

TRANSPORT FOR LONDON

FINANCE AND POLICY COMMITTEE

SUBJECT: PROJECT MONITORING – PROJECT APPROVALS

DATE: 24 NOVEMBER 2010

1 PURPOSE AND DECISION REQUIRED

- 1.1 To inform the Committee of Project Authority given by the Commissioner and the Managing Director (MD) Finance in accordance with delegated authority under TfL's Standing Orders.

2 BACKGROUND

- 2.1 The Commissioner (and in his absence, the MD Finance) currently has the delegated authority to approve project authority on projects up to a value of £50m that contain less than £25m of unbudgeted expenditure.
- 2.2 The MD Finance approves project authority for projects under £25m that contain less than £10m of unbudgeted expenditure. Approval of authority for projects of less than £5m that contain less than £2m of unbudgeted expenditure is delegated to Chief Officers and not reported here. As of 14 July 2010, the Commissioner instructed that the project authority threshold for project authority to the Project Review Group (PRG) be reduced from £5m to £1m.

3 PROJECT APPROVALS BY THE COMMISSIONER

- 3.1 Since the meeting of the Committee held on 13 October 2010, there have been no project authorities approved by the Commissioner.

4 PROJECT APPROVALS BY THE MD FINANCE

- 4.1 Since the meeting of the Committee held on 13 October 2010, the MD Finance has approved Project Authority on seven projects. Further details of these projects are set out in Appendix 1.

5 CONCLUSION AND NEXT STEPS

- 5.1 Planned future requests, over the next twelve months, for project authority for projects costing more than £5m are listed in Appendix 2. Where the projects have a value in excess of £50m and have not already received full approval from the Committee, these requests will be submitted to the Committee for consideration. The approval of projects with an estimated final cost below £50m will be reported to subsequent meetings of the Committee.

6 RECOMMENDATION

6.1 The Committee is asked to NOTE the paper.

7 CONTACT

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Summary of projects approved by the MD Finance

ST-PJ100 Road Safety Accident Prevention			
Financial Authority in Business Plan	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£9,570k	£0k	£7,583k	£7,583k
Authority Approval	Authority of £7,583k was authorised for the 2010/11 annual programme of Road Safety improvements following a Programme Gate P review. This authority approval was delayed from the start of the financial year as the area of Surface Transport responsible for the programme was going through an organisational restructuring process. This authority represents the delivery of physical schemes on the Transport for London Road Network (TLRN).		
Outputs and Schedule	This financial year, 22 schemes are expected to be designed and 16 implemented. So far, design work has been commissioned on 21 schemes and four have been implemented. The programme has contributed to the successful reduction in casualty figures by 2009 compared to the 1994-98 average of 52 per cent of total Killed or Seriously Injured (KSI), a 51 per cent reduction in pedestrian KSIs, 72 per cent reduction in Child KSIs and 37 per cent reduction in slight casualties. Only Pedal Cycle KSIs (24 per cent reduction compared to 50 per cent target) and powered two-wheelers (24 per cent reduction compared to 40 per cent target) were not achieved, largely due to the increase in usage of these modes.		

ST-PJ40 Euston Circus Urban Realm Improvement			
Financial Authority in Business Plan	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£Unbudgeted	£25k	£430k	£4,275k
Authority Approval	Further authority of £405k was approved following project commencement Gate A for preliminary and detailed design, taking the total authority to £430k. The project is new and, therefore, unbudgeted but is fully funded through Section 106 contributions from the developer of a site at the north west corner of the junction and from advertising income. Further authority will be sought following preliminary design.		
Outputs and Schedule	Urban realm and layout improvements will be undertaken at the junction of Tottenham Court Road, Hampstead Road and Euston Road. Euston Road passes under the junction through the Euston underpass. The area will be made more appealing to pedestrians and the junction movements simplified. Preliminary design is expected to be complete by June 2011, with detailed design complete by January 2012. The contract will be awarded in July 2012 and construction started, post the London 2012 Games, in October 2012. Construction is expected to be completed in November 2013.		

IP-00148 Tunnel Cleaning Train			
Financial Authority in Business Plan £8,634k	Previous Project Authority Granted £202k	Total Project Authority Granted £8,272k	Estimated Final Cost £8,272k
Authority Approval	Further authority of £8,070k was approved following a Corporate Gate D review, taking the total authority to the full project cost of £8,272k.		
Outputs and Schedule	<p>The project includes the design, development, testing and commissioning of a new tunnel cleaning train for operation on all LU lines, except the Waterloo & City line due to lack of access. The train will reduce the amount of manual cleaning work undertaken and will provide operational safety benefits and improved asset reliability.</p> <p>The project will deliver the train into service in 2013.</p>		

LR-PJ44 Custom House Station Escalator			
Financial Authority in Business Plan £ Unbudgeted	Previous Project Authority Granted £75k	Total Project Authority Granted £2,660k	Estimated Final Cost £2,660k
Authority Approval	Further authority of £2,585k was approved following a Corporate Gate C review, taking the approval to the full project expenditure of £2,660k. The project will be partly funded by the Olympic Delivery Authority.		
Outputs and Schedule	<p>The project is for the design and installation of two escalators at the eastern end of the Custom House DLR station platform, to give extra station capacity for the events at Excel and the London 2012 Games and allow full operation of the DLR 3 Car service.</p> <p>Works are planned to start on site in March 2011 and to be completed by October 2011.</p>		

IP-00306 Bank Lifts 6 and 7 Refurbishment			
Financial Authority in Business Plan £1,032k	Previous Project Authority Granted £127k	Total Project Authority Granted £1,806k	Estimated Final Cost £1,806k
Authority Approval	Further project authority of £1,679k was approved for the full cost of the project. The shortfall in the budget will be covered from savings on the Earls Court lift renewal project.		
Outputs and Schedule	<p>The project is to refurbish lifts 6 and 7, that provide step-free access from the DLR concourse to the Northern Line lower concourse.</p> <p>The electrical control system for the lifts is obsolete and the hydraulic parts in need of overhaul.</p> <p>To ensure the lifts are reliable during the London 2012 Games, the refurbishment has been brought forward with implementation planned to commence in November 2010. Completion of the works is planned for February 2012.</p>		

IP-00277 Sub-Surface Railway Depot Shore Supplies Upgrade			
Financial Authority in Business Plan £8,867k	Previous Project Authority Granted £0k	Total Project Authority Granted £9,274k	Estimated Final Cost £9,274k
Authority Approval	£9,274k was approved following a Corporate Gate D review, which will enable the work to be let as part of the packages for these depots as part of the Sub-Surface Railway Upgrade Programme. The unbudgeted element of £407k is to be funded from the Depot Switch Compliance project (see below).		
Outputs and Schedule	To replace Shore Supply equipment at Ealing Common and Upminster depots. This is required as a result of the higher electrical loads required by the new S Stock trains. Design and Build contracts are expected to be let in June 2011 and completed by March 2013.		

IP-00278		Sub-Surface Railway Depots and Sidings Traction Switch Compliance	
Financial Authority in Business Plan £8,801k	Previous Project Authority Granted £0k	Total Project Authority Granted £2,595k	Estimated Final Cost £2,595k
Authority Approval	£2,595k was approved, to enable the design, procurement and replacement of 21 traction switches on the Sub-Surface Railway.		
Outputs and Schedule	The project is to replace 21 traction switches at Hammersmith, Ealing Common and Upminster depots and in sidings, that are not due to be upgraded as part of the Sub-Surface Railway Upgrade Programme. These switches are used to turn off traction current to certain sections of track. The switches will be installed in parallel with the planned depot and sidings works and delivered into service between November 2011 and April 2014.		

PRG Forward Forecast – October 2010 to September 2011

To enable an appropriate level of governance, processes are in place for the authorisation, control and reporting of projects. This is undertaken at both Corporate and Modal levels.

In addition to Modal processes, projects with a total value greater than £2m (unbudgeted) or £5m (budgeted) require authorisation at a corporate level. The Corporate Gateway Approval Process (CGAP) sets the requirements for the review of these projects prior to approval.

From 14 July 2010 until the revised Business Plan is agreed, Interim Expenditure Controls have been introduced that have resulted in a temporary reduction of the threshold for approvals at the Project Review Group from £5m to £1m. Projects between these figures will be reviewed at PRG but will not be subject to the CGAP.

Each gate applies 'challenges' to the project to assess whether it is in a suitable state to move through the gate. The Gate Review provides assurance that a project or programme is:

- deliverable – it is likely to deliver the expected benefits within the declared cost/time/performance envelope;
- affordable – the level of expenditure and financial risk involved is acceptable in light of TfL's overall financial position when set against other priorities; and
- value for money – it provides the optimum combination of whole-life cost and quality (or fitness for purpose) to meet users' requirements.

Corporate Gates normally apply to a project at the following stages of their project lifecycles:

- Gate A – Project commencement (compulsory gate);
- Gate B – Single option selection;
- Gate C – Pre-tender;
- Gate D – Contract award*;
- Gate E – Project close (compulsory gate); and
- Gate P – Programme review for annualised programmes of minor schemes

All figures shown in the following tables are in accordance with the approved TfL Business Plan unless otherwise indicated.

* If there is more than two years between gates, projects will be reviewed again at an interim point, e.g. Gate B+ or Gate D+.

Projects to be submitted to the TfL Board over £100M

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed Board Date
London Underground					
Bank Congestion Relief*	7.4	12.7	512.4	B+	Dec-10
SSR Upgrade – Overarching project authority confirmation	»	»	»	D	Dec-10
SSR Upgrade – Signalling	»	»	»	D	Feb-11
Tottenham Court Road Congestion Relief	568.0	NA	503.5	D+	Mar-11
Northern Line Extension	0.5	Tbc	Tbc	B	Jun-11
Croxley Rail Link	0.4	Tbc	Tbc	B	Sep-11

Corporate					
Earls Court Development	Tbc	Tbc	Tbc	A	Mar-11
Silvertown River Crossing	Tbc	Tbc	Tbc	A	Jun-11
Woolwich Ferry Replacement	Tbc	Tbc	Tbc	A	Mar-11

Notes

* £374m of the total cost of Bank Congestion Relief is post FY 2017/18 and, therefore, does not fall within the Business Plan period. Only approval for the design stage will be sought.

» Costs are excluded for reasons of commercial confidentiality.

Projects to be submitted to the Finance and Policy Committee between £50M and £100M

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed FPC Date
London Underground					
Neasden Depot	»	»	»	D	Jan-11
Ealing Common/Upminster Depot	»	»	»	D	Mar-11

Surface Transport					
A406 Bounds Green	69.0	NA	56.1	D+	Mar-11
Blackwall Tunnel Northbound Refurbishment	73.3	NA	73.3	D+	May-11

Projects to be approved by the Commissioner between £25M and £50M

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed PRG Date
London Underground					
SSR 750v Conversion	3.6	36.1	36.1	B	Mar-11
Baker Street to Bond Street Tunnel Works	0.0	40.1	38.3	A,B,C	Apr-11

Surface Transport					
Olympic Route Network Junctions and Carriageways	5.6	42.6	42.6	C	Dec-10
SCOOT Deployment	10.5	23.7	46.1	D	Dec-10
Electric Vehicles	3.1	25.9	25.9	D	Dec-10
Countdown II Project	31.4	NA	29.7	D+	Feb-11
TLRN Capital Renewals Programme 2011/12	0.0	46.7	46.7	P	Mar-11
Tottenham Hale Gyrotory	11.8	35.5	35.5	C	Apr-11

Corporate					
Future Ticketing Project	74.5	NA	74.4	C	Feb-11
ITSO	58.4	NA	56.0	D+	Apr-11

Projects to be approved by the MD Finance under £25M

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed PRG Date
London Underground					
Earls Court Lifts No.3,4 Replacement	0.9	6.0	6.0	B-D	Nov-10
Automatic Track Monitoring System	14.7	NA	14.7	D	Dec-10
Central Line – 92 Tube Stock Refurbishment	0.0	15.9	15.9	D	Dec-10
Railway Timetabling System	6.9	Tbc	6.8	Variation**	Jan-11
Piccadilly Line: Signalling	0.0	20.0	20.0	A	Dec-10
Piccadilly Line: SCADA	0.0	16.0	16.0	A	Dec-10
Victoria Line Upgrade – 4,500 Amp Energy Optimisation	0.5	5.9	5.9	D	Feb-11
Bridges and Structures Programme 2011/12	0.0	7.5	7.5	P	Feb-11
Earth Structures Programme 2011/12	0.0	10.0	10.0	P	Feb-11

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed PRG Date
Asset Stabilisation Programme 2011/12	0.0	22.8	22.8	P	Feb-11
Embankment Escalator 5-8 Replacement	15.0	15.0	15.0	B-D	Feb-11
Surface Transport					
Taxi and Private Hire Relet and Market Testing	0.0	0.5	2.1	A-C	Nov-10
Olympic Route Network Compliance	0.0	5.2	5.2	A-D	Dec-10
East London Transit 1b	11.7	»	»	D	Mar-11
Road Safety/Accident Reduction 2011/12	0.0	8.3	8.3	P	Mar-11
10 Cycle Super Highways – Tranche 2	37.8*	Tbc*	142.4*	C	Apr-11
Dial-a-Ride Fleet Renewal	6.6	13.9	13.9	D	Jun-11
Pedestrian Countdown	1.5	12.7	12.7	C	Jun-11

London Rail					
East London Line Phase 2	55.3	NA	55.3	D	Feb-11
2011/12 Infrastructure Maintenance Programmes	0.0	3.1	3.1	P	Mar-11

Notes

* The full cost of the projects (£145m) was authorised by the Board in October 2009. Approval of individual phases is being provided by the MD Finance through the Corporate Gateway Approval Process (CGAP). Figures shown are cumulative authorities for all routes.

» Costs are excluded for reasons of commercial confidentiality.

Tbc: The amount to be approved at the gate will be confirmed closer to the approval date.

NA: Not Applicable as no further authority to be sought.

** Project is seeking additional funding between standard gates.

Gate E Project Close reviews to be approved by the MD Finance

Project Title	Current Project Authority £m	Estimated Final Cost £m	CGAP Gate	Proposed PRG Date
London Underground				
Oxford Circus Modernisation	81.1	86.5	E	Dec-10
Power for Connect	30.0	30.0	E	Dec-10
Major Power Works (Victoria Line Upgrade)	142.8	142.5	E	Jan-11
King's Cross CTRL	935.3	877.3	E	Feb-11
White City Development	73.9	75.3	E	May-11

Surface Transport				
SVD iBus Roll-Out	30.0	30.1	E	Dec-10
Legible London	7.6	7.0	E	Dec-10
Western Avenue Bridges	45.8	45.9	E	Jan-11
West Ham Bus Garage	56.1	49.4	E	Jan-11
East London Transit 1a	25.8	23.7	E	Feb-11
Cycle Hire Phase 1	81.7	79.6	E	Mar-11
Two Cycle Superhighways (Pilot)	23.0	22.1	E	Apr-11
Hydrogen Transport	20.0	15.4	E	May-11
Congestion Charging Relet	99.8	99.8	E	Jun-11
Brixton Central Square	9.7	9.7	E	Jun-11
Co-Location of Control Rooms at Palestra	12.7	12.8	E	Aug-11

London Rail				
East London Line Extension	1,044.3	995.2	E	Jan-11
DLR 3 Car Infrastructure	303.2	295.9	E	Feb-11
Ticket Vending Machines	6.4	5.8	E	Feb-11
Additional Southern Gating	6.0	4.8	E	Jan 11
East London Railway/North London Railway Rolling Stock	15.1	15.1	E	Mar-11
London-Wide Oyster	44.6	33.1	E	Mar-11
Olympic Railcars	40.0	44.2	E	Apr-11
Stratford International DLR Extension	188.9	182.5	E	Jun-11
North London Railway Infrastructure Project	252.0	252.2	E	Jul-11

Corporate				
Information Management Strategic Investment Programme (IMSIP)	74.3	68.9	E	Dec-10

Note

Project authorities shown may exceed the final cost of completed projects due to risk and contingency provisions remaining unused. At the point of Gate E approval, the authority will be reduced to equal the final cost.