

TRANSPORT FOR LONDON

FINANCE AND POLICY COMMITTEE

SUBJECT: PROJECT MONITORING – PROJECT APPROVALS

DATE: 20 JANUARY 2011

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) has 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 considered by 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 24 November 2010, there have been two project authorities approved by the Commissioner. Further details of these projects are set out in Appendix 1.

4 PROJECT APPROVALS BY THE MD FINANCE

- 4.1 Since the meeting of the Committee held on 24 November 2010, the MD Finance has approved Project Authority on nine projects. Further details of these projects are set out in Appendix 2.

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 3. 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 Commissioner

ST-PJ307 SCOOT Deployment			
Financial Authority in Business Plan¹	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£45,300k	£8,556k	£28,026k	£28,026k
Authority Approval	An additional £17,576k was approved following a Gate review overseen by the Independent Investment Programme Advisory Group (IIPAG) taking the total authority from £8,556k to £26,132k. A further £1,894k, already approved by MD Surface for SVD iBus SCOOT, was consolidated into this project as they are now being managed as one project, taking the total approval to £28,026k.		
Outputs and Schedule	1,000 new SCOOT (Split Cycle Offset Optimisation Technique) junctions are to be installed as part of the Mayoral smoothing traffic flow programme. These junctions dynamically adjust phases in response to traffic conditions to optimise flow rates. This authority funds 528 of the junctions – 173 have already been delivered and this extension of authority funds the remaining 355 sites. The other 472 sites have been delivered already as part of other projects. The 1,000 sites were due to be delivered by 2015 but they are now expected to be delivered by 2013, as a result of good progress in getting the sites delivered as part of other projects and further acceleration of the directly managed sites to obtain cost savings through reduced management costs.		
ST-PJ161 Olympic Route Network (ORN) Junctions and Carriageways			
Financial Authority in Business Plan¹	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£17,801k	£5,650k	£20,500k	£36,815k
Authority Approval	An additional £14,850k was approved following a Gate D review overseen by the IIPAG, taking the total authority from £5,650k to £20,500k. This will enable continuation until the next review point in May 2011 when full authority will be sought. The project is being fully funded by the Olympic Delivery Authority (ODA). An increase in funding was agreed with the ODA and the financial authority for the project will be increased in the revised Business Plan.		
Outputs and Schedule	The ORN will operate over a 64 day period between 13 July and 14 September 2012. The project will implement a range of temporary traffic engineering measures on the ORN to enable reliable journeys to be made while minimising the impact of the ORN on general London traffic. The project will undertake the detail design, construction and commissioning, operation and maintenance and decommissioning of the junctions and carriageways temporary engineering measures, including traffic signals, on the London Core and Venue ORN (approximately 170km).		

Summary of projects approved by the MD Finance

ST-PJ331 Taxi and Private Hire Relet and Market Testing			
Financial Authority in Business Plan¹	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£900k	£0k	£850k	£2,345k
Authority Approval	Following a Gate C review, project authority of £850k was granted to allow the project to proceed to the next stage and report the results of the re-let exercise and market testing before making final decision on the direction of travel. The cost of the project will be offset by anticipated savings from the new contract.		
Outputs and Schedule	<p>The projects seeks to re-let the current contract for the provision of vehicle inspection and licensing services and procure an end to end IT system when the current contract expires in 2013. Solutions will be sought via a competitive dialogue process as part of which the current in-house operation service elements will be subject to market testing.</p> <ul style="list-style-type: none"> • Invitation to Participate issued 31 March 2011 • Preferred bidder identified 30 September 2011 • Contract award 20 December 2011 		

ST-PJ60 Blackfriars Station Phase 3 Highway Works			
Financial Authority in Business Plan¹	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£0k	£0k	£2,573k	£4,398k
Authority Approval	Project authority of £2,573k was granted for the costs of an interim highway scheme of £1.8m and the next stage of detailed design of £773k. The cost of the project is being fully funded by Network Rail.		
Outputs and Schedule	<p>As part of the Network Rail works at Blackfriars Station, the sub-surface pedestrian entrance to the station will be permanently closed and replaced with a surface level pedestrian entrance. The interim scheme accommodates the site compound and minimises disruption to the road network, and the permanent scheme provides the new crossing facilities at surface level.</p> <p>The detailed design for the permanent scheme will be completed in April 2011 with subsequent award of a contract for the works, which commence in June 2011. The works will be complete in December 2011 to align with completion of the Station works.</p>		

SS-PJ105c Earls Court Lifts 3 and 4 Refurbishment			
Financial Authority in Business Plan¹ £12,840k	Previous Project Authority Granted £288k	Total Project Authority Granted £5,744k	Estimated Final Cost £5,744k
Authority Approval	Additional project authority of £5,456k was granted following a Gate D review, taking the total approval to £5,744k. The overall forecast cost for the project is lower than included in the Business Plan as an enhanced refurbishment is proposed rather than the more expensive full replacement.		
Outputs and Schedule	<p>The project will undertake enhanced refurbishment of two lifts serving the Piccadilly Line platforms at Earls Court. The lifts have been in service since 1982 and have become increasingly unreliable in recent years and are now considered life expired.</p> <p>The refurbishment includes installation of new lift cars with improved lighting and passenger information, new controllers and drive motors and lift tower strengthening works.</p> <p>The works will be commence in September 2011 and complete by May 2012.</p>		

ST-PC340 Traffic Control Maintenance and Related Services (TCMS) Contract Re-Let			
Financial Authority in Business Plan¹ £3847k	Previous Project Authority Granted £0.1k	Total Project Authority Granted £2,303k	Estimated Final Cost £2,303k
Authority Approval	Authority was granted to expend £2,303k to undertake a review of the business strategy for the management of traffic control infrastructure and the procurement of contracts to replace the existing TCMS contracts.		
Outputs and Schedule	<p>The project will extend the existing TCMS contracts by one year to take the expiry dates to March 2014. This will allow the full review of the business strategy for the maintenance of traffic control infrastructure to be undertaken with subsequent procurement of contracts following completion of the works required for the preparation and staging of the 2012 Games.</p> <p>The review will be complete and the new operating model defined by September 2011 with the commencement of procurement in August 2012.</p> <p>The project is expected to deliver minimum ongoing savings of five per cent per year from 2014/15, compared to 2010/11 budgets on traffic control maintenance and signals modernisation.</p>		

ST-PC269 Olympic Route Network (ORN) Compliance			
Financial Authority in Business Plan¹ £0k	Previous Project Authority Granted £0k	Total Project Authority Granted £5,250k	Estimated Final Cost £5,250k
Authority Approval	Full financial and project authority of £5,250k was given, following a Gate D review, for the development and delivery of the ORN Compliance project. The project is being fully funded by the Olympic Delivery Authority.		
Outputs and Schedule	<p>The ORN Compliance project aims to encourage high levels of driver compliance with traffic regulations on the ORN and provide the ability to remove broken down or illegally parked vehicles during the London 2012 Games. The project will be a key contributor towards achieving the ORN journey times embodied in the 2012 Host City Contract.</p> <ul style="list-style-type: none"> • SLAs signed with delivery partners June 2011 • Operational Plans Complete December 2011 		

UIP-2072 New Piccadilly Line Signalling Control System			
Financial Authority in Business Plan¹ £0k	Previous Project Authority Granted £0k	Total Project Authority Granted £7,065k	Estimated Final Cost £19,462k
Authority Approval	Project authority of £7,065k was granted to incorporate the Piccadilly line control facilities into the Sub Surface Upgrade Programme (SUP) Automatic Train Control (ATC) contract. The cost of this project is taken from the deferred Piccadilly Line Upgrade costs.		
Outputs and Schedule	<p>As part of the SUP ATC system currently being procured, the service control of the Sub Surface Railway (SSR) will be consolidated into a single new facility at Hammersmith by 2018. There is an opportunity to extend the line coverage at Hammersmith to include the Piccadilly line to achieve improved service consistency, resilience and operating efficiency. The scope of work to achieve this has been included in the ATC tender documents and represents the majority of this approval.</p> <p>Since the existing Piccadilly line trackside signalling equipment will be retained until replacement with a new system as part of the deferred Piccadilly Line Upgrade, the control system facilities at Hammersmith will not become operational until approximately 2022. To enable earlier control of the system, a feasibility study will be undertaken to determine the best means of interim control from the Hammersmith control centre. Further approval will be sought following the conclusion of this study in 2011.</p>		

BC-PJ047 92 Tube Stock Refresh			
Financial Authority in Business Plan¹ £18,212k	Previous Project Authority Granted £1,921k	Total Project Authority Granted £18,121k	Estimated Final Cost £18,121k
Authority Approval	Additional project authority of £16,200k for full project implementation was granted following a Gate D review of the project, taking the total approval to £18,121k.		
Outputs and Schedule	<p>The project will deliver the refresh of the following components on the Central line fleet:</p> <ul style="list-style-type: none"> • Refurbishment of seats • Replacement of windows to eliminate water ingress • Replacemet of body end panels to eliminate water ingress <p>The works will commence in April 2011 and complete by May 2012.</p>		

ST-PJ325 Electric Vehicles			
Financial Authority in Business Plan¹ £19,817k	Previous Project Authority Granted £3,100k	Total Project Authority Granted £6,600k	Estimated Final Cost £6,600k
Authority Approval	<p>Full project authority of £6,600k was granted for the project and the Financial Authority reduced from £20m to £6.6m as a consequence of the Comprehensive Spending Review in October 2010. The scope has been revised as follows:</p> <ul style="list-style-type: none"> • Gap funding for renewal of GLA fleet vehicles has been withdrawn; • The business fund for encouraging workplace charging points has been withdrawn; and • The total number of charging points to be deployed has been reduced. 		
Outputs and Schedule	<p>The outputs and timescales are as follows:</p> <ul style="list-style-type: none"> • The revised scope of the project to proceed with the design, installation and subsequent operation of infrastructure and systems to support implementation of the Mayor's Electric Vehicle Delivery Plan; • The Contract Award on 14 January 2011 to appoint three suppliers to the £30 million "umbrella" electric vehicle procurement framework contract for the deployment and maintenance of a standardised inter-operable charging infrastructure throughout Greater London; and • The Contract Award on 14 January 2011 to appoint 18 suppliers to the £67 million "umbrella" framework contract for the provision of up to 1,300 Electric Vehicles. 		

IP-00224 Contract Administration Management System (CAMS)			
Financial Authority in Business Plan¹ £0k	Previous Project Authority Granted £0k	Total Project Authority Granted £1,760k	Estimated Final Cost £1,760k
Authority Approval	Authority was granted of £1,760k for the procurement and implementation of a contract administration management system for use on all types of NEC and a number of other contracts. The costs of the system will be offcharged to individual projects utilising the system that would otherwise need to purchase individual systems.		
Outputs and Schedule	<p>A contract administration management system has been trialled on a number of the station upgrade projects and it will be expanded for use across all major projects in London Underground.</p> <p>A five year contract will be established effective from December 2010.</p>		

Notes

¹ Figures indicate the provision in the TfL Business Plan dated November 2009.

PRG Forward Forecast – January 2011 to December 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					
SSR Upgrade – Signalling ATC	»	»	»	D	Feb-11
SSR Upgrade – Overarching project authority confirmation	»	»	»	D	Mar-11
Tottenham Court Road Congestion Relief	568.0	NA	501.0	D+	Mar-11
Victoria Line Upgrade	1,029.0	NA	1029.6	D+	Jun-11
Northern Line Extension	0.5	Tbc	Tbc	B+	Jun-11
Croxley Rail Link	0.4	0.4	172.0	B	Mar-12
Bank Congestion Relief*	7.4	12.7	549.9	C	Dec-12

Corporate					
Silvertown River Crossing	0.0	Tbc	Tbc	A	Mar-11
Woolwich Ferry Replacement	0.0	Tbc	Tbc	A	Mar-11
Earls Court Development	0.0	Tbc	Tbc	A	May-11

Tube Lines					
Northern Line Upgrade	»	»	»	D+	Mar-11
Jubilee Line Upgrade	»	»	»	D+	Tbc

Projects to be submitted to the Finance and Policy Committee (FPC) 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					
SSR Upgrade - Neasden Depot	»	»	»	D	Mar-11

Corporate					
Cable Car	»	»	»	D	Mar-11
Future Ticketing Project Ph 3-5	0.0	Tbc	Tbc	A	Jul-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
Ealing Common/Upminster Depot	»	»	»	D	Mar-11
Baker Street to Bond Street Tunnel Works	0.0	38.9	38.9	A,B,C	Apr-11
Green Park Step Free Access	96.9	NA	57.8	D+	May-11
Paddington (H&C) Congestion Relief	69.3	NA	63.0	D	Jul-11
Bank Walbrook Square	57.9	NA	57.4	C	Nov-11

Surface Transport					
Countdown II Project	31.4	NA	29.7	D+	Feb-11
TLRN Capital Renewals Programme 2011/12	0.0	47.2	47.2	P	Feb-11
A406 Bounds Green	56.1	NA	56.1	D+	May-11
Blackwall Tunnel Northbound Refurbishment	73.3	NA	73.3	D+	May-11
Tottenham Hale Gyratory	11.8	35.5	35.5	C+	Jul-11

Corporate					
Future Ticketing Project	74.5	NA	70.6	C/D	May-11
ITSO	58.4	NA	58.4	D+	Jun-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					
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
Asset Stabilisation Programme 2011/12	0.0	22.8	22.8	P	Feb-11
Victoria Line Upgrade – 4,500 Amp Energy Optimisation	0.5	5.9	5.9	D	Mar-11
Railway Timetabling System	6.9	Tbc	6.8	Variation**	Mar-11
Piccadilly Line: SCADA	0.0	12.4	12.4	A	May-11

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed PRG Date
Embankment Escalator 5-8 Replacement	15.0	NA	15.0	B-D	May-11
Surface Transport					
TLRN Signal Modernisation Programme	0.0	3.7	3.7	P	Mar-11
10 Cycle Super Highways – Tranche 2	37.8*	Tbc*	142.4*	C	Apr-11
TLRN Capital Development Programme	0.0	16.2	16.2	P	Apr-11
21 st Century Traffic Signal Communications	0.1	Tbc	£10.0	A	May-11
Dial-a-Ride Fleet Renewal	6.6	16.1	16.1	D	Jun-11
Pedestrian Countdown	1.5	6.9	6.9	C	Jun-11
10 Cycle Super Highways – Tranche 2	37.8*	Tbc*	142.4*	D	Aug-11
Taxi and Private Hire Relet and Market Testing	0.85	2.3	2.3	D	Oct-11
East London Transit 1b	11.7	»	»	D	Oct-11
Pedestrian Countdown	1.5	6.9	6.9	D	Dec-11

London Rail					
East London Line Phase 2	55.3	NA	55.3	D	Feb-11
2011/12 Infrastructure Maintenance Programmes	0.0	14.1	14.1	P	Mar-11

Tube Lines					
JNP 11/12 Civils Programme	Tbc	5.7	5.7	P	Feb-11
JNP 11/12 Lift & Escalators Programme	Tbc	Tbc	Tbc	P	Feb-11
JNP 11/12 Track Renewal Programme	Tbc	16.9	16.9	P	Feb-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)	Proposed PRG Date
London Underground			
Power for Connect	30.0	30.0	Feb-11
Oxford Circus Modernisation	81.1	86.5	Feb-11
King's Cross CTRL	935.3	877.3	Feb-11
Major Power Works (Victoria Line Upgrade)	142.8	142.5	Mar-11
92TS Bogie Replacement & Gearbox Repair	64.7	64.7	Apr-11
South Fields Step Free Access	14.4	14.4	Apr-11
White City Development	73.9	74.8	May-11
Earls Court Lifts No.3,4 Replacement	4.9	5.7	Jun-11

Surface Transport			
Legible London	7.6	7.0	Jan-11
Western Avenue Bridges	45.8	46.5	Jan-11
West Ham Bus Garage	56.1	49.0	Feb-11
SVD iBus Roll-Out	30.0	30.1	Feb-11
East London Transit 1a	25.8	23.7	Feb-11
2 Cycle Superhighways (Pilot)	23.0	22.4	Apr-11
Cycle Hire Phase 1	81.7	76.9	May-11
Gants Hill	7.2	7.1	May-11
Congestion Charging Relet	99.8	99.8	Jun-11
Brixton Central Square	9.7	7.3	Jul-11
Co-Location of Control Rooms at Palestra	12.7	12.8	Aug-11
Congestion Performance Network Improvement Programme	8.7	8.3	Dec-11
Olympic Cycle and Walking Routes	9.8	9.4	Dec-11

London Rail			
Additional Southern Gating	6.0	4.8	Jan-11
East London Line Extension	1,044.3	1,012.4	Feb-11
DLR 3 Car Infrastructure	303.2	295.9	Feb-11
East London Railway/North London Railway Rolling Stock	15.1	15.1	Mar-11
London-Wide Oyster	44.6	33.1	Mar-11
Ticket Vending Machines	6.4	5.8	Mar-11
Olympic Railcars	44.7	43.8	Apr-11
Stratford International DLR Extension	188.9	182.5	Jun-11
North London Railway Infrastructure Project	252.0	252.2	Jul-11

Corporate			
Information Management Strategic Investment Programme (IMSIP)	74.3	69.0	Jan-11
Sub Regional Models	Tbc	Tbc	Mar-11