



Date: 5 February 2014

**Item 11: Network Rail Settlement Agreements on East London Line and North London Railway Infrastructure Projects**

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**This paper will be considered in public**

**1 Summary**

- 1.1 The purpose of this paper is to update the Board on the recent settlement discussions with Network Rail (NR) in relation to works on the East London Line (ELLP) Phase 1 Project south of New Cross Gate, on the ELLP Phase 2 Project at Clapham Junction and on the North London Line as part of the North London Railway Infrastructure Project (NLRIP). It also recommends that the Board approve the proposed settlement and increases in both Project and Procurement Authorities to accommodate the settlement. No increase to the existing Project Authority for ELLP Phase 2 is required.
- 1.2 This settlement is fully provided for within the current TfL Business Plan.
- 1.3 At its meeting on 23 January 2014, the Finance and Policy Committee noted the proposals in this paper and supported the recommendations to the Board.
- 1.4 The paper included on Part 2 of the agenda contains exempt supplemental information. The information is exempt by virtue of paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL and issues where a claim to legal professional privilege could be made. 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 note the paper and the supplemental paper on Part 2 of the agenda and:**
  - (a) **note the current position;**
  - (b) **approve the settlement of the disputes arising under the East London Line (ELLP) Phase 1, ELLP Phase 2 and North London Railway infrastructure Project (NLRIP) project agreements with Network Rail (NR) substantially on the terms described in the paper on Part 2 of the agenda;**
  - (c) **approve increases in Project Authorities on the ELLP Phase 1 and on the NLRIP projects, as set out in the paper on Part 2 of the agenda;**

- (d) **approve increases in Procurement Authorities to cover the total settlement value across all the relevant project agreements with NR relating to ELLP Phase 1, ELLP Phase 2 and NLRIP, as set out in the paper on Part 2 of the agenda;**
- (e) **delegate to the Subsidiaries and TfL Officers (as described in paragraph 2.2 below) authority to negotiate, approve and finalise the terms of the settlement agreement and authorise execution (whether by deed or otherwise on behalf of TfL or any Subsidiary, as appropriate) of the settlement agreement and any other documentation to be entered into in connection with the settlement agreement; and**
- (f) **authorise the TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate finalisation of the settlement agreement.**

**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 formed) 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 TfL entered into agreements with NR to undertake improvement works on the Overground Network as part of the Orbital Rail programme. These works involved infrastructure improvements on the East London Line south of New Cross Gate (under the ELLP Phase 1 project), at Clapham Junction (under the ELLP Phase 2 project) and on the North London Railway (under the NLRIP project).

3.2 The paper on Part 2 of the agenda provides an update on these discussions and the agreed final account position, subject to approval.

### **4 Views of the Finance and Policy Committee**

4.1 At its meeting on 23 January 2014, the Finance and Policy Committee noted the proposals in this paper and supported the recommendations to the Board.

4.2 The Committee was keen for TfL to seek more influence on rail maintenance and construction projects where TfL's services ran over Network Rail's assets, particularly as TfL would be taking on responsibility for some suburban rail services,

**List of appendices to this report:**

None

**List of Background Papers:**

None

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