

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1555

Title: Elephant and Castle

Executive Summary:

Approval is sought for £5 million of funding to be contributed to Transport for London's (TfL) project to transform the Elephant & Castle northern roundabout and create a new Northern Line ticket hall and to provide cashflow for the project where there is a shortfall between funding contributions received from the London Borough of Southwark and a proportion of the actual construction costs of the project.

The roundabout project will convert the existing junction layout to two way traffic and create new open space and leisure and retail opportunities. The Northern Line ticket hall scheme will increase capacity at the station and introduce step free access. Both elements of the project compliment the adjacent shopping centre development and are an integral part of the regeneration of the area.

The GLA intends to enter into funding arrangements with TfL and the London Borough of Southwark. Under a funding agreement with Southwark the GLA will receive fixed funding contributions of up to £63 million over a 15 year period which will be available to flow through to TfL as part of a contribution towards the cost of the project. Under arrangements with TfL, the GLA will pay a contribution of up to £68 million towards TfL's construction costs of the project. This contribution includes the proposed £5 million funding contribution from the GLA and the phased funding contributions of up to £63m from Southwark. Where there is any shortfall in the contributions payable to TfL and the agreed proportion of the construction costs of the project, the GLA will provide the necessary cashflow funding.

Decision:

The Mayor approves:

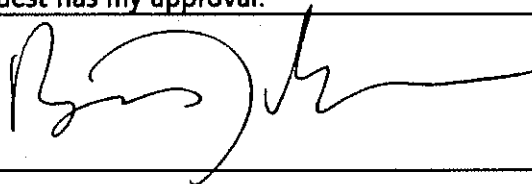
- expenditure of £5million under the GLA's Capital Programme for the Elephant & Castle scheme as described in this report. The funding is to be transferred to Transport for London, which will lead on delivery of the scheme. It is estimated that this will occur in 2019-20; and
- that the GLA will cashflow the Elephant and Castle scheme where the agreed proportion of the expenditure incurred by Transport for London in delivering the scheme exceeds the proposed contribution from the GLA and before contributions are received from the London Borough of Southwark over a longer period.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

16.12.15

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 The Mayor and Southwark council are overseeing a £3 billion transformation of the Elephant and Castle area, including around 5,000 new homes. The plans include an overhaul of the transport interchange and the creation of more open spaces. They will also create around 5,000 new jobs. The new Northern Line ticket hall at Elephant and Castle station will double existing capacity and introduce step free access. The northern roundabout will be replaced with a peninsula layout to transform the urban realm, with new seating, exhibition and performance space, and the new road layout will radically improve road safety, particularly for cyclists. The existing roundabout has been identified as one of the most dangerous in London for cyclists.
- 1.2 The public sector costs of £154.1million are to be met by committed contributions of £86.1 million (56%) from TfL, £63 million (41%) from the London Borough of Southwark and £5 million (3%) from the GLA. The broad funding package was agreed in principle in 2013.

Northern roundabout scheme

- 1.3 The Elephant & Castle northern roundabout is a strategic junction on the inner ring road. It has an important role in supporting the efficient movement of people and goods around London, including a large number of bus passengers.
- 1.4 TfL's scheme will transform the roundabout into a two-way traffic system, creating a new public space peninsular. The scheme improves cycling provision and cycle safety and will help address the high rate of cycling casualties at this location. It will include segregated cycling facilities, creates pedestrian at-grade (surface) crossings and regenerates the urban realm. This scheme is part of TfL's Better Junctions Programme, is the starting point for the North-South Cycle Superhighway and is cited as a key location in the Mayor's Vision for Cycling in London.
- 1.5 The construction programme for the Northern Roundabout scheme started in April 2015 and is estimated to be substantially complete by May 2016. The urban realm improvements on the peninsula will be completed later, after construction work on Northern Line ticket hall has finished, although there will be an interim public realm scheme in place for the peninsula when the Northern Roundabout scheme is complete.

Northern line ticket hall scheme

- 1.6 Elephant & Castle station is a busy, key interchange station between the Bakerloo and Northern lines. High passenger demand already requires operational control measures, especially during the morning peak time. The planned regeneration will create further pressure on the station.
- 1.7 The expansion of the Northern Line ticket hall forms part of TfL's Future Stations Programme. The Northern Line ticket hall scheme includes a new ticket hall, which may be integrated with the redevelopment of the adjacent shopping centre. The project's indicative scope includes a new over-bridge and connections to the Northern line platforms, a new ticket hall and additional capacity to access the Northern line platforms via two new banks of three escalators. Full step free access will be provided from street to the Northern line platforms.

Funding

- 1.8 The estimated costs of the scheme are £154.1m, with the costs of the Northern roundabout element estimated at £24.4m and the costs of the Northern line ticket hall at £129.7m.
- 1.9 Under the proposed funding agreement between Southwark and the GLA, Southwark commit to providing funding of up to £63 million to the GLA subject to deductions being made for any third party funding received for the project and any cost savings against the estimated £154.1 million for the scheme. The funding contributions from Southwark will be paid to the GLA in a fixed profile over a 15 year period up to 31 March 2030.
- 1.10 Under the proposed funding arrangements with TfL, the GLA will pay to TfL 44.13% of the actual quarterly construction costs incurred by TfL in each relevant quarterly period throughout the construction of the project, which is anticipated to complete in 2021. Following completion of the project a balancing payment will be made by the GLA to TfL to bring the total funding contribution payments to TfL up to £68m (comprising of £63m from Southwark and £5m from the GLA) subject to deductions being made for any third party funding received for the project and any cost savings against the estimated £154.1 million for the scheme.
- 1.11 Consequently, in addition to the proposed £5m funding contribution, the GLA will be required to provide additional funding to cashflow any shortfall between the payments it receives from Southwark and the funding contributions payable to TfL. Section 5 (Financial Comments) below identifies the anticipated cashflow requirements based on the assumed payment profile of the construction costs. Subject to assumptions about the profile of spend and interest rates, this is estimated to lead to the GLA foregoing interest of some £1.5m from 2020-21 to 2029-30 on its balances.
- 1.12 The total committed contributions from Southwark (up to £63m) and the proposed contribution from the GLA (£5m) are capped, with the risk of any overspend to be covered by TfL. If the cost of the scheme is less than estimated there is an agreed arrangement to share savings which both incentivises TfL to deliver savings but at the same time allows Southwark to benefit.

2. Objectives and expected outcomes

- 2.1 The Elephant & Castle is one of the most significant regeneration opportunities in inner London which has a growth potential of 5,000 homes and 5,000 jobs. This project will underpin efforts to release that potential by resolving some of the issues identified in the London Plan as holding back development. The London Plan states that 'the area is undergoing major transformation with significant investment in housing and potential for new retail provision integrated with a more efficient and attractive transport interchange. There is scope to create a series of connected public open spaces complemented by environmental and traffic management improvements. Resolution of these and rail related issues are crucial to the successful redevelopment of this southern gateway to central London.'
- 2.2 In this way the London Plan identifies the Elephant & Castle northern roundabout as one of a series of schemes which 're-imagine streets and spaces' to support growth and transform key areas of London. This will enable the Elephant & Castle to grow from District to Major Town Centre.
- 2.3 The objectives of the project are to create a significant new public space for the 21st Century. The vision for the five areas of public space and the link road is to create a significant new public space which is both an easy and pleasant place to move through and a space for people to enjoy and spend time in. The project will:
 - Transform the area into a place where people choose to dwell, rather than just pass through.

- Create a usable and flexible space which would become a focal point within the wider Elephant & Castle Opportunity Area.
- Provide a high quality streetscape that improves the pedestrian environment and supports the transport interchange between Tube, rail and bus services.
- Reduce the impact of motorised traffic on the area and improve conditions for cyclists and pedestrians.
- To help create a place that reflects the history, values and functionality of the area.

2.4 The Elephant Square project will deliver significant improvements to the quality and functionality of the area. It will allow much better integration between key development sites, leisure and education facilities and retail. Numerous large scale redevelopment sites in the area will contribute to the delivery of new homes and jobs. These include:

- Heygate Estate (Lend Lease): 2,469 new homes
- 1 Elephant/Tribeca Square (Delancey): 373 new homes
- Trafalgar Place (Lend Lease): 235 new homes
- One the Elephant (Lend Lease): 284 new homes
- 360 London: 470 new homes
- Eileen House (Oakmayne): 329 new homes
- Newington Triangle (Peabody): 550 new homes
- 128-50 Blackfriars Road (Barratt Homes): 400 new homes

2.5 The project also aims at a change of perception of the area through visible improvements, in order to create and accelerate inward investment by attracting visitors and new businesses. The creation of a new major square of 16,660 sqm will provide an enhance interchange experience as well as a welcoming, accessible flexible to use resource for the area's growing population. This includes residents, workers as well as the approximately 30,000 students and 2,600 staff of London Southbank University and the London College of Communication.¹

3. Equality comments

3.1 The project will be developed and delivered in compliance with relevant Codes of Practice and in line with the public sector equality duty. All design proposals will be assessed in terms of accessibility to ensure we minimise disadvantages suffered by people who share a protected characteristic: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation.

4. Other considerations

Links to Mayoral strategies

4.1 The London Plan identifies the Elephant & Castle northern roundabout as one of a series of schemes which 're-imagine streets and spaces' to support growth and transform key areas of London.

Consultation

4.2 Public consultation on the northern roundabout scheme was conducted in Spring 2014. Support was high, with 80% of respondents stating that they supported the key elements of the design. Concerns were raised over the impact of the changes on all users including cyclists, drivers, pedestrians, bus users and also people interchanging with other public transport modes.

¹ Witherford Watson Mann: Elephant and Castle Public Space Design, Draft Initial Study (May 2014)

- 4.3 After considering all of the feedback received, the decision was made to proceed with the scheme. This included taking forward the design for northbound off-carriageway cycling provision along the Elephant & Castle Link Road as outlined in the consultation but a number of modifications to the design were made following feedback from the consultation and further traffic modelling.
- 4.4 There was further consultation on the public realm elements of the scheme in Autumn 2014. Again, support was high with more than 80% of respondents supporting the plans for improving the pedestrian environment and creating a new public space.

5. Financial comments

- 5.1 It is proposed that the GLA make a capital contribution of £5m to TfL which, based on the assumed payment profile of the construction costs, would be payable in 2019-20 towards the costs of the Elephant and Castle scheme. In addition, it is estimated that the GLA will forego interest on balances in total of some £1.5m from 2020-21 to 2029-30 arising from its commitment to cashflow the scheme once expenditure by TfL on the scheme exceeds committed contributions from all parties and before income is received from Southwark over a longer period.
- 5.2 Forecast impact on the GLA of meeting cashflow requirements of the project (excluding £5m contribution and interest foregone):

Year	Paid/(received)
	£m
2014-15	(3.6)
2015-16	1.6
2016-17	(2.0)
2017-18	(5.7)
2018-19	8.1
2019-20	8.5
2020-21	1.3
2021-22	2.7
2022-23	(0.1)
2023-24	(2.9)
2024-25	(2.9)
2025-26	(1.0)
2026-27	(1.0)
2027-28	(1.0)
2028-29	(1.0)
2029-30	(1.0)
Total	(0.0)

6. Legal comments

- 6.1 The foregoing sections of this report indicate that:
- 6.1.1 the decisions requested of the Mayor fall within the statutory powers of the GLA to do such things as may be considered to further, and or be facilitative of or conducive or incidental to the furthering of, the promotion of economic and social development in Greater London, including the provision of funding which might be provided by Transport for London where it is for the purposes of, or relates to, housing or regeneration; and
- 6.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to:

- (a) pay due regard to the principle that there should be equality of opportunity for all people;
- (b) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
- (c) consult with appropriate bodies.

6.2 If the Mayor is minded to approve the recommendations in respect of which decisions are sought officers must ensure that the GLA enters into:

6.2.1 and executes a funding agreement with the London Borough of Southwark for the provision of funding contributions of up to £63 million before acting in reliance of the same; and

6.2.2 suitable arrangements with TfL to record the availability and periodic transfers of the £5 million capital funds and cashflow funding (pursuant to section 120 of the Greater London Authority Act 1999) it is proposed is to be transferred from the GLA as a contribution towards TfL's capital costs in the related discharge of its functions in connection with the Elephant & Castle project.

6.3 In taking the decisions requested of him, the Mayor must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.

7. Investment & Performance Board

7.1 The GLA's Investment and Performance Board considered these proposals at its meeting on 18 August. It approved the proposed expenditure of £5m for the Elephant & Castle scheme, as described above. It also approved the proposal that the GLA would cashflow the scheme once expenditure incurred by Transport for London exceeds the agreed contributions from all parties and before income is received from Southwark Council over a longer period. The Assistant Director of Group Finance explained that under the terms of the agreement, any risk of overspend would fall to TfL, while any savings secured would be shared between the three parties.

8. Planned delivery approach and next steps

Activity	Timeline
Funding agreements signed with TfL and Southwark	Nov/Dec 2015
Completion of roundabout removal	April 2016
First phase of public realm improvements inc temporary peninsula design	From 2016
Completion of new Northern line ticket hall	Early 2020s
Permanent public realm design implemented on the peninsula	Early 2020s

Appendices and supporting papers: None

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Claire Hamilton has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Tim Steer has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

Fiona Fletcher-Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Sir Edward Lister has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. D. O'Keefe

Date

26.11.15

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Edward Lister

Date

01.12.2015

