

Board



Date: 9 November 2017

Item: Report of the Meeting of the Programmes and Investment Committee held on 13 October 2017

This paper will be considered in public

1 Summary

- 1.1 To report to the Board on the meeting of the Programmes and Investment Committee held on 13 October 2017 and the exercise of Chair's Action by the chair of the Committee on 30 October 2017.

2 Recommendation

- 2.1 **The Board is asked to note the report and the exercise of Chair's Action.**

3 Committee Agenda and Summary

- 3.1 The papers for the meeting of the Committee held on 13 October were published on 5 October 2017 and are available on the TfL website: <https://tfl.gov.uk/corporate/publications-and-reports/programmes-and-investment-committee>
- 3.2 The main matters considered by the Committee were:
- (a) Investment Programme Report - Quarter 1, 2017/18;
 - (b) Project Monitoring - Programme and Project Approvals;
 - (c) Four Lines Modernisation Update;
 - (d) Air Quality and Environment Programme;
 - (e) Oxford Street Transformation Update;
 - (f) Rotherhithe to Canary Wharf Crossing;
 - (g) Additional New Rolling Stock for London Overground;
 - (h) Emergency Services Network;
 - (i) Elizabeth Line Operational Readiness and Integration;
 - (j) Crossrail – Report of the Sponsor Board;

(k) Crossrail 2; and

(l) Independent Investment Programme Advisory Group - Review Implementation.

3.3 A summary of the discussions and decisions from the items on the agenda is provided below. The more detailed minutes of the meeting held on 13 October will be published ahead of the December 2017 meeting of the Committee.

4 Issues Discussed

Investment Programme Report - Quarter 1, 2017/18

4.1 The Committee noted the progress of the programmes and projects in the Investment Programme. Members welcomed the good progress and discussed the issues behind the Barking Riverside Extension and Bakerloo line rolling stock life extension projects being behind target.

4.2 The Committee requested that future reports provide more detail on the action being taken to address timing or financial issues on projects where the progress was flagged as amber or red. That information would include any cost implications for delays in the project and the impact on revenue projections in the Business Plan.

4.3 The Committee noted that the project to deliver the T-Charge was on target for the launch on 23 October 2017. Tracking of pre-compliance with the new regime showed that people were changing their behaviour.

Project Monitoring - Programme and Project Approvals

4.4 The Committee noted the forward approval programme for projects with a value in excess of £50m and details of the Project Authority granted by the Commissioner and the Chief Finance Officer in accordance with delegated authority under TfL's Standing Orders.

4.5 Members requested that the Committee be provided with information on the overall spend on programmes and projects to date, what was expected to have been spent and how this was controlled.

Four Lines Modernisation Update

4.6 The Committee noted the progress to date on the project, which was the largest single investment programme within the London Underground capital programme. Its delivery was essential to achieving capacity and journey time improvements and customer experience on the Metropolitan, District, Hammersmith & City and Circle lines.

4.7 The project was forecast to be delivered ahead of the revised schedule and below the budget agreed by the Board in July 2015. The Major Projects Directorate had been set challenging stretch targets which are incentivising the team to do all that it could. The Independent Investment Programme

Advisory Group conducted a detailed review of the project every six months and considered it to be a well run project.

- 4.8 Mike Brown MVO and Mark Wild were focussed on the delivery of the programme and regular meetings were held with the CEO of Thales to ensure it was incentivised for early delivery.

Air Quality and Environment Programme

- 4.9 The Committee approved Programme and Project Authority of £202m for delivery of the Surface Air Quality and Environment Programme, covering: £66m in 2017/18; £105m in 2018/19; and £30m for activities which commence in 2017/18 and extend into subsequent years. The programme would return annually to the Committee to renew and validate a rolling approval.
- 4.10 The Committee welcomed the initiatives in the programme and looked forward to the updates, which would include the programme delivery outcomes and also air quality monitoring data to verify if the measures in the programme were achieving the overall goal. Information on carbon emissions and support for electric vehicles (number and location of charging points, impact on the electricity grid) would be shared with the Safety, Sustainability and Human Resources Panel.
- 4.11 Members raised the importance of TfL talking to experts in the UK and across the world about carbon emissions and the implications for TfL and London generally arising from the development of autonomous vehicles and the deadline for ending the sale of new petrol and diesel cars in 2040.
- 4.12 TfL would seek to use its influence with Government to raise the issue of the unavailability of petrol or hybrid vehicles for many disabled people.

Oxford Street Transformation Update

- 4.13 The Committee noted an overview of the Oxford Street transformation project and an update on progress since the discussion in June 2017.
- 4.14 TfL and Westminster City Council were working with local residents and businesses on the key issues raised from the first consultation, particularly around the impact of relocated traffic and buses on air quality, though the benefits of the proposals on air quality and the Healthy Streets approach far outweighed any negative impacts. Work was underway to mitigate the concerns raised, including greater coordination and retiming of roadworks. A second consultation would be launched on 6 November 2017 for six weeks.
- 4.15 Members discussed the strong application to Government by Westminster City Council for Tax Incremental Funding for the second phase of public realm transformation. All parties to the project were engaging with stakeholders to make the case that investment in Oxford Street was a benefit for businesses throughout the UK.

- 4.16 TfL was also looking at the impact of lost revenue from street advertising on bus infrastructure and how to make the most efficient use of its bus fleet in the area and move spare capacity to areas outside central London.

Rotherhithe to Canary Wharf Crossing

- 4.17 The Committee discussed the proposals for a new pedestrian and cyclist crossing between Canary Wharf and Rotherhithe. The crossing would provide a safe, attractive and direct route between the Isle of Dogs and Canada Water Opportunity Areas, reducing journey times and encouraging healthier travel. It noted the progress on the development of a preferred option for the scheme and the next stages of project development, including the proposed procurement arrangements. As part of the Business Plan discussions, Members would discuss the prioritisation of major capital schemes.
- 4.18 The Committee noted the work programmed to take place prior to the next update to the Committee, as part of the Healthy Streets Programme submission in April 2018. Members requested that the paper seeking authority for the Healthy Streets portfolio clearly set out the criteria and prioritisation of each element.

Additional New Rolling Stock for London Overground

- 4.19 Under authority delegated by the Board on 19 September 2017, the Committee approved in principle the exercise of options for up to nine new class 710 trains for London Overground. The trains would serve the Barking Riverside Extension and increase services on the East London Line to 20 trains per hour. Delivery of the additional new trains would begin in the 2018/19 financial year.
- 4.20 The Committee noted the options for the use of the trains as part of a long term rolling stock plan and the business case for acquiring up to nine trains now given the current contractual and financing arrangements. It agreed that the exact numbers should be determined following the a Board discussion on Business Plan priorities to enable a decision to be made in view of other pressures for discretionary spend. Once the Chair approves the number of new trains to be purchased this will be reported back to the Committee and the Board.

Emergency Services Network

- 4.21 Under authority delegated by the Board on 19 September 2017, the Committee was asked to approve unbudgeted Financial Authority and Programme and Project Authority for the construction and operation of a neutral host 4G telecommunications infrastructure to support the extension of the new Emergency Services Network (ESN) within the below ground areas of London Underground and selected Docklands Light Railway and London Overground locations, funded by the Home Office.

- 4.22 The Committee noted the challenges for providing ESN coverage on parts of TfL's networks and that the timetable to replace the current Airwave system was driven by the expiry of current contracts. The Committee discussed the progress of the project and the inter-relations with TfL's long term telecommunications networks strategy to consolidate its leased and own networks and to manage the rights of way for other users including the public and the emergency services.
- 4.23 While the Committee supported the project in principle, it could not approve the unbudgeted Financial Authority and Programme and Project Authority requests without receiving assurances from the Home Office on funding. Members recognised that a decision would need to be made quickly, using Chair's Action.
- 4.24 Following the meeting, TfL received assurances of matched grant funding from the Home Office. On 30 October 2017 the Chair, having consulted with the members of the Committee, approved unbudgeted Financial Authority and Programme and Project Authority of £267m.

Elizabeth Line Operational Readiness and Integration

- 4.25 The Committee noted the good progress of the project, with construction now 87 per cent complete. The rate of introduction of the new Class 345 trains continued to be slightly behind programme but this would not impact on the overall project delivery timetable. The Committee noted that there was a good working relationship with Bombardier and that the outstanding issues on the trains were being resolved. Lessons from Stage 1 were being captured and incorporated into planning for future stages.
- 4.26 The project was about to move into some crucial testing for Stage 2, including bringing all of the signalling systems together on the train at the testing centre, preparing for testing on the Heathrow path and for the central tunnel section. Responsibility for system integration was with Crossrail Limited, and the Commissioner and Managing Director of London Underground worked closely with the Chairman and Chief Executive of Crossrail Limited. Lessons learned from other major infrastructure projects meant the project had a long window of trial operation to ensure the service would be reliable from day one. A briefing on system integration would be arranged for Members. The Finance Committee would be briefed on the detail of the project's financial position and forecasts, as part of the development of TfL's Business Plan.

Crossrail - Report on Sponsor Board Proceedings

- 4.27 The Committee noted the summary of the key issues from the August and September 2017 meetings of the Crossrail Sponsor Board.

Crossrail 2

- 4.28 The Committee noted the work carried out since the last update in March 2017, including the delay in the Government consideration of the Strategic Outline Business Case due to the 2017 General Election. A decision was now expected around the time of the 2017 budget on 22 November 2017.
- 4.29 Work was underway to reduce the costs of the project and to address the Government's request that TfL fund its 50 per cent share of the project costs during construction rather than through revenue generating streams that would normally arise from the completed project.
- 4.30 Subject to a positive decision from the Government in autumn 2017, consultation would commence in January 2018 to safeguard the scheme, with a Hybrid Bill proposed for 2020. The Committee would receive a more detailed informal briefing on the project following any Government announcement in the autumn.
- 4.31 The Committee approved a revised Programme and Project Authority of £79.68m for the Crossrail 2 programme.

Independent Investment Programme Advisory Group - Review Implementation

- 4.32 The Committee noted and approved the action plan to implement the recommendations from the independent review of the Independent Investment Programme Advisory Group (IIPAG) carried out by TC Chew. A key priority was the appointment of a new IIPAG Chair to steer the development of the group, work with business and establish a pool of experts.
- 4.33 The Implementation Plan had been considered and supported by the Audit and Assurance Committee at its meeting on 11 October 2017, which would also discuss the recruitment plan for the new Chair and the pool of experts.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Programmes and Investment Committee on 13 October 2017.

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