

Date: 18 December 2014

Item 7: Sustainability Update

This paper will be considered in public

1 Summary

This paper provides the Panel with an annual update on the progress and plans for delivering sustainability in TfL.

2 Recommendation

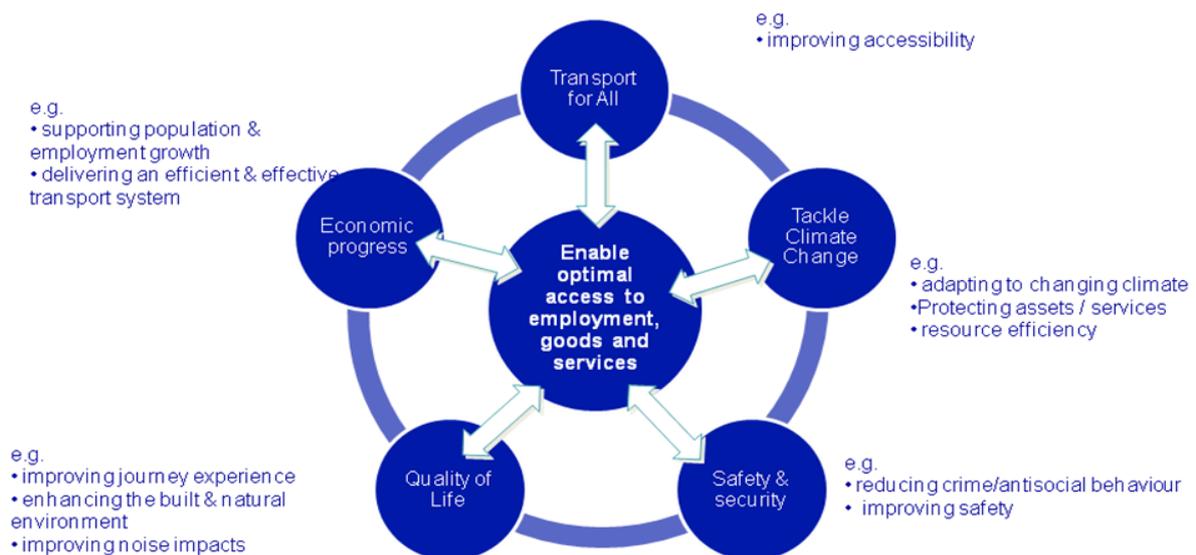
2.1 The Panel is asked to note this paper.

3 Background

3.1 The TfL Story (see Appendix 1) says that every day we will deliver safe, reliable, clean, sustainable and accessible transport. TfL has responsibilities to demonstrate how it provides value for public investment and is a responsible corporate employer and buyer of goods and services. TfL has been working to ensure that it delivers services in a sustainable way since 2012. TfL has moved beyond an initial implementation stage to a point where there is some good progress.

- 3.2 TfL explains sustainability using a framework that is at the heart of the Mayor's Transport Strategy.

TfL's Sustainability Approach



4 Progress in 2014/15

Maturity Review

- 3.1 A review of TfL's sustainability maturity has taken place, using the self assessment tool from the Sustainable Rail Programme. This tool was developed by the RSSB (Rail Safety Standards Board) and Forum for the Future.
- 3.2 An assessment took place by interviewing members of Rail and Underground's Value and Sustainability Programme Board and other senior managers from across TfL who lead on areas identified by the assessment framework as important, such as human resources and customer analysis. A summary of the results is at Appendix 1. This information has helped to develop plans going forward, which are outlined from section 3.10. The main headlines are:
- (a) **Whole life cost** - The most common theme that arose was a lack of awareness of the early work being done (for example in Engineering) to improve delivery of whole life cost principles, linking initial project spend purchasing decision with delivering better value through improved maintenance and power efficiencies. There are challenges to be addressed with how projects monetise operational spend.

- (b) **Delivering the Sustainability Framework** – There were common views that TfL delivers many positive activities relevant to the sustainability framework, however the results showed that TfL does not:
 - i) always follow this through in a full sustainability (or CSR) approach. For example, Customer Insight is completed and linked to business planning, but this is an internal process and is not presented in a transparent way to show the quality of decision making to stakeholders.
 - ii) step back and review good activity through a sustainability lens; thus enabling better collaboration. Therefore, initiatives are not always done in a planned, consistent way to achieve goals and are not reported on together to convey TfL’s sustainability achievements.
- (c) **Supporting Mayoral Goals** - TfL assists with achieving Mayoral targets but these are usually London-wide and TfL does not always transpose them into what works best for TfL as an organisation and as an employer.
- (d) **Delivering World Class Reporting** - Together the above issues mean that TfL is losing opportunities to achieve full value, share good practice and present our fullest range of benefits as part of what is expected from a world-class organisation.

3.3 The majority of the results show that TfL is in the ‘performer’ or ‘leader’ categories of the RSSB assessment in the scale of its own sustainability maturity. The assessment is not a benchmarking tool, it is intended for self-assessment. Not all organisations using the self-assessment allow sharing of the findings. Instead, TfL is planning to follow this up with a benchmarking exercise that builds on existing comparisons with other well recognised customer service brands.

Sustainability Assessment in Projects

3.4 All TfL programmes and projects worth over £1m undergo a mandatory sustainability assessment at an early stage of the project management process. This has helped with several major planning permission requests and ensures that sustainable design features are identified.

3.5 During this year TfL reviewed progress and implementation, including a survey of sponsors and Project managers and a review of how this was undertaken at some leading engineering consultancies. TfL has reviewed lessons learned and suggestions for improvements from the first six months of using the sustainability assessment. They include better guidance and links throughout the Project management process between the sustainability assessment, the Sponsor’s requirements, design and engineering. In order to promote buy in and support for the use of the assessment in Pathway, sponsor and programme manager briefings on sustainability and use of the Sustainability Assessment product have been held.

- 3.6 Sustainability assessments and associated action plans have been delivered this year for:
- (a) Better Junctions Programme including specifics for Old Street roundabout and Westminster Bridge and junction;
 - (b) Fit for the Future Stations programme – built environment and visitor information centres;
 - (c) Night Tube;
 - (d) Integrated condition and event monitoring for signals;
 - (e) Further detail on Northern Line Extension;
 - (f) Bromley by Bow station;
 - (g) Detailed Deep Tube Programme elements – rolling stock, rail control systems, infrastructure; and
 - (h) Victoria Line World Class Capacity
- 3.7 We presented this approach to the European Investment Bank, as a requirement of their due diligence on our sustainability performance when assessing an extended loan facility to cover several capital programmes. They had been expecting formal Environmental Impact Assessments but as most of the programmes didn't require these under law, the Bank was impressed that we do the internal assessments anyway.

Sustainability Report

- 3.8 TfL reviewed requirements for a good practice sustainability (or Corporate Social Responsibility – CSR) report based on international guidelines and good practice from world class transport organisations, to assess whether it is ready to produce a sustainability report. Guidelines recommend that good sustainability or CSR reports provide information that is relevant to a wide group of stakeholders. In addition to financial information, they should cover the most significant economic, social and environmental impacts and benefits from an organisation's activities. Therefore, TfL should take the opportunity to build trust with stakeholders, conveying publicly in one engaging report the full story of how TfL is delivering value for public money, accountability and the balanced score card.
- 3.9 The findings show that whilst TfL intrinsically does much work which can be considered relevant to the sustainability agenda, it needs to plan a consistent and joined-up approach to setting a sustainability policy sustainability and

performance indicators before it can effectively report on it.

Proposed Plan for 2015/16

- 3.10 TfL is planning to build on the progress of Rail and Underground's 'The Plan' and so it is setting several milestones under the 'Developing a Sustainable Business' work stream. The milestones are being developed and are going to come under the following headings:

Reviewing Sustainability Opportunities in Further Business Areas

- 3.11 Last year a review took place of the sustainability opportunities in London Underground's Chief Operating office (operations and maintenance area), achieving good buy in from Fit for the Future Stations programme and the Night Tube project. Next year TfL is proposing a milestone to review sustainability opportunities in its human resources and information management divisions.

Policy and KPIs

- 3.12 Building on the results of the maturity and reporting reviews, TfL will propose a sustainability policy and key performance indicators for Rail and Underground through the Value and Sustainability Programme Board and The Plan. The Sustainability team will support Surface Transport's plans and propose this approach to them and will also support the work of the Planning directorate in enhancing the 2015 TfL Annual Report to include sustainability reporting good practice principles. This is also supported by the SASP Sustainability Adviser.

CEEQUAL

- 3.13 CEEQUAL is the Civil Engineering environmental and quality assessment. It provides a framework and score for the sustainability of project design and delivery. To date TfL's approach to using this has been somewhat ad hoc. This year, there is a plan to create a formal requirement/policy for CEEQUAL on an agreed threshold of civil engineering work. Supporting case studies will be produced on matters such as the value of waste saved from landfill for projects that have already progressed well with CEEQUAL e.g. Bank and Bond Street stations. This will include a library of good practice and lessons learned. Support will also be given to new projects in using CEEQUAL, such as Camden, South Kensington.

Enabling Activities

- 3.14 A review of the links and opportunities offered by the European Foundation for Quality Management Excellence Model will take place. Further improvements to the project management sustainability assessment, including sustainability links in design and engineering elements of the process will be made. In addition, engagement will take place with Procurement colleagues, as part of the Commercial Capabilities Programme, to improve the

consistency and quality of key sustainability elements into our supplier selection and contracts. A benchmarking exercise to see how TfL's sustainability position compares against relevant organisations will be undertaken. Finally support will be given to the work with a programme of communication and engagement, including plans based on an updated stakeholder analysis.

List of appendices to this report:

Appendix 1: The TfL Story

Appendix 2: Maturity Review Detailed Findings

List of Background Papers:

None.

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The TfL Story

The Transport for London Story

Our goal

To keep London working and growing and make life in London better. We will deliver a transport system that secures London's position as a world-leading city and the engine of the UK economy. Our services will ensure that those who live and work in and visit London can access all the Capital has to offer in terms of jobs, leisure, health and education.

Our strategy

This has four pillars:

- Our customers and users – we will demonstrate that every journey matters, putting customers and users at the centre of everything we do
- Our people – we will be accountable, actively seek solutions to problems, and work with other people, directly, fairly and consistently
- Our delivery – every day we will deliver safe, reliable, clean, sustainable and accessible transport. We will introduce new assets without any disruption to services, and we will deliver our major investment programmes efficiently, getting them right first time, every time
- Value for money – we will continually ask 'can we do this better, simpler, or cheaper?' and we will deliver clear value for fare and tax payers' money, helping us to secure funding for major improvements to our transport infrastructure

Our priorities

- Deliver high and consistently improving standards of operational performance and service to customers and users across the full range of our responsibilities, building on the success of our delivery during the 2012 Games
- Deliver our investment programme on time and to budget, with the upgrade and capital renewal of our Tube, rail and road networks, plus Crossrail, at its core
- Continually strive to be collaborative, innovative, lean and integrated

Our organisation

We are a single, fully integrated authority which exists to serve London, and which our people are proud to represent. We work together as a team to ensure that we deliver for, and listen to, our customers, businesses, users and stakeholders and that they find us easy to do business with. We will work together with high levels of personal accountability, proactivity and collaboration and continually strive to be more innovative, lean and integrated.

Appendix 2

Maturity Review Detailed Findings

1.1 Customer driven – High Level Performer

It is clear that customers are core to the business plan and their satisfaction rate is a central KPI to the business. A highly satisfactory day-to-day service is provided. Future projects consult with customers and stakeholders.

1.2 Putting rail in reach of people – Mid Level Performer

There were many examples cited of accessibility being delivered but this has sometimes been affected by affordability. There is some good practice e.g. the 'turn up and go' approach for wheelchair users, but this isn't always consistent across all our networks. Accurate real time information is important to the reputation of TfL with its customers.

1.3 Providing end-to-end journeys – High Level Performer

The focus on providing an integrated transport system is seen as high level performance, especially with the web site. There is still some improvement to make the customer experience seamless, especially at the service level about sustainable mode or route choices. TfL needs to communicate more between different parts of the organisation to make the customer experience seamless.

1.4 Employer of choice – Mid Level Performer

Graduate and apprenticeship schemes are clearly very important to the company but could be more consistently used. TfL is internally regarded as having an equal and diverse workforce. The impact of the viewpoint survey varies widely across the business; although there were mixed results about how well action is taken to address any issues raised.

1.5 Reducing environmental impact – Low Level Performer

Whilst we have a functioning environmental management system, other world class transport companies would have these, and have moved on to eg an energy management system as well. TfL has a large volume of data but it is not always used effectively, for example the current challenges being seen in obtaining information for the Enhanced Capital Allowances tax rebate. There is a perception that project finance focusing on lowest unit cost means we don't realise maintenance benefits. CAPEX and OPEX budgets should be aligned. Most respondents believed that TfL were performing above legislation. Preventative measures are looked at by some parts; however others seem to focus on mitigation.

1.6 Carbon Smart –

High Level Beginner

The perception of challenges in delivering full whole life costing was again raised. Most projects initially have the intent to be more carbon smart but short-term financial savings are perceived as a priority. Normalised data indicates that carbon emissions are decreasing. As we are delivering more frequent services, absolute levels of carbon emissions are increasing. TfL collaborates with energy organisations to aid in the reduction of carbon intense energy supply.

1.7 Energy Wise –

Mid Level Performer

Normalised data indicates that we are reducing energy. Absolute energy usage is increasing due to increasing the service provided and project investment. A major theme with the environmental/carbon/energy area was that we sometimes rely heavily on Mayoral policies to drive change, rather than be proactive and stay ahead of potential legislative changes.

1.8 Supporting the Economy –

High Level Performer

The organisation regularly identifies cost efficiencies. TfL provides a resilient system against physical impacts but not necessarily against changing markets (e.g. resilience to energy cost spikes). The increase in operating area is increasing access to jobs. Local jobs are created through large projects.

1.9 Optimising the railway –

Low Level Leader

There is planning to ensure that the most cost efficient way of running an optimal future service. There is work is being done on getting the best railway from existing assets. Commercial opportunities are being explored to improve customer experience.

1.10 Being transparent –

Mid Level Performer

The consensus was that TfL largely publishes positive messages externally, tending to avoid negative comments.. Our customers tell us that communicating our challenges and discussing where improvement is needed will help future reputation of TfL, and we believe success. Our aim is to improve our transparency, which we know is being considered and to build further on these initiatives.