



Date: 15 November 2023

Item: TfL Change Landscape Update

This paper will be considered in public

1 Summary

- 1.1 This paper provides an update on the different change activity taking place across TfL.
- 1.2 Information is included in Part 2 of the agenda. 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 business and financial affairs of TfL that is commercially sensitive. 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 Background

- 3.1 TfL's change landscape focusses on holistic operating model changes that contribute to TfL's strategic objectives including financial sustainability.
- 3.2 The Change landscape consists of multiple change programmes which support this.

4 Frontline Reform: London Underground (LU) Modernisation Programme

- 4.1 The LU Modernisation Programme refers to a suite of projects to meet our strategic objectives and improve cost efficiency in the operations of LU. This includes our train operators, customer service teams and assets and maintenance teams. As well as reducing operating costs, these projects address working practices and agreements to unlock productivity, improve customer service and enhance the experience of our teams in line with our Colleague Strategy.
- 4.2 The LU Modernisation Programme covers every team involved in the running of our Tube network, including our frontline teams, but also our planning and training departments.

- 4.3 In 2022, Operations came together under one leadership team. LU Modernisation has continued to deliver existing plans for frontline teams, while the Our TfL Programme (OTP) has explored further opportunities through the integration of Operations.
- 4.4 Our collaborative approach with our Trade Union colleagues on modernisation has continued to deliver existing plans for frontline teams, whilst OTP has explored further opportunities through the integration of Operations.

5 Systems Transformation: Enterprise Resource Planning (ERP) Programme

- 5.1 ERP refers to the suite of systems and associated processes that are used to run an organisation. This covers Finance, HR, Procurement and, for TfL, deployment of our Operational employees.
- 5.2 Since we introduced SAP as our ERP provider in 2003, technology has changed significantly. Our current ERP systems are no longer fit for purpose and will be out of mainstream support in 2027. We therefore need to upgrade them.
- 5.3 In 2021, we set up our ERP Programme to help us deliver the necessary technology upgrades. We also recognised an opportunity to improve processes and ways of working associated with these systems. Our programme looks not only at technology, but also people, process and data considerations. Through looking at ERP holistically, we will drive improvements that will ultimately help achieve our aim of being a strong, green heartbeat for London.
- 5.4 Our ERP Programme aims to:
- (a) make our processes easier, simpler and better from beginning to end;
 - (b) integrate our data so we can improve our planning, create new insights and make better decisions on a more real-time basis;
 - (c) improve our controls, without adding bureaucracy, so the 'right' way to do something is also the easiest way; and
 - (d) ensure we have standard processes that are technology enabled.

Scope and key updates

- 5.5 **Procurement – SAP Ariba** – SAP Ariba is our new procurement system. We delivered the Source to Manage end of the system to Procurement and Commercial colleagues in September 2022, which provided them with the tools needed to manage our suppliers and contracts. This was followed by wider rollout of the SAP Ariba Guided Buying system in January 2023, providing access to those in our wider organisation who need to purchase goods and services. Ariba enables us to manage the end-to-end procurement process with our suppliers, from sourcing through to contract award, contract

management and closeout. SAP is currently working with us to review usage and any further continuous improvements that may be required.

- 5.6 **myJourney – SAP Success Factors** – Success Factors is SAP’s HR suite, covering Hire to Retire processes. In 2021, we implemented the Performance and Development elements of Success Factors, in line with the refresh of our Talent strategy. This systemised our talent processes for the first time. In spring 2024, we will deliver the new core HR system, Employee Central, along with SAP’s Recruitment and Onboarding system. We will then turn attention towards Success Factors Payroll, followed by exploring systems-based opportunities in the Reward and Learning and Development spaces.
- 5.7 **Operations Workforce Management - UKG Dimensions** – We are bringing in a new system to help us better roster, deploy and manage the time of our operational employees. This is the only system in our programme that is not SAP based, as we have specific requirements relating to how we run our Operations that SAP cannot fulfil. However, the system will integrate fully with our other SAP systems. UKG are being onboarded as our supplier and will work with the internal team to rollout the system in stages between now and end of 2026.
- 5.8 **Core ERP – SAP S/4 HANA** – We have mobilised a project to upgrade to the new SAP Finance system, S/4 HANA. S/4 HANA is SAP’s core offering, as it interfaces with all others outlined above. It also brings opportunities for enhancements in areas such as manufacturing and logistics that we have not previously systemised. We are in the process of preparing to go out to market for a supplier to help us design and deliver the system and process changes. This project will take until 2027 to deliver in full due to its scale and complexity.
- 5.9 **Making Cash Count – SAP ECC 6** – Our Making Cash Count project is making much needed improvements to our current SAP Finance system while we are working towards delivery of S/4 HANA. This started with the delivery of a New General Ledger in July 2023, which is a back-end change that will enable upcoming improvements to cashflow forecasting and balance sheet reporting. Ultimately the project will help us better manage our cash as an organisation.

6 Implementing an Efficient and Effective Operating Model: Our TfL Programme

- 6.6 OTP was initiated in June 2022 to ensure we are set up to meet the challenges of today and face those of the future. This means working collectively to deliver our vision of being a strong, green heartbeat for London.
- 6.7 The programme has two primary goals:
 - (a) embedding the value chain, as part of an efficient and effective operating model, to enhance the way we operate and collaboratively deliver our strategic outcomes; and

- (b) reducing the costs to run TfL and provide cashable contributions to the delivery of financial sustainability.
- 6.3 The programme has been structured into six sub-programmes, with a core team for central co-ordination and ensuring coherent change:
- (a) **Customer and Strategy:** To set direction and support delivery for our customers, colleagues and city;
 - (b) **Capital:** To be a valued team of empowered people, supplying sustainable and efficient outcomes for all our customers;
 - (c) **Operations:** To be an integrated operation that keeps London moving safely, inclusively and sustainably;
 - (d) **Support Services:** To provide expert services to our colleagues across TfL, building value and maintaining appropriate organisational controls;
 - (e) **Whole Life Assets:** To work to build and drive whole life assets outcomes; and
 - (f) **Income Generation:** To drive pace in initiatives that diversify and grow our revenue including protecting current customer revenue or trialling methods of increasing future income.
- 6.4 Over 50 opportunities during feasibility were assessed against a number of criteria and 32 have been prioritised. We are sequencing the delivery of these which will help us make optimal use of our resources and show how we are achieving the dual mandate.

List of appendices to this report:

A paper containing exempt supplementary information is included on Part 2 of the agenda.

List of Background Papers:

None

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