

Independent Investment Programme Advisory Group – Quarterly Report to Audit and Assurance Committee December 2021

1. Introduction

- 1.1. This report to the Committee describes IIPAG's activities in September and October 2021. It describes common themes emerging from reviews and reports the outcome of two cross-cutting reviews.

2. IIPAG activity

- 2.1. In September we engaged in a number of reviews ahead of the October meeting of the Programmes and Investment Committee:

- LU Track and Drainage
- Silvertown Tunnel
- Major Stations
- LU Signalling and Control

- 2.2. At the time of writing we are undertaking reviews which will be considered at the December meeting of the Programmes and Investment Committee:

- Railway Systems Enhancements
- LU Fleet
- Barking Riverside Extension
- East London Line Housing Infrastructure Fund

- 2.3. We are engaged in continuous assurance of the 4LM programme. We are also participating in some targeted or interim reviews for Executive governance, covering Central Line Improvement Programme, Piccadilly Line Upgrade and the New Oyster Reader technology project.

- 2.4. The accompanying paper from TfL Project Assurance describes management progress in implementing IIPAG's recommendations from sub-programme and project reviews

3. Common themes from reviews

- 3.1. Whilst no new strategic issues have emerged from recent reviews, we have taken stock of our experience over the past 18 months to review the most common themes that arise repeatedly. These fall into the following 8 categories:

- The systems and processes for project control and reporting
- Capability and resources
- Programme/portfolio management
- Costs and risk

- Commercial and contracting strategies
- Governance
- Value for money:
- Information

3.2. Appendix 2 provides further detail on what is covered by these themes. We will be monitoring how often they arise in sub-programme and project reviews, and will also ensure that our cross-cutting work continues to address these issues.

4. Progress with cross-cutting work

4.1. We have completed two further reports, on Asset Information and Progress on Value for Money, which were submitted to the October meeting of the Programmes and Investment Committee.

Asset Information

4.2. 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.

4.3. 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.

4.4. 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.

4.5. 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.

4.6. We recommended reviews of asset health at senior executive meetings and annually at the Programmes and Investment Committee. 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)

- 4.7. 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.
- 4.8. We are currently undertaking a review of lessons learned from recent major procurements, and we are finalising our report on Contract Forms. We are also scoping a follow up review on the Procurement and Supply Chain transformation programme, and the second part of our review of Asset Information.

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