

Independent Investment Programme Advisory Group – Quarterly Report July 2022

1. Introduction

1.1. This report to the committee describes IIPAG's activities in May-June 2022. We have made one new strategic recommendation, that a set of Key Performance Indicators should be developed for renewals programmes. We also report the findings of the second part of our cross-cutting review of Asset Information.

2. IIPAG activity

2.1. We have undertaken the following sub-programme and project reviews in preparation for the committee in July:

- Surface Technology
- London Underground (LU) Renewals
- Public Transport
- East London Line Housing Infrastructure Fund (HIF)
- Road User Charging

2.2. We continue to engage in continuous assurance of the Four Lines Modernisation (4LM) programme. We were also asked by the Chair of the committee to look at a recently reported cost pressure on the Old Street project. Part 2 summarises the key points from these reviews. We also undertook a review of the Central Line Improvement Programme which is being considered through Executive governance. The accompanying paper from Project Assurance (PA) describes management progress in implementing IIPAG's recommendations from sub-programme and project reviews.

2.3. We have undertaken several reviews of renewals programmes recently – LU Renewals and Public Transport in this period, and Surface Assets for the committee in May. For all of these sub programmes we have observed some difficulty in getting a good picture of performance. These are multi-year programmes consisting of a large number of small projects. The programme Estimated Financial Costs (EFCs) change as the years covered change, and the composition of annual spend changes, with most programmes reporting slippage. EFCs therefore do not provide a clear picture of cost performance. Similarly, while certain milestones are tracked, they do not give a full picture of schedule performance across the programmes.

2.4. We are therefore recommending that a set of Key Performance Indicators should be developed for renewals programmes. Performance against these metrics would be reported to the committee and other governance bodies. They could also help

teams to understand their performance better and to target improvements. Metrics might include for example:

- The % of projects that are delivered within their original estimated cost/original estimate +10% etc
- The % of projects delivered on time/3 months early or late etc
- Unit costs
- Metrics representing quality/outputs compared with forecast

2.5. Whilst some tailoring of metrics to particular types of assets may be necessary, there would be advantage in having a common approach with common metrics as far as possible, to allow comparisons across programmes.

3. Progress with Cross-cutting Work

3.1. We have completed two cross-cutting reports, which are summarised below.

3.2. Asset Information Part 2

In May we completed the second part of a cross cutting study into asset information and asset management within TfL, covering the quality of the asset data available and its completeness. We found that there are significant variations across TfL in the quality of core asset data, such as inventory and condition. In LU only six out of thirteen asset categories are considered to have high quality and easily accessible core data, and of those two are high quality only in part. The picture for Surface assets is better, since good quality core data exists for their key highways assets such as carriageways and structures, although gaps also exist in other more minor asset categories. Work is underway to rectify these gaps in data and this should be a priority, since without good quality core asset data other 'higher order' asset management processes are impossible.

3.3. Capability for asset modelling is very limited in TfL and we think this is an area in which investment is urgently required. This would enhance TfL's ability to demonstrate a robust case for renewals funding.

3.4. The amalgamation of the Asset Strategy teams in Surface and LU and its subsequent reorganisation under the Capital business stream has been a positive development; improvements and a clear sense of direction are showing through. Management of assets across TfL depends on the effectiveness of the 'Guiding Mind' – the collaborative process involving Asset Strategy, Asset Operations and Engineering. Improving asset management competencies across the three disciplines forming the Guiding Mind would help to increase its effectiveness.

3.5. Since the committee meeting in May we have also completed our update review of the Procurement and Commercial Improvement Programme (PCIP). The IIPAG report was considered at the June 2022 meeting of the Audit and Assurance Committee.

3.6. We are currently preparing for our regular reviews of TfL Benchmarking and First and Second Lines of Defence.

Alison Munro
Chair, IIPAG
June 2022