



Date: 20 June 2018

Item: Transformation Programme Update

This paper will be considered in public

1 Summary

1.1 This paper provides an update on the Transformation Programme.

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, effective and affordable transport service for Londoners. This includes modernising the way in which we work.

3.2 As part of this, we are making good progress against our objective of turning an operating deficit into a surplus.

4 Financial Update

4.1 As we reported to the TfL Board on 23 May 2018, we are making good progress in reducing costs and are on track to reach a net operating surplus (including Renewals) by 2020/21 and net operating surplus including the cost of financing by 2021/22. Our transformation programme is a core component behind this.

4.2 Our full year preliminary results for 2017/18 exceeded our budgeted operating cost savings. Operating costs were £6,240m, which is £215m (minus three per cent) below budget.

5 Organisational Change Activity

5.1 We are taking a co-ordinated approach to organisational change based on a structure of four operating businesses – London Underground, Surface, Commercial Development and Major Projects – supported by pan-TfL professional services. Last year we launched formal consultation with staff and trade unions in three phases, covering 30 areas and 10,000 roles.

5.2 All 12 business areas that began organisational change in January and May 2017 have now closed formal consultation and are live with their new structures.

- 5.3 In November 2017 we launched formal consultation in a further 18 business areas. Consultation has closed in five of these areas and the other 13, including Engineering, anticipate closing consultation by July 2018.
- 5.4 Further business areas, including HR and Information Governance, are currently reviewing how their work could be carried out in the future. Their recommendations will be considered by the Executive Committee at the end of June and, if any of the approved options involve organisational change, a further phase of formal consultation would be launched shortly afterwards in July 2018.
- 5.5 A rigorous assurance process is embedded into each stage of change. We are currently focused on ensuring that those business areas which have closed consultation safely and successfully transition to their new organisation design.
- 5.5 This has been, and will remain, a huge team effort and we are grateful to our staff and the trade unions for their constructive engagement in making this happen.

6 Appointment of Permanent Transformation Director

- 6.1 Andrew Pollins has been appointed permanently as Transformation Director, reporting to Vernon Everitt, MD Customer, Communications and Technology. Andrew Pollins will take a TfL-wide view of change and deliver key change projects.

7 Culture Measures

- 7.1 Enabling our organisation to modernise and become more efficient is of course much more than just about structures. To ensure these changes are sustainable, we also need to adapt how we lead and engage with our teams and how we work together to deliver the outcomes of the Mayor's Transport Strategy.
- 7.2 Based on feedback from our staff, we have identified five themes that will support new ways of working and the sustainability of our new Operating Model:
- (a) **Connecting people to our vision, purpose and behaviours** – Everyone understands how they contribute to delivering for London.
 - (b) **Driving high performance** – Everyone understands the priorities of the business, the need for a commercial mind-set and how we measure our performance. We manage outcome based performance and we recognise people for doing a great job.
 - (c) **Being inclusive as well as diverse** – We value diversity in thought, people and background, creating an inclusive culture where everyone is valued and our difference is celebrated.
 - (d) **Getting things done quicker and better** – We have clear single points of accountability and faster decision making. Our people feel empowered and trusted to get things done with the right level of tools and resources. We work flexibly and innovation is encouraged.

- (e) **Fostering collaboration** – We work together to share knowledge and apply what we learn, engaging people with the right expertise and tools from different parts of the business to deliver.

- 7.3 The overall outcome that we are aiming for is an improvement to our Total Engagement score. This is the key measure of staff engagement from our annual staff engagement survey. To ensure we are on track, we are developing a number of ‘lead indicators’ for each theme to help us predict if we are making improvements.
- 7.4 These themes will be reflected in our long-term People Strategy, currently being developed by Tricia Wright, Chief People Officer.

8 Progress Towards Diversity and Inclusion

- 8.1. In April 2018, under the leadership of Staynton Brown, Director of Diversity and Inclusion, we launched the first version of our Diversity and Inclusion dashboards, providing further data and insight to our senior managers. The dashboard allows us to focus on improving in vital areas such as race, gender and disability. We will review progress every quarter.

List of appendices to this report:

None

List of Background Papers:

None

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