

**Board**



**Date: 18 October 2023**

**Item: Board Effectiveness Review 2023**

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## **This paper will be considered in public**

### **1 Summary**

- 1.1 This paper presents the Board Effectiveness Review 2023 externally led by Deloitte LLP, as set out in Appendix 1 to this paper.
- 1.2 The review acknowledges that TfL has a high-performing Board with effective governance and decision-making arrangements. Issues have been identified for consideration to further improve the effectiveness of the Board. Discussions have been held with Members as to how best to address the issues raised.
- 1.3 In summary, it is not proposed to make any structural changes to TfL's decision-making structure at present but that there be more strategically focussed discussion at meetings and greater coordination between meetings to avoid duplication and to have scheduled informal sessions to allow Members to discuss matters of strategic importance. Members also provided valuable input in relation to the preparations for the next round of Board appointments including the induction of new Members.

### **2 Recommendations**

- 2.1 **The Board is asked to note the report from the externally led Board Effectiveness Review 2023 as set out in Appendix 1 and agree the proposed arrangements to respond to the issues raised, as set out in the paper.**

### **3 Background**

- 3.1 In line with good corporate governance practice, TfL reviews the effectiveness of its Board and its decision-making structure every year. Reviews are led by the Deputy Chair of TfL, with an externally led review commissioned every third year. The review reports are submitted to the Board for discussion.
- 3.2 TfL appointed Deloitte LLP to undertake the Board Effectiveness Review for 2023. The Review was completed in July 2023.

### **4 Board Effectiveness Review 2023**

- 4.1 The scope of the 2023 review was consistent with the most recent externally led and Deputy Chair reviews, as that enables progress to be benchmarked.

- 4.2 The full report is set out in Appendix 1. The review recognised that TfL has a high-performing Board with effective governance and decision-making arrangements and highlighted further areas for consideration to seek to achieve ever better practice. Proposals for how these are addressed are set out below, informed by discussions with Members and the Executive Committee.

### **Theme 1: Role of the Board**

- 4.3 On role clarity, further opportunities will be provided to enable Members, Chief Officers and other Senior Leaders to develop relationships and connect more in an advisory capacity. This will include regular scheduled briefings, site visits and informal engagements outside of the meeting structure.
- 4.4 We have reverted to the pre-coronavirus pandemic practice of early engagement with Members on the development of the 2023 Business Plan.
- 4.5 We will schedule regular informal sessions and site visits for Committee and Panel Members to ensure consistent dialogue and to enable Members to engage with staff beyond those that present papers at meetings and allow for open discussion and engagement on broader emerging issues. Key items for discussion will include:
- (a) Business Planning and Budget development and priorities;
  - (b) Delivery of the Mayor's Transport Strategy;
  - (c) Financial Sustainability;
  - (d) TfL Colleague Strategy;
  - (e) Innovation;
  - (f) Specific Project Updates; and
  - (g) Enterprise Risk and Risk Appetite.
- 4.6 On strategic guidance, the Mayor's office will continue to be involved in these briefing discussions and, at least twice a year, the Deputy Mayor for Transport and the Commissioner will hold an informal discussion on strategic direction and priorities with Members.

### **Theme 2: Board Composition**

- 4.7 TfL supports the recommendation of creating a detailed skills matrix for Members aligned with TfL's key requirements and strategic priorities, highlighting any potential skills gaps to inform future appointments. The Greater London Authority Act 1999 (as amended) sets out required criteria for Members. Previous Board Effectiveness Reviews have also recommended additional skills, knowledge, and experience and that the Board should reflect the diversity of London.
- 4.8 We have considered how best to incorporate the voice of young people and propose to invite the TfL Youth Panel to send a representative to attend and speak at relevant meetings of the Customer Service and Operational Performance Panel and Safety, Sustainability and Human Resources Panel.

- 4.9 Subject to the views of the Mayor in 2024, it is recommended that the size of the Board return to 15 Members and consideration be given to the need for short-term extensions of appointments beyond eight years for some Members, where this will ensure continuity and aid the transfer of knowledge.
- 4.10 The Deputy Chair will develop the future skillset required for the Board and will liaise with Members to get their views, to inform the appointment process for new Members in 2024.
- 4.11 On meeting attendance, Members prefer to attend meetings in person, but we will retain the flexibility of enabling them to take part in discussions via Teams, where this is not possible.
- 4.12 An induction process is in place and a buddying system will be offered for new Members to meet each other and learn from existing Members. An appraisal process will be introduced in 2024, to enable the Deputy Chair to provide one-to-one feedback to Members on individual performance and contribution to the Board.

### **Theme 3: Board Effectiveness**

- 4.13 On Board dynamics and debate, most meetings of the Board include an overarching strategic discussion, alongside the standing items, which reflect different elements of the TfL Strategy and Business Plan. It is recognised, however, that time is often limited, and that more could be done to engender further debate on strategic themes.
- 4.14 The structure of the Commissioner's Report will be updated to align to the themes of the TfL Strategy. The presentation of the report will be taken in sections by theme, reflecting any comments from relevant Chairs, to enable a more strategic discussion with Members.
- 4.15 On strategic risks facing TfL, a scheduled discussion will take place on Enterprise Risks and Risk Appetite with Members at least annually and each Committee and Panel will continue to consider the Enterprise Risk(s) that are within their remit and these will be aligned to the forward plan for the Board.
- 4.16 To improve the visibility of the views of customers and stakeholders, more information of their views will be included in reports and further opportunities for Members to engage with them and advocate for TfL will be considered.

### **Theme 4: Committees, Panels and Reporting**

- 4.17 Following discussions with Members, it is not proposed to make any structural changes to TfL's decision-making structure at present. Members have suggested that the Panels should take more of a forward-looking strategic role. When the Mayor's Transport Strategy is next reviewed, consideration will be given to reviewing the Panels to align with key priorities.

- 4.18 We will continue to seek to minimise duplication as much as possible and we will work with the Chairs and Vice Chairs and lead officers to ensure a more strategic focus in meeting discussions. We will ensure that the Safety, Sustainability and Human Resources Panel devotes sufficient time to the discussion of people issues, including succession planning.
- 4.19 An annual report on the activities of TfL's property company, Places for London Limited will be submitted to the Board. An update on the development and progress of the company and its plans and ambitions going forward will be submitted to the Board in December 2023.
- 4.20 On reporting to the Board, we will extend the practice of inviting Chair's to comment first on issues that have been discussed or are within the remit of their Committee or Panel, as has been the case with Finance Report and the Elizabeth line updates.
- 4.21 We will enhance paper summaries so that they state both the purpose of the paper and draw Members' attention to the key points for consideration. The presentation of the papers at meetings will draw on the summary, including any information requests received from Members ahead of the meeting, and the recommendations. The paper itself will be taken as read.
- 4.22 Papers will include clear references to the views of stakeholders and to our Green priority, covering sustainability and climate change adaption. Papers will also better reflect how they relate to the Business Plan, Scorecard and Enterprise Risks to help focus debate on strategic issues.

**Theme 5: Explore ways to adjust the structure of Board meetings to engender further debate on strategic themes**

- 4.23 As noted above, Members propose not to adjust the structure of meetings at present, but to keep this under review, with a view to considering changes when the Mayor's Transport Strategy is next updated.

**Appendices to this paper**

Appendix 1: Transport for London: Board Effectiveness Review 2023 led by Deloitte LLP

**Background Papers**

Board Effectiveness Review 2022 paper, considered by the Board on 8 June 2022

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