

TRANSPORT FOR LONDON

BOARD

SUBJECT: CROXLEY RAIL LINK – PROPOSED TRANSPORT AND WORKS ACT ORDER

DATE: 7 DECEMBER 2011

1 PURPOSE AND DECISION REQUIRED

- 1.1 The purpose of this paper is to update the Board on the proposed Croxley Rail Link and to ask the Board to approve:
- (a) the submission by London Underground Limited (LU) of an application for an Order under the Transport and Works Act 1992 on the basis of a joint promotion of the Transport and Works Act Order (TWAO) with Hertfordshire County Council (HCC) in respect of the construction and operation of the Croxley Rail Link (the Link);
 - (b) obtaining the Mayor's written consent to make the TWAO application and associated delegations;
 - (c) commencing the formal process for the future closure of the section of the Metropolitan line to the existing Watford terminus station within two months of the TWAO application being made; and
 - (d) entering into various agreements and documents required in relation to implementation of the project.
- 1.2 The Finance and Policy Committee considered this proposal at its meeting on 23 November 2011 and it supported the recommendations.

2 BACKGROUND

- 2.1 The Link is an HCC led project that is seeking to divert and extend the existing Metropolitan line from just north of Croxley to a new terminus at Watford Junction. This would be achieved by diverting services over a new viaduct from the current line to link with the disused Network Rail (NR) Croxley Green branch line. The line would need to be upgraded to allow trains to serve existing stations at Watford High Street and Watford Junction, sharing track and platforms with London Overground services. Two new stations are proposed along the disused branch line. It is proposed that customer services to the existing Metropolitan line terminus at Watford station would be discontinued. A map showing the layout of the project is attached as Appendix 1.
- 2.2 It is anticipated that construction could commence in 2014 subject to funding and the necessary powers being granted, with the line opening in 2016.

- 2.3 A Best and Final Funding Bid (BAFB) was submitted to the Department for Transport (DfT) by HCC on 9 September 2011 and a decision on the award of funding is expected to be made in December 2011. Although, LU/HCC are working towards a submission in December 2011, it is now more likely to be in January 2012 post any decision on funding.

3 CURRENT STATUS

Project Requirements and Design

- 3.1 LU has been working closely with HCC on the development of the scheme. The project requirements are outlined in the Project Requirements Specification which has been developed in conjunction with HCC and NR. The design has been fully developed to RIBA Stage C, which is the appropriate level for a TWAO application, and reflects the project requirements and engineering standards where appropriate.
- 3.2 LU is proposing to operate six trains per hour (tph) in the peak periods and four tph in the off peak periods to Watford Junction. Any additional rolling stock required to run the service will be funded by HCC and is included in its business case.

Project Costs

- 3.3 HCC has prepared a detailed schedule of the costs for constructing the Link. In preparing the estimates, HCC has used LU estimates for integrating power and signalling with the Sub Surface Upgrade Programme (SUP) plus procuring the additional rolling stock. The cost of the remaining works has been estimated using current book prices. HCC, together with LU and NR, has also completed quantified risk assessment and value engineering exercises to ensure value for money.

Programme Management and Procurement

- 3.4 HCC intend to lead the delivery of the project and that LU will be contracted to provide ticketing facilities, communications systems and power, along with signalling and rolling stock, as part of the project programme. LU and NR fulfil the role of systems integrator for their respective networks and have an important role to ensure their respective standards and requirements are met. HCC has experience of building major civil projects to time and budget and the new viaduct will be constructed mainly on council-owned land.

Funding

- 3.5 The availability of sufficient funding cannot be assured until an announcement by the DfT in December 2011. In the event of this funding not being forthcoming, the project would not be progressed any further. HCC is seeking to secure £76m from the DfT through its Local Authority Major Schemes programme with the remainder being financed by HCC and third party contributions such as section 106 contributions.
- 3.6 If, following completion of outline design in December 2012, capital expenditure is shown to be higher than originally estimated, HCC has confirmed that it will own the financial risk and will not look to TfL to bridge any funding gap.

Agreements/Access Arrangements

Joint Promotion Agreement

- 3.7 In order to secure the relevant powers to construct and operate the railway, it will be necessary to submit an application for a TWAO to the Secretary of State for Transport. It is proposed that LU and HCC will jointly promote the TWAO.
- 3.8 LU will ultimately take responsibility for operating and maintaining the new infrastructure being funded and provided by HCC up to the junction with NR's existing operational network. An extended Metropolitan line service would operate to and from Watford Junction over their Direct Current (DC) lines using the Automatic Train Operation system being deployed elsewhere on the Metropolitan line as part of the SUP. Joint promotion offers the best protection to LU to ensure its future interests and requirements for the new link are secured. An agreement, which clearly defines each party's role and responsibilities for promoting the TWAO, will be completed prior to submission of the TWAO application.

Track Access Rights

- 3.9 Under the scheme, Metropolitan line services would operate over NR's DC lines. Such use would be subject to an access contract with NR and be regulated by the Office of Rail Regulation (ORR). The access rights would be documented by means of an access contract, which would assure LU of the rights to run a specified level of service for a given period. ORR would ultimately have to approve both the quantum of services included in the option and the period LU was entitled to use them.

4 BUSINESS CASE

- 4.1 The primary objectives of the project are to:
- (a) enhance sustainable links to and between residents and employment, business, education, health and leisure opportunities within Watford and across Hertfordshire, and to key external attractors, notably North West and Central London and the national rail network, thus reinforcing Watford's role as a key transport hub north of London;
 - (b) promote economic and housing development by improving public transport linkages between current/potential employees, Watford town centre and the key development areas of Watford Junction, Watford Business Park / Ascot Road and the Watford Health Campus; and
 - (c) provide a credible alternative to car travel, with inherently lower environmental impacts per trip including noise and greenhouse gas emissions.
- 4.2 A detailed business case has been prepared by HCC, using DfT appraisal guidelines and parameters and was included in the BAFB submitted in September 2011. This concludes that the project is worthwhile in terms of social benefits with a benefit:cost ratio of 2.6:1.
- 4.3 Initially, all net revenue will be used to cover the cost of HCC's borrowing. The details of the payback period and the cost of borrowing are to be confirmed.

- 4.4 When HCC's borrowing has been paid, the net incremental revenue will be shared between LU and HCC.

5 SUPPORT FOR THE PROJECT

- 5.1 TfL has been clear with HCC that it is currently fully committed to the programme of works set out in the TfL business plan, and is not in a position to provide any upfront funding or guarantee future net incremental revenue from the Link as a way of underwriting borrowing for its construction. HCC has agreed to reimburse internal, external and third party costs properly incurred by TfL/LU.
- 5.2 However, TfL remains supportive of the project and recognises that it would bring significant benefits to Watford and north-west London. In addition, the scheme is included under Proposal 22 of the Mayor's Transport Strategy.
- 5.3 All capital expenditure for new infrastructure and any works required on the NR-operated section of line or at other locations on the LU network will be funded by HCC.

6 KEY IMPACTS

Environmental Considerations/Equality and Inclusion Implications

- 6.1 As part of the TWAO application, the proposals to construct the Link are the subject of a full environmental impact assessment and appropriate mitigation.
- 6.2 One of the key aims of the project is to improve access to local health, education, employment and leisure services, including Watford General Hospital and health campus. The new stations will both be fully step-free and include all standard accessibility features.

7 JOINT PROMOTION AGREEMENT

Joint Promotion

- 7.1 The parties will enter into a Joint Promotion Agreement which will govern their working relationship until such time as a TWAO is granted and consent is given for the closure of Watford station to passenger services.

Public Consultation

- 7.2 As part of the preparation for the TWAO submission, an extensive consultation exercise was conducted between May and August 2011. The results of the consultation indicate strong support for the scheme, although there is localised opposition to the closure of the existing terminus at Watford station. This will be subject to a separate closure process as detailed below.
- 7.3 All interested parties will be given the opportunity to make representations to HCC, LU and the Secretary of State for Transport on the TWAO. Depending on the extent and the nature of any objections, a public inquiry may be held.

Land Acquisition

- 7.4 HCC, LU and NR have been in discussions as to the acquisition of the requisite land interests. The expectation is that HCC would exercise the powers of compulsory acquisition (with flexibility for LU to do so if the parties agree) in the TWAO and then transfer the operational corridor up to the boundary with the DC Lines (together with any rights required to operate and maintain the railway over third party land) to LU for nil consideration once the railway is constructed. HCC will be responsible for funding the acquisition costs, associated Stamp Duty Land Tax liability and the costs of dealing with noise claims once the line comes into operational use.
- 7.5 The majority of the new Link will be constructed on the disused Croxley Green branch, which NR has agreed to transfer at nil consideration. Again, the expectation is that HCC will acquire the land from NR but will ultimately transfer the railway corridor to LU once the works are completed, also at nil or nominal value.
- 7.6 Any party with a legal interest in land acquired on a temporary or permanent basis for the construction and/or operation of the Link will be entitled to compensation in accordance with the Compulsory Purchase Code that is proportionate to any losses that it may incur as a result of the acquisition of the land.

Deemed Planning Permission

- 7.7 The Secretary of State for Transport will be asked to make a direction granting deemed planning permission for any works authorised by the TWAO.

Statutory Authority

- 7.8 The TWAO powers would provide a statutory defence to nuisance proceedings on the grounds that interference with any public or private rights caused by the use of the Link is justified by the wider public benefit that the project delivers.

Closure of the existing terminus at Watford station

- 7.9 LU will need to follow a separate closure process in order to discontinue the provision of passenger rail services to Watford station on a permanent basis. This involves giving public notice of the proposed closure, with any objections being sent to London TravelWatch. A public hearing may then be held and a report prepared by London TravelWatch, which is issued to the Mayor for his decision as to whether or not to consent to the closure.
- 7.10 It is proposed that the closure process be undertaken in parallel with that for obtaining TWAO powers.

8 ALTERNATIVES

- 8.1 The current proposals involve LU and HCC jointly promoting a TWAO while HCC will deliver the majority of the infrastructure for the Link for subsequent transfer to LU to commence operation of the railway service. In the absence of a TWAO, HCC and LU would not have the appropriate powers to acquire land and construct and operate a railway.

- 8.2 An alternative would be for HCC alone to promote the TWAO and deliver the infrastructure. Joint promotion offers the best protection to LU to ensure its future interests and requirements for the new link are secured.

9 OVERALL PROGRAMME

- 9.1 The current key milestones for the project are as follows:

HCC full council resolution granted to submit TWAO	November 2011
TfL Board and Mayoral consent received to submit TWAO	December 2011
TWAO application submitted	December 2011
Confirmation of DfT funding received	December 2011
Notice of Intention to hold a Public Inquiry issued	January 2012
Commencement of Watford Met station closure process	February 2012
Public Inquiry held	Autumn 2012*
Decision by Secretary of State announced	Summer 2013*
Work commenced on site	Summer 2014*
Service to Watford Junction commenced	Summer 2016*

* indicative dates only

10 CORPORATE GATE A+ REVIEW FINDINGS

- 10.1 A Corporate Gate A+ review of the project has been undertaken by the Independent Investment Programme Advisory Group (IIPAG) and the Investment Programme Management Office. Engagement with the IIPAG continues with its recommendations being further reviewed and taken forward.

11 RECOMMENDATIONS

- 11.1 The Board is asked to NOTE the paper and:

- (a) APPROVE the submission of an application for an Order under the Transport and Works Act 1992 (TWAO) on the basis of joint promotion with Hertfordshire County Council (HCC) that provides all the powers required to construct and operate the Croxley Rail Link;
- (b) DELEGATE authority to the Managing Director, Rail and Underground (or in his absence, General Counsel) to:
 - (i) agree the terms of the Joint Promotion Agreement (between TfL, LU and HCC) and other associated agreements including all arrangements for delivery of the scheme;
 - (ii) agree the final terms of the application (including the land and interests to be subject to the Order) for the TWAO;
 - (iii) obtain the Mayor's written consent to apply for the TWAO (as required by the Greater London Authority Act 1999); and
 - (iv) do everything else necessary, including signing and/or sealing any documents, agreements or notices required in connection with the

submission of the application and promotion of the TWAO including responding to any objections and dealing with any public inquiry that may be held in relation to the proposals; and

- (c) ENDORSE commencement of the formal process for the future closure of the section of Metropolitan line to the existing Watford terminus station in parallel with TWAO application being made.

12 CONTACT

- 12.1 Contact: Gareth Powell, Director of Strategy & Service Development,
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Map of scheme

