

TRANSPORT FOR LONDON

FINANCE AND POLICY COMMITTEE

SUBJECT: PROJECT MONITORING – PROJECT APPROVALS

DATE: 17 MARCH 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 20 January 2011, 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 20 January 2011, the MD Finance has approved project authority on six 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-PJ160c ST-PJ301c Western Avenue Bridges			
Financial Authority in Business Plan¹	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£48,200k	£48,200k	£48,900k	£48,900k
Authority Approval	This project was approved for closure, however, the final cost exceed the existing authority by £700k. This is due to a number of additional unbudgeted items that arose towards the end of the project relating to utilities, and requests of Network Rail and the London Borough of Ealing.		
Outputs and Schedule	The replacement of two road bridges on the A40 near Gypsy Corner. The Wales Farm Road Bridge and the Perryn Road Bridge carry the A40 on three-span bridges carrying two lanes in each direction over Network Rail tracks on the Great Western and North London Lines. The bridges were completed in November 2009.		
BC-PJ045c SS-PJ050c Earth Structures Programme 2011/12 and 2012/13			
Financial Authority in Business Plan¹	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£25,132k	£0k	£25,132k	£25,132k
Authority Approval	Following a Gate P review, project authority of £25,132k was granted for the Earth Structures programme on the BCV and SSR lines. £3,572k was granted for 2011/12, £21,560k for 2012/13.		
Outputs and Schedule	The cuttings and embankments that make up the Earth Structures assets underpin and provide structural integrity for the track and station structures, and are needed to ensure the railway remains safe and operational in the open sections of the London Underground network. Since 2003, 75 sub-standard Earth Structures at greatest risk of failure have been renewed, a further 15 will be addressed with the approval granted. The programme completes in March 2013.		

Summary of projects approved by the MD Finance

ST-PJ147C Gants Hill			
Financial Authority in Business Plan ¹	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£7,157k	£7,157k	£7,533k	£7,533k
Authority Approval	An additional authority of £376k was approved by MD Finance. Costs increased as a result of unidentified utilities, requiring further investigation and design work. Additional staff costs were also required and construction and supervision costs increased as a result.		
Outputs and Schedule	This project completed in September 2010, enabling full signalisation of the Gants Hill roundabout, with the provision of toucan crossing facilities on all major approach and exit arms. The scheme, which is one of the Mayor's 100 open spaces, also allowed for extensive street scene enhancements and subway improvements.		

BC-PJ045c Civils-Pumps Annual Programme			
Financial Authority in Business Plan ¹	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£3,887k	£0k	£3,887k	£3,887k
Authority Approval	Project authority of £3,887k was granted for the pumps annual programme on the BCV and SSR lines.		
Outputs and Schedule	<p>Pumps are required to ensure water is carried away from the low spots in stations and depots in order to prevent flooding. The replacement of life expired pumps is required to ensure operations are maintained, and to minimise station closures, particularly during adverse weather conditions. The specific outputs of this programme include:</p> <ul style="list-style-type: none"> • Completion of pump renewal works, started under the 2010/11 annual programme, at the following three stations: <ul style="list-style-type: none"> - Redbridge; - Liverpool Street; and - Shepherd's Bush. • Renewal of pumping systems at the following seven stations: <ul style="list-style-type: none"> - Piccadilly Circus; - Seven Sisters; - Charing Cross; - Kilburn Park; - Stratford; - West Ruislip; and - Baker Street. • Renewal of pumping systems at Stonebridge Park Depot <p>The two-year programme will complete in March 2013.</p>		

SS-PJ084c Latimer Road Platform Replacement and Lengthening			
Financial Authority in Business Plan¹ £6,644k	Previous Project Authority Granted £4,594k	Total Project Authority Granted £6,644k	Estimated Final Cost £6,644k
Authority Approval	Additional project authority of £2,050k was granted for the completion of platform strengthening and extension works.		
Outputs and Schedule	<p>This additional authority is to address platform strength deficiencies that have been uncovered as part of the extension works. Many hidden elements of the platform lattice girders are in a substantially worse condition than originally assumed, there are inadequate foundations in some supporting columns and significant structural movement has become evident. It is efficient to carry out these strengthening works as part of the extension project. The specific outputs are:</p> <ul style="list-style-type: none"> • Station entrance works; • Lattice girder strengthening including column foundations; and • Ticket hall wall stabilisation. <p>The work will be complete by November 2011.</p>		

LU-PJ671c Highbury & Islington Event Mitigation Project			
Financial Authority in Business Plan¹ £0k	Previous Project Authority Granted £0k	Total Project Authority Granted £2,446k	Estimated Final Cost £2,446k
Authority Approval	A new authority of £2,446k was approved. This is unbudgeted but funded by a section 106 agreement between Arsenal Football Club and the London Borough of Islington.		
Outputs and Schedule	The project will deliver a second gateline at Highbury and Islington station (LU and Overground) to cater better for passenger flows when events take place at the Emirates Stadium, along with congestion relief works within the concourse. The scheme is expected to be implemented by May 2013, although this could be accelerated if agreed with the successful contractor.		

BC-PJ045c Civils-Bridges, Structures and Deep Tube Tunnels Programme SS-PJ050c 2011-12 and 2012/13			
Financial Authority in Business Plan¹ £18,167k	Previous Project Authority Granted £0k	Total Project Authority Granted £14,299k	Estimated Final Cost £14,299k
Authority Approval	Following a Gate P review, project authority of £14,299k was granted for the Earth Structures programme. £6,338k was granted for 2011/12, £7,961k for 2012/13.		
Outputs and Schedule	<p>A significant number of sub-standard and degraded structures have been identified through a programme of detailed assessments. These are now in need of intervention to reduce future maintenance costs, reduce the risk of failure and interruptions to the operational service and to minimise residual liability.</p> <p>The Bridges and Structures renewals programme over the last eight years has strengthened 52 assets, at greatest risk of failure. A further 42 will be addressed through this programme.</p> <p>The programme completes in March 2013.</p>		

LU-PJ623c Cellular Mobile Phone Coverage on the Underground			
Financial Authority in Business Plan¹ £0k	Previous Project Authority Granted £0k	Total Project Authority Granted £2,000k	Estimated Final Cost £21,040k
Authority Approval	The project was granted £2,000k unbudgeted project authority to cover internal staff costs. The funding is to be provided by third parties.		
Outputs and Schedule	<p>This is the initial London Underground cost (from an estimate of £21,040k) in support of the proposed cellular mobile programme to September 2014. The cost is reimbursable on a monthly basis.</p> <p>The work being carried out by London Underground is to assess the available options, risks and costs associated with each and enter into commercial negotiations with suppliers.</p>		

Notes

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

Forward Approval Programme – March 2011 to February 2012

To enable an appropriate level of governance, processes are in place for the authorisation, control and reporting of projects.

Projects with a total value greater than £2m (unbudgeted) or £5m (budgeted) require authorisation by the Managing Director, Finance. 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					
Tottenham Court Road Congestion Relief	538.0	NA	501.0	D+	Jun-11
Victoria Line Upgrade	1,029.0	NA	1,029.6	D+	Jun-11
Northern Line Extension	2.4	Tbc	301.8	B+	Jun-11
Deep Tube Strategy	0.0	Tbc	Tbc	A	Jun-11
Victoria Station Upgrade	724.0	Tbc	654.3	D+	Dec-11
Croxley Rail Link	0.4	0.4	172.0	B	Feb-12

Corporate					
Earls Court Development	0.0	Tbc	Tbc	A	Jun-11
Woolwich Ferry Replacement	»	»	»	B	Dec-11

Tube Lines					
Northern Line Upgrade	»	»	»	D+	Jun-11
Jubilee Line Upgrade	»	»	»	D+	Nov-11

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 – Signalling ATC	»	»	»	D	Apr-11
SSR Upgrade – Overarching project authority confirmation	»	»	»	D	Apr-11
SSR Upgrade-Neasden Depot	»	»	»	D	Apr-11
Green Park Step Free Access	80.8	NA	57.8	D+	May-11
Mobile Phone Coverage	»	»	»	A	May-11
Paddington (H&C) Congestion Relief	62.2	NA	63.0	D	Jul-11
Stations Programme	0.0	13.0	66.0	P	Sep-11
Bank Walbrook Square	58.0	NA	57.4	C	Nov-11
Surface Transport					
A406 Bounds Green	56.1	NA	56.1	D+	May-11
Blackwall Tunnel Northbound Refurbishment	73.3	NA	73.3	D+	May-11
Corporate					
Future Ticketing Project Ph 3-5	0.0	Tbc	Tbc	A	Jul-11
Future Ticketing Project Ph 2	74.5	NA	70.6	C/D	Jul-11
ITSO	58.4	NA	58.4	D+	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 Approval Date
London Underground					
SSR 750v Conversion	3.6	36.1	36.1	B	Mar-11
Baker Street to Bond Street Tunnel Works	0.0	38.9	38.9	A,B,C	Apr-11
Baker Street Station	0.0	3.9	36.0	B	Apr-11
Ealing Common/Upminster Depot	71.1	Tbc	71.1	D	Jul-11
L&E Programme, Highbury & Islington Esc 1&3/Victoria Esc 5/ Greenford Esc 5/ Baker St 3,5 & 6	»	»	»	P	Oct-11

Surface Transport					
TLRN Capital Renewals Programme 2011/12	0.0	47.2	47.2	P	Mar-11
Tottenham Hale Gyrotory	11.8	35.5	35.5	C+	Jul-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 Approval Date
London Underground					
Battery Locomotive	1.0	16.0	16.0	B	Mar-11
Railway Timetabling System	6.9	Tbc	6.9	Variation**	Mar-11
Earthing and Bonding-Power	3.6	8.4	8.4	A	Mar-11
Wide Aisle Gates	Tbc	Tbc	Tbc	D	Apr-11
Piccadilly Line: SCADA	0.0	12.4	12.4	A	May-11
Victoria Line Upgrade – 4,500 Amp Energy Optimisation	0.5	5.6	5.6	D	May-11
Battery Locomotive	1.0	16.0	16.0	D	Jun-11
Embankment Escalator 5-8 Replacement	15.0	NA	15.0	B-D	Oct-11
Surface Transport					
TLRN Signal Modernisation Programme	0.0	3.7	3.7	P	Mar-11
Dial-a-Ride Fleet Renewal	7.6	16.1	16.1	D	Mar-11
Paid for Parking	0.0	0.1	9.0	A	Apr-11
TLRN Capital Improvement Programme	0.0	47.2	47.2	P	Apr-11
21 st Century Traffic Signal Communications	0.1	10.0	10.0	A	Jun-11

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed Approval Date
Pedestrian Countdown	1.5	6.9	6.9	C	Jun-11
ORN Compliance	5.2	N/A	5.2	D+	Jul-11
Transport Coordination Centre	5.8	N/A	5.8	C+	Sep-11
East London Transit 1b	11.7	»	»	D	Oct-11
Systems Location	25.7	N/A	25.7	D+	Nov-11
Pedestrian Countdown	1.5	6.9	6.9	D	Dec-11
10 Cycle Super Highways – Tranche 2	37.8*	Tbc*	142.4*	C	Feb-12

London Rail

2011/12 Infrastructure Maintenance Programmes	0.0	14.1	14.1	P	Mar-11
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Tube Lines

JNP 2011/12 Civils Programme	0.0	29.6	29.6	P	Mar-11
JNP 2011/12 Lifts & Escalators & Power Programme	0.0	18.6	18.6	P	Mar-11
JNP 2011/12 Track Renewal Programme	0.0	24.6	24.6	P	Mar-11
JNP 2011/2012 Stations Services Programme	0.0	12.5	12.5	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 submitted to the Finance and Policy Committee over £100M

Project Title	Current Project Authority (£m)	Estimated Final Cost (£m)	Proposed Approval Date
London Underground			
King's Cross CTRL	935.3	877.3	Apr-11
Major Power Works (Victoria Line Upgrade)	142.8	142.5	Aug-11
White City Development	73.9	73.9	Aug-11
Connect Enabling	259.6	247.7	Aug-11
Surface Transport			
Cycle Hire Phase 1	109.3	109.3	Jun-11
London Rail			
DLR 3 Car Infrastructure	303.2	294.3	Apr-11
North London Railway Infrastructure Project	252.0	252.2	Jul-11
Stratford International DLR Extension	188.9	182.5	Aug-11

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

Project Title	Current Project Authority (£m)	Estimated Final Cost (£m)	Proposed Approval Date
London Underground			
ISIP	15.7	15.7	Apr-11
92TS Bogie Replacement and Gearbox Repair	64.7	64.7	Jul-11
South Fields Step Free Access	14.4	14.4	Apr-11
Earls Court Lifts No.3,4 Replacement	4.9	4.9	Jun-11

Surface Transport			
SVD iBus Rollout	30.1	30.1	Mar-11
2 Cycle Superhighways (Pilot)	23.0	22.4	Apr-11
West Ham Bus Garage	56.1	56.1	May-11
Congestion Charging Relet	99.8	99.8	Jun-11
Gants Hill	7.1	7.1	Jul-11
Brixton Central Square	9.7	7.3	Jul-11
Co-Location of Control Rooms at Palestra	12.7	12.7	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			
East London Railway/North London Railway Rolling Stock	15.1	15.1	May-11
London-Wide Oyster	44.6	33.1	Oct-11
Ticket Vending Machines	6.4	5.8	Jul-11
Olympic Railcars	44.7	43.8	Apr-11

Corporate			
Sub Regional Models	Tbc	Tbc	May-11