

People and Remuneration Committee

Date: 20 November 2024

Item: TfL Change Landscape

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 A paper is included on Part 2 of the agenda, which contains exempt supplementary information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial affairs of a person or authority. 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 agenda focusses on holistic operating model changes that contribute to TfL's strategic objectives including financial sustainability. The Change Landscape consists of multiple change programmes which support this.

4 Embedding our Value Chain

- 4.1 The 'Our TfL' Programme (OTP) was initiated in June 2022 to ensure we are set up to meet the challenges of today and face those of the future. Standing-up our Chief Officer structure and introducing our value chain has enabled TfL to take a more holistic approach to Change and work collaboratively across the organisation to deliver our Vision of being a strong, green heartbeat for London.
- 4.2 The programme had two primary goals, to:
 - (a) embed 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) reduce the costs to run TfL and provide cashable contributions to the delivery of financial sustainability.
- 4.3 To achieve this, we considered the programme is five broad groupings:
 - (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; and
 - (e) **Whole Life Assets:** To work to build and drive whole life assets outcomes.
- 4.4 We first used the value chain to inform our Chief Officer structure including the formation of a single Operations function, and in all parts of the business we are using it as our foundation to apply it to our activities and projects to make sure we are working together efficiently.
- 4.5 OTP was the first time operating model change had been looked at across every part of the organisation and has increased collaboration and removed silos. It has set us up for success and helped identify where further changes are now required, for which we will leverage best practice and lessons learnt across the whole change portfolio.
- 4.6 OTP has been an excellent enabler for continuing success and has served its primary purpose over the expected two-year timeframe: the creation of the value chain and activity analysis process has supported our leaders to identify, own and deliver change locally, and set the organisation up for success. Change is continuous and part of our norm in TfL. As our future pipeline continues to develop and mature it is now the right time to wind-down OTP as a programme and expand the ethos across the current and future Change landscape.
- 4.7 Further information on our value chain is set out in the paper on Part 2 of the agenda.

5 Frontline Reform: Operational Change Programme

- 5.1 Our Operational Change programme is a suite of projects in place to deliver our strategic objectives and improve cost efficiency in the Operational part of the organisation. 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. In 2022, Operations came together under one Chief Officer.

- 5.2 The programme has delivered significant savings, reviewing all activities to identify both cost savings and opportunities to make this a better place to work for people.
- 5.3 In our Customer Services area, we delivered the following:
 - (a) refresh to our staffing methodology at stations to better reflect travel trends, customer needs, the reality of how our stations operate and utilisation of colleagues;
 - (b) revised Revenue Control operating model, with a more flexible and adaptable model to respond better to operational needs;
 - (c) new approach to deployment of our Special Requirements team in response to change in demand profile for events; and
 - (d) rebalanced the management and supervisory frontline tiers and roles (Area Managers, Customer Service Managers, Customer Service Supervisors), to help with headcount savings, establish clearer accountabilities and improve our customer service offering.
- 5.4 The paper on Part 2 of the agenda provides more detail on the range and number of change programmes taking place across TfL and key achievements to date and change initiatives currently in the planning stage.

6 Systems Transformation: Enterprise Resource Planning Programme

- 6.1 Our Enterprise Resource Planning (ERP) Programme 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.
- 6.2 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 and have been on that journey.
- 6.3 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.
- 6.4 Our ERP Programme at TfL 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.

6.5 The scope and key updates are listed below:

- (a) **Procurement – SAP Ariba** – SAP Ariba is our Procurement system. Ariba enables us to manage the end-to-end procurement process with our suppliers, from sourcing through to contract award, contract management and closeout. The Ariba system is being embedded in our organisation, with further enhancements to functionality planned;
- (b) **myJourney – SAP SuccessFactors** – SuccessFactors is SAP's HR suite, covering Hire-to-Retire processes. In 2021, we implemented the Performance and Goals, and Succession and Development modules of the solution as a key technology enabler of our new organisational Talent Strategy. In November 2024, we will further expand our SuccessFactors capability through the go-live of the Employee Central, Recruiting and Onboarding modules which will deliver significant upgrades to our joiner and mover processes. Future phases of the project will continue to incrementally deliver modules of the application, with priority areas such as Payroll, Reward, and Learning and Development currently being explored;
- (c) **Operations Workforce Management – Ultimate Kronos Group (UKG) Dimensions** – We are bringing in a new system to help us better roster, deploy and manage the time of our Operational employees. We are working with a third party, UKG, to rollout the system in stages between early 2025 and end of 2026;
- (d) **Core ERP – SAP S/4 HANA** – SAP S/4 HANA is SAP's core offering, as it is a Finance system, but also interfaces with all others outlined above, ensuring our SAP suite of systems are fully integrated. It also brings opportunities for enhancements in areas such as Manufacturing and Logistics where TfL has not previously systemised. We are preparing to go out to market for a supplier to help us design and deliver the system and process changes. In parallel, work is ongoing to ensure we are ready for the move to the new system. This project will take until 2028 to deliver in full due to the scale and complexity;
- (e) **Making Cash Count – SAP Enterprise Central Component 6** – Our Making Cash Count (MCC) project has been making much needed improvements to our current SAP Finance system while we are working towards delivery of S/4 HANA. Ultimately MCC will help us better manage our cash as an organisation. This project started with the

delivery of a New General Ledger in July 2023, which is a back-end change that has enabled improvements to balance sheet reporting; and

- (f) **ERP Operating Model** – With the introduction of a significantly modernised and integrated system landscape across our core business capabilities, we need to explore and define how we optimise ourselves to operate, govern, maintain, and continuously improve these new systems in the short to long term. In parallel to the projects outlined above, we are exploring the 'as is' landscape and where there are opportunities for further alignment to best practice as we start to embed these systems to the organisation.

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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