

**TRANSPORT FOR LONDON**

**FINANCE AND POLICY COMMITTEE**

**SUBJECT: PROJECT MONITORING – PROJECT APPROVALS**

**DATE: 13 OCTOBER 2010**

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**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 16 September 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 16 September 2010, the MD Finance has approved Project Authority on one project. Further details of this project is 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**

7.1 Contact: Stephen Critchley, Chief Finance Officer  
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## Summary of projects approved by the MD Finance

| <b>LU-PJ417 Information Systems Improvement Programme End User Computing Project (ISIP EUC)</b> |   |  |                             |
|---|---|--|-----------------------------|
| <b>Financial Authority in Business Plan</b>   | <b>Previous Project Authority Granted</b>   | <b>Total Project Authority Granted</b> | <b>Estimated Final Cost</b> |
| £12.8m  | £12.8m  | £16.1m                                 | £16.1m                      |
| <b>Authority Approval</b>   | An additional Project Authority of £3.3m was granted to complete the ISIP EUC project bringing the total Project Authority to £16.1m. The additional funding was required for a 25 per cent increase in the number of former Metronet users (fMR) requiring migration to the One London system. |  |                             |
| <b>Outputs and Schedule</b>   | The project exists to integrate the fMR desktop computers, peripherals and software onto the TfL One London system in order to provide a common platform and facilitate other savings. The project is due for completion in March 2011.   |  |                             |

## PRG Forward Forecast – September 2010 to August 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 contract award and project close, projects will be reviewed again at a 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 |
|--|------------------------------|---|-------------------------|-----------|---------------------|
| <b>London Underground</b>                                |                              |   |                         |           |                     |
| Bank Congestion Relief*                                  | 7.1                          | 12.4                                    | 599.4                   | B+        | Dec-10              |
| SSR Upgrade – Overarching project authority confirmation | »                            | »                                       | »                       | D         | Dec-10              |
| SSR Upgrade – Signalling                                 | »                            | »                                       | »                       | D         | Feb-11              |
| Tottenham Court Road Congestion Relief                   | 538.0                        | 538.0                                   | 519.9                   | D+        | Feb-11              |
| Northern Line Extension                                  | 0.5                          | Tbc                                     | 800.0                   | B         | Mar-11              |

|                           |     |     |     |   |        |
|---------------------------|-----|-----|-----|---|--------|
| <b>Corporate</b>          |     |     |     |   |        |
| Earls Court Development   | Tbc | Tbc | Tbc | A | Feb-11 |
| Silvertown River Crossing | Tbc | Tbc | Tbc | A | Feb-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 |
|-------------------------------|------------------------------|---|-------------------------|-----------|-------------------|
| <b>London Underground</b>     |                              |   |                         |           |                   |
| Neasden Depot                 | »                            | »                                       | »                       | D         | Nov-10            |
| Ealing Common/Upminster Depot | »                            | Tbc                                     | »                       | C         | Nov-10            |

|                          |      |      |      |    |        |
|--------------------------|------|------|------|----|--------|
| <b>Surface Transport</b> |      |      |      |    |        |
| A406 Bounds Green        | 69.0 | Tbc  | 56.1 | D+ | Mar-11 |
| Blackwall Tunnel         | 73.3 | 73.3 | 73.3 | D+ | May-11 |

|                  |      |      |      |   |        |
|------------------|------|------|------|---|--------|
| <b>Corporate</b> |      |      |      |   |        |
| Future Ticketing | 74.5 | 74.5 | 74.5 | D | Jan-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 |
|----------------------------------|------------------------------|---|-------------------------|-----------|-------------------|
| <b>London Underground</b>        |                              |   |                         |           |                   |
| Baker St to Bond St Tunnel works | 1.0                          | 40.1                                    | 40.1                    | A,B,C     | Dec-10            |
| Asset Stabilisation Programme    | 0.0                          | 22.8                                    | 22.8                    | P         | Feb-11            |
| SSR 750v Conversion              | 3.6                          | 36.1                                    | 36.1                    | B         | Mar-11            |

|   |      |      |      |    |        |
|---|------|------|------|----|--------|
| <b>Surface Transport</b>                |      |      |      |    |        |
| SCOOT Deployment                        | 10.5 | 23.7 | 45.3 | D  | Dec-10 |
| Electric Vehicles                       | 3.1  | 26.1 | 26.1 | D  | Dec-10 |
| Countdown II Project                    | 31.4 | Tbc  | 29.9 | D+ | Feb-11 |
| TLRN Capital Renewals Programme 2011/12 | 0.0  | 45.6 | 45.6 | P  | Mar-11 |
| Tottenham Hale Gyrotory                 | 11.8 | Tbc  | 35.5 | C  | Apr-11 |

|                    |      |      |      |   |        |
|--------------------|------|------|------|---|--------|
| <b>London Rail</b> |      |      |      |   |        |
| Olympic Railcars   | 40.0 | 40.0 | 44.5 | E | 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 |
|---|------------------------------|---|-------------------------|-------------|-------------------|
| <b>London Underground</b>                             |                              |   |                         |             |                   |
| SSR Upgrade: DEISIP                                   | 8.9                          | 8.9                                     | 8.9                     | D           | Oct-10            |
| Tunnel Cleaning Train                                 | 8.3                          | 8.3                                     | 8.3                     | B/D         | Oct-10            |
| Ticketing Support for OSP-Delivery                    | 0.0                          | 5.1                                     | 7.5                     | D           | Oct-10            |
| Central Line – 92 Tube Stock Refurbishment            | 1.7                          | 17.0                                    | 17.0                    | D           | Nov-10            |
| Earls Court Lifts No.3,4 replacement                  | 0.9                          | 6.0                                     | 6.0                     | B/D         | Nov-10            |
| Railway Timetabling System                            | 6.9                          | 9.0                                     | 9.0                     | Variation** | Nov-10            |
| Piccadilly Line: Signalling                           | 20.0                         | 20.0                                    | 20.0                    | A           | Dec-10            |
| Piccadilly Line: SCADA                                | 16.0                         | 16.0                                    | 16.0                    | A           | Dec-10            |
| Victoria Line Upgrade – 4,500 Amp Energy Optimisation | 0.5                          | 7.3                                     | 7.3                     | D           | Dec-10            |
| Tunnel Cooling – Out of Service fans                  | 4.7                          | 5.3                                     | 5.3                     | D           | Jan-11            |
| Embank Escalator 5-8 replacement                      | 15.0                         | 15.0                                    | 15.0                    | B-D         | Jan-11            |

| Project Title                                    | Current Project Authority £m | Expected Cumulative Authority Sought £m | Estimated Final Cost £m | CGAP Gate | Proposed PRG Date |
|--|------------------------------|---|-------------------------|-----------|-------------------|
| <b>Surface Transport</b>                         |                              |   |                         |           |                   |
| Euston Circus (unbudgeted)                       | 0.0                          | 4.7                                     | 4.7                     | A-B       | Oct-10            |
| Henley's Corner                                  | 8.4                          | 8.4                                     | 8.4                     | D         | Nov-10            |
| Olympic Route Network Junctions and Carriageways | 5.7                          | Tbc                                     | 18.0                    | C         | Dec-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                          | 8.2                                     | 8.2                     | P         | Mar-11            |
| Tunnel Safety Enhancement                        | 2.5                          | 7.5                                     | 51.8                    | P         | Mar-11            |
| Cycle Super Highways – Phase 2                   | 42.5*                        | 42.5*                                   | 145.0*                  | C         | Apr-11            |
| Dial a Ride Fleet Renewal                        | 0.0                          | 13.9                                    | 13.9                    | D         | Jun-11            |
| Pedestrian Countdown                             | 1.5                          | 12.7                                    | 12.7                    | C         | Jun-11            |

|   |      |      |      |   |        |
|---|------|------|------|---|--------|
| <b>London Rail</b>                            |      |      |      |   |        |
| Escalators at Custom House (unbudgeted)       | 0.0  | 3.6  | 3.6  | C | Oct-10 |
| East London Line Phase 2                      | 75.0 | 75.0 | 75.0 | D | Dec-10 |
| 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.

\*\* 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 | Expected Cumulative Authority Sought £m | Estimated Final Cost £m | CGAP Gate | Proposed PRG Date |
|-------------------------------------|------------------------------|---|-------------------------|-----------|-------------------|
| <b>London Underground</b>           |                              |   |                         |           |                   |
| Walthamstow Central Station Upgrade | 11.8                         | 11.8                                    | 11.8                    | E         | Oct-10            |
| Oxford Circus Modernisation         | 81.1                         | 86.5                                    | 86.5                    | E         | Nov-10            |
| Power for Connect                   | 30.0                         | 30.0                                    | 30.0                    | E         | Nov-10            |
| Major Power Works (VLU)             | 142.8                        | 142.8                                   | 142.5                   | E         | Jan-11            |
| King's Cross CTRL                   | 935.7                        | 935.7                                   | 887.4                   | E         | Jan-11            |
| White City Development              | 73.9                         | 73.9                                    | 75.3                    | E         | May-11            |
| Connect Enabling                    | 102.2                        | 102.2                                   | 101.6                   | E         | On hold           |

|                                 |      |      |      |   |        |
|---------------------------------|------|------|------|---|--------|
| <b>Surface Transport</b>        |      |      |      |   |        |
| Legible London                  | 7.6  | 7.6  | 7.0  | E | Oct-10 |
| ORN Network Instrumentation     | 10.6 | 10.6 | 10.5 | E | Oct-10 |
| Western Avenue Bridges          | 45.8 | 45.8 | 45.9 | E | Nov-10 |
| SVD iBus roll-out               | 30.0 | 30.0 | 30.1 | E | Nov-10 |
| West Ham Bus Garage             | 56.1 | 56.1 | 50.2 | E | Dec-10 |
| East London Transit 1a          | 25.8 | 25.8 | 23.7 | E | Dec-10 |
| Signals Modernisation Programme | 0.0  | 2.9  | 2.9  | E | Mar-11 |
| Cycle Superhighways (Pilot)     | 23.0 | 23.0 | 23.0 | E | Apr-11 |
| Hydrogen Transport              | 15.4 | 15.4 | 15.4 | E | May-11 |

|                                       |       |       |       |   |        |
|---------------------------------------|-------|-------|-------|---|--------|
| <b>London Rail</b>                    |       |       |       |   |        |
| London-wide Oyster                    | 44.6  | 44.6  | 33.1  | E | Nov-10 |
| ELR/NLR Rolling Stock                 | 15.1  | -     | 58.1  | E | Dec-10 |
| DLR 3 Car Infrastructure              | 303.2 | 303.2 | 236.4 | E | Jan-11 |
| Ticket Vending Machines               | 6.4   | 6.4   | 6.4   | E | Jan-11 |
| Additional Southern Gating            | 6.0   | 6.0   | 4.8   | E | Jan 11 |
| Stratford International DLR Extension | 188.9 | 188.9 | 182.5 | E | Jun-11 |

|   |      |      |      |   |        |
|---|------|------|------|---|--------|
| <b>Corporate</b>  |      |      |      |   |        |
| Information Management Strategic Investment Programme (IMSIP) | 74.3 | 74.3 | 69.1 | E | Nov-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.