

Date: 8 March 2017

Item: Crossrail 2

This paper will be considered in public

1 Summary

- 1.1 In March 2016, the National Infrastructure Commission (NIC) recommended that Crossrail 2 should be taken forward as a priority. In response, the Chancellor committed £80m, with the Mayor providing a further £80m of match funding, to produce a revised business case in March 2017, and to prepare and submit to Parliament in 2019 a Hybrid Bill to secure powers for the scheme.
- 1.2 On 19 July 2016, the Board agreed an increase in the total Project Authority to £55.07m, allowing the completion of the Crossrail 2 Strategic Outline Business Case (SOBC) in March 2017. That authority also provided for a further public consultation during 2016 and the mobilisation of design consultants in February 2017, to prepare for the Hybrid Bill development. The re-timing of those activities, at the request of Government, plus cost efficiencies elsewhere, means the current Project Authority is sufficient to support planned activities until early June 2017.
- 1.3 The current TfL Business Plan provides Financial Authority of £160m, consistent with the commitments made in March 2016. The Plan assumes that the Secretary of State for Transport will reaffirm his commitment to the Hybrid Bill preparation in May 2017, as per the Chancellor's 2016 schedule. The Mayor has already confirmed his commitment.
- 1.4 Should the commitment be made, TfL and the Department for Transport's (DfT's) detailed plans for the preparation of the Bill will be implemented, and Programme and Project Authority to the end of March 2018 will be sought from the Committee at its next meeting on 28 June 2017.
- 1.5 This paper requests, as an interim measure, an increase in Programme and Project Authority by £11.61m to a total of £66.68m, to support planned activities to the end of August 2017.
- 1.6 A supplemental paper is included on Part 2 of the agenda, which contains exempt supplementary 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 Recommendation

- 2.1 The Committee is asked to note the paper and the supplemental paper included on Part 2 of the agenda, and approve an increase in total Programme and Project Authority for Crossrail 2 to £66.68m.**

3 Background

- 3.1 Crossrail 2 is a proposed new railway serving London and the wider South East. It will connect National Rail networks in Surrey and Hertfordshire via new tunnels and stations between Wimbledon, Tottenham Hale and New Southgate, linking with the Tube, Overground, Crossrail 1 and national and international rail services. It will increase capacity on the most congested parts of Underground and mainline rail routes into London, improve connectivity of the capital's network and improve the customer experience of rail travellers.
- 3.2 On 19 July 2016, the Board approved a total Project Authority of £55.07m, to support Crossrail 2's development to 31 March 2017. Following the Board's approval, an integrated TfL, Network Rail and DfT project team, led by TfL's Managing Director of Crossrail 2, has worked to update the Business Case and develop the funding strategy.
- 3.3 The previous Chancellor and the Secretary of State for Transport, together with the Mayor, agreed to the appointment of Lord Adonis as the Chair of a Crossrail 2 Programme Board. The Programme Board was established in July 2016 and comprises officers from TfL, the Greater London Authority, the DfT, Network Rail, the Department for Communities and Local Government, HM Treasury, the Infrastructure and Projects Authority, and independent members with particular expertise. The Programme Board has overseen the preparation of the updated Business Case.

4 Business Case Preparation

- 4.1 The SOBC has been presented at briefings to both the Mayor and the Board during February 2017. The SOBC confirms the need for Crossrail 2, to prevent overloading of the transport network and constraints on economic growth that will otherwise occur in the mid-2030s. The SOBC was presented to the Crossrail 2 Programme Board on 22 February 2017 and is scheduled for presentation to the DfT Business Investment Commercial Committee on 20 March 2017. The Secretary of State for Transport's response to the SOBC is expected by the end of May 2017.
- 4.2 A request by Government to defer public consultation (planned for 2016) and the appointment of design consultants, combined with cost efficiencies elsewhere, mean spend during 2016/17 has been less than planned. Consequently, the approved Project Authority is forecast to be sufficient to support an extra two months of planned activities, until early June 2017.

5 Preparation for the Development Phase

- 5.1 The plan for the Crossrail 2 programme is divided into three phases; Development, Pre-Delivery and Delivery. The Development Phase comprises the activity required to submit a Hybrid Bill before the end of 2019. The decisions to defer the public consultation and the award of design contracts until May 2017, however, have condensed the Hybrid Bill preparation to a 24 month duration that, while challenging, remains deliverable.
- 5.2 Preparations have been made to ensure a prompt start to the Development Phase. Design contracts are being tendered and plans are being made for the next round of public consultation to start after the Secretary of State for Transport's view of the SOBC is confirmed. Procurement Authority for this appointment will be secured at officer level in accordance with Standing Orders.
- 5.3 A summary of the estimated Development Phase costs is included in the supplementary paper on Part 2 of the agenda.

6 Proposal

- 6.1 To avoid a hiatus in June 2017, when the existing Authority will have been exhausted but the Committee is yet to meet, it is recommended that the Committee approves an interim increase in Programme and Project Authority of £11.61m. The Programme and Project Authority is sufficient to support planned activities to the end of August 2017, including design mobilisation and the launch of public consultation.
- 6.2 Following confirmation of the Government's commitment in May 2017, plans for the Development Phase will be finalised and a revised Programme and Project Authority will be sought at the meeting of the Committee in June 2017.

7 Financial Implications

- 7.1 The TfL Business Plan provides Financial Authority for the £160m to prepare the Hybrid Bill.
- 7.2 The Government contribution is front-loaded as set out in Table 1. The funding paid to TfL is to cover the costs of both TfL and Network Rail teams, who are working to jointly to develop the project.

	£m	2016/17	2017/18	2018/19	2019/20	Totals
TfL funding		0	25	46	9	80
DfT funding		26	35	19	0	80
Total		26	60	65	9	160

Table 1: Crossrail 2 funding profile for 2016/17 to 2019/20

8 Assurance

- 8.1 The project was reviewed by TfL Project Assurance and Independent Investment Programme Advisory Group (IIPAG) in August 2016. In addition, to support this paper, TfL Project Assurance carried out a further Targeted Assurance Review (TAR) in February 2017. Neither report raised any material concern.
- 8.2 Government is set to complete a Project Assessment Review (PAR), in advance of the review of the Business Case by HM Treasury. That review will be conducted by the Infrastructure and Projects Authority from 6 March 2017. TfL Project Assurance will be represented on the PAR review team, and will submit a report to the next meeting of the Committee, listing its findings.
- 8.3 For the future, DfT and TfL have agreed an Integrated Assurance and Approval Plan, describing how the assurance activities of TfL, the DfT and Network Rail will be brought into alignment in order to provide sponsors with a comprehensive view of performance and risk, while minimising the demands placed by assurance processes on the project.

List of appendices to this report:

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

List of Background Papers:

None

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