

**Date:** 5 March 2018

**Item:** Transformation Programme

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**This paper will be considered in public**

**1 Summary**

1.1 This paper provides an overview of the Transformation Programme and an update on the third phase of proposed organisational changes launched in November 2017.

**2 Recommendation**

2.1 The Committee 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 customers.

3.2 Over the past year, we have been carrying out a comprehensive review of our organisation and modernising the way we work.

3.3 Good progress has been made in reducing costs and we are on track to reach our 2022/23 net operating surplus target of £153m.

3.4 We are responding to revenue pressures, and have delivered significant additional savings in the 2017/18 year to date, putting us ahead of our budgeted savings target.

3.5 We are forecasting to deliver £886m of savings by financial year end against a budget of £699m, as we work towards our net operating surplus target.

3.6 To achieve our target, we are making 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**

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 Last year, we launched three phases of organisational change, reviewing the work of 10,600 roles.

4.3 Following consultation on proposals with our staff and trades unions we have completed organisational change programmes in: Commercial; Finance; Technology & Data; Customers, Communication & Technology; City Planning; and at senior manager level in LU, Surface and Engineering

- 4.4 On 7 November 2017, we began our third phase of formal 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.
- 4.5 Face-to-face briefings were held for all staff impacted by proposals. Between 7 and 10 November 2017 5,700 members of staff were briefed at 73 separate staff briefings. A wide range of ongoing engagement activity is underway including, further briefings and drop in sessions with Senior Management.
- 4.6 We are consulting with Trade Unions across 19 different forums on proposals with over 30 representatives. Discussions remain ongoing and in a number of areas we have received counter proposals which have been considered at a local level. We remain committed to conducting meaningful consultation with Trade Unions and discussions are now focused on proposed assessment and selection approaches.

## **5 Culture and Ways of Working**

- 5.1 Changing organisational structures is only part of modernising an organisation in 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 actions to deliver more effectively for London, including making optimal use of our reducing office space.
- 5.2 A new long term People Strategy is being developed to ensure full alignment and prioritisation of this across the organisation.

### **List of Appendices to this report:**

None

### **List of Background papers:**

None

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