

TRANSPORT FOR LONDON

FINANCE AND POLICY COMMITTEE

SUBJECT: PROJECT MONITORING – PROJECT APPROVALS

DATE: 15 SEPTEMBER 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.
- 2.3 The governance arrangements put in place following the acquisition of Tube Lines (Holdings) Limited requires that the project authority on projects over £5m and up to £50m is granted by the Tube Lines (Holdings) Limited Board.

3 PROJECT APPROVALS BY THE TUBE LINES (HOLDINGS) LIMITED BOARD

- 3.1 No project authorities have been approved since the 29 June 2011 Tube Lines (Holdings) Limited Board.

4 PROJECT APPROVALS BY THE COMMISSIONER

- 4.1 Since the meeting of the Committee held on 27 July 2011, there have been three project authorities approved by the Commissioner. Further details of these projects are set out in Appendix 1.

5 PROJECT APPROVALS BY THE MD FINANCE

- 5.1 Since the meeting of the Committee held on 27 July 2011, the MD Finance has approved project authority on seven projects. Further details of these projects are set out in Appendix 2.

6 CONCLUSION AND NEXT STEPS

- 6.1 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.

7 RECOMMENDATION

- 7.1 The Committee is asked to NOTE the paper.

8 CONTACT

- 8.1 Contact: Stephen Critchley, Chief Finance Officer
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Summary of projects approved by the Commissioner

ST-PR10 TLRN Capital Renewals Programme			
Financial Authority in Business Plan¹ £59,400k	Previous Project Authority Granted £47,200k	Total Project Authority Granted £59,400k	Estimated Final Cost £59,400k
Authority Approval	Additional project authority of £12,200k was granted following a variation review.		
Outputs and Schedule	<p>The Capital Renewals programme maintains the physical assets on the TLRN. The 2011/12 programme was granted authority of £47.2m in February 2011. Since then, the length of the works moratorium on the Olympic Route Network, the Alternative Olympic Route Network and the Sensitive Routes has been extended.</p> <p>An additional authority of £12.2m was granted to enable key schemes from the 2012/13 programme to be completed before the moratorium begins. The accelerated programme provides an opportunity to recover the State of Good Repair (SOGR) of the network prior to the Games. The accelerated programme includes:</p> <ul style="list-style-type: none"> • £7.83m for an additional 55,000m² of carriageway resurfacing, • £2.5m for an additional 25,500m² of footway resurfacing, • £1.5m for specialist bridge expansion joint replacements, • £0.4m for office-based control of some areas of street lighting. <p>The project is due to complete in March 2012.</p>		

LU-PJ103 Central Line 92 TS Refresh			
Financial Authority in Business Plan¹ £26,730k	Previous Project Authority Granted £17,146k	Total Project Authority Granted £26,730k	Estimated Final Cost £26,730k
Authority Approval	Additional project authority of £9,584k was granted following a variation review.		
Outputs and Schedule	<p>Project authority has been granted to expand the scope on the Central Line Rolling Stock Refresh project.</p> <p>The refresh programme is to replace the saloon windows, seats, priority body end panels and to fund enabling works within the Ruislip depot.</p> <p>This authority will fund application to the body-side of the cabins of anti-graffiti filming and installation of any additional cabin body end panels required.</p> <p>The project is due to complete in March 2014.</p>		

LU-PJTBC New Trams			
Financial Authority in Business Plan¹ £0k	Previous Project Authority Granted £0k	Total Project Authority Granted £23,876k	Estimated Final Cost £23,876k
Authority Approval	Full project authority of £23,876k was granted to procure additional trams and associated infrastructure. Funding for the project will be included in the quarter 2 forecast.		
Outputs and Schedule	<p>Project authority has been granted to purchase 6 additional trams and proceed with the works necessary to accommodate them and commission them into passenger service.</p> <ul style="list-style-type: none"> • Award tram supply contract – August 2011 • First tram delivered to Croydon Depot – December 2011 • First tram accepted – January 2012 • Commencement of Line 4 service – Spring 2012 		

Summary of projects approved by the MD Finance

LU-PJ689 Tower Hill Development Project			
Financial Authority in Business Plan¹ £4,500k	Previous Project Authority Granted £67k	Total Project Authority Granted £3,916k	Estimated Final Cost £6,959k
Authority Approval	Additional project authority of £3,849k was granted following a Corporate Gate A review. Further authority will be sought at Gate D in January 2013. The project is partially funded with the Business Plan. The additional funding will be made available from savings on the Station Upgrade Programme.		
Outputs and Schedule	<p>Project authority has been granted to the Tower Hill Station Development project that will provide enabling works for the installation of two lifts providing step free access and interchange as part of the over-site development. Under the development agreement, the developer will construct two lift shafts at his own cost, with LU funding enabling works and the installation of the lifts.</p> <p>The scheme had been extensively revised since its inception and now avoids the need for complex tunnelling under the platforms, reducing the cost. With the lifts in place, passengers with restricted mobility will have access to the Tower of London and Tower Bridge, both UNESCO World Heritage sites.</p> <p>The project is due to complete in 2014.</p>		

LU-PJ303 Out of Service Fans			
Financial Authority in Business Plan¹ £5,384k	Previous Project Authority Granted £4,680k	Total Project Authority Granted £5,384k	Estimated Final Cost £5,384k
Authority Approval	Additional project authority of £704k was granted to enable the return to service of Clapham Common and Weston Rise Out Of Service (OOS) fans.		
Outputs and Schedule	<p>This project authority relates to Phase 4 of the OOS Fans programme. During the design phase, it was discovered that additional works to improve noise suppression would be necessary.</p> <p>The additional funding has been drawn from management contingency, using funds from the Victoria Line Mid Tunnel Vents project.</p> <p>The detailed design is nearing completion, with contract award planned for December.</p> <p>The two fans will be in beneficial use by October 2012.</p>		

SS-PJ102 SS-PJ108 Neasden Depot – New Lifting Maintenance Facility Plant Building (NLMF) SS-PJ032			
Financial Authority in Business Plan¹ £59,250k	Previous Project Authority Granted £500k	Total Project Authority Granted £4,998k	Estimated Final Cost £59,250k
Authority Approval	Additional project and procurement authority of £4,498k was granted to bring forward key works from the Neasden Depot Phase B project, and to enable the construction of a permanent plant building that was excluded from the original Phase A scope of the project. In May 2001, the Committee delegated approval of the first £5m of expenditure to the Rail and Underground Board Managing Director or the Managing Director of Finance.		
Outputs and Schedule	<p>The current design of the depot, under Phase A, includes a temporary building to house power plant for the NLMF. This building would have been in use until 2016, when it was planned to demolish it to provide for the Phase B works.</p> <p>By bringing forward the permanent design solution and combining it into the Phase A works on site, an overall saving of £4,254k is expected.</p> <p>The project will complete in May 2013.</p>		

LU-PJ25 Water Ingress South of Bond Street			
Financial Authority in Business Plan¹ £0k	Previous Project Authority Granted £0k	Total Project Authority Granted £4,698k	Estimated Final Cost £4,698k
Authority Approval	Initial project authority of £4,698k was granted following an internal review by the Investment Programme Management Office. Funding was taken from the provision created in the 2010/2011 annual accounts for this purpose.		
Outputs and Schedule	<p>Project authority has been granted to complete the ground treatment works to the Jubilee line running tunnels south of Bond Street station.</p> <p>The work will be completed as part of the Bond Street station congestion relief works.</p> <p>Presently sand around the running tunnels has become re-charged with water causing loss of material into the tunnel. The project will stabilise the ground around the tunnels by grouting.</p> <p>The project is due to complete on 6 March 2012.</p>		

LU-PJNEW Command and Control Centre			
Financial Authority in Business Plan¹ £0k	Previous Project Authority Granted £0k	Total Project Authority Granted £1,000k	Estimated Final Cost £15,000k
Authority Approval	Additional project authority of £1,000k was granted. Further authority will be sought at Gate B in September 2011. Sources of funding for the project are being explored.		
Outputs and Schedule	<p>This project will involve co-locating seven LU network control rooms however the project will not affect the individual Line Control Centres.</p> <p>The Network Operations Centre, Power, Track Access and Policing control centres will all be linked to enhance communications between functions and improve LU's response to incidents.</p> <p>Project authority has been granted to enable the project to progress detailed designs.</p> <p>The project is due to complete in July 2012.</p>		

ST-PJ202 Henlys Corner Junction Improvement			
Financial Authority in Business Plan¹ £8,264k	Previous Project Authority Granted £8,264k	Total Project Authority Granted £9,014k	Estimated Final Cost £9,014k
Authority Approval	Additional project authority of £750k was granted, taking total authority and estimate final costs to £9,014k. The additional funding will be included in the Q2 financial forecast.		
Outputs and Schedule	<p>Additional project authority has been granted to fund increased main works contract and supervision costs.</p> <p>This has resulted from introducing night-time working and a change in construction methodologies and traffic management arrangements to reduce future traffic congestion resulting from the works.</p> <p>The project will deliver a revised junction layout to improve vehicle flow and is due to complete in December 2011.</p>		

ST-PJNEW A4 Hammersmith Flyover			
Financial Authority in Business Plan¹ £0k	Previous Project Authority Granted £0k	Total Project Authority Granted £4,900k	Estimated Final Cost £60,000k
Authority Approval	Initial project authority of £4,900k was granted. Further project authority is expected to be sought once the preferred option is chosen. The current EFC is circa £60,000k. The design and installation of the weigh in motion element (£100k) is funded from the capital renewals programme. The remaining cost is unbudgeted and the funding sources are being explored.		
Outputs and Schedule	<p>Initial project authority and financial authority has been granted to commence investigations, installation of propping and feasibility of permanent solutions to address recently identified structural defects. At present, the interim solution is to provide a form of propping to relieve the loading on the flyover.</p> <p>Once the preferred option for strengthening or replacement of the structure has been confirmed, further authority will be sought.</p>		

Notes

¹ Figures indicate the provision in the TfL Business Plan dated March 2011.

Forward Approval Programme – September 2011 to August 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.

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
Rail and Underground					
Croxley Rail Link	0.4	0.4	172.0	B	Nov-11
Cooling the Tube Programme	202.6	Tbc	235.1	C-D	Dec-11
SSR- SSR Major Power Works (Traction) - Package 3A	432.5	Tbc	530.0	D	Jan-12
Track BCV/SSR Programme 2012/13	0.0	Tbc	124.1	P	Mar-12
Deep Tube Programme	3.3	Tbc	»	B	Jun-12

Tube Lines					
Jubilee Line Upgrade	»	»	»	E	Jun-12

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
Rail and Underground					
Earls Court Development	0	Tbc	»	A	Oct-11
Victoria Station Upgrade	661.2	N/A	582.0	D+	Nov-11
SSR Major Power Works (Traction) – Package 1-2,4,6	432.5	Tbc	530.0	D+	Nov-11
Bank Walbrook Square	58.0	N/A	54.3	C	Nov-11
East London Line Phase 2	72.5	N/A	72.6	D+	Jan-12
Northern Line Extension	2.4	Tbc	301.8	B+	Jan-12
Bank Station Upgrade	12.3	12.3	490.3	B+	Mar-12
SUP-Rolling Stock	1,832.6	N/A	1,826.2	D+	Mar-12
SSR Major Power Works (Traction)	432.5	N/A	530.0	D+	Mar-12
SUP-ATC	990.4	N/A	975.6	D+	May-12
Bank Walbrook Square	58.0	Tbc	54.4	D	May-12
Bond Street Station Upgrade	283.4	N/A	282.2	D+	May-12
SUP-Signalling Immunisation	272.4	N/A	267.2	D+	May-12
SUP Depots	270.9	N/A	268.1	D+	Jun-12
SUP Infrastructure	138.2	N/A	122.0	D+	Jul-12
SUP Conductor Rail	50.9	N/A	51.5	D+	Sep-12
SUP-S7 Supporting Works	108.4	N/A	107.5	D+	Sep-12
SUP-S8 Supporting Works	30.8	N/A	30.8	D+	Sep-12
SUP DC Power Works	95.0	N/A	95.0	D+	Oct-12
SUP Programme Management	130.3	N/A	176.0	D+	Dec-12

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed FPC Date
Corporate					
Future Ticketing Project Phase 1 and 2	74.5	N/A	73.0	D+	Oct-11
ITSO	58.4	N/A	58.3	D+	Apr-12

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
Rail and Underground					
Neasden Phase B	4.9	23.0	59.2	A	Nov-11
Lifts and Escalators Programme 2012/13	»	»	»	P	Jan-12
Civils BCV/SSR 2012/13	0.0	Tbc	23.8	P	Mar-12
SSR Major Power Works (Signalling)	48.8	N/A	48.8	C	Jun-12
SSR Major Power Works (Signalling)	48.8	Tbc	48.8	D	Oct-12
Surface Transport					
TLRN Capital Renewals Programme 2012/13	0.0	47.8	47.8	P	Mar-12

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
Rail and Underground					
Command and Control	1.0	3.0	15.0	B	Oct-11
Embankment Escalator 5-8 Replacement	0.5	15.0	15.0	D	Nov-11
Civils BCV/SSR Programme 2012/13	0.0	22.7	22.7	P	Feb-12
Surface Transport					
Transport Coordination Centre	5.8	N/A	6.2	D+	Oct-11
East London Transit 1b	11.7	18.0	18.0	D	Oct-11
Pedestrian Countdown	5.3	5.3	5.3	D	Oct-11
Systems Relocation	24.2	N/A	24.1	D+	Nov-11
10 Cycle Super Highways – Tranche 2	37.8*	Tbc*	105.7*	C	Feb-12

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed Approval Date
TLRN Capital Development Programme 2012/13	0.0	Tbc	14.8	P	Mar-12
TLRN Signals Modernisation Programme 2012/13	0.0	Tbc	4.8	P	Mar-12
10 Cycle Super Highways – Tranche 2	37.8*	Tbc*	105.7*	D	Jun-12
Split Cycle Offset Optimisation Technique (SCOOT)	27.4	N/A	24.1	D+	Jun-12

Projects to be approved by the Tube Lines (Holdings) Limited Board between £5m and £50m

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed Approval Date
Tube Lines					
JNP 2012/13 Civils Programme	0.0	29.6	29.6	P	Feb-12
JNP 2012/13 Lifts and Escalators and Power Programme	0.0	18.6	18.6	P	Feb-12
JNP 2012/13 Track Renewal Programme	0.0	24.6	24.6	P	Feb-12
JNP 2012/13 Station Condition Renewals Programme	0.0	13.4	13.4	P	Feb-12
Baker Street to Bond Street Tunnel Remedial Works	0.0	38.9	38.9	P	Feb-12

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.

N/A: 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
Rail and Underground			
East London Line Extension	1,044.3	1,018.9	Oct-11
DLR Three Car Infrastructure	302.0	290.7	Oct 11
Stratford International DLR Extension	188.0	180.5	Nov-11
North London Railway Infrastructure Project	252.0	252.2	Nov-11
King's Cross CTRL	935.3	876.7	Jan-12
Major Power Works (Victoria Line Upgrade)	142.8	141.7	Mar-12
Tube Lines			
Jubilee Line Upgrade	»	»	Jun-12

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
Rail and Underground			
Three Car New Vehicles	44.7	44.7	Sep-11
East /North London Railway Rolling Stock	15.1	15.1	Sep-11
London-Wide Oyster	44.6	33.1	Oct-11
Connect Enabling	400.0	400.0	Nov-11
Ticket Vending Machines	6.4	5.8	Nov-11
Beckton Depot Offices	21.2	21.2	Nov-11
92TS Bogie Replacement and Gearbox Repair	64.7	64.7	Nov-11
Brixton Train Crew Accommodation	8.4	8.4	Dec-11
High Barnet Train Crew Accommodation	7.7	7.7	Dec-11
Green Park Station Upgrade	80.7	47.9	Aug-12
Surface Transport			
West Ham Bus Garage	56.0	49.6	Sep-11
Co-Location of Control Rooms at Palestra	12.6	12.1	Oct-11
Olympic Cycle and Walking Routes	9.9	9.3	Nov-11
Cycle Hire Phase 1	81.7	77.0	Jan-12
Hanger Lane Bridges	28.9	27.6	Feb-12
Hydrogen Transport Programme	19.7	19.7	Mar-12
Congestion Performance Network Improvement Programme	8.7	8.3	Mar-12
Blackwall Tunnel Northbound Refurbishment	65.8	65.8	Jun-12
A406 Bounds Green	52.7	52.7	Jun-12