

Date: 24 May 2023

Item: Enterprise Risk Update – Environment including Climate Adaptation (ER3)

This paper will be considered in public

1 Summary

- 1.1 This paper provides an overview of enterprise risk 3 (ER3) “Environment, including climate adaptation”. This risk covers TfL failing to meet its environmental obligations and commitments, and the potential impacts of climate change on TfL’s infrastructure and operations.
- 1.2 ER3 is a newly defined risk, encompassing risk causes and mitigation actions previously part of ER1 “Failure to prevent SHE incident or meet commitments”. The risk plan and status were endorsed by the Executive Committee Strategy, Safety and Business meeting on 9 February 2023. In line with the enterprise risk schedule, ER3 will be reviewed annually.
- 1.3 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 financial 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 Panel is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.**

3 ER3 – Background

- 3.1 Our environmental risks are encompassed by two distinct, but interlinked, components: that TfL will fail to fulfil our environmental commitments and obligations, and that the effects of climate change will result in significant impacts on our assets and operations in both the short and long term.
- 3.2 TfL’s environmental obligations include compliance with all relevant environmental legislation, including the Environment Act 2021, and our role in delivering the Mayor’s environmental objectives set out in the London Environment Strategy.
- 3.3 We are already experiencing the physical impacts of climate change on our network, as evidenced by recent flooding and heatwave events. The asset climate risks identified in TfL’s 2022 submission under the Department for the

Environment, Farming and Rural Affairs Adaptation Reporting Power will be incorporated into our Enterprise Risk Management framework, as subsidiary risks to ER3.

- 3.4 The Executive Committee's Sustainability sub-group oversee the control and mitigation of ER3, reporting to the Executive Committee. The sub-group will also lead the development and management of the environmental Level 1 Enterprise Risks supporting ER3.

4 ER3 – Mitigation and Control

- 4.1 The Corporate Environment Plan establishes TfL's overarching strategic framework for the management of our environmental commitments and obligations. In March 2023 we published our Climate Change Adaptation Plan, setting out the actions we will take in the years to 2030 to improve our readiness for the impacts of climate change.
- 4.2 We continue to deliver initiatives to improve our environmental performance and support the Mayor's environmental objectives. These include expansion of the Ultra Low Emission Zone to all London boroughs from 29 August 2023, transition of the bus fleet to zero emission by 2034, measures to improve energy efficiency and reduce carbon from TfL buildings, and installation of Sustainable Drainage Systems (SuDS) to help alleviate flood risk.
- 4.3 Through the GLA Group's Climate Budget, we will annually set out both the funded and unfunded initiatives to reduce carbon emissions from our operations and support the Mayor's ambition to be net zero by 2030.
- 4.4 Our resilience processes provide a consistent and structured approach to the management of extreme weather impacts. They involve using twice-daily weather reports and forecasts up to five days in advance of weather incidents that could affect our transport network.
- 4.5 We are updating environmental management processes as part of the SHE Management System programme. Environmental management instructions and guidance will be updated in June 2023 and will be regularly reviewed and updated. We have also strengthened environmental requirements for capital projects as part of Pathway, including updated through the Environmental Evaluation, and introduction of the Carbon and Resource Plan product to support management of whole lifecycle carbon impacts in construction.
- 4.6 Appropriate skills and competency in environmental management across the organisation are a key control measure for ER3. Our expanded roll out of Carbon Literacy training across the organisation underpins more detailed and role-specific environmental training.

5 Reporting of Environmental Risk

- 5.1 We will make full disclosures of our climate risks and opportunities under the Taskforce on Climate-Related Financial Disclosures (TCFD) in our Annual Report and Statement of Accounts from the 2022/23 report, following initial disclosures in the 2021/22 report. The disclosures set out our governance, strategy, risk

management, metrics and targets covering our climate-related risks and opportunities. ER3 represents TfL's overarching climate risk.

- 5.2 In future years we will also make disclosures on our nature-related risks and opportunities under the Taskforce on Nature-Related Financial Disclosures framework.

6 Risk Status

- 6.1 The overall Control Effectiveness rating of ER3 is "Requires Improvement".
- 6.2 The initiatives described above will mitigate the risk in the short to medium term. As we build more detailed understanding of the environmental risks to the network, in particular from climate change, the overall scale of risk severity will be updated.

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

Contact Officer: Lilli Matson, Chief Safety, Health and Environment Officer
Email: lillimatson@tfl.gov.uk