

TRANSPORT FOR LONDON

FINANCE AND POLICY COMMITTEE

SUBJECT: PROJECT MONITORING – PROJECT APPROVALS

DATE: 13 JULY 2010

1 PURPOSE AND DECISION REQUIRED

- 1.1 To inform the 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 Committee meeting on 9 June 2010, there has been one project approval by the Commissioner. Further details of this project are set out in Appendix 1.

4 PROJECT APPROVALS BY THE MD FINANCE

- 4.1 Since the Committee meeting on 9 June 2010, the MD Finance has approved three projects. Further details of these projects are set out in Appendix 2.

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 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.

6 RECOMMENDATION

- 6.1 The Committee is asked to NOTE the project approvals given by the Commissioner and 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 Commissioner

UIP8702 Thameslink 2000			
Financial Authority in Business Plan	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£46.48m	£21.25m	£32.04m	£46.46m
Authority Approval	Project authority of £32.04m was granted on 15 June 2010 for the continued LU support of the Thameslink project being implemented by Network Rail. All LU costs are reimbursed by Network Rail under a Project Implementation Agreement. The work by LU is subject to Network Rail's requirements and the costs may vary. No costs are incurred without agreement of the scope with Network Rail.		
Outputs and Schedule	<p>LU's role in Thameslink consists of:</p> <ul style="list-style-type: none"> • Interface management across all affected LU functions; • Management of enabling works by Connect and other PFI/PPP providers; and • Assurance and infrastructure protection. <p>The current authority expires on 31 March 2011. LU will continue to provide support to the project until it completes, this is expected to be in 2013.</p>		

Summary of projects approved by the MD Finance

ST-PJ202 A406 Henlys Corner			
Financial Authority in Business Plan	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£7.58m	£1.60m	£8.36m	£8.36m
Authority Approval	Full project authority of £8.36m was approved on 15 June 2010, enabling the project to issue an Invitation To Tender for the main works. Costs have increased compared to the budgeted cost of the project due to re-estimation of the costs as part of the detailed design work. There is a possibility that the predicted costs may reduce when tenders for the main contract are received. Any difference in outturn and budgeted costs will be funded from reductions in other areas of the Surface Transport budget.		
Outputs and Schedule	A remodelled junction at the intersection of A406 (North Circular plus A1 Great North Way) and A598 Regents Park Road. Better provision for cyclists and pedestrians will be made and traffic will be smoothed through more efficient management of vehicles.		

BC-PJ060 Automated Track Monitoring System (ATMS)			
Financial Authority in Business Plan	Previous Project Authority Granted	Total Project Authority Granted	Estimated Final Cost
£14.57m	£1.89m	£14.73m	£14.73m
Authority Approval	Full project authority of £14.73m was approved on 15 June 2010 for the detailed design, manufacture and installation of automated track monitoring equipment to be fitted underneath LU rolling stock. The estimated final costs now exceeds the financial authority, this will be addressed in the revised Quarter 1 forecast.		
Outputs and Schedule	ATMS is an automated suite of track measuring equipment integrating video inspection, noise and vibration monitoring and track geometry and location positioning. It will be fitted to two trains on the BCV and SSR lines and operate while the trains are in normal passenger service. The new system will provide greater positional accuracy of faults than achieved previously, enabling significant savings to the track inspection and reactive maintenance regimes. The project will complete in June 2012.		

LR-PJ28 DLR Infrastructure Renewals			
Financial Authority in Business Plan £11.40m	Previous Project Authority Granted £0.00m	Total Project Authority Granted £11.40m	Estimated Final Cost £11.40m
Authority Approval	Approval of £11.40m for the 2010/11 DLR Infrastructure Renewals Programme was given in June 2010.		
Outputs and Schedule	<p>The DLR Infrastructure Renewals Programme comprises of multiple projects that are grouped into the following workstreams:</p> <ul style="list-style-type: none"> • renewals (like for like replacement of life-expired assets); • enhancements (improving the functionality of an existing asset); and • introducing new assets. <p>The majority of projects are delivered through DLR's franchisee partner, Serco Limited, who provide project management services and engage with external consultants and contractors as required.</p>		

PRG Forward Forecast – July 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 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 contract award and project close, projects will be reviewed again at a 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
London Underground					
Track Programme Contract	»	»	»	D	Oct-10
Bank Congestion Relief*	7.1	9.5	599.6	B+	Oct-10
SSR Upgrade – Overarching project authority confirmation	4,222	4,222	4,222	D	Dec-10
SSR Upgrade – Signalling	TBC	TBC	TBC	D	Feb-11
Tottenham Court Road Congestion Relief	538.0	538.0	523.7	D+	Feb-11
Major Power Works (SSL)	387.8	596.0	596.0	D	Feb-11
Croxley Rail Link	0.5	1.6	172.0	B	Mar-11

Surface Transport					
Cycle Hire (extension of existing scheme)	81.7	»	»	D	Sep-10

Notes

* £374m of the total cost of Bank Congestion Relief is post FY 2017/18 and, therefore, does not fall within the Business Plan period. Only approval for the design stage will be sought.

» Costs are excluded for reasons of commercial confidentiality.

Projects to be submitted to the Finance and Policy Committee between £50M and £100M

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed FPC Date
London Underground					
11/12 Civils, Structures and Drainage Programmes	0.0	65.9	65.9	P	Feb-11
11/12 Lifts and Escalators Programme	0.0	56.7	56.7	P	Feb-11

Surface Transport					
A406 Bounds Green Improvements	69.0	69.0	56.1	D+	Mar-11

London Rail					
East London Line Phase 2b	75.0	75.0	53.6	C	Jul-10
East London Line Phase 2b	75.0	75.0	53.6	D	Oct-10

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 PRG Date
London Underground					
Baker St to Bond St Tunnel works	1.0	40.1	40.1	A,B,C	Nov-10
SSR 750v Conversion	3.6	36.8	36.8	B	Feb-11
Asset Stabilisation Programme	0.0	26.0	26.0	P	Feb-11

Surface Transport					
Hanger Lane Bridges	29.4	29.4	29.3	D+	Sep-10
Electric Vehicles	3.1	27.4	27.4	D	Nov-10
Scoot Deployment	10.5	23.7	45.3	D	Nov-10
TLRN Capital Renewals Programme 2011/12	0.0	49.7	49.7	P	Mar-11

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 PRG Date
London Underground					
Victoria Line Upgrade – 4,500 Amp Energy Optimisation	0.5	7.4	7.4	D	Oct-10
Tunnel Cleaning Train	0.3	7.5	7.5	A	Oct-10
Central Line – 92 Tube Stock Refurbishment	1.7	16.4	16.4	D	Oct-10
Tunnel Cooling – Out of Service fans	4.7	4.9	4.9	D	Jan-11

Surface Transport					
Congestion Network Performance	4.8	9.0	17.6	B/C	Jul-10
Cycle Superhighways – Phase 1 (2 routes of 10)	42.5*	42.5*	145.0*	D	Aug-10
Transport Coordination Centre	4.4	TBC	9.4	C	Aug-10
Road Safety / Accident Reduction 2010/11	0.0	10.3	10.3	P	Sep-10
East London Transit 1b	11.7	»	»	C	Sep-10
Olympic Route Network Junctions and Carriageways	5.6	TBC	18.0	C	Nov -10
Henlys Corner	8.4	8.4	7.6	D	Nov-10
East London Transit 1b	11.7	»	»	D	Mar-11

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed PRG Date
London Rail					
11/12 Infrastructure Maintenance Programmes	0.0	3.1	3.1	P	Mar-11

Corporate					
Annualised IM Programme	2.8	13.3	13.3	P	Jul-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.

» Costs are excluded for reasons of commercial confidentiality.

Gate E Project Close reviews to be approved by the MD Finance

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed PRG Date
London Underground					
Walthamstow Central Station Upgrade	11.9	11.9	13.4	E	Sep-10
Oxford Circus Modernisation	85.3	85.3	85.3	E	Oct-10
Power for Connect	30.0	30.0	30.0	E	Nov-10
Major Power Works (VLU)	142.8	142.8	142.5	E	Nov-10
Connect Enabling	102.2	102.2	101.6	E	Nov-10
King's Cross CTRL	935.7	935.7	883.0	E	Jan-11
White City Development	140.9	142.6	142.6	E	Mar-11

Surface Transport					
London Works	15.8	15.8	16.3	E	Sep-10
Western Avenue Bridges	45.8	45.8	45.9	E	Sep-10
Congestion Charging Re-let	95.8	95.8	95.2	E	Oct-10
Legible London	7.6	7.6	7.0	E	Oct-10
ORN Network Instrumentation	10.6	10.6	10.5	E	Oct-10
West Ham Bus Garage	56.1	56.1	51.7	E	Nov-10
SVD iBus roll-out	30.0	30.0	30.1	E	Nov-10
East London Transit 1a	25.8	25.8	25.8	E	Dec-10
Signals Modernisation Programme	3.3	2.9	2.9	E	Mar-11

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed PRG Date
London Rail					
Woolwich/Arsenal DLR Extension	30.5	30.5	30.5	E	Sep-10
Additional Southern Gating	6.0	6.0	5.5	E	Sep-10
DLR 3 Car Infrastructure	303.2	303.2	238.5	E	Nov-10
London-wide Oyster	44.6	44.6	32.2	E	Nov-10
East London Line Extension	1,044.3	1,044.3	993.4	E	Dec-10
ELR/NLR Rolling Stock	15.1	-	57.8	E	Dec-10
Ticket Vending Machines	6.4	6.4	6.2	E	Jan-11
Stratford International DLR Extension	188.9	188.9	181.0	E	Jan-11

Corporate					
Information Management Strategic Investment Programme	74.3	74.3	68.6	E	Sep-10

Note

Project authorities shown may exceed the final cost of completed projects due to risk and contingency provisions remaining unused. At the point of Gate E approval, the authority will be reduced to equal the final cost.