

TRANSPORT FOR LONDON

FINANCE AND POLICY COMMITTEE

SUBJECT: PROJECT MONITORING – PROJECT APPROVALS

DATE: 1 MARCH 2012

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 COMMISSIONER

- 3.1 Since the meeting of the Committee held on 19 January 2012, the Commissioner has approved one project authority. Further details of this project are set out in Appendix 1.

4 PROJECT APPROVALS BY THE MD FINANCE

- 4.1 Since the meeting of the Committee held on 19 January 2012, the MD Finance has approved project authority on two projects. Further details of these projects are set out in Appendix 2.

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

- 5.1 No project authorities have been approved since the 5 January 2012 Tube Lines (Holdings) Limited Board.

6 CONCLUSION AND NEXT STEPS

- 6.1 Planned future requests, over the next 12 months, for project authority for projects with a value in excess of £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

LU- PJ38C/UIP Thameslink 8702			
Financial Authority in Business Plan¹	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£41,922k	£32,041k	£44,489k	£44,489k
Authority Approval	Additional project authority of £12,448k was granted following an internal Corporate Gate P review. All expenditure is fully cost recoverable from Network Rail (NR).		
Outputs and Schedule	<p>Additional project authority has been granted for LU's continuing involvement in the Thameslink Programme.</p> <p>Thameslink involves major reconstruction of two LU stations (Farringdon and Blackfriars) as well as works in the vicinity of London Bridge station.</p> <p>Key Output 1 (KO1) of Thameslink Programme enabling longer 12 car Thameslink trains to serve Blackfriars and Farringdon stations was completed on 10 December 2011. This included the lengthening of the Thameslink platforms and opening of the new LU integrated ticket hall at Farringdon. The new LU integrated ticket hall at Blackfriars will open on 26 February. Final completion and handback of works at Blackfriars and Farringdon will be fully completed by September 2012.</p> <p>KO2 is underway and involves the rebuilding of the national rail station at London Bridge and completion of the Borough Viaduct to enable 24 trains per hour to be operated through the central core section. Design is well advanced and LU is working closely with NR to understand the impacts on its infrastructure and network both during and after the work.</p> <p>The project is due to complete in December 2018.</p>		

Summary of projects approved by the MD Finance

LU- PJ376C/UI Ellipse Transformation P2114			
Financial Authority in Business Plan¹ £39,360k ²	Previous Project Authority Granted £307k	Total Project Authority Granted £5,683k	Estimated Final Cost £5,683k
Authority Approval	Additional project authority of £5,376k was granted following a Corporate Gate D review.		
Outputs and Schedule	<p>Ellipse is the current software that Asset Performance Directorate and Strategy & Service Development use to manage its assets.</p> <p>The proposal is to upgrade Ellipse to version 6.3, since the current version (5.2) is not supported any more. Additional project authority has been granted to enable the full implementation of this project.</p> <p>The project is due to complete in June 2013.</p>		

LU-PJ NEW			
Asset Stabilisation Programme for Financial Years 2012-14			
Financial Authority in Business Plan¹ £27,910k	Previous Project Authority Granted £0k	Total Project Authority Granted £24,553k	Estimated Final Cost £24,553k
Authority Approval	Full project authority of £24,553k was granted following an internal Corporate Gate P review.		
Outputs and Schedule	<p>Project authority has been granted to deliver the programme for the next two financial years.</p> <p>The asset stabilisation programme was created from a review of the critical assets in all stations that require planned intervention to maintain safe operation of the network, address asset obsolescence and to continue to meet legal requirements.</p> <p>A provisional work bank has been created primarily from the Esteem Asset Condition Database, supplemented by reliability reports and the on-site knowledge of operational staff.</p> <p>By its nature, the work bank is fluid and needs to react to new information during the course of the programme; the work bank is reviewed periodically at the Asset Working Group meeting, which is held every period and attended by all key stakeholders.</p> <p>The work bank comprises five kinds of works:</p> <ul style="list-style-type: none"> • Premises • Communications • Fire Systems • Electrical • Mechanical <p>The project is due to complete in September 2014.</p>		

Notes

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

² This is the budget for the whole IM Technology Refresh Plan.

Forward Approval Programme – February 2012 to January 2013

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 MD 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					
Pan TfL Escalators programme	0.0	431.0	431.0	P	Mar-12
Neasden - S Stock Heavy Maintenance	0.0	3.2	63.4	A	Mar-12
Bank Station Upgrade	13.6	41.4	625.0	B+	Mar-12
LU control centre	2.8	28.9	28.9	D	Mar-12
Deep Tube Programme	3.3	15.6	TBC	A+	Jun-12
Track BCV/SSR programme 2012/13	»	»	»	P	Jun-12
Corporate					
Northern Line Extension	2.4	Tbc	307.0	A+	Sep-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					
SUP-Rolling Stock*	1,837.0	N/A	1,828.0	D+	May-12
SUP-ATC*	981.7	N/A	981.7	D+	May-12
SUP Programme Management*	130.3	N/A	130.3	D+	May-12
SUP-Signalling Immunisation*	272.4	N/A	267.2	D+	May-12
Victoria Station Upgrade	661.2	N/A	598.5	D+	May-12
SUP Depots*	275.8	N/A	275.8	D+	Jul-12
SUP Infrastructure*	138.2	N/A	122.0	D+	Jul-12
Bond Street Station Upgrade	293.4	N/A	285.2	D+	Oct-12
SUP Conductor Rail*	50.9	N/A	50.9	D+	Oct-12
SUP-S7 Supporting Works*	108.4	N/A	108.4	D+	Oct-12
SUP-S8 Supporting Works*	30.8	N/A	30.8	D+	Oct-12
SUP DC Power Works*	95.0	N/A	95.0	D+	Oct-12

Notes

* Subject to IIPAG interim review programme. The results of these reviews, and that of Victoria Station Upgrade, will be reported to the Committee but not to the Board as no further project authority is being sought.

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					
SSR Major Power Works (Traction) (Package 3b)	55.7	N/A	55.7	C	Mar-12
Bank Station Upgrade	13.6	N/A	625.0	C	Dec-12
Surface Transport					
TLRN Capital Renewals Programme 2012/13	0.0	47.8	47.8	P	Feb 12

N/A: Not Applicable, as no further authority is to be sought.

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					
Tunnel Cleaning Train	7.3	12.1	12.1	Variation	Feb-12
Civils BCV/SSR Programme 2012/13	0.0	22.7	22.7	P	Feb-12
Power Sourcing	0.0	7.0	7.0	B	Aug-12
Surface Transport					
TLRN Signals Modernisation Programme 2012/13	0.0	4.8	4.8	P	Feb-12
TLRN Capital Development Programme 2012/13	0.0	14.8	14.8	P	Mar-12
10 Cycle Super Highways – Tranche 2	35.4*	Tbc*	105.6*	C	Apr-12
Systems Relocation	24.2	N/A	24.1	D+	May 12
Split Cycle Offset Optimisation Technique (SCOOT)	27.4	N/A	21.9	D+	Jun-12
Corporate					
Service Stabilisation High Value	0.0	8.0	20.0	P	Mar-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 is to be sought.

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			
Connect Enabling	»	»	May-12
Major Power Works (Victoria Line Upgrade)	142.8	141.7	May-12
Stratford International DLR Extension	188.9	180.5	May-12
DLR Three Car Infrastructure	302.0	290.7	May-12
East London Line Extension	1,044.3	1,018.9	Tbc
North London Railway Infrastructure Project	252.0	252.0	Tbc
Tube Lines			
Jubilee Line Upgrade	»	»	May-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			
92TS Bogie Replacement and Gearbox Repair	64.7	64.7	Mar-12
East /North London Railway Rolling Stock	15.1	15.1	Mar-12
Brixton Train Crew Accommodation	8.4	8.4	Mar-12
High Barnet Train Crew Accommodation	7.7	7.7	Mar-12
Three Car New Vehicles	44.7	44.7	Mar-12
Beckton Depot Offices	21.2	21.2	Apr-12
Green Park Station Upgrade	80.8	47.9	Aug-12
Surface Transport			
Cycle Hire Phase 1	81.7	77.0	Mar-12
Olympic Cycle and Walking Routes	9.9	9.3	Mar-12
Hanger Lane Bridges	28.9	27.6	Apr-12
Hydrogen Transport Programme	19.7	19.7	Apr-12
Congestion Performance Network Improvement Programme	8.7	7.3	May-12
Blackwall Tunnel Northbound Refurbishment	65.8	65.8	Jun-12
Low Emissions	47.9	46.4	Jun-12
Dial a Ride Renewal	10.0	10.0	Jun-12
A406 Bounds Green	52.7	52.7	Jun-12
A406 Henlys Corner	9.0	9.0	Sep-12
New Bus for London	11.1	11.1	Sep-12