

Date: 22 December 2023

Item: Piccadilly Line Upgrade – Stage 1 Progress Update

This paper will be considered in public

As provided for under section 100B(4)(b) of the Local Government Act 1972, the Chair is of the opinion that this item should be considered as a matter of urgency. The decisions impact the approval of the TfL 2024 Business Plan, elsewhere on the agenda, and the discussions with Siemens Mobility Limited were ongoing when the original notice for this meeting was published.

1 Summary

- 1.1 This paper is a follow up to the annual updates provided to the Programmes and Investment Committee in October 2022 and on 5 October 2023 which explained the challenges across the rolling stock, depot and infrastructure projects which make up the Piccadilly Line Upgrade (PLU) programme (the Programme). It seeks endorsement of matters which are key to overall delivery of the Programme but for which additional Authorities are not required currently.
- 1.2 Supplementary information is included in Part 2 of the agenda for Members. This information is exempt and is therefore not for publication to the public or press by virtue of paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972, in that it contains information relating to the business affairs of TfL and legally privileged advice.
- 1.3 This matter is ordinarily within the remit of the Programmes and Investment Committee. As provided for in the Terms of Reference for this Committee and the Programmes and Investment Committee, the Chairs of both Committees have agreed that it would be expedient for the item to be considered by this Committee, given it supports the proposed Business Plan and the decision can be taken in public.

2 Recommendations

- 2.1 **The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda and:**
 - (a) **endorse proceeding with finalising a Compensation Event; and**
 - (b) **endorse the proposal to reprofile payments,**

both under the Manufacture and Supply Agreement for the Deep Tube Upgrade Programme with Siemens Mobility Limited as detailed in the related paper on Part 2 of the agenda.

3 Background

- 3.1 As explained in the papers to the Programmes and Investment Committee in October 2022 and October 2023, TfL has experienced severe financial pressure following the impact the coronavirus pandemic on ridership and revenues. This disruption has had impacts on the delivery of PLU Stage 1 and the schedule for introduction of the new trains. The introduction of 'lockdown' restrictions severely disrupted the continuity and availability of our resources and supply chain resources, restricting physical progress across our capital delivery programme.
- 3.2 For PLU, while the trains contract has continued to deliver to schedule with testing now underway of the first train, the planned commencement of London Underground infrastructure upgrading and enabling works was deferred by six months. As explained in the paper to the Programmes and Investment Committee on 5 October 2023, there are several factors that could result in an extension of the PLU programme which have now emerged and are driving schedule pressures in the delivery of the depot and infrastructure enabling works required for the operation and maintenance of new trains.
- 3.3 Despite these challenges, the first train arriving in London for testing remains on schedule for mid-2024 and introduction into service in 2025. However, in December 2023 the PLU rolling stock manufacturer, Siemens Mobility Limited, wrote to TfL notifying a likely Compensation Event under the terms of the contract, the basis of which is that access to designated depots for the base order of 94 trains will not be available to Siemens for the purposes of provisional acceptance of the train(s) relevant contractual dates.

4 Benefits

- 4.1 The proposed extended rolling stock manufacturing and testing programme, would offer value for money and have advantages compared to alternative options such as storage of trains and risk to performance of trains after storage. This would also preserve the intent to introduce the service frequency increase to 27 trains per hour by May 2028.
- 4.2 This approach would also benefit TfL's revised draft Business Plan (to be discussed under a separate item on the agenda) and overarching Capital Programme by significantly rephasing the PLU cash profile given the Government capital funding settlement announced on 18 December 2023 resulted in £250m less than assumed in our draft Business Plan.
- 4.3 It is also likely that, with a longer rolling stock programme, an even higher proportion (more than 50 per cent) of the 94 trains being manufactured by Siemens Mobility Limited will be assembled in Goole, East Yorkshire, and could reduce the gap to the start of production for the Bakerloo line option in the contract and we will continue to make the case for Government funding next year.

5 Finance

- 5.1 If the Committee endorses proceeding with this course of action to avoid the cost impacts and risk of storing trains, the PLU Programme Estimated Final Cost will increase as detailed in the paper on Part 2 of the agenda. However, there are significant opportunities and efficiencies that can be realised which will reduce the Estimated Final Cost. Given this, no additional Project and Programme Authority is being sought at this time.
- 5.2 No additional Procurement Authority is sought as detailed in the paper on Part 2 of the agenda.

6 Assurance

- 6.1 TfL Project Assurance (PA) and the Independent Investment Programme Advisory Group (IIPAG) have assured the PLU Programme via continuous assurance on an ongoing real-time basis. They have received detailed briefings from the project team on the issues and challenges facing the Programme.
- 6.2 In addition, PA and IIPAG undertook a targeted assurance review to support the update to the Programmes and Investment Committee on 5 October 2023.

List of appendices to this report:

Exempt supplementary information is included in a paper on Part 2 of the agenda

List of Background Papers:

None

Contact Officer: Stuart Harvey, Chief Capital Officer
Email: StuartHarvey@tfl.gov.uk

Contact Officer: Rachel McLean, Chief Finance Officer
Email: RachelMcLean@tfl.gov.uk