

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1570

Title: Croxley Rail Link – Land Valuation and Increased TfL Contribution

Executive Summary:

In accordance with Mayoral Decision MD1478, Transport for London (TfL) and Hertfordshire County Council (HCC) have agreed the detailed arrangements for the transfer to TfL of the Croxley Rail Link scheme, and an HCC led local consortium funding contribution.

HCC's portion of the local consortium funding contribution includes two parcels of land to which HCC have attributed a total value of £2.73m. The first parcel, comprising the disused rail corridor (to which a value of £1.8m has been attributed) will be transferred by Network Rail to LUL for a nominal consideration. The second parcel will be used by LUL as a work site during construction. Roughly 25% of it will be transferred to LUL, although title to the remainder will be retained by HCC, and used as a station car park, which HCC will operate for its own account. The cash element of the local consortium funding will be reduced by £2.73m to £125.35m.

Decision:

The Mayor:

1. Directs TfL to proceed in accordance with the directions given under MD1478 but on the basis that the HCC led local consortium nominal funding contribution of £128.08m includes land contributions by HCC which while valued by HCC at £2.73m are of no commercial value to TfL, and that the cash contribution will therefore be £125.35m
2. Directs TfL to provide up to a further £2.73m of funding in addition to the £46.5m directed under MD 1478 towards the costs for delivering Croxley Rail Link

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:

4.11.2015

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 On 26 March 2015 the Mayor directed TfL, under MD1478:
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 £284.4m on the basis that the Government increased TfL's overall borrowing requirement by £30m and that £16m would be funded from the TfL capital budget (the remaining costs of £238m were to be funded from HCC and the DfT).
 3. to be responsible for any cost overruns above the current project estimate of £284.4m
- 1.3 HCC is leading a consortium of funding partners (including the Hertfordshire Local Enterprise Partnership and Watford Borough Council) who were to contribute £128.08 million to the total costs of the project. The detailed arrangements for payment of this funding were to be agreed separately between TfL and HCC.

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 funding package of £284.4m. The current P50 estimate for the project is £299m. Outturn at this level would require additional TfL funding of £15m. The cost escalation has arisen primarily due to the level of sunk cost incurred by HCC being higher than had been anticipated at the time of the 26 March 2015 MD.

5. Financial comments

- 5.1 MD1478 noted, at paragraph 5.4, that the following breakdown of funding had 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

5.2 The local consortium funding contribution breakdown is as follows:

Funding Partner	£m
HCC	30.635
Hertfordshire Local Enterprise Partnership	87.850
Watford Borough Council	9.595
Total consortium funding contribution	128.08

5.3 HCC's funding contribution breakdown, which has been approved by its Cabinet, is as follows:

HCC Contribution	£m
Capital	25.000
s.106	2.905
Land contributions	2.730
Total HCC funding contribution	30.635

5.4 HCC's portion of the £128.08m local consortium funding contribution includes two parcels of land to which HCC have attributed a total value of £2.73m. The first parcel, comprising land between Ascot Road and Wigenhall Road (to which a value of £1.8m has been attributed) will be transferred by Network Rail to LUL for a nominal consideration of £1. This land is assumed to have limited commercial value. The second parcel of land at Ascot Road will be used by LUL as a work site during construction. Roughly 25% of it will be transferred to LUL although title to the remainder will be retained by HCC and used as a station car park which HCC will operate for its own account. Again, the commercial value is likely to be limited.

The cash element of the local consortium funding will be reduced by £2.73m to £125.35m.

5.5 Accepting HCC's land contribution on the basis of its £2.73m valuation, as set out above, will reduce by the same amount the cash element of the £128.08m local consortium funding contribution that would be paid to TfL

5.6 The overall funding envelope remains £284.4m and if the project is delivered, in full, for a total cost below the approved budget cost of £284.4m, TfL will retain the full amount of the resulting cost savings. TfL will still meet any eligible project costs incurred over £284.4m.

5.7 There remain no financial implications for the GLA.

6. Legal comments

6.1 The proposed further direction raises no legal issues not considered in MD 1478.

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 TfL's latest programme is:

Activity	Timeline
Procurement of contract [notice to proceed with construction phase issued]	Feb. 2016
Delivery Start Date	Apr. 2016
Delivery End Date [start of operational service]	Dec. 2020
Project Closure:	Sep. 2021

Appendices and supporting papers:

Direction to Transport for London (supplemental to Direction of 26 March 2015)

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 3.11.15

CHIEF OF STAFF:

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

Signature 

Date 3.11.2015



MAYOR OF LONDON

Mike Brown MVO

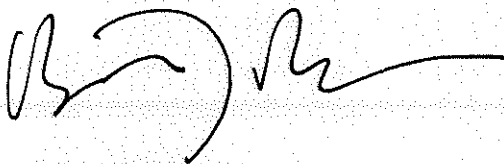
Commissioner of Transport
Transport for London
Windsor House
42/50 Victoria Street
London
SW1H 0TL

Date: 4.11.2015

I, BORIS JOHNSON, MAYOR OF LONDON, in exercise of the powers conferred on me by section 155(1)(c) of the Greater London Authority Act 1999 ("the Act") hereby direct Transport for London (TfL):

1. to proceed in accordance with my Direction of 26 March 2015 given under MD1478 but on the basis that the Hertfordshire County Council (HCC) led local consortium nominal funding contribution of £128.08m includes land contributions which while valued by HCC at £2.73m are of no commercial value to TfL and that the cash contribution will therefore be £125.35m
2. to provide funding of up to £2.73m additional to that previously directed, towards the costs of delivering Croyley Rail Link, to balance the reduced cash contribution by Hertfordshire County Council (reflecting the contribution of land valued by Hertfordshire County Council at £2.73m).

Dated this day 4 of November 2015.



Boris Johnson
Mayor of London

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