Safety, Sustainability and Human Resource Panel

Date: **29 June 2022**

Item: **Enterprise Risk Update - Failure to prevent Safety, Health or Environment (SHE) incident / meet commitments (ER1)**

This paper will be considered in public.

1   Summary

1.1   In June 2021 we provided an update on the status and control of the Safety Health and Environment (SHE) Enterprise Risk 'ER1'. Feedback from the Panel suggested that ER1 would benefit from a clearer, more specific interpretation to make it more relevant at business unit level through the risk cascade.

1.2   This paper is part of the annual review of ER1 and its aims are to provide an updated assessment and status of ER1, while taking on board the feedback from the Panel.

1.3   It also outlines the improvements to our approach to make ER1 clearer and enabling more focused and effective management of SHE risk at each business level through:

(a)   amending the definition of ER1 to better reflect the profile of SHE risks;

(b)   taking a prioritised view of our top SHE risks across the business; and

(c)   enabling a clearer interpretation and cascade of SHE risks though the business.

1.5   A paper is included on Part 2 of the agenda, which contains exempt supplemental information pertaining to the strategic risk deep dive. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business and financial affairs of TfL that is commercially sensitive and likely to prejudice TfL's commercial position. 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 Panel is asked to note the report and the exempt supplemental information provided on Part 2 of the agenda.

3   Current Status: ER1 Assessment of Risk

3.1   We provide updates on our Enterprise Risks at appropriate intervals. This ER1 update covers the period May 2021 to May 2022. The full assessment can be found in Appendix 1.

3.2   Progress has been made in managing ER1 over the last year, including:

(a)   development and update of strategies including the second Vision Zero Action Plan, Corporate Environment Plan, publication of our SHE Capital Delivery and Maintenance Strategy and adoption of a SHE Insights Framework;

(b)   simplifying and making core SHE processes easier to use and apply through in-flight programmes to improve our SHE Culture, SHE Management System (SHEMS) and digitise our Assurance tools;

(c)   supporting the health and wellbeing of our colleagues through fatigue management, health assessments and improvements to our approach to health surveillance; and

(d)   ensuring we continue to protect and improve the environment with planning for climate adaptation, continuing work to reduce our carbon emissions and utilise cleaner energy and expanding London's Ultra-Low Emission Zone.

3.3   ER1 risk management is a complex and continual process. Many of our mitigations and processes are necessarily long term, continually being built upon and delivered over months and years.

3.4   Despite good progress, changes and events over the past year mean that the ER1 assessment remains as 'Requires Improvement'.

(a)   Our funding situation has meant the addition of 'financial constraints may limit options for managing and improving SHE outcomes' to the management of ER1. We will not compromise safety, but changes may be required to our approach as a result of uncertainties in our funding;

(b)   We have been notified of further action in relation to enforcement from the Office of Road and Rail (ORR) and possible intention to enforce by the Health and Safety Executive (HSE);

(c)   Road risk and climate related incidents, such as flooding, continue to affect our networks and we need to strengthen our controls and cross-organisation focus on both mitigation and adaptation; and

(d)   We have added additional environmental risk consequences and seen an increase in overall quantified financial risk

3.5   The ending of pandemic restrictions has led to the pandemic risk amalgamated back into ER2 'Protecting the wellbeing of our colleagues'.

4   Managing SHE risk through ER1

4.1   TfL aims to maintain high standards of safety on our network in line with our legal obligations and to continually improve delivery of Safety, Health and Environment outcomes in line with commitments and ambitions in the Mayor's Transport Strategy (MTS) and our own Vision and Values (V&V).

4.2 More effectively identifying and efficiently managing SHE risks within existing frameworks has never been so important as we face a significantly constrained funding environment. It is essential that we move towards a more coordinated, Pan-TfL approach to risk management and work to common priorities in each step of our Value Chain.

4.3 Our new one-TfL operating model provides considerable opportunity for change and a more efficient and joined-up approach to ER1. We are working collaboratively pan-TfL and taking the following steps to:

(a) **Ensure ER1 reflects our full aspiration for SHE performance.** We must focus the business on going beyond just preventing incidents towards a proactive approach in meeting our MTS and V&V roadmaps and commitments;

(b) **Identify our pan-TfL priority SHE risks and take a holistic view.** Identifying those specific topics of greatest concern pan-TfL enables us to articulate risk more clearly and efficiently direct activity towards those areas of risk that pose the greatest concern to mitigating ER1 and meeting SHE commitments; and

(c) **Improve the ER1 cascade ensuring SHE priorities are represented at each level.** This means each business area is working towards managing our priority SHE risks alongside local priorities that may be unique to or of relevance to their function. This also enables greater visibility and tracking of risk management actions taking place across the business to mitigate ER1.

4.4 Improving our definition of and pan-TfL oversight and coordination we can better assess overall SHE risk in a more efficient way. A joined-up approach enables us to identify where risks overlap and to monitor and review mitigative and proactive activity being carried out by each business area to manage ER1. We can also learn lessons from and identify and incorporate existing good practice across business areas and ensures that strategic risks are being managed in practice at operational level.

4.5 This paper considers ER1 within the current Enterprise Risk Framework. There are further proposals to evolve this framework including potential creation of a stand-alone climate change and adaptation risk, reflecting the urgent need to adapt to the increasing frequency and severity of climate events. Our proposed approach has been designed to adapt and align with any future ER1 changes.

5 Ensuring ER1 Reflects Full SHE Risk and Outcome Profile

5.1 We have roles as a transport operator and regulator, strategic authority, client, and employer. The MTS and our Vision & ValuesV&V objectives mean we must go beyond averting and reacting to SHE incidents and proactively drive improvement.

5.2 We must therefore deliver a range of SHE requirements, commitments, and outcomes to mitigate ER 1 including:

(a) preventing SHE incidents and crises;

(b)   achieving and maintaining legal and regulatory compliance;

(c)   realising commitments and aspirations in the MTS; and

(d)   relivering our V&V Road Maps.

5.3   We have amended the description of ER1 to acknowledge this wider scope of our SHE risk profile and mitigating activities. In this way we are also better aligning risk with existing reporting on SHE outcomes measured in our Scorecards and V&V Roadmaps.
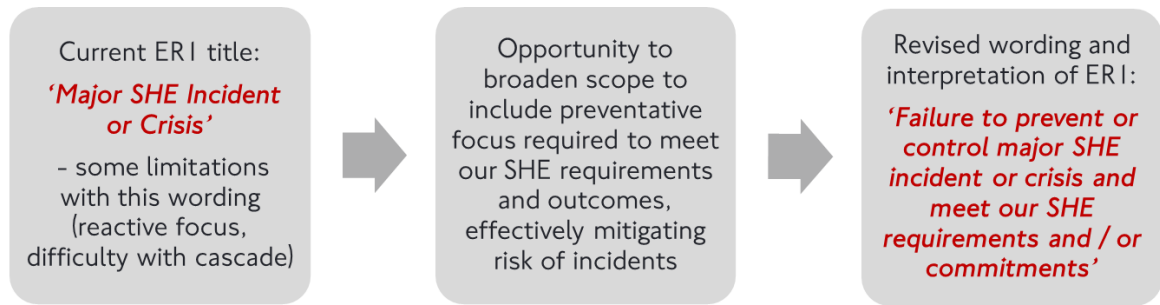

Figure 1: Revising ER1

Title	'Failure to prevent SHE incident / meet commitments'
Description	'Failure to; prevent or control major SHE incident and/or meet/comply with either applicable SHE regulations, SHE Commitments/Targets in the Mayor's Transport Strategy and/or TfL's own Visions and Values SHE ambitions and roadmap deliverables'

Table 1: Amended ER1 Title and Description

6   Prioritising SHE Risk Topics and Controls

6.1   Last year, the Panel noted that the high strategic-level nature of ER1 meant it was challenging for business areas to interpret SHE risk meaningfully and consistently.

Priority SHE Risk Topics

6.2   We have since identified a layer of priority SHE topics below ER1, summarised in Table 2, which the available evidence suggests are most likely to result in the ER1 risk being realised. Adding specific focus areas will help improve the interpretation of risk and focus of business activity.

Top Priority SHE Risks	Primarily Affects (outcomes)	Summary Rationale for Inclusion (see Diagnostic Table for further detail)
Asset Deterioration	S,H,E Law, MTS, V&V	This is a known risk under most future funding scenarios. ORR identified risk requiring particular management.
Road Risk (VRU)	S, E MTS, V&V	This is the single greatest form of harm that befalls Londoners whilst travelling
Slips Trips Falls	S MTS, V&V	Most common source of customer injury across a range of our services and workforce injury. Has many underlying factors
Passenger Transport Interface Boarding / Alighting	S MTS, V&V	Higher risk point in passenger journeys across a range of our services.
Track Access	S Law, V&V	Is an acknowledged risk area in TfL and the wider industry.
Fire	S Law	Is a low frequency but high consequence risk.
Fatigue	S,H Law, V&V	A known risk across capital, operations and non-operational roles.
Staff Mental Health	S,H V&V	The single greatest cause of absence with potential to be exacerbated by economic, social and organisational responses to Covid.
Health Surveillance	S,H Law, V&V	Requirement not currently undertaken, enforcement notice. Aim to expand ambition beyond compliance.
Workplace Violence & Aggression	S,H MTS, V&V	A known risk to the health and wellbeing of frontline staff.
Hazardous Materials & Hazardous Waste	S,H,E Law, MTS	A low frequency, high risk issue with significant regulatory scrutiny.
Climate Change / Extreme Weather / Adaptation	E,H, S MTS, V&V	A known issue with incompletely understood implications, increasing scrutiny from regulators due to potential impacts
Air Pollution	E,H Law, MTS, V&V	Continued illegal levels of air pollution in parts of London combined with air quality issues on some of our services.
Operational Communication	S Law, V&V	Known issue across operations; within TfL and with third party operators and organisations
Further SHE Risks kept under review within Business as Usual		

Table 2: Priority SHE Risks

6.3   These are not our only SHE risks topics but are the ones currently deemed to present the greatest risk to mitigating our revised definition of ER1 (incidents and outcomes). All other SHE risks continue to be managed within our 'Business as Usual' processes. Once priority SHE risks are assessed as adequately managed, they move to 'Business as Usual' and can be replaced by other priority SHE risks requiring attention as part of an ongoing cycle.

Priority SHE Risk Controls

6.4   We have also identified the key elements or controls that need to be in place to manage each of the Priority SHE Risks, summarised in Table 3. These are aligned with the internationally recognised 'Plan, Do, Check, Act' approach to risk management but have been adapted to better suit our complex operating model.

Understanding our Risk – 'Big Picture' (Plan)
-   Risk Identification & Assessment
-   Measures and Indicators
Enabling effective management of risk (Do, Act)
-   Governance (incl Reporting and tracking)
-   Management System, Process & Tools
-   Competence, Knowledge
-   Strategies, Information & Comms

> **Taking Action (Act, Check)**
> - Review & SHE Improvement Planning
> - Assurance

Table 3: Key elements of risk management – our controls

6.5 This creates the opportunity carry out a diagnostic to review which key control elements are in place for each of our priority SHE risks and thereby create a targeted improvement plan as required.

6.6 For example, our programme of revision to the SHE Management System is tackling the priority SHE risks first in terms of added content. We know that our methods of collecting assurance data is dated, with some areas using paper-based records, and this control needs improvement. The insight from our diagnostic then supports the requirements and prioritisation for our Digital Assurance programme.

6.7 We can also embed the SHE priorities into existing processes, such as the templates used by the business to create SHE Improvement Plans, helping business areas articulate risks and take meaningful action towards ER1 and providing a clear connection between risk management in each part of the business and the aggregate corporate risk summarised in ER1.

7 Cascade

7.1 The revision to ER1's definition and inclusion of SHE priority risks enables clearer and more consistent interpretation through the business at Level 1 (Chief Officer), Level 2 (mode or Director) and below.

7.2 Risks to ER1 can be considered and interpreted in more specific terms relating to the business area's role, regulatory requirements, and their influence in reducing incidents and meeting MTS and V&V commitments.

7.3 Our 14 SHE Priority Risks are cascaded through the organisation to improve our holistic management of them. Each business area and supporting function considers the priority SHE risk topics within their area, assesses their performance and management of them to put in place appropriate control and improvement action to address issues and or drive improved performance. Measures put in place locally reflect the nature of the specific risk within that area, remit, and influence.

7.4 This does not prevent business areas from also focusing on priorities that are unique to them – Pan-TfL and specific modal priorities sit alongside each other. This way we achieve consistency whilst acknowledging the diverse nature of our roles and operations and the environments within which we work.

7.5 A pan-TfL approach and cascade are essential to mitigating and managing ER1 and SHE risk. We need to not only consider the nature of specific risk topics, but also how we are set up as a business to identify and manage the risk. Multiple different departments are required to play their parts in controlling the risk. For example, our Engineering department may design a physical flood control, our construction team is responsible for having it built and installed, our station staff

may have to operate it in an emergency and our maintenance teams need to ensure it remains fit for purpose. Alongside this, we need to make sure that every step in this process is done safely with no adverse effect on the environment and is delivered in compliance with the law, our standards, and strategic commitments.

7.6 This simplified example highlights why it is important to take a pan-TfL prioritised and coordinated SHE risk management framework, enabling a consistent cascade of risk across the organisation. This way we can identify overlaps and drive efficiency to mitigate ER1 and meet our SHE requirements, commitments, and outcomes.

8 Next steps

8.1 Due changes over the last year and a areas of concerns, ER1 remains assessed as 'Requires Improvement'.

8.2 However, lessons learned over the year and progress in the SHE department has led to several opportunities to be realised in revising our approach to the management of ER1 to more efficiently and effectively mitigate SHE risk and deliver our outcomes. We will be working this year to:

(a) take advantage of the new one-TfL operating model to focus our efforts more efficiently on our priority SHE risks to mitigating ER1 and meeting outcomes;

(b) communicate the amended ER1 definition, and ensure priority SHE risks feeding into ER1 are appropriately reflected in L1, L2 and further cascade across and through the business; and

(c) encourage development and monitoring of business area SHE improvement plans that are aligned with and adopted this approach.

8.3 We will come back to the Panel at appropriate intervals to update on specific workstreams and progress.

List of appendices to this report:

Appendix 1 – Risk Template (Exempt information)

A paper contains exempt supplemental information and is included on Part 2 of the agenda.

List of Background Papers:

None

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