

TRANSPORT FOR LONDON

FINANCE AND POLICY COMMITTEE

**SUBJECT: INVESTMENT PROGRAMME ADVISORY GROUP GATEWAY
REVIEW FORWARD PLAN**

DATE: 9 JUNE 2010

1 PURPOSE AND DECISION REQUIRED

- 1.1 This paper sets out proposed engagement of the Investment Programme Advisory Group in the Corporate Gateway Approval Process as requested by the Finance and Policy Committee at its meeting on 9 March 2010.
- 1.2 The Finance and Policy Committee is asked to note the contents of this report.

2 BACKGROUND

The Corporate Gateway Approval Process (CGAP)

- 2.1 In 2008, a gateway process was established across TfL to ensure adequate and consistent review of projects prior to financial approval. The Corporate Gateway Approval Process (CGAP) linked project review activity to financial approval and broadened the pre-existing scrutiny by the Project Review Group (PRG). PRG is a group consisting of modal finance and project directors, chaired by the Managing Director, Finance, which was established with a remit to look at affordability and value for money. This role has been broadened to include deliverability, readiness and strategic fit amongst other criteria at pre-determined points in a project's lifecycle.
- 2.2 The key elements of the CGAP are:
 - (a) assurance of the deliverability, affordability and value for money of the project or programme is undertaken at key commitment points (gates) in the project/programme lifecycle;
 - (b) projects are reviewed by External Experts against nine key lines of inquiry (including financial estimation, project governance and technical deliverability) to ensure a robust assessment of the project. Gate workbooks provide details of the lines of inquiry and the expected evidence to be provided at each gate. Prior to submission for approval at a project gate, a gate review is undertaken;
 - (c) approval to proceed to the next stage is only given if it is demonstrated that a project remains deliverable, continues to have a valid business case that confirms it represents value for money, is affordable and has developed to an appropriate level of maturity; and

- (d) the granting of project authority gives approval to the project to proceed until the next specified corporate gate; and to complete a scope of work, to a given cost (including risk allowance and management contingency) within a given timescale.
- 2.3 All projects with a total cost of over £5m are subject to review and approval by the PRG (around 70 a year) and these reviews are managed by the Investment Programme Management Office (IPMO) within Group Business Planning and Performance.
- 2.4 Following review by the PRG, recommendations for approval are made. Depending on the overall cost of the project, authorisation is sought from the Managing Director Finance, the Commissioner, the Finance and Policy Committee and the TfL Board. Through the gateway process, these decision making bodies are given assurance that the project is suitably developed to successfully pass the gateway requirements.

Establishment of the Investment Programme Advisory Group

- 2.5 In 2009, the Mayor and the Secretary of State for Transport agreed revisions to the governance and assurance of the delivery of the TfL Investment Programme.
- 2.6 The key proposals for the new arrangements were to:
 - (a) enhance project assurance processes that provide reporting to the TfL Board, building on the existing gateway approval process; and
 - (b) establish a group of independent advisors to provide advice and scrutiny on the delivery of the Investment Programme to the Finance and Policy Committee and the Board.
- 2.7 In March 2010, the Mayor confirmed the appointment of six members of the IPAG with a starting date of May 2010.
- 2.8 The IPAG was established to advise the Finance and Policy Committee and Board in two principal areas:
 - (a) the delivery of the Investment Programme at portfolio level, including management and organisational capability and the efficiency, effectiveness and economy of delivery of the Investment Programme, including all maintenance, renewal, upgrades and major projects, but not operations and raising any issues of concern relevant to delivery of projects to time to budget, efficiently and economically; and
 - (b) the approval of projects by the TfL Board and/or Finance and Policy Committee, by overseeing the system of gateway reviews and ensuring they are undertaken thoroughly and efficiently, and (where necessary) recommending that further reports or reviews be commissioned.

This paper provides a detailed explanation of the activities the IPAG will undertake in relation to the Corporate Gateway Reviews.

3 Investment Programme Advisory Group involvement in Gateway Reviews

- 3.1 Annually, the IPAG will propose a workplan for the year to the Finance and Policy Committee for its agreement. The Plan will cover both the Group's involvement in the review of specific projects and its activities to form a broader assessment of the delivery of the Investment Programme. The Plan will be kept under review by the Group, and changes will be proposed to the Finance and Policy Committee as required.
- 3.2 The projects with an estimated final cost over £50m and some lower value high risk projects that will seek approval through the CGAP and would be under the remit of the IPAG are shown in Appendix 1. Some of these projects have already been granted full project authority by the Board or Finance and Policy Committee, therefore there will be no submissions to these meetings for further authority at these project gates.
- 3.3 As part of the CGAP, External Experts are commissioned to provide detailed reviews of projects. The Group will oversee and direct the work of the External Experts as necessary to satisfy itself on the quality of the reviews undertaken and will utilise the information provided from these reviews to inform its advice to the Board and Finance and Policy Committee.
- 3.4 For each review of a major project it is proposed that a minimum of two members of the IPAG will be nominated by the Group's Chair to lead the Group's involvement in the process and provide comment on the findings of the review. The Group members nominated to lead on any one project review may wish to seek additional input from other group members with relevant expertise. The overall outputs of the Group will be overseen by the appointed Chair.
- 3.5 This will involve:
 - (a) agreeing the scope of work for the consultants for each review – The terms of reference for the review prepared by the IPMO will be issued to the IPAG members for them to provide input and to identify areas of focus beyond the standard requirements of the CGAP;
 - (b) overseeing the selection of consultants for the reviews of major projects – External Experts for gateway reviews are engaged via mini-competition across suppliers on the TfL Engineering and Project Management Framework. The details of the review team proposed by the preferred supplier will be shared with the IPAG members to allow any concerns of capability to be raised;
 - (c) Gate review process – The review process concludes with a gate review meeting with attendees from the project team, the External Expert review team and the IPMO. At this meeting the findings of the review and any required remedial actions are discussed. The IPAG members will be invited to attend this meeting; and

(d) Gate review reporting – Where projects will seek authority by either the Finance and Policy Committee and/or Board, a summary of the review findings along with any management responses will be provided to the meetings in support of the project submission. The IPAG members will also produce a summary note setting out any additional issues they wish to raise in relation to either the assurance process undertaken or the results of the review itself.

3.6 In practical terms, the output of the Group will accompany the existing project approval papers to the Finance and Policy Committee, and relevant members of the IPAG will attend Finance and Policy Committee meetings for discussion of issues as appropriate.

4 INVESTMENT PROGRAMME ADVISORY GROUP INVOLVEMENT IN TUBE LINES PROJECTS POST ACQUISITION

4.1 TfL plans to acquire the share capital of Tube Lines on 30 June 2010. Following acquisition, the IPAG will extend its role across the projects being delivered by Tube Lines and provide advice to the Finance and Policy Committee and Board in respect to any project approvals or issues related to the delivery of this programme of works.

4.2 In addition the IPAG may provide advice to TfL on the options for the future organisational structure for Tube Lines and additional oversight of the Tube Lines programme of works.

5 IPAG WORKPLAN FOR 2010/11

5.1 The overall resource input for the IPAG has been set at a maximum of 144 person days per annum. The group has allocated 100 days to the gateway reviews and 44 days to other activities such as examination of issues of a systemic nature and production of the annual report. The group has established that the review of projects seeking approval will require approximately 6 person days input (based on two IPAG members working 3 days each) and on this basis the group has resource available to contribute to 17 of the 39 reviews shown in Appendix 1. The group is currently considering the prioritisation of involvement in the reviews and will provide a finalised workplan to the Finance and Policy Committee in July 2010. In advance of this, the Committee is invited to provide a view on those reviews where the IPAG would be of greatest value.

5.2 In addition, the group will be required to provide resource for the review of both the inclusion of projects presently being delivered by Tube Lines and the provision of advice on the options for the future structure of Tube Lines. This could be achieved by increasing the number of days input from each IPAG member, by recruiting additional members or by reducing the level of activity on the current TfL Investment Programme. The group is currently considering options and will provide a recommendation to the Committee in July 2010.

6 CONCLUSION AND NEXT STEPS

- 6.1 The IPAG will engage in the review of projects due to seek authority through the Corporate Gateway Approval Process and will provide advice to the Board and Finance and Policy Committee from July 2010.
- 6.2 The IPAG will engage in discussions on the future arrangements for Tube Lines following acquisition.
- 6.3 The workplan for 2010/11 will be presented to the Finance and Policy Committee in July 2010.

7 RECOMMENDATION

- 7.1 The Finance and Policy Committee is asked to NOTE the report.

8 CONTACT

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IPAG Forward Work Plan

London Underground

Description
Sub Surface Upgrade Programme: Neasden Depot
Major Power Works (Piccadilly Line Upgrade)
Sub Surface Upgrade Programme: ATC signalling
Track Programme Contract
Bank Congestion Relief
Northern Line Extension to Battersea
Oxford Circus Station Modernisation
Baker/Bond Street Tunnel
Major Power Works (Victoria Line Upgrade)
Sub Surface Upgrade Programme: Signalling Immunisation
Tottenham Court Road Congestion Relief
CTRL LU Works at KingsX
Croxley Link
11/12 Asset Stabilisation Programme
11/12 Civils and Structures Programme
Bank Waterloo & City Entrance

Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
D									
			A						
			D						
			D						
			B+						
				B				C	
				E					
					C				
					E				
						D			
						D+			
							E		
							B		
								P	
								P	
									D

Key

Months of Gates relate to submissions to the Project Review Group (PRG)

Where further submission to Finance and Policy Committee or Board is required, the approval will be sought from the meetings subsequent to the PRG

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.

* If there is more than two years between the formal project gates set out above, projects will be reviewed again at a Gate B+ or Gate D+.

Corporate

Description
Future Ticketing Project - Phase 1
Future Ticketing Project - Phase 2
Silvertown River Crossing
Information Management Strategic Investment Programme (IMSIP)

Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
D									
B						D			
			B						
			E						

London Rail

Description
East London Line Phase 2
Woolwich Arsenal DLR Extension
DLR 3 Car Upgrade
East London Line Extension
NLR / ELR Rolling Stock
Stratford International DLR Extension

Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
	C		D						
			E						
					E				
						E			
						E			
							E		

Surface Transport

Description
10 Cycle Superhighways - Phase 1
Olympic Route Junction Improvements
Cycle Hire Scheme (extension for phase 2)
Hanger Lane Bridges
Congestion Charging Re-let
Electric Vehicles
West Ham Bus Garage
A406 Bounds Green
Cycle Hire Scheme
TLRN Capital Renewal Programme
Blackwall Tunnel Northbound

Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
		D							
			C						
			D						
			D+						
				E					
					D				
					E				
								D+	
									E
									P
									D+

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