

TRANSPORT FOR LONDON

FINANCE AND POLICY COMMITTEE

SUBJECT: PROJECT MONITORING – PROJECT APPROVALS

DATE: 21 JANUARY 2010

1 PURPOSE AND DECISION REQUIRED

- 1.1 To inform the Finance and Policy Committee of approvals given by the Commissioner and the Managing Director (MD) Finance in accordance with delegated authority under TfL Standing Orders.

2 BACKGROUND

- 2.1 The Commissioner (and in his absence, the MD Finance) currently has the delegated authority to approve expenditure on projects up to a value of £50m that contain less than £25m of unbudgeted expenditure.
- 2.2 The MD Finance approves projects of under £25m that contain less than £10m of unbudgeted expenditure. Approval of projects of less than £5m that contain less than £2m of unbudgeted expenditure is delegated to Chief Officers and not reported here.

3 PROJECT APPROVALS BY THE COMMISSIONER

- 3.1 Since the Finance and Policy Committee meeting on 24 November 2009, the Commissioner has approved one project, Infrastructure Development. Details are set out in Appendix 1.

4 PROJECT APPROVALS BY THE MD FINANCE

- 4.1 Since the Finance and Policy Committee meeting on 24 November 2009, the MD Finance has approved three 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, these requests will be submitted to the Finance and Policy Committee for consideration; the approval of smaller projects will be reported to subsequent meetings of the Finance and Policy Committee.

6 RECOMMENDATION

- 6.1 The Finance and Policy Committee is asked to NOTE the project approvals made by the Commissioner and MD Finance.

7 CONTACT

7.1 Contact: Stephen Critchley, Chief Finance Officer
Number: 020 7126 4871
Email: StephenCritchley@tfl.gov.uk

Summary of projects approved by the Commissioner

ST-PF23	Infrastructure Development	Total Approval = £25.69m (of £25.69m)
Authority Approval	An increase in authority from £5.6m to £25.69m was approved to fund the project to completion.	
Outputs and Schedule	By October 2011, the project will deliver new Urban Traffic Control (UTC) and remote monitoring systems in Kings Buildings, with full disaster recovery systems in the Woking Data Centre in advance of the 2012 Olympics. This will reduce the risk and work in relocating from Kings Buildings, which is planned for 2015/16. CCTV systems will also be migrated to digital technology to give greater reliability, resilience and flexibility.	

Summary of projects approved by the MD Finance

ST-PJ93	Network Instrumentation to Support the ORN	Total Approval = £10.51m (of £10.51m)
Authority Approval	An additional £0.41m authority was approved taking the total approval to £10.51m to complete the project. The additional amount was added to the project cost as staff costs were transferred from the operating budget to the project budget.	
Outputs and Schedule	CCTV and Split Cycle Offset Optimisation Technique (SCOOT) dynamic traffic signal control system is installed on the Olympic Route Network (ORN). 91 additional sites on the ORN have been fitted with SCOOT capability. This will improve the efficiency of the road network by enabling signal timings to be changed dynamically in real time in response to traffic flow conditions. The project will complete by the end of the 2009/10 financial year.	

ST-PJ305	New Bus for London	Total Approval = £11.37m (of £11.37m)
Authority Approval	An additional £10.876m taking authority to £11.371m was approved to let a contract for the design and development of a new bus for London and delivery of five vehicles into service.	
Outputs and Schedule	<p>The scope of the contract covers the following activities:</p> <ul style="list-style-type: none"> • The design and development phase • The delivery of a two-stage mock up • The manufacture and delivery of an engineering test vehicle • The delivery of an engineering test vehicle • The delivery of a prototype vehicle • The delivery of the first five production vehicles <p>The first five vehicles are to be delivered into service by 1 February 2012.</p>	

ST-PJ317	Electric Vehicles	Total Approval = £3.10m (of £20.00m)
Authority Approval	Approval of £3.1m was granted take the Electric Vehicles Project through the procurement stage.	
Outputs and Schedule	<p>The authority is granted to initiate the Electric Vehicles Project which will deliver against the Mayor's Electric Vehicle Delivery Plan published in May 2009.</p> <p>This current authority is for the next two stages of the project to run until</p>	

December 2010 which will:

- Develop the procurement strategy and documentation for the electric vehicles (120 vehicles for TfL fleet and assist procurement of 1,000 vehicles within GLA group fleet) and charging infrastructure (2,500 charge points)
- Undertake the procurement process leading to recommendations for contract award
- Undertake marketing and communications activities to increase awareness of electric vehicles and their potential, with the aim of achieving 25,000 (by 2015) charge points and 100,000 (by 2020) electric vehicles in London.

The project will return for further approval in March 2010 prior to issuing the invitations to tender for the contracts.

PRG Forward Forecast – November 2009 to November 2010

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 Gate Approval Process (CGAP) sets the requirements for the review of these projects prior to approval. 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 assurances 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.

Projects to be approved by the Finance and Policy Committee greater than £50M

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed PRG Date
London Underground					
SSR Upgrade - Neasden Depot	82.000	111.000	111.0	D	Feb-10
Sub-Surface lines 750V conversion	3.6	54.4	54.4	D	May-10

Corporate					
Future Ticketing Project	0.6	TBC	70.4	A	Feb-10

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					
LU works for Thameslink	21.3	37.5	37.5	D	Jan-10
Civils Programme 10/11 - Bridges & Structures	0.0	50.0	50.0	P	Feb-10

Surface Transport					
A406 Bounds Green	69.0	69.0	69.0	D	Feb-10
TLRN Capital Renewal 10/11	0.0	47.5	47.5	P	Mar-10

London Rail					
East London Line Phase 2b	83.4	83.4	83.4	C	Feb-10
East London Line Phase 2b	83.4	83.4	83.4	D	Jun-10

Corporate					
Shard Accommodation Fit-out	0.6	TBC	28.7	A	Feb-10

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					
Asset Stabilisation Programme 2010/11	0.0	23.0	23.0	P	Feb-10
Heathrow T123	21.9	21.89	21.9	D	Feb-10
Croxley Rail Line	TBC	TBC	TBC	A	Feb-10
Northern Line Extension	TBC	TBC	TBC	A	Feb-10
Civils Programme 10/11 - Pumps	0.0	24.1	24.1	P	Feb-10
1992 Train Stock Half-life Ambience Upgrade	0.0	16.0	16.0	B	Jun-10
Tunnel Cleaning Train	0.0	10.0	10.0	B	Jun-10
Victoria Line Upgrade - 4,500 Amp Energy Optimisation	0.5	11.2	11.2	B/D	Sep-10

Surface Transport					
Olympic Road Network Instrumentation Project	10.1	16.4	17.2	C	Feb-10
Cycle Superhighways – Phase 1 (2 routes of 10)	16.9*	38.9*	145.0*	C	Mar-10
East London Transit stage 1b	1.3	19.8	19.8	C	Mar-10
Electric Vehicles	3.1	3.1	20.0	C	Mar-10
Olympic Cycle and Walking Routes	0.8	9.8	9.8	B/D	Mar-10
A406 Henly's Corner	1.6	TBC	7.6	C	Apr-10
Olympic Road Network Junctions and Carriageways	1.3	TBC	18.0	C	Apr-10
Transport Coordination Centre	4.4	TBC	9.4	B/C	Aug-10

London Rail					
Beckton Depot Offices	21.2	21.2	21.2	D	Feb-10
Infrastructure Renewals Programme 2010/11	0.0	TBC	TBC	P	Mar-10

Corporate					
Information Management Annualised Programme 2010/11	0.0	13.1	13.1	P	Feb-10

*covers values for all 10 routes – current estimate for delivery of phase 1 (2 routes) is circa £22m