

from the office of the Chief Executive

Rob Holden

Direct Tel: 020 3229 9299

Crossrail Limited
25 Canada Square
Canary Wharf
London E14 5LQ



Tel: 020 3229 9100
Fax: 020 7719 0955
www.crossrail.co.uk

10 June 2010

Valerie Shawcross AM
Chair of the Transport Committee
London Assembly
City Hall
The Queen's Walk
London SE1 2AA

Dear Valerie,

Transport Committee Report on Crossrail

In his letter to the Committee last month the Mayor said that I would be responding in more detail to two issues raised in your Committee's report "Light at the End of the Tunnel", namely on the Crossrail property acquisition programme and our future carbon footprint as a project. I am happy to do so below.

Compulsory Property (CP) Acquisitions

1. The London Assembly report 'Light at the end of the tunnel' draws attention to the difficulties which have been experienced with the Crossrail CP process, particularly in the Dean Street area and at Paddington. Having one's property acquired compulsorily is not a pleasant experience and no one would pretend that it is. In the case of residential property this can be very disruptive to people's lives and in the case of investment property it can crystallise losses, particularly when the market is at a trough in the economic cycle [historic low] as has been the case when some of the Crossrail possessions were taken. The fact that ownership transfers before a price is agreed makes compulsory purchases unusual in normal business terms and this can also cause additional concern.

Consequently Crossrail have tried to take as sympathetic a view as they can on compensation, always bearing in mind that we are disbursing public funds and of the need to avoid establishing costly precedents for the project and the wider public sector. Nevertheless Crossrail do need the co-operation of those people they are buying from to make the process run smoothly and this is where the difficulties often arise.

The first point to make is that, although it is involuntary, in legal terms a compulsory purchase is a sale and purchase of property just like any other. As such it is important that the seller and the buyer have independent legal and valuation advice. With the possibility of disputes being resolved in the courts it would not be appropriate for Crossrail to provide 'one to one' support relating to the property transaction. What Crossrail can do and does do is to encourage people who are going to be affected by CP to appoint their own advisers, making it clear that Crossrail will reimburse the costs of this.

Crossing the Capital Connecting the UK



Registered office 25 Canada Square Canary Wharf London E14 5LQ
Crossrail Limited, Registered in England and Wales No. 4212657
VAT Registration No. 766 2770 08

Crossrail Limited is a company controlled by a local authority within the meaning of Part V Local Government and Housing Act 1989. The controlling authority is Transport for London.



Although the formal notice period set out in the Crossrail Act is three months (increased from the two weeks allowed in general CP legislation), Crossrail always try to give considerably more time. In the case of the Dean Street properties Crossrail gave seven months notice of the date of entry and wrote to all the interests known to the company i.e. freeholders, tenants and occupiers, advising them of this. The same letter advised interested parties to appoint advisers and explained that Crossrail would reimburse their costs even if the project was cancelled. This point was important as, at that time, there was considerable speculation in the media that Crossrail would not go ahead. Unfortunately many of the affected parties choose not to heed this recommendation and hence delayed the start of the valuation and settlement processes.

The notice letter also gave details of a named individual within TfL Group Property, Crossrail's agents in CP matters, to be contacted for specific advice. Very few people contacted him but in those cases where contact was made specific help was offered.

The valuation of property is covered in what is colloquially known as the Compensation Code. This is not a single document but is a body of knowledge including Acts of Parliament and a significant amount of case law from the Lands Tribunal and the courts. The application of this code is very complex and, particularly in the case of business relocation, requires a significant input from the party to be compensated. Although Crossrail have produced a number of Public Information Papers which set out in general terms the method of calculating compensation, it is simply not possible to produce a layman's guide which covers every eventuality. This is particularly the case in areas like Soho with its unique aspects. Hence the vital importance of the appointment of independent experienced professional advisers by the claimant.

Turning to the specific points made to the Committee by PHA Media:-

- As mentioned above, businesses including PHA were given seven months notice of the possession date.
- The notice letter gave a contact name.
- Information papers setting out the basis of compensation were attached to the letter but as explained above the real need is for claimants to take experienced professional advice.
- Advanced payment of compensation based on 90% of Crossrail's assessed value is paid either on the date of possession or as soon as possible after information is received from the claimant but it must be emphasised, particularly in the case of business relocation, that this has to be based on information provided by the claimant.



- Practical assistance was offered where requested but again this has to be based on the needs of each business - Crossrail cannot know what help is needed without an active dialogue.

The main support offered for business was to strongly encourage them to appoint experienced advisers and to agree to pay their costs. The fact that many potential claimants, particularly in the Dean Street area, did not act on this offer, or did not do so promptly, is regrettable but in our opinion this has been the main cause of difficulty.

Crossrail were concerned for some time before possession of the northern block of Dean Street, in which PHA was operating, in particular, that property owners and occupiers were not getting the information expected from agents experienced in Compulsory Purchase matters and Crossrail did contemplate offering a 'teach in' for agents to try to get them to submit the information that is needed. This idea was dropped as it was felt that it might be interpreted in the wrong way and / or even have annoyed the people we were trying to help. In retrospect this may have been worth doing although this would not have solved the main problem which was that people were not appointing advisers and following the requirements of the CP process.

The report also mentions Paddington where there have been some complaints about the process. This highlights another difficulty in that some businesses have a rather informal tenure on the property they are occupying. At Paddington there were a number of businesses concerned with the Taxi trade. These were generally on very short leases or in some cases no lease at all, although they had been in situ for many years. The Compensation Code requires the compensation to be assessed on the basis of the legal interest held and if this is short the compensation will accordingly not be very much, and much less than expected. Having said that, whilst Crossrail have tried to take the most sympathetic view that they can in these cases, there is a narrow limit as to what can be done for them, without creating a precedent.

The report asks about the future. The vast bulk of the CP of occupied property in central London is now complete and Crossrail are working through the compensation claims received as quickly as possible. Some cases have been referred to the Lands Tribunal and these will take many months to resolve but these are generally the large freeholds or sites where complex valuation issues have arisen.

Carbon Footprint

2. In my letter of 21 January, I explained that the Crossrail carbon footprint was first published in the Crossrail Environmental Statement (2005). Based upon design and operational assumptions at the time, a small overall per annum saving of carbon dioxide emissions was predicted from the operation of Crossrail. These calculations have been updated as the detailed design of Crossrail has progressed and were published at the 2009 Mayday Summit in accordance with



CRL's associated pledge. Total emissions of carbon dioxide from the construction phase of the Crossrail project are estimated to be in the order of 1.6M tonnes CO₂.

During operation, annual savings in the order of 70,000 to 225,000 tonnes CO₂ may be achieved, largely from the displacement of car journeys and upgrade and replacement of diesel trains on the existing network. By offsetting emissions from construction of Crossrail with potential savings per annum during operation of Crossrail, a pay-back period of somewhere between 7 and 26 years after opening day may be achieved, with potential net savings in CO₂ thereafter.

Crossrail is presently gathering and processing data on the actual energy consumed in the 2009/10 financial year and calculating the associated carbon dioxide emissions in accordance with Transport for London's (TfL) annual environmental reporting requirements. The TfL annual environmental report will be published in late 2010 and will therefore contain Crossrail's contribution. Crossrail will also report its carbon footprint in accordance with its pledges as a member of The Prince's Mayday Network on climate change later this year.

Crossrail's carbon footprint model is presently being updated to take account of the further information that has become available as the detailed design has developed. That update will not be available until the last quarter of 2010. Any reporting of the predicted carbon footprint before that time will by necessity have to use the model as updated in late 2008. Any reporting of the predicted carbon footprint will break down the emissions as far as the model allows and will include figures for assumed electricity consumption.

The Building Research Establishment (BRE) has an assessment methodology for many different types of buildings that can be used to rate their environmental performance, the BRE Environmental Assessment Methodology (BREEAM). BRE had no such methodology that could be applied to subsurface stations and Crossrail has worked with them to develop what is known as the Tailored Bespoke BREEAM for Crossrail Subsurface stations. While this does not in itself specify a certain level of energy efficiency or carbon emissions, performance above the norm will be required. Provisional assessment of our designs indicates they have attained a rating of Very Good. However, there is a technical challenge currently being addressed by Crossrail and BRE, in that, at present, the energy calculation methodology in BREEAM cannot be readily applied to subsurface buildings and only if this technical issue can be resolved can there be any possibility of achieving an Excellent rating.

Crossrail has also achieved Interim Civil Engineering Environmental Quality Assessment & Award Scheme (CEEQUAL) awards for all its central section civil engineering works of Excellent and seeks to retain this at Final Award. Details of how renewable energy and environmentally friendly design criteria are being adopted will be apparent as part of reporting and achieving the final awards under those schemes.



Crossrail is presently carrying out work to identify a challenging but viable target for net traction energy consumption per passenger kilometre which it is intended will be more efficient than existing train operators on comparable services, in particular those operators being displaced or affected by the advent of Crossrail. It is envisaged that a draft target for this will be available this year. This target can be readily translated into carbon emissions per passenger kilometre travelled.

I hope the above covers the areas of interest expressed by Members on these two matters. As Terry Morgan and I have indicated before, we welcome the Committee's interest in Crossrail and look forward to keeping Members abreast of progress as the project advances.

Yours Sincerely

A handwritten signature in black ink, appearing to be 'Rob Holden', written over a horizontal line.

Rob Holden
Chief Executive