

## PART 2 – CONFIDENTIAL FACTS AND ADVICE

**DD2031**

**Title: Hackney Wick station improvements**

*Information may have to be disclosed in the event of a request under the Freedom of Information Act 2000. In the event of a request for confidential facts and advice, please consult the Information Governance team for advice.*

**This information is not for publication until the stated date, because:**

The information provided in Part 2, and in the attached supporting documents contain commercially sensitive information that should be kept confidential as it is considered to be exempt under Section 43 (2) of the Freedom of Information Act 2000 – Commercial Interests. Disclosure would be likely to prejudice the commercial interests of the Network Rail and their contractor Volker as commercial information put into the public domain could harm their commercial negotiations in the future and affect Network Rail's ability to obtain value for money for any future deals.

If this information is considered for release pursuant with the provisions of the Environmental Information Regulations 2004, it should be considered exempt information under regulation 12(5)(e) – where disclosure would adversely affect the confidentiality of commercial or industrial information where such confidentiality is provided by law to protect a legitimate economic interest.

**Date at which Part 2 will cease to be confidential or when confidentiality should be reviewed:**

December 2017 when the project is due to be completed.

**Legal recommendation on the grounds of keeping the information confidential:**

Publication of this information at this time would likely be prejudicial to the commercial interests of Network Rail and their contractor. However, this information can still be requested for release under the Freedom of Information Act or Environmental Information Regulations (EIR) and the potential prejudicial effects of disclosure would have to be balanced against any public interest considerations favouring disclosure at that time.

**FOI Adviser** - I make the above recommendations that this information should be considered confidential at this time

**Name:** Ian Lister, Information Governance Manager

**Date:** 20 July 2016

*Once this form is fully authorised, it should be circulated with Part 1.*

**Confidential decision and/or advice:**

1.1. Network Rail (NR) and Volker Fitzpatrick Ltd (VFL) delivered the updated Lump Sum Price under an NR Emerging Cost contract for the project (including NR Costs and Risk Contingency) at £25,957,873. Mace has completed a due diligence review of the construction costs on behalf of LLDC and the project team has clarified issues with NR / VFL related to risk. With an allowance for LLDC's additional direct costs and risk contingency the total project cost is now £27.52m. A breakdown of the costs is given below:

<b>Total project cost breakdown</b>		
<b>NR Implementation Agreement</b>		
	Paid to date or committed	3,313,714.00
	NR Emerging Cost	
	Contractor's costs (Lump Sum)	18,046,385.00
	NR Contingency	1,189,674.00
	NR Management	2,151,934.00
	Network Rail Fee Fund	335,745.00
	Industry Risk Fund	920,415.00
<b>LLDC Direct Costs</b>		
	Costs to Date	129,292.97
	Maintenance Estimate	100,000.00
	CIL payments	36,000.00
	Legal/Plans	3,700.00
	Road closure	10,000.00
	Due diligence	6,750.00
<b>LLDC additional costs/Risks</b>		
	Southern ramp retaining wall	275,000.00
	Insurance risk of extremely adverse weather stopping Easter possession works	28,000.00
	Contaminated ground hazardous material	750,000.00
	Adverse weather risk over Easter possession	10,000.00
	Existing NR assets	112,292.00
	Possession overrun	100,000.00
<b>Total</b>		<b>27,518,901.97</b>

1.2. This can be fully funded from the Growing Places Fund, OPTEMS, S106 Funds, LVPRA Pooled Funds, contributions from LB Hackney and LB Tower Hamlets and LLDC Corporate Contingency. A breakdown is given below:

<b>Funding Streams</b>		
GLA LEP GPF 2		£8,500,000.00
Olympic Park Transport and Environment Management Scheme (OPTEMS)		£2,895,000.00
LLV Pooled funds		£400,000.00
LLDC S106 Here East		£1,023,000.00
LLDC S106 Unex Tower		£1,008,000.00
LLDC S106 LCS		£4,250,000.00
LTGDC Pooled Funds		£2,391,000.00
L B Hackney		£1,000,000.00
L B Tower Hamlets		£1,000,000.00
LLDC Budget Re-Allocation		£2,451,000.00
Corporate contingency		£2,600,901.97
<b>Total</b>		<b>£27,518,901.97</b>

1.3. The repayment schedule for GPF (GLA) funding for the Hackney Wick project is:

<b>Repayment Schedule</b>	2016/17	2017/ 18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Total for Year	£0.0	£4.0m	£2.0m	£0.5m	£0.5m	£0.5m	£0.5m	£0.5m
Cumulative Total	<b>£0.0</b>	<b>£4.0m</b>	<b>£6.0m</b>	<b>£6.5m</b>	<b>£7.0m</b>	<b>£7.5m</b>	<b>£8.0m</b>	<b>£8.5m</b>

#### *Land Transactions*

- 1.4. The combined Unrestricted Market Value of the LLDC land to be transferred / leased to NR is £174,000. The value of the NR land to be transferred to LLDC has been assessed to have an Unrestricted Market Value of £215,000. In these circumstances LLDC officers advise that there is no disposal of the LLDC land at less than the best consideration reasonably obtainable. Therefore the Mayor's consent under section 209(1) of the Localism Act 2011 is not required.
- 1.5. In the event that NR is unable to fulfil their part of the land swap arrangements for operational reasons, it is proposed that compensation is sought from NR. In these circumstances NR have verbally agreed to pay £287,000 as impact value in compensation. Should NR not formally agree there will be a disposal at less than best consideration of £174,000. Consent under section 209(1) will therefore be required and this is sought on a contingency basis in the event that the proposed land swap arrangement does not proceed.