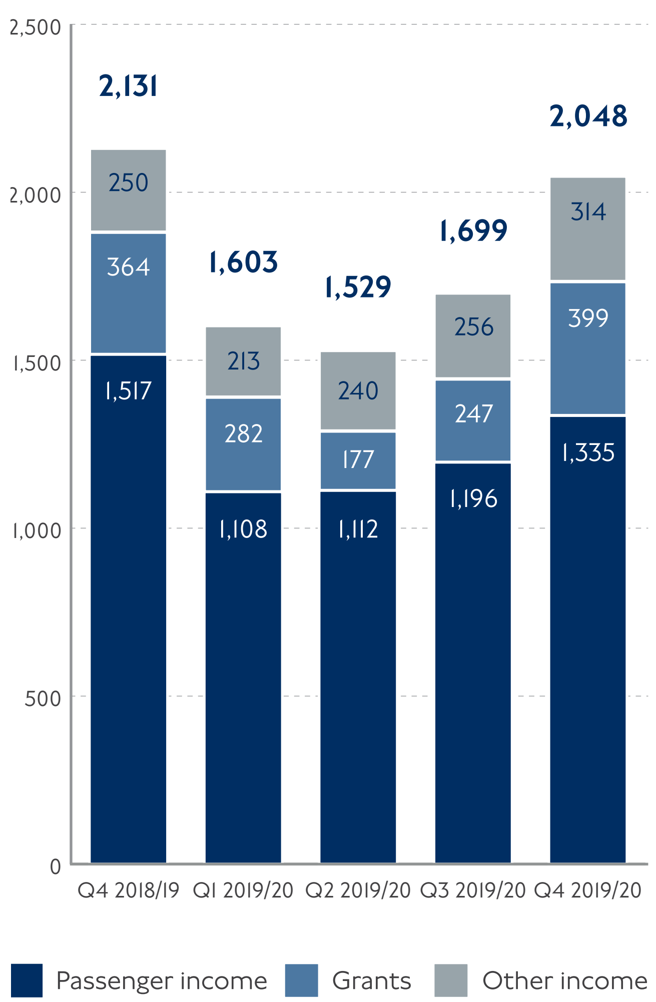
The net operating surplus is £464m, £43m better than last year, but £161m lower than our revised target. March 2020 saw the impact of the coronavirus pandemic across the network, with journeys reduced by 96 per cent on the Tube and 84 per cent on buses. The reduction in passenger income from coronavirus in 2019/20 was £183m. Our operating costs were higher owing to increased costs from running the network safely and efficiently, and from bringing our non-critical projects to a temporary Safe Stop. The total impact from coronavirus was £220m. Adjusting for this, our net operating surplus was £664m, significantly up on last year and the revised target.

Passenger income was down on both revised target and last year, reflecting reductions in year-on-year journeys seen before the impact of coronavirus. The final week of February saw Tube journeys down 2.3 per cent on last year, exacerbated by weekend storms. This accounted for £76m of the variance to revised target, partly offset by £20m revenue contingency. Other operating income was up on both revised target and last year, owing to the new ULEZ scheme introduced in April 2019.

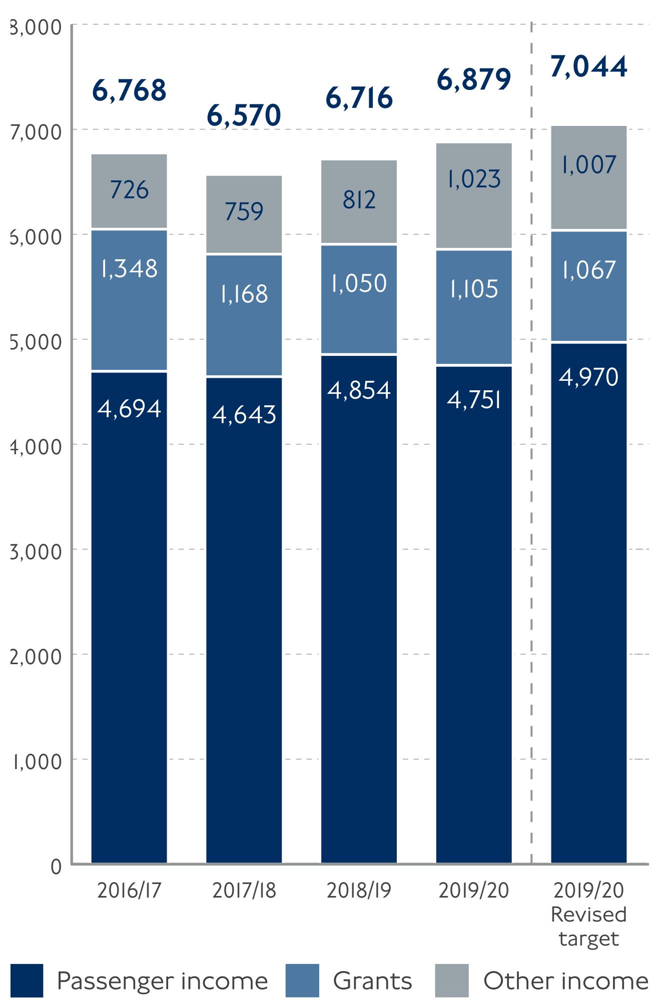
Operating costs are broadly in line with the revised target and £120m up on last year, driven by growth in Elizabeth line costs, the new ULEZ scheme and a one-off payment to bus operators. After adjusting for service increases, one-offs and project costs, operating costs were £56m – less than one per cent - higher than last year.

Financial trends

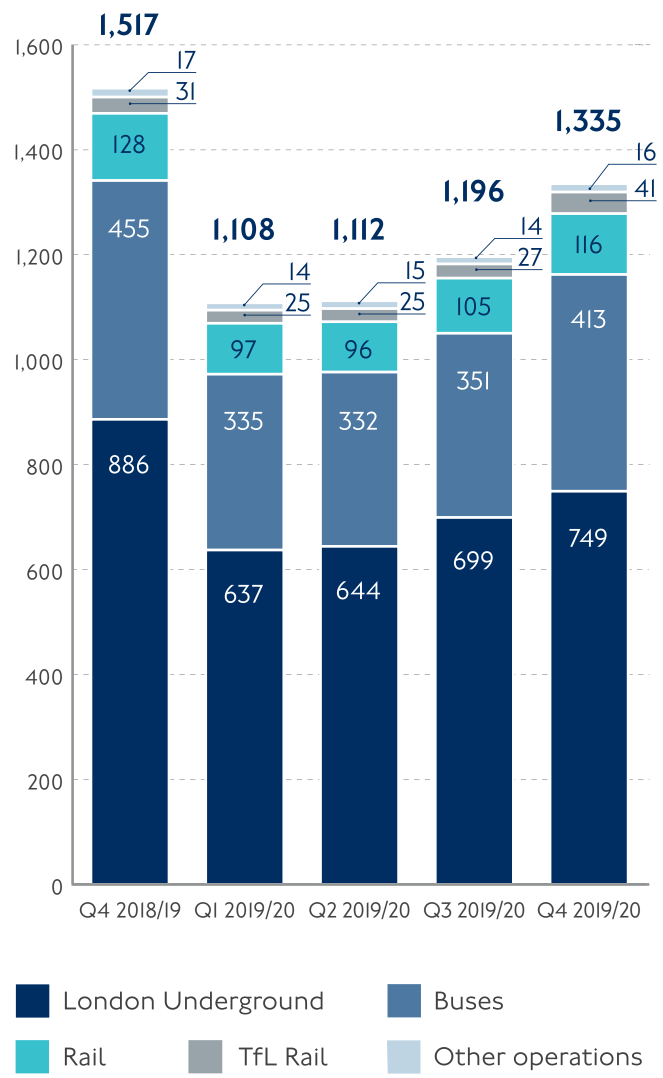
Total income
Quarterly (£m)*



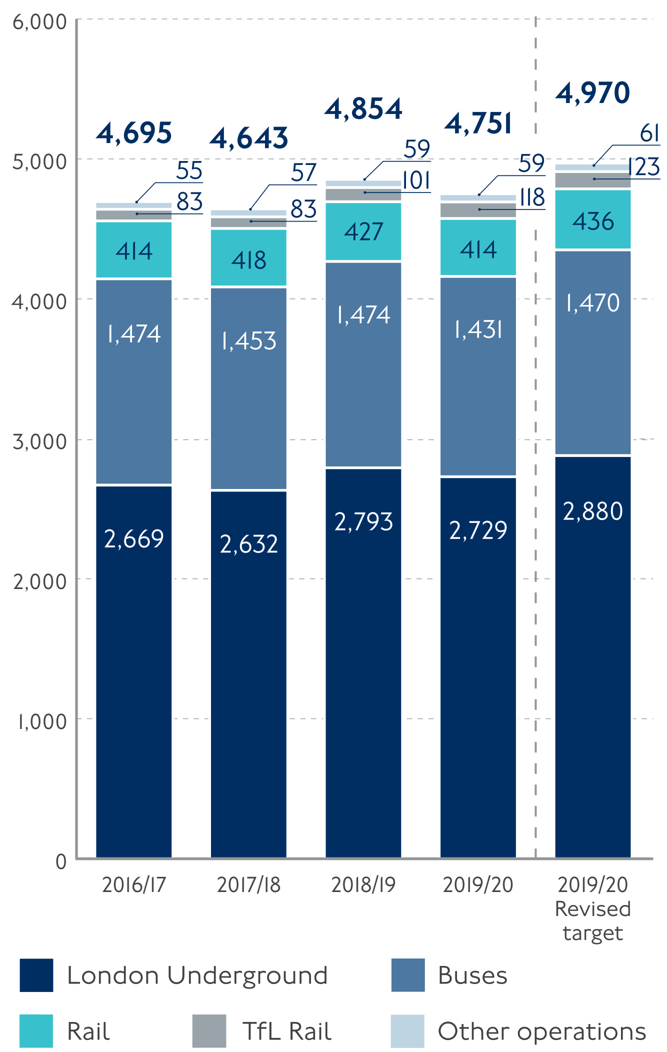
Full year (£m)



Total passenger income
Quarterly (£m)*



Full year (£m)



Total income £165m below revised target

2% ▲ year on year

Total income has increased year on year owing to the introduction of the ULEZ in April 2019. However, the impact of coronavirus has resulted in a large decrease in passenger income against the revised target.

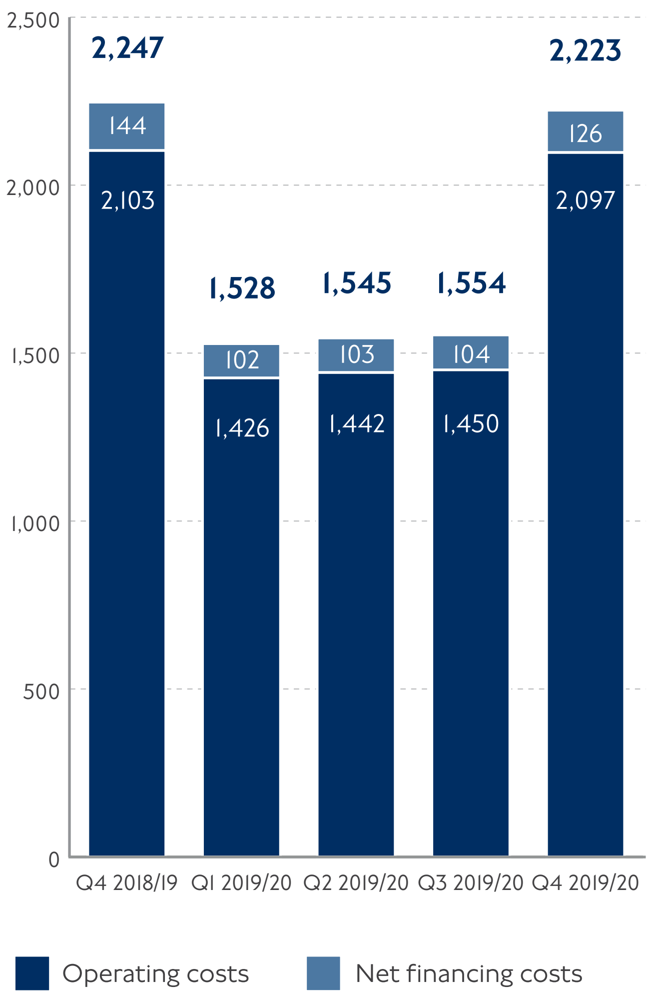
Passenger income £219m below revised target

2% ▼ year on year

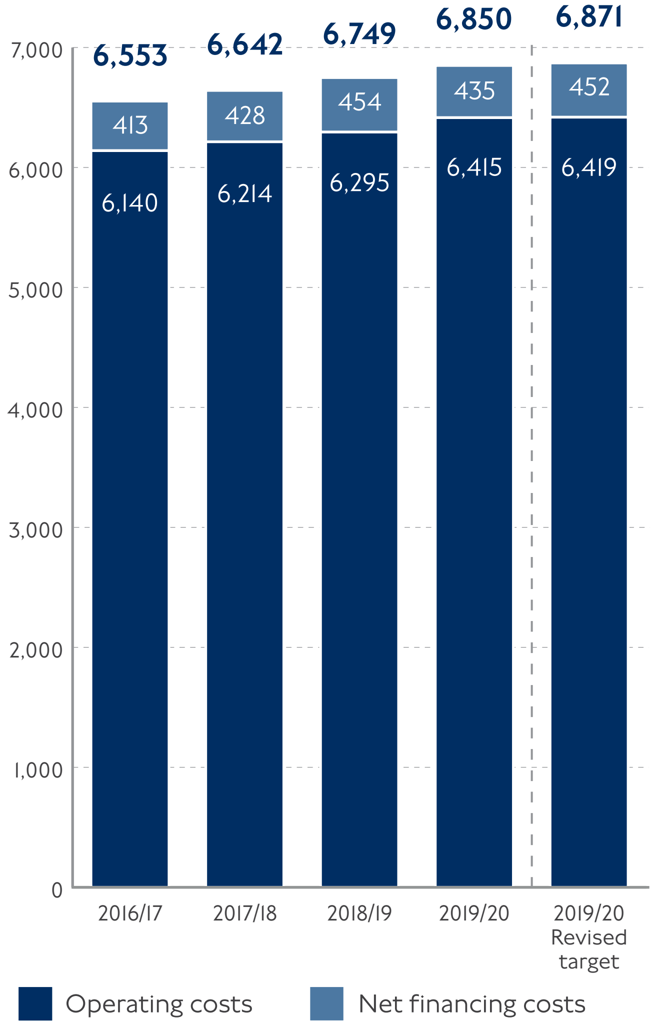
The impact on passenger income from coronavirus in 2019/20 was £183m, with London Underground revenue down by £126m and bus income down by £39m.

* Q4 is longer than quarters 1 to 3 (16 weeks and one day vs 12 weeks)

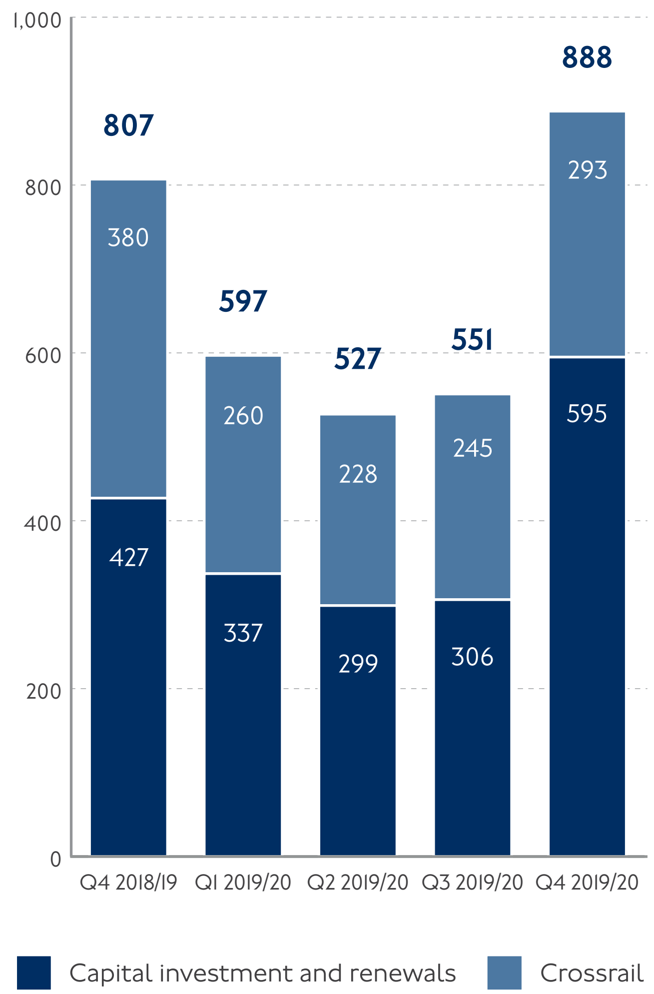
Total cost
Quarterly (£m)*



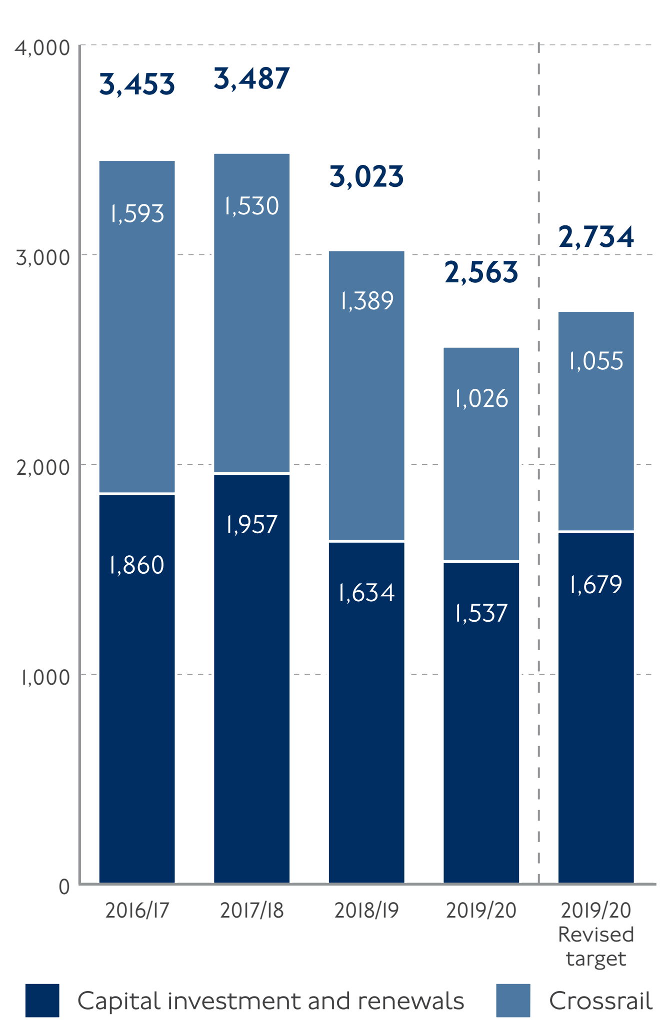
Full year (£m)



Total capital expenditure (including Crossrail)
Quarterly (£m)*



Full year (£m)



Operating costs £4m below revised target

2%▲ year on year

Operating costs are broadly in line with the revised target as we continue to focus on cost savings while maintaining a safe and reliable network. Year-on-year increases include a rise in Elizabeth line costs (£117m), the new ULEZ scheme (£58m) and a one-off payment to bus operators (£34m).

Total capital expenditure £2.6bn

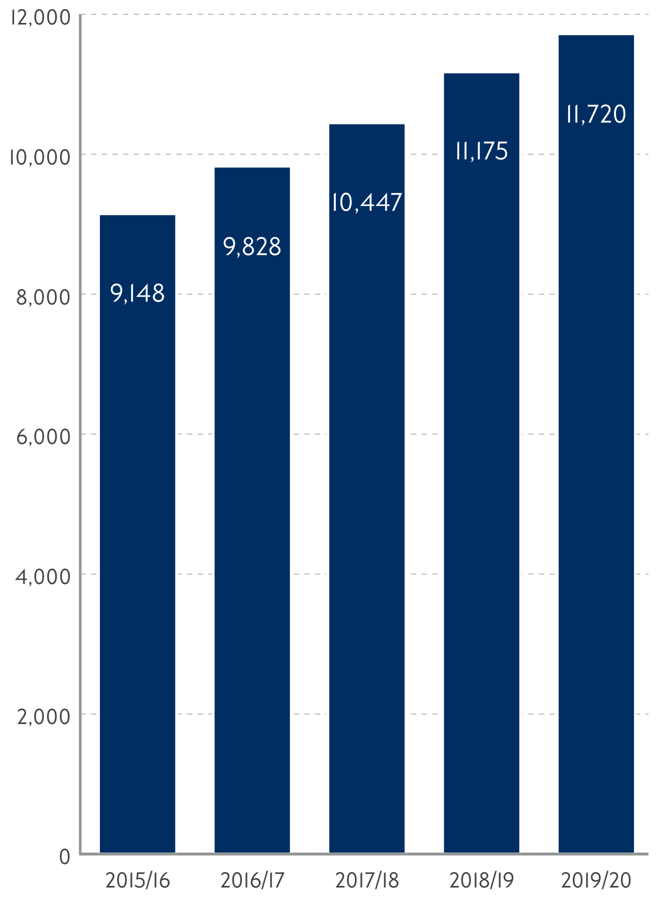
15%▼ year on year

As part of the coordinated TfL response to coronavirus, capital programmes ceased site works at the end of March. Non-site activity continues while we prepare for restarting site works as soon as it is safe to do so.

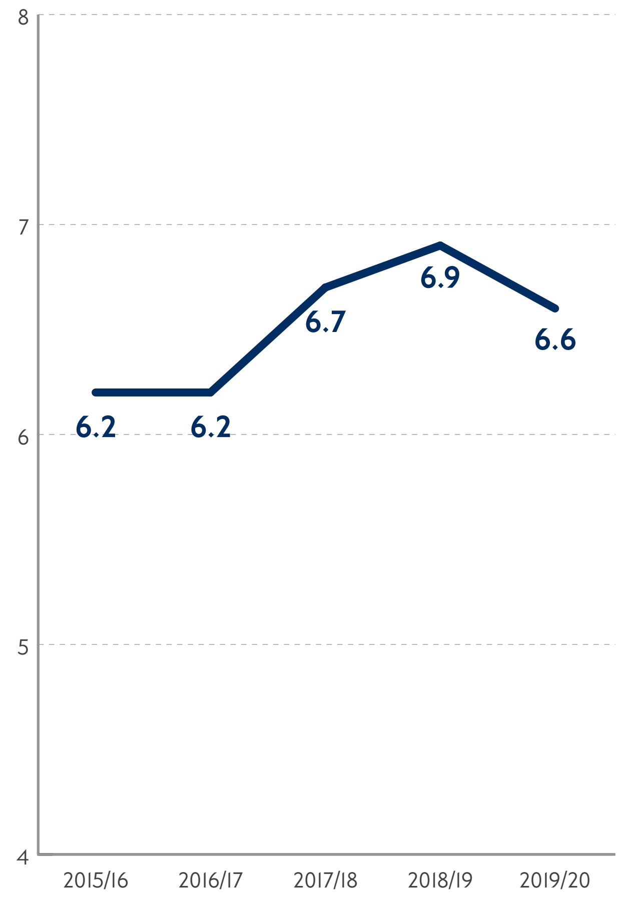
* Q4 is longer than quarters 1 to 3 (16 weeks and one day vs 12 weeks)

Debt and cash

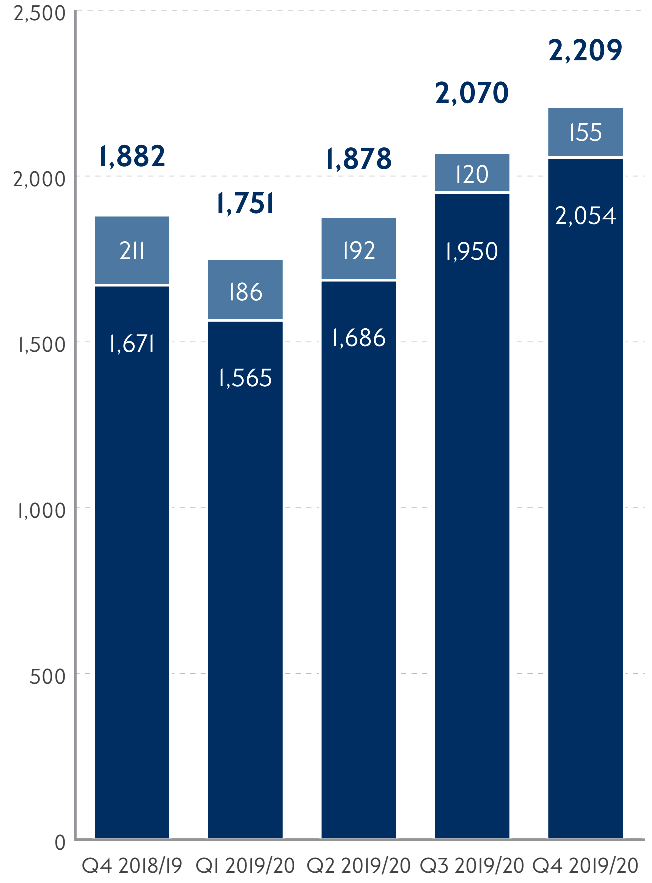
Total nominal borrowing (£m)



Financing costs (% of total income)*



Cash balances (£m)



Cash balances at the end of Q4 were £2,209m, an increase of £327m since the end of 2018/19. Of the total cash balance, £155m is held for the Crossrail project, London Transport Museum and London Transport Insurance (Guernsey) Limited.

Our liquidity policy requires us to maintain cash reserves equivalent to at least 60 days' worth of forecast annual operating expenditure (currently around £1.2bn). During Q4 our cash reserves remained comfortably above this minimum level. The policy also allows for credit facilities to be put in place as required.

£327m
increase in cash over the full year

Borrowing update

Our borrowing grew by £545m in 2019/20, within the limits agreed with the Government and in line with our 2019/20 budget assumption.

During the year, we borrowed from our existing facility with Export Development Canada, the Public Works Loan Board and under our Commercial Paper Programme. The total nominal value of borrowing outstanding at the end of Q4 was £11,720m, of which £10,781m was long-term.

The ratio of financing costs to total income, including operating grants, helps TfL to monitor the affordability of its debt.

Financing costs and income (£m)

Full year	2019/20	Revised target	Variance
Interest income	21	19	2
Financing costs	(456)	(471)	15

* Financing costs include interest costs for borrowing, finance leases and other financing liabilities

Credit ratings

At the end of Q4 our ratings were Aa3 (stable outlook), AA- (negative outlook) and AA- (stable outlook) with Moody's, Standard & Poor's and Fitch Ratings respectively. All three agencies have taken action, partly owing to coronavirus. Fitch Ratings placed our credit rating on Rating Watch Negative on 1 April and subsequently downgraded it to A+ on 22 May. Standard & Poor's also downgraded our credit rating to A+ on 22 May and Moody's placed our Aa3 rating on review for downgrade on 2 June.

Credit ratings as at 25 June 2020	
Moody's	Aa3 review for downgrade
Standard & Poor's	A+ negative outlook
Fitch Ratings	A+ stable outlook

Passenger journeys

Full year 2019/20

3,840m total journeys

4,022m revised target

3,999m prior year

London Underground		
1,337m	5.5%▼ revised target	3.4%▼ prior year

London Buses		
2,112m	4.3%▼ revised target	4.9%▲ prior year

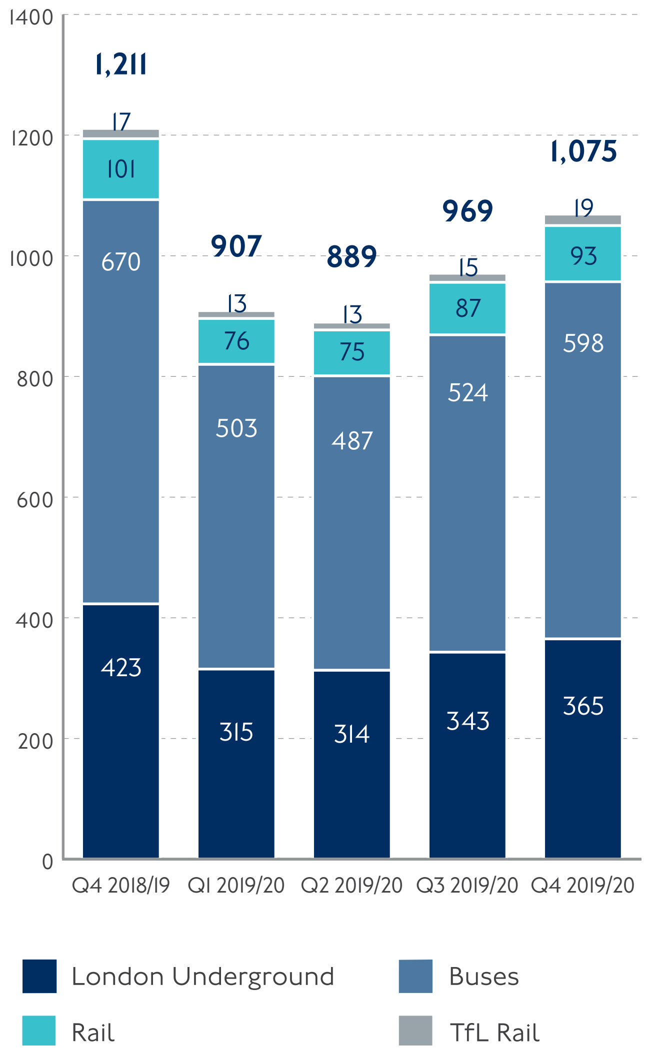
DLR		
117m	4.9%▼ revised target	4.2%▼ prior year

London Overground		
187m	1.4%▼ revised target	1.3%▼ prior year

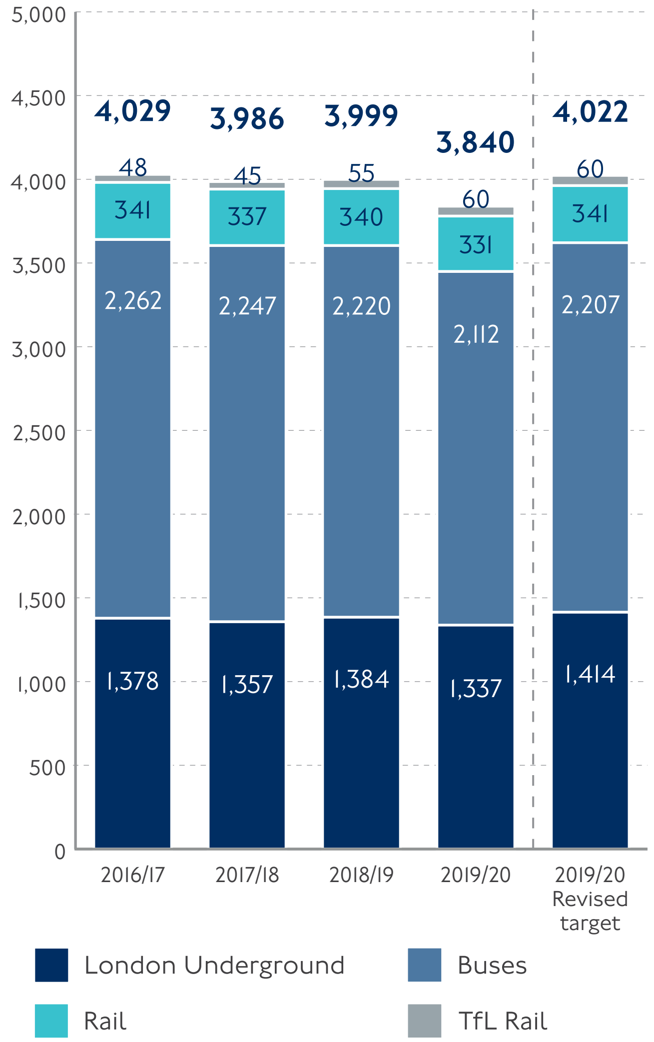
London Trams		
27m	5%▼ revised target	5.3%▼ prior year

TfL Rail		
60m	0.7%▼ revised target	8.1%▲ prior year

Quarterly (millions)*



Full-year trend with revised target (millions)



Passenger journey numbers have been significantly affected by coronavirus. London Underground passenger volumes are 77 million lower than the revised target and 47 million lower than last year. Bus passenger volumes are four per cent lower than the revised target, and the impact of coronavirus is estimated to have reduced passenger journeys by 68 million.

* Q4 is longer than quarters 1 to 3 (16 weeks and one day vs 12 weeks)

Underground

Financial summary

London Underground passenger demand has significantly reduced, owing to coronavirus. The focus on savings has seen expenditure reduce, though one-off impacts have increased operating costs against revised target.

London Underground (£m)	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
Passenger income	2,729	2,880	(151)	2,793	(64)
Other operating income	33	32	1	32	1
Total operating income	**2,762**	**2,912**	**(150)**	**2,825**	**(63)**
Direct operating cost	(1,979)	(1,939)	(40)	(2,027)	48
Direct operating surplus	**783**	**973**	**(190)**	**798**	**(15)**
Indirect operating cost	(344)	(431)	87	(383)	39
Net operating surplus	**439**	**542**	**(103)**	**415**	**39**
Capital renewals	(311)	(330)	19	(260)	(51)
New capital investment	(70)	(68)	(2)	(42)	(28)
Total capital expenditure	**(381)**	**(398)**	**17**	**(302)**	**(79)**

Total passenger income is £151m below the revised target and £64m below last year, owing to the impact of coronavirus. This reflects a decline in passenger demand of 5.4 per cent compared to the revised target and 3.4 per cent compared to last year.

Direct operating costs are £40m higher than the revised target and £48m better than last year. This reflects a one-off cost at year end. The favorable variance against last year is owing to the continual focus on making cost savings while maintaining a safe and reliable network, and a higher proportion of project costs have also been capitalised.

Capital expenditure is £17m under revised target but £79m higher than last year. The full year underspend is owing to operational delays to the planned completion of maintenance cost and slippage on capital programmes. There were also delays to the introduction of body-worn cameras owing to coronavirus. The increased spend against last year relates to the accounting change between capital and operating project costs.

Passenger journeys analysis

	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
Number of passenger journeys (millions)	1,337	1,414	(77)	1,384	(47)
Average yield per passenger journey (£)	2.04	2.04	-	2.02	0.02
Operating cost per journey	(1.74)	(1.68)	(0.06)	(1.74)	-

Passenger journeys

Passenger journeys are 77 million lower than revised target and 47 million lower than last year. 80 per cent of this adverse variance is owing to coronavirus which significantly impacted demand in March, the remainder is owing to the bad weather conditions in February and a slowing in demand growth from the end of October.

Average yield per passenger journey

Underlying fare income per journey has improved compared to last year. This is partly owing to the increase in average fares for National Rail in January 2019 which has an impact on a proportion of TfL tickets, for example Travelcards.

Operating cost per journey

Operating cost per journey has been maintained year-on-year owing to savings delivered while maintaining a safe and reliable network. The adverse variance to the revised target is a result of the lower passenger demand.

Underlying passenger journeys year-on-year change (%)

2019/20 4.7% ▼

2018/19 1.3% ▲

2017/18 0.9% ▼

Compares underlying year-to-date passenger journey numbers with those in the previous year. Actual journey numbers are adjusted for one-off events (such as strike days), timing of Easter holidays and the number of days in each quarter.

Elizabeth line

Financial summary

The focus is on successfully introducing Elizabeth line services.

Elizabeth line (£m)	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
Passenger income	118	123	(5)	101	17
Other operating income	29	10	19	17	12
Total operating income	**147**	**133**	**14**	**118**	**29**
Direct operating cost	(354)	(360)	6	(237)	(117)
Direct operating deficit	**(207)**	**(227)**	**20**	**(119)**	**(88)**
Indirect operating cost	(9)	(10)	1	(9)	-
Net operating deficit	**(216)**	**(237)**	**21**	**(128)**	**(88)**
New capital investment	(23)	(26)	3	(258)	235
Crossrail construction cost	(1,026)	(1,055)	29	(1,389)	363
Total capital expenditure	**(1,049)**	**(1,081)**	**32**	**(1,647)**	**598**

Passenger income is £5m lower than the revised target mainly owing to the impact of coronavirus. The increase of £17m compared to last year is owing to Paddington to Reading services that commenced in December 2019 and the full-year effect of the Paddington to Hayes & Harlington and Heathrow services.

The increase in other operating income of £19m versus revised target and £12m versus last year is owing to the timing in the receipt of third-party income.

Operating costs are £6m lower than revised target owing to a reduction in maintenance costs for infrastructure and rolling stock. Operating costs are £117m higher compared to last year, owing to the introduction of train leasing costs following the sale and leaseback of the rolling stock fleet, charges paid to Network Rail and concession costs.

New capital investment is £3m lower than target, mainly owing to the timing of station works. In 2018/19, rolling stock production costs were included prior to the sale of the fleet.

Passenger journeys analysis

	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
Number of passenger journeys (millions)	59.8	60.2	(0.4)	55.3	4.5
Average yield per passenger journey (£)	1.97	2.04	(0.07)	1.83	0.14
Operating cost per journey (£)	(6.07)	(6.15)	0.08	(4.45)	(1.62)

Passenger journeys

Passenger demand is lower than the revised target owing to the impact of coronavirus in period 13. New services from Paddington to Reading started in December 2019 leading to more journeys compared to last year.

Average yield per passenger journey

Passenger income per journey is lower than the revised target and eight per cent better than last year. This increase is mainly driven by a higher yield from the new Paddington to Reading services.

Operating cost per journey

Operating cost per journey is one per cent lower than the revised target mainly owing to maintenance cost savings. The increase from last year is mainly owing to Class 345 train lease costs and Network Rail charges.

Underlying passenger journeys year-on-year change (%)

- 2019/20: 6.6% ▲
- 2018/19: 21.5% ▲
- 2017/18: 4.4% ▼

Compares underlying year-to-date passenger journey numbers with those in the previous year. Actual journey numbers are adjusted for one-off events (such as strike days), timing of Easter holidays and the number of days in each quarter.

Buses

Financial summary

The net operating deficit was slightly favourable to the revised target after adjusting for the estimated impact of coronavirus on reducing passenger demand, and the bus driver retention payment which is offset by grant funding held centrally.

Buses (£m)	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
Passenger income	1,431	1,470	(39)	1,474	(43)
Other operating income	9	10	(1)	12	(3)
Total operating income	**1,440**	**1,480**	**(40)**	**1,486**	**(46)**
Direct operating cost	(2,183)	(2,154)	(29)	(2,109)	(74)
Direct operating deficit	**(743)**	**(674)**	**(69)**	**(623)**	**(120)**
Indirect operating cost	(25)	(25)	-	(27)	2
Net operating deficit	**(768)**	**(699)**	**(69)**	**(650)**	**(118)**
Capital renewals	(7)	(7)	-	(1)	(6)
New capital investment	(11)	(17)	6	(19)	8
Total capital expenditure	**(18)**	**(24)**	**6**	**(20)**	**2**

Passenger income is £39m adverse to the revised target, primarily owing to the impact of coronavirus, reducing passenger demand in March (68 million fewer passenger journeys). Underlying passenger journeys declined by 4.4 per cent in the full year compared to an assumption of 0.7 per cent in the revised target. After adjusting for the impact of coronavirus, passenger income was broadly in line with the revised target.

Direct operating cost is £29m adverse to the revised target, largely owing to the bus driver retention payment, which is offset by grant funding held centrally. After adjusting for this, direct operating costs were £5m favourable to the revised target, owing to savings in implementing service changes on the bus network. Year-on-year direct operating costs were £74m higher owing to the annual contracted price inflation within the bus operators' contracts, resulting in a cost increase of £57m in the full year.

Capital expenditure is £6m under the revised target mainly owing to the late delivery on the hydrogen bus project. This can now proceed as the delivery contract has been novated to Bamford Bus Company following Wrightbus going into administration in 2019.

Passenger journeys analysis

	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
Number of passenger journeys (millions)	2,112	2,207	(95)	2,220	(108)
Average yield per passenger journey (£)	0.68	0.67	0.01	0.66	0.02
Operating cost per journey (£)	(1.05)	(0.99)	(0.06)	(0.96)	(0.09)

Passenger journeys

Total passenger journeys are four per cent lower than the revised target and five per cent lower than the previous year. This is primarily owing to the impact of coronavirus which is estimated to have reduced passenger journeys by 68 million.

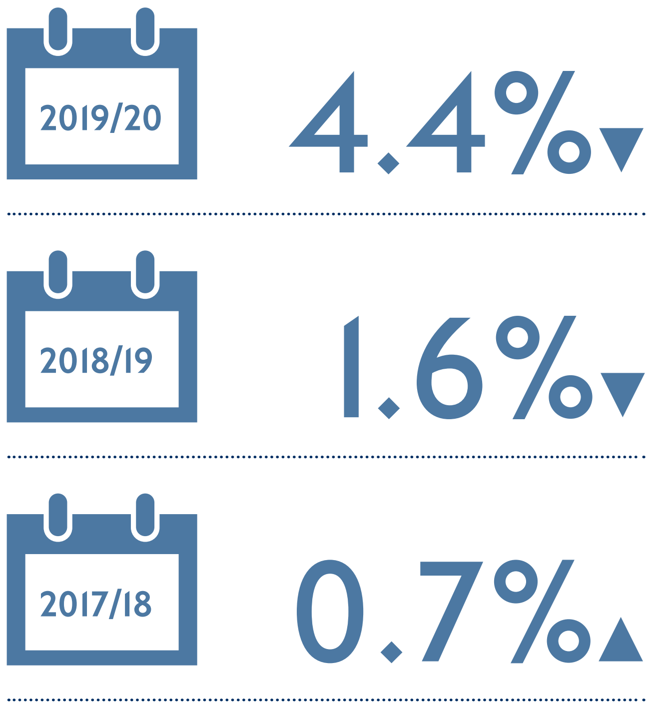
Average yield per passenger journey

The average yield per passenger journey is one pence higher than the revised target primarily owing to the impact of coronavirus. Compared to the same period last year, average yield is two pence higher, owing to an increase in fares on Travelcards in January 2020.

Operating cost per journey

Operating cost per journey is six pence higher than the revised target owing to the bus driver retention payment and lower passenger journeys. It is nine pence greater than last year owing to a decrease in passenger journeys and an increase in operating costs, primarily because of annual contract price inflation within the bus operators' contracts and the bus driver retention payment.

Underlying passenger journeys year-on-year change (%)



Compares underlying year-to-date passenger journey numbers with those in the previous year. Actual journey numbers are adjusted for one-off events (such as strike days), timing of Easter holidays and the number of days in each quarter.

Streets

Financial summary

We are committed to reducing the number of people killed or seriously injured while using London's roads and promoting healthy travel choices, such as walking and cycling.

Streets (£m)	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
Passenger income	-	-	-	-	-
Other operating income	355	365	(10)	322	33
Total operating income	**355**	**365**	**(10)**	**322**	**33**
Direct operating cost	(496)	(481)	(15)	(474)	(22)
Direct operating deficit	**(141)**	**(116)**	**(25)**	**(152)**	**11**
Indirect operating cost	(78)	(84)	6	(74)	(4)
Net operating deficit	**(219)**	**(200)**	**(19)**	**(226)**	**7**
Capital renewals	(52)	(51)	(1)	(32)	(20)
New capital investment	(129)	(165)	36	(82)	(47)
Total capital expenditure	**(181)**	**(216)**	**35**	**(114)**	**(67)**

Operating income is £33m higher than 2018/19 because of changes made to the Congestion Charge scheme, encouraging a reduction in the use of cars in central London, and the removal of the private hire vehicle (PHV) exemption. The adverse variance of £10m against revised target is owing to a reduction in Congestion Charge volumes and suspension of road user charging in March 2020 because of the coronavirus pandemic.

Operating costs are £15m above the revised target because of increased sponsorship costs. Direct costs are £22m higher than last year owing to increased operational costs on road user charging from the removal of the PHV discount and increased bad debt provision owing to the expected collection impacts from coronavirus.

Capital costs have increased compared to last year, owing to the delivery of cycling and other road schemes. The focus is on reducing the number of people killed or seriously injured while using London's roads and promoting healthy travel choices, such as walking and cycling. Compared to our revised target we have a lower expenditure, which is driven by delayed borough decision-making on our key cycling schemes.

Volume analysis

	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
Congestion Charge volumes (thousands)	15,756	13,347	2,409	14,125	1,631
Congestion Charge and enforcement income (£m)	247.0	221.1	25.9	229.9	17.1
Traffic volumes – all London (index)	94.6	-	-	96.0	(1.4)
Cycling growth in CCZ (%)*	2.0	2.5	-	13.5	-

Cycling

The full-year average daily kilometres cycled in the CCZ was 535,429. The growth for the year in full was 1.1 per cent, which fell short of the target of three per cent. The growth appears much lower than 2018/19 because the latter was affected by particularly poor performance in 2017.

Traffic flow

London-wide flows are down 1.4 per cent, a significant drop on last year. Flows in central London have been impacted by the introduction of ULEZ, which has reduced demand outside of Congestion Charging zone hours. Lockdown during the last two weeks of March resulted in a dramatic drop in flows, which was enough to influence the full-year result by close to a one per cent drop.

* Cycling data is reported one quarter in arrears. The full-year figures above represent four quarters from January. It is presented as a percentage change from the previous year

Traffic flow (volume) year-on-year change

2019/20 1.4% ▼

2018/19 1.3% ▲

2017/18 0.3% ▼

Compares traffic flow volumes for the year-to-date with the corresponding quarters in the previous year.

Rail

Financial summary

The net operating deficit is £14m below the revised target and £45m lower than last year.

Rail (£m)	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
Passenger income	414	436	(22)	427	(13)
Other operating income	22	21	1	40	(18)
Total operating income	**436**	**457**	**(21)**	**467**	**(31)**
Direct operating cost	(469)	(475)	6	(454)	(15)
Direct operating (deficit)/surplus	**(33)**	**(18)**	**(15)**	**13**	**(46)**
Indirect operating cost	(20)	(21)	1	(21)	1
Net operating deficit	**(53)**	**(39)**	**(14)**	**(8)**	**(45)**
Capital renewals	(35)	(34)	(1)	(31)	(4)
New capital investment	(46)	(52)	6	(47)	1
Total capital expenditure	**(81)**	**(86)**	**5**	**(78)**	**(3)**

Passenger income is £22m below the revised target, of which £14m is attributable to coronavirus. The remainder is owing to lower growth than anticipated from the new London Overground trains and fewer passenger journeys on the DLR.

Direct operating cost is £6m under revised target, owing to lower DLR contract costs.

New capital investment is £6m below the revised target owing to the rescheduling of signalling and infrastructure works on the East London line. This upgrade will enable 18 trains to run per hour and is now planned for 2020/21. A project to improve the gate line experience for our customers has also been delayed following an increased review of detailed designs before implementation.

Passenger journeys analysis

	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
London Overground					
Number of passenger journeys (millions)	187.1	189.8	(2.7)	189.5	(2.4)
Average yield per passenger journey (£)	1.19	1.23	(0.04)	1.22	(0.03)
Operating cost per journey (£)	(1.68)	(1.66)	(0.02)	(1.59)	(0.09)
DLR					
Number of passenger journeys (millions)	116.8	122.8	(6.0)	121.9	(5.1)
Average yield per passenger journey (£)	1.44	1.45	(0.01)	1.41	0.03
Operating cost per journey (£)	(1.15)	(1.12)	(0.03)	(1.09)	(0.06)
London Trams					
Number of passenger journeys (millions)	27.2	28.6	(1.4)	28.7	(1.5)
Average yield per passenger journey (£)	0.84	0.83	0.01	0.82	0.02
Operating cost per journey (£)	(1.32)	(1.35)	0.03	(1.28)	(0.04)

Underlying passenger journeys year-on-year change (%)

2019/20 3.2% ▼

2017/18 1.3% ▼

2018/19 0.1% ▲

Compares underlying year-to-date passenger journey numbers with those in the previous year. Actual journey numbers are adjusted for one-off events (such as strike days), timing of Easter holidays and the number of days in each quarter.

Other operations

Financial summary

As well as the operations listed opposite, we include the costs of the Crossrail 2 project team and the Planning team, together with certain group items, in this category.

Other operations (£m)	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
Passenger income	59	61	(2)	59	-
Other operating income	297	298	(1)	146	151
Total operating income	**356**	**359**	**(3)**	**205**	**151**
Direct operating cost	(297)	(278)	(19)	(338)	41
Direct operating surplus/(deficit)	**59**	**81**	**(22)**	**(133)**	**192**
Indirect operating cost	(54)	(59)	5	(50)	(4)
Net operating surplus/(deficit)	**5**	**22**	**(17)**	**(183)**	**188**
Capital renewals	(28)	(36)	8	(39)	11
New capital investment	(128)	(132)	4	(96)	(32)
Total capital expenditure	**(156)**	**(168)**	**12**	**(135)**	**(21)**

Other operating income is broadly in line with the revised target however it is significantly higher than last year, owing to the introduction of the ULEZ.

The increase in direct operating costs, compared to the revised target, is driven by an increase in bad debts. As people adjust to the 24/7 ULEZ scheme and the removal of the PHV discount, we have seen an increase in the level of bad debts.

Within capital investment, work continues on the Emergency Services Network project, the mobile network project and other technology work streams.

Volume analysis

	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
Santander Cycles					
Number of hires (millions)	10.2	10.8	(0.6)	10.9	(0.7)
Average income per hire (£)	1.24	1.07	0.17	1.16	0.08
Operating cost per hire (£)	(2.72)	(2.54)	(0.18)	(2.24)	(0.48)
Victoria Coach Station					
Number of coach departures (thousands)	219.9	225.0	(5.1)	225.0	(5.1)
Average income per departure (£)	37.77	36.82	0.95	35.07	2.70
Operating cost per departure (£)	(39.33)	(38.55)	0.78	(34.96)	(4.37)
London River Services					
Number of passenger journeys (millions)	9.6	10.3	(0.7)	9.8	(0.2)
Average yield per journey (£)	0.26	0.27	(0.01)	0.24	0.02
Operating cost per journey (£)	(1.29)	(1.16)	(0.13)	(1.55)	0.26
London Dial-a-Ride					
Number of passenger journeys (thousands)	895.0	707.0	188.0	1,000.5	(105.5)
Operating cost per trip (£)	(50.91)	(66.88)	15.97	(46.10)	(4.81)
Taxi and Private Hire					
Number of private hire vehicle drivers	111,766	-	-	106,777	4,989
Taxi drivers	22,337	-	-	23,159	822
Total income (£m)	36.2	36.1	0.1	32.9	3.3
Total costs (£m)*	(37.1)	(36.2)	(0.9)	(42.5)	5.4
Emirates Air Line					
Number of passenger journeys (thousands)	1,200.3	1,053.4	146.9	1,346.1	(145.8)
Average income per journey (£)	4.56	5.96	(1.40)	4.47	0.09
Operating cost per journey (£)**	(2.96)	(3.60)	0.64	(2.50)	(0.46)

* Operating costs exclude depreciation and the management fee, which are also charged to the licence fee

** Costs of Emirates Air Line are shown net of sponsorship income

Major projects

Financial summary

Major projects is responsible for our largest and most complex projects. It comprises line upgrades, network extensions and major stations.

Major projects (£m)	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
Passenger income	-	-	-	-	-
Other operating income	22	15	7	1	21
Total operating income	**22**	**15**	**7**	**1**	**21**
Direct operating cost	(21)	(10)	(11)	(12)	(9)
Direct operating surplus/(deficit)	**1**	**5**	**(4)**	**(11)**	**12**
Indirect operating cost	(38)	(41)	3	(36)	(2)
Net operating deficit	**(37)**	**(36)**	**(1)**	**(47)**	**10**
Capital renewals	(19)	(22)	3	(25)	6
New capital investment	(595)	(625)	30	(630)	35
Total capital expenditure	**(614)**	**(647)**	**33**	**(655)**	**41**

Four Lines Modernisation

Following the previous rollout of the signalling area, progress has been made in reducing the unexpected levels of disruption. A range of measures have been deployed to optimise infrastructure and software resulting in significantly improved reliability. A forecast realignment to the main contractor's latest view has led to a full-year underspend of £22m, which has been rephased into later years.

Piccadilly line rolling stock

Following the award of the Piccadilly line trains contract, the concept designs of the new trains was presented to the Independent Disability Advisory Group and the Accessibility Stakeholder Forum and received positive feedback.

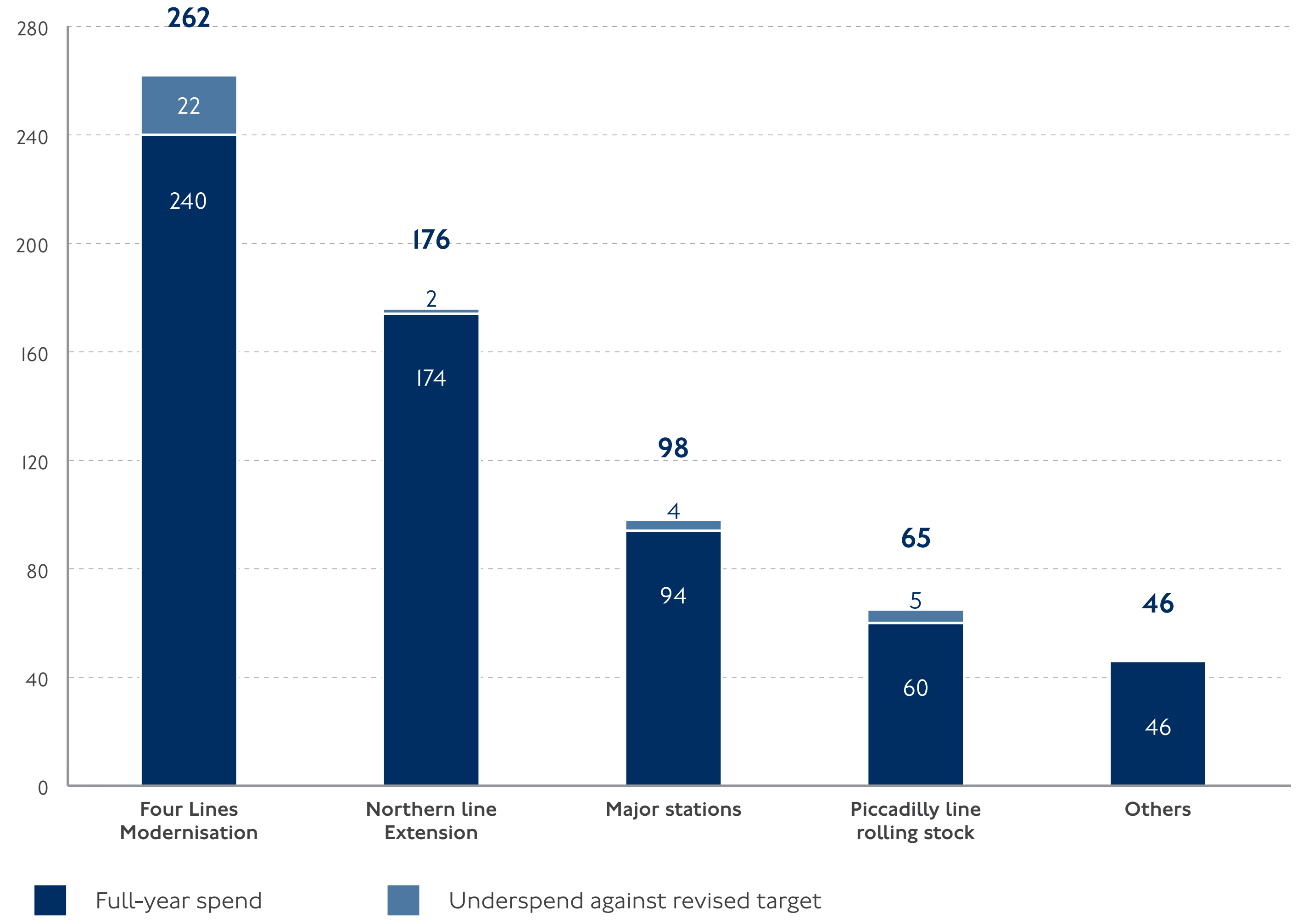
Northern Line Extension

All seven 2019/20 strategic milestones have now been delivered on or ahead of target. At Battersea Power station, all platform surfaces are tiled, and the trackside acoustic panelling has been fitted. Escalators have been installed and are going through functional testing.

Barking Riverside Extension

More than half of the planned possessions of Network Rail infrastructure have been completed. Within the station, the platform precast units and stairways are now complete.

Full-year capital spend by programme (£m)



Major stations

At Bank station the new escalator barrel has been connected to the Central line via the final two cross passages, which will reduce connection times from the Central line to the Northern line and DLR.

DLR Rolling Stock and System Integration

At Beckton depot, phase 1 enabling works have completed. Tenders were received for the southern sidings build package and the new maintenance facility building detailed design package has commenced.

Property

Financial summary

Net operating surplus is broadly in line with the revised target and higher than last year.

Property (£m)	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
Passenger income	-	-	-	-	-
Other operating income	102	106	(4)	94	8
Total operating income	**102**	**106**	**(4)**	**94**	**8**
Direct operating cost	(33)	(37)	4	(32)	(1)
Direct operating surplus	**69**	**69**	**-**	**62**	**7**
Indirect operating cost	(9)	(9)	-	(8)	(1)
Net operating surplus	**60**	**60**	**-**	**54**	**6**
New capital investment	(79)	(103)	24	(39)	(40)
Property receipts	151	182	(31)	88	63
Crossrail over site development	23	85	(62)	159	(136)
Net capital expenditure	**95**	**164**	**(69)**	**208**	**(113)**

Other operating income is lower than the revised target owing to portfolio rent growth not achieving the forecast, and the impact of coronavirus measures such as rent relief provided for a large number of tenants for the March 2020 rent quarter.

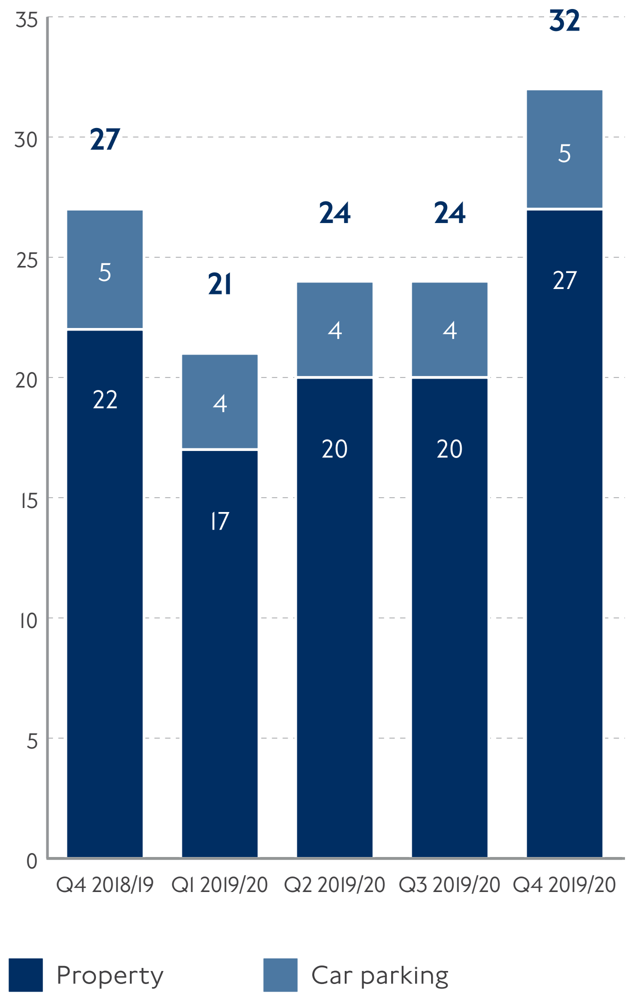
Operating costs are lower than the revised target owing to reduced property maintenance. In comparison to last year, there has been a slight increase owing to new activity, such as the Skills Academy.

Capital receipts are lower than the revised target mainly owing to the delayed disposal of a number of Crossrail over-station development sites (Tottenham Court Road and 65 Davies Street), as well as delays to a number of other smaller disposal sites.

Capital investment is lower than the revised target largely owing to delays and the rephasing of a number of portfolio growth and refurbishment projects (mainly in-station retail), as well as delayed costs relating to the disposal of Crossrail sites.

Property income (£m)

Quarterly*



In Q4 we submitted planning applications for 456 homes next to Wembley Park Tube station with our partner Barratt London. This site will provide train crew accommodation and office space for more than 200 people. Development of new buildings will create modern, sustainable office space alongside hundreds of net-zero carbon homes.

* Q4 is longer than quarters 1 to 3 (16 weeks and one day vs 12 weeks)

Alongside our partner Catalyst Housing, we also submitted applications for 400 affordable homes at Stanmore and Canons Park. This site, if approved, will provide improved step-free access to Stanmore station via a new lift.

We have submitted planning applications for 1,300 homes across our two sites at Bollo Lane near Acton Town station, and at Southall. Our proposals for Bollo Lane include 875 homes, 50 per cent of which will be affordable, and a new green corridor creating a safe pedestrian walkway between Acton Town and Chiswick Park. Southall is the first submitted site by our partners Connected Living London to deliver 440 high quality rental homes, of which 40 per cent will be affordable.

Owing to coronavirus, TfL and Crossrail have brought all live construction sites to a Safe Stop to ensure the safety of works and reduce the number of people travelling.

Extra measures have also been put in place for all small and medium-sized businesses on our estate. All our small and medium-sized tenants, including tenants in London Underground stations that have closed to ensure a safe and reliable service for critical workers, will get 100 per cent rent relief for three months.

Media

Financial summary
Overall 2019/20 has seen a strong operating performance, with media income exceeding the revised target by £4m.

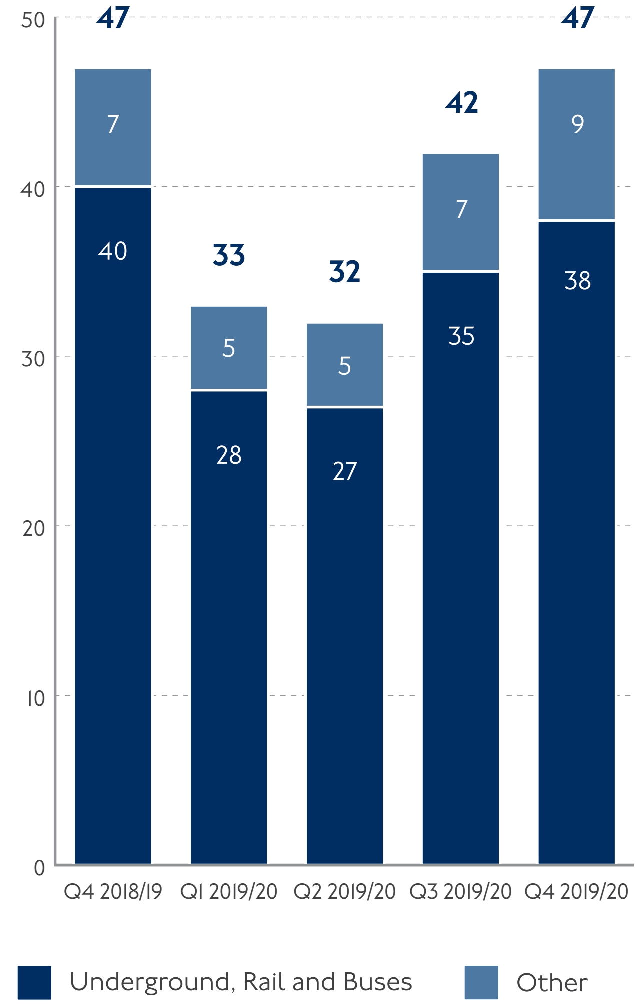
Media (£m)	Full year 2019/20	Revised target	Variance	Full year 2018/19	Variance
Passenger income	-	-	-	-	-
Other operating income	154	150	4	148	6
Total operating income	**154**	**150**	**4**	**148**	**6**
Direct operating cost	(4)	(3)	(1)	(2)	(2)
Direct operating surplus	**150**	**147**	**3**	**146**	**4**
Indirect operating cost	(2)	(2)	-	(2)	-
Net operating surplus	**148**	**145**	**3**	**144**	**4**
Capital renewals	-	-	-	-	-
New capital investment	(4)	(11)	7	(33)	29
Total capital expenditure	**(4)**	**(11)**	**7**	**(33)**	**29**

Operating income is £4m higher than revised target with a continued strong performance on the Rail and Underground estate following the deployment of higher quality, higher impact digital advertising. Income from bus shelters and sponsorship also exceeded the revised target.

Operating cost is broadly in line with the revised target and it is slightly higher than last year.

Capital investment in new assets for the rail estate continued, with the programme scheduled for conclusion by the end of 2020. The investment programme is being carried out at a slightly slower rate than planned, owing to some design and access issues at some of our most complex sites on the DLR, London Overground and Crossrail. There may be some further delays as we work through the implications of coronavirus.

Advertising income (£m)
Quarterly*



* Q4 is longer than quarters 1 to 3 (16 weeks and one day vs 12 weeks)

Advertising income is following the expected seasonal trend, being higher in Q4 because of the extra weeks in the quarter.

Performance during Q4 2019/20 was steady across the estate as the roll out of high-quality digital assets on the rail network continued. Income for the quarter was in line with that of Q4 2018/19 with marginal reductions in Rail, Underground and buses owing to new regulations, offset by marginal improvements in other media including sponsorship and experiential marketing.

Appendices

Headcount

Full-time equivalents (FTEs) including non-permanent labour (NPL)

	31 March 2019 Actual	YTD net (leavers)/joiners	31 March 2020 Actual
Underground	18,442	108	18,550
Elizabeth line	263	-	263
Buses	465	45	510
Rail	274	(3)	271
Streets	1,307	129	1,436
Other operations	1,380	(104)	1,276
Professional services*	3,825	(106)	3,719
Property	140	32	172
Crossrail	541	163	704
Major projects	614	60	674
Media	29	(1)	28
Total	**27,280**	**323**	**27,603**

Our organisational change programme is central to reducing cost and raising more revenue to hit the target of achieving a surplus on net cost of operations by 2022/23. The next phase of savings will come from delivering efficiencies, including reducing the cost of back and middle office activities by 30 per cent.

* Professional services comprises functions within TfL including Legal, Finance, Human Resources, Ticketing, Procurement and Customer, and Communications & Technology where services are provided on a shared basis across all TfL divisions

NPL

It is important that we continue to make use of the flexibility offered by NPL, particularly through this time of change and temporary peaks in demand, such as in recruitment resulting from our transformation programme. It is equally important that we do not limit our ability to hire talent in areas where skills are scarce.

			Reduction since December 2015	
Date	**Number of NPL**	**Weekly cost (£)**	**Number of NPL**	**Weekly saving (£)**
15 December 2015	3,092	5,249,002	-	-
31 March 2017	1,742	2,544,009	1,350	2,704,993
31 March 2018	1,422	1,874,029	1,670	3,374,973
31 March 2019	1,192	1,688,494	1,900	3,560,709
31 March 2020	1,327	1,527,251	1,765	3,721,751

The weekly cost assumes seven hours a day and five days a week worked.

NPL by length of service

Length of service	31 March 2019 Actual	YTD net (leavers)/joiners	31 March 2020 Actual
0-6 months	342	(3)	339
6-12 months	183	152	335
1-2 years	282	(39)	243
2-3 years	220	(68)	152
3-5 years	100	38	138
5+ years	65	55	120
Total	**1,192**	**135**	**1,327**

There remain a large number of non-permanent contractors who have been working at TfL for more than two years. Many of these are working on large construction projects, but we continue to seek to reduce reliance on these resources where possible.

About Transport for London (TfL)

Part of the Greater London Authority family led by Mayor of London Sadiq Khan, we are the integrated transport authority responsible for delivering the Mayor's aims for transport.

We have a key role in shaping what life is like in London, helping to realise the Mayor's vision for a 'City for All Londoners'. We are committed to creating a fairer, greener, healthier and more prosperous city. The Mayor's Transport Strategy sets a target for 80 per cent of all journeys to be made on foot, by cycle or using public transport by 2041. To make this a reality, we prioritise health and the quality of people's experience in everything we do.

We manage the city's red route strategic roads and, through collaboration with the London boroughs, can help shape the character of all London's streets. These are the places where Londoners travel, work, shop and socialise. Making them places for people to walk, cycle and spend time will reduce car dependency and improve air quality, revitalise town centres, boost businesses and connect communities.

We run most of London's public transport services, including the London Underground, London Buses, the DLR, London Overground, TfL Rail, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the Emirates Air Line. The quality and accessibility of these services is fundamental to Londoners' quality of life. By improving and expanding public transport, we can make people's lives easier and increase the appeal of sustainable travel over private car use.

We are moving ahead with many of London's most significant infrastructure projects, using transport to unlock growth. We are working with partners on major projects like Crossrail 2 and the Bakerloo Line Extension that will deliver the new homes and jobs London and the UK need. We are in the final phases of completing the Elizabeth line which, when open, will add 10 per cent to central London's rail capacity.

Supporting the delivery of high-density, mixed-use developments that are planned around active and sustainable travel will ensure that London's growth is good growth. We also use our own land to provide thousands of new affordable homes and our own supply chain creates tens of thousands of jobs and apprenticeships across the country.

We are committed to being an employer that is fully representative of the community we serve, where everyone can realise their potential. Our aim is to be a fully inclusive employer, valuing and celebrating the diversity of our workforce to improve services for all Londoners.

We are constantly working to improve the city for everyone. This means freezing TfL fares so everyone can afford to use public transport, using data and technology to make services intuitive and easy to use, and doing all we can to make streets and transport services accessible to all. We reinvest every penny of our income to continually improve transport networks for the people who use them every day.

None of this would be possible without the support of boroughs, communities and other partners who we work with to improve our services. We all need to pull together to deliver the Mayor's Transport Strategy; by doing so we can create a better city as London grows.

July 2020

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