

Transport for London

Minutes of the Finance and Policy Special Purpose Sub-Committee

Conference Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
10.20am, Wednesday 20 August 2014

Members

Daniel Moylan	Chairman
Brian Cooke	Member

Also in attendance

Peter Anderson	Finance and Policy Committee Chairman
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Staff

Steve Allen	Managing Director, Finance
Sarah Atkins	Commercial Director, Rail and Underground
Mike Brown	Managing Director, Rail and Underground
Andrea Clarke	Director of Legal (for Howard Carter, General Counsel)
Patrick Doig	Finance Director, Surface Transport
Andy Eastaugh	Head of Programme Management Office
Andrew Pollins	Finance Director, Rail and Underground
Clive Walker	Director of Internal Audit
David Waboso	Capital Programmes Director, London Underground

Also in attendance

David James	Chairman, Independent Investment Programme Advisory Group (IIPAG)
Paul Jenkins	Member, IIPAG
Shamus Kenny	Head of Secretariat

01/08/14 Apologies for Absence and Chair's Announcements

Apologies for absence were received from Angela Knight. Charles Belcher was also unable to attend.

02/08/14 Declarations of Interests

Daniel Moylan declared an interest as a Councillor for the Royal Borough of Kensington and Chelsea, as a Non Executive Director of Crossrail Limited (appointed by TfL) and as Chairman of Urban Design London. Peter Anderson declared an interest as a director of the Canary Wharf Group plc in relation to Crossrail and the Jubilee line upgrade.

03/08/14 Special Purpose Sub-Committee Terms of Reference

Andrea Clarke introduced the paper, which set out the terms of reference of the Special Purpose Sub-Committee, as agreed by the extraordinary meeting of the Finance and Policy Committee on 20 August 2014.

Following approval by the Finance and Policy Committee at its meeting on 20 August 2014, the Finance and Policy Special Purpose Sub-Committee noted its terms of reference, as set out in Appendix 1 to the paper.

04/08/14 Assurance and Approval Processes for Investment Projects and Programmes

At its meeting on 17 July 2014, the Finance and Policy Committee considered papers on the Lessons Learnt Review of the Sub-Surface Upgrade Programme (SUP) Automatic Train Control (ATC) contract, and the Annual Report of the Independent Investment Programme Advisory Group (IIPAG). Both papers made reference to the processes employed by TfL in assuring investment projects, and both made recommendations to strengthen these. Having discussed these papers it was agreed to establish a Sub-Committee to review the assurance and approvals processes for investment projects and programmes.

KPMG Report and recommendations

The Sub-Committee systematically reviewed the management response to the recommendations in the KPMG report, to assess which lessons had been learnt. The key issues arising from the discussion were:

- (a) It should be demonstrable that the lessons from the report had been shared and implemented across the whole of TfL. The next authority request on a significant IT related procurement (telephony, ticketing, contact centres, congestion charge) should explicitly demonstrate/reference how the lessons have been applied/implemented.
[Action: Steve Allen]
- (b) Due diligence (Recommendation 4) was recognised as one of the most important recommendations. A plan was being developed in relation to the award of the ATC contract. Members requested the ATC plan, along with a validation from the Programme Management Office (PMO) and the IIPAG that it was deliverable.
[Action: Mike Brown]
- (c) Use of separate contracts with multiple parties should precede the final delivery contract (Recommendation 9). Management accepted the general point but it was not suitable for the ATC contract due to the limited number of suppliers, the high bar (only one bidder had passed) and the timetable to deliver the programme. Officers were confident that the preferred bidder could deliver given its successful delivery of the signalling upgrade on the Northern line, which used similar software. London Underground was also strengthening the quality and skill set of its own team for this project.
- (d) Form of Contract (Recommendation 13b). The IIPAG did not consider the recommendation for a standard contract to be appropriate given the complexity of the project.
- (e) Project Execution Plan (Recommendation 16). TfL agreed with the essence of the recommendation but considered the supply chain, individually and collectively, not capable of the sophisticated project management required for the delivery of TfL's complicated systems. The supplier would engage the services of a professional project

management company familiar with communications-based train control and railway infrastructure projects.

It was recognised that it was difficult to accurately measure progress on software contracts ahead of testing and there had been an over-reliance on the supplier's reputation and own confidence and assurances that it could deliver. TfL's assurance processes had greatly improved since the award of the original ATC contract with more diligent milestone interventions and stronger contracts.

Assurance and Approvals Process

The paper informed the Sub-Committee of the existing assurance and approvals processes applicable to investment projects and programmes and how they compared with similar organisations. The Sub-Committee was asked to consider the adequacy of these processes and how they might be improved. The paper did not cover the additional quality, technical and commercial assurance processes that existed in TfL and were applied at project level throughout the life of the project.

Members wanted TfL to aspire to have a robust 'best in class' programme assurance process, led by the PMO. The Managing Director, Finance would commission a thorough benchmarking exercise to compare TfL's programme assurance review process to its peers. This would include a review of who was involved in assurance reviews and the flexibility (scope, depth and frequency) of assurance processes in relation to the diversity of projects within TfL. The exercise would also seek to address the IIPAG's recommendation on strengthening the independence of the PMO.

Members would be consulted on the draft terms of reference of the benchmarking exercise and the IIPAG and PMO would be involved. The outcome and recommendations arising from the exercise would be submitted to a further meeting of the Sub-Committee in mid-late October 2014.

[Action: Steve Allen]

05/08/14 Any Other Business the Chair Considers Urgent

There were no other additional items of business raised.

The meeting closed at 11.25am.

Chair: _____

Date: _____