

**Meeting: Programmes and Investment
Committee**

Date: Thursday 5 October 2023

Time: 10:00am

**Place: Conference Rooms 1 and 2,
Ground Floor, Palestra, 197
Blackfriars Road, London, SE1
8NJ**

**5 Use of Delegated Authority – Use of Chair’s Action Since the
Previous Committee Meeting (Pages 1 - 12)**

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Programmes and Investment Committee Chair's Action



Date Issued: 23 August 2023

Title: London-wide Ultra Low Emission Zone and Scrapage Scheme

This paper will be published with the papers for the next meeting of the Committee

1 Summary

London-wide Ultra Low Emission Zone and Scrapage Scheme					
	Existing Financial Authority - 2017/18 - 2025/26	Estimated Final Cost 2017/18 - 2025/26	Existing Programme and Project Authority	Additional Authority Requested	Total Authority
IP Opex	117	181	117	64	181
Capex	130	125	130	-5	125
Total	247	306	247	59	306
Capex*	22	13			
Total	269	319	247	59	306

Table 1: Summary of RUC Authority

* additional £22m Financial Authority held at Road User Charging programme level.

- 1.1 This Chair's Action paper provides key updates on the London-wide Ultra Low Emission Zone (London-wide ULEZ) and associated scrapage scheme, along with a request for additional Programme and Project Authority totalling £59m and additional unbudgeted Financial Authority for operating expenditure totalling £64m. The requests are made to enable delivery of additional measures and increase support for Londoners and businesses via the scrapage scheme, before London-wide ULEZ launches on 29 August 2023.
- 1.2 In March 2023, the Committee approved additional Programme and Project Authority of £35.5m to support the completion of London-wide ULEZ and the associated scrapage scheme, as part of the wider Air Quality and Environment Programme submission (now named the Environment Programme), increasing the total Programme and Project Authority to £247m.
- 1.3 The use of Chair's Action is considered appropriate due to the need to implement the additional measures and to increase support via the scrapage scheme as

outlined in this paper, in advance of the planned launch of the London-wide ULEZ expansion on 29 August 2023.

- 1.4 The members of the Committee are asked to consider the proposal and provide Ben Story, as Chair of the Committee, with their views on or before 5pm on Friday 25 August 2023. 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 available Members, is asked to note the paper and approve:**

- (a) **additional Programme and Project Authority of £59m, of which £9m is to support the delivery of additional measures for London-wide Ultra Low Emission Zone (ULEZ) and £50m is to expand the scrappage scheme and is subject to the Mayor's decision, giving a total Programme and Project Authority of £306m; and**
- (b) **additional unbudgeted Financial Authority of £64m for operating expenditure, of which £14m is to support the delivery of additional measures for London-wide ULEZ and £50m is to be provided by the Greater London Authority (GLA) to expand the scrappage scheme and is subject to the Mayor's decision, giving a total Financial Authority of £306m.**

3 RUC Progress Update

London-wide ULEZ

- 3.1 On 25 November 2022 the Mayor of London confirmed the expansion of the Ultra Low Emission Zone (ULEZ) London-wide from 29 August 2023 to help achieve air quality legal limits and World Health Organisation guidelines for air quality, enabling five million more Londoners to breathe cleaner air. From that date, the London Emission Zone (LEZ) and ULEZ will share a common boundary that follows the current LEZ boundary. The announcement included funding for a new and improved £110m scrappage scheme which went live on 30 January 2023.
- 3.2 Good progress has been made on preparing for the planned scheme launch on 29 August 2023, with installation works well progressed within all boroughs. Nine out of 10 cars on an average day seen in outer London meet the ULEZ emission standards¹. Engagement continues with Local Authorities and County Councils with a view to securing remaining consents and permits for ULEZ related infrastructure works. Close working is continuing with Capita to ensure completion of the back-office system changes necessary to provide additional operational capacity for managing higher volumes to the website and call centre. Communications and marketing activities continue, including TV and radio adverts, to increase awareness of the scheme.

¹ As monitored through Automatic Number Plate Recognition (ANPR) data, which is then cross referenced with Driver and Vehicle Licensing Agency (DVLA) records. Information on the data and process is set out at <https://tfl.gov.uk/modes/driving/ultra-low-emission-zone/ulez-compliance-data>

Scrappage Scheme Changes

- 3.3 On 1 June 2023, the Mayor of London announced an expansion of the scrappage scheme, which extended support to Londoners in receipt of child benefit and small businesses. The announcement included new grace periods for sole traders, microbusinesses, small businesses, and registered charities who have ordered new compliant vehicles which will not be delivered by 29 August or if they have booked a retrofit for a non-compliant van or minibus before that date.
- 3.4 On 4 August 2023, the Mayor announced further changes, which extend support to all Londoners with a non-compliant vehicle, increases grant payments for scrapping a wheelchair accessible vehicle, van or minibus and allows businesses to scrap up to three vehicles. The new grace periods announced on 1 June 2023 were amended to allow a further three months to apply. These changes are planned to go live by 21 August 2023 in advance of the launch of London-wide ULEZ on 29 August 2023. As well as these changes, a further £50m was announced, which is to be provided by the GLA, making the total funds available for the scrappage scheme £160m, inclusive of set up and operating costs.
- 3.5 As a result of the additional funding announced on 4 August, additional Programme and Project Authority and unbudgeted Financial Authority of £50m is requested. While the Mayor has announced the expansion of the scrappage scheme, the further £50m funding is subject to a decision being recorded and the requests in this paper relating to the scrappage scheme are, therefore, subject to the Mayor's decision.

4 Additional measures

- 4.1 The extensive network of ULEZ cameras we already have in place means the scheme will go live on the 29 August. To help support this existing static camera network, a fleet of mobile enforcement cameras will be deployed. Mobile enforcement is a common strategy across London and is used for the existing Congestion Charge zone.
- 4.2 To ensure value for money the initial operating model of mobile cameras will be kept under review to identify opportunities and maximise efficiencies.
- 4.3 Due to the continuing high profile of the scheme, exceptional demand of the contact centre is anticipated and therefore additional staff are needed to manage forecast volumes. Call centre operation is now proposed 24 hours a day, seven days a week to help manage volumes during an initial four to eight week period following go live.
- 4.4 As a result of these proposed measures, additional Programme and Project Authority of £9m and unbudgeted Financial Authority of £14m is requested to enable implementation before launch of the scheme.
- 4.5 As much as possible, the costs of the additional measures have been accommodated within the existing project costs and risk allowance with the remaining variance being requested. There is a sufficient risk allocation remaining within the project to cover future anticipated risks.

5 Challenges and Opportunities

- 5.1 There continues to be an opportunity for our Road User Charging programmes to play an important role in addressing the triple challenges of toxic air pollution, the climate emergency and congestion.
- 5.2 Camera vandalism continues to be an operational challenge (though not one which risks the launch or enforcement of the scheme). We plan to mitigate this risk through the additional measures being proposed as well as through continued close working with the Metropolitan Police Service.

6 Financial Implications

- 6.1 London-wide ULEZ and the scrappage scheme are included in the Business Plan and Budget. The increase in £9m Programme and Project Authority for London-wide ULEZ remains within the overall existing Financial Authority of £159m, although the classification between capital and operating expenditure has changed.
- 6.2 Due to the temporary nature of the additional measures, all the costs have been allocated to Investment Programme as operating expenditure rather than capital expenditure. This, along with reclassification of some costs to operating expenditure, accounts for the £14m unbudgeted Financial Authority request.
- 6.3 Following the Mayor's announcement on 4 August 2023 of an additional £50m from the Greater London Authority for the scrappage scheme, a further £50m of Programme and Project Authority and unbudgeted Financial Authority is now needed and is requested subject to the Mayor's decision, as described above.

List of appendices to this report:

None

List of Background Papers:

Programmes and Investment Committee papers 1 March 2023, 14 December 2022

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Date Issued: 31 August 2023

Item: Connectivity Asset Renewal Programme – Future Operational Network

This paper will be published with the papers for the next meeting of the Committee

- 1.1 This paper seeks approval for unbudgeted Financial Authority, Programme and Project Authority and Procurement Authority to secure the ongoing provision of operationally critical data transmission services on the London Underground. This will be achieved through the replacement of multiple obsolete (but still operational) data networks with a single new and supportable data network, via a variation to the existing Thales Connect Contract (Connect Contract Variation). The Connect Contract Variation will also extend the term of the Thales Connect Contract and includes options to further extend the term to mitigate the risk of an overrun in migrating operationally critical services to this new data network and is being delivered under a project referred to as the Future Operational Network (FON).
- 1.2 The use of Chair's Action is considered appropriate as the next meeting of the Committee is on 5 October 2023. Approvals, to allow the issue of the Connect Contract Variation is ideally required as early in September 2023 as possible, if we are to secure the price and programme for this essential data network renewals work, which includes a negotiated saving. Consequently, approval to enter into the variation with Thales needs to be given before the next meeting of the Programmes and Investment Committee.
- 1.3 A paper is included in the Appendix which contains exempt supplementary information and is therefore not for publication to the public or press by virtue of paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial and business affairs of TfL and contains legally privileged advice.
- 1.4 The Members of the Committee are asked to consider the proposal and provide Ben Story, as Chair, with their views before 10am Monday 4 September 2023. The contents of this paper and the exercise of the 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 available Members, is asked to note the paper and the exempt Appendix and:**

(a) approve unbudgeted Financial Authority, additional Programme and Project Authority, and additional Procurement Authority, in the sums set out in the exempt Appendix, for the Future Operational Network and operational expenditure for contract extensions to replace the obsolete Connect data networks and to cover TfL programme management and enabling costs, as described in this paper; and

(b) note that the matters for which authority is sought above extends beyond the current Business Plan and Budget appropriate provision will need to be made in future Business Plans and Budgets.

3 Background

3.1 On 8 March 2023, the Finance Committee considered an update on the FON, which set out: our strategy to keep the Connect System operational into the mid 2030s; and the asset renewals that we have already undertaken to ensure the ongoing operation of the critical radio services delivered by Connect. The papers also described how the three operational data networks that underpin the Connect system are obsolete and require replacement.

3.2 We plan to address these obsolescence issues through the construction of a single, new, supportable data network, which will re-use as much of the current infrastructure as possible e.g. fibre cables and equipment cabinets. To maximise the benefit of this investment, the new data network is being designed as a multi-service network i.e. it will be built and managed to support other (non-Connect) services such as signalling. This new network will be referred to as Multi-Service Network 2 (MSN2).

3.3 The Finance Committee papers also: provided an overview of the need for, and approach, to deliver the FON project (the project delivering MSN2); and advised that, due to timing issues, approval would be sought by way of Chair's Action (and that is the subject of this paper). To better align governance forums, given the FON project sits within the TfL Technology Programme, this request is now being submitted to this Committee, rather than the Finance Committee.

3.4 The FON project has been granted £11m of Programme and Project Authority through the TfL Technology Programme to enable the concept design development and the procurement of long-lead reference network materials required to deliver MSN2.

3.5 The FON project (which is a renewal project) sits within the Connectivity Asset Renewal Programme (CARP). The CARP also includes projects to extend the reach of the network to additional operational areas (thus increasing the future utility of the network) and to re-procure the support contract for Connect radio and data transmission services.

4 Current Status

- 4.1 We have concluded that there is a need to introduce options to extend the Thales Connect Contract further to ensure delivery of MSN2 and to enable suitable transition time to a new provider (sourced through a competitive re-procurement project as described above). An initial 12-month extension is proposed to the existing Thales Connect Contract term (to 21 November 2027) on issue of the Connect Contract Variation, with further options to extend by up to two years (to 21 November 2029).

5 Assurance

- 5.1 Two assurance review reports have been written in consideration of this transaction. Management responses have been made against each of the general recommendations made in both the integrated assurance review and the Independent Investment Programme Advisory Group review (both received July 2023). No critical issues were identified.

List of appendices to this report:

An appendix that contains supplementary information that is exempt from publication.

List of background papers:

Finance Committee 8 March 2023 paper Part 1 on Future Operational Network

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Programmes and Investment Committee

Chair's Action

Date issued: 5 September 2023

Item: London Underground Bank Station Capacity Upgrade

This paper will be published with the papers for the next meeting of the Committee

1 Summary

- 1.1 The purpose of this paper is to seek an uplift in the Procurement Authority for the Bank Station Capacity Upgrade (BSCU) project and in particular the BSCU Design and Build contract with Dragados S.A. The increase to Procurement Authority is built in to the current BSCU Estimated Financial Costs (EFC) and no increase is required to the Project and Programme Authority (£701.0m).
- 1.2 This paper includes an appendix containing supplementary information that is exempt from publication. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972, in that it contains information relating to the business affairs of TfL.
- 1.3 The use of Chair's Action is considered appropriate as a decision is required before the next scheduled meeting of the Committee on 5 October 2023, to enable the commercial close out of the main works contract.
- 1.4 The Committee is asked to consider the proposal and provide Ben Story, as Chair of the Committee, with their views on or before 10am Friday 8 September 2023. The contents of this paper, excluding the exempt appendix, and the exercise of Chair's Action will be reported to the next meeting of the Committee.

2 Recommendation

- 2.1 **The Chair of the Committee, in consultation with available Members, is asked to note the paper and the exempt supplementary appendix and approve additional Procurement Authority for the Bank Station Capacity Upgrade contract in the sum requested in the exempt appendix.**

3 Background

- 3.1 BSCU design and build contract was awarded to Dragados S.A in 2013.
- 3.2 The main objectives of the BSCU project is to meet passenger demand by

increasing station capacity, decrease crowding, improve the quality of access, interchange, ambience and support the city's economic growth. Main construction and fit-out work are now complete and open for customer use. The project has been brought into use in stages with the new entrance and step-free access to the Northern line opening in February 2023.

- 3.3 Tunnelling commenced in 2017. In March 2022 the project used a 17-week closure of the Northern line to complete the tie in of the new tunnels with the existing track. The new Cannon Street entrance was brought into operational use in February 2023. There remains outstanding works to complete which include the backfill of Arthur Street shaft, pipe subway remediation works, closing out of snags and assurance and handover documentation.
- 3.4 The contract is an NEC3 Option C Target Cost contract with Activity Schedule. In 2021, the parties signed a supplemental agreement (SA-01).
- 3.5 This request requires chairs action to ensure supplier payments can continue to be made in accordance with the contract.

4 Benefits and Value

- 4.1 The introduction of the Cannon Street entrance has delivered 100 per cent of the project benefits which include:
 - (a) forty per cent increase in the station capacity;
 - (b) congestion relief and improved journey times throughout the station complex;
 - (c) step-free access to the Northern line and improved step-free access and interchange from the DLR to the Northern line; and
 - (d) safety improvements including compliant evacuation time.

5 Assurance

- 5.1 Project Assurance has undertaken comprehensive assurance of the Bank Station Capacity Upgrade. Project Assurance and the Independent Investment Programme Advisory Group undertook a targeted assurance review in August 2022, where no critical issues were identified. This has been supplemented with a detailed programme of ongoing continuous assurance and briefings. Project Assurance has been briefed on the details of this Procurement Authority request and has no objection.

List of appendices to this report:

An appendix that contains supplementary information that is exempt from publication.

List of background papers:

Programmes and Investment Committee BSCU paper 16 October 2020

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