**Programmes and Investment Committee**

**Date:** **11 December 2025**

**Item:** **Enterprise Risk Update – Delivery of TfL Key Investment Programmes and Projects (ER08)**

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**This paper will be considered in public**

## 1 Summary

1.1 This paper provides the Committee with an update on Enterprise Risk 08 – Delivery of TfL Key Investment Programmes and Projects (ER08). This risk looks at internal or external events that may impact projects and hinder the efficient delivery of the Investment Programme.

1.2 The overall control effectiveness rating is Requires Improvement and the top three mitigations for ER08 are: Resource Management and Project Management Community; Systems Integration and Resilience; and TfL Project Delivery Models.

1.3 A paper is included on Part 2 of the agenda which contains 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 or business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from the meeting.

## 2 Recommendation

2.1 **The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.**

## 3 Background

3.1 A bottom-up review of the risk started in April 2025 to assess the risk holistically following a number of internal and external changes; the impact of the cyber incident on delivery, the more positive capital funding settlement announced in the 2024 autumn budget statement and to focus on the performance of the key controls already in place.

3.2 Geopolitical issues and consequent market volatility have become more stable, but TfL’s investment portfolio remains vulnerable to various internal and external factors, most notably uncertain market conditions creating further funding challenges and a constraint on our relationships with the supply chain. We continue to track and manage these risks proactively.

## 4 Current Status

4.1 In line with the Enterprise Risk schedule endorsed by the Executive Committee, ER08 was reviewed by the Executive Committee in November 2025 ahead of this update to the Committee.

4.2 Since the last update to the Committee in December 2024, the overall control effectiveness rating remains Requires Improvement. Although we now have secured a capital funding settlement for the next five years with the Government, we still have several challenges ahead, including fully understanding the impact of this funding on our programmes and projects. There are also key challenges in several of our major enhancement programmes and deliverability of our asset renewal programmes. Alongside our existing major programmes we have either new projects starting such as the proposed Thamesmead Extension or projects such as Bakerloo Line Upgrade standing up as their own major programmes which will put a strain on our existing capacity and capability.

4.3 The current risk level remains High. Despite successfully managing the ‘managed decline’ scenario through securing a longer-term government capital funding settlement, TfL’s investment portfolio remains vulnerable to various internal and external factors. Most notably uncertain market conditions creating further cost pressures, impacting TfL's financial position. The target risk level remains Medium. The risk levels and the control measures to address them are regularly reviewed and are always reassessed following key completed mitigations.

## 5 Mitigations – Controls and Actions

5.1 Following review of ER08 at the meeting of the Committee in December 2024, ER08 has been reviewed by all key stakeholders where 18 causes were identified, which were discussed in detail and condensed into nine key themes. Mitigations were reviewed and discussions took place to highlight where mitigations have been embedded but the impact of these is not yet known.

**Key Control – Resource Management and Project Management Community**

5.2 There has been progress within the resource management area particularly around the Project Management Community. The aims of this were to bring together project management activity from Operations and Capital to enable agile resourcing, upskilling through additional accreditation, greater application of lessons learnt across all our programmes and enhanced collaboration via a Project Management Community. This community was officially stood up in April 2024 and the benefits of this are being realised in a reduced workforce and reducing our costs, however the direct impact on upskilling and capability and how this helps our projects and programmes is not yet known which is why the current risk level remains at High.

**Key Control – Systems Integration and Resilience**

5.3 Systems Integration and Resilience is a progressive programme which takes the improvements to the portfolio structure, processes and scalability and locks them into systems and automated reports. It drives alignment across TfL, notably Safety, Financial, Green, Commercial and Customer. It reduces manual data management and releases resource to apply control to projects. This is progressing and new tools are being created to help drive alignment across TfL. The aim is for some key tools including the change control tool to be rolled out and implemented in a phased approach across TfL. The pace of progress in this area is subject to budget approval and the availability of scarce technical resource and resolving the underlying challenge of data quality and alignment.

**Key Control – Project Delivery Models**

5.4 TfL Project Delivery Models is an initiative to systemise and improve project delivery decision-making by creating standard clienting models for different project types, to reduce supplier transaction costs and drive ‘right first time’. It will create a small number of Delivery Model Runways to guide optimal choices on our role as Client, commercial strategies, and other key factors. Delivery Model will require several key operating model changes to be fully utilised but will help deliver efficiencies by ensuring we get things right first time, are not carrying residual risk into delivery, better play to our strengths, and by removing duplication with our suppliers.

5.5 There are several key control initiatives which we are driving to reduce the target exposure: the Project Management Community; TfL Project Delivery Models; Lifecycle Gate Control; and resource management. A particular focus on the Programme Management Office (PMO) processes and tools – decision-making process at Pathway Gates. There are several automated tools in the pipeline to support gate controls and reduce manual input; these are pending availability of resource and budget confirmation.

5.6 All identified controls and actions for ER08 are set out in the appendix to the paper on Part 2 of the agenda. Progress against these actions will be reviewed and reported to the Committee in a year’s time, in line with the Enterprise Risk schedule.

## 6 Key Causes and Consequences/Impacts

6.1 The key causes are:

(a) financial – lack of available funding to cover all asset renewals requires flexibility in the portfolio to manage unforeseen challenges. This requires projects to stop/start and therefore could make them inefficient and has knock-on effects across the portfolio. Business planning processes have been refined to avoid this as far as practicable;

(b) supply chain loses confidence in TfL as a partner – supply chain loses confidence in TfL due to inability to effectively plan and engage in long-term commitments, resulting in being deprioritised in both existing and future work; and

(c) resources – shortage of resource capacity and capability both internally and externally. Loss of tacit and explicit knowledge from previous programmes through loss of experienced professionals through retirement and normal attrition – especially in major projects due to an attractive market.

6.2 Key consequences are:

(a) cost and schedule overruns preventing other projects and programmes progressing/being put on hold or cancelled with the associated sunk costs;

(b) projects cancelled or scope reduced: prioritisation results in reduced scope or cancelled projects to deliver within budget; and

(c) reduced external stakeholder confidence resulting in sub optimal capital funding.

6.3 These key causes and consequences have driven a refocus of priority in our controls, with an emphasis on preventative controls which will build the agility to mitigate and respond across the whole capital portfolio to risk events.

## 7 Risk Controls

7.1 Controls are separated into preventative and corrective categories and, in this update, there is a greater emphasis on the preventative element, which is where all our top three key controls are. This coincides with the reduction in the level of volatility we had previously experienced and refocuses on creating the agility in the business to deal with unexpected events. Corrective controls still retain an important role, and together these improve the confidence in this Enterprise Risk.

**Preventive Controls**

7.2 Our Capital Strategy Delivery Group is a director level forum spanning the whole project lifecycle and the entire TfL value chain. It is the focal point for project process efficiency, effectiveness and consistency of principles and application. This forum agrees on changes and improvements to project execution across TfL with a scope that includes efficiency, resource management, quality, safety, change, procurement, and continuous improvement.

7.3 The PMO operating model is a structural enabler for the application of capital risk controls. It strengthens first line assurance alongside investment planning and project delivery, improving outcomes and reducing cost. PMO currently has a multi-year improvement plan in place for processes and systems to support this although does not have oversight of cost management.

7.4 Proactive management of forecast based on intelligent project controls historic data and supply chain engagement, with an array of levers available to slow down or speed up work banks.

7.5 On-site oversight of construction activities supporting project delivery and complementing engineering services to ensure safety, efficient delivery of interim and permanent works.

7.6 Integrated planning and milestone delivery oversight (particularly Tier 1 and Tier 2 milestones) to enable decision-making and assurance reporting support for sponsor and delivery teams.

7.7 A capital efficiencies plan to capture short, medium and long-term organisational capital improvement activities, which establishes targets and tracks the efficiency of all delivery projects and programmes including initiatives to help deliver outcomes for less money.

7.8 The Procurement and Commercial function are currently in the process of setting up their cost function within the new structure. The PMO are working with the Project Management Community to determine the next steps of close integration on cost and schedule to enable one version of the truth.

**Corrective Controls**

7.9 Project Quality Standard and Audits include a revised Quality Strategy supporting work instructions and internal guidance to quality management. The strategy drives earlier contractor engagement and enhanced quality control measures to reduce waste and re-work and drive a ‘right first time’ initiative which overall will enable more efficient delivery of Capital.

7.10 Delivery capability is now measured through competencies and career paths which are now aligned to industry standards with a path to Chartership with the Association for Project Management including increasing levels of professional accreditation to build stronger dynamic teams of project management resources. The new competency framework, introduced in August 2024, has delivered a greater understanding of our skills and capability, the data from which underpins the agile lateral moves activities which provides a greater range of opportunities for career progression and development to our people.

7.11 A particular focus on the decision-making process at Pathway Gates. This includes reviewing the purpose of the gate, the quality of documentation required to enable a decision and the quoracy, including roles and responsibilities of those in attendance.

7.12 Best Practice, Benchmarking and Lessons Learnt has seen a revision to the lessons learnt portal to enable improved access to lessons learnt, and adoption of the new system ongoing. This is alongside training materials which are being produced to improve the quality and speed of lessons captured by projects, particularly upskilling assistant project managers, and project controls managers, but also the requirement for projects to clearly demonstrate their learning and application of prior lessons learnt in their live project.

7.13 Asset-based Community Hubs have been formed in the Project Management Community which have created a collaborative environment bringing together colleagues with similar experience sets enabling the development of a highly skilled workforce through knowledge sharing and learning of lessons. The hubs also benefit from enhanced insights gained from external parties such as suppliers and other organisations through knowledge sharing and events.

7.14 A new Pathway Gate to comprehensively review benefits realisation and post project completion to learn lessons and embed into future capital investment, led by the Investment Delivery Planning (IDP) team of sponsors.

7.15 IDP are in the process of rolling out a scalable approach to sponsorship support across programmes and projects. There are four different support levels for which sponsorship teams will determine the level of input for different projects and programmes. These align with the Pathway Scalability levels.

**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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