

Date: 6 June 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 June 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 supplementary information that is exempt from publication by virtue of paragraphs 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 Recommendation

- 2.1 **The Committee is asked to note the Independent Investment Programme Advisory Group's Quarterly Report, the management response 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.
- 3.2 IIPAG's Quarterly Report for June 2022 is included as Appendix 1 to this paper.
- 3.3 Figure 1 sets out the status of the IIPAG recommendations at the end of each of the last three quarters, none of the IIPAG recommendations currently overdue relate to critical issues.

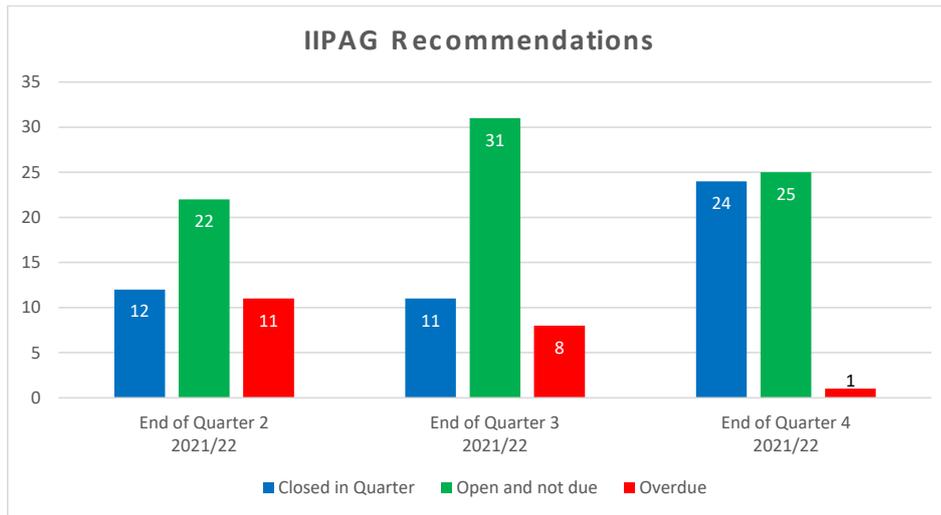


Figure 1: Status of IIPAG Recommendations

3.4 There were no new unagreed or critical IIPAG recommendations made during Quarter 4 of 2021/22 (12 December 2021 to 31 March 2022).

4 Management Response to IIPAG Quarterly Report

Update review of Procurement and Commercial Improvement Programme

4.1 The programme agrees with the recommendations laid out in this report. Several points, such as: the training and upskilling of our Procurement and Commercial community and Procure to Pay user base; the development and implementation of a supplier relationship management strategy; and the Capital delivery overlay to the management framework, form part of our existing programme plan and are tracked as part of the critical path. Following the completion of the build phase of Ariba (procurement software) and the management framework, communications and engagement with our customers and stakeholders have also ramped up in recent months, which we aim to continue.

4.2 The programme recognises the need for reviewing our internal governance structure and leveraging the knowledge and influence of our senior leadership team to provide guidance and sponsorship on key programme decisions, which we aim to achieve through revising terms of reference as well as business representation in the Procurement and Commercial Improvement Programme Steering Group.

Programme Management Office - A review of progress, one year on

4.3 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.

4.4 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. 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 follow the industry standard approach, specifically: design of a consistent and scalable process; clear definition of the data that each process will generate; locking the process and data into a system to prevent local variation; and deriving insight and reporting such that appropriate decisions can be made.

- 4.5 In order to implement controlled change while the business evolves in line with the new Chief Officer structure, 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.
- 4.6 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 to achieve it.

Treatment of Risk in the Investment Programme

- 4.7 We agree with the points raised but noting the requirement for underlying continual cultural change in regard to risk management at all levels.
- 4.8 As part of our continuous improvement plan we will prioritise the following activities: widespread use of the Quantified Cost Risk Analysis (QCRA) summary report across large/complex/novel projects; re-train the risk team on undertaking detailed early stage risk assessments to inform risk uplifts on larger projects; continuing to trial the embedding of risk management objectives as part of the annual performance review process in project management roles; and quarterly/six-monthly risk deep dives on major schemes to enable the senior leadership team to challenge all aspects of risk management including assessments.
- 4.9 We are progressing new Quantified Schedule Risk Analysis guidance and as part of the revision of the QCRA summary report we now include key risks that may impact milestones. We will continue to review risks in-year and over the project life as part of periodic risk reporting.
- 4.10 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 to Audit and Assurance Committee June 2022

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

List of Background Papers:

None

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