

Date: 7 June 2018

Item: **Review of Governance and the Annual Governance Statement for Year Ended 31 March 2018**

This paper will be considered in public

1 Summary

1.1 This paper provides a review of compliance with the TfL Code of Governance in 2017/18 and asks the Committee to approve the Annual Governance Statement, as set out in Appendix 1, to be signed by the Chair of TfL and the Commissioner for inclusion in the 2017/18 Annual Report and Accounts. The paper also reports on progress against the 2017/18 Improvement Plan (Appendix 2) and the proposed Plan for 2018/19 (Appendix 3).

2 Recommendation

2.1 **That the Committee note the paper and:**

- (a) **approve the Annual Governance Statement, as set out in Appendix 1 of this paper, for signing by the Chair of TfL and the Commissioner, for inclusion in the 2017/18 Annual Report and Accounts; and**
- (b) **note the progress against the 2017/18 Improvement Plan, as set out in Appendix 2 of this paper and the proposed Plan for 2018/19, as set out in Appendix 3 of this paper.**

3 Background

3.1 The Accounts and Audit Regulations 2015 require that TfL's Statement of Accounts be accompanied by a Statement on Internal Control, prepared in accordance with proper practices. The guidance issued by the Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives (CIPFA/SOLACE) includes a template for an Annual Governance Statement that incorporates the elements of a Statement of Internal Control and fulfils the statutory requirements.

3.2 The Audit and Assurance Committee has the delegated responsibility to monitor TfL's on-going compliance with TfL's own Code of Governance, which is based on the updated CIPFA/SOLACE Governance Framework and was approved by TfL in March 2008.

4 The 2017/18 Review and the Annual Governance Statement

The 2017/18 Review

- 4.1 The annual review considers the degree of compliance with each undertaking in TfL's Code of Governance. The assessments for the degree of compliance with the Code of Governance's undertakings are consistently high.
- 4.2 The 2017/18 annual review concluded that TfL had a satisfactory level of compliance with the Code of Governance and highlighted the potential governance challenges involved in a number of anticipated changes.

The Annual Governance Statement

- 4.3 The Annual Governance Statement comments on the standard of governance within TfL, sets out TfL's approach to governance including internal control, identifies those areas where further work is to be undertaken and describes the monitoring process to ensure the effectiveness of the Code of Governance. The draft Annual Governance Statement is included as Appendix 1.
- 4.4 There were no significant governance issues that needed to be highlighted in the Annual Governance Statement arising from the 2017/18 review. However, there are areas identified in the Annual Governance Statement relating to matters that need to be kept under review in 2018/19.

Governance Issues in 2017/18

- 4.5 The 2017/18 review confirms that TfL continues to achieve a high standard of corporate governance and has continued to make improvements as TfL's structure and procedures have developed and matured. The assessments of compliance with each individual undertaking have not changed between 2016/17 and 2017/18.
- 4.6 There were a number of significant developments in relation to TfL's governance during 2017/18. These included:
 - (a) a review of Board Effectiveness, which focussed on the changes to the decision making structure introduced in September 2016 and further refinements to that process in light of the emerging Draft Mayor's Transport Strategy, agreed by the Board in November 2017;
 - (b) monitoring of TfL's performance against a completely revised TfL Scorecard introduced in April 2017 and the development of an even more robust TfL Scorecard and monitoring arrangements agreed by the Board in March 2018;
 - (c) further improvements to the quality, consistency and transparency of the finance, safety and other reporting information provided to Members and the public and continuation of the programme of publishing more information in line with the Transparency Strategy published in 2015;

- (d) initiating a review of TfL's overall Risk Management process, including internal workshops and training sessions on Risk Management across the Business Areas, as well as a Strategic Risk Management Workshop with Audit and Assurance Committee Members; and
- (e) reviewing TfL's Gifts and Hospitality Policy and reporting to the Audit and Assurance Committee on the number of offers received and details of offers accepted by Board Members the most senior staff.

Improvement Plan

- 4.7 An Improvement Plan to ensure the continued improvement of TfL's governance was prepared for 2017/18. Appendix 2 provides a commentary on progress in delivering each action identified. Appendix 3 sets out the proposed Improvement Plan for 2018/19.

List of appendices to this report:

Appendix 1: Annual Governance Statement
Appendix 2: Progress Against Improvement Plan 2017/18
Appendix 3: Improvement Plan 2018/19

List of Background Papers:

TfL Annual Governance Statement 2017
TfL Integrated Assurance Framework – Audit and Assurance Committee paper March 2018
Review of TfL's Independent Reporting lines for Year Ended 31 December 2017 - Audit and Assurance Committee paper March 2018

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Annual Governance Statement

Scope of Responsibility

Transport for London (TfL) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. TfL also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, TfL is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Under section 127 of the Greater London Authority Act 1999, an individual must be given personal responsibility by appointment of TfL to 'make arrangements for the proper administration of financial affairs'. This role is performed by TfL's Chief Finance Officer (CFO). From 1 April to 24 July 2017, TfL's CFO was Ian Nunn, who was a member of TfL's leadership team, the "Executive Committee". Following Ian's sudden death on 24 July 2017, the CFO's role was covered by Simon Kilonback, who took on the financial management responsibilities and joined the Executive Committee and Sarah Bradley who took on the statutory CFO functions and reports to Simon Kilonback. TfL's financial management arrangements conform with the governance requirements of the Chartered Institute of Public Finance and Accountancy *Statement on the Role of the Chief Financial Officer in Local Government* (2010), except that from 24 July 2017, the statutory CFO post holder is not a member of the Executive Committee but plays an active part in TfL strategic decision-making through:

- Involvement in all key decisions with a significant financial implication;
- Involvement with Executive Committee: Performance meetings; and
- Management responsibilities for the production of the Business Plan and statutory accounts.

The statutory CFO post holder is appointed and removed by the Board, reviews in advance of submission all papers relating to financial management for the Executive Committee, the TfL Board and its Committees, attends all Board meetings and has unrestricted access to the Commissioner.

As a functional body of the Greater London Authority (GLA), TfL is a signatory to a GLA Group Framework Agreement, which was updated in 2016. The Agreement is an overarching commitment in relation to the culture and individual behaviours of the GLA Group and contains specific corporate governance commitments. The Agreement is a commitment by all parties to be open, transparent and accountable for their actions and behaviour. It is a high level document that sets common principles that apply across the Group, with the methods of implementation left to

each Functional Body to determine. TfL has in place protocols and processes that address all of the requirements of the Agreement.

TfL has approved and adopted a Code of Governance, which is consistent with the principles of the CIPFA/Society of Local Authority Chief Executives Framework, Delivering Good Governance in Local Government.

A copy of the TfL Code of Governance is available online at tfl.gov.uk or can be obtained from the Secretariat, 55 Broadway, London, SW1H 0BD. This statement explains how TfL has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which TfL is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables TfL to monitor the achievement of its strategic objectives and the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk and provide reasonable, although not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of TfL's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at TfL since the year ended 31 March 2001. It remains in place at the date of approval of the 2017/18 Statement of Accounts.

The Governance Framework

The Mayor, who serves as its Chair, appoints the TfL Board members. The Board determines and agrees TfL's strategic direction and oversees the performance of the executive team.

The Board has four committees:

- Audit and Assurance;
- Finance;
- Programmes and Investment; and
- Remuneration.

The Board has two panels, made up of Board members, which provide strategic advice to the Board on the development and execution of policy:

- Customer Service and Operational Performance; and
- Safety, Sustainability and Human Resources.

The Audit and Assurance Committee has been delegated the responsibility for overseeing corporate governance in TfL. It has received reports on the implementation of the Code of Governance (“the Code”), the Annual Governance Statement contained in these accounts and the results of the compliance review. It receives regular reports from the General Counsel and the Director of Risk and Assurance (formerly the Director of Internal Audit) and is responsible for the annual assurance process.

The Commissioner of TfL and the Executive Committee are responsible and accountable for the delivery of the day-to-day operations of TfL. The General Counsel has the overall responsibility for the operation of the Code and for ensuring that it is integral to the routine functioning of TfL. In addition, the Director of Risk and Assurance annually comments on the adequacy and effectiveness of the Code and the extent of TfL’s compliance with it. He also carries out a benchmarking exercise comparing TfL’s governance arrangements with the UK Corporate Governance Code. TfL is compliant with the UK Corporate Governance Code where this is relevant, given TfL is a corporation rather than an entity with listed shares.

TfL is working to ensure that good governance is fully incorporated into the culture of the organisation and is applied consistently and transparently.

TfL identifies and communicates its vision of its purpose and intended outcomes for citizens and service users by:

- the Mayor developing and publishing a Transport Strategy reflecting national and local priorities;
- the Budget and Business Plan reflecting the Transport Strategy and allocating resources accordingly;
- reviewing on a regular basis the implications of the Transport Strategy for its governance arrangements;
- ensuring that those making decisions are provided with information that is fit for purpose – relevant, timely and gives clear explanations of technical issues and their implications; and
- conducting its business on an open basis, subject only to the requirements of appropriate levels of individual and commercial confidentiality and security.

TfL measures the quality of services for users, ensures they are delivered in accordance with TfL’s objectives and ensures that they represent the best use of resources by:

- having in place sound systems for providing management information for performance measurement purposes;
- ensuring performance information is collected at appropriate intervals across all activities;
- having comprehensive and understandable performance plans in place;
- monitoring and reporting performance against agreed targets;
- maximising its resources and allocating them according to priorities;
- having in place effective arrangements to identify and deal with failure in service delivery;

- developing and maintaining an effective scrutiny function for its Investment Programme that encourages constructive challenge and enhances TfL's performance overall; and
- publishing operational and financial performance data each quarter.

TfL defines and documents the roles and responsibilities of the Board, Committees, Panels and employees with clear delegation arrangements and protocols by:

- having a documented scheme of delegation that reserves appropriate responsibilities to the Board and provides employees with the authority to conduct routine business; and
- having the roles and responsibilities of Board members and senior employees clearly documented.

TfL has developed and communicates the requirements of the Code of Conduct, defining the standards of behaviour for Board members and employees by:

- ensuring it is an organisation that has a climate of openness, support and respect;
- ensuring that standards of conduct and personal behaviour expected of Board members and employees, between Board members and employees and between TfL, its partners and the community are defined and communicated through codes of conduct and protocols;
- putting in place arrangements to ensure that Board members and employees of TfL are not influenced by prejudice, bias or conflicts of interest;
- ensuring that an effective process, which includes an effective Remuneration Committee, is in place to set the terms and conditions for remuneration of the Commissioner and senior employees;
- developing and maintaining shared values including leadership values for both the organisation and employees reflecting public expectations and communicating these to Board members, employees, the community and partners;
- putting in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitoring their continuing effectiveness in practice;
- setting targets for performance in the delivery of services to ensure equality for all; and
- using its shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within TfL.

TfL reviews and updates Standing Orders, standing financial instructions, its scheme of delegation and supporting procedures that clearly define how decisions are taken and the processes and controls required to manage risks by:

- having a clear hierarchy of governance documentation whose components are regularly reviewed;
- maintaining robust systems for identifying and evaluating all significant risks;
- maintaining an effective risk management system; and

- ensuring that risk management is embedded into its culture, with Board members and employees at all levels recognising that risk management is part of their jobs.

TfL ensures that the core functions of the Audit and Assurance Committee are delivered by:

- having an effective, independent Audit and Assurance Committee;
- having the Audit and Assurance Committee develop and maintain an effective oversight;
- having an internal audit department that complies with relevant professional standards and is regularly evaluated by external auditors;
- having an Integrated Assurance Plan that is driven by an annual evidenced assessment of the key business risks facing TfL; and
- maintaining an Integrated Assurance Framework.

TfL ensures compliance with relevant laws, internal policies and procedures, and that expenditure is lawful by:

- ensuring that a senior member or employees, currently the General Counsel, is responsible for all activities being legally correct, fully documented, appropriately authorised and carried on in a planned manner;
- making a senior member or employees, currently the Group Financial Controller and Statutory Chief Finance Officer, responsible for ensuring that appropriate advice is given in all financial matters, for keeping proper financial records and accounts and for maintaining an effective system of internal financial control;
- maintaining proper records to ensure that the annual accounts show a true and fair view and that expenditure has been properly authorised and allocated in an appropriate manner;
- developing and maintaining open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based;
- putting in place arrangements to safeguard against conflicts of interest;
- ensuring that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately;
- actively recognising the limits of lawful activity placed on it but also striving to utilise its powers to the full benefit of the public; and
- observing all legal requirements placed upon it and integrating the key principles of good public law – rationality, legality and natural justice – into its procedures and decision-making processes.

TfL has made arrangements for whistle-blowing and for receiving and investigating complaints from the public by:

- ensuring that effective, transparent and accessible arrangements are in place for making, receiving and dealing with complaints; and

- ensuring that arrangements are in place for whistle-blowing to which employees and all those contracting with TfL have access including external independent reporting lines.

TfL identifies the development needs of Board members and employees in relation to their strategic roles, supported by appropriate training by:

- ensuring that its Board members and employees are provided with the necessary training to perform their roles;
- ensuring that its employees are competent to perform their roles;
- ensuring that the Statutory Chief Finance Officer has the skills, resources and support necessary to perform effectively in this role and that this role is properly understood throughout TfL;
- assessing the skills required by Board members and employees and committing to develop those skills to enable roles to be carried out effectively;
- commissioning regular external reviews of Board effectiveness; and
- developing skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.

TfL establishes clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation by:

- having in place proper arrangements designed to encourage individuals and groups from all sections of the community to engage with, contribute to, and participate in the work of TfL;
- making clear to employees and the public what it is accountable for and to whom;
- publishing, publicising and making generally available an annual report as soon as practicable after the end of the financial year;
- the annual report presenting an objective and understandable account of its activities and achievements and its financial position and performance;
- cooperating with appropriate organisations to ensure there is independent scrutiny of its financial and operational reporting processes; and
- having a clear policy on the types of issues it will consult on or engage with the public and service users about, including a feedback mechanism for those consultees to demonstrate what has changed as a result.

TfL incorporates good governance arrangements in respect of partnerships and other group working by:

- fostering effective delivery relationships and partnerships with other public sector agencies, the private and voluntary sectors;
- establishing appropriate arrangements to engage with all sections of the public effectively; and
- establishing appropriate arrangements to engage with interest groups such as financial institutions, businesses and voluntary groups to ensure they are able to interact with TfL on matters of mutual interest.

Review of Effectiveness

TfL has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior employees within TfL who have responsibility for the development and maintenance of the governance framework, the Director of Risk and Assurance's annual report and also by comments made by the external auditors and other review agencies and inspectorates.

TfL's General Counsel has the responsibility for overseeing the implementation and monitoring the operation of the Code and reporting annually to the Audit and Assurance Committee on compliance with the Code and any changes that may be necessary to maintain it and ensure its effectiveness in practice.

In addition, the Director of Risk and Assurance annually comments on the adequacy and effectiveness of the Code and the extent of TfL's compliance with it.

TfL's Audit and Assurance Committee has considered the review of the effectiveness of the governance framework and a plan to ensure continuous improvement is in place.

Significant Governance Issues

During the year 2017/18, TfL reviewed and refined the new decision making structure, introduced in September 2016, after its first year of operation. TfL's governance arrangements began to be reviewed and amended in light of the emerging Draft Mayor's Transport Strategy, which included structuring the regular Commissioner's Report to the Board around the key priorities. Work has since been undertaken on integrating monitoring information into the regular quarterly reports to Committees and Panels on progress against the Mayor's Transport Strategy, the TfL Business Plan and the TfL Scorecard – and these will be implemented during 2018/19.

TfL monitored its performance against a completely revised TfL Scorecard introduced in April 2017, which represented a step change from the quality of previous Scorecards. An Internal Audit assurance report on the end of year results for the 2017/18 Scorecard was reviewed by the Audit and Assurance Committee in correspondence in May 2018, with comments on review shared with the Remuneration Committee. During 2017/18, TfL had further developed the TfL Scorecard measures and monitoring arrangements, which were agreed by the Board in March 2018 for implementation from 1 April 2018.

Each of the TfL's main operating businesses embedded the TfL health safety environmental management system (HSEMS) during the year. Each has continuous improvement plans in place to strengthen their maturity of compliance and benchmark their performance against each other to learn wider lessons to strengthen their management of HSE risks. The plans are revised annually. In addition a separate improvement programme ensures the tools and procedures used in support of the HSEMS remain effective and efficient.

TfL continued to embed, review and improve governance and transparency processes around procurement, arising from recommendations made following reviews of the Garden Bridge Project. In July 2017, the Board noted and endorsed the action taken and further action proposed to address the recommendations made by the Rt. Hon. Dame Margaret Hodge MP in her report on the Project published on 7 April 2017. The action taken and proposed included strengthened decision making arrangements at Board and staff level and greater transparency and monitoring of Mayoral Directions to TfL and the use of authority delegated to the Commissioner and Chief Finance Officer.

TfL further improved the quality, consistency and transparency of the finance, safety and other reporting information provided to Members and the public and continued the programme of publishing more information in line with the Transparency Strategy published in 2015.

A process for reviewing TfL's overall Risk Management process commenced, including internal workshops and training sessions on Risk Management across the Business Areas, as well as a Strategic Risk Management Workshop with Audit and Assurance Committee Members.

TfL's Gifts and Hospitality Policy was reviewed and information on the number of offers received and details of offers accepted by Board Members the most senior staff are now routinely reported to the Audit and Assurance Committee.

TfL proposes to continue to improve and develop its governance arrangements over the coming year. Issues to be addressed include: an externally led Board effectiveness review; a review of TfL's governance arrangements in light of the new Mayor's Transport Strategy published in March 2018 and Strategic Risks due to be agreed later in 2018; and continuous improvement in the quality, consistency and transparency of the information provided to members and the public

TfL is confident that the current governance processes and planned developments will enable it to meet the challenges identified.

Signed:

Chair of TfL Board

Signed:

Commissioner

Improvement Plan 2017/18

Proposed Activity	Responsible Managing Director	Commentary
Continue to develop and implement a programme of briefings and site visits for Members of the Board.	General Counsel	Completed. Briefings have been held regularly after meetings of the Committees and Panels.
Conduct and implement any recommendations from an annual review of Board effectiveness in summer/autumn 2017 in light of the first year of operation of the revised decision making structure and presentation of information.	General Counsel	Completed. The Deputy Chair of TfL led the review. The outcome was reported to the Board on 9 November 2017 – along with changes to Standing Orders that reflected some of the review recommendations.
Devise and implement a programme to improve TfL's safety management maturity and capability.	MD London Underground/ Executive Committee	<p>Each of the main operating businesses within TfL (Surface Transport, London Underground, Commercial Development and Major Projects Directorate) has embedded our health safety environmental management system (HSEMS). Each has continuous improvement plans in place to strengthen their maturity of compliance and benchmark their performance against each other to learn wider lessons to strengthen their management of HSE risks.</p> <p>The plans are revised annually. In addition a separate improvement programme ensures the tools and procedures used in support of the HSEMS remain effective and efficient.</p>

Proposed Activity	Responsible Managing Director	Commentary
Continue the annual exercise benchmarking TfL governance against the UK Corporate Governance Code 2016 and implement relevant recommendations.	General Counsel and Director of Risk and Assurance	<p>TfL is compliant with the current Code, where this is relevant given TfL is a corporation rather than an entity with listed shares.</p> <p>A new version of the Code is being consulted on and will be issued in 2018. Once issued, a further benchmarking exercise will be conducted. Further reviews will take place as and when the Code is updated further.</p>
Review TfL's governance arrangements once the new Mayor's Transport Strategy has been agreed.	General Counsel	<p>Work in progress. During 2017/18 the Commissioner's Report to the Board was restructured to report against the draft Strategy. The Strategy was agreed in March 2018 and the 2018/19 TfL Scorecard approved by the Board on 20 March 2018 is mapped against the Strategy and quarterly reports to Committees and Panels will also reflect links to the Strategy.</p> <p>Progress on implementing the Strategy will also be reported to the Board annually, commencing in May 2018.</p>
Continue to disseminate advice to new and existing statutory directors of subsidiary companies explaining their duties and responsibilities under the Companies Act 2006, particularly in light of the expected increase in the number of companies to support commercial development activity.	General Counsel	Completed. A revised statutory directors' guide reflects the new subsidiary company structure. Training is being developed for all statutory directors. Additional training will be provided for any staff that serve on TfL's property companies and associated joint venture companies.

Proposed Activity	Responsible Managing Director	Commentary
Continue with the development of a TfL wide integrated Management System.	General Counsel	Work in progress. The Management System is developing new instructions and guidance, aligned with and supporting the Transformation programme.
Develop TfL's operating model and processes in accordance with agreed organisational change programmes.	Executive Committee	<p>Ongoing. Transformation has coordinated and assured the implementation of TfL's new operating model. TfL is now approaching the end of this period of organisational change with the majority of business areas transitioned to their new operating models and the remaining workstreams in the final stages of consultation and transition.</p> <p>Through the work so far, we have embedded annual run rate savings of £67m and are consulting on proposals for a further £82m.</p>
Implement TfL's new Scorecard arrangements and continue to develop effective operational and performance measurement processes.	Executive Committee	<p>Completed. A new TfL Scorecard was agreed by the Board in March 2017. This was recognised at the time as a step change improvement on previous Scorecards. The Commissioner's Report to the Board in March 2018 provided an update on progress against the 2017/18 measures and the process for validating the Scorecard outcome has been strengthened to include oversight of the assurance of the outcomes by the Audit and Assurance Committee.</p> <p>The 2018/19 Scorecard, which reflects the strategic objectives in the Mayor's Transport Strategy, was approved by the Board in March 2018.</p>

Proposed Activity	Responsible Managing Director	Commentary
Continue to develop TfL's proactive approach to transparency, consult on a revision to the 2015 strategy and publish a revised strategy.	MD Customers, Communication and Technology/ General Counsel	Work in progress. New datasets have been published and a consultation was held on the development of the 2015 Strategy. A revised Strategy is in preparation.
Devise and implement a compliance programme for the management of personal data in accordance with GDPR.	General Counsel/ Executive Committee	Work in progress. A compliance programme has been devised and is being implemented. Progress was audited and appropriate management actions were implemented. TfL will be largely compliant with GDPR on its implementation date of 25 May 2018.
Implement agreed changes to the IIPAG assurance arrangements following an independent review.	Chief Finance Officer [subsequently Director of Risk and Assurance]/ General Counsel	Work in progress. The majority of the recommendations from the review have been implemented. The revised Mayoral Direction for the IIPAG was signed by the Mayor in December 2017. The TfL Board approved revised terms of reference for the IIPAG in January. The process for the recruitment of a new chair is underway.
Implement agreed governance changes in response to the recommendations made in the Hodge Review of the Garden Bridge.	Chief Finance Officer/ General Counsel	<p>Completed. On 19 July 2017 the Board was updated on the action taken in response to the Internal Audit of the procurement process and approved TfL's response to the recommendations from the Hodge Review. On 9 November 2017 the Board approved revised Standing Orders, which included governance changes that implemented TfL's response to the Hodge Review.</p> <p>The Commissioner wrote to all senior managers in December 2017 requiring them to specifically acknowledge the enhanced governance arrangements following the Hodge Review.</p>

Proposed Activity	Responsible Managing Director	Commentary
<p>Continue to develop TfL's Strategic Risk processes and deliver key improvements including clarification of risk responsibilities, consistent risk processes and clearer Committee / Panel oversight of key risk topics.</p>	<p>Chief Finance Officer/ General Counsel/ Executive Committee</p>	<p>Work in progress. Following the establishment of the Enterprise Risk team within the Risk and Assurance Directorate, work is continuing on development of a consistent risk framework and processes. A high level risk framework was approved by the Executive Committee in May 2018.</p> <p>A joint Board and Executive Committee Risk workshop was held in February 2018 to review TfL's strategic risks and assign oversight of these to the Committees and Panels. Work is ongoing to carry out 'deep dives' on each of the strategic risks in order to ensure they are clearly defined and owned.</p>
<p>Review and agree governance arrangements for Crossrail 2.</p>	<p>General Counsel/ MD Crossrail 2</p>	<p>The Mayor and Government jointly commissioned an independent review of Crossrail 2 affordability, due to report in summer 2018. The project governance is not expected to significantly change until the findings of the review are considered and a decision to proceed to the development phase is made.</p> <p>The Government is clear that decisions on Crossrail 2 will be made in "lock step" with decisions on investment in the North. In the meantime TfL and DfT have reviewed the existing governance and have agreed that the priority is to appoint a new Chair to the Programme Board, which brings together all of the parties concerned with delivery of the project and its benefits.</p>

Proposed Activity	Responsible Managing Director	Commentary
Review of governance arrangements for Crossrail transition.	General Counsel/ Director of Risk and Assurance	<p>Completed. Reports on Crossrail operational readiness, transition and governance arrangements are made to each meeting of the Board and the Programmes and Investment Committee. The Audit and Assurance Committee received a detailed report in December 2017 on the governance arrangements to support the Crossrail transition to TfL.</p> <p>On 23 May 2018, the Board agreed changes to the structure of the Crossrail Board to replace three of the four independent members with sponsor nominees, two from TfL and one from DfT, raising the total number of sponsor nominees to three for TfL and two for DfT. The Board nominated two of its Members as the additional TfL nominees: Anne McMeel and Dr Nelson Ogunshakin OBE.</p>

Improvement Plan 2018/19

Proposed Activity	Responsible Managing Director
Conduct and implement an induction programme for the new Deputy Chair of TfL and for new Member(s) to be appointed in September 2018 and continue to develop and implement a programme of briefings and site visits for Members of the Board.	General Counsel
Conduct and implement any recommendations from an externally let review of Board effectiveness in summer/autumn 2018.	General Counsel
Continue to implement and embed the TfL health safety environmental management system.	MD London Underground/ Executive Committee
Benchmark TfL's governance against the new version of the UK Corporate Governance Code that is due to be published in 2018, and implement relevant recommendations.	General Counsel and Director of Risk and Assurance
Implement the agreed actions following the review of TfL's governance arrangements in light of the new Mayor's Transport Strategy (published in March 2018).	General Counsel
Continue to disseminate advice to new and existing statutory directors of subsidiary companies explaining their duties and responsibilities under the Companies Act 2006, particularly in light of the expected increase in the number of companies to support commercial development activity.	General Counsel
Continue with the development of a TfL wide integrated Management System.	General Counsel
Continue to develop TfL's operating model and processes in accordance with agreed organisational change programmes.	Executive Committee
Implement TfL's new Scorecard arrangements and continue to develop effective operational and performance measurement processes.	Executive Committee
Continue to develop TfL's proactive approach to transparency and publish an updated Transparency Strategy.	MD Customers, Communication and Technology/ General Counsel
Implement the compliance programme for the management of personal data in accordance with GDPR.	General Counsel/ Executive Committee
Continue to develop TfL's Strategic Risk processes and deliver key improvements including clarification of risk responsibilities, consistent risk	Chief Finance Officer/ General Counsel/ Director of Risk and Assurance / Executive

Proposed Activity	Responsible Managing Director
processes and clearer Committee/Panel oversight of key risk topics.	Committee
To appoint a new Chair to the Programme Board of Crossrail 2 and to review and agree governance arrangements for Crossrail 2 following the affordability review (expected to report summer 2018), subject to a decision to proceed to the development phase.	General Counsel/ MD Crossrail 2
Continue to review and adapt governance arrangements for Crossrail to effect an orderly transition of decision-making and accountability to TfL.	Executive Committee