

Date: 21 September 2023

Item: TTL Properties Limited Assurance Update

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**This paper will be considered in public**

**1 Summary**

- 1.1 This paper reports on progress with assurance activity across TTL Properties Limited (TTLP) during Quarter 2 of 2023/24 (25 June to 16 September 2023) (Q2).
- 1.2 A paper is included on the Part 2 agenda which contains supplementary information that is exempt from publication by virtue of paragraph 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 paper and the exempt supplementary information on Part 2 of the agenda.**

**3 Background**

- 3.1 The TTLP Integrated Assurance Framework is based on a Three Lines of Defence model comprising:
  - (a) Line 1 – Management functions of TTLP and key interfaces;
  - (b) Line 2 (LoD2) – Project Assurance (PA) and Quality, Safety and Security Assurance (QSSA); and
  - (c) Line 3 (LoD3) – TfL Internal Audit and a sub-group of the Independent Investment Programme Advisory Group (IIPAG-TTLP).
- 3.2 This paper reports specifically on Line 2 (PA), Line 3 (Internal Audit) and Line 3 (IIPAG-TTLP) assurance progress and provides an update on Enterprise Risk management. Work in progress for LoD2 and LoD3 is set out in Appendix 1 and work starting next quarter is in Appendix 2.
- 3.3 The LoD2 and LoD3 teams meet periodically to ensure that assurance is carried out by the right team at the right time and to avoid duplication.

## **4 Line 2 (PA) Assurance**

- 4.1 LoD2 continues to provide assurance on an ongoing basis as well as carrying out Targeted Assurance Reviews (TARs) on key areas.
- 4.2 Two TARs were completed in Q2, Governance and the Vacant Possession Plan for Lillie Bridge Depot. The governance review identified areas within TTLP, and where TTLP interacts with TfL, where governance arrangements could be strengthened. The Lillie Bridge Depot review found that there was good interaction between TTLP and TfL in the development of the vacant possession plan but highlighted the need for better documentation of key scope decisions, roles and responsibilities and governance arrangements. Details of Lillie Bridge Depot procurement activity was still emerging at the time of the review and will be considered separately.
- 4.3 Alongside IIPAG-TTLP, PA is undertaking continuous assurance on the Limmo development, with a focus on the procurement approach, and the electric vehicle charging hubs programme. The PA team still remains concerned about the lack of first line assurance, and the time being taken to produce a detailed improvement plan. We are working closely with the TTLP team and commenting on first line assurance proposals, such as the introduction of a Programme Management Office, as they emerge.
- 4.4 We have had excellent engagement from the TTLP team in all continuous assurance activities which is appreciated.
- 4.5 More detail of assurance activities are contained in Appendix 1 and 2 and further targeted reviews will be undertaken as required to support investment decisions. There are currently no overdue recommendations from previous TARs.

## **5 Line 3 (Internal Audit) Assurance**

- 5.1 Two audits completed fieldwork and were in reporting at the end of Q2. These are Revenue Collection and Debt Management, and the Due Diligence Process (new tenants). Findings will be presented to the December 2023 Committee meeting. An audit of Voids Management is due to start in Quarter 3 of 2023/24 (17 September to 9 December 2023) (Q3). More detail of audit activities is contained in Appendix 1 and 2. There are currently no overdue actions from previous audits.

## **6 Line 3 (IIPAG-TTLP) Assurance**

- 6.1 IIPAG-TTLP work for Q2 and Q3 is set out in Appendix 1 and 2. Q2 activity focussed on delivery confidence in residential sector targets and Joint Venture structuring and management. Both reviews are now complete and findings set out below.
- 6.2 IIPAG-TTLP's assessment of the residential sector is that the target, to have started on sites that will deliver 20,000 homes, is capable of being met but stress that there are a number of challenges to doing so. It also highlights the challenges of delivering 50 per cent affordable homes at more complex sites. Recommendations include the development of a top-down residential strategy and a strategic plan for affordable home delivery.

- 6.3 IIPAG-TTLP considers there to be considerable good practice in the creation, structuring and management of Joint Ventures and identified some areas where existing good practice could be improved. This includes the need for an increased focus on harnessing the benefits of TTLP strategies including environmental, social and governance and strengthening some of the support functions.
- 6.4 A review of the Capital Receipts Programme, focussing on asset disposals, is underway and findings will be presented to the December 2023 Committee meeting.
- 6.5 IIPAG-TTLP continue to build a detailed understanding of the business and the investment pipeline. There are currently no overdue recommendations from the previous IIPAG-TTLP assurance reviews.

## **7 Enterprise Risk Management**

- 7.1 The review of the first Level 0 (L0) risk (TTLP-L0-02) 'Attraction, retention, health, wellbeing and capability of our employees' is now complete and has been submitted to this meeting for consideration. Work on reassessing Level 1 risks is now being planned.
- 7.2 Details of the seven TTLP L0 risks are set out in Appendix 3.

### **List of Appendices:**

Appendix 1: TTLP Integrated Assurance and Audit Schedule – Work in Progress  
Appendix 2: TTLP Integrated Assurance and Audit Schedule – Forward Plan  
Appendix 3: TTLP Level 0 Enterprise Risks

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

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