

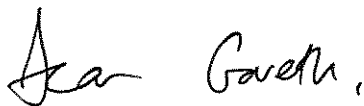
MAYOR OF LONDON

Gareth Bacon AM

Chairman of the Budget and Performance Committee
City Hall
The Queen's Walk
More London
London SE1 2AA

Our ref: MGLA210716-8870

Date: 04 OCT 2016



Re: Transport for London's Signal Failure

Thank you for your letter of 18 July

I thank the Committee for looking into this for Londoners. I am absolutely committed to making sure that we never see a repetition of the problems that dogged the Bombardier Transportation contract. My response to your report's recommendations is set out below.

Recommendation 1

When the next Mayor appoints a new TfL Board, he/she should ensure that it has the breadth of skills and experience to effectively cover all aspects of TfL's operational and investment activity. We look forward to seeing TfL's guidance on the key skills the Board should have and ask the Mayor to give it due consideration when making Board appointments.

One of my first actions as Transport for London (TfL) Chair was to kick-start a recruitment process to ensure that the TfL Board has the breadth of skills, experience and diversity to help me deliver the best value for Londoners. This process was personally overseen by my Deputy Mayor for Transport, who herself has a wealth of experience to effectively cover TfL's activities.

You will be aware that I have now appointed a new TfL Board. Short profiles for all new confirmed and returning members are available from the TfL website at <https://tfl.gov.uk/corporate/about-tfl/how-we-work/corporate-governance/board-members>.

The new Board's skills and experience goes beyond the Greater London Authority (GLA) Act 1999 requirements and takes account of the findings of Deloitte's independent review into the TfL Board's effectiveness – see Appendix 1. This was also set out in a paper to the TfL Board's 22 September meeting describing the appointments to its Committees and Panels. This is now available as a reference point for future appointments, subject to any changes that may be made as a consequence of the regular reviews into the effectiveness of TfL's Board.

MAYOR OF LONDON

I promised to reshape TfL's Board and make it reflect London's diversity and that's what I have done. This Board brings together a huge range of talent, experience and backgrounds. Together we will ensure that TfL delivers the world-class transport system that Londoners deserve.

Recommendation 2

The new Mayor should carry out a review of the role, remit, strategy, resource allocation and performance of IIPAG and how this fits with TfL's broader assurance and accountability framework. In particular, the review should set out what additional work it would do if it was given more resources and the value this would add.

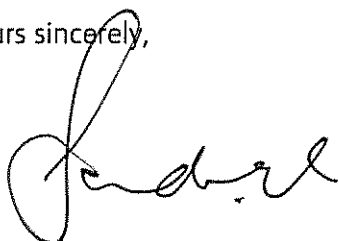
The independent assurance and expert advice that the Independent Investment Programme Advisory Group (IIPAG) has provided to TfL is crucial to ensuring TfL's investment decision-making is robust and able to get the best deal for Londoners. This is why my Deputy Mayor for Transport is overseeing a review of IIPAG's role and Terms of Reference following discussion at the 27 July meeting of TfL's Finance and Policy Committee.

Planning for the review is underway and I expect the findings and recommendations to be presented to TfL's new Programmes and Investment Committee by the end of the year. It will include consideration of a more detailed work plan for IIPAG and recommend changes to how it operates and how to make sure its resources are focussed in the best way possible.

In the meantime, the role of the IIPAG in relation to other parts of TfL's assurance framework has already been considered and acted upon. The changes included the establishment of the "Three Lines of Assurance" framework, devised by the Institute of Internal Auditors and recognised as good industry practice.

Other changes have been made including the separation of TfL's Project Assurance team from its Programme Management Office, making it independent of the delivery directorates. As part of this, the Project Assurance team increased in size so that it can deliver a continuous and risk-based approach, providing continuing assurance alongside reviews that take place at key project stages.

Yours sincerely,



Sadiq Khan
Mayor of London

Enc.

Cc: Lucy Pickering, Budget and Performance Committee Scrutiny Manager

MAYOR OF LONDON

Appendix 1: GLA Act requirements and Deloitte Review recommendations

- 1.1 Under the GLA Act the Mayor is required when appointing members:
- (a) to secure that at least two members are able to represent the interests of those living, working and studying in areas outside Greater London who use railway passenger services operated by TfL
 - (b) to have regard to the desirability of ensuring members between them have experience of:
 - (i) transport (including in particular the impact of transport on business and the environment);
 - (ii) finance and commerce;
 - (iii) national and local government;
 - (iv) the management of organisations; and
 - (v) organisation of trade unions or matters relating to workers generally; and
 - (c) to ensure that the membership of TfL represents the interests in relation to transport of women and of persons who require transport which is accessible to persons with mobility problems.
- 1.2 The Deloitte review recommended that the Mayor also consider the following broad range of experience and skills:
- (a) major infrastructure and regeneration;
 - (b) train engineering and manufacturing;
 - (c) urban space planning;
 - (d) environment and sustainability;
 - (e) business and consumer experience;
 - (f) digital technology;
 - (g) marketing and communications;
 - (h) big data, analytics and mobile communications;
 - (i) retail and customer service;
 - (j) treasury and government funding;
 - (k) health and safety; and
 - (l) change management.