

Independent Investment Programme Advisory Group – Quarterly Report March 2022

1. Introduction

1.1. This report to the Committee describes IIPAG's activities from December 2021 to January 2022. It contains no new strategic recommendations from the small number of Sub Programme reviews we have undertaken in this period, but contains some conclusions from our cross-cutting work.

2. IIPAG activity

2.1. We have undertaken the following reviews which will be considered at this meeting:

- Air Quality and Environment
- Technology and Data

2.2. We are engaged in continuous assurance of the Four Lines Modernisation (4LM) programme. We also had an update briefing on the Healthy Streets programme, which was awaiting confirmation of its forward budget, and participated in a commercial review of the Old Street project.

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

3. Progress with Cross-cutting Work

3.1. TfL Supply Chain Contracts. The purpose of this cross cutting review was to provide advice on whether the standard contract forms used on TfL infrastructure enhancement projects are appropriate for the type of work being delivered, whether they are effective in delivering value for money and certainty of out-turn cost and schedule, and whether they are being administered effectively.

3.2. Our conclusion is that the choice of contract form, including the standard use of the New Engineering Contract (NEC) suite, has no direct bearing on the cost and schedule delays and levels of commercial dispute experienced. Having said that, we also noted some cases in which the selection of NEC Options was inappropriate to the project circumstances and did contribute to delays and cost increases.

3.3. In our view the impact of these factors is dwarfed by that of a number of issues which are common on problem projects, including immaturity of scope at the point of contract award, immaturity of design, poor risk evaluation and management,

insufficiently detailed project information such as site investigation or asset condition, pressure to deliver to a deadline, and accrual of unresolved variations.

- 3.4. We think that these issues need to be addressed both at the project level and at the business level. We have made recommendations for improvements relating to: TfL's business level contracting strategy; the leadership of commercial strategy; sharing of learning and best practice with other major UK infrastructure owning clients; development of a more wide ranging project commercial strategy template; approval of commercial strategies at an early stage of project development and subsequently during the project life, as part of the five case Business Case; a review of the effectiveness of pre-contract Pathway gate reviews; and increasing the access of projects to capital delivery commercial expertise, both during development and delivery.
- 3.5. We have also undertaken a review of lessons learned from the recent legal challenges to two major TfL procurements. This will be reported to the TfL Finance Committee in March 2022. Other cross cutting reviews still in progress are detailed in the following items.
- 3.6. Risk. Despite the efforts of TfL risk managers as well as extensive guidance and process, our experience is that the risk associated with TfL projects is often underestimated, resulting in cost and schedule overruns. In this cross cutting review we are bringing together our experience of how TfL treats risk in the Investment Programme in order to provide advice on how it might be improved.
- 3.7. Programme Management Office (PMO) Progress Report. IIPAG reviewed the PMO some eighteen months ago. In the course of February 2022 we are revisiting the progress that has been made since then and asking whether the improvement efforts are delivering the desired results.
- 3.8. Asset Information Part 2. The second part of this review considers how asset data is generated. Interviews are complete, and the review is moving into the writing up phase.
- 3.9. Procurement and Supply Chain (P&SC) Improvement Programme. IIPAG reviewed the P&SC Improvement Programme 2 years ago. The current IIPAG review of progress with this programme started in mid-January and the interviews are currently under way.

4. Work Programme for 2022/23

- 4.1. We are currently putting together our work programme for the next year. We would welcome suggestions from the Committee on any topics we should include.

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