

TRANSPORT FOR LONDON

FINANCE AND POLICY COMMITTEE

SUBJECT: PROJECT MONITORING – PROJECT APPROVALS

DATE: 9 MARCH 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 21 January 2010, there have been no further project approvals by the Commissioner.

4 PROJECT APPROVALS BY THE MD FINANCE

- 4.1 Since the Finance and Policy Committee meeting on 21 January 2010, the MD Finance has approved four projects. Further details of these projects are 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 Finance and Policy 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 Finance and Policy Committee.

6 RECOMMENDATION

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

LUIP 118 Bank Escalators 1-3 Refurbishment			
Financial Authority in Business Plan £9.050m	Previous Project Authority Granted £0.100m	Total Project Authority Granted £6.478m	Estimated Final Cost £6.478m
Authority Approval	The project authority was increased from £100k to £6.478m on 18 January 2010 following a corporate gate review. The EFC has reduced from the planned £9.05m contained in the Business Plan as a result of detailed assessment which identified that the truss structure had a remaining life expectancy of 50 years. As a result, a full refurbishment is planned, rather than complete replacement.		
Outputs and Schedule	Full refurbishment will replace every component except the truss structure. Work will begin on site in May 2010, with completion by November 2011.		

FP-PJ34 Future Ticketing Project			
Financial Authority in Business Plan £72.332m	Previous Project Authority Granted £0.600m	Total Project Authority Granted £1.600m	Estimated Final Cost £72.332m
Authority Approval	An increase in Project Authority from £0.6m to £1.6m was approved on 20 January to enable the purchase of additional memory for the new card readers in advance of the main work. As part of the work currently underway to enable acceptance of tickets issued on the ITSO platform 'future proofing' of the card readers to enable acceptance of contactless bank cards is being incorporated. Incurring the additional £1m of cost at this stage to incorporate additional memory will avoid an estimated £11.9m of expenditure if a separate memory upgrade were required at a future date.		
Outputs and Schedule	The output will be the ability to accept contactless bank cards for travel as part of the future ticketing strategy.		

ST-PJ New A12 Lochnagar Street Junction			
Financial Authority in Business Plan £0.000m	Previous Project Authority Granted £0.000m	Total Project Authority Granted £0.520m	Estimated Final Cost £2.450m
Authority Approval	<p>Project Authority of £0.52m and Financial Authority of £2.45m was approved on 18 February. A corporate gate review was undertaken as the project exceeds £2m and is unbudgeted expenditure. The project cost is to be reimbursed by the London Thames Gateway Development Corporation.</p> <p>The project is about to issue an Invitation to Tender for the works, so is at Corporate Gate C in the project lifecycle stage. The Project Authority requested is to take the project up to contract award, when the full authority will be sought.</p> <p>As the project has now been granted Financial Authority, all future approvals will be given by the MD Surface Transport.</p>		
Outputs and Schedule	<p>The project is to deliver a signal controlled junction on the A12 Northern Approach to the Blackwall Tunnel that will improve accessibility to adjacent land that is available for redevelopment. This will enable an estimated 793 jobs and 715 new housing units to be created. A contractor will be appointed in August and implementation is expected to be completed by March 2011.</p>		

SS-PJ028 Barking Link: Permanent Works			
Financial Authority in Business Plan	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£8.000m	£7.081m	£8.000m	£8.000m
Authority Approval	<p>An increase in project authority of £0.919m to a total of £8.000m was granted on 18 February. The link provides access for new engineering trains at the east end of the District Line for the track renewal programme. The link was initially planned as a temporary facility, however during implementation Network Rail standards were altered to require full signalling for interim links to its network, making the additional work necessary immediately. As a result, the EFC increased from £7.08m to £8.00m. As a permanent link there is now also the additional benefit of the ability to transport new rolling stock onto the LU network.</p> <p>At the time of granting additional approval, expenditure and commitments totalled £7.934m and the project had breached its authority. The approval was sought retrospectively as initially it was anticipated that the work to make the link permanent would be undertaken as a separate project. This approach is not favoured as it can reduce the transparency of cost reporting, therefore costs were recorded under the original project.</p>		
Outputs and Schedule	This approval was retrospective as the full Barking Link was delivered into service in December 2009.		

LR-PJ10 Stratford International DLR Extension			
Financial Authority in Business Plan	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£188.871m	£238.000m	£188.871m	£188.871m
Authority Approval	<p>A reconciling authority was granted to take the project authority from the £238.0m approved by the TfL Board in May 2007 to a reduced figure of £188.8m. The reconciliation included £66.9m of works transferred to other DLR projects, additional works undertaken on behalf of and paid for by the Olympic Delivery Authority totalling £16.8m and £983k of costs incurred before March 2005 that had not been included in the project finances.</p>		
Outputs and Schedule	<p>This project is for the extension of the DLR from Canning Town, using the existing North London Line alignment to Stratford Regional station. It provides three new intermediate stations and new construction onwards to Stratford International station. This will provide access to international and high-speed domestic commuter services from summer 2010.</p>		

PRG Forward Forecast – March 2010 to March 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. 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.

All figures shown in the following tables are in accordance with the approved TfL Business Plan unless otherwise indicated.

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				D	Nov-10
Bank Congestion Relief	7.3	12.3 ¹	625.0*	B	Nov-10
Piccadilly Line Power Development	0.5	TBC	197.0*	A	Dec-10

Notes

¹ £374m of the total cost of Bank Congestion Relief is post FY 17/18 and therefore does not fall within the Business Plan, therefore only approval for the design stage will be sought.

Projects to be submitted to the Finance and Policy Committee

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed Finance and Policy Committee Date
London Underground					
Northern Line Extension	0.5	0.5	800.0*	A	Mar-10
Croxley Rail Link	0.5	0.5	172.0*	A	Mar-10
SSR Upgrade - Neasden Depot	62.0	131.0	131.0	D	Jun-10
Sub-Surface lines 750V conversion	3.6	54.4	54.4	B	Jun-10
Corporate					
Future Ticketing Project	0.6	72.3	72.3	B/D	Jun-10

Notes

* These will be submitted to the Finance and Policy Committee for noting rather than approval as the project will only proceed if funded by a third party. Board approval will be sought before entering into the Development Agreement.

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 Project Review Group Date
London Underground					
Civils Programme 10/11 - Earth Structures	0.0	38.5	38.5	P	Mar-10
LU works for Thameslink	21.3	37.5	37.5	D	Apr-10

Surface Transport					
TLRN Capital Renewal 10/11	0.0	47.5	47.5	P	Mar-10
Tottenham Hale Gyratory	8.6	11.8	37.1	C	Apr-10
SCOOT Deployment	8.6	45.4	45.4	D	Nov-10
Tottenham Hale Gyratory	11.8	37.1	37.1	D	Mar-11

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

Corporate					
Shard Accommodation Fit-out	0.6	TBC	28.7	A	Apr-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 Project Review Group Date
London Underground					
Civils Programme 10/11 – Pumps and Drainage	0.0	24.1	24.1	P	Mar-10
Civils Programme 10/11 – Bridges and Structures	0.0	7.4	7.4	P	Mar-10
Heathrow T123	21.9	21.9	21.9	D	Apr-10
1992 Train Stock Half-life Ambience Upgrade	0.0	16.0	16.0	B	Apr-10
Tunnel Cleaning Train	0.0	10.0	10.0	B	Apr-10
Victoria Line Upgrade - 4,500 Amp Energy Optimisation	0.5	11.2	11.2	B/D	Sep-10

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed Project Review Group Date
Surface Transport					
Cycle Superhighways – Phase 1 (2 routes of 10)	16.9*	38.9*	145.0*	C	Mar-10
Olympic Cycle and Walking Routes	0.8	9.8	9.8	B/D	Mar-10
East London Transit stage 1b	1.3	19.8	19.8	C	Apr-10
Electric Vehicles	3.1	3.1	20.0	C	Apr-10
A406 Henly's Corner	1.6	TBC	7.6	C	May-10
Olympic Road Network Junctions and Carriageways	1.3	TBC	18.0	C	May-10
Road Safety / Accident Reduction	0.0	13.4	13.4	P	Jul-10
Cycle Superhighways – Phase 1 (2 routes of 10)	38.9*	38.9*	145.0*	D	Aug-10
Transport Coordination Centre	4.4	TBC	9.4	B/C	Aug-10
Electric Vehicles	3.1	20.0	20.0	D	Nov-10
A406 Henly's Corner	1.6	7.6	7.6	D	Nov-10
East London Transit Stage 1b	1.3	19.9	19.9	D	Mar-11
London Rail					
Infrastructure Renewals Programme 2010/11	0.0	TBC	TBC	P	April-10
Beckton Depot Offices	21.2	21.2	21.2	D	May-10
Corporate					
Information Management Annualised Programme 2010/11	0.0	13.1	13.1	P	Mar-10

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.