

Independent Investment Programme Advisory Group – Quarterly Report October 2021

This paper will be considered in public

1. Introduction

- 1.1. This report to the Committee describes IIPAG's activities in the period from August to September 2021. It reports on our cross-cutting reviews on First and Second Lines of Defence, Asset Information and Progress on Value for Money

2. IIPAG activity

- 2.1. We have engaged in the following sub-programme reviews ahead of October PIC:
- LU Track and Drainage
 - Silvertown Tunnel
 - Major Stations
 - LU Signalling and Control
- 2.2. At the time of writing we are completing our reports on these reviews. We have also undertaken continuous assurance of the 4LM programme.
- 2.3. The accompanying paper from TfL Project Assurance describes management progress in implementing IIPAG's recommendations from sub-programme and targeted reviews.

3. Cross-cutting work

- 3.1. We have completed 3 cross-cutting reviews since the last meeting of the Committee, and the main findings are summarised below.

Effectiveness of the first and second lines of defence

- 3.2. Our annual review of the effectiveness of the first and second lines of defence was submitted to the September Audit and Assurance Committee. This short report assessed the progress made against the recommendations that we made last year. It was not easy, in such an unusual year, to draw firm conclusions, but we do think we can detect progress in the impact of first and second lines of assurance. The tighter financial situation, in itself, inevitably increases the attention paid to project scrutiny.
- 3.3. We are, however, sure that there is more to do to strengthen the first line of defence. This is not a reflection on the quality of people involved, but is a result of the weaknesses in definition and deployment of project processes that we have reported on in other cross-cutting reviews. The various cross-TfL improvement initiatives provide the opportunity to address some of these process and system weaknesses.

- 3.4. The Project Assurance (second line of defence) team is stronger than it was, although it is losing key individuals, the replacement of whom will determine whether this improvement is sustained.

Asset Information

- 3.5. Our report on Asset Information is the first part of a two part study into the way information on assets is generated and used within TfL. This first part considers how data on asset condition, risk and performance (asset health) is presented at senior level, how it is interrogated and used, and how this translates to business decisions. The second part of the study, later this year, will consider how asset information is generated, its completeness and quality.
- 3.6. TfL is an asset intensive organisation: reliable asset performance underpins customer experience across all modes and the business spends a significant proportion of its budget on sustaining and renewing its fixed and mobile assets. With this background, the importance of maintaining a good understanding at senior level of current asset health and trends is evident. In addition, good practice suggests that visible senior level leadership and commitment is crucial to effective asset management.
- 3.7. We found that improvements have been made in several areas over the past two years. For example, awareness of asset health and focus on asset issues at senior level has been increasing and spending is being prioritised on renewals through the business planning process. Concerns remain however that availability of transparent asset data at senior level and visibility of asset health 'on the ground' and its implications, in terms of costs and impact on service levels, could be improved.
- 3.8. We found that improving the visibility of asset health and risks at senior level could be greatly helped by developing a common set of metrics across the whole of TfL, such as the 'state of good repair' used by Surface for their highways assets, by which key trends could be tracked. Such metrics could be consolidated into an assets scorecard which, if well designed, would aid concise communication of asset information at senior level.
- 3.9. We recommended reviews of asset health at senior executive meetings and annually at PIC. We also suggested inclusion of designated asset strategy or engineering specialists in senior level meetings to aid focus on asset issues, demonstrate TfL's commitment to sound management of its asset base and create a direct 'flow down' to the business from the highest level on asset related issues.

Progress with Value for Money (VfM)

- 3.10. IIPAG reported in Spring 2020 on TfL's approach to Value for Money, focussing on business cases and prioritisation. The 2021 review assessed what progress had been made. We found that TfL has established a comprehensive improvement programme, with appropriate governance to ensure senior level oversight and promotion of the various initiatives. Some significant progress has been made, notably in creating a stronger VfM culture, developing business case guidance and training, strengthening the project initiation stage, and in prioritisation. There is more to do, and we made recommendations for strengthening governance, further clarifying TfL's VfM approach, enhancing skills and improving data and evidence.

On-going cross-cutting work

3.11. TfL Contract Form: we have completed the interview and analysis stage and are currently writing our report.

3.12. Procurement review: We will be undertaking a review of the lessons to be learned from recent challenges to procurements for the Silvertown Tunnel and Piccadilly Line trains, with the aim of reporting by the end of November.

Contact Officer: Alison Munro, Chair of IIPAG
Email: AlisonMunro1@tfl.gov.uk