

TRANSPORT FOR LONDON

AUDIT COMMITTEE

SUBJECT: REVIEW OF GOVERNANCE AND THE ANNUAL GOVERNANCE STATEMENT FOR YEAR ENDED 31 MARCH 2008

MEETING DATE: 11 JUNE 2008

1 PURPOSE AND DECISION REQUIRED

- 1.1 This paper provides a review of compliance with the TfL Code of Governance in 2007/08 and asks the Audit Committee to approve the Annual Governance Statement as set out in Appendix 2 to be signed by the Chair of TfL and the Commissioner for inclusion in the 2007/08 accounts.

2 BACKGROUND

- 2.1 The Audit and Accounts Regulations 2003 require that TfL's Statement of Annual Accounts include a Statement on Internal Control, prepared in accordance with proper practices. The recent guidance issued by CIPFA/SOLACE includes a template for an Annual Governance Statement which incorporates the elements of a Statement of Internal Control and fulfils the statutory requirements.
- 2.2 Following a recommendation from this Committee the Board approved a revised Code of Governance, based on the updated CIPFA/SOLACE Governance Framework, at its March meeting.
- 2.3 The Audit Committee has the delegated responsibility to monitor TfL's on-going compliance with the Code of Governance.

3 2007/08 REVIEW AND THE ANNUAL GOVERNANCE STATEMENT

- 3.1 The 2006/2007 Annual Governance Statement did not identify any areas where further work was needed to ensure a satisfactory level of compliance with the Code of Governance and concluded that TfL's governance arrangements were adequate and were operating effectively.

- 3.2 The annual review considers the degree of compliance with each undertaking in TfL's Code of Governance. Following the Audit Commission's classifications for the Annual Corporate Performance Assessment, compliance is assessed on a scale of 1 to 4, where:
- 1 is below minimum requirements – inadequate performance;
 - 2 is at minimum requirements – adequate performance;
 - 3 is consistently above minimum requirements – performing well; and
 - 4 is well above minimum requirements – performing strongly.
- 3.3 Appendix 1 presents a self-assessment of TfL's position with regard to compliance and is the basis on which the Chair of TfL and Commissioner will sign the Annual Governance Statement.
- 3.4 TfL is a large and complex organisation but the review confirms that TfL continues to achieve a steady improvement in corporate governance as TfL's structure and procedures have developed and matured.
- 3.5 The Annual Governance Statement comments on the standard of governance within TfL, sets out TfL's approach to governance including internal control, identifies those areas where further work is to be undertaken and gives a brief description of the monitoring process to ensure the effectiveness of the Code of Governance.
- 3.6 The assessments for the degree of compliance with the Code of Governance's undertakings are consistently high. There is corroboration for this conclusion in the Audit Commission's Initial Performance Assessment that considered TfL to be one of the few "excellent" authorities.
- 3.7 There were no significant governance issues identified in the Annual Governance Statement arising from the 2007/08 review. However there are areas identified in the Annual Governance Statement relating to matters that need to be addressed in 2008/09 e.g. ensuring a smooth integration of the Metronet undertakings. The draft Annual Governance Statement is at Appendix 2.

4 RECOMMENDATION

- 4.1 The Committee is asked to APPROVE the Annual Governance Statement as set out in Appendix 2 for signing by the Chair of TfL and the Commissioner for inclusion in the 2007/08 accounts.

Commentary on Compliance with the TfL Code of Governance

1	Leadership		
Focusing on the purpose of TfL and on outcomes for all TfL's service users and everyone impacted by TfL's activities, creating and implementing a transport vision for London.			
1.1	TfL will provide leadership by developing and clearly communicating a set of objectives and associated activities that support the Mayor's vision for London	3	<p>The Mayor's Transport Strategy provides a statement of TfL's purpose and objectives.</p> <p>T2025 has been issued to provide a long term perspective of transport trends in London.</p> <p>A major revision of the Mayor's Transport Strategy has been initiated.</p> <p>The work is informed by widespread consultation with the public and stakeholders.</p>
1.2	TfL will ensure that users receive a high quality of service whether directly or indirectly.	4	<p>TfL has performance management systems which set targets, monitor performance and ensure corrective action.</p> <p>Performance management systems are in place for TfL's activities and operations whether provided directly or indirectly.</p>
1.3	TfL will ensure that it makes best use of resources and that tax payers and service users receive value for money.	4	<p>TfL's management structure is focussed on the delivery of services.</p> <p>The Business Plan reflects TfL's priorities and seeks to maximise its resources.</p> <p>There is a statutorily responsible Chief Finance Officer to make arrangements for the proper administration of financial affairs.</p> <p>TfL has a computerised accounting system to ensure that the annual accounts present a fair view and that expenditure has been properly authorised and allocated in an appropriate manner.</p> <p>TfL systematically reviews its operations. Opportunities are taken to identify operating cost savings and ensure cost savings targets are met.</p>

2	Relationship Management		
Members and officers working together to achieve a common purpose with clearly defined functions and roles			
2.1	TfL will ensure effective leadership throughout the organisation and be clear about executive and non-executive functions and of the roles and responsibilities of the assurance function.	4	<p>TfL Standing Orders provide a Scheme of Delegation and Chief Officers provide Schemes of Authority for all staff.</p> <p>TfL champions good leadership, has clear terms of reference for Boards, Committees and Panels and Standing Orders set out respective levels of decision taking.</p> <p>Assurance functions are clear and include good induction training, opportunities for informal discussion to understand the business issues and the chance to engage in strategic discussion.</p>
2.2	TfL will ensure that a constructive working relationship exists between members and officers and that the responsibilities of members and officers are carried out to a high standard.	4	<p>Standing Orders set out the governance roles and responsibilities of Chief Officers.</p> <p>Individual Chief Officers' job descriptions and annual performance targets provide specific individual guidance on roles and responsibilities.</p> <p>TfL ensures that Board Members and senior officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout TfL.</p>
2.3	TfL will ensure relationships between it and the public are clear so that each knows what to expect of the other.	3	<p>TfL has in place arrangements designed to encourage individuals and groups from all sections of the community to engage with, contribute to, and participate in the work of TfL.</p> <p>TfL has service commitments across a range of its activities addressed to both the general public and stakeholder groups.</p> <p>TfL's staff are required to treat everyone with respect and to provide a positive customer focus.</p> <p>TfL encourages the public to treat TfL's staff with respect through a variety of communications channels.</p>

3	Standards of Conduct	
	Promoting the values of TfL and demonstrating good governance through upholding high standards of conduct and behaviour	
3.1	TfL will ensure members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance	<p>4</p> <p>TfL ensures it is an organisation that has a climate of openness, support and respect.</p> <p>Board meetings are open to the public unless there are reasons of personal or commercial confidentiality that require otherwise. Agendas and reports of the Board, Committees and Panels are accessible on the same basis.</p> <p>TfL's Code of Conduct sets out the standard of conduct required of all employees.</p> <p>TfL has arrangements to ensure that Board Members and employees are not influenced by prejudice, bias or conflicts of interest.</p>
3.2	TfL will ensure that its values are put into practice and are effective.	<p>3</p> <p>TfL has developed and maintains shared values including leadership values for both the organisation and staff. TfL communicates its values through a variety of channels.</p> <p>The TfL induction process for both Board Members and officers, leadership/ management development programmes and the performance management process all reinforce TfL's values.</p> <p>TfL policies are making significant contributions to achieving a workforce that reflects the diversity of London and achieving a more accessible transport network.</p> <p>To monitor the effectiveness of policies and delivery across TfL a variety of monitoring procedures are in place e.g. employee surveys, Speak Up and Yoursay, Leadership evaluation and Performance Management processes, surveys across all activities including "mystery shopper" schemes.</p> <p>TfL has a Whistle blowing policy that is linked to a confidential help line for staff who have any concerns.</p>

4	Decision Making and Risk Management	
	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk	
4.1	TfL will be rigorous and transparent about how decisions are taken and will listen to and act on the outcome of constructive scrutiny.	<p>4 The Budget and Business Plan identifies the processes used in its development and its approval follows an iterative process that is fully documented.</p> <p>TfL makes investment and disposal decisions based on thorough option appraisal and whole life costing. There is a documented process to ensure the criteria for approving projects are properly considered.</p> <p>Board Meetings are open to the public and Board, Committee and Panel papers are published unless reasons of commercial or personal confidentiality require otherwise.</p> <p>Standing Orders set out authorities across TfL. TfL's Code of Conduct provides advice and guidance on dealing with conflicts of interest. TfL has an independent Audit Committee that has the responsibility for overseeing TfL's governance arrangements. There is a Complaints Policy in place.</p> <p>The London Assembly has scrutiny powers over TfL, which it regularly uses.</p>
4.2	TfL will have good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.	<p>3 Extensive consultation ensures that the Transport Strategy reflects public and stakeholder priorities. There is an on-going programme of customer research that considers both pan London and local issues.</p> <p>The Budget is based on the published Business Plan and Investment Programme that is reviewed with stakeholders. Funding provided to the London Boroughs is agreed by the Local Implementation Plan process, which is linked into the Business Plan.</p> <p>TfL has systems in place to set and monitor performance targets.</p> <p>TfL has regular and meaningful consultation and communication with customers and stakeholders.</p> <p>Processes are in place, and the resources are available, to ensure that professional advice on matters that have legal or financial implications is available and recorded in decision making.</p>

4.3	TfL will ensure that an effective risk management system is in place.	3	<p>TfL has a risk management policy that has been approved by the TfL Board and an effective risk management framework.</p> <p>TfL identifies corporate and operational risks, assesses the risks for likelihood and impact, and identifies and allocates responsibility for mitigating controls.</p> <p>There is a TfL Strategic Risk Map and Register. The top level risks are regularly reviewed by the Audit Committee and Chief Officers.</p> <p>Risk management is embedded into the business planning process.</p>
4.4	TfL will use its legal powers to the full benefit of the citizens and communities in their area.	4	<p>TfL actively works to ensure that it operates within its powers. It has processes in place for legal input into all significant decisions.</p> <p>The arrangements for project approval include activities to ensure legal requirements are identified. TfL takes a proactive approach to the management of legal risk and has a standing group to monitor the requirements of new legislation.</p> <p>If appropriate, TfL will seek to promote legislation that contributes to the achievement of its objectives.</p>
4.5	TfL will maintain an objective and professional relationship with its external auditors and statutory inspectors.	4	<p>The Audit Commission appoints the auditors of TfL. KPMG are the current auditors.</p> <p>KPMG report to the TfL Board through the Audit Committee. They work to an agreed plan but will perform ad hoc activities as judged necessary.</p> <p>To facilitate efficient working, KPMG have been appointed by TfL to audit relevant TfL subsidiary companies.</p> <p>There is an appropriate working relationship between KPMG, the Director of Internal Audit and the Chief Finance Officer.</p> <p>Following the completion of each statutory audit, the Audit Committee reviews the effectiveness of the External Auditor's performance and their independence and objectivity.</p> <p>The Audit Committee meets with the external auditors without any officer being present on an annual basis.</p> <p>The Audit Committee regularly reviews TfL's non-audit services policy and monitors its application.</p>

5	Capacity Development	
	Developing the capacity and capability of members and officers to be effective	
5.1	TfL will make sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.	<p>3 TfL has arrangements to ensure that Board Members and staff have the skills, knowledge, experience and resources they need to perform well in their roles.</p> <p>All posts have job descriptions. Appointments are made on the basis of competency based recruitment.</p> <p>Board Members and staff all have access to appropriate induction and codes, guidance and manuals on the exercise of their functions.</p> <p>A regular Performance Management process identifies individual's strengths and weaknesses and enables personal development requirements to be identified.</p> <p>The Learning and Development programmes give access to a broad portfolio of training.</p>
5.2	TfL will develop the capability of people with governance responsibilities and evaluate their performance, as individuals and as a group.	<p>3 Officers with governance responsibilities in TfL have access to personal development programmes specifically designed to encourage leadership and good governance.</p> <p>The Leadership Development Programme aims to develop strategic thinking, customer and results focus, people leadership and personal effectiveness.</p> <p>The evaluation of performance of individuals in governance roles takes place through the Performance Review process including the identification of personal development requirements. There is no comparable evaluation of the performance of Board members as a group though the training needs of specialist areas are assessed, including those of the Audit Committee. Training is available for Board Members and provided ad hoc on a group or personal basis.</p>
5.3	TfL will encourage new talent so that best use can be made of individuals' skills and resources in balancing continuity and renewal.	<p>3 TfL aims to recruit the best people for each role. It uses a variety of techniques to reach a diverse span of recruits e.g. advertising across both general and niche marketplaces, providing a variety of access routes e.g. work placement and work experience and ensuring job descriptions do not create unnecessary barriers.</p> <p>Within the existing workforce personal development programmes are in place across TfL. There is a Succession Planning process based on the requirements identified through Resource Planning.</p> <p>The Annual Talent Review process has recently been introduced. It begins with individuals charting their aspirations in dialogue with their manager and includes a senior management review of those identified as having future potential and the production of development plans to maximise their potential.</p>

6	Public Accountability	
	Engaging with the public and other stakeholders to ensure robust public accountability	
6.1	TfL will exercise leadership through robust interaction, which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.	<p>3 TfL engages with a wide range of individuals and organisations in a variety of ways. There are formal mechanisms and processes in place to ensure dialogue with all major stakeholders e.g. London TravelWatch, London Councils, central Government Departments, London First, CBI etc.</p> <p>In the case of London TravelWatch, a Memorandum of Understanding is being developed to document the agreed interaction with TfL. In other cases, regular meetings take place to provide information about TfL's activities and to encourage support for the realisation of TfL's objectives.</p> <p>Engagement with local groups and individuals also takes place in relation to specific issues.</p> <p>TfL has a policy on the range and manner in which consultation is undertaken and a Code of Conduct which governs its interactions with others.</p> <p>Public accountability is provided through many different mechanisms. TfL's annual report is made available in both printed and internet form and TfL is accountable to a range of stakeholders for the performance of its functions including the Mayor and the London Assembly.</p>
6.2	TfL will take an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by TfL, in partnership or by commissioning.	<p>3 TfL established a culture of consultation from its inception. There has been extensive consultation during the drafting of the Mayor's Transport Strategy and its subsequent development. At the local level, there is consultation on many aspects of TfL's activities.</p> <p>TfL has a Consultation Policy and a comprehensive process that is available on the intranet.</p> <p>TfL has a good record in consulting on major developments. One area for improvement identified in some areas has been the mechanisms for feeding back to consultees.</p>

6.3	TfL will make best use of human resources by taking an active and planned approach to meet responsibility to staff.	<p>4 TfL aims to develop mutual trust and respect between TfL, its employees and their representatives.</p> <p>TfL's Employee Relationship Policy and supporting procedures ensure that both TfL management and employees appreciate their respective rights and responsibilities.</p> <p>TfL's Code of Conduct sets out TfL's commitments as an employer and the expectations of employees.</p> <p>There is a Consultative Framework in place for joint consultation and collective bargaining in the interests of TfL and its employees which allows for collective matters to be resolved speedily at the appropriate level.</p>
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ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

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

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

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

A copy of the TfL Code of Governance is on our website at www.tfl.gov.uk or can be obtained from the Corporate Governance Adviser, Windsor House, 42-50 Victoria Street, London, SW1H 0TL. This statement explains how TfL has complied with the TfL Code of Governance and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a Statement on Internal Control.

The purpose of the governance framework

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

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

The governance framework has been in place at TfL for the year ended 31 March 2008 and up to the date of approval of the 2007/08 statement of accounts.

The governance framework

The Mayor appoints the TfL Board. The Board determines and agrees TfL's strategic direction and oversees the performance of the executive team. The Commissioner of TfL, advised by his Chief Officers, is responsible and accountable for the delivery of the day to day operations of TfL.

The Board has four committees:

- Finance
- Audit
- Remuneration
- Safety, Health and Environment

There are five advisory panels, made up of Board members and senior staff, who provide strategic advice to the Commissioner on the development and execution of policy in TfL:

- Rail Transport;
- Surface Transport;
- London Underground;
- Corporate and Equalities; and
- Strategic Planning.

The Audit Committee has responsibility for overseeing corporate governance in TfL. It has received reports on the implementation of the TfL Code of Governance, the Annual Governance Statement contained in these accounts and the results of the compliance review, and is responsible for the annual assurance process.

General Counsel has responsibility for the operation of the TfL Code of Governance. The Director of Internal Audit comments annually on the adequacy and effectiveness of the TfL Code of Governance and the extent of TfL's compliance with it.

TfL is working to ensure that good governance is fully incorporated into the culture of the organisation, is applied within the management processes and is transparent to all stakeholders. The mechanisms through which this is done are described below.

TfL identifies and communicates its vision of its purpose and intended outcomes for citizens and service users through the following:

- Its contribution to the Mayor's Transport Strategy which contains his proposals for TfL reflecting national and local priorities;
- T2025 which provides a long term perspective of transport trends in London;

- The Budget and Business Plan which reflects its priorities and seeks to maximise its resources;
- Setting and monitoring key performance targets;
- Regular and meaningful consultation and communication with customers and stakeholders;
- Conducting its business on an open basis, subject only to the requirements of appropriate levels of individual and commercial confidentiality.

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

- Systems for providing sound management information;
- Comprehensive performance plans;
- Monitoring and reporting arrangements for performance against agreed targets and forecasts;
- Arrangements to identify and deal with failure in service delivery; and
- A scrutiny function for its Investment Programme which encourages constructive challenge and enhances TfL's performance overall.

TfL defines and documents the roles and responsibilities of decision-makers with clear delegation arrangements and protocols for effective communication by having:

- A documented Scheme of Delegation that reserves appropriate responsibilities to the Board and provides managers with the authority necessary to conduct routine business;
- Roles and responsibilities of Board members and senior officers clearly documented; and
- A management structure with roles and responsibilities which are clearly defined.

TfL has developed and communicates and embeds codes of conduct, defining the standards of behaviour for members and staff by:

- Ensuring it is an organisation that has a climate of openness, support and respect;
- Having standards of conduct expected of Members and staff;
- Having arrangements to ensure that Board Members and employees are not influenced by prejudice, bias or conflicts of interest;
- Developing and maintaining shared values including leadership values and communicating these;
- Having targets for performance in the delivery of services; and
- Using its shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships.

TfL reviews and updates Standing Orders, Standing Financial Instructions, its Scheme of Delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks by :

- Having a clear hierarchy of governance documentation whose components are regularly reviewed;
- Maintaining and monitoring processes for the taking of significant decisions;
- Maintaining robust systems for identifying and evaluating significant risks and a risk management framework;
- Maintaining an effective risk management system; and
- Ensuring that risk management is embedded into its culture, with Board Members and managers at all levels recognising that risk management is part of their role.

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

- Having an effective, independent Audit Committee;
- Having the Audit Committee develop and maintain an effective overview of the affairs of TfL;
- Having an Internal Audit Plan that is driven by an annual evidenced assessment of the key business risks facing TfL;
- Having an Internal Audit Department which complies with relevant professional standards and which is accountable to the Audit Committee for the delivery of the Internal Audit Plan;
- The Audit Committee monitoring the performance of the external auditors; and
- Monitoring the performance and training needs of the Audit Committee.

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

- Ensuring that activities are fully documented, appropriately authorised and lawful;
- Identifying a senior manager who is made responsible for ensuring that appropriate advice is given in financial matters, for keeping proper financial records and accounts and for maintaining an effective system of internal financial control;
- Ensuring that a senior manager is responsible for activities being documented, appropriately authorised and lawful;
- Developing and maintaining open and effective mechanisms for documenting decisions and recording the criteria, rationale and considerations on which decisions are based; and
- Ensuring that advice on matters that have legal or financial implications is available and recorded.

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

- Ensuring that effective, transparent and accessible arrangements are in place for making, receiving and dealing with complaints; and
- Ensuring that arrangements are in place for whistle-blowing to which staff and all those contracting with TfL have access.

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

- Ensuring that Board Members and senior officers have the skills, resources and support to perform effectively in their roles and that these roles are properly understood throughout TfL;
- Ensuring that Board members and Chief Officers are provided with the necessary training to perform their roles; and
- Assessing the skills required by members and officers and making a commitment to develop those skills to enable roles to be carried out effectively.

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

- Having in place arrangements designed to encourage individuals and groups from all sections of the community to engage with, contribute to and participate in the work of TfL;
- Having a policy on the types of issues it will consult on or engage with the public and service users about, including a feedback mechanism for those consultees to demonstrate what has changed as a result;
- Making clear to staff and the public what it is accountable for and to whom;
- Publishing, publicising and making generally available an Annual Report as soon as reasonably practicable after the financial year end; and
- Co-operating with appropriate organisations to ensure there is independent scrutiny of its financial and operational reporting processes.

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

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

Review of effectiveness

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

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

The Director of Internal Audit comments annually on the adequacy and effectiveness of the TfL Code of Governance and the extent of TfL's compliance with it. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and a plan to ensure continuous improvement of the system is in place.

Significant governance issues

Following the Mayoral election on 1 May, Boris Johnson became Mayor of London. This is the first time that there has been a change of Mayor. Appropriate steps will be taken to address governance issues consequent on the change of Mayor as they arise.

Preparatory work has been undertaken for the transfer to TfL in 2008/09 of the activities formerly undertaken by Metronet to ensure that the transferred activities are brought within the governance framework.

Following the Crossrail Bill receiving Royal Assent, TfL will assume responsibility for building and managing the operation of the new line and TfL will have appropriate governance arrangements in place in relation to this responsibility.

TfL will also be ensuring that adequate governance arrangements are in place in relation to the establishment of the London Transport Museum as a charity and the operation of Tramtrack Croydon Limited on transfer to TfL.

We propose over the coming year to take steps to address the above matters and to continue to enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:
Chair of TfL Board

Signed:
Commissioner