

## Programmes and Investment Committee Chair's Action



**Date Issued: 22 February 2022**

**Item: Expanding Pay As You Go on Rail in the South East**

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**This paper will be published with the next agenda**

### **1 Summary**

- 1.1 This paper sets out the request for Financial Authority and Programme and Project Authority required to expand Pay As You Go (PAYG) on Rail in the South East. All content reflects the latest known information at this stage of the project. Additional Programme and Project Authority will be sought for the latter years in subsequent submissions to the Committee.
- 1.2 This project is an initiative of the Department for Transport (DfT) to expand the acceptance of contactless PAYG to suburban rail services across South East England.
- 1.3 The DfT has selected Transport for London (TfL) as its preferred partner to implement the project. TfL will deliver the required PAYG solution, subcontracting the provision of on-station validation equipment to Cubic Transportation Systems Limited (Cubic), a provider of PAYG services to TfL under the existing Revenue Collection Contract (RCC).
- 1.4 The use of Chair's Action is considered appropriate due to the urgency of the programme to meet the Government's timetable for implementation by May 2024. To meet this challenging deadline, TfL needs to commence delivery as soon as possible in this financial year. This paper is being submitted outside of the planned meeting cycle for these reasons. The DfT is providing funding in line with these timescales.
- 1.5 Exempt supplementary information is included as an appendix to this paper.
- 1.6 The members of the Committee are asked to consider the proposal and provide Ben Story, as Chair, with their views on or before 12 noon on Thursday 24 February 2022. The contents of this paper and the exercise of Chair's Action will be reported to the next meeting of the Committee.

### **2 Recommendations**

- 2.1 **The Chair of the Committee, in consultation with Members, is asked to note the paper and the exempt supplementary appendix and:**
  - (a) **approve unbudgeted Financial Authority for the receipt and expenditure of grant funding from the Department for Transport**

**(DfT) of up to £61.77m for the remainder of financial year 2021/22 and financial years 2022/23 to 2026/27;**

- (b) approve Programme and Project Authority of £43.61m for remainder of financial year 2021/22 and financial years 2022/23 and 2023/24;**
- (c) note that Procurement Authority will be sought at officer level in accordance with Standing Orders; and**
- (d) note that Authority granted by the Committee which relate to both the current funding period to 2022/23 and commitments outside of this period, may need to be revised as part of future budgets to be considered by the Board. Provision will also need to be made in future Budgets and Business Plans in respect to commitments made. If additional funding is not available, a prioritisation of the TfL Investment Programme will be required and some programmes and projects will not be taken forward and revised authority will be sought as appropriate.**

### **3 Background**

- 3.1 In February 2019, the DfT undertook a public consultation on expanding PAYG on rail outside London. Upon request from the DfT, TfL submitted Rough Order of Magnitude (ROM) costs and an outline customer proposition for the project, covering the acceptance of PAYG using contactless payment cards as well as enabling concessions and discounts to be supported. These deliverables were submitted to DfT in August 2019.
- 3.2 Following publication of the Williams-Shapps Plan for Rail in May 2021, the DfT settled on an expanded geography that will see around 233 stations upgraded to accept contactless payments. The contactless payment system will need to seamlessly integrate with the existing TfL/Train Operating Companies' (TOCs) Contactless area to allow customers to travel to/from London using a single tap in/tap out with their bank card. The project requires a technical solution that can be deployed and integrated successfully within the existing operating environment to achieve the DfT's required objectives.
- 3.3 Funding for the project was granted by HM Treasury as part of the Comprehensive Spending Review (CSR) in October 2021. DfT subsequently published a Voluntary Transparency Notice (VTN) informing the market of its intention to grant funding to TfL for the delivery of the project. The VTN was published on 10 December 2021 and expired at midnight on 10 January 2022, without comment or challenge.
- 3.4 Following the allocation of funding in the CSR and the completion of the VTN process, DfT has requested that TfL commence the project. The Government's timetable for implementation requires the majority of the extension stations to be delivered by May 2024, with extension of PAYG to all stations to be complete by the end of 2024.

- 3.5 Maintaining the DfT's ambitious schedule is of paramount importance and, as such, TfL's project team are working to ensure all required internal governance requirements are met, expediting the process(es) wherever possible. This paper is being submitted to the Committee separately from the annual Technology and Data Programme annual approvals submissions for this reason.
- 3.6 Approval was granted (subject to Mayoral approval) to recruit the additional roles required to deliver the project in January 2022.

## **4 Scope**

- 4.1 TfL's delivery of the project is split into two distinct deliverables. The funding granted in the CSR in October 2021 covers both deliverables.
- 4.2 Deliverable 1 (D1): the geographical expansion of full-fare, Adult PAYG travel using "open loop" (issued by financial institutions) contactless payment cards and mobile devices across the South East, fully integrated with TfL's existing scheme.
- 4.3 Deliverable 2 (D2): further development of the D1 functionality to provide discounted PAYG travel for National Rail concessionary customers.
- 4.4 Any expansion or development of TfL's existing Oyster system is out of scope, however, acceptance of ITSO smartcards that are otherwise mandated by the DfT is required at those stations with the expanded PAYG area.

## **5 Risks**

- 5.1 There are also some key risks which will be closely managed and mitigated during the project, as set out in the exempt appendix.

## **6 TfL and DfT Agreements**

- 6.1 Expansion of PAYG across the South East will be entirely funded by DfT. A Memorandum of Understanding (MOU) and an Initial Grant Funding Agreement (GFA) will be put in place.
- 6.2 TfL is currently in negotiations with the DfT to finalise the specific terms of the IGFA and MOU but the delivery of the project should be at zero cost and financial risk to TfL; this includes all internal and external costs.
- 6.3 The DfT's Outline Business Case and request for the initial grant funding was approved at its Rail Investment Board on 25 January 2022. Following Ministerial approval, the grant will be made directly to TfL in accordance with the Railways Act 2005.
- 6.4 Further GFA(s) will be agreed to cover the remainder of the project. This is expected to be finalised in Summer 2022. Further additional funding will then be paid to TfL at agreed intervals in advance of spend throughout the remainder of the project. The sums to be paid will be in-line with TfL's latest,

evolving project forecast. TfL will not be required to provide a Firm Fixed Price (FFP) to the DfT for the full delivery of the project. Further agreements with DfT/relevant train operators akin to the PAYG/CPAY arrangements will also be needed in due course.

## **7 Delivery Programme**

- 7.1 The Government's timetable for implementation requires the majority of the extension stations to be delivered by May 2024, with extension of PAYG to all stations to be complete by the end of 2024.
- 7.2 The current programme splits delivery of the 233 stations into two phases:
  - (a) initial phase – 53 stations; and
  - (b) main phase – 180 stations.
- 7.3 Both DfT and TfL are aiming to complete a significant number of the initial 53 stations in calendar year 2022 (with any remaining initial stations completed by the end of financial year 2022/23).
- 7.4 These stations have been selected as an early deliverable due to validation equipment already being installed at the stations and the existing fares structure. While both will require some enhancement for PAYG services to commence, the work required to expand contactless acceptance is similar in scope and complexity to a number of previous PAYG extensions that TfL has successfully completed at locations including Epsom, Luton Airport Parkway, and as part of the Elizabeth line readiness, at Reading.
- 7.5 The rollout schedule for the stations included in the main phase of the project will be discussed and agreed between DfT, TfL, Cubic and the TOCs as the project progresses.
- 7.6 The project team has commenced initial engagement with TfL's Project Assurance team. No formal assurance activities have been undertaken at this early stage due to the speed of recent developments and the current lack of maturity in project documentation.
- 7.7 TfL's Pathway methodology will be followed for the project, with standard assurance activities planned to commence in summer 2022. The early project mobilisation activities planned ahead of formal assurance commencing – including stations surveys, procurement of some long-lead time validation equipment and recruitment – are well understood, low-risk activities that have been undertaken on previous projects.
- 7.8 If the Committee approves the authorities requested in this paper and, subject to internal governance reviews, it is anticipated TfL will sign the MOU and initial GFA to formally commence the project by late February 2022.

**List of appendices to this report:**

Appendix 1: Proposed station list (Exempt until future press release(s))

Appendix 2: Proposed expanded PAYG area map (Exempt until future press release(s))

Appendix 3: Exempt supplementary information

Contact Officer: Shashi Verma, Chief Technology Officer

Email: [ShashiVerma@tfl.gov.uk](mailto:ShashiVerma@tfl.gov.uk)

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## Programmes and Investment Committee Chair's Action

**Date:** 30 March 2022

**Title:** Healthy Streets Programme Continuation

**This paper will be published with the next agenda**

### 1 Summary

Table 1: Authorities Requested (all figures in £m outturn values)					
Latest EFC (Gross)	Previous EFC		Financial Authority	Programme and Project Authority	Procurement Authority
356	979	Existing	341.8	308.7	NA
		Requested	0.0	10.4	NA
		Total	341.8	319.2	-
		<i>Future Submissions</i>	0.0	32.7	NA

- 1.1 The purpose of this paper is to provide an update on progress across the Healthy Streets programme during 2021/22 (the Programme). The paper will set out future proposals for the Programme following the February 2022 Transport for London (TfL) funding agreement with Government; update on actions and recommendations from the Integrated Assurance Review undertaken in winter 2022; and request £10.4m of additional Programme and Project Authority (P&PA), bringing the total to £319.2m.
- 1.2 The use of Chair's Action is considered appropriate as additional Programme and Project Authority is needed to enable ongoing delivery of Healthy Streets priorities outside the planned meeting cycle, including funding borough activity. It was not practicable to submit a paper until after Government funding was confirmed on 25 February 2022, as the scope and parameters of 2021/22 delivery have had to be tailored in light of the funding provided.
- 1.3 The members of the Committee are asked to consider the proposal and provide Ben Story, as Chair, with their views on or before 12noon on 4 April 2022. The contents of this paper and the exercise of Chair's Action will be reported to the next meeting of the Committee.

### 2 Recommendations

- 2.1 **The Chair, following consultation with the Committee, is asked to note the paper and approve additional Programme and Project Authority of £10.4m to support delivery of the Healthy Streets programme, bringing the total Programme and Project Authority to £319.2m.**

### **3 Background**

- 3.1 The Committee approved £67.4m of Programme and Project Authority on 21 July 2021 for the continued delivery of the Programme following the June 2021 funding agreement with Government. Using this funding the Programme has delivered some important active travel, safety and bus priority outcomes (collectively called Healthy Streets) during the first half of the financial year - continuing progress towards TfL's decarbonisation, safety and health objectives. However, Healthy Streets has necessarily progressed as a significantly curtailed programme, with approximately half of pre-pandemic funding levels (on a pro-rata basis).
- 3.2 The funding agreement with Government on 25 February 2022 included a requirement for the Programme to set aside £50m for Active Travel projects by the end of the fourth funding period on 24 June 2022. The programme for this period and beyond will partly be a continuation of projects committed in 2021/22 (within the financial allocations to date), as well as new commitments arising from the 25 February 2022 funding deal. The Programme will continue delivery of the Mayor's Transport Strategy (MTS), aligning with the objectives and outcomes set out in the Vision Zero Action Plan Progress Report, the new Bus Action Plan and the Walking and Cycling Action Plans.

### **4 Healthy Streets: our programme and funding context**

- 4.1 The Healthy Streets Approach is a system of approaches and strategies to incentivise Londoners to use cars less and walk, cycle and use public transport more. The programme plays a central role in the delivery of the MTS; firstly for 80 per cent of journeys to be walked, cycled or on public transport by 2040; and secondly to eradicate deaths and serious injuries from our roads by 2041.
- 4.2 The funding received in 2021/22 to further progress Healthy Streets has mostly come from Government as part of the June 2021 funding agreement. This funding was set aside to deliver Active Travel enhancements which will achieve a step-change in cycling and walking in line with the Department for Transport's (DfT's) Gear Change strategy ([www.gov.uk/government/publications/cycling-and-walking-plan-for-england](http://www.gov.uk/government/publications/cycling-and-walking-plan-for-england)). Oversight from the DfT has been a condition of the funding, requiring TfL's Healthy Streets team to report delivery progress and funding allocations to the Active Travel Oversight Group (ATOG) each fortnight.
- 4.3 TfL and our borough partners recognise that the Programme requires long-term funding certainty to ensure our continued investment in Healthy Streets is as efficient as possible. Our prioritisation techniques are cognisant of the current uncertainty and we have adapted our approach to delivery, where possible, to maintain momentum - even where long-term financial commitments are not possible. This has included delivering projects in sections; whilst recognising such an approach may not always achieve economies of scale or deliver the full benefits of a larger scheme, it does maintain momentum of increasing Healthy Streets outcomes for London.
- 4.4 Project teams have embedded lessons learnt from delivery of the London Streetspace programme (LSP), enabling similar benefits to be delivered at lower cost – for example, the use of “light” segregation on cycle lanes; an example of



this is the hybrid design in construction on Cycleway 9 Hammersmith Gyratory, which represents a circa 50 per cent reduction in construction cost compared to the original design.

- 4.5 The funding for Healthy Streets major enhancement schemes (delivered under the Transformational sub-programme) remains uncertain and is dependent on a long-term funding settlement with government. Design and development work has continued, given strong stakeholder support for schemes and their role in London's growth and recovery from the pandemic. The main focus in this period has been on progressing those major schemes where third party funding is secured, such as Tolworth and Nine Elms; or potentially available, such as accessing the DfT Major Road Network fund for Wandsworth and Catford Town Centre schemes.

## **5 Summary of Healthy Streets investment in 2021/22 against plan**

- 5.1 Our approach to delivery of the £100m allocation for Active Travel was intended to maximise on-street delivery, as well as ensuring designs are developed and ready when further funding becomes available. Our plan has been to bring forward smaller sections of well-developed larger schemes, where the case for Healthy Streets improvements is strong, or to develop "quick wins" which would tackle safety concerns in a location, ahead of a longer-term and more transformative schemes being developed.
- 5.2 Delivery has taken place across the Programme in line with the commitments made in the paper submitted to the Committee in July 2021. A summary of key highlights achieved against our original plan and budget is set out in Appendix one.
- 5.3 The outcomes of our Healthy Streets investment are demonstrated through individual scheme monitoring, and at a high level in the recently published 14<sup>th</sup> edition of the Travel in London report ([www.tfl.gov.uk/corporate/publications-and-reports/travel-in-london-reports](http://www.tfl.gov.uk/corporate/publications-and-reports/travel-in-london-reports)). This showed that:
- (a) while the total number of trips made in 2020 decreased dramatically as a result of the pandemic, the proportion of journeys cycled increased by 48 per cent - and the proportion of Londoners living within 400m of a cycle lane increased by eight per cent since 2019 (750k more Londoners);
  - (b) an independent report ([www.tfl.gov.uk/corporate/publications-and-reports/cycling-and-walking](http://www.tfl.gov.uk/corporate/publications-and-reports/cycling-and-walking)) commissioned by TfL has shown that for the first time Black, Asian and minority ethnic Londoners are as likely to have cycled in the last 12 months as White Londoners;
  - (c) recent data shows that bus speeds are still higher than pre-pandemic levels, albeit in the context of slightly reduced general traffic levels; and
  - (d) these trends set the stage for future investment to make it easier and safer to use active and sustainable modes to travel in London.



**Image 1: C4 Evelyn Street construction**



**Image 2: Nine Elms: new cycling links connecting Northern Line Extension**

## **6 Planned Healthy Streets investment as part of this submission**

- 6.1 The future Healthy Streets programme continues to support a green recovery from the pandemic, and create opportunities for safe, active travel on London's streets. Vision Zero policies and objectives remain a core driver for the future programme, to continue efforts to reduce road danger for vulnerable road users across both the TfL road network and borough roads.
- 6.2 As an enhancements programme in a financially constrained climate, it is critical that we continue to drive value for money – maximising efficiency for our highest priority projects that deliver against the TfL Long Term Capital Plan and contribute to the MTS. We are doing this by:
- (a) developing data-led programmes to ensure the right schemes are developed in the right places across the network. This approach enables a designation of strategic networks where we will prioritise investment to resolve specific safety challenges, or achieve the best outcomes for specific road users, such as bus passengers or cyclists thereby maximising the potential for increased revenue or maximising modal shift to more sustainable transport options;
  - (b) embedding the lessons learnt from the LSP programme around delivering more affordable schemes with temporary materials to optimise the return on investment and considering further experiments where on-street measures can be evaluated in the operational environment; and
  - (c) reviewing benefits realisation data from delivered schemes, to ensure future infrastructure is designed in a way that has the best chance of delivering anticipated benefits. For example, the Safety, Health and Environment Directorate has recently quantified the “cost to save a life” metric, which we can use to benchmark the relative efficiency of schemes in delivering benefits against this metric.
- 6.3 The current investment portfolio is based on customer demand scenarios which are inherently uncertain due to the impact of the coronavirus pandemic on travel patterns. However, the key trends identified indicate an increase in cycling and pedestrian mode share and a faster return to close-to-normal car usage than other modes ([www.tfl.gov.uk/corporate/publications-and-reports/travel-in-london-reports](http://www.tfl.gov.uk/corporate/publications-and-reports/travel-in-london-reports)). In relation to Healthy Streets these trends only amplify the justification

for more investment in cycleways, safer junctions and crossings for vulnerable users and the need for bus priority measures to enable quick bus progression.

- 6.4 The additional funding will enable us to continue some delivery across all the sub-programmes in the Healthy Streets Programme. Our methodology to prioritise this short-term funding allocation is set out in Appendix two. It that factors in projects on the ground, contractual commitments, new high priority scheme commitments, and borough funding.

## **7 Key challenges, opportunities and lessons learnt**

- 7.1 The most significant Programme challenge is presented by the lack of long-term funding certainty for TfL generally and, specifically, the Healthy Streets Programme. The healthy street objectives are closely aligned with national objectives and the direction set at COP26. They are: to clean up London's air; help people stay safe, fit and healthy; improve inclusivity and equity; and prevent a car-led recovery from the pandemic.
- 7.2 TfL's ability to deliver these long-term objectives will be subject to the quantum, duration and conditions of any funding, and any required prioritisation and phasing of investment. This means that the scale and pace of projects in the Healthy Streets Programme will need to remain flexible and dynamic. The funding uncertainty provides a further challenge when allocating funds to boroughs to deliver active travel projects. Short-term funding agreements make it more challenging for them to mobilise project design and delivery teams, and retain engineering, transport planning and project management talent in a competitive labour market. The Borough transport officers' lead body, the London Technical Advisory Group, has made this clear to the DfT directly.
- 7.3 In 2021/22, the DfT allocated £100m budget was based on commitment only. This meant that a work bank management process could not be undertaken to drive efficiency. Therefore, individual project delays led to slippage against the original £100m profile (as there were no new commitments that could be brought forward). If a long-term funding agreement can be reached, we would seek to reinstate a work bank management approach to ensure we are able to deliver our full budget for 2022/23. Within this programme external factors such as unresolvable stakeholder objections, supply-chain constraints or delays in granting work permits due to operational considerations can impede delivery of Healthy Streets outcomes – a work bank approach can mitigate this and ensure that a range of outcomes, commensurate with the annual budget, are still achieved each year.
- 7.4 Further cost pressures have been identified on the Old Street project since the forecast was provided by our supplier in January 2022. Risks include increases in costs due to constrained availability of materials, unforeseen complexities with the temporary site works, and additional resources working more shifts have been needed to complete the works. This has led to a potential cost pressure of £4.2m, meaning the estimated final cost (EFC) would rise to £116.3m if realised.

We are investigating which remaining project requirements can be sensibly descoped to mitigate some of this additional increase, but we will need to balance this carefully against the cost/programme impacts of any redesign work so as not to impact any agreed consents/concessions/external approvals that have been negotiated. We have undertaken a lessons learnt review as requested by the Committee in February 2022 which has focussed on the lessons since we moved to the new contract form in June 2020, and have embedded these lessons into the project; the executive summary of the Lessons Learnt report is included in Appendix three. Some key challenges remain, with mitigations listed below:

- (a) tight management of our supplier and their supply chain to avoid further programme delay and cost increases;
- (b) fortnightly TfL Chief Officer / Supplier Managing Director level meetings with a focus on safety, cost and programme. Meetings can be more frequent if required;
- (c) strengthening the project management, commercial and engineering resources in the TfL team;
- (d) a proactive and agile approach when dealing with charted and uncharted utility diversions to help control the cost of any delay;
- (e) regular engagement with key stakeholders to reduce the risk of delay to acceptance during handover into operation and maintenance;
- (f) close management of the UK Power Networks (UKPN) power supply issue to mitigate any further schedule impact and cost increases;
- (g) regular engagement with London Borough of Islington to discharge remaining planning conditions for the main station entrance;
- (h) continued engagement with TfL operational teams and boroughs to ensure the traffic management works proceed as planned;
- (i) managing resources and productivity on site (including in response to the coronavirus pandemic); and
- (j) managing impact of material shortages and materials cost increases.

## **8 Equality Implications**

8.1 Section 149 of the Equality Act 2010 (the Public Sector Equality Duty) provides that, in the exercise of their functions, public authorities must have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and

- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 8.2 In delivering schemes, TfL will comply with the Public Sector Equality Duty and Equality Impact Assessments will be undertaken and taken meaningfully into account for Healthy Streets-delivered schemes as appropriate. In addition, TfL will comply with Section 17 of the Crime and Disorder Act 1998 and will consider how to reduce the risk of crime, including acts of terrorism, in their plans, projects and activities.
- 8.3 Where funding is allocated to boroughs for delivery, published guidance sets out requirements for projects, including highlighting boroughs' own duty to comply with the Equality Act 2010 and Section 17 of the Crime and Disorder Act 1998. These statutory responsibilities rest with the boroughs on their projects, but TfL continues to work with boroughs to share updated best practice and guidance where applicable.

## 9 Financial Implications

- 9.1 The breakdown in Table 2 is in line with the TfL Budget for 2022-23 approved by the Board on 23 March 2022 and includes the Greater London Authority-sponsored Green Infrastructure Fund.
- 9.2 As set out in the funding agreement of 25 February 2022, £50m will be committed to Healthy Streets and Active Travel in the period 25 February 2022 to 24 June 2022.

Sub-programmes	2022-23 Commitments
Cycling schemes	9.7
Networks – including safety and bus priority schemes as well as Borough funding (including LIP allocations)	10.2
Transformational – major highway schemes	0.6
Old Street Roundabout	28.8
Future of Temporary TfL London Streetspace schemes	3.8
Strategic Schemes	0.1
<b>Healthy Streets portfolio</b>	<b>53.2</b>
Green Fund	4.0
Green Fund GLA Grant	(4.0)
<b>Healthy Streets including Green Fund</b>	<b>53.2</b>
Other Active Travel (e Scooters, e Bikes, Customer Marketing) *	3.1
<b>Total Including Other Active Travel</b>	<b>56.3</b>

\*Other Active Travel is not included in the Healthy Streets authority request as the projects sit within the Technology and Data and Professional Services portfolios

**Table 2: Breakdown of 2022-23 commitments**

- 9.3 Financial Authority has been updated to align with the TfL Budget agreed by the TfL Board on 23 March 2022. No Financial Authority has been granted beyond 2022-23.
- 9.4 Existing P&PA is £308.7m as approved by the Committee. The Committee is asked to approve an additional £10.4m of P&PA to continue the Healthy Streets Programme.
- 9.5 The £10.4m additional P&PA reflects the net movement in forecast expenditure between 2021-22 and 2022-23. The underspend in P&PA from 2021-22 will be utilised in 2022-23, as well as the additional P&PA authority requested in this paper, as shown in Table 3.

£m	Description	20/21	21/22	22/23	Total 2020/21 to 2022/23
<b>Financial Authority</b>		<b>153.9</b>	<b>134.7</b>	<b>53.2</b>	<b>341.8</b>
<b>Programme &amp; Project Authority</b>	<b>Authority</b>	<b>164.9</b>	<b>123.7</b>	<b>20.2</b>	<b>308.7</b>
	Active Travel carry forward	(11.0)	11.0	0.0	0.0
	<b>Existing Authority</b>	<b>153.9</b>	<b>134.7</b>	<b>20.2</b>	<b>308.7</b>
	This request	0.0	(22.6)	33.0	10.4
	<b>Programme and Project Authority</b>	<b>153.9</b>	<b>112.1</b>	<b>53.2</b>	<b>319.2</b>
Movement		0.0	(22.6)	33.0	10.4

**Table 3: Additional Authority requested**

- 9.6 Procurement Authority will be sought at Officer level in line with Standing Orders.

## 10 Assurance

- 10.1 Due to the time constraint of the funding window, a full assurance review was not possible. A briefing was given by the Healthy Streets Programme leadership team to the Independent Investment Programme Advisory Group (IIPAG) and the TfL Project Assurance team on this paper. This included a discussion on the impact of the last DfT funding agreement on the prioritisation criteria, how achieving value for money is demonstrated and work bank selection. The reactivity of the team to a fluid and fast-moving environment was noted.
- 10.2 A £4.2m cost pressure has been identified on the Old Street project since the last assurance review and update to the Committee in March 2022 which, if realised, would increase the EFC from £112.1m to £116.3m. The increase is due to a rise in the cost of inputs (materials, energy) and the inclusion of a time risk allowance. The team is working through potential mitigations for this pressure, as set out in section 7.4, and will report back to IIPAG more fully on the project EFC in June 2022.
- 10.3 The main outstanding recommendations comprise the more robust use of value for money criteria in schemes prioritisation and the development of intermediate milestones in the roadmap to the 2041 objectives. The focus on mitigating the effects of the pandemic and the short-term funding agreements have hampered progress in closing those recommendations so far. Progress will be reviewed in

the next Programme assurance review to the Committee, currently scheduled to take place in the second half of 2022.

**List of appendices to this report:**

Appendix 1: Progress against plan, July 2021 to March 2022

Appendix 2: Proposals for fourth funding period, February to June 2022

Appendix 3: Old Street Lessons Learned since June 2020

**List of background papers:**

Papers submitted to the July 2021 Programmes and Investment Committee meeting, relating to Healthy Streets.

Contact Officer: Alexandra Batey, Director of Investment Delivery Planning  
Email: [AlexandraBatey@tfl.gov.uk](mailto:AlexandraBatey@tfl.gov.uk)

## Appendix 1: Progress against plan, July 2021 to March 2022

<b>Table 4: summary of key highlights achieved against our original plan and budget</b>	
<b>In July 2021 we said we would deliver</b>	<b>As of March 2022, we have delivered</b>
<p><b>Safer Streets:</b></p> <ul style="list-style-type: none"> <li>• reduced speeds on a further 25km of TfL roads</li> <li>• progress construction of the Lavender Hill safety scheme</li> <li>• new pedestrian crossings at Battersea Bridge/Cheyne Walk</li> <li>• deliver safety improvements at eight further locations on the TfL road network</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced speed limits on 5.2km of TfL roads, including a new 20mph speed limit on A3220 Battersea Bridge, A3212 Chelsea Embankment and a new 30mph speed limit on A10 Great Cambridge Road. Construction is underway on a further 24.5km of 20mph speed limits with completion scheduled by the end of March, including: A13 Commercial Road, A10 – A503 corridors, A107 Lower Clapton Road and A23 London Road.</li> <li>• A new pedestrian crossing was delivered over Battersea Bridge, with further safety improvements for cyclists and pedestrians progressed in design</li> <li>• Safety improvements at Lavender Hill / Elspeth Road and in Peckham Town centre were completed, including new cycle lanes</li> <li>• Interim safety improvements at Holborn were delivered</li> <li>• Progressed design work on transformational safety schemes at Lambeth Bridge north and south junctions; and Angel junction.</li> </ul>
<p><b>Cycling:</b></p> <ul style="list-style-type: none"> <li>• 30km of new or upgraded cycleways (TfL and borough delivery)</li> <li>• Rebranded 11 cycleways to improve on-street wayfinding</li> </ul>	<ul style="list-style-type: none"> <li>• Delivered a total of 21.5km of new or upgraded cycleways, with a further 20km in construction, including; <ul style="list-style-type: none"> <li>○ TfL completing 6.6km of new/upgraded cycleways and a further 4.5km in construction, including sections of the Cycleway 4, Cycleway 9 and Cycleway 23 routes.</li> <li>○ Supported 17 boroughs to deliver 14.9km of new or upgraded cycleways, with a further 15.5km under construction.</li> </ul> </li> <li>• Commenced delivery of the legacy LSP experimental Mansell Street cycleway, connecting Cycleways 2 and 3.</li> <li>• TfL also continued detailed design of 8.7km of cycleways.</li> </ul> <p>5 cycle routes have completed rebranding to become Cycleways and a further 6 routes have rebranding substantially complete.</p>



<b>Table 4: summary of key highlights achieved against our original plan and budget</b>	
<b>In July 2021 we said we would deliver</b>	<b>As of March 2022, we have delivered</b>
<p>Bus Speeds:</p> <ul style="list-style-type: none"> <li>• 400 traffic signal timing reviews to enable faster bus progression through junctions.</li> <li>• Continue delivering bus priority measures across London</li> <li>• Complete in-depth analysis on some of the 30 strategic bus corridors identified</li> </ul>	<ul style="list-style-type: none"> <li>• Made permanent 24-hour, seven-day per week operation of 85km of bus lanes, following an experiment.</li> <li>• Delivered 5.25km of new and improved bus lanes</li> <li>• Delivered a range of bus priority schemes including new stops and shelters. This included the Edgware Road (West End Gate) project which improved customer journey times by up to three minutes for thousands of passengers every day.</li> <li>• 480 timing reviews completed, which have saved over 7000 hours of cumulative bus passenger hours daily.</li> <li>• Completed 13 in-depth corridor reviews to identify bus priority opportunities.</li> </ul>
<p>Future of temporary LSP schemes:</p> <ul style="list-style-type: none"> <li>• Review all the TfL-led temporary schemes and identify whether they should be removed, amended or retained on the network. The scope included 17 social distancing schemes, nine cycling schemes and two strategic movement corridors.</li> </ul>	<ul style="list-style-type: none"> <li>• Reviewed all temporary LSP schemes on the Transport for London Road Network (TLRN) to determine whether the schemes should be retained, amended or removed (subject to consultation where appropriate and decision-making). We have already amended schemes and retained them as an experiment in some locations including the Cycleway 8 upgrade between Lambeth Bridge and Chelsea Bridge, and Bishopsgate.</li> <li>• Ten social distancing schemes have been removed as they were not being used, including: Battersea Park Road, Finchley Road, Dalston Kingsland, Holloway Road, West Wickham High Street and Nags Head.</li> </ul>

<b>Table 4: summary of key highlights achieved against our original plan and budget</b>	
<b>In July 2021 we said we would deliver</b>	<b>As of March 2022, we have delivered</b>
<p>Continue supporting London's long-term growth and progress delivery of:</p> <ul style="list-style-type: none"> <li>• Nine Elms sustainable transport corridor</li> <li>• Tolworth roundabout</li> <li>• Vauxhall gyratory</li> <li>• Catford gyratory</li> <li>• Wandsworth Town Centre</li> </ul>	<ul style="list-style-type: none"> <li>• Completed the first phase of Healthy Streets improvements to support the opening of the Battersea Power Station and Nine Elms Tube stations; finalised designs and started consultation on the western section in February 2022.</li> <li>• Published the consultation report on Tolworth and secured a land purchase agreement ahead of starting detailed design.</li> <li>• Continued developing business cases for Catford and Wandsworth to support DfT Major Road Network bids.</li> <li>• Continued engagement with stakeholders, as the viability of the commercial development at Vauxhall is explored.</li> </ul>
<p>Continue delivering the transformational <b>Old Street</b> roundabout project: once complete the project will deliver significant safety benefits for vulnerable road users including improved facilities for cyclists and pedestrians. It will also include creation of a new high quality public space, new station entrances and an upgraded retail area offering new commercial opportunities.</p>	<ul style="list-style-type: none"> <li>• Completed final traffic switch phase and brought the new Cowper Street station entrance into use in August. Construction commenced on the new main station entrance, both the goods and passenger lifts, along with mechanical and electrical works in St Agnes Well.</li> <li>• The project has faced some challenges over the last year on both cost and programme. While the critical path activities have largely been maintained, several non-critical path activities have been delayed, resulting in an underspend in 2021/22.</li> <li>• The project has also been dealing with the impacts of a design change to the UKPN standards which has meant significant redesign to find a way for the new LU electrical assets to be powered. This redesign has extended the construction phase, which has had in turn increased the cost of the project. The EFC has increased due to programme prolongation and a recommendation from the targeted commercial review to increase the risk provision.</li> </ul>

<b>Table 4: summary of key highlights achieved against our original plan and budget</b>	
<b>In July 2021 we said we would deliver</b>	<b>As of March 2022, we have delivered</b>
<p>Borough funding:</p> <p>The priorities for boroughs in this funding period included:</p> <ul style="list-style-type: none"> <li>• Core staff costs for in-flight projects, notably decision making around converting temporary schemes to permanent</li> <li>• Smaller-scale projects that could be taken forward within the funding period</li> <li>• Pause the Liveable Neighbourhoods programme due to financial constraints, except for Holborn on safety grounds</li> </ul>	<ul style="list-style-type: none"> <li>• The April to May 2021 funding arrangement meant boroughs received a limited pro-rata allocation and were not able to start new construction that would commit them to spend beyond these two months.</li> <li>• Following the June 2021 funding settlement, further funding was allocated to boroughs. The funding was prioritised, including funds for core staff resources and “in flight” schemes (including all temporary and experimental schemes), with some funds for strategic programmes such as Bus Priority, Cycle Network Development, and Crossrail Complementary Measures. Following extensive discussion at ATOG, £10m was allocated to cover core staff costs and £15.6m for 165 borough-led schemes. ATOG discussions focussed on the value for money and deliverability of projects and took note where temporary schemes had been removed by boroughs. Harrow, Kensington &amp; Chelsea and Sutton each received 50 per cent of their core staff costs request. Ealing received 50 per cent of their core staff costs and some funding for delivery of previously agreed Crossrail Complementary Measures. All four received small amounts for development of bus priority measures.</li> <li>• The remaining LIP Major Scheme at Beam Parkway in Havering has been delayed due to ongoing discussions about the feasibility of the new station associated with the development, and procurement challenges.</li> <li>• Due to the necessary focus on in-flight schemes, we have mainly seen delivery of LSP and Active Travel Fund projects, including review and decision making on temporary/experimental schemes. This includes delivery of four new low traffic neighbourhoods (LTNs) and six LTN upgrades, including major upgrades to Lambeth's Ferndale, Railton and Streatham Hill schemes.</li> <li>• Notably, Boroughs have not received any funding from TfL since December 2021 – with considerable risks to capacity and delivery capability associated with the ongoing long-term funding ambiguity.</li> </ul>
<p>A future Healthy Streets scheme pipeline</p>	<p>Developed a Healthy Streets pipeline of 20 future corridor schemes, following a data-led approach. Three corridors are ready to start further design development, with 17 still undergoing inception.</p>

<b>Table 4: summary of key highlights achieved against our original plan and budget</b>	
<b>In July 2021 we said we would deliver</b>	<b>As of March 2022, we have delivered</b>
Hammersmith Bridge Temporary Ferry	<p>We procured a contractor (Uber Boat by Thames Clippers (UBTC)) to design, build, operate and decommission this service. We also finalised designs, conducted surveys, submitted planning applications, and secured materials – piles, refurbished pontoons, adapted vessels etc. – to ensure the service could be operational as soon as possible. On 17 July 2021, the London Borough of Hammersmith and Fulham (LBHF) announced that Hammersmith Bridge would reopen to pedestrians and cyclists and we therefore sought clarity on the continued requirement for the temporary ferry service. On 25 November 2021, the DfT confirmed that the ferry scheme was no longer required given reassurances from LBHF that the bridge is not expected to close again for any significant periods. Following this, we immediately initiated the process of closing the project, ensuring value was captured wherever possible, including lessons learnt, and that the contract with UBTC was terminated. This released £4.6m back to the programme that was allocated to cover design costs in periods 10 and 11 – following a delay to further funding confirmation - as well as some overspend on a small number of projects.</p>

**Table 4:** summary of key highlights achieved against our original plan and budget

In July 2021 we said we would deliver	As of March 2022, we have delivered
<p>High Speed 2 (HS2):</p> <ul style="list-style-type: none"> <li>• Support the delivery of HS2 to unlock regeneration opportunities for Euston and Old Oak Common</li> <li>• Protect TfL’s interests and mitigate risks posed by HS2 on TfL infrastructure, operations and passenger services</li> <li>• Recover all costs, losses and expenses incurred by TfL resulting from HS2 Ltd, including staff time, under the terms of the Protective Provisions Agreement. It forms part of the Healthy Streets Programme for governance purposes</li> </ul>	<p>Supported the delivery of HS2 whilst managing the impacts and risks posed by HS2 (as a third-party programme) to ensure our interests are protected. The scope of HS2 provides for c.£500million of new and upgraded TfL assets and our activities this year have included:</p> <ul style="list-style-type: none"> <li>• Design assurance on the Euston Station and the Old Oak Common Concept designs to ensure they meet our operational requirements and include suitable provision for interchange in line with the Healthy Streets approach.</li> <li>• Continue to embed the Healthy Streets principles in the HS2 design including on the TLRN at Hampstead Road and Euston Road.</li> <li>• Managing impacts on key infrastructure during construction and influencing future strategic cycle and walking routes.</li> <li>• Reviewing HS2’s construction programme and associated network impacts and identifying bus priority mitigations.</li> <li>• Establishing the ‘Blue Book’, a series of 12 management processes that underpin our working relationship with HS2 and its supply chain - which was agreed formally via an exchange of letters.</li> <li>• Finalising the agreement on a mechanism for recovering costs, losses and expenses for buses resulting from HS2.</li> </ul>

## Appendix 2: Proposals for fourth funding period, February to June 2022

### Prioritisation Approach:

- (a) **In-flight temporary and experimental projects** that are on site where we have a statutory duty to review and amend, depending on the review outcome. These projects are being monitored through a range of techniques to assess their benefits and operational impacts alongside public and stakeholder views.
- (b) **Current contracted commitments** including Old Street, e-Scooters, e-Bikes, but also schemes in construction including Cycleway 9 and Cycleway 4.
- (c) **New Active Travel commitments**, including the completion of the final section of permanent cycle facilities on Chiswick High Road, and progress towards being ready to construct a section of Cycleway 50 which will deliver light segregation, bus stop bypasses and priority at traffic signals for cyclists on the A503 Nags Head Gyratory in Islington, under an experimental scheme.
- (d) **Boroughs** will be funded for this interim period to ensure that staff resources are retained, and design work progressed on an extensive programme of Active Travel proposals (which will come forward after the local elections, if and when future funding is agreed). It is essential we have strong Borough Transport teams to facilitate TfL's Active Travel programme and other transport schemes, secure third-party funding for transport schemes, as well as to progress their own programmes. A small number of "shovel-ready" schemes will be funded for delivery within this allocation. Boroughs with temporary/ experimental LSP schemes will be provided with a small allocation of £10k per scheme, to transition them to permanent traffic orders and safeguard the benefits of these schemes. The London Borough of Camden has been provided with funding for both a further interim safety scheme at the Kingsway junction, where another cyclist was tragically killed this month, as well as design funding to progress longer-term transformational proposals for the gyratory.
- (e) **Design work** will be progressed on a range of schemes, which will ensure a strong pipeline of Active Travel interventions when TfL's long-term capital funding settlement is agreed, including progressing designs on safer junctions, the next phase of lower speed limits, Cycleway 10 at Wood Lane and Cycle Future Route 23 between Wembley and Harlesden, and cycle wayfinding through London's new network of Low Traffic Neighbourhoods.

Table 5: summary of key outcomes we aim to achieve with this Authority	
With this funding allocation we aim to deliver:	Target
<b>Safer Streets:</b> <ul style="list-style-type: none"> <li>• Continue, but not complete, design for 109km of TLRN speed limit reductions</li> <li>• Start detailed design for 4 schemes to improve vulnerable road user safety</li> <li>• Complete detailed design for the Holloway Road/Drayton Park Safer Junction</li> </ul>	July 2022 July 2022

<b>Table 5: summary of key outcomes we aim to achieve with this Authority</b>	
<b>With this funding allocation we aim to deliver:</b>	<b>Target</b>
<ul style="list-style-type: none"> <li>• Complete feasibility design for further improvements to Battersea Bridge/Cheyne Walk Safer Junction</li> <li>• Continue design work at Lambeth Bridge and Angel transformational safety schemes (including two Safer Junctions)</li> </ul>	<p>October 2022</p> <p>June 2022</p> <p>Ongoing</p>
<p><b>Cycling:</b></p> <ul style="list-style-type: none"> <li>• Continue construction of 4.5km of cycleways</li> <li>• Commence construction of 0.75km of cycleways</li> <li>• Continue design for 12.1km of cycleways</li> <li>• Continue design for 20 Cycleway routes and implement signage on 5 routes (the remaining 15 routes would be progressed post June 2022)</li> <li>• Provide £1.3m to the Boroughs as part of the Cycle Network Development programme to support them to continue design and/or build 18 schemes</li> </ul>	<p>July 2022</p> <p>July 2022</p> <p>July 2022</p> <p>July 2022</p> <p>July 2022</p>
<p><b>Bus speeds:</b></p> <ul style="list-style-type: none"> <li>• Design of 5km of new and improved bus lanes across London</li> <li>• Completion of ten low-cost, high-impact traffic signal improvements</li> <li>• Permanent signage installed for 85km of recently made 24/7 TLRN bus lanes</li> <li>• Enabling works for the electrification of Route 49 in Kensington and Chelsea with a junction configuration change</li> <li>• 50 traffic signal timing reviews to enable faster bus progression at junctions</li> <li>• Delivery of the 5 second minimum green trial</li> </ul>	<p>March 2023</p> <p>June 2022</p> <p>June 2022</p> <p>April 2022</p> <p>June 2022</p>
<p><b>Future of temporary LSP schemes:</b></p> <ul style="list-style-type: none"> <li>• Eight schemes are in place under Temporary Traffic Orders. We will conclude decision making and either implement changes and progress them under an experimental or permanent traffic order, or remove the schemes.</li> <li>• Six schemes are on street under an Experimental Traffic Order; monitoring and engagement activity will continue.</li> </ul>	<p>Throughout the new funding period</p> <p>Up to Sept 2023</p>
<p><b>Continue supporting London's long-term growth and progress design work:</b></p> <ul style="list-style-type: none"> <li>• Nine Elms sustainable transport corridor</li> <li>• Tolworth roundabout – detailed design of this third-party scheme</li> <li>• Vauxhall gyratory, Catford Town Centre and Wandsworth Town Centre</li> <li>• Parliament Square Streetscape Project</li> </ul>	<p>Throughout the new funding period</p>
<p><b>Old Street roundabout project:</b></p> <ul style="list-style-type: none"> <li>• Construction will continue, with installation of a pre-cast concrete supporting structure for the new main station entrance. This will be followed later in the financial year by glass cladding and a green roof.</li> </ul>	<p>Throughout 2022/23</p>
<p><b>Borough funding:</b></p> <ul style="list-style-type: none"> <li>• Provide funding for boroughs to convert temporary LSP schemes to permanent (subject to consultation where appropriate and borough decision making), securing the benefits for active travel and health. £10k per scheme, £0.5m total.</li> <li>• Funding to continue scheme design and delivery, from a list of over 150 high priority schemes that have been reviewed and approved by TfL based on borough submissions. Most of these schemes will start design during this funding period with construction later in 2022/23; however, some are 'shovel ready' and will receive full construction funding.</li> <li>• Support Camden to continue design of both interim works at Holborn gyratory, and the development of a Gate 2 report for the wider Holborn Liveable Neighbourhood project (£500k and £190k respectively).</li> <li>• Delivery of DfT Active Travel 2 fund schemes, including completion of ten new Low Traffic Neighbourhoods (LTNs) and three new School Streets.</li> <li>• Continue the delivery of Crossrail Complementary Measures at Ealing station: urban realm improvements outside the station forecourt on The Broadway, including relocating and widening a pedestrian crossing.</li> </ul>	<p>It is proposed that all borough funding be committed by June 2022, and spent by March 2023.</p>
<b>High Speed 2:</b>	



<b>Table 5: summary of key outcomes we aim to achieve with this Authority</b>	
<b>With this funding allocation we aim to deliver:</b>	<b>Target</b>
<ul style="list-style-type: none"> <li>Support the delivery of HS2 whilst managing the impacts and risk posed by HS2 (as a third-party programme) to ensure our interests are protected.</li> </ul>	Ongoing
<p><b>Green Infrastructure Fund (GLA-funded £4m)</b></p> <ul style="list-style-type: none"> <li>This programme forms part of a wider Green, Healthy and Resilient Infrastructure programme led by the GLA which will support the delivery of the Green New Deal Mission to <i>“tackle the climate and ecological emergencies and improve air quality by doubling the size of London’s green economy by 2030 to accelerate job creation for all”</i>.</li> <li>The programme will deliver a mix of Borough and TfL-led highway schemes, with a pan London geographic spread. The key focus is on Green Infrastructure elements that might not otherwise be able to be delivered in existing schemes, with several exemplar schemes to demonstrate what can be achieved.</li> </ul>	<p>£3m has been allocated to borough projects, and £1m to TLRN projects.</p> <p>We aim to confirm borough allocations, from the £3m, by May 2022 following borough submissions of interest.</p>



## Appendix 3: Old Street Lessons Learnt since June 2020

### Executive Summary

The Old Street Roundabout project is acknowledged as being a challenging project and lessons have already been learned. This Lessons Learnt report is a follow up to the report prepared and issued in 2020 to support the contract variation to move from a target cost contract to a cost reimbursable under the Deed of Variation (DoV).

This report sets out a further assessment of the key lessons learnt on the Old Street Project since the DoV in June 2020, addressing the reasons for the further programme elongations and cost increases.

The additional key issues and lessons learned can be summarised as follows:

1. Moving to a cost reimbursable contract with incentives has not driven the cost and programme stabilisation expected; designs and subcontractor work packages need to be fully locked down to ensure success under a new contract form.
2. The bonus incentives introduced as part of the DoV worked initially but are now not seemingly driving the right behaviours; ensure risk is fully considered when setting incentives and that cost and programme incentives are not mutually exclusive.
3. The pandemic had a much greater impact than was expected at the time of the DoV; find solutions to be able to be more collaborative when unable to be co-located and be clear on which guidance/legislation is being followed.
4. Construction inflation and material shortages have had a much greater impact than was anticipated at the time of the DoV; ensure sufficient risk provision is made for these types of events and investigate alternative materials or pre-ordering at risk if appropriate.
5. Sufficient space on site for welfare and desks (during COVID restrictions) was not available due to third party land not being available as expected; ensure the use of third party land is agreed in a binding form.
6. Lack of engagement at the appropriate time with a key third party (UKPN) has led to significant redesign, impacting on both cost and programme; ensure roles and responsibilities are clear internally and with the supply chain and that this is clear in the contract.

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