

Date: 16 May 2018

Item: Barking Riverside Extension Update and Procurement Authority Request

This paper will be considered in public

1 Summary

LR-PJ316C Barking Riverside Extension				
Existing Financial Authority	Estimated Final Cost (EFC)	Existing Programme and Project Authority	Additional Authority Requested	Total Authority
In the paper on Part 2 of the agenda	In the paper on Part 2 of the agenda	£ 263.2m	£0m	£ 263.2m

Authority Approval: *To grant Procurement Authority in respect of the award of an agreement for the main works required for the construction of the rail extension and a new station at Barking Riverside in the sum set out in the paper on Part 2 of the agenda.*

Outputs and Schedule: *The Barking Riverside Extension project will deliver a new station and line, extending the London Overground Gospel Oak to Barking services by 2021. This is a key enabler for the Barking Riverside site, providing up to 10,800 new homes and directly supporting the Mayor's Transport Strategy objectives on accommodating sustainable population and employment growth.*

- 1.1 In February 2016, the Finance and Policy Committee (under delegated authority from the Board) granted £263.2m of Financial Authority and Project Authority for the Barking Riverside Extension (BRE) Project. This enabled the development of design to a Network Rail GRIP Stage 5 (detailed design), the relevant funding and other agreements to be put in place, and the submission of an application for an order under the Transport and Works Act 1992 (TWAO) to obtain powers to construct and operate the BRE.
- 1.2 The Secretary of State approved our TWAO application in August 2017, the necessary funding and other agreements are in place and the demolition stages of the early works have been completed on time. However, completion of the detailed design and having to remove Carillion plc (one of the pre-qualified bidders) from the process, once they entered into compulsory liquidation, caused the release of the Invitation to Tender (ITT) for the contract for the construction of the extension and station (Main Works Contract) to be delayed by seven months. The ITT was released on 13 April 2018.

- 1.3 The purpose of this paper is to:
- (a) provide an update to the Committee on the BRE project's progress; and
 - (b) seek Procurement Authority in respect of the award of the Main Works Contract and related matters.
- 1.4 A Pre-Tender Integrated Assurance Review (IAR) including an external review by the Independent Investment Programme Advisory Group (IIPAG) was carried out in January 2018 and a follow-up took place in April 2018. No critical issues were identified and all comments are being addressed.
- 1.5 A paper is included on Part 2 of the agenda, which contains exempt supplemental information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of TfL and tenderers. Any discussion of that information must take place after the press and public have been excluded from this meeting.

2 Recommendation

- 2.1 **The Committee is asked to note the paper and the supplementary information on Part 2 of the agenda and grant Procurement Authority in respect of the award of the Main Works Contract for the construction of the Barking Rail Extension and new Barking Riverside station to the most economically advantageous bidder up to the maximum sum stated in the paper on Part 2 of the agenda.**

3 Background

- 3.1 Barking Riverside is the largest brownfield development site in east London, with planning permission for 10,800 new homes. To unlock the full scale of the development, planning permission for the site was granted on the basis of significant investment in transport infrastructure.
- 3.2 An extension of the electrified London Overground (LO) Gospel Oak to Barking line, from its current terminus at Barking to a new station in Barking Riverside, will be 4km in length including 1.5km of new track. Four new LO trains per hour will operate from Barking station along the existing Tilbury Loop line and then via a new section of railway, heading south towards Barking Riverside. Figure 1 below shows the plan of the new line which will reach right into the heart of the Barking Riverside development.
- 3.3 On 25 January 2016 the Mayor directed TfL to enter into funding and land agreements with the developer, Barking Riverside Limited (BRL), necessary to facilitate the financing and construction of the BRE.
- 3.4 As a key enabler of regeneration and growth in East London, the project supports the Mayoral policy to develop London's transport system in order to accommodate sustainable population and employment growth and directly supports the Mayor's Transport Strategy (MTS) by using transport to unlock housing potential. The BRE scheme is referenced throughout the MTS.

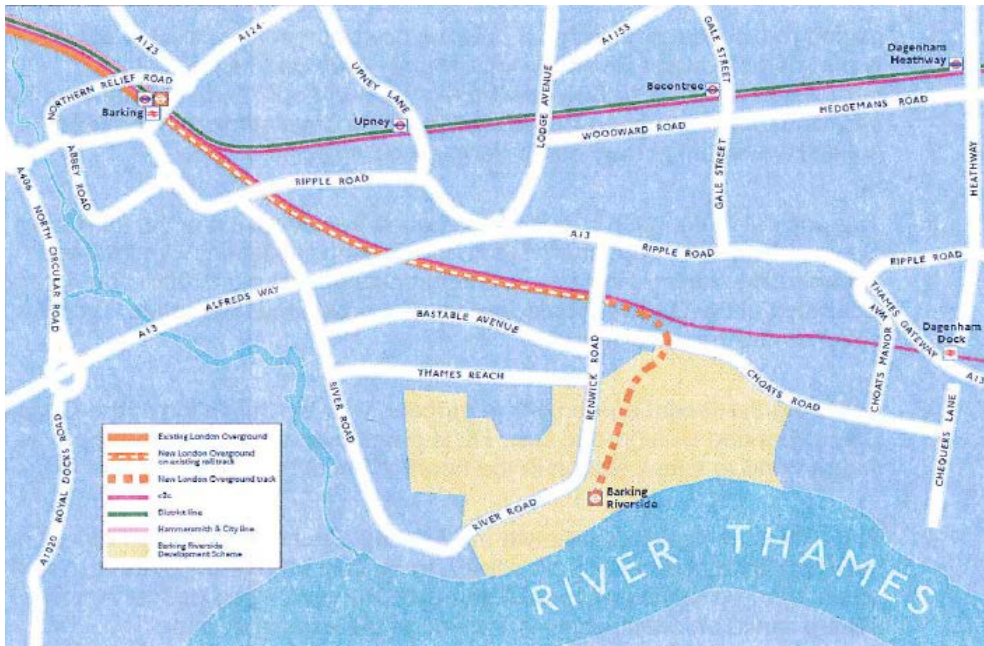


Figure 1: Barking Riverside and new line & station

- 3.5 The BRL development itself is in line with the Mayor's Healthy Streets approach and will contribute to 80 per cent of trips by cycling, walking or public transport. The Barking Riverside Masterplan Framework Travel Plan (2016) sets out interim sustainable mode share targets of 75 per cent by 2031. Examples of how they intend to achieve this are:
- (a) fully segregated cycle lanes (both sides of the road);
 - (b) cycle Hub at the Barking Riverside Station;
 - (c) only 0.7 car parking space per household on the estate; and
 - (d) two-thirds of the homes cannot be occupied before the station is operational.
- 3.6 A public inquiry into the scheme was held in October 2016 as part of the TWAO application process. The Secretary of State approved our TWAO application in August 2017 after a recommendation from the inspector.
- 3.7 Successful early site preparation works have already taken place; including the demolition of several redundant Network Rail buildings and a disused ramp where the new viaduct will land (see Figure 2 below). This prepares the site for the award of the Main Works Contract in the summer of 2018, prior to which a contract award IAR will take place.
- 3.8 Programme and Project Authority currently exists for £262.3m following approval by the Finance and Policy Committee in February 2016. The Project has now progressed to Pathway Stage Gate 4 and Network Rail GRIP stage 4 (single option development). Procurement Authority has already been granted at officer level in accordance with Standing Orders and exercised to place contracts with Arcadis and John F Hunt for the project design and early works respectively.



Figure 2: Early Works, Before and After Demolition Works

- 3.9 The issuing of the Main Works Contract ITT was delayed by seven months. Additional stakeholder requirements were added to the station design package in order to help satisfy planning conditions and the completion of all detailed designs took longer than expected. Further delays were caused when the project team had to remove Carillion plc from the process once it entered into compulsory liquidation. The project team is taking actions to mitigate these delays and keep the end date of the programme on course. Given delays experienced to date, Procurement Authority is sought (in the sum set out in the paper on Part 2 of the agenda) in order to enable the efficient award of the Main Works Contract. Awarding Procurement Authority in advance of ITT submissions will allow the project team to minimise the time required between tender evaluation and award and allow the contract completion processes to begin as soon as practicable.

4 Proposal

Preferred Option

- 4.1 The preferred option involves the construction of an electrified, twin tracked route between Renwick Road and Barking Riverside and the construction of a terminus station. The design of the alignment is significantly constrained by the geography of the site. The eastbound line, towards Barking Riverside, would spur directly from the Tilbury Loop passenger line, east of Barking Station. The westbound line (towards Barking) would merge with the westbound Tilbury Loop passenger line to the west of the Ripple Lane sidings. A plan of the proposed alignment is included in Appendix 1.
- 4.2 Barking Riverside station will consist of a single, elevated, central island platform. The station will be served by four car electric trains, with passive provision for a future extension to five car trains. A concept design image of the new station can be seen below in Figure 3.
- 4.3 The station will be designed to accommodate passenger flows from the complete 10,800 home development. Two public consultations and a Public Inquiry have received good support from external stakeholders and no negative equality impacts are expected with the implementation of BRE. The station will increase the

accessibility of London's transport network by providing full step free access to enable free and unassisted movement between the train and street level.



Figure 3: Preliminary Design CGI of the new Barking Riverside station

- 4.4 There is expected to be only very limited impact on London Overground operations during the implementation of the project. However, the project team is in regular contact with HS1, Network Rail, C2C (train operator) and the freight operating companies, who are key stakeholders as owners and users of the Tilbury line. Critical to the success of the project is the acceptance and productive use of the Network Rail possessions, where the line is closed for TfL construction work.

Benefits (and Value)

- 4.5 The purpose of the BRE is to meet the rail related planning obligations required to enable the full build out of BRL's Barking Riverside development (10,800 homes). Planning obligations for the development limit Barking Riverside to no more than 4,000 occupied homes until the rail link becomes operational.
- 4.6 Therefore, the BRE assists the enabling of the development of the largest brown field site in east London and will provide much needed housing, in line with the MTS.

Delivery of Preferred Option

- 4.7 TfL's Surface Directorate is sponsoring the BRE project. It has recently transferred into the Major Projects Directorate team for delivery.
- 4.8 In November 2017, an early works contract was let, following a competitive process, to prepare the area north of the Barking Riverside site and adjacent to the operational railway. This included demolition of a number of redundant Network Rail buildings and a discussed access ramp by April 2018, which was completed on time. The remainder of the early works remains on schedule for completion by July 2018.

- 4.9 The Main Works Contract (predominantly build only) is being procured competitively. A pre-qualification stage resulted in three successful bidders being invited to tender. Carillion plc was removed from the process when they entered compulsory liquidation in early 2018.
- 4.10 The project still has a direct relationship with the Network Rail Gospel Oak to Barking electrification scheme although works are now close to completion on this project and the new, electric, trains are expected to be in operation during 2018.
- 4.11 The key milestones following the issue of the ITT and up to completion of the Main Works Contract are shown below in Table 1:

Milestone	Target Date
ITT Submission	June 2018
Early Works Package Complete	July 2018
Main Works Contract Award Recommendation (PAM)	August 2018
First Possession of Network Rail Infrastructure	December 2018
Main Works Complete (PAM)	March 2021

Table 1: Milestones

- 4.12 Previous Committee submissions targeted the Main Works Contract award recommendation for autumn 2017. However, delays as described above have pushed this expected milestone completion date to August 2018.
- 4.13 This delay puts pressure on mobilisation of the successful bidder ahead of the important possession (on the critical path of the project) of Network Rail infrastructure at Christmas 2018. However, risk mitigating actions have taken place which still protects the end date of the programme in 2021. Early engagement activities have taken place with the bidders and the evaluation process, post-tender submission, has been re-programmed.
- 4.14 The top five individual risks for BRE along with their mitigating actions are set out in Table 2 below:

Risk No	Risk Description	Mitigation Actions
1	Network Rail (NR) costs are higher than estimated.	Strong stakeholder management to find synergies with other projects and regular reviews of delivery plan with NR.
2	Main Works Contract is delayed putting Overhead Line Electrification (OLE) works at risk in Dec 2018.	Develop an early works package to carry out OLE works separately from the main works contract is necessary.
3	Objections to Network Change from Train (TOC) and Freight (FOC) Operators.	Ongoing engagement with NR and close consultation with TOCs and FOCs. Establish potential objections before possessions submissions
4	Unidentified buried services located.	Early engagement with UK Power Networks, survey reviews by all parties.
5	Delays to NR's Romford ROC (Rail Operating Centre) migration creates additional implementation complexity.	Ongoing liaison with NR, ensure contract is clear in terms of dependencies, ensure TfL Engineering maintain responsibility for monitoring progress through their Transformation.

Table 2: Risks

- 4.15 The total risk value for the project included in the forecasted Estimated Final Cost (EFC) is the amount stated in the paper on Part 2 of the agenda, at P50, and is calculated via a Quantifiable Risk Assessment (QRA), reviewed by the project team on a periodic basis.

5 Financial Implications

- 5.1 TfL has made provision for amount stated in the paper on Part 2 of the agenda in its Business Plan for the project and £172m has been secured through a funding agreement entered into with the developer, BRL. A further breakdown of this funding can be seen in Table A in the paper on Part 2 of the agenda. Changes to the EFC since the 2016 Finance and Policy Committee submission are explained in the paper on Part 2 of the agenda.
- 5.2 The project has spent £19.85m to the end of 2017/18. The Main Works Contract award in summer 2018 will be key to firming up the cost estimate but it is envisaged that the value of that contract will not exceed the sum set out in part 2 of the agenda. A summary of the BRE costs and funding can be seen in Table B in the paper on Part 2 of the Agenda.
- 5.3 Full Financial Authority and Programme and Project Authority exists for the remainder of the BRE project through to project close, expected at the end of 2021.
- 5.4 Arriva Rail London operates the Gospel Oak to Barking services as part of its London Overground operating contract (initial term until 2024) and will assume responsibility for the new Barking Riverside station following construction. Procurement Authority already exists for the operation of the new station and extended train services as an 'Anticipated Service Increment' within the concessions contract. The increased future operating cost forecasts for when the new services commence are included as part of TfL's Business Plan, which was approved by the Finance Committee on 5 December 2017 (under authority delegated by the Board on 9 November 2017).
- 5.5 The funding agreement between TfL and BRL was entered into on 9 March 2016 for £172m. Funding will commence when TfL has satisfied certain conditions, primarily around ensuring the necessary agreements are in place with Network Rail and HS1 for work on their infrastructure / land. The 'longstop' date for these agreements to be in place is 31 August 2018 and is expected to be achieved. Funding can then start to be drawn down once works commence on the BRL site.

6 Assurance

- 6.1 Following reviews in 2015 and 2016, the project received an IIPAG review and an IAR conducted by TfL Project Assurance in January 2018.
- 6.2 Their objective was to carry out an annual Sub-Programme review for the Committee and assess the Project's readiness to issue the ITT for the Main Works Contract.
- 6.3 No critical issues were identified through either the IAR or by IIPAG. All recommendations have been accepted and are being, or have already been,

closed out by the project team. A follow up review was carried out in April 2018 which reconfirmed this position.

- 6.4 A contract award IAR for the Main Works Contract will be undertaken in July 2018. Further interim IAR's will be carried out in line with BRE's annual updates to the Committee.

List of appendices to this paper:

Appendix 1 – BRE Proposed Alignment

A paper on Part 2 of the agenda contains exempt supplementary information.

List of background papers:

Barking Riverside Rail Extension, February 2016, TfL Finance & Policy Committee

IIPAG and PMO Reports

MD1594 Barking Riverside Rail Extension TfL Agreements

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Appendix 1: BRE Proposed Alignment

