Customer Service and Operational Performance Panel

Date: 13 July 2022

Item: Enterprise Risk Update - Loss of Stakeholder Trust (ER6)

This paper will be considered in public

1 Summary

1.1 Our work is carried out in the context of a highly complex stakeholder environment, in which we engage with a wide range of external stakeholders who have the power to influence decision-making at local, regional, national and international levels. These include Borough Council officers and politicians, local campaign groups, London Assembly Members, Members of Parliaments, Government officers, advisors and Ministers, representatives of other UK cities, regions and transport authorities, transport user groups, business groups at local Business Improvement District, regional and national level, think-tanks, the third sector and others.

1.2 This risk is explicitly focused on the management of relationships, reputation and communication. Managing other factors, such as the sustainability of TfL's funding sources, is covered elsewhere in the risk framework.

1.3 We manage our stakeholder relationship in a way that creates a virtuous circle of support. If we engage proactively with stakeholders, listening carefully to, and acting upon, their views, then they are likely to advocate for us. On the other hand, loss of credibility with, or support from, external stakeholders would lead to a lack of support, leading to potential impacts on our licence to operate and funding.

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

3 Background and Causes

3.1 TfL operates in a complex environment and relies upon strong relationships with external stakeholders to deliver day-to-day operations, achieve its Business Plan,

deliver on its vision and values and realise the long-term goals described in the Mayor's Transport Strategy.

3.2 Advocacy and case-making from our wide-ranging network of third-party stakeholders is essential in building and securing funding to deliver for London. In addition, TfL requires the support of key stakeholders to deliver almost all the investment described in the Business Plan. Smaller infrastructure schemes and commercial developments cannot be delivered without permission from local authorities. Larger scale initiatives and schemes require complex consents that often involve multiple wide-reaching public consultations and/or approval by Government ministers or departments. The direct relationship with national Government has intensified hugely because of the coronavirus pandemic.

3.3 TfL also receives nearly £2bn per annum from business rates that have been devolved to London, in addition to direct funding support from the Government. Maintaining these sources of income is dependent on a strong relationship with the Greater London Authority (GLA) and the national Government.

3.4 These relationships and the broader political, economic and social context are more challenging than they have ever been. At a national level, the pandemic, cost of living crisis and other factors are presenting unprecedented funding and other challenges to Government, which in turn makes securing funding for transport harder than at any stage in TfL's history. Calls greater investment in the rest of the country – and a concern from some that "levelling up" will be at the expense of London – have not entirely receded

3.5 At a local level, London's boroughs continue to feel the strain of the extended period of pressure on local authority finances, amplified by the more detailed oversight of the borough funding for transport projects since the onset of the pandemic. In addition, following the local elections in May 2022, we have reached out to the new administrations to better understand their transport priorities.

3.6 Despite these challenges, TfL's relationships with a range of stakeholder groups have perhaps never been better. A huge programme of creative engagement was put in place during the pandemic centred around two main themes: first a campaign aimed at reassuring those people returning to the transport network after the coronavirus pandemic; and second building the case for sustained Government funding.

3.7 Regarding the former, the campaign has been aimed primarily at the business community as restrictions have changed throughout the year and they have developed, implemented and changed their return to office plans. We have either attended or delivered over 60 engagement sessions and sector forums setting out everything we are doing to ensure the transport network is clean, safe and well-managed. In addition, we have developed a range of collateral for businesses to share with their employees. These have been shared with thousands of businesses in the Capital. We have also developed similar resources for people living with disabilities as they return to the transport network.

3.8 The campaign to build the case for sustainable funding of London's transport system has culminated in the formation of the London Transport Alliance, a network of stakeholder organisations from business, passenger advocacy groups,

charities and trade unions dedicated to campaigning for London's transport network to be properly funded. In addition, a huge number of stakeholders have both publicly and privately supported us throughout our negotiations with Government.

3.9 We have also held a number of ongoing strategic engagement sessions throughout the year with key stakeholders. This has included the formation of the Business Advisory Group and the reshaping of the Healthy Streets Advisory Group and the widening out of the Accessibility Forum to become the Inclusive Transport Forum. Each of these forums gives us the space to involve stakeholders in our policies and projects at an early stage and to gather stakeholder feedback and sentiment. In addition, our Youth Panel has met three times over the course of the year and the Vision Zero Reference Group has been reinstated after a pause during 2020 at the height of the pandemic.

3.10 Stakeholder relationship have been successfully rebuilt after the strains of the first phases of the pandemic. But changes that we must make as a business, including to fares, concessions and the way we prioritise investment and operate, all present new and significant challenges to these relationships.

3.11 Enterprise Risk 06 was last presented to the Panel in January 2021 and was assessed as adequately controlled. Improvements have been made and this rating has now increased to well controlled.

4 Consequences

4.1 Our stakeholder relationships can be affected by:

(a) a failure to involve stakeholders early in the policy making process, especially if our decision is not the one they support;

(b) poor correspondence and case work management. Responding quickly and completely to correspondence and casework is a fundamental hygiene factor in relationship management, particularly with elected representatives;

(c) failure to understand stakeholder perspective and needs. If we do not actively listen and accurately understand our stakeholders' views and requirements, we cannot respond effectively which will negatively impact our support;

(d) inadequate responses. Quick responses are beneficial when those responses are clear, concise and complete, and solve the problem presented to us. If our stakeholders do not believe (or understand) we have responded to their concerns, then our relationship will be damaged; and

(e) failure to demonstrate how engagement shapes policy. We must continue to show our stakeholders that we care about their views and have taken them into account in developing our policy.

5   Controls

5.1   There are well established controls in place, both preventative and corrective:

(a)   Proactive and reactive management of all our engagement with the media, working very closely with City Hall.

(b)   Political monitoring – closely monitoring the political landscape and potential impacts on TfL's strategic goals.

(c)   Programme of engagement with strategic stakeholder groups in the business, community and accessibility stakeholders to support policy and decision-making, and harness influential third-party advocacy for case making to Government.

(d)   Delivery and tracking of all Mayors Questions and sensitive stakeholder correspondence.

(e)   Joint influencing and engagement priorities agreed with City Hall, informing an active and coherent strategy to build consensus and alliances across London and the UK.

(f)   A programme of regular engagement with the Mayor's Press Office, Deputy Mayor for Transport and communication policy leads at City Hall. All of TfL's key Marketing Communications activity is shared with relevant Mayoral advisors, based on systematic contributions from all business areas to ensure a coherent message.

(g)   Programme of engagement with local government and boroughs/officers both through business as usual contacts as well as set-piece events delivered by internal teams as well as external partners such as London Councils.

(h)   Real-time stakeholder sentiment analysis and regular attitudinal survey of Borough, political, non-political and media stakeholders.

6   Actions

6.1   Actions are 'in delivery' to further improve the management of the risk:

(a)   Government funding support for TfL remains short term, and sustained investment must be secured. It also remains an issue around which the vast majority of TfL's stakeholders are actively engaged and supportive. Over the coming period a further detailed campaign will be designed and delivered to harness this stakeholder support and direct it towards helping TfL secure sustained investment and financial sustainability.

(b)   A programme of work to build back confidence among stakeholders and grow ridership has commenced

(c)   The launch and the later through running of the Elizabeth line demonstrates the transformative power of transport investment. A detailed campaign, bringing together all aspects of TfL's communication – from on-system

customer information to marketing, from stakeholder engagement to media relations and PR – is underway, bolstering relationships with stakeholders of all kinds and building advocacy for the role of TfL.

(d)   The pandemic has necessitated ever closer working and coordination between the various elements of TfL's communications. Work is underway to embed learnings from the period and to ensure that the TfL-level governance of communications allows for the most effective results.

(e)   There were seven boroughs that changed control at the May elections and we are monitoring how this will change their approach to key transport projects. Following the elections the Commissioner has written to all new Leaders and an engagement programme is being established to discuss delivery in their boroughs. We also continue to proactively engage with members and senior officers through pan London forums.

List of appendices to this report:

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

List of Background Papers:

None

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