

Date: 26 January 2017

Item: **Tottenham Court Road West Oversight Development Update**

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**This paper will be considered in public**

**1 Summary**

- 1.1 The Finance Committee (and previously the Finance and Policy Committee) approved the funding necessary to enable the construction of the shell and core of the oversight development (OSD) at Tottenham Court Road West (TCRW). After considering the various exit options, TfL has now decided on a preferred exit strategy which is reported to the Committee for noting.
- 1.2 A paper is included on Part 2 of the agenda which contains exempt supplementary information. It is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it concerns information relating to the business affairs of TfL.

**2 Recommendation**

**2.1 The Committee is asked to note:**

- (a) the paper and the supplementary information in Part 2 of the paper;**
- (b) TfL's proposal that Crossrail Limited (CRL) should proceed with the strategy to sell the completed shell and core of the over site development (OSD) at Tottenham Court Road West (TCRW) on the open market; and**
- (c) should an acceptable agreement be reached for a disposal of the OSD at TCRW:**
  - (i) all necessary authorities will be obtained in accordance with TfL's Standing Orders, including Land Authority; and**
  - (ii) the Mayor's Opinion will be sought in accordance with paragraph 12 (1) to Schedule 11 to the Greater London Authority Act 1999.**

**3 Background**

- 3.1 On 30 July 2015, the Finance and Policy Committee granted Project Authority to enable completion of the shell and core of the OSD above the new TCRW Crossrail station using the current station contractor, Laing O'Rourke (LOR), prior to the station opening in December 2018.
- 3.2 On 13 October 2016, the Committee approved an increase in Project Authority in respect of additional costs that were identified following further design

development of the OSD shell and core. In so doing Committee members requested a further briefing paper on TfL's exit options and its preferred exit strategy on completion of the shell and core works, as this had not yet been determined.

- 3.3 Subsequently, TfL undertook a detailed exit options appraisal in respect of the completed shell and core OSD and the potential fit out and sales opportunity. The three key exit options considered were:
- (a) Option 1: Open market sale of the shell and core (Base case);
  - (b) Option 2: Joint Venture through Property Partnerships Framework panel; and
  - (c) Option 3: Direct development (completion of fit out and unit sales).

## **4 Exit Options**

- 4.1 The three exit options were assessed based on TfL's organisational capacity for this type of project, the, likely timing of receipts, reputational factors and a financial appraisal.
- 4.2 The preferred OSD exit option is Option 1, the open market sale of the shell and core.

## **5 Alternative Scenario**

- 5.1 CRL has advised that it is still negotiating the final works information, employer's requirements and contract sum with LOR. As this is a negotiated variation to an existing station contract there is a possibility that CRL might not reach agreement with LOR on a satisfactory guaranteed maximum price that can be accepted in accordance with the independent cost plan. In the event that CRL cannot agree the contract price to build the shell and core with LOR, the potential alternative option is for TfL to dispose of the OSD deck only, when it is handed over in Q3 2017.
- 5.2 CRL will provide an update on negotiations with LOR at the Committee meeting. If the contract price for the shell and core cannot be agreed at an acceptable level, the development deck will be prepared for sale and the disposal options will be considered again following which the Committee will be updated.

### **List of Appendices to this paper:**

None

### **List of Background Papers:**

Papers to the Finance and Policy Committee on 30 July 2015

Papers to the Finance Committee on 13 October 2016

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