

TRANSPORT FOR LONDON

FINANCE AND POLICY COMMITTEE

SUBJECT: PROJECT MONITORING – PROJECT APPROVALS

DATE: 19 JANUARY 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 TUBE LINES (HOLDINGS) LIMITED BOARD

- 3.1 On 5 January 2012, there were three project authorities approved by the Tube Lines (Holdings) Limited Board. Further details of these projects are set out in Appendix 1.

4 PROJECT APPROVALS BY THE COMMISSIONER

- 4.1 Since the meeting of the Committee held on 23 November 2011, the Commissioner has approved one project authority. Further details of this project are set out in Appendix 2.

5 PROJECT APPROVALS BY THE MD FINANCE

- 5.1 Since the meeting of the Committee held on 23 November 2011, the MD Finance has approved project authority on three projects. Further details of these projects are set out in Appendix 3.

6 CONCLUSION AND NEXT STEPS

- 6.1 Planned future requests, over the next twelve months, for project authority for projects with a value in excess of £5m are listed in Appendix 4. 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 Tube Lines (Holdings) Board

XX-PFNEW JNP 2012/15 Power Capital Works Programme			
Financial Authority in Business Plan¹	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£12,521k	£0k	£12,521k	£12,521k
Authority Approval	Full project authority of £12,521k was granted following a Corporate Gate P review.		
Outputs and Schedule	<p>The Whole Life Assessment Management Work Programme 2012-2015 for Power, which has been developed with all relevant stakeholders to ensure that Tube Lines will meet its overall condition benchmarks to achieve reliability and availability targets.</p> <p>Key deliverables include:</p> <ul style="list-style-type: none"> • Replace life expired track isolating switches • Replace life expired DC circuit breakers • Power quality and harmonic measurements • Remove redundant sidings contractors • Remove redundant bleed resistors in depots • Remove redundant disconnection panels trackside <p>The project is due to complete in 31 March 2015.</p>		

XX-PFNEW JNP 2012/15 Station Condition Renewals Programme			
Financial Authority in Business Plan¹	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£39,376k	£0k	£39,376k	£39,376k
Authority Approval	Project authority of £39,376k was granted following a Corporate Gate P review.		
Outputs and Schedule	<p>Project authority has been granted to fund the programme up to the end of 2014/15.</p> <p>The programme is to update essential station equipment such as gas systems, fire control panels and hydrants, lighting, pumps and electrical systems. The objective is to ensure that the JNP stations have their essential services maintained at an adequate level.</p>		

XX-PJNEW Baker Street to Bond Street Tunnel Remedial Works			
Financial Authority in Business Plan¹ £34,360k	Previous Project Authority Granted £1,000k	Total Project Authority Granted £34,360k	Estimated Final Cost £34,360k
Authority Approval	Full project authority of £34,360k was granted to undertake strengthening works to the Jubilee Line tunnel.		
Outputs and Schedule	<p>Project authority has been granted to undertake relining works of a 215m length of concrete lined tunnel south of Baker Street Station.</p> <p>The proven relining technique involves the removal of the affected expanded concrete segments and replacing them with the cast iron segments and allows for all works to be undertaken in engineering hours.</p> <p>Currently, a two year programme of installation is proposed allowing for 3.5 rings per week to be replaced.</p>		

Summary of projects approved by the Commissioner

IP-00558	Earls Court, Paddington, South Kensington and Holland Park Stations Upgrade Programme		
Financial Authority in Business Plan¹ £37,000k	Previous Project Authority Granted £0k	Total Project Authority Granted £2,904k	Estimated Final Cost £37,000k
Authority Approval	Initial project authority of £2,904k was granted following a Corporate Gate A review. Further authority will be sought at Gate B in Summer 2012.		
Outputs and Schedule	<p>Project authority has been granted to four station projects to enable scoping and feasibility for a range of work packages covering premises, fire systems, communications, mechanical and electrical works.</p> <p>The scope of the work is prioritised in order to maintain assets. This will ensure that the assets remain safe, suitable for operation, comply with statutory legislation and remain maintainable.</p> <p>Each project is timed so that the workload is levelled, with completions from April 2015 to January 2016.</p>		

Summary of projects approved by the MD Finance

ST-PJ305 New Bus For London			
Financial Authority in Business Plan¹ £10,280k	Previous Project Authority Granted £10,518k	Total Project Authority Granted £11,065k	Estimated Final Cost £11,065k
Authority Approval	Additional project authority of £547k was granted to cover revised scope of an increase in the total number of prototypes. The £785k funding requirement about the amount included in the TfL Business Plan will be funded by management contingency.		
Outputs and Schedule	<p>Project authority has been granted to deliver a new iconic 21st Century Route master which incorporates an open rear platform when the bus is operated with a second crew member.</p> <p>Key deliverables include the following:</p> <ul style="list-style-type: none"> • Research, design and development work • The production and delivery to London of a full scale mock up • The manufacture and delivery of a proven test vehicle • The manufacture and delivery to London of a certified prototype • The manufacture and delivery to London of a further eight prototypes <p>The project is due to complete in May 2012.</p>		

SS-PJ109 Wheel-Rail Interface			
Financial Authority in Business Plan¹ £10,259k	Previous Project Authority Granted £4,354k	Total Project Authority Granted £10,259k	Estimated Final Cost £10,259k
Authority Approval	Full project authority of £10,259k was granted following a Corporate Gate D review.		
Outputs and Schedule	<p>Project authority has been granted to enable the full implementation of this project.</p> <p>The project addresses the wheel-rail interface risk on the Sub-Surface Railway throughout the train migration period. The project involves re-profiling legacy stock and additional rail grinding and track lubrication. This is being delivered by in-house engineering teams. Existing authority was previously granted for additional train based lubrication on the S-Stock trains.</p> <p>The project is due to complete in March 2017, after the legacy stock has been withdrawn from service.</p>		

LU-PJ708 Stations Wi-Fi Phase 3			
Financial Authority in Business Plan¹ £10,996k	Previous Project Authority Granted £4,564k	Total Project Authority Granted £16,494k	Estimated Final Cost £16,494k
Authority Approval	Additional project authority of £11,930k was granted following a Corporate Gate D review. The difference between the authority and the funding in the Business Plan is the anticipated receipt of income from the concessionaire.		
Outputs and Schedule	<p>Project authority has been granted to deliver the third phase of the Stations Wi-Fi programme.</p> <p>This phase seeks to complete the following,</p> <ul style="list-style-type: none"> • Installation of infrastructure at 87 additional London Underground stations to increase the total to 121. • The concessionaire contract Invitation to Tender responses were returned on 7 December 2011 and the contract is expected to be awarded in February 2012 to enable Wi-Fi access to the public. • This generates an initial payment from the concessionaire, non-fares revenue and increased efficiency of operational staff through improved access to real time information. <p>The majority of the stations are due to be complete by the 2012 Games.</p>		

Notes

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

Forward Approval Programme – January 2012 to December 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					
SSR Major Power Works (Traction) - Package 3A	432.5	521.0	530.0	D	Feb-12
Lifts and Escalators Programme 2012/13	»	»	»	P	Mar-12
Track BCV/SSR Programme 2012/13	0.0	Tbc	124.1	P	Mar-12
Earls Court Development	1.8	Tbc	140.0	A	Mar-12
Deep Tube Programme	3.3	Tbc	»	B	Jun-12
Tube Lines					
JNP 2012/13 Track Renewal Programme	0.0	143.7	143.7	P	Feb-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					
East London Line Phase 2	72.6	N/A	72.6	D+	Mar-12
Bank Walbrook Square	58.0	N/A	57.6	D+	Mar-12
Bank Station Upgrade	12.3	12.3	560.3	B+	Mar-12
Neasden Phase B	4.9	23.0	59.2	A	May-12
SUP-Rolling Stock	1,837.0	N/A	1,828.0	D+	May-12
Victoria Station Upgrade	661.2	N/A	598.5	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 Depots	275.8	N/A	275.8	D+	Jul-12
SUP Infrastructure	138.2	N/A	122.0	D+	Jul-12
Northern Line Extension	2.4	Tbc	307.0	A+	Sep-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
SUP-Signalling Immunisation	272.4	N/A	267.2	D+	Oct-12
Bank Station Upgrade	12.3	Tbc	560.3	C	Nov-12
Corporate					
ITSO	58.4	N/A	58.3	D+	May-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					
Thameslink 2000	32.0	12.5	46.7	D+	Apr-12
SSR Major Power Works (Signalling)	48.9	N/A	48.1	C	Feb-12
SSR Major Power Works (Signalling)	48.9	N/A	48.1	D	Aug-12
Surface Transport					
TLRN Capital Renewals Programme 2012/13	0.0	47.8	47.8	P	Feb 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					
Tunnel Cleaning Train	7.3	12.1	12.1	Variation	Jan-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	Feb-12
Surface Transport					
Systems Relocation	24.2	N/A	24.1	D+	May 12
10 Cycle Super Highways – Tranche 2	35.4*	Tbc*	105.6*	C	Apr-12
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*	D	Aug-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	Jan-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			
North London Railway Infrastructure Project	252.0	252.0	Mar-12
DLR Three Car Infrastructure	302.0	290.7	Mar-12
Major Power Works (Victoria Line Upgrade)	142.8	141.7	Mar-12
Stratford International DLR Extension	188.9	180.5	May-12
East London Line Extension	1,044.3	1,018.9	May-12
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			
London-Wide Oyster	44.6	33.1	Jan-12
92TS Bogie Replacement and Gearbox Repair	64.7	64.7	Jan-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
Hydrogen Transport Programme	19.7	19.7	Apr-12
Congestion Performance Network Improvement Programme	8.7	7.3	May-12
Hanger Lane Bridges	28.9	27.6	Apr-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