

Date: 18 May 2022

Item: Independent Investment Programme Advisory Group
Quarterly Report

This paper will be considered in public

1 Summary

- 1.1. This paper presents the Independent Investment Programme Advisory Group (IIPAG) quarterly report for May 2022. It describes the work undertaken since the last report presented to the Committee in March 2022.
- 1.2. A paper is included on Part 2 of the agenda which contains exempt supplemental information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendations

- 2.1 **The Committee is asked to note the Independent Investment Programme Advisory Group's quarterly report, the management response set out below and the exempt supplementary information on Part 2 of the agenda.**

3 IIPAG Quarterly Report

- 3.1 Under its Terms of Reference, IIPAG is required to produce quarterly reports of its advice on strategic and systemic issues, logs of progress on actions and recommendations and the effectiveness of the first and second lines of project and programme assurance. IIPAG's quarterly report for May 2022 is included as Appendix 1 to this paper.

4 Management Response to IIPAG Quarterly Report

The Programme Management Office– A review of progress, one year on

- 4.1 The Programme Management Office (PMO) welcomes the report and recommendation made. We are fully committed to the direction proposed by IIPAG, and we appreciate the practical and supportive approach taken to the changes proposed.
- 4.2 We are pleased to note that the report identifies some of the challenges the PMO has in normalising TfL's information; widely differing work banks with fundamentally different approaches, and historical data which are inconsistent. The current large-scale changes to the organisation do complicate this, and our improvement plan balances tangible progress against the risk of potential rework.

To this end, we are implementing an iterative approach to the change. This will still follow the industry standard approach, which is:

- (a) design a consistent and scalable process;
 - (b) clear definition of the data that each process will generate;
 - (c) lock the process and data into a system to prevent local variation; and
 - (d) derive insight and reporting such that appropriate decisions can be made.
- 4.3 To implement controlled change while the business evolves in line with the value chain, we will undertake multiple discrete cycles, each acting on an element of the PMO scope. These will develop consistency, cleanse data and lock it in progressively with systems. The priority order will be risk based, and each cycle will have a visible outcome. This is the process described as 'Sprints' in the IIPAG report.
- 4.4 This will require a multi-year programme for phased investment in systems, data storage and report hosting, interventions by our own colleagues, and support from the market to make the change. We will be seeking investment support for a multi-year programme to achieve it. This is currently unfunded, and all data changes are currently being made from in-year budgets, which is inefficient.
- 4.5 This represents a significant change programme, reflecting not only data sets, but a cultural change and significant upskilling in the delivery organisations, PMO, Commercial and Finance teams and the ongoing support of the business in driving towards this end goal will be required.

Sprints Plan

- 4.6 We have organised our activity under four pillars to create clarity for our staff and stakeholders. Key among these are Clarity (showing line of sight from the detail at the base of the organisation to the strategic messages at the top) and Consistency (driving consistent processes, definitions, methods, interfaces and tools across the business). The other two pillars, Communication and People are enabling pillars.
- 4.7 As an example, the first of the sprints under our Clarity pillar is Reporting, which is then divided into smaller deliverables:
- (a) agree on the metrics that will be used for reporting at all levels; and
 - (b) redesign the Investment Group report pack.
- 4.8 These will require external spend and rewiring of existing processes and data, and so achievement of these dates is contingent on two business dependencies:
- (a) business agreement to a common data cut-off date across TfL for all functions; and
 - (b) a final version of the project/programme allocation as an output of the task analysis.

- 4.9 Once this first sprint is complete the next Reporting sprint (for which preparatory work is underway) is to ensure all data supporting the metrics is available and quality checked so that the automation of the report can happen. This is a major change project also requiring external spend, and which in its final phase will deliver the systems-lock for the process and data structures. This will therefore have a longer delivery period.
- 4.10 There are similar sprints underway for Baselines, Cost and Governance which sit under our Consistency pillar.

Progress Reporting

- 4.11 The Project Assurance team will engage in regular periodic dialogue with IIPAG and PMO will generate timely progress reports, timings of which are to be agreed.

Treatment of Risk in the Investment Programme

- 4.12 We agree with the points raised but noting the requirement for underlying continual cultural change in regard to risk management at all levels.
- 4.13 As part of our continuous improvement plan, we will prioritise the following activities:
- (a) widespread use of the Quantified Cost Risk Analysis (QCRA) summary report across large/complex/novel projects;
 - (b) re-train the Enterprise Risk team on undertaking detailed early-stage risk assessments to inform risk uplifts on larger projects;
 - (c) embedding risk management objectives as part of the annual performance review process in project management roles; and
 - (d) quarterly/six-monthly risk deep dives on major schemes to enable the senior leadership team to challenge all aspects of risk management including assessments.
- 4.14 For attention to schedule risk, both in-year and over the project life, we are progressing new Quantified Schedule Risk Analysis guidance. As part of the second revision of the QCRA summary report, we have introduced inclusion of the key risks that may impact on successful milestone achievement. We will continue to review risks in-year and over the project life as part of periodic risk reporting.
- 4.15 We accept and have provided management responses to each of the recommendations made. This includes for the recommendation that TfL develops guidance about which risks, and risk allowances, should be held at project, Programme and portfolio level, where we accept this aspiration, but it requires wider business change. Creating risk allowances at various levels need to fit with our project governance, organisational and finance structures and change control processes. A review will be led by the PMO to develop the approach to portfolio management, which will include the option of creating a risk allowance at portfolio level. The review will commence in the latter part of 2022 and the output will be shared with IIPAG and the Project Assurance team.

List of appendices to this report:

Appendix 1: Independent Investment Programme Advisory Group - Quarterly Report
May 2022

Exempt supplementary information is included in a paper on Part 2 of the agenda.

List of Background Papers:

None

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