

Board



Date: 8 December 2021

Item: Board Effectiveness Review 2021

This paper will be considered in public

1 Summary

- 1.1 In line with good corporate governance practice, we review the effectiveness of our Board and its decision-making structure periodically. The 2021 review was led by the Deputy Chair of TfL. It considered progress made against the items for consideration from the 2019 and 2020 reviews and assessed the Board's performance and contribution to TfL during 2021.
- 1.2 Like 2020, the previous year had been a very challenging year for TfL given the impact of the coronavirus pandemic on staff, services and finances. The review report is attached as an Appendix.
- 1.3 Highlights from the year include:
 - (a) changes to the Board, including the appointment of three new Members;
 - (b) the return to holding meetings in-person, while using technology to retain the flexibility and transparency benefits of the meetings that were held by videoconference;
 - (c) Members being able to re-engage in informal discussions and briefings to enhance their knowledge of TfL and to pass on their knowledge and experience to shape service delivery; and
 - (d) proposals to refresh the membership of the Committees and Panels so that they continue to support the Board's effective stewardship of TfL.
- 1.4 The Board is invited to consider the review and the issues raised and to suggest any further actions.
- 1.5 It is proposed that the 2022 review be an externally led review by a specialist provider in accordance with good governance practices.

2 Recommendation

- 2.1 **The Board is asked to note the Board Effectiveness Review 2021.**

3 Background

- 3.1 In line with good corporate governance practice, we review the effectiveness of our Board and its decision-making structure periodically, including regularly commissioning an external review. The review reports are submitted to the Board for discussion.
- 3.2 The 2020 review was led by the Deputy Chair and was submitted to the Board on 9 December 2020. For comparative purposes, the 2021 and 2020 reviews used the same themes as the externally led 2019 review, which are designed to assess the boards of complex organisations. Like 2020, the outcomes of the 2021 review recognise the continued significant impact that the coronavirus pandemic has had on TfL's staff, services and finances.
- 3.3 TfL proposes to appoint a specialist provider to lead the next Board Effectiveness Review in 2022, in accordance with good governance practice which recommends that externally led reviews are held every three years.

4 Outcome of the 2021 Board Effectiveness Review

- 4.1 The 2021 review covered the following themes:
 - (a) the role of the Board – particularly its engagement and focus in a time of national and organisational crisis caused by the coronavirus pandemic;
 - (b) Board composition;
 - (c) Board culture and relationships; and
 - (d) Board committees, panels and reporting.
- 4.2 A copy of the review report is attached as an appendix to this paper.
- 4.3 The review concludes that the Board is operating effectively and has continued to add real value to TfL during the year. Like all reviews, it seeks to identify areas where further improvements could be made. For the most part, these relate to issues raised in the 2019 and 2020 Review:
 - (a) Board composition was progressed but more work will be required in future recruitment process to fully meet the aspiration of having a Board that reflects the economically active composition of London; and
 - (b) continued focus on stakeholder engagement, which was impacted by staff time and resource being focussed on managing the impact of the coronavirus pandemic, managing finances and engaging in negotiations on funding.
- 4.4 The Board is asked to consider the outcome of the review.

Appendices to this paper

Appendix 1: Board Effectiveness Review Report 2021

Background Papers

Board Effectiveness Review papers and updates 2019 and 2020.

[Mayor of London press release on Lord Kerslake Housing Delivery Review](#)

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Board Effectiveness Review 2021

1 Introduction

- 1.1 In line with good corporate governance practice, we review the effectiveness of our Board and our decision-making structure periodically, including regularly commissioning an external review. The last external review was conducted by Deloitte's Board Advisory team in 2019. It recognised positive changes in the Board's effectiveness across all areas of review scope, particularly in contrast to the external review in 2015. While most of the recommendations in that review were implemented, some were outstanding due to the impact of the coronavirus pandemic, including the deferral of the Mayoral election in relation to Board composition changes.
- 1.2 This report covers progress on addressing the remaining actions from the 2019 and 2020 reviews, an evaluation of Board effectiveness during the year and suggestions of areas for consideration to seek to achieve ever better practice.
- 1.3 2020 and 2021 have been among the most challenging years ever for our organisation, due to the impact of the coronavirus pandemic on staff, services and finances.
- (a) **managing the impact of the coronavirus pandemic on staff and services.** At the start of the first national lockdown, TfL focussed on retaining the connectivity of services, albeit with some reduced frequency, to ensure that NHS and other key workers were able to get to work. Many of TfL's staff were directly impacted by the virus, with many staff having to isolate and, at the time of writing, 103 staff and contractor deaths. The Board has engaged on how TfL has responded to the impacts of the pandemic on customer safety and service provision, staff safety, both mental and physical and lessons learned;
- (b) **managing the impact of the coronavirus pandemic on TfL's finances.** Prior to the lockdown in late March 2020, our net cost of operations (our net deficit after considering financing and capital renewals costs) was on track to be £100m better than our revised budget for 2019/20 and almost £220m better than 2018/19. We had built up our cash reserves to just over £2bn to enable us to be more agile in our investment programme spend and to strengthen our financial resilience against the challenges we faced from a continued subdued economy and uncertainty around the final terms of the UK's exit from the European Union. The lockdown had a devastating impact on our main sources of income, the farebox and revenue from advertising and leasing, while our cost of operation remained substantially the same. Considerable time and effort has been invested in supporting staff in a series of short-term funding negotiations to ensure TfL remains a going concern and with how TfL can address the new conditions attached to each settlement;

- (c) managing decision-making and Board engagement remotely, under the period we were covered by the flexibility of meetings regulations and then as we have moved into holding hybrid and in-person meetings.

1.4 I have conducted this review through:

- (a) personal observation of Board meetings and briefings;
- (b) discussions with Members, particularly in 1:1 discussions, and when seeking the views of members on possible reappointment and with the Chairs of the Committees and Panels;
- (c) discussions with the most senior staff; and
- (d) a desktop review of key Board governance documentation, which included minutes and papers for meetings of the Board, committees and panels and their Terms of Reference.

1.5 The 2021 review covered the following themes, which match the themes of the 2019 (externally led) and 2020 reviews:

- (a) the role of the Board – in particular, its engagement in relation to the coronavirus pandemic and funding;
- (b) Board composition;
- (c) Board culture and relationships; and
- (d) Board committees, panels and reporting.

2 Role of the Board

2.1 The 2020 review listed two items from the 2019 review that had been impacted by lockdown and should be addressed as we moved into recovery:

- (a) time to be allocated for informal engagement, including on the Business Plan;
- (b) Members will be invited to TfL stakeholder engagement events once they restart and investment programme approval papers (and papers more generally) will include more information on engagement with and the view of stakeholder to TfL's proposals and services.

Informal engagement

2.2 The 2019 review suggested we consider more opportunities for the Board to provide strategic guidance and to have a wider stewardship role. This was to be addressed through more specific time set aside for informal briefings and open discussions, which were included in the 2020/21 meeting calendar, and more opportunities for site visits.

- 2.3 For most of 2020, lockdown meant site visits were put on hold and informal briefings concentrated on discussions on financial matters. The bandwidth of senior staff was almost entirely focused on the welfare of staff and service users and discussions with Government to support short term funding settlements. From September 2020, we made greater use of Teams to actively engage Members on a wide range of topics. During 2021, the number of briefings outside of funding substantially increased and covered a range of topics including:
- (a) Viewpoint (staff) Survey outcomes and University College London report on bus driver deaths from Covid-19;
 - (b) Strategic issues: Taxi and Private Hire Regulations, High-Speed 2 issues and challenges for TfL, input into the key documents such as our Sustainability Report, Corporate Environment Plan and Energy Purchasing Procurement and the work and impact of our Independent Disability Advisory Group and our plans for pandemic recovery; and
 - (c) Crossrail: deep-dive briefings on issues key to the successful delivery of the project and the future operation of the Elizabeth line.
- 2.4 Members also actively engaged with and addressed events to celebrate the Steps Into Work graduations, the International Women's Day Gala Event and a Black History Month event celebrating contributions made by black engineers throughout history. Feedback from staff attending these events was very positive on the contribution and engagement of Members.
- 2.5 From September 2021, we restarted attendance at in-person events with a visit to the new stations at Nine Elms and Battersea Power Station on the Northern line before the extension opened and a demonstration of the benefits of the Direct Vision Standard from the cab of a five star rated vehicle.
- 2.6 The Board's engagement on these topics, as well as through the usual business of its Committees and Panels, has added real value to the organisation and ensured that members continue to have a broad understanding of the operation of the organisation.
- 2.7 Members individually and collectively continued to support senior staff and the organisation in reviewing finances and reducing costs and progress against funding conditions. There were two funding settlements during the year with a third imminent in December, with considerable input from Members.
- 2.8 The Board remains keen to regularly engage on strategic discussions, although long-term planning is difficult in the absence of a longer-term funding settlement.
- 2.9 Members have also been involved in interview panels to make appointments to senior roles including the Group Finance Director and Statutory Chief Finance Officer and the Director of Risk and Assurance.

Members will be invited to TfL stakeholder engagement events once they restart and investment programme approval papers (and papers more generally) will include more information on engagement with and the view of stakeholder to TfL's proposals and services.

2.10 Our meeting papers, including those relating to the investment programme, increasingly contain information on engagement with and the views of stakeholders and we will continue to improve this. We will also invite Members to Stakeholder events as they occur.

2.11 Issues for further consideration:

- (a) We will continue to allocate more time for informal engagement, including on the Business Plan and risk management; and
- (b) We will invite Members to TfL stakeholder engagement events as they occur and continue to provide more information on engagement with and the view of stakeholders on TfL's proposals and services.

3 Board composition

Board appointments

3.1 The 2019 Review recommended that:

- (a) following the 2020 Mayoral Election, the Mayor should review the membership of TfL with a view to:
 - (i) further improving the progress made on ethnic diversity;
 - (ii) maintaining the progress made on gender diversity;
 - (iii) improving age diversity on the Board and how to better involve young people in the Board's decision-making; and
 - (iv) using staggered terms of appointment to facilitate this and future succession planning; and
- (b) the Deputy Chair and Chairs of the committees and panels will review ways in which the role of a Vice Chair could be enhanced.

3.2 The coronavirus pandemic resulted in the Mayoral and London Assembly elections being deferred from May 2020 to May 2021 and had a significant impact on TfL's finances and operations. To ensure continuity, the Mayor extended to September 2021 the appointments of Members whose term of appointment was due to expire in September 2020. The appointments were made in the knowledge that two Members were likely to leave during or at the end of that period with Ron Kalifa OBE leaving in May 2021 and Dr Alice Maynard leaving in September 2021.

3.3 Following the deferred Mayoral election in May 2021, the Mayor reappointed himself as the Chair of TfL and, following a London Assembly Confirmation Hearing, reappointed the Deputy Mayor for Transport, Heidi Alexander, as the Deputy Chair of TfL.

- 3.4 In September 2021, the Mayor reappointed the following Members, whose terms of appointment expired on 5 September 2021, until 8 September 2024: Kay Carberry CBE, Prof. Greg Clark CBE, Bronwen Handyside, Anne McMeel, Dr Mee Ling Ng OBE, Dr Nelson Ogunshakin OBE, Mark Phillips, Dr Nina Skorupska CBE FEI, Dr Lynn Sloman MBE and Ben Story. Cllr Julian Bell's appointment to the Board is until 4 September 2022.
- 3.5 After an extensive recruitment process, on 11 November 2021, the Mayor appointed Anurag Gupta, Marie Pye and Peter Strachan to the Board until 8 December 2024.
- 3.6 The Mayor is committed to maintaining and improving the diversity of TfL and this includes its Board. Although the Board is drawn from people wider than London, he aspires for it to match the profile of economically active Londoners. The first Board that he appointed in 2016 created the most diverse Board that TfL had ever had. Following the recent reappointments and new appointments, the diversity of the Board is set out in the table below.

Diversity	London 2021	Board pre-2016	Board 2016	Board 2021
Women	51%	23%	60%	50%
Men	49%	77%	40%	50%
BAME	39%	0%	27%	25%
Disabled	18%	6%	13%	6%

- 3.7 The gender balance on the Board is very close to the London metric. While the BAME and Disabled representation on the Board is still below the London metric, the BAME representation is close to the highest position achieved for the Board in 2016. To address the underrepresentation of disabled people, the Board will continue to seek more information on and engagement with the Independent Disability Advisory Group.
- 3.8 The 2019 Board Effectiveness Review suggested a review of the age profile of Members. This remains a challenge, due to the broad range of knowledge, skills and experience required from the Board to provide the strategic oversight required for an organisation the size and complexity of TfL. Further consideration will be given as to how the views of younger people can be considered in decision-making.

Member support

- 3.9 The 2019 review suggested we consider if additional buddying arrangements between Members and management could be put in place (particularly across differing portfolio areas) to further enhance the use of Member skills within the Board environment. Good and regular engagement exists between Members and the Executive Committee outside of the meeting structure – this was particularly evident during the pandemic – including through regular briefings and site visits. In 2020 we committed to a review of buddying/lead member roles in 2021, following any changes to the Board.

- 3.10 Appointments to the Board have just been concluded in November 2021. Alongside that, changes are proposed to most of the Chairs and Vice-Chairs of our Committees and Panels. To facilitate the induction of new Members and to support the new Chairs and Vice Chairs opportunities for Members to support each other will be encouraged.
- 3.11 Each of the new Members has received induction materials and induction meetings and visits are being arranged.
- 3.12 In relation to the action to enhance the role of Vice-Chairs, all Vice-Chairs are invited to attend agenda planning and pre-meetings and to deputise in the absence of the Chair, both at the meeting and when presenting the report of the meeting to the Board. Further discussions are proposed with new Chairs and Vice Chairs early in 2022 to ascertain if they have further suggestions on how their roles could be enhanced and supported.
- 3.13 **Issues for further consideration:**
- (a) We will maintain the aspiration for the Board to match the profile of London for all future recruitment and appointment processes; and
 - (b) Existing Members are encouraged to provide support and guidance to the new Members and to all fellow Members in the transition to the new membership arrangements for the Committees and Panels.

Government Special Representatives

- 3.14 As part of the first funding package in 2020, the Government nominated two Special Representatives to attend meetings of the Board and one to attend all meetings of the Finance Committee and the Programmes and Investment Committee. We are confident that we are a well governed organisation and welcomed these appointments while we are in receipt of Government support for operational funding. We believe they bring greater Government understanding of our work and the seriousness with which we take our responsibilities.
- 3.15 In April 2021, Clare Moriarty DCB stood down, due to new work commitments. In June 2021, Becky Wood was appointed as her successor and has engaged actively in the meetings of the Finance Committee and Programmes and Investment Committee as well as at the Board.

4 Board culture and relationships

- 4.1 The 2019 review commended the improvement in the Board's culture since the 2015 external review. The 2020 review discussed how the benefit of the improved culture was demonstrated through the Board's response and support to staff on the pandemic and consequential impact on staff, services and finances. This support was continued throughout 2021.

- 4.2 A key issue for the Board in 2020 and in 2021 was not being able to meet in-person, which impacted both decision-making and the informal engagement and discussions that help to build and maintain relationships.
- 4.3 From August 2020 TfL benefitted from the flexibility of meeting regulations that enabled decisions to be taken by meetings held using videoconference. From September 2021, once social distancing requirements allowed, meetings were again held in person unless we were not able to achieve a quorum of Members in the room. During the periods that the regulations did not apply, TfL held meetings as if they did, save that decisions were taken under Chair's Action following the wider discussion of each item with Members. All meetings were recorded and available to view – and from August 2020 were contemporaneously webcast using enhanced technology – on TfL's YouTube Channel (and London.gov.uk for the Board) to ensure transparency in our decision making.
- 4.4 The 2020 Review recommended:
- (a) that we incorporate greater use of technology and remote access into our meeting arrangements as social distancing restrictions are lifted;
 - (b) a continuous focus on reducing the time spent “presenting” papers (particularly at the Board) to allow more time for discussion, including Members submitting general information type requests offline or in advance of meetings; and
 - (c) the summaries in reports will aim to provide better signposting of key issues.

Incorporate greater use of technology and remote access into our meeting arrangements as social distancing restrictions are lifted

- 4.5 The return to in-person meetings required a significant amount of work and testing to equip our Palestra office meeting rooms with audio-visual technology of the quality required to hold and broadcast live meetings. This has, however, resulted in significant improvements to the technology, flexibility and accessibility of meetings.
- 4.6 The meetings held to date have run well. We have retained the technology and transparency improvement through the contemporaneous webcasting of our meetings and enabling Members to join the meetings via Teams, subject to a quorum of Members being present in the meeting room. To maintain the efficiency and flexibility of meeting arrangements, we have also retained the option for staff to participate in and support meetings using Teams.
- 4.7 The return to in-person meetings has enabled Members to reconnect through the informal engagement that occurs immediately before and after meetings, which will continue to develop its strong and supportive culture.
- 4.8 The Government has committed to reviewing and updating meeting legislation, which was written before the arrival of the internet and remote

meeting technology, with a view to permitting Members to join meetings via videoconference and we will look to make use of such flexibility, as and when regulations are put in place.

A continuous focus on reducing the time spent “presenting” papers (particularly at the Board) to allow more time for discussion, including Members submitting general information type requests offline or in advance of meetings

- 4.9 Staff have been increasingly encouraged to treat papers as read with focus on highlighting the key issues for consideration and any updated information following the publication of the papers. For example, the Commissioner’s report to the Board now has a sharp focus on two or three key highlights, which has allowed more time for questions and discussion.

Summaries in reports will aim to provide better signposting of key issues

- 4.10 As part of this process, we continue to improve the executive summaries in papers to signpost the key issues for consideration.

4.11 Issues for further consideration:

- (a) We will continue the focus on reducing the time spent presenting papers to allow more time for discussion;
- (b) We will continue to explore the use of technology to enhance Member engagement and the efficiency and transparency of our decision-making; and
- (c) We will continue refining the summaries in reports to provide better signposting of key issues.

5 Board committees, panels and reporting

Effective meetings

- 5.1 Following the national lockdown in March 2020, flexibility of meeting regulations were introduced that enabled some local authorities to continue meeting and make decisions through videoconference (the meetings legislation is from the period before the internet and wide-spread use of videoconferencing). TfL was included in the regulations from 1 August 2020 until they expired in May 2021, when the Government chose not to renew them.
- 5.2 From April 2020, TfL held its meetings as if the regulations applied, except that decisions were taken by Chair’s Action when required. The meetings of the Committees and Panels were also recorded and made available on TfL’s YouTube Channel for the first time. Following significant work, TfL was able to contemporaneously webcast the meetings of its Committees and Panels from August 2021, in line with the usual practice for meetings of the Board.

- 5.3 Since September 2021, meetings have again been held in-person. Members can also attend remotely but will not count toward the quorum of the meeting.
- 5.4 Despite the changes to the ways that meetings have had to operate, we have continued to be able to meet in public, thoroughly discuss issues and take decisions in a timely, transparent and accountable manner.

Meeting structure

- 5.5 The meeting structure introduced in 2016 has remained effective.
- 5.6 We implemented a significant change in 2020 as part of the transition of Crossrail governance into TfL. We established a special purpose Elizabeth Line Committee, to provide Board oversight of the project. The Committee has quickly bedded down into an effective forum that provides oversight and constructive challenge to the delivery of the project. The need for this Committee will be kept under review as the construction of Crossrail comes to an end and the operation of the line is integrated into TfL's other operational activities.
- 5.7 One further change to the meeting structure is proposed for 2022.
- 5.8 The Mayor is committed to tackling the housing crisis in London and to build on his record-breaking delivery of genuinely affordable homes during his first term as Mayor. In October 2021, he appointed Lord Bob Kerlake to lead a housing delivery review to further improve and streamline housing development across the wider Greater London Authority (GLA) Group and deliver more of the genuinely affordable homes Londoners need. The review will examine housing delivery across the GLA Group and make recommendations to enable the Group to work together more effectively and benefit from collective experience and expertise. The review will also inform the best way to approach piloting a "City Hall developer" to further expand the supply of much-needed low-cost homes for Londoners. The review is expected to report shortly.
- 5.9 The effective use of TfL's land to generate income and to contribute to the Mayor's housing ambition are an important contribution to TfL's Financial Sustainability Plan.
- 5.10 Further to discussions between the Deputy Mayors for Transport and Housing, and subject to any recommendations from the Kerlake review being in alignment, it is proposed that TfL establish a Land and Property Committee from April 2022. The Committee will be supported by the Commercial Development Advisory Group and its membership is likely to include non-voting external experts.
- 5.11 **Issues for further consideration:**
 - (a) Proposals to establish a Land and Property Committee, including its membership, Terms of Reference and consequential changes to

Standing Orders and the Terms of Reference of the Finance Committee, will be submitted to the Board for approval in 2022.

6 Conclusion

- 6.1 The impact of the coronavirus pandemic on TfL has been significant. The robustness of our decision-making structure and clarity of our role, along with the calibre and diversity of our Members and the strength of our culture, has enabled the Board to step-up to the challenges posed over the last two years.
- 6.2 The Board has shown great fortitude and flexibility during this difficult period and despite the challenges has continued to add tremendous value. The Mayor and I would like to acknowledge that and thank each Member for their contribution, as well as the staff and our contractors.

Heidi Alexander
Deputy Mayor for Transport and Deputy Chair of Transport for London
December 2021