

REQUEST FOR MAYORAL DECISION – MD1383

Title: West Anglia Route Main Line– Stratford to Angel Road (STAR) Scheme

Executive Summary:

In June 2013 the London Enterprise Panel agreed the allocation of £25m capital funding from the Growing Places Fund (GPF) for rail upgrades to provide extra services from Angel Road and Northumberland Park stations to Stratford via Tottenham Hale. This funding supplements the existing scheme from Stratford to Tottenham Hale which is funded by Network Rail. The total investment will support the delivery of over 15,000 homes, 15,700 jobs and by 2031 an additional GVA of £10.7 billion within the Lee Valley opportunity area.

Network Rail has developed the project to the Governance for Railway Investment Projects (GRIP) Stage 2 (feasibility) and requires agreement from the GLA that it will fund the next stage of development costs to the end of GRIP 3A (option selection). The GLA's funding will be limited to a maximum of £1.67 million.

Decision:

That the Mayor approves entry into an agreement with Network Rail to fund Network Rail's development costs to the end of GRIP 3A (option selection) for the West Anglia Route STAR project up to a maximum of £1.67 million.

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:

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

Decision required – supporting report

1. Introduction and background

In June 2013 the London Enterprise Panel (LEP) agreed the allocation of £25m capital funding from the Growing Places Fund for rail upgrades to provide extra services (up to 4 trains per hour) from Angel Road and Northumberland Park stations to Stratford via Tottenham Hale. This funding was announced as part of a £72m scheme, which included a £44m contribution from Network Rail for the works from Stratford to Tottenham Hale and an additional £3m from Transport for London.

The scope of the “Project” is the addition of a third track and associated infrastructure on the West Anglia Main Line between Stratford and Tottenham Hale which is already funded by the Department for Transport. The scope of the “Extension” is to extend the third track and associated infrastructure to Angel Road. This includes closure of the level crossing at Northumberland Park.

The “Project” is fully funded by the Department for Transport (DfT) based on the strength of the transport investment case alone, and the “Extension” is being promoted independently of this by the GLA and partners based on the economic development case in addition to the transport benefits.

In order to progress the scheme from GRIP Stage 2 (Feasibility) to GRIP 3A (Option Selection) Network Rail requires assurance at this stage from the GLA that funding is available to reimburse Network Rail’s development costs.

The current costs of the scheme have now been estimated at £86m, of which £48.2m relates to the “Project” and £37.7m relates to the “Extension”. The development costs have therefore been estimated at a maximum of £1.67m which represents a share of the revised costs of developing the full scheme (“Project” plus “Extension”) equal to the overall share of the cost of implementation (56% for the “Project” and 44% for the “Extension”).

Approval is therefore sought to enter into an agreement to fund up to £1.67 million of Network Rail’s development costs in order to reach the end of the GRIP 3A Option Selection Phase (planned for the end of October 2014). At this stage there will be more certainty with regard to the total cost of the scheme.

Following the completion of GRIP 3A, if the project does not go ahead, Network Rail’s incurred costs of up to £1.67m will be reimbursed. If the project progresses beyond GRIP 3A, further approval will be sought to enter into a development services agreement to reach the end of GRIP 3B covering expenditure to date of the £1.67m plus additional costs to reach the end of option selection.

2. Objectives and expected outcomes

The £1.67m funding approval sought in this MD will fund the next stage of option development for the overall scheme to extend the West Anglia Main Line CP5 Capacity Improvement Project (“Project”) from Tottenham Hale to Angel Road. At the end of this stage, Network Rail will provide the GLA with a fully costed scheme and will identify a preferred option for the scheme.

The completed scheme will support the delivery of over 15,000 homes, 15,700 jobs and by 2031 an additional GVA of £10.7 billion within the Lee Valley opportunity area.

On completion of the GRIP 3A stage, a number of outcomes are possible; the current cost estimate could be confirmed, the cost estimate could increase further, or could decrease. At this point a further decision will be sought to progress with the scheme subject to confirmation of there being a full funding package in place.

3. **Equality comments**

The project will be developed and delivered by Network Rail in compliance with the DfT Code of Practice Accessible Train and Station Design for Disabled People, new or significantly modified stations shall be developed throughout to provide safe and secure access to passengers with a range of physical needs and sensory impairments.

The design of stations shall address, but is not limited to, the following types of aspects:

- Step-free access, door opening systems, luggage gates and provision of lift facilities for passengers with limited mobility and for those with pushchairs / young children and heavy / bulky luggage.
- Provision of facilities at a height / position suitable for passengers in wheelchairs such as ticket counters, ticket machines, telephones, help points, lift controls etc.
- Sufficient provision of disabled and baby changing toilet facilities.
- Provision of emergency access provisions which may include safe refuges and fireman's lifts for passengers with limited mobility.
- High visibility markings, suitably coloured handrails, lighting systems, tactile strips and labels using Braille marking to assist the visually impaired.
- Induction loops and visual information displays to provide assistance to those with hearing difficulties.

4. **Other considerations**

This investment supports the priorities set out in the Mayor's Economic Development Strategy to improve London's competitiveness and invest in London's future. The project is also an important pre-cursor to investment in four tracking of the West Anglia Main Line which is set out as a priority in the Mayor's Vision 2020 strategy.

At this stage the costs of the scheme have not been finalised so there remains a risk that the cost of delivering the preferred option will exceed the budget available.

5. **Financial comments**

There is provision within the GPF budget to provide a maximum of £25 million capital grant for the West Anglia project and the £1.67 million of development costs that this decision relates to would be capitalised as part of that capital grant funding should the project proceed. However, in the event that the project does not proceed to delivery any abortive development costs, up to the maximum of £1.67 million, borne by Network Rail would have to be charged to the revenue budget. No such revenue provision is available within the GPF budget. Therefore in agreeing to fund these costs there is no existing revenue budget available that they could be funded from should the project be aborted. It would be necessary to identify either an alternative revenue funding source from other GLA budgets or from within the GLA group by way of a swap of capital and revenue funding. This would be subject to the GLA's decision making process as necessary. There is therefore a financial risk until the go ahead for the project is confirmed.

The report identifies the uncertainty that currently exists over the cost and full funding package for the project which will be subject to a further decision. There is currently no headroom within the GPF budget to provide funding above the currently earmarked £25 million, to meet any additional project costs. A full funding package would need to be in place at that point before any further binding commitments are entered into.

Without this commitment, a fully-costed scheme will not be prepared by Network Rail and there would appear to be little alternative but to abandon the project at this stage. However, unless the estimated costs reduce significantly and/or additional budget is identified, the scheme will not be able to proceed and the £1.67m will be written off.

6. Legal comments

Power to Undertake the Requested Decision

Under section 30 of the Greater London Authority Act 1999 (the 'Act') the mayor, acting on behalf of the GLA, is entitled to do anything that he considers will further the promotion, within Greater London, of economic development and wealth creation, social development and the improvement of the environment.

Furthermore, section 34 of the Act allows the GLA, acting by the mayor, to do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of any functions of the GLA exercisable by the mayor.

In this report, the officers seek approval for the GLA to fund Network Rail's development costs for the West Anglia Route STAR project up to a maximum of £1.67m. As set out in section 2 above, once it is completed the STAR Route is expected to support the delivery of over 15,000 homes and 15,700 jobs by 2031. To this end, the GLA's funding of Network Rail's development costs may be viewed as calculated to promote both economic and social development in Greater London.

Funding

As the GLA is funding Network Rail's project and the ultimate beneficiaries of the project will be parties other than the GLA, the proposed grant of funding may be viewed as a conditional gift rather than a contract for services. In light of paragraph 4.8 of the GLA's Contracts and Funding Code, the officers are reminded to ensure that the funding be distributed fairly, transparently and in accordance with the GLA's equalities obligations. Furthermore, the officers must ensure that a funding agreement be put in place between the GLA and Network Rail, before any of the funding be provided to Network Rail.

7. Investment & Performance Board

At the meeting of the Investment and Performance Board in April 2014, the Board agreed the recommendations set out in the STAR update report, including that : Network Rail be advised, via a letter or email, that funds of up to £25m (capital) were available in principle (but subject to: obtaining formal GLA approval; and contract) for the scheme and that development costs incurred by Network Rail of up to £1.67m would be reimbursed by the GLA in the event that the GLA withdraws from the project.

8. Planned delivery approach and next steps

The project will be developed and delivered by Network Rail. An agreement will be put in place between the GLA and Network Rail to fund Network Rail's costs of developing the scheme up to a maximum of £1.67 million. Network Rail will procure consultancy services to develop the scheme and will be responsible for managing the development of the project.

Activity	Timeline
Entry into the agreement of principles with Network Rail	July 2014
GRIP 3 start	July 2014
GRIP 3 completion	October 2014
Decision sought to enter into the next stage of project development	October 2014
Entry into GLA / NR development services agreement	October 2014
GRIP 4 start	November 2014
GRIP 4 completion	April 2016
Entry into GLA / NR implementation agreement	November 2016
GRIP 6 start	December 2016
GRIP 6 completion	March 2018

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? YES**

If YES, for what reason: The project is still subject to ongoing commercially sensitive negotiations.

Until what date: 28 February 2015

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 – YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Alison Murray 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 Griggs 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:

Kit Malthouse 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

Date

CHIEF OF STAFF:

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

Signature

Date