

Date: 22 November 2017

Item: Transformation Programme

This paper will be considered in public

1 Summary

1.1 This paper provides an update on progress of the Transformation Programme and an overview of the third phase of proposed organisational change.

2 Recommendation

2.1 **The Panel is asked to note the paper.**

3 Transformation Programme Background

3.1 We are undertaking the largest ever review of our organisation to provide the most efficient and effective transport service for Londoners.

3.2 Our Business Plan in 2016 set a savings target of £4.3bn over five years. To achieve this target, we are proposing significant structural and cultural changes. We are radically reducing our cost base and transforming how we work to sustain these changes and become more agile and commercially aware.

4 Organisational Activity this year

4.1 We have been reviewing every part of our business, identifying and implementing new structures and ways of working that will enable us to function more efficiently and effectively.

4.2 We are on track to achieve £111m operating model run rate savings by the end of 2017/18.

4.3 This year we have:

- Appointed a new director leadership team, saving costs by reducing the group by 10 per cent.
- Reduced reliance on expensive agency staff.
- Completed a TUPE transfer of engineering, major projects, change delivery and project management activity from London Underground to TfL, and put in place a senior management structure, to create single TfL Engineering and Major Projects functions.
- Launched two phases of organisational change, reviewing the work of 4,600 roles. We have completed organisational change programmes in Commercial, Finance,

Tech & Data and at senior manager level in London Underground, Surface and Engineering; and are nearing completion of organisational change programmes in CCT and City Planning.

- In the business areas where organisational change programmes have been completed, we have reduced the number of layers from 13 to seven to make our structure less complex, so decisions can be made more efficiently.

5 Phase 3 of Transformation Consultation

- 5.1 On Tuesday 7 November 2017, we began consultation on a further phase of organisational change. This affects a number of managerial, support and other non-frontline areas across TfL and London Underground. None of this will compromise safety, which remains our top priority.
- 5.2 We have reviewed the work of 6,000 roles (5,500 members of staff) and we are proposing approximately 1,000 role reductions across 19 business areas. The overall headcount reduction currently proposed is 595 (subject to consultation). This is lower than the total number of role reductions due to current vacancies and possible removal of non-permanent labour.
- 5.3 We will do all we can to mitigate redundancies and ensure key talent and skills are retained by the organisation, this includes halting external recruitment where appropriate, reducing agency staff and redeploying staff across the business.
- 5.4 Impacted staff have been briefed face-to-face on Transformation proposals and have access to a range of support options throughout the programme. This includes personal support (e.g. TfL Employee Telephone Helpline Service) and access to learning and development courses which have been designed specifically to prepare managers and staff for the changes ahead.
- 5.5 We are committed to conducting meaningful consultation with all recognised Trades Unions representing employees affected by the Transformation Programme. Following the launch of consultation on the 7 November, we are engaging with Trade Unions across 19 different forums discussing proposals with over 30 representatives.
- 5.6 In advance of commencing consultation, all organisational change proposals were subject to a rigorous internal assurance review. The review assessed proposed designs to ensure all potential safety risks were recognised, understood and appropriately mitigated before final approval was given by the Executive Committee.

6 Culture and Ways of Working

- 6.1 Changing organisational structures is only part of modernising an organisation; how we behave, interact and lead (our culture) also needs to change if the new organisation and delivery of our Business Plan is to be a success. To do this we are launching a number of Culture and Ways of Working initiatives that include how we need to work together more collaboratively and with less office space.

Appendices:

None

Background Papers:

None

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