

TRANSPORT FOR LONDON

FINANCE COMMITTEE

SUBJECT : PROJECT MONITORING – PROJECT APPROVALS

MEETING DATE : 24 JANUARY 2008

1. PURPOSE

To inform the Finance Committee of approvals given by the Commissioner (and in his absence the Managing Director, Finance) in accordance with delegated authority under the TfL Standing Orders.

2. BACKGROUND

The Commissioner has the delegated authority to approve project submissions less than £100m, and which contain less than £25m of unbudgeted expenditure. (The MD Finance approves those less than £25m gross or £10m unbudgeted.)

3. PROJECT APPROVALS

Since the last Finance Committee on 14 November 2007, there have been five approvals, namely, (a) Notting Hill Gate Station Modernisation, (b) Marble Arch Station Modernisation, (c) Information Management Strategic Investment Programme, (d) Whitechapel Route Protection Works (e) Accommodation Strategy. Further details are set out in Appendix 1.

Set out in the attached Appendix 2 is a list of planned projects which are expected to seek formal approval under delegated limits in the current financial year.

4. RECOMMENDATIONS

The Finance Committee is recommended to NOTE the contents of this report.

APPENDIX 1

Summary of the projects approved by Commissioner.

LU-PJ267	Notting Hill Gate Station Modernisation	Total Approval = £30.3M
Outcomes and Business Case	<p>The modernisation of three stations was omitted from the PPP – Marble Arch, Notting Hill Gate and Buckhurst Hill. The work had been incorporated into the PPP contract as a Specified Right but with insufficient funding.</p> <p>The benefit cost ratio for Notting Hill Gate at 1.4:1 arises from improvements in station ambience and avoidance of station closures resulting from structural failure of the train-shed roof.</p>	
Outputs and Schedule	<p>This proposal requested a total of £30.323m for implementation of the station modernisation at Notting Hill Gate. This modernisation will include: new or refurbished wall, floor and ceiling finishes through the station; sensitive restoration of the District and Circle line platforms and train shed roof (Grade 2 listed); enhanced lighting throughout the station; and more ticket gates.</p> <p>The completion date for construction of this project will be in 30 May 2011.</p>	
Approval	<p>The project sought additional authority of £28.542m, to take total authority to £30.323m. This is funded within the approved business plan and commits to overhang of £5.434m.</p>	

LU-PJ266	Marble Arch Station Modernisation	Total Approval = £27.6M
Outcomes and Business Case	<p>The modernisation of three stations was omitted from the PPP – Marble Arch, Notting Hill Gate and Buckhurst Hill. This work has been incorporated into the PPP contract as a Specified Right, but with insufficient funding.</p> <p>The benefit-cost ratio is 1.4:1 arising from improved station ambience and avoiding station closure.</p>	
Outputs and Schedule	<p>This proposal requested £27.586m for implementation of the station modernisation at Marble Arch. This modernisation will include: new or refurbished wall, floor and ceiling finishes through the station; repairs to ticket office structural beams; enhanced lighting throughout the station; and relocated ticket office.</p> <p>The completion date for construction of this project will be in 30 May 2011.</p>	
Approval	<p>The project sought additional authority of £25.469m, to take total authority to £27.586m.</p> <p>The expenditure is fully budgeted in the approved business plan, and commits to overhang beyond the business plan of £8.831m.</p>	

Various revenue projects	Information Management Strategic Investment Programme	Total Approval = £60.6M
Outcomes and Business Case	<p>This authority enables spend of £60.6m over the next two financial years. This is part of the three year IM Strategic Investment Programme for which the total investment is £88.0m.</p> <p>The three year programme forecasts net savings of £6.8m. Further in the future, the proposal forecasts that, provided all future savings are reinvested, total cost savings of £348m by 2014/15, when compared with the 2006/07 total cost of ownership baseline.</p>	
Outputs and Schedule	<p>The programme has four main components:</p> <ul style="list-style-type: none"> • Desktop Services: Implementing 'Thin Client' to provide TfL users with a high-availability and resilient service that substantially reduces support costs and carbon emissions. • Data Centre and Hosting Services: Implementation of the Data Centres and Hosting strategy will improve system efficiency, disaster recovery and ability to meet user demand, with lower carbon emissions. • Application Portfolio Management: This will bring about a considerable reduction in the number of TfL's applications, licences and support costs. • Voice and Data Network Services: This will underpin the whole of the IM Strategy Improvement Programme, by providing a stable and flexible network, without which other aspects of the programme would be unlikely to be delivered. 	
Approval	<p>This project has approved £60.6m, funded from existing budgets with a completion date for this authority of March 2009.</p>	

LR-PJ301C	Whitechapel Route Protection Works	Total Approval = £11.7M
Outcomes and Business Case	<p>An underpass is required as part of the Crossrail project. The project will be commenced in advance of Crossrail construction timescales to avoid additional line closures.</p>	
Outputs and Schedule	<p>This proposal approved £11.718m to undertake route protection works to construct an underpass at Whitechapel station beneath the East London Line track bed on behalf of Crossrail, pending the provision of Crossrail Royal Asset and funding.</p> <p>The works are summarised as follows : (a) construction of a reinforced concrete block beneath the ELL track bed, (b) re-design and relocation of the ELL project secondary means of escape staircase to allow for the construction of the slab deck.</p> <p>The works will be delivered via a variation to the main ELL works contract.</p>	
Approval	<p>The approval provided £11.718m to complete these route protection works. The target completion date is September 2008.</p>	

CS-PJ20C	Accommodation Strategy	Total Approval = £27.6M
Outcomes and Business Case	<p>In November 2006, MD, Finance and Planning approved £15m for the fit-out of 200,000 sq ft of the Palestra building. A further £9.557m was approved in July 2007 for a package of environmental improvement initiatives.</p> <p>The projected benefits and savings remain within target.</p>	
Outputs and Schedule	<p>This proposal is for supplementary authority of £3.1m to pay for increased costs related to largely to the M&E works.</p>	
Approval	<p>This approval seeks to increase the authority for this project, from £24.56m to £27.66m.</p> <p>The increased costs can be funded from savings related to the deferral of rate payments to the London Borough of Southwark until the building is occupied.</p>	

APPENDIX 2

Projects expected to seek authority from the Commissioner during 2007/8

	Investment Programme Number	Current Approval £m	Expected Approval £m	
London Underground				
	Operational Flexibility – Crossovers	LU-PJ44C	3	25
	Crossrail – LU Services and Safeguarding	LU-PC184	10	17
	Victoria Station Upgrade- enabling and advanced works	LU-PJ11C	48	70
	Cooling the Tube – Victoria Line	LU-PJ308C	8	34
London Rail				
	<i>None</i>			
Surface				
	<i>None</i>			
Corporate				
	<i>None</i>			