

**Date: 6 March 2018**

**Item: Strategic Risk Management Update**

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## **1 Summary**

- 1.1 The purpose of this paper is to provide an update to the Committee on the joint TfL Board and TfL Executive Committee Strategic Risk Management workshop that was held on 21 February 2018 and the agreed next steps.

## **2 Recommendation**

- 2.1 The Committee is asked to note the paper.**

## **3 Background**

- 3.1 A Strategic Risk Management workshop was held on 21 February 2018 involving members of the Board and the TfL Executive Committee. The primary aim of the workshop was to review the current TfL Strategic Risks and agree:
- (a) whether they should remain as strategic risks, be merged with other risks, or be closed;
  - (b) confirm the Executive Committee owner of each risk; and
  - (c) assign lead responsibility for ongoing review and monitoring of each risk to one of TfL's committees or panels.
- 3.2 The workshop, which was highly interactive, was chaired by the Chair of the Audit and Assurance Committee and facilitated by TfL's recently appointed Interim Head of Enterprise Risk.
- 3.3 It was agreed in the course of the workshop that many of the current risks would benefit from their definitions being refined in order to draw out more clearly the underlying causes of the risk. A key next step would be for the Head of Enterprise Risk and his team to facilitate 'deep dive' reviews of each of the strategic risks, working with Executive Committee members and others to:
- (a) ensure each risk is clearly defined with root causes and consequences identified, including impacts on TfL's business plan and budget;
  - (b) identify the controls by which the risks are managed and the managers responsible for those controls;
  - (c) assess the current level of risk against the organisational risk appetite, building on the work carried out in this area in 2017, and determine whether additional actions are required to reduce the level of the risk further; and

(d) identify early warning indicators for each risk.

- 3.4 No decision was taken at the workshop to close any of the current strategic risks, but it was agreed that this could be a possible outcome of the deep dive reviews.
- 3.5 It was also agreed that a review should be carried out to assess the specific risks to achievement of the Mayor's Transport Strategy to ensure that these are all properly covered by TfL's Strategic Risks. The Head of Enterprise Risk will lead this discussion in liaison with members of the Executive Committee.
- 3.1 One matter discussed during the workshop was whether each strategic risk should have a single Executive Committee owner, with pan-TfL accountability for ensuring the risk is being effectively managed. Currently several of the risks have multiple owners. The Commissioner undertook to consider the question of individual Executive Committee owner accountability for ensuring that risks are being managed effectively.

## **4 Next Steps**

- 4.1 Over the next few months the Head of Enterprise Risk management will lead the programme of deep dives as described above, together with the review of risks to delivery of the Mayor's Transport Strategy, with the aim of ensuring TfL's strategic risks are clearly defined and being effectively managed by reference to an agreed TfL risk appetite.
- 4.2 The strategic risks will be agreed by the Executive Committee and reported to the Audit and Assurance Committee in September 2018, and subsequently to the Board.
- 4.3 We will also work with the Committees and Panels to agree their approach to ongoing monitoring of their assigned risks going forward.

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

None

### **List of Background Papers:**

None

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