

REQUEST FOR MAYORAL DECISION – MD1478

Title: Croxley Rail Link

Executive Summary:

Since 2011, the Croxley Rail Link scheme has experienced considerable cost escalation and programme slippage. Discussions between Hertfordshire County Council (HCC), Transport for London (TfL) and the Department for Transport (DfT) have led to a revised funding strategy and a proposal that TfL take over responsibility for the delivery of the project from HCC.

The current estimated cost of the project is £284.5m. The proposed funding strategy is for DfT to fund £198.24m, Hertfordshire County Council to fund £39.76m and TfL to fund the remaining £46.5m. The TfL borrowing requirement will be increased by £30m and TfL will be responsible for any overruns above £284.5m.

Decision:

The Mayor:

1. Directs TfL to take over responsibility for delivering the entire project including civil engineering works, systems and the procurement of additional rolling stock.
2. Directs TfL to provide £46.5m of funding towards the costs for delivering Croxley Rail Link based on a total cost of the project of £284.5m on the basis that the Government increases TfL's overall borrowing requirement by £30m and that £16m will be funded from the TfL capital budget (the remaining costs of £238m are to be funded from Hertfordshire County Council and the Department for Transport).
3. Directs TfL to be responsible for any cost overruns above the current project estimate of £284.5m.

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

- 1.1 The Croxley Rail Link (CRL) project involves the diversion and extension of the existing Metropolitan line from just north of Croxley to a new terminus at Watford Junction via the existing Watford High Street with two new stations. The existing Metropolitan line terminus at Watford station will close.
- 1.2 It is anticipated that construction will commence in late 2015, with the line opening in 2019.
- 1.3 Transport for London (TfL) has been working closely with Hertfordshire County Council (HCC) on the development of the scheme, the primary civil engineering elements of which are approaching the end of the detailed design phase.
- 1.4 TfL will take responsibility for operating the new infrastructure. The Mayor endorsed this approach under MD915, approved in December 2011. Following a public inquiry in autumn 2012, an Order under the Transport and Works Act 1992 providing for the construction and operation of the extension was made in July 2013. The project was also the subject of MD1155 in July 2013.

2. Objectives and expected outcomes

- 2.1 The key objectives for the CRL are to provide a catalyst for regeneration and growth in the Watford area and improve connectivity between SW Hertfordshire and NW London.

3. Equality comments

- 3.1 The new stations will both be fully step-free and include all standard accessibility features. No adverse effects are foreseen on any persons with protected characteristics under the Equality Act 2010.

4. Risks

Reputational

- 4.1 The proposed change of delivery strategy would increase TfL's visibility in the eyes of the public and media, making TfL more exposed in the event of future cost increases or programme delays.

Cost

- 4.2 The proposed funding strategy would mean TfL potentially needing to contribute more than £16m should the overall cost be higher than the P50 estimate of £284m.

5. Financial comments

- 5.1 In late 2011, the Department for Transport (DfT) Ministers gave provisional approval to a £76.2m contribution towards the then total CRL, with the remainder funded by HCC, with an estimated scheme cost of £116.84m, against a forecast delivery into service date of May 2016.
- 5.2 Since 2011, the scheme has experienced considerable cost escalation and programme slippage and in January 2015, HCC confirmed a revised scheme cost estimate of £229.91m
- 5.3 TfL undertook an independent review of the total scheme and concluded an estimate of £284.42m at a P50 level of risk and £300m at P90 level of risk.

5.4 The following breakdown of funding has been agreed for the scheme:

Funding Partner	£m
Department for Transport	109.82
Transport for London (including fare box borrowing)	46.50
Hertfordshire LEP	87.85
HCC & Watford Borough Council	40.23
TOTAL FUNDING	284.40

- 5.5 If the project is delivered, in full, for a total cost below the approved budget cost of £284.4m, Transport for London will retain the full amount of the resulting cost savings. Transport for London has agreed to meet any eligible project costs incurred over £284.4m.
- 5.6 Hertfordshire County Council will lead a consortium of local funding partners (including the Hertfordshire Local Enterprise Partnership and Watford Borough Council) who will contribute £128.08m to the total costs of the project. The detailed arrangements for payment of this funding will be agreed separately between Transport for London and Hertfordshire County Council.
- 5.7 Funding from central Government to the Hertfordshire Local Enterprise Partnership includes £70.7m of “retained scheme” funding from the Department for Transport which the LEP has chosen to allocate to the Croyley Rail Link. The remaining £17.15m of the LEP’s planned contribution will come from its general Growth Deal funds provided by the Department for Communities and Local Government.
- 5.8 Ministers have agreed to provide total funding from the Department for Transport of £180.52m towards the scheme (this comprises local transport major project funding and additional grant to the GLA announced in Budget 2015 (totalling £109.82m), £50.5m of “retained” Growth Deal funding for the Croyley Rail Link and £20.2m of “retained” Growth Deal funding reallocated by the LEP from their A10/M11 package “retained scheme”). Funding will be paid as capital and resource grant under Section 31 of the Local Government Act 2003.
- 5.9 There are no financial implications for the GLA.
- 5.10 Any changes to this proposal will be subject to further approval via the Authority’s decision-making process as necessary.
- 5.11 Transport for London with the Transport team within the Development, Enterprise & Environment Directorate will be responsible for managing this project.

6. Legal comments

- 6.1 The Mayor has duties under section 141 of the Greater London Authority Act 1999 (“the GLA Act”), to develop and implement policies for the promotion and encouragement of safe, integrated, efficient and economic transport facilities and services to, from and within Greater London, and to secure the provision of those facilities and services.
- 6.2 Under section 142 of the GLA Act the Mayor has to publish a transport strategy containing policies and proposals relating to the duties under section 141. The proposed Croyley extension is included in the Mayor’s Transport Strategy of May 2010 (Proposal 22 c)).
- 6.3 Transport for London has power under section 173(1) of the GLA Act to provide or secure the provision of public passenger transport services to, from or within Greater London.

6.4 While the proposed extension is promoted by Hertfordshire County Council and is outside Greater London, it is an extension of a line on which public passenger transport services run to and from Greater London.

6.5 Under section 155 of the GLA Act the Mayor has power to direct TfL as to the exercise of its functions.

7. Investment & Performance Board

7.1 The project has not been considered at this Board, as there are no direct financial implications for the GLA from these proposals

8. Planned delivery approach and next steps

8.1 In discussions with both LU and HCC, DfT has made it clear that, given project performance to date, it has fundamental concerns over the current HCC led delivery structure and that TfL should lead the delivery of the project going forward.

8.2 TfL's latest programme is:

Activity	Timeline
Procurement of contract [notice to proceed with construction phase issued]	September 2015
Delivery Start Date	Autumn 2015
Delivery End Date [start of operational service]	May 2019
Project Closure:	March 2020

Appendices and supporting papers:

1 Direction to Transport for London:

1. to take over responsibility for delivering the entire project including civil engineering works, systems and the procurement of additional rolling stock.
2. to provide £46.5m of funding towards the costs for delivering Croxley Rail Link based on a total cost of the project of £284.5m, on the basis that the Government increases TfL's overall borrowing requirement by at least £30m and that £16m will be funded from TfL capital budget (the remaining costs of £238m are to be funded from Hertfordshire County Council and the Department for Transport).
3. to be responsible for any cost overruns above the current project costs of £284.5m.

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, Transport Manager, 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:

Debbie Jackson, Assistant Director – Regeneration, has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

Fiona Fletcher-Smith, Executive Director – Development, Enterprise and Environment, has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Isabel Dedring, Deputy Mayor for Transport 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