

Board

Date: 24 July 2024

Item: TfL Membership and Decision-making Structure

This paper will be considered in public

1 Summary

- 1.1 This paper provides a short update on Board recruitment and sets out proposed changes to the decision-making structure, following further engagement with Members on the Board Effectiveness Review 2023 and consideration to enhancing the Board's oversight on safety risk management.
- 1.2 As advised at the meeting on 12 June 2024, the Mayor has re-appointed himself as Chair of TfL and Seb Dance as Deputy Chair of TfL. Following a recruitment campaign, the Deputy Chair is in the process of making recommendations to the Mayor, reflecting the desired skills and experience mix and the appointments will be announced shortly, to take effect from September 2024.
- 1.3 Changes are proposed to amend Standing Orders to enable available Members to be co-opted onto a Committee or Panel to ensure meetings are quorate and for the Deputy Chair and the Vice Chairs of Committees to be able to exercise Chair's Action if the Chair is unavailable through absence or a potential conflict of interest. It is also proposed to add hyperlinks to existing references to the availability of information, where it is already available online.
- 1.4 The changes proposed to TfL's decision-making structure are to replace the existing Safety, Sustainability and Human Resources Panel, Customer Service and Operational Performance Panel and the Remuneration Committee with: a dedicated Safety and Security Panel; a Customer, Sustainability and Operations Panel; and a People and Remuneration Committee, while further mainstreaming sustainability issues in the work of the Audit and Assurance Committee, Finance Committee, Land and Property Committee and Programmes and Investment Committee. Revised Terms of Reference of the Committees and Panels is set out in Appendix 1.
- 1.5 To enable these changes to take effect from the date that appointments and re-appointments to the Board take effect, on 9 September 2024, it is also proposed that the Board delegates authority to the Deputy Chair of TfL to appoint the members of the Board's Committees and Panels including the Chair and Vice Chair. This will be done following the confirmation of all appointments, an evaluation of Members' skills, expertise and interests, and discussions with the proposed Chair of each Committee and Panel (when appointed, if appropriate).

2 Recommendation

- 2.1 **The Board is asked to note the paper and:**

- (a) approve the revisions to Standing Orders, as described in this paper, and authorise the General Counsel to make changes to Standing Orders to give effect to them, from 9 September 2024;**
- (b) approve the new decision-making structure, with effect from 9 September 2024, which:**
 - (i) stands down the Safety, Sustainability and Human Resources Panel, the Customer Service and Operational Performance Panel, and the Remuneration Committee; and**
 - (ii) establishes on a standing basis a Safety and Security Panel, a Customer, Sustainability and Operations Panel, and a People and Remuneration Committee;**
- (c) approve the revised Terms of Reference of the Committees and Panels document, as set out in Appendix 1, with effect from 9 September 2024;**
- (d) delegate authority to the Deputy Chair of TfL to appoint the Chair and Vice Chair of each Committee and Panel and then, in consultation with each Chair and Vice Chair and Members, to agree the composition of each Committee and Panel, with effect from 9 September 2024; and**
- (e) delegate authority to the Deputy Chair of TfL, in consultation with the Commissioner, to appoint a Special Adviser to support the work of the Safety and Security Panel.**

3 Mayoral Appointments to TfL

- 3.1 Under the Greater London Authority Act 1999 (as amended) (the GLA Act), the Mayor appoints between eight and 17 Members to TfL.
- 3.2 The Mayor appointed himself as a Member of TfL and, therefore, he is the Chair. He re-appointed Seb Dance as a Member of TfL, from 7 May 2024, and following the London Assembly confirmation hearing on 29 May 2024, reappointed Seb Dance as Deputy Chair of TfL from 6 June 2024.
- 3.3 The GLA Act sets out requirements for the composition of the Board. In addition, Members of the Board considered the skills, knowledge and experience that would be required on the Board to best serve the needs of TfL over the next Mayoral term and beyond. This was informed by the externally led Board Effectiveness Review 2023 and the collective experience of existing Members, with input from the Commissioner and Chief Officers.
- 3.4 Following the engagement of an executive search firm and an open recruitment campaign, a shortlist of potential candidates were interviewed. The Deputy Chair is in the process of making recommendations to the Mayor, reflecting the desired skills and experience mix and the appointments will be announced shortly. The appointments will take effect from September 2024.
- 3.5 An induction programme is being developed for new Members, which will also include briefings, site visits and early engagement on the development of the next

Business Plan. Existing Members will be invited to attend all events and will be encouraged to pair up with new Members to assist with their induction.

4 Changes to Standing Orders

- 4.1 In addition to the changes required to reflect the proposed changes to the decision-making structure below, two further substantive changes are proposed to Standing Orders, along with some minor amendments to provide greater clarity (such as gender neutral terminology) or to provide links to information that the Standing Orders refer to.
- 4.2 The Terms of Reference of each Committee and Panel set the minimum number of Members who must be physically present in the meeting room for the meeting to be quorate, as required by the meeting provisions of the Local Government Act 1972 that apply to our meetings. While, by exception, Members may attend and contribute to meetings through video-conferencing facilities, they cannot count toward the quorum.
- 4.3 On occasion, it has proven difficult to achieve a quorum for some meetings, including when called at short notice, due to late changes to the availability of Members. The size of the membership of each Committee and Panel could be increased, but this impacts the effectiveness of meetings and impinges on the time commitments of Members. It is proposed that Standing Orders be amended to enable additional Members to be co-opted to serve on a Committee or Panel for a meeting, as and when required, to achieve a quorum.
- 4.4 Standing Orders also provide for the Chair of TfL or the Chair of Committees and Panels to take decisions by Chair's Action in cases of urgency. As far as possible, Members are given advance notice of such decisions including a paper to the meeting preceding the date for any decision to enable some discussion of the issues by the Committee. There are, of course, occasions when Chair's Action will have to be exercised due to unforeseen issues, in which case a briefing will be offered ahead of any decision being taken where possible.
- 4.5 If the Chair of a Committee is unavailable to take a decision on a matter within that Committee's remit (which may be due to absence or a potential conflict of interest) the decision can only be taken by the Chair of another Committee or Panel. Although the Vice Chair of the Committee is likely to be familiar with the background of the item and to have been present for any previous Committee discussions or briefings on the topic, there is currently no mechanism for them to exercise Chair's Action in the absence of the Chair. There is also no provision, other than a specific delegation of authority, for the Deputy Chair of TfL to take urgent decisions on matters reserved to the Board in the absence of the Chair, nor to take decisions under Chair's Action in the absence of a Committee Chair, despite being a member of most Committees.
- 4.6 It is proposed that the Chair's Action process be amended to remove reference to the Chairs of Panels but to extend it to include decisions being taken by the Deputy Chair of TfL and the Vice Chairs of Committees.

5 Changes to the Decision-making Structure

Background

- 5.1 The decision-making structure of the Board was discussed as part of the Board Effectiveness Review 2023, particularly as the remit of the Safety, Sustainability and Human Resources Panel was very wide, with safety discussions naturally taking priority, meaning sustainability and people issues were at risk of being crowded out.
- 5.2 While no changes were made to the decision-making structure at the time, it was agreed that this would be kept under review and some interim measures were taken. Changes were made to the organisation of the meetings of the two Panels to give priority to the discussion of strategic items and we alternated the priority of the three key themes on the agenda of the Safety, Sustainability and Human Resources Panel. From February 2024, a representative from TfL's Youth Panel has also attended meetings of the Board's Panels.
- 5.3 While giving greater priority to strategic items has been a benefit, the agenda of the Safety, Sustainability and Human Resources Panel remains heavy. The options of further streamlining the agenda or extending the meetings was considered, but it was also recognised that the time of Members is limited.
- 5.4 On 18 October 2023, the Board had an informal discussion following the Sandilands Tram overturning sentencing hearing. On 15 November 2023, the Safety, Sustainability and Human Resources Panel considered a detailed paper on TfL's approach to safety risk management, following the sentencing hearing and informal Board discussion. This set out several actions that TfL was taking to further improve its safety culture and assurance. It was agreed that the General Counsel would lead on considering how best to enhance Board-level safety scrutiny and oversight of our safety performance including assurance oversight. Members and the Commissioner were also keen for the Board to have more oversight and discussion of security issues.
- 5.5 Members have also agreed that to deliver their stewardship and oversight function, the papers submitted to, and discussions at, meetings of Committees and Panels need to focus on strategic issues, informed by data, and also to allow space for discussions on future issues, such as innovation and future regulatory challenges.

Enhancing Board oversight of safety and security – proposal for a Safety and Security Panel

- 5.6 Members currently receive information on health and safety matters through several means at different meetings, and every meeting of the Board and its Committees and Panels starts with an invitation from the Chair for Members to raise any safety issues, either at the meeting or with Chief Officers.

Board:

- (a) the Commissioner's Report to each meeting includes progress against the Mayor's Transport Strategy targets and the Scorecard measures and has a dedicated section on safety and security;

- (b) the summary report from each meeting of the Safety, Sustainability and Human Resources Panel, with its Chair highlighting significant issues;
- (c) the annual approvals of the Business Plan, Budget and TfL Scorecard (with Members having early informal engagement in the development of each);
- (d) the Annual Report, which includes specific information on health and safety performance; and
- (e) the Safety, Health and Environment (SHE) Annual Report.

Audit and Assurance Committee:

- (a) considers Enterprise Risks, including those covering safety and security, and has oversight of all overdue audit actions and a detailed report on those that are overdue by 100 or more days.

Safety, Sustainability and Human Resources Panel:

- (a) provides specific scrutiny and advice on our safety performance and our approach to safety and safety culture. A quarterly SHE Report is submitted to each meeting and it considers reports on specific SHE performance and activity, including SHE safety management, SHE culture, and bus safety; and
- (b) Enterprise Risk updates are submitted, at least annually, on the management of Enterprise Risk 1 'Inability to deliver safety objectives and obligations', Enterprise Risk 2 'Attraction, retention, wellbeing and health of our employees' and Enterprise Risk 3 'Environment including climate adaptation' based on second line of defence audit work by the Quality, Safety and Security Assurance team and third line of defence work by the Internal Audit team.

5.7 All Board Members receive a notification of each Committee and Panel meeting and a copy of the meeting papers (unless there is a known conflict).

5.8 Following the Sandilands sentencing outcome and the review of TfL's safety risk management approach, the Commissioner, Chief Safety, Health and Environment Officer and some Members raised the possibility of a meeting dedicated to safety to enable Members to have a clearer oversight. There are also synergies between safety and security issues.

5.9 To allow sufficient oversight and consideration of strategic health and safety and security matters, a specific Board Safety and Security Panel is proposed. An advisory panel, rather than a decision-making committee, is considered appropriate as accountability for health and safety should continue to be met at officer level.

5.10 On security specifically, the new Panel will consider:

- (a) assessment of the external environment, controls and maturity, to reduce the threat, vulnerability and impact of security issues covering: physical, cyber (including artificial intelligence), financial crime, personal, information, personnel, fraud, resilience and crime and anti-social behaviour; and
- (b) crime prevention and reduction including tackling workplace violence and aggression, and violence against women and girls.

- 5.11 TfL is committed to be as transparent as possible. Meetings of the Board and its Committees and Panels are held in public, with as much information discussed in public, prior to the press and public being excluded to discuss the information that is exempt from publication.
- 5.12 It is also proposed that consideration be given to engaging an external special adviser to provide independent advice and support to the Panel on safety and security matters. A previous iteration of the Safety, Sustainability and Human Resources Panel had safety advisers.
- 5.13 Executive teams across TfL managing the Investment Programme have for many years benefitted from the input and scrutiny provided by the Independent Investment Programme Advisory Group (IIPAG). That model has in recent years also been used to support the executive teams that supported the delivery of the Crossrail project (once TfL took over responsibility for its governance) and most recently the Places for London team. IIPAG members attend and contribute to meetings of the Programmes and Investment Committee and the Land and Property Committee (and previously to the former Elizabeth Line Committee). The current recruitment round for new IIPAG members includes adding additional specialist resource on safety assurance to form a IIPAG Safety sub-group, which will have clear terms of reference to ensure clarity of the respective roles and responsibilities of TfL teams and the sub-group members. The IIPAG Safety sub-group would also attend meetings of the Panel.
- 5.14 Safety information reported to the Board and the Audit and Assurance Committee will continue as above, with the reports from the Safety and Security Panel replacing the current Safety, Sustainability and Human Resources Panel.

Consideration of strategic sustainability/environment matters – proposal for a Customer, Sustainability and Operations Panel

- 5.15 The Mayor's Transport Strategy includes stretching net zero commitments and we aspire as an organisation to be a green heartbeat for London. Sustainability and consideration of environmental matters, including climate adaptation, will increasingly be key to everything we do and must continue to be mainstreamed into all areas of our work.
- 5.16 Given the synergies between sustainability and operations, it is proposed that the remit of the Customer Service and Operational Performance Panel be refocused into a new Customer, Sustainability and Operations Panel. The Panel would take a more strategic forward-looking approach, focussing on performance data trends and emerging issues.
- 5.17 The Panel will also have input from a representative of TfL's Youth Panel, who are very focussed on operations and committed to and knowledgeable of sustainability issues.
- 5.18 The meetings of other Committees will continue to consider environmental and sustainability issues when overseeing and taking decisions on items within their remit. The mainstreaming of this has been further specified in their proposed Terms of Reference:
- (a) the Finance Committee already has oversight of non-programme related

financial sustainable/environment matters, for example the Power Purchase Agreements. Going forward, matters such as climate-related financial disclosure and Enterprise Risk 3 'Environment including climate adaptation' will be reported to the Committee in view of the significant budget implications over the next five-10 years. It will also consider sustainability as part of its engagement in business planning and budget discussions;

- (b) the Programmes and Investment Committee will continue to review and further enhance sustainability and environment as part of oversight of the individual elements of the Investment Programme; and
 - (c) the Land and Property Committee will continue to review and further enhance sustainability and environment as part of its remit. A representative of the Places for London leadership team will also attend meetings of the new Safety and Security Panel (as is currently the case with meetings of the Safety, Sustainability and Human Resources Panel).
- 5.19 Given the importance of sustainability, the operation of the new Customer, Sustainability and Operations Panel and the enhanced focus in the Terms of Reference of Committees will be kept under review to determine if this is the optimal approach for oversight of this topic. In future years it may be appropriate to consider a dedicated panel to consider transformation and sustainability issues, as is being considered in other sectors.

Proposals for a People and Remuneration Committee

- 5.20 There has always been some degree of overlap between the agendas of the current Remuneration Committee and the people elements considered by the Safety, Sustainability and Human Resources Panel. It is therefore appropriate to include all people issues, including staff welfare issues, and remuneration decisions in one meeting. This reflects good practice in the operation of similar committees in other organisations.
- 5.21 During the informal discussions on the Board Effectiveness Review 2023, the Chair of the Remuneration Committee supported the idea of the Committee having a wider remit as this would inform its discussions on succession planning and talent management. The new remit would need a larger Committee with additional Members and a minimum of four meetings per year.

Land and Property Committee considerations

- 5.22 When the Land and Property Committee was established, it was agreed that its Terms of Reference would be kept under review. Understandably, over the first two years of its operation, the Committee has primarily focussed on the standing-up and bedding-in of the governance arrangements for TfL's property company, Places for London Limited, and the assurance processes to support its leadership team and to provide assurance to TfL and the Committee on its operation and delivery.
- 5.23 We are looking at the operation of the Committee as it moves from overseeing the setting up of Places for London as an organisation and moves to a clearer focus on its delivery. Proposed changes to its Terms of Reference set out the papers it will regularly receive from Places for London.

- 5.24 Consideration is being given to the role of the Committee in regard to other aspects of TfL's estate, beyond those within the remit of Places for London. Any proposed changes will be submitted to a future meeting of the Board for approval.

Board Effectiveness

- 5.25 The proposals in relation to the new Committee and Panel structure have been shared with the person from Deloitte's specialist board advisory team that led the Board Effectiveness Review 2023. The proposals were supported, including the need to keep the sustainability proposals under review. The 2024 Board Effectiveness Review will be led by the Deputy Chair, but the 2025 Review is likely to be externally led, to get feedback on the operation of the new Board, the induction process and the bedding in of the new decision-making structure.

Forward Plans for meetings

- 5.26 The outcomes from the Board Effectiveness Review 2023, further endorsed by the informal engagement with Members on the proposals in this paper, supported the desire for meetings to have a much sharper focus on strategic issues and risks. Good progress has been made with the existing Panels to discuss strategic items first at meetings.
- 5.27 Forward plans for meetings usually comprise of a mix of standing items, annual or ad-hoc items and items suggested by officers or items requested by Members at meetings during the discussion of items, including the standing item on the forward plan.
- 5.28 Subject to the new Terms of Reference being agreed at this meeting, the forward plans will be reviewed and refreshed to ensure they align with the sharper strategic focus for each meeting. There will, inevitably, be some overlap between meetings. Work will also be undertaken to review and streamline the standing performance reports submitted to meetings to ensure they maintain a strategic focus.
- 5.29 The lead officers at, and the Chair of, each meeting will be mindful of this when considering offers of, or Member requests for, future papers and when agreeing actions. The actions list for each Committee and Panel will also be reviewed to ensure that as many actions as possible are closed out and that those that remain open are mapped to the appropriate Committee or Panel.
- 5.30 A programme of informal briefings and site visits will also be maintained.

6 Appointments to Committees and Panels

- 6.1 Appointments will need to be made to the Board's Committees and Panels to reflect the changes to the composition of the Board and to the decision-making structure proposed above. The decisions on composition will reflect the required skills, knowledge and experience of individual Members and their preferences. There should be some overlap in membership of the Committees and Panels to ensure issues are considered in the round.
- 6.2 As the next scheduled meeting of the Board is not until 16 October 2024, it is proposed that the Deputy Chair be delegated authority to appoint the Chair and

Vice Chair of each Committee and Panel and then, in consultation with each Chair and Vice Chair and Members, to agree the composition of each Committee and Panel.

List of appendices to this report:

Appendix 1: Proposed Revisions to the Committees and Panels Terms of Reference.

List of Background Papers:

Standing Orders

Board Effectiveness Review 2023

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