

Board

Date: 6 February 2013

Item 8: London Overground Capacity Improvement Programme



This paper will be considered in public

1 Summary

- 1.1 This paper sets out progress achieved by the London Overground Capacity Improvement Programme (LOCIP). It requests that the Board grant Project and Procurement Authority for the programme, authority to enter into lease agreements for rolling stock and authority to place rolling stock contracts. The amounts requested are within the funding available in the Business Plan for this programme.
- 1.2 At its meeting on 8 January 2013, the Projects and Planning Panel noted the proposals in this paper and supported the recommendations. On 23 January 2013, members of the Finance and Policy Committee also considered the proposals and supported the recommendations.
- 1.3 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 business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendations

2.1 The Board is asked to:

- (a) note the paper;**
- (b) grant Project and Procurement Authority for the infrastructure capital expenditure and operating expenditure (including rolling stock leasing costs) as detailed in the supplemental paper included on Part 2 of the agenda;**
- (c) grant approval to enter into a lease agreement ending in 2027 for additional rolling stock, together with such further agreements and documents as are required or desirable in connection with or to give effect to the transaction;**
- (d) grant approval to enter into variations of existing contracts for the supply and maintenance of rolling stock, together with such further agreements and documents as are required or desirable in connection with or to give effect to these transactions;**

- (e) **delegate to the Subsidiaries and TfL Officers (as described in paragraph 2.2 below) authority to approve and finalise the terms of the lease agreement, the variations to the rolling stock contracts and such further agreements and documents as are required or desirable in connection with these transactions and authorise the agreement and execution (whether by deed or otherwise on behalf of TfL or any Subsidiary, as appropriate) of any documentation to be entered into in connection with these transactions (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents); and**
- (f) **authorise the TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate such transactions;**

2.2 The following Officers and Subsidiaries shall have delegated authority:

- (a) **TfL Officers: the Commissioner, Managing Director Rail and Underground, Managing Director Finance and General Counsel.**
- (b) **Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be forms) of Transport Trading Limited and any of the directors of the relevant company shall be authorised to act for and on behalf of that company.**

3 Background

- 3.1 LOCIP is a programme of works addressing the increasing demand on the London Overground network. It includes conversion of the existing fleet of London Overground Class 378 four car trains to five car trains on all routes. To achieve this increase in capacity, a series of infrastructure enhancements are required including:
- (a) additional stabling at Silwood Triangle and Willesden and the associated connections to the network;
 - (b) reconfiguration of New Cross Gate Depot and Willesden Train Maintenance Depot to enable maintenance of the five car fleet;
 - (c) platform extensions, signalling and associated systems works;
 - (d) infrastructure changes to support additional capacity (including enhancement of existing turn-back sidings); and
 - (e) procurement of new Class 378 rolling stock cars to extend the existing four-car units to five-car units plus potentially additional five car units to increase peak service frequency.
- 3.2 Delivery of five car services on the East London Line (ELL) by December 2014 is provided for in the TfL Business Plan.
- 3.3 The LOCIP works deliver against all six goals in the Mayor's Transport Strategy, and specifically addresses Proposal 8 (increase capacity on London Overground) and Proposal 14 (provision of further capacity to orbital movement).

- 3.4 Since taking over the Silverlink Metro franchise in November 2007, demand on the Overground has grown by 160 per cent on the original network (2.57 million to 6.78 million customers per four weekly period). When the extended ELL is included, demand has increased by 280 per cent (2.57 million to 9.83 million customers per four weekly period).
- 3.5 Extra capacity (longer and more frequent trains) has already been provided, as the level of growth is in line with forecasts, but there is now severe overcrowding on some sections of the network at peak times. Demand is forecast to increase by a further 25 per cent on the existing Overground network by 2021, based on population and employment projections in the London Plan. If left unaddressed, widespread severe overcrowding is expected to occur.
- 3.6 LOCIP addresses this problem in the medium term (to the mid 2020s), by providing permanent benefits of extra capacity. Various schemes that could provide additional capacity were examined. The five car option provides the optimum solution, derived from additional capacity to meet growing demand, and hence a reduction in crowding.
- 3.7 The benefit cost ratio for the five car option is better than any other feasible train lengthening option, as the engineering challenge and costs increase disproportionately with increases in train length. Greater frequencies are not readily achievable in the short term, other than on certain small sections, due to a number of operating constraints. If these constraints were resolved in the future (by re-signalling or reallocating capacity) then further value from the five car option would be realised as the extra trains that could then be added would be longer five car trains.
- 3.8 It may be desirable to provide further additional capacity by the mid 2020's and this ties in with both the end of the current rolling stock lease arrangements and potential changes connected with High Speed 2. As part of LOCIP, where reasonably practical, provision is being made to accommodate six car trains. It should be understood that even if the five car trains ultimately become as full as current four car trains the benefits of five car are not 'lost', the trains are still carrying 25 per cent more passengers than they would as four car units.
- 3.9 Works to the Gospel Oak to Barking route to increase train length from two car to three car are excluded from this paper. Proposals will only be brought forward when funding sources have been identified.

4 Current status

- 4.1 Design is underway for the infrastructure improvements to support a five-car fleet. The contracting strategy is being finalised and in January 2013 invitations to tender for the enabling works will be issued.
- 4.2 GRIP Stage 3 designs (option selection reports) are now being issued by TfL's designers for review and approval by the relevant stakeholders. The design will then progress immediately to GRIP Stage 4 (single option development) and then to procurement.

- 4.3 An initial baseline (BL0) was approved on 23 November 2012, which includes an approved scope of works, programme, budget and risk register. TfL standard risk management and project controls have been put in place and changes to these products will now be via the change control process.
- 4.4 A planning application for the proposed new sidings at Silwood Triangle was submitted to the London Borough of Lewisham (LBL) on 30 November 2012. Pre-application stakeholder consultation has been completed by TfL and a positive pre-application advice letter has been received from LBL.
- 4.5 Negotiations are well advanced regarding necessary land purchase adjacent to New Cross Gate Depot maintenance shed.
- 4.6 Positive discussions are underway with Network Rail (NR) regarding delivery of works on its infrastructure and it is expected that necessary contractual arrangements will be agreed in line with the programme. TfL has currently entered into Basic Asset Protection Agreements with NR, to enable NR to support design development by TfL – for example by the provision of NR asset records.
- 4.7 Discussions have taken place to procure additional rolling stock from Bombardier Transportation, the manufacturer, and QW Leasing.
- 4.8 Discussions are also being held on a price for the two additional units to enhance ELL frequency.
- 4.9 Positive discussions have taken place with the European Investment Bank (EIB) in respect of possible involvement with the part-financing of the additional rolling stock.

5 Next steps

- 5.1 **Rolling Stock Procurement:** Conclude commercial terms with Bombardier Transportation on the price and programme of build for the additional cars and undertake detailed negotiations with QW Rail Leasing (and the EIB) to incorporate these cars into the existing leasing arrangement.
- 5.2 **East London Line:** Complete the necessary design deliverables and commence procurement of programme critical works contracts. In order to meet the December 2014 programme objective it is proposed to start the tender process for the following contracts in January 2013:
 - (a) Silwood Triangle stabling enabling works; and
 - (b) Silwood Triangle switches and crossings long lead procurement.
- 5.3 Obtain planning consent for sidings works at Silwood Triangle.
- 5.4 Complete acquisition of land necessary to extend New Cross Gate Depot maintenance shed. Apply for and obtain necessary planning consents and commence works.
- 5.5 Tender main works contracts from March 2013 and award from July 2013, with construction planned from September 2013.

- 5.6 **North London Line (NLL):** Complete design development of changes to NR's Willesden Train Maintenance Depot and associated sidings along with other required infrastructure changes. In parallel, further develop the procurement and contracting strategy to support award of works contracts from September 2013. Obtain necessary agreements and consents for depot and stabling facilities.
- 5.7 **Network Rail Works:** Conclude negotiations with NR and enter into necessary agreements to enable the necessary on-network works to the ELL and NLL. It is currently proposed that the majority of works on NR infrastructure will be delivered by TfL as third party works, supported by NR.

6 Risk

- 6.1 The most significant project risks identified within the project risk register can be summarised as those related to:
- (a) delays to rolling stock agreements, procurement and delivery;
 - (b) delays to commencement and commissioning of Silwood Triangle stabling facility, which is a predecessor to the modifications at the existing New Cross Gate depot which enables the introduction of the five-car trains;
 - (c) delays to modification of New Cross Gate Depot and Willesden Train Maintenance Depot;
 - (d) necessary approvals to allow the introduction of the required Selective Door Opening; and
 - (e) agreement by Network Rail to work on their infrastructure on the London Overground network and in particular Willesden Train Maintenance Depot.

7 Views of the Projects and Planning Panel

- 7.1 At its meeting on 8 January 2013, the Projects and Planning Panel noted the proposals in this paper and supported the recommendations. Members were informed that all issues raised by the Project Management Office and Independent Investment Programme Advisory Group on the programme had been addressed.

8 Views of the Finance and Policy Committee

- 8.1 The members of the Finance and Policy Committee present on 23 January 2013 considered the paper. They noted the views of the Projects and Planning Panel and supported the recommendations.

List of appendices to this report:

Exempt supplemental information is included in a paper on Part 2 of the agenda.

List of Background Papers:

None

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