

Board



Date: 23 May 2018

Item: Board Effectiveness Review 2018

This paper will be considered in public

1 Summary

- 1.1 This paper provides an update on the action taken to address the recommendations from the Board Effectiveness Review in 2017 (Appendix 1) and sets out for agreement the proposed methodology and focus of the review in 2018, which will be externally led.

2 Recommendations

2.1 The Board is asked to:

- (a) note the progress against the recommendations in the Board Effectiveness Review 2017; and**
- (b) approve the methodology and focus of the review of Board Effectiveness Review 2018, as set out in section 5 of this paper.**

3 Background

- 3.1 In line with good corporate governance practice, TfL reviews the effectiveness of its Board and its decision making structure every year. In two years out of every three, the Deputy Chair of TfL conducts an informal review and reports back to the Board. Every third year, TfL commissions an external review.

4 Outcome of the 2017 Board Effectiveness Review

- 4.1 The 2017 review was led by the Deputy Chair of TfL, Val Shawcross CBE. The review looked at the effectiveness of the implementation of the recommendations from the extensive external review led by Deloitte in 2015, through the appointment of the new Board, the induction programme for new Members and the new decision making structure introduced in 2016.
- 4.2 The outcomes from the 2017 review, including recommendations and proposed actions, were reported to the Board on 9 November 2017. The Board also approved a linked paper on changes to Standing Orders.
- 4.3 The review concluded that the new Board, appointed in May, September and October 2016, had a much broader range of skills, knowledge and experience and far better represented the diversity of the city that it served. It found the

decision making structure established in 2016 to be effective and operating well.

- 4.4 The key recommendations were focused on further improvements to the effectiveness and focus of the Board by ensuring it would have a clear line of sight from TfL's vision, which would be set out in the Business Plan (published in December 2017) and the Mayor's Transport Strategy (published in March 2018) and their delivery.
- 4.5 Progress against the recommendations from the 2017 review is set out in Appendix 1.

5 The 2018 Board Effectiveness Review

- 5.1 The 2018 review will be externally assisted. Members are invited to comment on the proposed areas of focus and review methodology as set out below, ahead of an Invitation To Tender being issued to specialist providers.
- 5.2 The 2018 review areas of focus will be:
 - (a) role of the Board; and
 - (b) performance of the Board, including:
 - (i) Strategy, planning and performance monitoring – in particular the proposed approach to monitoring progress against the Business Plan, Scorecard and Mayor's Transport Strategy, how this is bedding in and examples of how this is addressed in other large and complex organisations;
 - (ii) meeting processes;
 - (iii) Board and Member responsibilities; and
 - (iv) Board culture and relationships.
- 5.3 The 2018 review methodology will include:
 - (a) a review of Board, Committee and Panel papers (including attendance at a meeting of the Board);
 - (b) a review of role profiles and other guidance provided to Members about their role;
 - (c) initial fact finding questionnaire to Members and the Executive Committee;
 - (d) interviews with Members, the Executive Committee and other senior staff and the Chairs of the Independent Investment Programme Advisory Group and the Commercial Development Advisory Group; and
 - (e) the submission of a report and recommendations to the Board.

6 Next Steps

- 6.1 Following the Board's agreement to the methodology and scope of the 2018 review, an Invitation to Tender will be published in June 2018, with the aim of appointing consultants in July 2018. Fieldwork will be undertaken in August and September, with a report submitted to the Board at its meeting on 21 November 2018.

Appendices to this paper

Appendix 1: 2017 Review Progress Against Recommendations

Background Papers

19 July 2017 paper to the Board on the Review of Effectiveness 2017

9 November 2017 papers to the Board on the outcomes, recommendations and actions from the Review of Effectiveness 2017 and revisions to Standing Orders.

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2017 Review Progress Against Recommendations

Recommendation 1: Members requested further opportunities for site visits and strategic briefings that focused on the Board business under consideration.

Action – completed (and ongoing): Further site visits and strategic briefings have been arranged and will continue to be agreed with Members as part of the development of the forward plans for the Board, Committees and Panels. Recent briefings have included a deep dive review on the Crossrail project, Strategic Risks and the Deep Tube Upgrade Programme.

Recommendation 2: Members welcomed the offer of further informal engagement with the Mayor.

Action – completed (and ongoing): The Mayor met with Members informally after the meeting of the Board on 30 January 2018. Further opportunities are being arranged in 2018.

Recommendation 3: Revised Standing Orders to be presented to the Board to provide greater clarity on where decisions should be made and reducing duplication.

Action – completed: Revised Standing Orders were approved by the Board on 9 November 2017.

Recommendation 4: Paper templates to be reviewed and revised to provide more concise but sharper focused papers, with information drawn from material already used to manage the business.

Action – ongoing: The content of papers submitted to each Committee and Panel are being constantly reviewed and refined to ensure that the information contained is sufficiently concise and focussed for the matters to be considered. Substantial changes were made to the risk and assurance papers submitted to the Audit and Assurance Committee and an emerging template is being developed for the annual Investment Programme approvals submitted to the Programmes and Investment Committee.

Recommendation 5: Monitoring reports to be structured as appropriate around the Business Plan or the Mayor's Transport Strategy.

Action – ongoing: The Commissioner's Report was re-structured in 2017 around the (then draft) Mayor's Transport Strategy. Following the approval and publication of the Strategy and the 2018/19 TfL Scorecard, both in March 2018, monitoring reports are being amended to show linkages to the Strategy and progress against relevant Scorecard metrics.

Recommendation 6: Timing of meetings to be reviewed to align with the production of quarterly reporting cycles.

Action – completed: The meeting calendar for 2018/19 was developed to reflect the production of quarterly reports, as far as this was possible.

Recommendation 7: That a mapping exercise be undertaken to allocate oversight of the Business Plan outcomes, the TfL Group Scorecard, the Key Performance Indicators and Strategic Risks relevant to each Committee and Panel.

Action – completed (and ongoing): On 9 November 2017, revised Terms of Reference for Committees and Panels were agreed, which set out the relevant responsibilities. A mapping exercise was conducted and was supported by the Chairs Coordination Group in January 2018. The exercise will be repeated later in 2018 once the Audit and Assurance Committee reviews TfL's Strategic Risks.

Recommendation 8: That the remit of the Remuneration Committee be extended to include: reviewing the skills and capability of TfL's talent; advising the Commissioner on nominations and recommendations on appointments and salaries for key appointments and the Mayor on an appropriate remuneration structure for the organisation; and reviewing TfL's approach to addressing diversity and pay disparity across the organisation.

Action – completed: The Board delegated to the Deputy Chair of TfL, in consultation with the Chair and members of the Committee, approval of revised Terms of Reference of the Remuneration Committee. Revised Terms of Reference were approved and are attached as Appendix 2.

Recommendation 9: The Chairs Coordination Group to coordinate Committee and Panel medium term forward plans and that the issues identified by Members are incorporated.

Action – completed (and ongoing): The first meeting of the Group was held in January 2018. It reviewed forward plans for the Board, Committees and Panels, which will be a standing item on all agendas. A further meeting has been arranged for 2 July 2018.