



TfL 96258 | Transport for London: Board Effectiveness Review

Final Report | 18 July 2023 | Deloitte – Confidential Government and Public Services: For approved external use only

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18 July 2023

Dear Board Members,

Transport for London – Board Effectiveness Review

We are delighted to set out within this Report a summary of findings following our recent review of Board Effectiveness. We would like to thank Board Members, Chief Officers and other stakeholders for their valued engagement throughout this project.

The Report is written for the Board of Transport for London (hereafter “the Board”) and is subject to the restrictions on use specified in the contract dated 20 February 2023. Our findings and recommendations in this Report are based on the views expressed by Board Members, Chief Officers and other key stakeholders, as well as our own observations. Our work, which is summarised in this Report, has been limited to matters which we have identified that would appear to us to be significant within the context of the scope. This Report is structured according to the key themes that we identified with you during the project scoping meetings, as well as key findings against our board effectiveness framework.

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Yours faithfully


Deloitte LLP

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Executive summary

Executive summary

Background and context

Overview

TfL undertakes a review of the Board’s effectiveness every year, with an independent review every three years. Deloitte’s Board Advisory practice was appointed to undertake the independent review in 2023 (hereafter the “Board effectiveness review” or “Review”), having also undertaken the previous evaluation. This Report summarises the key findings from our Review, together with any associated points for the Board to consider.

Background and context

Created under the Greater London Authority Act 1999 (hereafter the “GLA Act”), TfL is a statutory body with a general duty to develop and apply policies to promote and encourage safe, integrated, efficient and economic transport facilities and services to, from and within London. TfL’s role is to implement the Mayor’s Transport Strategy (MTS) and to manage those services across the Capital for which it is responsible. The current MTS was published in 2018, supplemented by an addendum in 2022.

The Board of TfL has a key role in ensuring the effective implementation of this strategy through scrutinising management and approving certain financial decisions. Its responsibilities along with details of delegation to the various Committees, Panels and Chief Officers are set out in the Standing Orders.

The Mayor appoints Members to the Board and also acts as the Chair of the Board. At present there are 17 Members in place, of which three new Board Members were appointed in November 2021; a new Deputy Mayor in January 2022; and a new London Councils Representative in October 2022.

Further changes to the membership of the Board are expected next year with several Members due to complete their second term in September 2024. The next Mayoral election is also planned for early May 2024.

TfL’s governance model is different to other organisations of a comparable size and scale. The Board is distinct to many other Boards as it comprises Members, rather than Directors and has no executives or management appointed to the Board, although they are in attendance. In addition, there is considerable public interest in TfL with key stakeholder groups to whom they are accountable including the GLA, the media and the people of London.

Board meetings, which are held in public and are also live-streamed, are conducted with these various stakeholder groups in mind. Committees and Panels also play a significant role in enabling the Board to discharge its role. Following changes made during the pandemic, these meetings are also live streamed.

The Board is attended by Chief Officers, a number of whom have taken up their role during the last year, including new permanent appointments to the roles of Commissioner and Chief Finance Officer, and interim appointments to the roles of Chief Operating Officer and Chief People Officer.

A number of recent changes have also occurred to the Committee and Panel structure and membership. In particular, the Land and Property Committee was established to set the strategic direction of TfL’s land and property development activities and of TTL Properties Limited (TTLP), a wholly owned subsidiary of TfL, and to oversee and provide assurance on behalf of the Board of delivery against its business plan.

Executive summary

Scope and approach

Scope of work

As part of recognised good corporate governance practice, we have undertaken an external evaluation of the TfL Board to provide an independent perspective on the effective functioning of the Board.

As part of the Review, we assessed the effectiveness of the Board against our Board effectiveness framework, taking into consideration progress made against the recommendations set out within our previous report dated 09 September 2019.

The scope of the Review was to consider the effectiveness of the Board, its Committees and Panels. In particular, we have taken into consideration:

- The **role of the Board**, including its oversight of the organisation throughout the pandemic.
- **Board composition**, including the current skills, knowledge and experience mix; the effectiveness of the induction arrangements for new Members; and the role of the Government Special Representatives and the London Councils representative.
- **Board culture and relationships**, with a focus on the hand over arrangements following the substantive changes to the composition of the Committees and Panels from 1 January 2022; the way reports are presented at meetings; and the progress in refining paper summaries.
- **Board Committees and Panels**, including the impact of the substantive changes to the composition of the Committees and Panels from 1 January 2022; the effectiveness of the establishment and operation of the new Land and Property Committee; and any further changes required to allow the Board to fulfil its role.

Approach

As set out in our contract dated 20 February 2023, our approach to delivering the review consisted of the following activities:



Desktop Review

We reviewed a range of key documents related to the work of the Board, its Committees and Panels.



Board Effectiveness Survey

We issued a Board Effectiveness Survey for Board Members, Chief Officers, Government Special Representatives and the Chair of the Independent Investment Programme Advisory Group (IIPAG). The survey received 28 responses.



Interviews

We conducted 1-1 interviews with all Board Members, Chief Officers, a Government Special Representative, the Head of Secretariat and the Chair of IIPAG.



Observations

We observed the Board Meeting on 29 March, Programmes and Investment Committee on 17 May, Elizabeth Line Committee on 18 May and a selection of other Board, Committee & Panel recordings.

All activities were undertaken between March and May 2023.

This report sets out the findings from our Review which we have reported by exception, informed by the above activities. We have only highlighted the areas which we believe require further consideration by the Board. Each section contains an overview of our findings alongside a series of discussion points for the Board to consider in more detail.

Executive summary

Overview of key strengths and areas for development

Key strengths

Overall, we found that the TfL Board is broadly effective in its role, recognising there a number of unique factors which differentiate its role from other similar organisations. The Board is tasked with providing oversight and assurance for the implementation of the MTS, and carries out a significant proportion of its work in public in support of transparency.

There have been a number of changes in Board Member and Chief Officer appointments recently and whilst relationships are still developing, a healthy dynamic exists with mutual respect clearly demonstrated and an open and transparent culture where support and challenge are welcomed. The Board encompasses a diverse range of skills and expertise, and Members demonstrate commitment to the role and a willingness to add value.

Whilst the financial issues arising during the pandemic created a significant challenge for TfL, there is a sense that the Board successfully navigated this period and is now seeking to rebalance its focus across a breadth of topics, alongside a renewed emphasis on enhancing Board effectiveness.

Since our previous review in 2019, a number of improvements have been made including: reducing the length of presentations at Board meetings to create more space for debate; increasing opportunities for informal time as a Board; and refreshing the Committee and Panel structure to enable more in-depth scrutiny of key topic areas.

Although in the early stages of its development, the recently established Land and Property Committee has created an avenue for increased Board emphasis on 'new homes and new jobs', a core theme in the MTS alongside 'a good public transport experience' and 'healthy streets and healthy people'.

Areas for development

There is scope for the Board to further increase its impact and effectiveness. In particular, we would highlight the following areas for consideration.

The role of the Board: Whilst steps have been taken to introduce informal sessions for the Board, this is an area that could be further refined to support the development of relationships and allow more time to discuss emerging priorities outside of the formal Board environment. There is also scope for Chief Officers to use Board Members more frequently on a 1:1 advisory basis.

The Board should also consider increasing the clarity of mechanisms through which Board Members gain insight and connection with City Hall.

Board composition: Given the significant number of Board Members due to complete their second term in 2024, it is important that the Board plans ahead for the upcoming transition. This should take into consideration steps to manage continuity; opportunities to reduce the size of the Board whilst refreshing board skills in line with strategic priorities; and seeking opportunities to further increase diversity.

Board effectiveness: Although the structure of Board meetings has been revised, there is scope for further refinements to be made with a view to engendering more in-depth, thematic debate on strategic risks and priorities. The ongoing development of individual Members should also be supported through the introduction of a formal, annual appraisal process led by the Deputy Mayor.

Committees, Panels and reporting: There is an opportunity to review the Committee and Panel structure to ensure that it aligns with TfL's strategic priorities; gives sufficient focus to key topics; and minimises 7

Executive summary

Overview of key strengths and areas for development

Areas for development (continued)

duplication. There is also scope to enhance the quality of reporting to Board, Committees and Panels through refinement of paper summaries to effectively signpost key risks and issues for discussion and concise presentation of reports in meetings. The Board should also consider how the performance scorecard could be used to prompt debate throughout the year.

Next steps

Throughout this report, we have outlined a number of key discussion points for the Board to consider. It is recommended that following consideration of each discussion point, actions are agreed and prioritised as part of the Board's ongoing development activities. These should have clear timescales for implementation and a process through which progress and impact can be measured and reviewed.

Key findings and areas for the Board to consider

Key findings and areas for the Board to consider

Theme 1: The role of the Board

1.1 Role clarity

Board Members are clear on the purpose of the Board and its roles and responsibilities as set out in the GLA Act and Standing Orders. In particular there is clarity on aspects of the TfL Board which are unique when compared to other organisations, such as its role in overseeing the effective implementation of the MTS through providing assurance, holding management to account and in some instances, approving financial decisions.

In delivering this role, a significant amount of the work of the TfL Board is carried out in the public domain. Board, Committee and Panel meetings are open to the public, live-streamed and recorded. Whilst this is important for transparency and provides an opportunity for TfL to publicly demonstrate progress in delivering the MTS, it can impact the ability of the Board to debate emerging or commercially sensitive matters, particularly those in the early stages of evolution.

Given the context within which the Board is operating, there is therefore recognition that there needs to be a collective understanding of where and how Board Members can have the most impact in their role. Specific areas highlighted for consideration include:

- i. **Developing more informal connections:** During interviews, several instances of individual contributions and insight from Board Members positively impacting the work of TfL were highlighted. For example:
 - Supporting financial sustainability during the recent crisis period;
 - Ensuring a focus on customers and safety issues;

- Providing commercial insight and guidance around business planning; and
- Providing insights on specific topic areas such as climate change and decarbonising TfL's energy consumption.

Whilst these are positive examples of interaction, not all Members feel engaged in this way. Given the extent of recent changes in the Executive Committee, encouraging more connections of this nature may support greater engagement between Board Members and Chief Officers and provide further opportunity to take advantage of the breadth of skills and expertise on the Board.

- ii. **Increasing the Board's involvement in the business planning process:** Whilst the overall strategy is set by the Mayor, the business planning cycle is a key opportunity for Board Members to play a role in shaping TfL's future plans to deliver against this strategy. Efforts have been made to increase Board involvement in this process in the past, however these subsequently dissipated during the pandemic. It is recognised that a more structured approach to involving Board Members in the development of delivery plans now needs to be reintroduced.
- iii. **Planning regular, informal Board discussions on strategic matters:** Although there are opportunities for Board interaction on emerging topics and issues through part 2 sessions and informal briefings, there is a sense that there is limited time to discuss emerging strategic matters collectively as a Board. Current topics of strategic significance raised that would benefit from this approach include:
 - Approach to achieving financial sustainability, including commercial strategy and developing TfL's brand;

Key findings and areas for the Board to consider

Theme 1: The role of the Board

1.1 Role clarity (continued)

- Strategic workforce matters including staff engagement and organisational culture, taking into account findings from Viewpoint and the recently published Casey report;
- Organisational transformation; and
- Technology and innovation.

Whilst aspects of these topics are covered in relevant Committees and Panels, they are not necessarily explored collectively as a Board from a more strategic perspective.

The Board should consider reintroducing strategic away days alongside repurposing some informal briefing sessions to create greater space for strategic thinking on key topics and provide opportunities for the Board to exert greater influence at an earlier stage in the development of strategic plans.



Discussion points for the Board to explore:

Provide opportunities to enable Board Members, Chief Officers and other Senior Leaders to develop relationships and connect more in an advisory capacity.

Explore ways to increase the extent to which Board Members can influence the strategic direction at an earlier stage of development. Alongside the business planning process, consider creating more time and space for informal Board discussions on emerging, strategic issues. This may include the use of 'away days' or repurposing some briefing sessions.

1.2 Strategic guidance

Given the Board is charged with oversight of delivery of the MTS, it is vital that they are kept informed of emerging priorities from City Hall. Whilst the Executive Committee have regular interactions to keep abreast of matters arising, there has been less engagement of late between the Board and representatives from City Hall. Several interviewees outlined that a greater understanding of forward plans and ambitions is key to driving the focus of Board debate.

The MTS incorporates three key themes: healthy streets and healthy people; a good public transport experience; and new homes and jobs. Previously, the Board has typically focused more attention on the first two themes, but the recent introduction of the Land and Property Committee has increased emphasis on the third aspect. Given its strategic significance, as this Committee continues to develop and becomes more embedded, increasing the level of Board oversight of its work and key priorities as outlined in 4.1 will further help to improve the balance of focus across the three themes.

At present, however, the Land and Property Committee is primarily focused around new homes, and there remains scope for greater oversight of the new jobs theme within the MTS.



Discussion points for the Board to explore:

Explore ways to keep the Board more informed and up to date on emerging priorities from City Hall.

Key findings and areas for the Board to consider

Theme 2: Board Composition

2.1 Background, skills and succession planning

The Board has a diverse range of skills and expertise which encompass the breadth of backgrounds specified within the standing orders, as well as broader skills which are relevant to the future direction of TfL. This includes representation from across the public and private sectors; financial expertise; and experience across a range of specialist areas including sustainability and infrastructure.

Whilst no specific gaps were identified requiring immediate action, given the continued evolution of the services provided by TfL, a number of skills requiring greater prominence in future appointments were noted. These include:

- Broader transport experience outside of rail, including international experience;
- Further commercial, marketing and branding expertise;
- Digital and technology innovation; and
- Property expertise.

Board Members are Mayoral appointments, with recommendations on skills and experience to be sought in these roles provided by the Board secretariat. A structured approach to inform this process is in place, although this could be further refined through the creation of a skills matrix demonstrating the breadth of expertise and styles against key requirements including:

- Alignment to key aspects of the Mayor's Transport Strategy;
- General expertise in areas such as finance, customer and sustainability;
- Bespoke expertise in TfL's main areas of focus, e.g. transport, land and property; and
- Compliance with the requirements for Board composition as set out in the Standing Orders and GLA act.

Diversity

Diversity of the Board is kept under review in relation to gender, ethnicity and disability, with the 2021 internally led Board Effectiveness Review demonstrating good progress in this area. This included good balance of gender representation on the current Board and significant improvements in BAME representation since 2015. Disabled representation is lower than the London average, though the Board seeks to mitigate this in part through engagement with the Independent Disability Advisory Group.

An area which could still benefit from increased diversity is the age profile of the Board, particularly representation from young people. The Board should consider ways to incorporate younger voices, for example through the use of young representatives to attend meetings and provide an alternative perspective on key issues.

Succession Planning

Actions have been taken to stagger the tenures of Board Members, however a significant proportion are due to complete their second term in September 2024. This could lead to significant upheaval in the composition of the Board at a time when there has already been a substantial level of change at Chief Officer level.

Specifically, the following positions are currently held by Board Members coming to the end of their second term:

- Chair of the Remuneration Committee
- Chair and Vice Chair of the Land and Property Committee
- Chair and Vice Chair of the Programmes and Investment Committee
- Chair and Vice Chair of the Finance Committee
- Chair of the Customer Service and Operational Performance Panel
- Chair and Vice Chair of the Safety, Sustainability and HR Panel

Key findings and areas for the Board to consider

Theme 2: Board Composition

2.1 Background, skills and succession planning (continued)

Maximum tenures for Board Members are in place to maintain the independence and integrity of the Board. However, due to the level of change which could occur at a time of ongoing high risk for the organisation, consideration should be given to extending a maximum of two Members for a 12-18 month period to enable a degree of continuity during this period of change.

One of the particular areas of note is the membership of the Land and Property Committee given it is at a relatively early stage in its development and all of its Members are due to come to the end of their second term. We note consideration is currently being given to appointing additional specialist advisors to this Committee.

The role of the Government Special Representatives

The role of the Government Special Representatives (GSRs) was introduced during the height of the pandemic in response to changes in funding arrangements with the Department for Transport (DfT). The role is akin to a shareholder representative with the intent being for GSRs to provide a reporting line directly back to DfT as well as advising TfL on key matters as needed. During interviews we heard of the positive impact that this role has had in some areas, with individuals engaging in a thoughtful and constructive way. However there has been turnover in these roles and we understand that levels of engagement have varied.

Should this role continue, then steps should be taken to formally clarify the role of the GSRs to ensure there is a collective understanding across all Members and Chief Officers of the intended impact and limitations of this role in practice.

The role of the London Councils Representative

The role of the London Councils Representative is viewed positively as an opportunity for the Board to have a better understanding of councils' perspectives on key issues, gain an improved mutual understanding of the pressures they are under, and work together to deliver better services for the people of London. There is opportunity for the Board and Executive Committee to take more advantage of this role, using the representative as a conduit to sound out ideas, build support on key issues and develop stronger partnerships across London councils.



Discussion points for the Board to explore:

Consider creating a detailed skills matrix for Board Members aligned with TfL's key requirements and strategic priorities, highlighting any potential skills gaps to inform future appointments.

Explore ways to incorporate the voice of young people at Board, Committee and Panel meetings.

Consider options for mitigating the risk of significant upheaval in the effectiveness of the Board as several Members reach the end of their second term during 2024, particularly given the extent of change which has recently occurred. This may include:

- Changes to Chair or Vice Chair Roles to prepare for succession; and
- Short extensions to the typical maximum term length for a small number of Board Members to provide a degree of continuity.

Key findings and areas for the Board to consider

Theme 2: Board Composition

2.2 Size of the Board

Steps were taken to reduce the size of the Board to an average of 15 Members between 2016 and 2021, although this has recently increased again to 17. Whilst this is not felt to impede discussions unduly, it is recognised that there is potential for this to occur. Consideration should be given to reducing the size of the Board at the next round of appointments, whilst keeping sufficient numbers to cover key roles across the range of Committees and Panels.



Discussion points for the Board to explore:

Explore the possibility of reducing the size of the Board as a minimum back to the previous size.

2.3 Meeting Attendance

Following the pandemic, a hybrid approach to Board, Committee and Panel meetings has been maintained, allowing attendees to join virtually if they are unable to be present in person (although Members attending virtually do not count towards the quorum or have a vote).

Whilst the flexibility this approach provides is welcomed by Board Members, hybrid meetings can be more complex to manage and from our own meeting observations, it is often the case that those attending virtually contribute less to the discussion. It is therefore felt that the Board would be more effective if attendance in person was the default approach wherever possible.

Board Member attendance at informal briefings has reduced of late, despite these previously being recognised as a valuable mechanism through which complex topics are explored. Some Board Members noted that these have started to revert to a formal structure of

presentations followed by questions, whereas they would value a more flexible structure with increased opportunity for debate and discussion in order to aid understanding of key issues.



Discussion points for the Board to explore:

Reinforce meeting attendance in person as the default approach wherever possible.

Explore ways to increase attendance at informal briefings and maximise the benefit of sessions for Board Members.

2.4 Induction, training and development

Processes for Board Member induction are considered to be effective with those recently appointed providing positive feedback, particularly on the support given by the General Counsel and Board Secretariat, and time given by Chief Officers to make introductions and discuss their area of the business. The approach could be further refined by:

- Providing an opportunity for new Board Members to meet their Board Member colleagues outside of formal meetings (recognising that the timing of the most recent appointments during the pandemic may have limited the opportunity for face-to-face interaction);
- Tailoring the induction process to the skills and experiences of each individual and in particular, their previous experience of being a non-executive director; and
- Encouraging new Members to reach out to others for support as they settle into their role. This could include allocating an experienced Board Member to 'buddy' new joiners and act as a mentor in the first year.

Key findings and areas for the Board to consider

Theme 2: Board Composition

2.4 Induction, training and development (continued)

Board Members highlighted an appetite to receive more individual feedback to support their continued development. Whilst some have had informal appraisals in the past, this has not been carried out formally for all Members every 12 months (see also 2.5).

A formal process is in place to evaluate the effectiveness of the Board and its Committees. This has recently been supplemented by the introduction of informal sessions between Board Members and Chief Officers, creating an opportunity for discussions on ways of working with a view to continually evolving the impact of the Board. It is intended that these meetings will continue and this will be of particular importance given forthcoming changes in Board membership too.



Discussion points for the Board to explore:

Consider ways to enhance the Board induction process, including a structured approach to meeting Board Members; tailoring to the individual; and buddying.

See also 2.5.

2.5 Role of the Chair and Vice Chair

In accordance with the GLA act, the role of the Chair is undertaken by the Mayor, with the Vice Chair role being undertaken by the Deputy Mayor for Transport. Formal role profiles are in place in line with good practice.

Following previous recommendations, steps were taken to strengthen the role of the Deputy Mayor in taking on additional responsibilities that we would typically expect to be undertaken by the Chair and / or the Vice Chair to support the overall effectiveness of a Board. For example, leading the development of forward plans and agendas for meetings, developing role profiles and determining expected Board behaviours, with the support of the General Counsel.

The previous Deputy Mayor had also taken steps towards carrying out other aspects of a typical Vice Chair role such as taking a more proactive approach to engaging with Board Members and carrying out appraisals. However, the impact of both the pandemic along with a number of changes in Board Membership has meant that this has not continued. It is suggested that a renewed focus is placed on these aspects of the Deputy Mayor's role going forward, in particular:

- Leading the formal appraisal process for Board Members; and
- Succession planning.



Discussion points for the Board to explore:

Reflect on the role of the Deputy Mayor as Vice Chair and consider formally expanding this role to support Board development, including leadership of the succession planning process and a formal, annual appraisal process for Board Members.

Key findings and areas for the Board to consider

Theme 3: Board Effectiveness

3.1 Dynamics and debate

Board, Committee and Panel meetings are well managed and encourage positive discussion across a range of topics. There is mutual respect between Board Members and Chief Officers; questions are asked with positive intent; and Board Members demonstrate an effective balance between support and challenge.

However, whilst dynamics are positive in the main, there remains scope to further develop and strengthen relationships across all Board Members and Chief Officers given recent changes in membership.

Commissioner's Report

In response to previous recommendations, the structure of Board meetings has been adjusted to reduce time spent presenting reports, enabling greater time for scrutiny and discussion.

At present, the flow of the debate is structured so that 2-3 Board Members are invited to ask questions which are answered in succession before another set is taken. Whilst this enables Board Members to query a diverse range of issues, it can result in a somewhat linear debate with limited opportunity to build on a theme or explore a topic in greater depth.

This could be mitigated by moving to a thematic format within the Commissioners report and presentation, followed by rounds of questions which are taken by theme, rather than by Member, to encourage more rounded discussions and more in-depth exploration of topics.

There can also be a tendency for some Board Members to solely stick to their specialisms in their line of questioning. Whilst we recognise the value this can add, there is a need for all Board Members to contribute across the full breadth of the agenda.

Balance of topics

Financial sustainability has understandably been a major focus of attention for the Board over the last three years. Passenger ridership was over 90% lower at the height of the pandemic, and passenger revenue was £3.5bn lower than budget in 2020/21 and £2.3bn lower than budget in 2021/22. In response, the Board pivoted its focus to dealing with the short term implications of these changes, including negotiations around funding support.

As the impact of the pandemic has subsided and ridership has increased back to near pre-pandemic levels, there is now a recognised need to shift the emphasis of Board debate to longer term financial sustainability and other broader matters of strategic importance. We note in particular a need to rebalance the amount of time the Board spends reviewing progress to date versus future plans.

During interviews, it was also highlighted that further work is required to develop a consistent understanding of key strategic risks amongst the Board. Whilst it is recognised that the approach to enterprise risk management has improved in recent years, this can still be formulaic and process-driven with significant amounts of information held in large spreadsheets which are not easy to assimilate.

It would be helpful for the Board to debate and agree the most critical risks facing the organisation as part of the business planning process (refer to 1.1) with reflections on emerging risks during the year. This should then align to the forward plan of business for the Board to ensure the right topics are receiving sufficient attention.

Key findings and areas for the Board to consider

Theme 3: Board Effectiveness

3.1 Dynamics and debate (continued)



Discussion points for the Board to explore:

Explore ways to adjust the structure of Board meetings to engender further debate on strategic themes, including:

- Refining how debate is conducted in response to the Commissioner's Report;
- Creating a greater collective understanding of the strategic risks facing TfL and aligning these to the forward plan for the Board.

3.2 Engagement

Engaging with TfL staff

Opportunities for Board Members to engage with the wider organisation were restricted during the pandemic, although site visits have since restarted and there is a clear forward plan informed by Member and Committee requests.

There is opportunity to further increase the level of engagement Board Members have with staff below Chief Officer level. This could be done through engaging with staff more during site visits; holding meetings at TfL offices with opportunities for staff engagement before or after; attending staff events as appropriate; and taking the opportunity to speak to staff whilst utilising the network.

Increasing the use of staff stories at Board Meetings would also help to increase the level of understanding and connection between the Board and wider organisation.

Stakeholder and customer engagement

During our discussions there was an overriding sense that the voice of customers needs to feature more prominently within debate and discussions, given their central importance to the business. We also noted that whilst the Customer Service & Operational Performance (CSOP) Panel has an express focus on customers, the majority of its papers tend to be for noting or for information, providing updates on items rather than prompting debate on key risks or issues.

Board Members also highlighted a need to place more emphasis on developing the TfL brand through marketing and communications. There is a sense that there is limited understanding of the breadth and scope of TfL's work and impact outside of the organisation. A focused effort to increase awareness and improve customer perceptions of the brand may contribute to increased success in the future, particularly in supporting the attraction and retention of staff.

Stakeholder engagement is also an area for which there is general consensus of a lack of focus. The Board would benefit from a focused discussion on TfL's wider strategy for stakeholder engagement and in particular, clarification of their role in wider stakeholder engagement and advocating for TfL.



Discussion points for the Board to explore:

Consider how the Board can increase its visibility and engagement with TfL staff.

Review the Board's focus on customers, and in particular the role of the CSOP to maximise its effectiveness.

Reflect on how the Board engages with wider stakeholders such as the GLA and DfT and seek to clarify responsibilities.

Key findings and areas for the Board to consider

Theme 4: Committees, Panels and Reporting

4.1 Committees and Panels

A review of the Committee and Panel structure was undertaken in 2021 resulting in a number of changes in membership and the introduction of the Land and Property Committee. In addition, the Elizabeth Line Committee is due to be stood down in 2023 having served its purpose. Whilst these changes were viewed positively, there remains a sense amongst both Board Members and Chief Officers that the structure requires a more fundamental review and restructure. Particular issues to consider include the following:

- **Naming conventions:** Whilst the initial intention was for Committees to be decision making forums and for Panels to be advisory, in practice, the distinction between the two is not well understood and can create the impression of a two-tier structure in which key topics such as Customer Service, HR and Safety could be perceived as less important.
- **Breadth of remit:** The remit of some meetings is felt to be too large, particularly the Safety, Sustainability and HR (SSHR) Panel. In past meetings, HR has often been left to the end of the agenda and therefore given limited time compared to other topics. Whilst steps have been taken recently to increase the focus on HR by rotating the order of the agenda and creating a forward plan for strategically important items, there is a sense that meetings can still be dominated by one topic and are therefore not as effective as they should be. This is a difficult balance to strike given the importance of the safety agenda and the increasing focus on sustainability.
- **Duplication of topics:** some topics are discussed across multiple forums, although this can be undertaken from differing perspectives. For example, safety issues such as crime statistics discussed in the SSHR Panel may also be discussed in CSOP from a customer perspective.

- **Operational focus:** The Panels have a tendency to delve more into operational matters rather than focusing on strategic issues. For example, the SSHR Panel may spend time discussing quarterly performance in areas such as diversity and training, but there is less focus on the strategic aspects of this and what will be done differently going forwards.
- **Alignment:** Another key consideration to take into account is the alignment of Committees and Panels with the MTS and any emerging strategic priorities. Potential gaps outlined include digital and technology innovation.

We would advocate utilising the business planning process referred to in 1.1 to refresh strategic priorities, utilising the outcome of this process to ensure that all matters have a clear 'home' within the Committee and Panel structure. Task and finish groups could also be considered to provide a focus on matters of strategic significance as required. Steps should also be taken to ensure alignment with the Executive and sub-Executive portfolios, especially in light of recent changes in the organisational structure.

Land and Property Committee

Given the strategic importance of Land and Property for TfL, it is viewed as a positive step that this Committee has been formed. Whilst the Committee remains in the early stages of its development, it is felt that meetings can become too focused on operational detail rather than strategic matters. We note, however, that this may in part be due to recent requirements to discuss and approve items such as the agreement of Key Performance Indicators and supporting plans.

Key findings and areas for the Board to consider

Theme 4: Committees, Panels and Reporting

4.1 Committees and Panels (continued)

To support the Committee in fulfilling its remit, Members indicated that the Committee would benefit from additional external property development expertise including international experience. We understand that consideration is currently being given to appointing specialist advisors to this meeting to enable this.

For those who do not attend the Land and Property Committee, there is a sense that Board oversight is currently limited and there is not sufficient understanding on progress and ambitions in this area. The Board may wish to consider holding two focused sessions per year to discuss Land and Property collectively to ensure that this topic receives sufficient focus and oversight.



Discussion points for the Board to explore:

Explore options for restructuring the Committees and Panels to align with the MTS and emerging strategic priorities, with consideration for:

- Clarity on the distinction between a Committee and a Panel;
- Ensuring balance in the level of focus across key topics;
- Streamlining the flow of reporting from executive portfolios;
- Minimising duplication of discussions across more than one forum; and
- Maintaining a strategic rather than operational focus.

Consider how to increase Board oversight of the Land and Property Committee, in line with points outlined in 3.1.

4.2. Committee Reporting to Board

It is widely accepted that there are several mechanisms in place to provide the Board with oversight of Committees and Panels. For example:

- The Committee Chairs report back to the Board after each meeting;
- The Board has access to all minutes and papers;
- Members can ask questions about papers in writing; and
- There is an open invite for any Board Members to drop into meetings or attend briefings.

However, the presentation of reports to Board is generally kept very brief due to time constraints, and Board Members may have limited time to delve into the detail of Committees and Panels for which they are not a member.

As a result, the Board should consider how to assimilate key strategic risks and issues from Committees and Panels to bring to the Board's attention for debate. This could be done through using standing items on the agenda to draw on findings from the Committee, for example drawing on Finance Committee updates in the Finance Report. Alternatively, Executive Officers could draw more on Committee Chairs at pertinent points to highlight any key updates or matters for discussion.



Discussion points for the Board to explore:

Reflect on how Committees and Panels report back to Board and in particular, how key strategic issues for consideration by the full Board can be given space for debate, in line with points outlined in 3.1.

Key findings and areas for the Board to consider

Theme 4: Committees, Panels and Reporting

4.3. Quality of reporting

The overall quality of reporting is high, and improvements have been made to reduce the length of papers, making it easier for Board Members to assimilate material sufficiently in advance of meetings. However, this remains an area of continuous improvement and there is a fine balance to strike between providing the right level of detail for transparency and public scrutiny whilst trying to keep papers concise.

Another area highlighted as requiring further improvement is the quality of summaries at the front of papers. Whilst there are good examples, some paper summaries could be constructed more effectively to provide the reader with concise overview of the key points, risks and issues of note before delving into the detail. Some Board Members noted that papers appear to be written predominantly for the benefit of the public, and so particular issues requiring input from the Board are not clearly emphasised.

Similarly, a continued focus on improving the way papers are presented on the day to minimise repeating content in papers and emphasise where the Board's attention is required would support to maximise time available for discussion.

Performance Reporting

Whilst there are clear structures in place to monitor performance, some Board Members feel that TfL could aim higher in its expectations when comparing to other similar organisations. Widening horizons to consider greater levels of international benchmarking for example may provide more aspirational standards for TfL to aim towards.

Further, whilst performance against Key Performance Indicators in the scorecard is considered in the appropriate Committees and Panels, it is unclear where this comes together for the Board to consider as a whole to identify key themes or areas of concern, except for when it is reviewed at year end. Using the scorecard routinely to focus the Board's attention on key risk areas as outlined in 3.1 could be one way to incorporate the scorecard more regularly at Board level.



Discussion points for the Board to explore:

Explore ways to continuously improve the quality of board reporting, including:

- Enhancing paper summaries to ensure that key risks and issues for the Board to discuss are highlighted; and
- Ensuring that presentations of items in meetings are consistently concise.

Consider how the Board uses the scorecard to prompt debate throughout the year, as outlined in 3.1.

Appendices

Appendix 1

List of interviewees

Board Members

Heidi Alexander
Kay Carberry CBE
Greg Clark CBE
Seb Dance, Deputy Mayor
Anurag Gupta
Anne McMeel
Dr Mee Ling Ng OBE
Dr Nelson Ogunshakin OBE
Mark Phillips
Marie Pye
Dr Nina Skorupska CBE FEI
Dr Lynn Sloman MBE
Ben Story
Peter Strachan
Cllr Kieron Williams

Chief Officers

Andrew Lord, Commissioner
Glynn Barton, Interim Chief Operating Officer
Fiona Brunskill, Interim Chief People Officer
Matt Brown, Director of Communications & Corporate Affairs
Howard Carter, General Counsel
Stuart Harvey, Chief Capital Officer
Lilli Matson, Chief Safety, Health and Environment Officer
Rachel McLean, Chief Finance Officer
Alex Williams, Chief Customer & Strategy Officer
Tricia Wright, Chief Officer – Pensions Review

Other Stakeholders

Alison Munro, Chair of IIPAG
Shamus Kenny, Head of Secretariat
Becky Wood, Government Special Representative

Appendix 2

List of documents reviewed

General Information

Standing orders

Board Member terms of appointment

Code of corporate governance

Code of conduct

Board and Executive Member biographies

Annual report and Statement of Accounts 2021/22

Mayor's Transport Strategy 2018 and 2022 addendum

Organisational chart

2021 internally led Board evaluation

Board Member briefings and site visits tracking list

TfL Governance (Board Member induction information)

Board, Committee and Panel Documentation

Committee and Panels terms of reference

Board meeting papers and minutes

Committee and Panel meeting papers and minutes

Part 2 meeting papers

Appendix 3

Basis of this review

The enclosed Final Report has been prepared principally from information supplied by and obtained from discussions with the Board, Chief Officers, staff and stakeholders and a review of documentation pursuant to the scope of the work as agreed in the engagement letter dated 20 February 2023. You are responsible for determining whether the scope of our work specified is sufficient for your purposes and we make no representation regarding the sufficiency of these procedures for your purposes. If we were to perform additional procedures, other matters might come to our attention that would be reported to you. This Final Report should not be taken to supplant any other enquiries and procedures that may be necessary to satisfy the requirements of the recipients of this Final Report. You will appreciate that our work was not designed to identify all matters that may be relevant to you and this Final Report is not necessarily a comprehensive statement of all weaknesses which may exist in the governance of the organisation or of all improvements which may be made,

Our work, which is summarised in this Final Report, has been limited to matters which we have identified that would appear to us to be significant within the context of the scope. In particular, this Review will not identify all of the gaps that exist in relationship to the organisation's approach to governance; rather the review will seek to consider performance in the areas outlined in the scope and to identify the most material gaps or areas where insufficient evidence may give rise to the identification of material gaps in the future.

We have not undertaken a detailed review of the skills, competencies and expertise of individual Board Members. Further, we have not undertaken: a detailed review of the effectiveness or appropriateness of the governance structure or framework; management information; the level of company secretarial resources; the IT systems; or the appropriateness of any strategy or risk document.

This work does not constitute an internal audit in accordance with relevant UK Chartered Institute of Internal Auditors – UK and Ireland Standards and Guidance. As agreed with you in our engagement letter, unless otherwise stated in our Final Report, we have not sought to verify the information contained herein nor to perform the procedures necessary to enable us to express an audit opinion on any of the financial or non-financial information contained in this Final Report. Indeed, as you will appreciate, much of the additional, non-financial information contained in this Final Report cannot be subjected to audit or otherwise independently verified.

This Final Report has been prepared in accordance with the terms of our contract with Transport for London (TfL) dated 20 February 2023 (“the Contract”), and is subject to the restrictions on use specified in the Contract. No party other than TfL is entitled to rely on this Final Report for any purpose whatsoever and we accept no responsibility or liability to any party other than TfL in respect of the contents of this Final Report. Should you wish to make this Final Report available or communicate it to any other party you will require our prior written permission, which will not be unreasonably withheld. All copyright and other proprietary rights in the Final Report remain the property of Deloitte LLP and any rights not expressly granted in these terms or in the Contract are reserved. This Final Report and its contents do not constitute financial or other professional advice. Specific advice should be sought about your specific circumstances. To the fullest extent possible, both Deloitte LLP and TfL disclaim any liability arising out of the use (or non-use) of the Final Report and its contents, including any action or decision taken as a result of such use (or non-use).

This Final Report is dated 18 July 2023 and may only be relied upon in respect of the matters to which it refers. In relying upon this Final Report, you agree that we have no responsibility to and we will not perform any work subsequent to the date of the Final Report nor to consider, monitor, communicate or report the impact upon governance arrangements of any events, circumstances or inaccuracies which may in future occur or may come to light subsequent to the date of the Final Report (“Subsequent Events”).



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