



Item 12: Board Decision Making Structure

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**This paper will be considered in public**

**1 Summary**

- 1.1 This paper sets out proposals relating to TfL's Member-level decision making structure and associated issues, for Members to consider as part of its effectiveness review for 2013.

**2 Recommendation**

- 2.1 **That the Board agree in principle to the changes to the structure and operation of its Committees and Panels and note the next steps proposed.**

**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.
- 3.2 In 2012, TfL commissioned an external review and Internal Audit benchmarked TfL against the UK Corporate Governance Code. The Board considered the outcome of both exercises in December 2012. With the exception of issues relating to Board appointments, all of the recommendations have been addressed.
- 3.3 In February 2012, the Board noted information on the future conduct of its meetings and the meetings of its Committees, both of which became subject to the meeting provisions of the Local Government Act 1972 (as amended) ("the LGA 1972") from May 2012. The meetings of TfL's Panels did not come under the LGA 1972 provisions. The Board also agreed changes to its Committee and Panel structure, which came into effect on 1 April 2012 (see Appendix 1).

**4 Review of TfL's Decision Making Structure**

**The operation of the structure since 1 April 2012**

- 4.1 The Board and its Committees have been operating under the LGA 1972 meeting arrangements for just over eighteen months. Every meeting has complied in full with the statutory requirements, for example statutory notice of the meetings has been provided, the meetings have been held in public and

all papers (unless accepted by the relevant Chair as urgent items) have been published five clear working days before the meeting.

- 4.2 The transition to the new arrangements has also seen some learning by the organisation and internal processes have evolved. The key improvements over the year have been:
- (a) **Greater transparency:** The amount of information now routinely published to support decision making has significantly increased. Over 90 per cent of agenda items considered by the Board and its Committees contain a paper on Part 1 of the agenda and it is the intention that all items will include a Part 1 item wherever practicable. Information provided to all Members of the Board, a Committee or a Panel outside of the formal meeting process, in response to an issue raised at a meeting, are now also included on the agenda for the next meeting either as an information item or attached to the standing 'Matters Arising' item;
  - (b) **Setting decisions in context:** Papers seeking a decision are now required to set out the context of each programme/project in terms of how it relates to the Mayor's Transport Strategy and the Business Plan, the strategic objectives it aims to achieve and the benefits it will bring. Project commencement papers also set out the options that were considered. Good progress has been made in this area though it is yet to be fully embedded;
  - (c) **Greater discipline and consistency in the presentation of financial information:** Papers seeking authority are now required to include the current level of authority, the estimated final cost of the programme or project, and the authority being sought. If the authority sought is in the current Business Plan and Budget, the paper identifies where and the total value and profile of forecast spend compared to that in the Business Plan. If the authority sought is not in the Business Plan the paper sets out where the funding will be sourced from. Good progress has been made in this area though it is yet to be fully embedded;
  - (d) **Risk Management:** In addition to the information provided to the Audit and Assurance Committee, a paper on risk management is now scheduled to be submitted to the Board every year;
  - (e) **Greater alignment of information between the Business Plan and Budget and quarterly monitoring reports:** From the first quarter of 2013/14, the presentation of information in the quarterly Operational and Financial Performance Report and the Investment Programme Report has been more closely aligned with the presentation of information in the Business Plan and Budget;
  - (f) **More frequent updates on the Crossrail Project:** The Commissioner committed to providing the Board with more regular update information on the Crossrail project. The Chairman of Crossrail Limited made a presentation to the meeting of the Board in September 2013. Regular updates will be proved going forward; and

- (g) **Improved summaries of issues raised by Panels and Committees:** Papers from a Panel or Committee now contain greater detail on the issues raised or considered by the Panel or Committee that has already considered it. Summary reports of Committees to the Board also contain greater detail.

#### **Current issues relating to the effectiveness of the Board**

- 4.3 The Deputy Chair of TfL has had informal discussions with TfL Members, the Commissioner and staff on current issues relating to the effectiveness of the Board, Committee and Panel arrangements. The key issues identified are summarised below.
- 4.4 The Mayor continues to champion even greater transparency by the Greater London Authority (GLA) and its functional bodies. TfL supports the need for greater openness and accountability. The London Assembly Oversight Committee undertook a review of transparency across the GLA group in mid-2013. TfL provided evidence to inform the review and has accepted its recommendations.
- 4.5 Information on the public's right to attend meetings of the Board and its Committees is available on [tfl.gov.uk](http://tfl.gov.uk), alongside the meeting agendas and papers and a calendar of forthcoming meetings. However public attendance at meetings of the Committees has been generally low. The meetings of the Finance and Policy Committee and Audit and Assurance Committee have been held in TfL's Palestra office while the venues for meetings of the various panels have varied between the Palestra and Windsor House offices. A simplified meeting structure with a single venue for most meetings and additional information on the right to attend may encourage greater attendance by the public.
- 4.6 The development of the TfL Pathway methodology, which provides an integrated and consistent framework for the delivery of projects, programmes and delivery portfolios across TfL, has demonstrated the benefits of a simplified decision making process with clear accountabilities. While the operation of a Projects and Planning Panel helped to reduce the burden of papers submitted to the Finance and Policy Committee, it can also extend the approvals process. It is important that any changes allow for effective but efficient decision-making.
- 4.7 The Safety and Sustainability Panel has taken an increased interest on matters relating to the accessibility of TfL's transport services.
- 4.8 As the Crossrail project prepares for and moves toward its operational phase, there is a need to provide Members with more regular information on the progress of the project.

### **5 Proposed changes to the Committee and Panel Structure**

- 5.1 To support greater transparency, it is proposed that the advisory Panels be treated as if they are subject to the LGA 1972 in respect of meeting in public, the use of Part 1 and Part 2 papers and dispatch of papers five clear working

days before the meeting. Additional information will be provided on [tfl.gov.uk](http://tfl.gov.uk) to reflect any changes and to encourage greater attendance.

- 5.2 To support a simplified decision making process with clear accountabilities, it is proposed that the Projects and Planning Panel be dissolved and its functions be integrated into the work of the Finance and Policy Committee. To make the agendas manageable and to ensure high quality papers, the Chair of the Committee will have the opportunity to review the draft agenda and papers and raise any issues with officers and members of the Independent Investment Programme Advisory Group before the agenda and papers are finalised. Sufficient time will be provided to enable any issues raised to be addressed before the papers are dispatched for the formal meeting. Other Members would be welcome to attend these discussions. This approach is consistent with common practice in Local Government, including the GLA.
- 5.3 To reflect the wishes of Members that the Safety and Sustainability Panel give more attention to accessibility issues and raise its profile internally and externally, it is proposed that the Panel be renamed the Safety, Accessibility and Sustainability Panel and its accessibility remit be made more explicit in its terms of reference.
- 5.4 To reflect the changing nature of the Crossrail project, progress reports will be submitted to the Finance and Policy Committee and the Board. At an appropriate point, the reporting of Crossrail matters would also be folded into the quarterly Operational and Financial Performance report and in the Rail and Underground Managing Director's Report to the Rail and Underground Panel.
- 5.5 No changes are proposed to the operation of the Audit and Assurance Committee or the Remuneration Committee. Apart from complying with the LGA 1972 meeting arrangements, no changes are proposed to the operation of the Rail and Underground and Surface Transport Panels.
- 5.6 In light of the above, the existing structure, shown in Appendix 1, has been reviewed and a revised structure shown in Appendix 2 is proposed.
- 5.7 As all meetings of the Committees and Panels will meet in public, the usual venue for meetings will be the Palestra building, except for the Board and Remuneration Committee, which will continue to meet at City Hall.

## **6 Next Steps**

- 6.1 If agreed in principle, the intention would be to introduce the structural changes from 1 April 2014. This would provide sufficient time for a further paper to be submitted to the Board proposing changes to Standing Orders and revised terms of reference and membership. The 2014/15 meeting calendar would be developed using the proposed meeting structure and will be available shortly.

**List of appendices to this report:**

Appendix 1: Current Structure of TfL and its Subsidiary Bodies

Appendix 2: Proposed Structure of TfL and its Subsidiary Bodies

**List of Background Papers:**

Standing Orders

Subsidiary Bodies of TfL

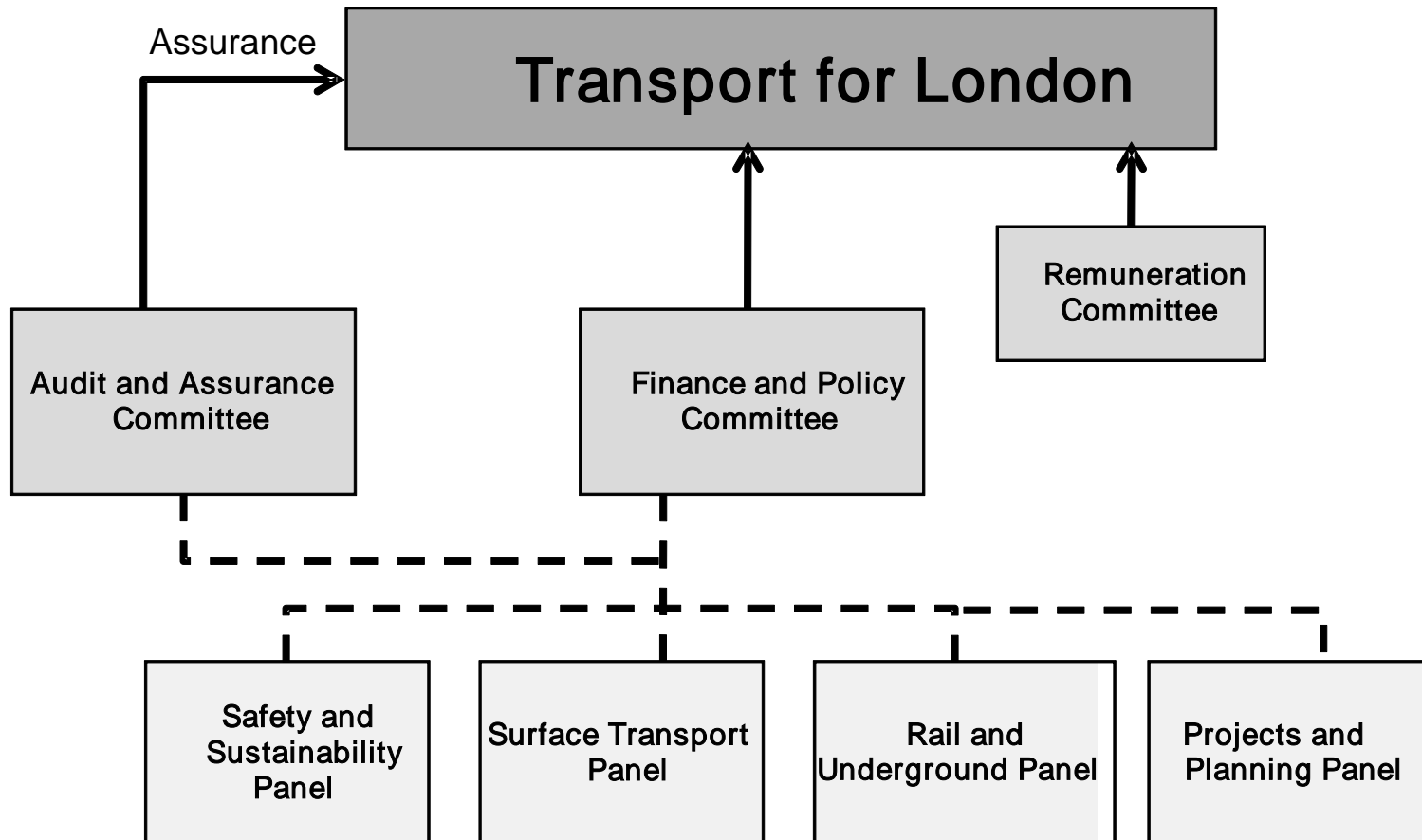
Board paper on Review of Board Performance and Governance - December 2012

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### Current Structure of TfL and its Subordinate Bodies



## Proposed Structure of TfL and its Subordinate Bodies

