Audit and Assurance Committee

Transport for London

Date: 6 March 2013

Item 11:   Update: Strategic Risk Management Q3

This paper will be considered in public

1   Summary

1.1   The purpose of this paper is to update the Committee on the status of TfL's Non Project Strategic Risks and proposed mitigations at Q3. In addition, the appendices set out amendments to the Operational Risk Policy (ORP) and the Risk Management Work Instruction (RMWI).

1.2   The key risk roles and responsibilities, and associated reporting framework are included within the RMWI, which also sets out the framework for risk reporting. The TfL and Finance Leadership Teams will review risk quarterly, with the output to be incorporated in quarterly risk paper to this Committee. The TfL Board will also receive an annual update on strategic risks.

2   Recommendations

2.1   The Committee is asked to endorse this paper.

3   TfL Non Project Strategic Risk at Q3 2012/13

3.1   The reporting of non-project strategic risk at Business Area level is well established within TfL. Rail and Underground, Surface Transport and the Corporate Directorates all have comprehensive risk assurance processes.

3.2   Following a pan-TfL re-organisation in 2012, Group Business Planning and Performance, together with the Risk Managers in the Operational and Supporting Business, initiated a programme to re-introduce a pan TfL Strategic Risk Register (SRR). The objective of the SRR is to capture the key risks that could impact the delivery of TfL's strategic objectives through the thematic aggregation of the strategic Business Area level risks. The TfL Quantified Strategic Risk Schedule (QSRS) is a schedule that quantifies where possible, the risks included in the SRR, over the Business Planning term.

3.3   At the Committee meeting on 5 December 2012, the Q2 iteration of the SRR and QSRS were presented to the Audit and Assurance Committee for review. A number of changes have been made to the SRR following on from recommendations made by the Committee. The revised Q3 SRR also incorporates the changes that have been requested by both the Leadership and Finance Leadership teams. The SRR is included as Appendix 1.

3.4   Two new risks have been added to the SRR:

SR12: Environmental Impact. TfL is committed to managing its environmental foot print and supporting the delivery of the Mayoral air quality target.

SR13: People Strategy. TfL aims to deliver excellent customer service. To do so, TfL must deliver the objectives of the People Strategy.

Trend Changes in this quarter

3.5 **SR1: Maintaining a long term strategic, balanced Plan within the constraints of available resources.** The current risk score has worsened due to further funding concerns. The Department for Transport has recently begun consultation with the Mayor on the impact of the departmental fiscal reduction on TfL. The Autumn Statement indicated that non protected departmental expenditure is expected to reduce by one per cent in 13/14 and two per cent in 14/15.

3.6 At this stage, TfL does not expect that its borrowing costs will be materially affected by the downgrade of the UK's and its long-term debt rating. The market's reaction to the downgrade of the UK was muted, indicating that the risk was already priced into the market. However, TfL will continue to monitor closely the impact of both the UK Sovereign's and TfL's downgrades on market rates and fiscal and/or monetary policies decisions.

3.7 The Department for Communities and Local Government (DCLG) have already announced their intention to reduce the element of TfL funding paid from the Business Rate Retention by 1.6 per cent. This amounts to a reduction of £12m each year for 2013/14 and 2014/15. The DCLG also announced that the funding for the Bus Service Operator Grant will reduce by £675k in 2013/14 and 2014/15.

3.8 TfL's funding agreement comes to an end in 2014/15. With the risk of cuts of 3.2 per cent from 2015/16 as indicated in the Autumn Statement this will compromise TfL's ability to make the most efficient use of funding to support long term investments. TfL will continue to make its case as part of the Spending Review, together with exploring the mix between Resource and Capital funding from Government.

3.9 **SR 5: Disruption to quality of service**. The current risk score reflects a changing trend. This is based on the complexity of the ongoing upgrades in Rail and Underground and competing priorities in Surface Transport.

3.10 **SR 7: Major events.** The current risk score has improved. This trend is based on the successful delivery of the transport service during the 2012 Games.

3.11 **SR 11: Industrial relations**. The current risk score indicates a changing trend following the strike in Rail and Underground in December 2012 and the risks created by the imminent Rail and Underground transformation programme.

3.12 **SR12: Environmental impact of delivering a transport service**. The current risk score has slightly changed. The operating businesses believe that to meet the existing and any additional increases in service demand there will be significant upward pressure on emissions and electricity consumption. Accordingly, it is increasingly unlikely that TfL will meet the regulatory targets issued.

4 TfL Operational Risk Policy and Risk Management Work Instruction

4.1 TfL's ORP sets out TfL's policy on Risk Management. The ORP is the principal risk document. All other risk documents in the Business will align to the methodology set out in the ORP.

4.2 This methodology is expanded in the RMWI. The document sets out clear and concise procedures to manage risk and includes roles and responsibilities for the risk management process and defines the risk appetite.

4.3 Both the ORP and RMWI have been amended to reflect the impact of the establishment changes within TfL due to recent re-organisation. Revisions have been made to the sections which set out the responsibilities for the management of Strategic Risk.

4.4 The ORP has also been updated to reflect the development of TfL's new Management System (MS). The MS workstream is led by General Counsel. The primary objective is to standardise the business management and Governance Framework across TfL. Under this new framework, all new policy documents will be supported by work instructions. The ORP and RMWI are set out in Appendix 2 and Appendix 3 respectively.

5 Next Steps

5.1 **Progress on quantification of risk**. Within TfL, risks are scored using a combination of qualitative (use of a generic scoring matrix) and/or quantitative (financial estimations of the risk) methodology. Work is progressing with the quantification of strategic risk. The completed Q4 QSRS will be submitted to the Audit and Assurance Committee meeting of 19 June 2013. The schedule will quantify or measure as appropriate all the risks captured in the SRR over the Business Planning term.

5.2 **Audit Plan.** Internal Audit have integrated the SRR into the 2013/14 Integrated Assurance Plan. The outcome of the audit work will be presented to the Audit and Assurance Committee in line with existing Internal Audit processes. The final versions of the 2013/14 Integrated Assurance Plan have been presented to the London Underground and Rail and Surface Board.

5.3 **Project Risk Management process.** Project risk management and its governance is led by TfL Project Management Office. The team are developing a single consistent Project/Programme Methodology, which is known as 'Pathway.' This will be implemented across TfL's capital investment portfolio. The new framework is currently being trialled on a number of programmes and will be launched in Q1 2013.

List of appendices of this report:
Appendix 1 - Strategic Risk Register
Appendix 2 - Operational Risk Policy
Appendix 3 - Risk Management Work Instruction

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TfL Strategic Risk Register Q3 Update 2012/13

Value for Money						
1. Maintaining a long term strategic, balanced Plan within the constraints of available resources.				**Owner:** Steve Allen		
TfL undertakes a Business Plan each year, prioritising spend to ensure a long term strategic balanced plan. There is a risk in later years that available resources may not cover all required activities. This may be due to: • revenue reductions • secondary revenue shortfall • market conditions that limit the financial viability of property development opportunities over station assets (Crossrail) • material shortfall in delivering the savings and efficiencies programme • disruption to financial markets impacting TfL's ability to borrow • Counterparty insolvency • Grant reduction.	**Current**	**Mitigating Actions**	**Status**	**Target**	**Trend**	
	H	Cost control measures in place include the quarterly forecast and review process. This review will ensure the Business Plan remains balanced over the long term, including taking corrective action if necessary.	Ongoing	**M**	↑	
		Periodic budget monitoring to review progress against secondary revenue target to act as an early warning indicator.	Ongoing			
		Maintain cash balance via cash flow forecasting and daily checks on TfL's cash position by the Treasury team in the event market conditions prevent borrowing.	Ongoing			
		Annual review of the expected outturn of property proceeds is undertaken at the end of each year.	Ongoing			
		Effective scrutiny and challenge to savings delivery through greater analysis and challenge via existing BAU periodic reviews and reporting processes.	Ongoing			
		Monitor market conditions through daily checks (Bloomberg) and review of periodic reports issued by Banks on the current conditions to act as an early warning indicator.	Ongoing			
		Increase the prospective development proceeds for sites by exploring additional commercial opportunities where applicable. Ensure TfL has some flexibility with regards to sites offered on the market, thereby optimising the Over Station Development returns in the future.	Fallback			
Review comment: *Worsening trend is due further concerns about the impact of funding reduction from Government Departments (DfT & DCLG) on TfL*						

Key
Based on ARM scoring

■	Very High
■	High
■	Medium
■	Low
■	Very low

Trend

|	Worsening
—	Level
|	Improving

Status	Definition
Fallback	Alternative plan
In progress	New action and/or business process
Ongoing	Existing controls or processes

Delivery

2. Ability to re-prioritise short term deliverables in response to external factors.				**Owner:** Steve Allen		

	Current	**Mitigating Actions**	**Status**	**Target**	**Trend**
TfL is required to respond to external factors from various bodies. There is a risk that TfL is required to reprioritise its short term operational challenges and requirements. This risk is focused on the immediate two year time frame and the impact is that TfL needs to be able to successfully deliver an integrated, cost effective transport solution, maintain service delivery pledges and successfully deliver Mayoral priorities.	**M**	TfL undertakes demand forecasting, service planning and reliability, a business planning and budgeting process and an investment approval process.	Ongoing	**M**	⟷
		Leverage capability in Commercial Finance team to provide professional advice on projects, commercial agreements, areas of new business development and to analyse/structure TfL's involvement in mayoral priorities.	Ongoing		
		Contingency planning to adjust for the impact of revenue shortfall on the short term deliverables.	Ongoing		
		Align projects and activities in the capital investment portfolio with the Mayoral Transport Strategy (MTS) and TfL corporate strategic objectives via the transport outcomes and the wider benefits they enable.	In progress		
		Manage stakeholders and keep them informed on the Business Plan position to reduce the likelihood for reprioritisation.	In progress		

Key
Based on ARM scoring

	Very High
	High
	Medium
	Low
	Very low

Trend

	Worsening
—	Level
	Improving

Status	Definition
Fallback	Alternative plan
In progress	New action and/or business process
Ongoing	Existing controls or processes

Value for Money					

3. **Pension Fund**				**Owner:** Tricia Riley	

	Current	**Mitigating Actions**	**Status**	**Target**	**Trend**
TfL recognises the importance of providing good pension benefits to members. There is a risk of a potential future TfL Pension Fund deficit. This may be due to adverse or unmatched movements, a collapse in investment markets and/or the non achievement of expected performance as a result of inappropriate actuarial assumptions (inaccurate member data or inaccurate asset information used by the Actuary for valuation).	**M**	Ensure that TfL has a well diversified investment strategy across all portfolios to minimise risk.	Ongoing	**L**	↔
		Agreement and review of a prudent funding target with TfL Pension Fund Trustees to ensure that adequate contributions maintain the sustainability of the fund.	Ongoing		
		Regular monitoring of the funding position and communication with the Trustees/Actuary regarding employer contributions.	Ongoing		

Key
Based on ARM scoring

	Very High
	High
	Medium
	Low
	Very low

Trend

ǀ	Worsening	
—	Level	
ǀ	Improving	

Status	Definition
Fallback	Alternative plan
In progress	New action and/or business process
Ongoing	Existing controls or processes

Delivery					
4. Delivery of capital investment portfolio and contract management				**Owner:** Mike Brown/ Leon Daniels	

	Current	Mitigating Actions	Status	Target	Trend
TfL needs to ensure efficient and effective project and contract management to enable it to meet its milestones. This will ensure that projects are delivered on time, within budget and are fit for purpose.	M	Corporate Gateway Reviews and Approvals process to inform cost effective delivery of capital investment portfolio	Ongoing	L	↔
		Directorate led reviews of capital projects and programmes	Ongoing		
		Consultation with IIPAG on benchmarking to; demonstrate organisational competence in delivering the capital investment programme, demonstrate an efficient and cost effective approach to whole life asset management following PAS 55 accreditation.	Ongoing		
		Delivery of the programme management capability programme – an initiative to improve delivery capability and maturity across TfL.	In progress		
		Develop and implement a single, consistent framework across TfL (Pathway) to support delivery of capital investment portfolio - project controls effectiveness, process clarification and project management systems.	In progress		

Key
Based on ARM scoring
Very High
High
Medium
Low
Very low

Trend

| Worsening
— Level
| Improving

Status	Definition
Fallback	Alternative plan
In progress	New action and/or business process
Ongoing	Existing controls or processes

Our Customers and Users						

5. Disruption to quality of service — Owner: Mike Brown/ Leon Daniels

	Current	Mitigating Actions	Status	Target	Trend
TfL aims to deliver the best quality service to its customers. There is a risk of disruption to quality of service due to: • implementing complex, major asset renewal and replacement programmes that are interrelated on an operational rail, bus operations, roads network • frequent closures of lines or major stations • changes to operational procedures and resource requirements after completion of asset upgrades. These create the potential to disrupt customer service due to, possible asset/ systems failure on implementation and further knock-on effects.	M	The Transformation Plan is a key work stream that will ensure the implementation of the operational upgrade. This includes governance arrangements, programme monitoring, reliability forecasting, staff training and improved incident response	In progress	M	↑
		Delivery of the Access Improvement plan to review and improve the processes, structure and organisations involved in the planning and management of access. This includes creation of a single, accountable access delivery organisation for the operational railway.	In progress		
		Additional investment via the Reliability programme to target the worst performing areas across TfL.	In progress		
		Design and implement network resilience models, plans and workshops to help embed changes to procedure.	In progress		
		Mitigate effects through diversion of resources to support travelling public. Redistribute Network Operations resources on targeted areas of the Bus and Roads network to minimise the worst effects of disruption.	Fallback		

Review comment: *Worsening trend is based on the complexity of the ongoing upgrades in R&U and competing priorities in ST (e.g. increased Cycle Super Highways)*

Key
Based on ARM scoring

	Very High
	High
	Medium
	Low
	Very low

Trend

| Worsening |
| Level |
| Improving |

Status	Definition
Fallback	Alternative plan
In progress	New action and/or business process
Ongoing	Existing controls or processes

Our Customers and Users					

6. Security				Owner: Mike Brown/ Leon Daniels	
	Current	**Mitigating Actions**	**Status**	**Target**	**Trend**
TfL provides a mass public transport system for London. There is a risk of domestic or international terrorism or threats to security which may cause casualties, disrupt operational service, damage assets and create fear in the travelling public.	**M**	Major incident prevention and response planning, pre-employment screening and critical infrastructure resilience.	Ongoing	**L**	↔
		Awareness training, CCTV, physical security measures, and internal resilience groups.	Ongoing		
		Terrorism Insurance Cover to assist with cost of repairs to damaged TfL assets.	Ongoing		
		Intelligence and liaison with police and security service.	Ongoing		

Key
Based on ARM scoring

	Very High
	High
	Medium
	Low
	Very low

Trend

	Worsening
−	Level
	Improving

Status	Definition
Fallback	Alternative plan
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Ongoing	Existing controls or processes

Our Customers and Users						

7. Major events				**Owner:** Mike Brown/ Leon Daniels		
	Current	**Mitigating Actions**		**Status**	**Target**	**Trend**
TfL provides the mass public transportation system for London. This includes providing services for irregular major events such as Royal and sporting occasions. When increased demand is required, and to ensure its good reputation, TfL must be able to successfully deliver enhanced transportation arrangements.	**L**	Revision of timetables and possible service enhancements.		Ongoing	**VL**	↓
		Contingency Planning with event organisers, police and other emergency services.		In progress		
		Close collaboration within TfL, with other transport providers and wider stakeholders.		In progress		
		Major events planning and operational readiness review programmes implemented to ensure customers and users are able to travel to major events in London in a safe and timely manner		Ongoing		
Review comment: *Improved trend is based on delivery of excellent transport service during 2012 Games*						

Key
Based on ARM scoring
Very High
High
Medium
Low
Very low

Trend
| Worsening
— Level
| Improving

Status	Definition
Fallback	Alternative plan
In progress	New action and/or business process
Ongoing	Existing controls or processes

Our Customers & Users					
8. Managing external stakeholder interests				**Owner:** Vernon Everett	
	Current	**Mitigating Actions**	**Status**	**Target**	**Trend**
TfL has to adequately manage and respond to public criticisms from informed and knowledgeable leaders. These criticisms may influence stakeholders and could impact on the perception of the organisation which may influence the availability of funding and support.	**M**	Continue to build relationships with key stakeholders and maintain a capable stakeholder communications team.	Ongoing	**M**	↔
		Manage Mayor's questions and produce periodic performance reports.	Ongoing		
		Consultation with IIPAG on benchmarking to; • demonstrate organisational competence in delivering the capital investment programme, • demonstrate an efficient and cost effective approach to whole life asset management following PAS 55 accreditation	Ongoing		

Key
Based on ARM scoring

	Very High
	High
	Medium
	Low
	Very low

Trend

	Worsening
—	Level
	Improving

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Fallback	Alternative plan
In progress	New action and/or business process
Ongoing	Existing controls or processes

Our Customers and Users						
9. Major Incident - External				**Owner:** Mike Strzelecki		
	Current	**Mitigating Actions**		**Status**	**Target**	**Trend**
TfL is dedicated to the safety of the travelling public. There is a risk of an incident that leads to wide spread service disruption, asset damage and injuries and/or fatalities. This could be due to a natural disaster or safety risk. The knock-on impact would be disruption and adverse impact on TfL's safety reputation.	**M**	Development of, and adherence to, Company Management System and TfL Standards		Ongoing	**M**	↔
		Monitoring, audit and review of safety performance and safety management.		Ongoing		
		Communication with Environment Agency and Met Office for early warnings of significant weather effects/potential flooding.		Ongoing		
		Training programme to up skill managers and enable up to date risk assessments of operational assets.		In Progress		
		Develop, build and operate a co-located Command and Control Centre (LUCC) to bring together all of the main network system control functions which will enhance safety and improve response times to possible incidents.		In progress		

Key
Based on ARM scoring

	Very High
	High
	Medium
	Low
	Very low

Trend

│	Worsening
─	Level
│	Improving

Status	Definition
Fallback	Alternative plan
In progress	New action and/or business process
Ongoing	Existing controls or processes

Our Customers and Users					
10. Major incident - Internal Systems				**Owner:** Vernon Everitt	

	Current	**Mitigating Actions**	**Status**	**Target**	**Trend**
TfL is committed to maintaining efficient back office infrastructure, systems and processes. There is a risk the fare collection system may fail temporarily and result in loss of revenue. This may also result in financial loss and damage to the integrity and confidence of the fare collection system.	**L**	Develop and maintain Business Continuity plans to ensure speedy recovery and business resilience.	Ongoing	**L**	↔
		Ensure continuous monitoring and action via the Oyster Control Centre.	Ongoing		
		Manage and maintain a robust change control regime for Cubic and TfL Systems that integrate with the Ticketing System.			

Key
Based on ARM scoring
- Very High
- High
- Medium
- Low
- Very low

Trend
| Worsening
— Level
| Improving

Status	Definition
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Our People					

11. Industrial Relations (IR)				**Owner:** Mike Brown/Leon Daniels	

TfL works in collaboration with Trade Unions (TUs). This ensures that issues are dealt with before they result in potential strikes or other work disruption. These issues may include the introduction of new technology and its perceived threat to job security, reorganisations, perceived threats to employment and employment conditions, implementation of TfL common policies and safety concerns. This could lead to a possible reduction in TfL's service and impact on TfL's reputation.	**Current**	**Mitigating Actions**	**Status**	**Target**	**Trend**
	H	Maintain strong links with external organisations to monitor relevant industry trends and developments impacting IR and build effective working relationships with TUs	Ongoing	M	↑
		Embed Employee Relations Strategic Plan and adopt a tactical approach to dispute management taking into account the unique circumstances and our strategic principles	Ongoing		
		Regular reports from franchise/concession (Bus and Rail) operators on the status of relationship with Trade Unions, ballots and pay negotiations.	Ongoing		

Review Comment: *Worsening trend follows from recent strike in R&U (Dec 2012) and the imminent R&U transformation programme*

Key
Based on ARM scoring
- Very High
- High
- Medium
- Low
- Very low

Trend
| Worsening
— Level
| Improving

Status	Definition
Fallback	Alternative plan
In progress	New action and/or business process
Ongoing	Existing controls or processes

Our Customers and Users					

12. Environmental impact of delivering a transport service — **Owner:** Mike Brown/Leon Daniels

	Current	Mitigating Actions	Status	Target	Trend
TfL aims to demonstrate its commitment to managing its environmental foot print in order to meet various regulatory targets for emissions and to deliver Mayoral aspirations for air quality. There is a risk that increased service intensity across the network will drive upward pressure on emissions and hinder TfL's ability to meet the regulatory targets.	M	Deliver Mayoral aspirations on Air quality through capital investment programmes that enable More and Safer Cycling	Ongoing	L	↑
		Implement technology focused capital investment projects identified in the Business Plan to deliver reductions to NOx, CO2 emissions; these will enable TfL meet regulatory targets.	Ongoing		

Review comment: *Worsening trend due to concerns that ST and R&U may not meet regulatory targets*

Key
Based on ARM scoring

Very High	
High	
Medium	
Low	
Very low	

Trend

	Worsening
—	Level
	Improving

Status	Definition
Fallback	Alternative plan
In progress	New action and/or business process
Ongoing	Existing controls or processes

Our People						
13. People Strategy				**Owner:** Tricia Riley		
	Current	**Mitigating Actions**		**Status**	**Target**	**Trend**
TfL recognises the importance of a skilled and motivated workforce to help deliver excellent transport services. There is a risk that OneHR is unable to completely deliver the objectives of TfL's People Strategy which include knowledge retention, timely access to scarce resources, staff development and retention	**L**	Develop Resourcing Strategy that facilitates resource planning for future needs and make provision to acquire these resources proactively.		Ongoing	**VL**	↔
		Develop the Management System directly related to People Management to ensure information is consistent, simple to understand and easy to find to assist staff and managers in relation to HR issues.		In progress		
		Utilise an IT solution to improve the accuracy of workforce planning.		In progress		
		Implement the Managing Essentials Programme for new managers to ensure they learn skills and processes applicable to their roles in TfL and increase managerial competence.		Ongoing		
		Implement a single, unified Behaviour Framework to enable all TfL staff to work toward the same desired behaviours.		Ongong		

Key
Based on ARM scoring

	Very High
	High
	Medium
	Low
	Very low

Trend

I	Worsening
—	Level
I	Improving

Status	Definition
Fallback	Alternative plan
In progress	New action and/or business process
Ongoing	Existing controls or processes

Transport for London

Operational Policy

Risk Management

MAYOR OF LONDON

Contents

Transport
for London

1   Purpose

The purpose of this Operational Policy is to set out TfL's policy on risk management.

TfL recognises that effective risk management must be carried out consistently and effectively and according to best practice across the organisation.

2   Scope

2.1   This Operational policy applies to all TfL staff and contractors. This policy supports all TfL's level 1 policies and these include Finance, Asset Management, People, Information, Commercial & Procurement and HSE.

3   Objectives

TfL believes that for risk management to be successful, we must integrate risk management into our business framework and develop a culture within the organisation so that:

- The management of business risk is clearly driven from the objectives of the business,

- The ownership of business risk is not just the responsibility of senior managers but is fully embedded into all levels of management and activity

- All significant business risks have mitigating strategies and owners, and action plans identified, against which performance can be measured;

- Our risk management framework is aligned and integrated with our supply chain,

- Our culture encourages disclosure of issues and concerns, so timely and appropriate action can be agreed and implement as necessary; and

- TfL anticipates and responds to changing social, environmental and legislative requirements

4   Implementation

TfL will establish, operate and maintain an enterprise wide system of risk management that supports the achievement of the policy objectives by:

o   Implementing a TfL Risk management process including the use of the Active Risk Manager to record, monitor and manage risk

o   Incorporating risk management explicitly into the business planning process

o   Reviewing and reporting on the effectiveness of Risk management by internal audit via risk based assurance plans, and

o   Ensuring that TFL has adequate mechanisms in place to consider all risk affecting TfL where it is involved as a partner in a non contractual arrangement. As part of this process, risk documentation must be maintained and retained in accordance with TfL policy on Information and Security and TfL's ' Management System

o   Implementing all relevant risk control mechanisms that exist in the business

This will

- o Provide visibility of strategic risks

- o Maintain the integrity and effectiveness of risk controls

- o Achieve a balance between risk and reward and the cost of risk control

- o Ensure the integration of risk management into the organisation's culture, business processes and Management System.

5   Responsibilities

The responsibilities for delivering the policy objectives in Section 3 are described in the Table below. Further information on the frequency of reporting is provided in the Work Instruction.

Role	Responsibilities
TfL Board	- Own the risk management framework for the organisation - Delegate to the Audit & Assurance Committee the responsibility for implementing the risk management framework.

Audit and Assurance Committee	- Own the risk management framework on behalf of the Board
	
	 - Take the lead responsibility for ensuring the framework is implemented in the organisation.
	
	 - Act as the principal owner of the TfL Strategic Risk Register (SRR) on behalf of the Board
	
	     - Review the TfL SRR
	
	     - Report on strategic risks to the Board
	
	 - Review the effectiveness of internal controls including business risk and the associated controls and procedures

Leadership Team	- Implement the risk framework within their Operating Business or Directorates. - Visibly support and promote the risk management framework - Review, monitor and provide assurance on the risk management framework - Strategic review of safety risk - Promote a "risk aware culture" to facilitate timely identification and/or mitigation/realisation of risks and opportunities. - Ensure that risk management forms part of all major projects and business change initiatives - Monitor and review the status of risks and mitigating actions
Assurance Delivery Group	- Responsible for oversight of the risk management framework on behalf of the Leadership Team - Review the SRR and the Quantified Strategic Risk Schedule (QSRS) on behalf of the Leadership Team - Review and recommend changes to the risk framework for approval by the Leadership Team and the Audit & Assurance Committee. - Ensure that risks are mapped to sources of assurance

Role	Responsibilities
Finance Leadership Team	- Review and agree proposals for Group held contingency. - Review and approve the SRR. - Ensure risk management approach and its reporting is fit for purpose and it supports the strategic decision making process. - Review and approve risk submissions to the Audit & Assurance Committee.
Internal Audit	- Provide assurance to the Audit Committee on the effectiveness of risk management within TfL
Corporate Risk professionals Rail & Underground / Surface Transport/ Corporate)	- Develop and implement the Risk Management Policy and processes - Work with key Finance contacts to define the approach to risk appetite that works at group and Operating Business level - Develop and manage pan TfL strategic risk register - Risk reporting to the Audit Committee and Leadership Team(s) in conjunction with key Finance contacts. - Provide support and leadership to business areas on risk management process, risk models and software tools; - Act as the first point of contact for any part of the organisation outside the PMO looking for support in relation to risk management
Head of Group Insurance	- To design and implement insurance policy and strategy - Provide practical mitigation advice and insurance management to all functions - Maintain an overview and awareness of the Group risk profile

6 Supporting information

6.1 Project risk management

The corporate risk management process is supplemented in projects and programmes by a project risk management process. The requirements of the project risk process will be reported in the integrated Projects and Programme methodology and made available through the TfL Programme Management Office (PMO)

6.2 Person accountable for this document and policy implementation

Person accountable for the document
Steve Allen: MD Finance

6.3 Document history

Issue no	Date	Changes	Author
A1	Oct 2012	New Operational Risk Policy document - draft	T. Akanni
A2	Jan 2013	Revised draft to Operational Risk Management Policy	T. Akanni

Work Instruction

Risk Management

Issue date: 30/01/13
Review date: 28/01/13
Document Security:Unclassified

Issue No.:   A2

Contents

MAYOR OF LONDON

Transport for London

1   Purpose

1.1   The purpose of this Work Instruction is to describe the process and arrangements in place to ensure risk management is understood by staff and carried out in a consistent and effective manner within Transport for London (TfL). This document supports the Risk Management Policy

2   Scope

2.1   This Work Instruction applies to all areas of TfL and to all TfL business activity

3   Risk Management

3.1   General Principles

Effective risk management process comes from continuously, systematically and proportionally addressing the risks surrounding an organisation's activities and is part of the culture of the organisation.

A risk management framework and process enables the organisation to manage uncertainty in an effective, efficient and systematic way from strategic, programme, project and operational perspectives, as well as supporting continual improvement. It should be applied at all levels of an organisation and to all activities.

It considers and balances the negative aspects of risk, the prevention or reduction of potential problems, and the exploitation of potential opportunities.

Figure 1 Overview of effective risk management
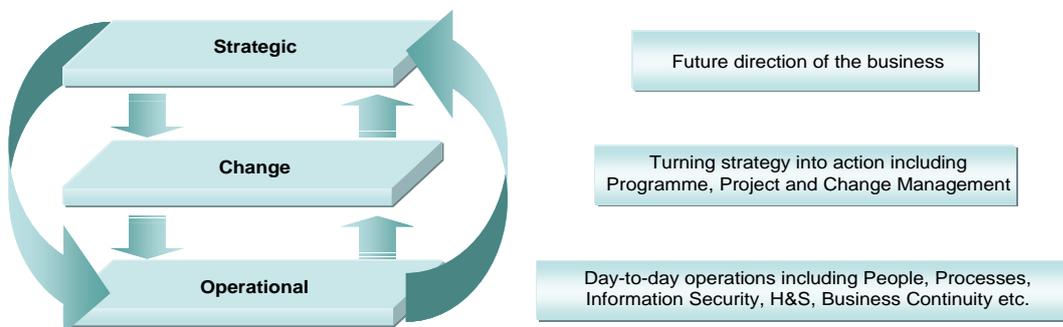
Strategic perspective: risk is involved in all decisions that affect the organisation and its relationship with its external and internal environment.

Programme and project perspectives: the organisation delivers its strategic plans through major programmes, which are delivered via a series of individual projects with their own uncertainties that should be actively identified, assessed and managed.

Operational perspective: the organisation's normal day-to-day operations, including support functions.

3.2   Steps in the Risk Management Process

The business risk management process must be applied consistently across TfL consists of the following stages:

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- **Risk identification** – the systematic identification and recording of risks, and factors giving rise to those risks.

- **Risk evaluation** – the assessment of relative likelihood of risks being realised, and the materiality/seriousness of potential consequences.

- **Risk management strategy (plan)** – the development and delivery of strategies (plans) to manage the risk and its consequence.

- **Risk monitoring & assurance** – the continuous monitoring by relevant managers for changes in risk status, development and delivery of effective and timely mitigation strategies and the level of target risk. This process step is reinforced by mapping risks to sources of assurance to develop risk based assurance plans.

- **Reporting** – the timely and detailed reporting of risk to relevant decision making meetings in TfL is important. It will ensure that swift and appropriate action is taken and broader implications of the risk for the organisation are considered. Reporting most commonly occurs through normal line management meetings and reporting, but can be through formal risk management reviews and meetings.

3.3 Risk Appetite

Note: The ISO/British Standard defines risk appetite as "the amount and type of risk that an organisation is prepared to seek, accept or tolerate".

This is normally used in conjunction with the concept of 'tolerating risk' which is described as "an organisation's readiness to bear the risk after risk treatments in order to achieve its objectives".

3.3.1 Risk appetite in TfL

TfL and by extension the operating businesses recognise four "impact types" when risks materialise. Risks to:-

- Customer Service,

- Reputation,

- Cost and

- Time (delay to milestone or other key objective).

When risks are identified, they are scored by the assessor using the following process:

- Risk is assessed against one or more of the fimpact types.

- Each impact type is scored against a severity level between 1 (very low) and 5 (very high).

- The risk is then allocated an assessment of the likelihood of the risk crystallising, also in 1 – 5 descriptive bands.

- Active Risk Manager (ARM) software takes the highest score from **any** of the impact types and multiplies that score with the likelihood score; overall scores can therefore be between 1 – 25 (NB: There is some weighting in the software calculation)

The overall risk score is assessed twice to give:

1   the current risk level - the potential impact to the business if the risk crystallised now, with only normal business processes acting as mitigation

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2   the <u>target risk level</u> – the impact level the risk could credibly be reduced to once active risk mitigation plans are in place and delivered

The measurement of risk appetite is expressed in relation to the current risk score because the business is concerned about the current exposure.

Note: Target risk score is used to allocate risk funding for capital investment projects

The diagram below highlights the accepted risk appetite
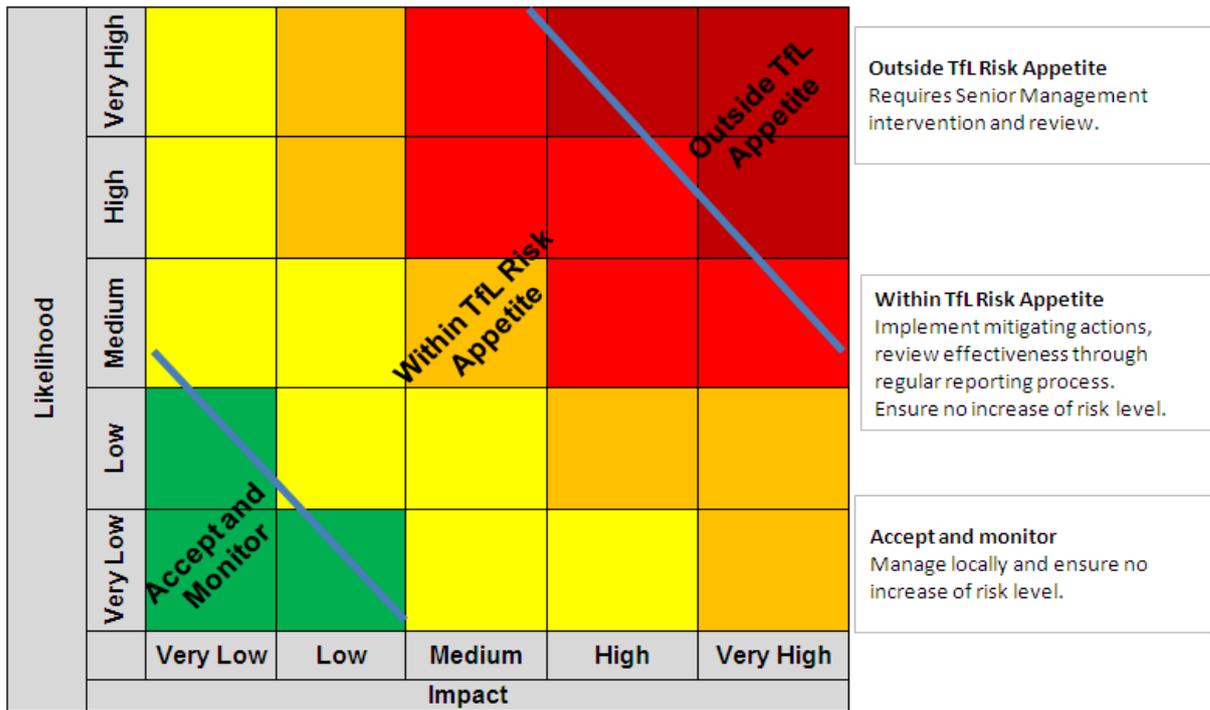
3.4   Risk Register

3.4.1   Active Risk Manager (ARM)

TfL has adopted the use of the specialist risk management software to record risk and create a risk register – 'Active Risk Manager' (ARM). ARM is configurable to complement any individual company business processes. Attendees of the TfL Key Risk Representative Meeting manage the strategic direction of ARM across the estate.

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ARM supports the risk management process by:

- Allowing all types of risk (e.g. strategic, project, asset) to be assessed, described, scored and captured within a single risk register

- Recording and tracking mitigation plans and responses

- Breaking down individual risk silos, standardising approach and allowing cross-organisational analysis and management of risk

- Increased visibility, escalation and communication of risk across the organisation

- Risks can be viewed as an opportunity as well as a threat.

Each risk register entry must be allocated to a **Risk Owner** who will ensure that the risk is reviewed at least quarterly – more frequently in more actively changing environments. The **Risk Owner** must also ensure that development and timely delivery of risk mitigation strategies and plans are allocated to appropriate **Risk Mitigation Owners.**

Detailed good practice in the use of ARM can be found in:

- A tutorial available on the software.

- The 'Active Risk Manager Best Practice Guidance Manual' – available on the TfL intranet.

3.4.2 Quantification of Risk

Strategic risks shall be quantified, where appropriate, in accordance with the TfL Financial Risk Management standard. This approach will support the embedment of risk in the business planning process.

Project risk is quantified according to the process reported in the Integrated Projects and Programmes Methodology and made available through the TfL Programme Management Office (PMO).

Asset risk is quantified according to instructions reported in the Asset Risk standard (S5044 – LU specific).

3.5   Risk Escalation

Based upon the risk appetite scoring described above, the table below explains the escalation routes required:

ARM Score	1-20	21-22	23-25
Rail & Underground	• Risk is managed within routine management meetings • Monitoring kept for deterioration and effectiveness of mitigations • Evaluation undertaken to see if there are any common themes or interdependencies that mean the risk needs to be escalated • Evaluation undertaken to see if there are any common themes or interdependencies that mean the risk needs to be escalated	• Escalate immediately to relevant Director for review of mitigation effectiveness and residual level of risk	• Escalate immediately to relevant Director for review of mitigation effectiveness and residual level of risk • Director to escalate to next RUB meeting
Surface Transport	• Risk is managed within the Directorate by the action owner. • Mitigations are monitored to ensure effectiveness; this is part of the Quarterly Risk Review process.	• Escalate to appropriate Director for evaluation of current mitigation in place to review effectiveness	• Escalate to appropriate Director for evaluation of current mitigation in place to review effectiveness • Director to escalate at Surface Board
Corporate Directorates	• Risk is managed by the risk owner and mitigation action owner. • Risk is reviewed and monitored by the Senior Management Team (SMT). • SMT, Director and Corporate Risk Manager to review risk and impact on services delivered by the Corporate Directorates to decide if further escalation is necessary • Review risk to determine if any financial impact should be included in the quarterly forecast process.	• Escalate to the Director for discussion at SMT meeting to ensure effective mitigating and review of scoring. • SMT, Director and Corporate Risk Manager to review risk and impact on services delivered by the Corporate Directorates to decide if further escalation is necessary • Review risk to determine if any financial impact should be included in the quarterly forecast process.	• Escalate to the Director discussion at SMT meeting to ensure effective mitigating and accuracy of scoring. • Director and Corporate Risk Manager to consider escalation to MD for discussion and further action. • Review risk to determine if any financial impact should be included in the quarterly forecast process.

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ARM Score	1-20	21-22	23-25
Tube Lines	• Manage & report internally within Tube Lines risk management processes	• Manage & report internally within Tube Lines risk management processes • Escalate to relevant Director	• Escalate immediately to next RUB meeting

3.6 Key risk management terms

- **Risk** – effect of uncertainty on objectives

- **Risk Impact or Effect** – the deviation from the expected, it can be positive or negative (opportunity – the positive side of deviation)

- **Risk Hierarchy** - the level within the organisation at which the risk is held and manager – strategic, directorate, programme, project etc.

- **Risk Appetite** – amount and type of risk that an organisation is prepared to seek, accept or tolerate

- **Residual Risk** - risk remaining after risk treatment

- **Risk Treatment** – process of developing, selecting and implementing controls and solutions. Often referred to as the '4 Ts':

  Transfer - transfer the risk to a third party, outsourcing, contract or insurance. This usually involves a cost premium.

  Terminate – stop the activity, or avoid getting involved

  Treat – the broadest option choice; focusing on plans to either prevent the risk occurring or minimising the impact

  Tolerate – often called retention; accepting some or all of the risk and building it into the process or business plan.

4   Key risk responsibilities

All managers play a part in managing risk within TfL whether it is to do with financial, safety, information or project risk. In order to support the effective management of risk within TfL the following responsibilities are allocated

Role	Responsibilities	Frequency
TfL Board	- Own the risk management framework for the organisation - Delegate to the Audit & Assurance Committee the responsibility for implementing the risk management framework.	Annually
Audit and Assurance Committee	- Own the risk management framework on behalf of the Board - Take the lead responsibility for ensuring the framework is implemented in the organisation. - Act as the principal owner of the TfL Strategic Risk Register (SRR) on behalf of the Board - Review the TfL SRR - Report on strategic risks to the Board - Review the effectiveness of internal controls including business risk and the associated controls and procedures	Quarterly
Leadership Team	- Implement the risk framework within their Operating Business or Directorates. - Visibly support and promote the risk management framework - Review, monitor and provide assurance on the risk management framework - Strategic review of safety risk - Promote a "risk aware culture" to facilitate timely identification and/or mitigation/realisation of risks and opportunities. - Ensure that risk management forms part of all major projects and business change initiatives - Monitor and review the status of SRR and mitigating actions	Quarterly
Assurance Delivery Group	- Responsible for oversight of the risk management framework on behalf of the Leadership Team - Review the SRR and the Quantified Strategic Risk Schedule (QSRS) on behalf of the Leadership Team - Review and recommend changes to the risk framework for approval by the Leadership Team and the Audit & Assurance Committee. - Ensure that risks are mapped to sources of assurance	Quarterly
Finance Leadership Team	- Review and agree proposals for Group held contingency. - Review, challenge and agree proposals for mitigations of the SRR. - Ensure the risk management approach and its reporting is fit	Quarterly

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Role	Responsibilities	Frequency
	- for purpose and it supports the strategic decision making process. - Review and approve risk submissions to the Audit & Assurance Committee.	
Risk Owner	- To take responsibility for a nominated risk, monitoring and reporting on progress of planned management actions and assurance activities	Periodic
Action Owner	- To ensure successful completion of management actions as recorded on the risk register	Periodic
Internal Audit	- Provide assurance to the Audit Committee on the effectiveness of risk management within TfL	Ad Hoc
Corporate Risk professionals Rail & Underground / Surface Transport/ Corporate)	- Develop and implement the Risk Management Policy and processes - Work with key Finance contacts to define the approach to risk appetite that works at group and Operating Business level - Develop and manage the pan TfL strategic risk register - Risk reporting to the Audit Committee and Leadership Team(s) in conjunction with key Finance contacts. - Provide support and leadership to business areas on the risk management process, risk models and software tools; - Act as the first point of contact for any part of the organisation outside the PMO looking for support in relation to risk management	Ad Hoc
Head of Group Insurance	- To design and implement insurance policy and strategy - Provide practical mitigation advice and insurance management to all functions - Maintain an overview and awareness of the Group risk profile	Ad Hoc

5   Internal Risk Management Controls

There are many ongoing organisational control activities that exist to reduce and manage risk exposure; in many cases these controls will be sufficient, without the need to create unique controls for individual risks. Such controls include:

- Instructions, standards and process discipline in areas such as Safety, Quality & Environment, Engineering, Finance, Human Resources, Information Management, Procurement, Operations – see Section 6 for further references on risk

- Statement on Control for Business Risk Management (see TfL intranet for a copy)

- Legal, contractual and regulatory compliance.

- Internal Audit - provide management and TfL with assurance over the effectiveness of risk management across the organisation. Their annual internal audit plan is set following a risk based assessment of the organisation, using risk reports and registers. During audits auditors look for evidence that the

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area/process concerned is meeting all relevant risk management requirements and comment on their findings in internal audit reports.

- Business Continuity, contingency planning and security

- Insurance

- Fraud and revenue control

6 References

6.1 References

6.1.2 British Standards

Document no.	Title
31100	Code of Practice for Risk Management

6.1.3 Other national standards

Document no.	Title
ISO 31000	Risk management Principles and guidelines

6.1.5 TfL company documents

Document no.	Title
P0XXX	Risk Management
R0XXX	Governance framework and arrangements

6.1.6 LU &Rail specific documents

Document no.	Title
H043	Providing Risk Management support
1-1526	Assessment & management of HSE risk
S5044	Asset Risk Standard
S5542	HSE Risk Assessment
G1289	Generic Risk management process
G1020	Hazardous Substance Risk Assessment
G1027	Workplace Risk assessment
W0160	Risk Management stations upgrades
W0818	Track & signals management of Asset Risk register
PD-10615	ARM Risk register
PD-10617	QRA-
PD-10618	Risk management plan [1]

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[1] PMF product will be revised to TfL Pathway in 2013

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6.2 Abbreviations

The following topic specific definitions are created:

a)   by this document

b)   from clearly identified sources

Abbreviation	Definition	Source
ARM	Active Risk Manager	a) or b) and name source
		a) or b) and name source

6.3 Definitions

The following topic specific definitions are created:

c)   by this document

d)   from clearly identified sources

Term	Definition	Source
		a) or b) and name source
		a) or b) and name source

6.4 Person accountable for this document

Person accountable for this document
Steve Allen, MD Finance

6.5 Document history

Issue no	Date	Changes	Author
A1	Nov 2012	New Risk Management Work Instruction to support the Operational Risk Management Policy.	T. Akanni
A2	Jan 2013	Revised draft of the Risk Management Work Instruction	T. Akanni

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7 Appendix 1 Pan TfL Risk Scoring Scheme

		Cost	Time	Customer	Reputation
	PROBABILITY	**CONSEQUENCE/IMPACT**			
RISK SCORE	**% likelihood occurrence this financial year or numbers of events in terms of year(s)**	**Decrease in revenue/increase in cost in financial year**	**Delay to achievement of key milestone**	**Reduction in customer service**	**Level or type of media coverage/ impact on relationship with stakeholders**
Very High (5)	≥75% (Once or more per year)	> £50M	> 52 weeks delay	Impact on multiple modes of transport as a result of more than one of the following ; • Full/part line suspension of more than 1 line for more than 1 day • Negative impact on journey time reliability at peak periods affecting a number of high flow corridors on the TfL Road Network (TLRN) and occurs more than once a week over the course of several weeks. • Full/ part line suspension on 1 line for more than a week • Severe over crowding of affected areas of the bus network, contributing to higher safety risks • Very high impact on non-time elements of customers journeys e.g. ambience, staff customer service, information – sufficient to cause loss of more than two points to the CSS score in the operating business.	Risk results in significant ongoing negative media coverage & major loss of confidence/significant intrusion by regulators/stakeholders leading to one of the following outcomes: • Fundamental changes to the TfL operating model/structures • High profile management changes (e.g. Managing Directors (MDs)) • Fundamental changes to safety procedures
High (4)	50% - 75% (Once or more in 2 years)	£10-50M	36-52 weeks delay	Impact on multiple modes of transport; • Negative impact on journey time reliability at peak periods affecting a number of high flow corridors on the TLRN and occurs more than once a week for a few weeks. • Full, or part, line suspension for more than 1 line for a whole day • Full, or part, line suspension on 1 line for several days • Severe over crowding of affected areas of the bus network,	Risk results in ongoing negative media coverage & loss of confidence/significant intrusion by regulators/stakeholders leading to one of the following outcomes: • Sustained (i.e. one week+) diversion of MDs and senior managers' time, energy & resources away from business as usual activities & planned projects,

RISK SCORE	PROBABILITY	CONSEQUENCE/IMPACT			
		Cost	Time	Customer	Reputation
	% likelihood occurrence this financial year or numbers of events in terms of year(s)	Decrease in revenue/increase in cost in financial year	Delay to achievement of key milestone	Reduction in customer service	Level or type of media coverage/ impact on relationship with stakeholders
				contributing to higher safety risks • High impact on non-time elements of customers journeys e.g. ambience, staff customer service, information – sufficient to cause loss of CSS KPI score in the operating businesses.	to deal with feedback • Loss of support leading to removal of key funding • Loss of trust leading to fundamental changes to governance arrangements • Series of strikes impacting operations (bus or tube network)
Medium (3)	20% – 50% (Between once in 2 to once in 5 years)	£5-10M	12-36 weeks delay	More than one of the following impacting on multiple modes of transport : • Full/part line suspension or failed Depot access • Repeated severe delays (= severe delays occurring more than once over the course of the week) • Negative impact on journey time reliability occurring more than once a week at peak periods on the TLRN • Over crowding of some affected areas of the bus network, contributing to higher safety risks • Journey time exceeds the target for "Excess Wait Time" once a week for several weeks on a number of High Frequency routes. o Impact on non-time elements of customers journeys e.g. ambience, staff customer service, information – sufficient to cause loss of CSS KPI.	Risk results in negative media coverage & loss of confidence/increase intrusion by regulators/stakeholders leading to one of the following outcomes: • Short-term (less than one week) diversion of MDs and senior managers' time, energy & resources away from business as usual activities, & planned projects, to deal with feedback • Sustained (i.e. more than one week) diversion of middle managers' time, energy and resources away from business as usual activities & planned projects, to deal with feedback • Limited industrial actions such as a one-off strike or local strikes impacting operations (i.e. trains

		Cost	Time	Customer	Reputation
	PROBABILITY	**CONSEQUENCE/IMPACT**			
RISK SCORE	**% likelihood occurrence this financial year or numbers of events in terms of year(s)**	**Decrease in revenue/increase in cost in financial year**	**Delay to achievement of key milestone**	**Reduction in customer service**	**Level or type of media coverage/ impact on relationship with stakeholders**
					cancelled and/or stations closed)
Low (2)	5% - 20% (Less than once in 5 years)	£1-5M	4 - 12 weeks delay	Low impact to services across multiple modes: • Major delay (one instance of severe delay) on a line or repeated minor delays occurring daily over the course of a week. • No impact to overall journey time reliability however localised impact to a number of high flow corridors on the TLRN • Major station closure or over crowding on localised routes affected by disruption • Journey time exceeds the target for "Excess Wait Time" once a week for several weeks on a small number of High Frequency routes. o Impact on non-time elements of customers journeys e.g. ambience, staff customer service, information – decreases in individual elements of CSS without loss of the KPI.	Risk results in short-term negative media coverage or impact on relations with regulators/stakeholders leading to one of the following outcomes: • Significant negative feedback from customers via the Customer Service Centre or from stakeholders via media outlets (Twitter, blog etc) • Short-term (less than one week) diversion of middle managers' time, energy & resources away from business as usual activities & planned projects, to deal with feedback • Unions building a case for action
Very Low (1)	≤5% Less than once in 20 years	< £1M	< 4 weeks delay	Negligible impact across any mode of transport: • No impact to overall journey time reliability however localised impact to a small number of high flow corridors on the TLRN • Minor delay or closure of a major station Negligible Impact on non-time elements of customers journeys e.g. ambience, staff customer service, information- negligible impact on individual elements of CSS KPI and no impact on KPI score.	Risk has negligible impact on regulators/stakeholders but does impact customers & employees leading to one of the following outcomes: • Low level of negative feedback from customers via the Customer Service Centre or from stakeholders via media outlets (Twitter, blog)

Opportunity SCORE	% likelihood occurrence this financial year or numbers of events in terms of year(s)	Increase revenue/decrease costs	Delivery ahead of schedule	Improved customer benefit	Level or type of media coverage/ impact on relationship with stakeholders
Very Low (1)	≤5% Less than once in 20 years	<£1M	Milestone will be achieved up to 4 weeks early	Minor journey time improvement OR Minor impact on non-time elements of customers journeys e.g. ambience, staff customer service, information – negligible improvements to CSS KPI.	Opportunity has negligible impact on regulators/stakeholders but does impact customers and employees leading to one of the following outcomes: • Positive feedback from customers via the Customer Service Centre or media outlets (Twitter, blogs) • Minor increase in Speak Up scores
Low (2)	5% - 20% Less than once in 5 years	£1-5M	Milestone will be achieved between 4-12 weeks early	Improvements to customer service across any mode of transport: • One major journey time improvement OR repeated minor journey time improvements (occurring on a daily basis over the course of the week) on the tube network. • Small number of journey time improvement localised to high flow corridors on the TLRN • Repeated improvements to journey time reliability across the bus network (occurring on a daily basis over the course of the week) • Positive impact on non-time elements of customers journeys e.g. ambience, staff customer service, information – Improvement to individual elements of CSS KPI.	Opportunity results in positive media coverage and enhanced relations with local stakeholders (e.g. local business community, Boroughs, Unions) for a period of less than one month
Medium (3)	20% – 50% Between once in 5 years & once in 2 years	£5-10M	Milestone will be achieved between 12-36 weeks early	Improvements to customer service across multiple modes of transport: • An increase in capacity of more than 2% on one Line, or the equivalent of 1 or 2 extra peak TPH on the rail network • An increase in capacity at a major station of 10% or more • Repeated major journey time improvements (occurring more than once over the course of the week) • Repeated, 1 percentage point improvement to journey time reliability occurring more than once a week at peak periods on the	Opportunity results in positive media coverage and enhanced relations with local stakeholders (e.g. local business community, Boroughs, Unions) for a period of more than one month.

Opportunity SCORE	% likelihood occurrence this financial year or numbers of events in terms of year(s)	Increase revenue/decrease costs	Delivery ahead of schedule	Improved customer benefit	Level or type of media coverage/ impact on relationship with stakeholders
				TLRN • 1% increase in the scheduled number of bus services operated. • Major improvement to non-time elements of customers journeys e.g. ambience, staff customer service, information - sufficient to result in an improved CSS KPI in the operating businesses.	
High (4)	50% - 75% More than once in 2 years	£10-50M	Milestone will be achieved between 36-52 weeks early	Improvements to customer service across multiple modes of transport:: • An increase in capacity, or an increase in train km run, of more than 10% on one Line OR an increase in train km rum of > 2% on multiples lines on the rail network. • An increase in capacity at a major station of 20% or more. • Repeated improvements of 2 percentage points to journey time reliability on the TLRN occurring at peak periods more than once a week over the course of several weeks. • 2% increase in the scheduled number of bus services operated. • High impact on non-time elements of customers journeys e.g. ambience, staff customer service, information - sufficient to result in improved CSS KPI score in the operating businesses.	Opportunity results in significant positive media coverage & significantly enhanced relations with regulators and/or key stakeholders (e.g. DfT, GLA, Unions) for a period of less than one month
Very High (5)	≥75% Once or more per year	>£50M	Milestone will be achieved over 52 weeks early	Improvements to customer service across multiple modes of transport:: • An increase in capacity, or an increase in train km run, of more than 20% on one Line • An increase in capacity, or an increase in train km run, of more than 10% on 2 Lines • An increase in capacity, or an increase in train km run, of 7% on 3 or more Lines • Repeated improvements > 2 percentage points to journey time reliability at peak periods on the TLRN occurring more than	Opportunity results in significant positive media coverage & significantly enhanced relations with regulators and/or key stakeholders (e.g. DfT, GLA) for a period of more than one month.

Opportunity SCORE	% likelihood occurrence this financial year or numbers of events in terms of year(s)	Increase revenue/decrease costs	Delivery ahead of schedule	Improved customer benefit	Level or type of media coverage/ impact on relationship with stakeholders
				once a week over the course of several weeks • 2% increase in the scheduled number of bus services operated. • Very high impact on non-time elements of customers journeys e.g. ambience, staff customer service, improvement of 2 points or more to the overall evaluation CSS score in the operating businesses.	