

Board

Date: 3 July 2013

Item 9: Crossrail: Woolwich Station Fit-out



This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to ask the Board to grant authority to TfL's Sponsor Board members to authorise the Crossrail Sponsors Requirements to enable the fit-out of the Crossrail Woolwich station.
- 1.2 Changes to the Crossrail Sponsors Requirements of a value greater than £50m and the approval of agreements associated with the fit-out of Woolwich station are matters reserved to the Board. It should be noted that the Department for Transport (DfT), as joint Crossrail sponsor, is also required to approve the change.
- 1.3 At its meeting on 23 May 2013, the Finance and Policy Committee noted the proposals and supported the recommendations to the Board.
- 1.4 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 and the related paper on Part 2 of the agenda; and**
- (b) approve the funding arrangements as detailed in the supplemental paper on part 2 of the agenda;**
- (c) authorise TfL entering into the funding agreements with Berkeley Homes and Royal Borough of Greenwich and any other documentation in connection with the fit-out of Woolwich station;**
- (d) authorise the TfL representatives on the Crossrail Sponsor Board (being the Managing Director, Finance and Director, Major Programme Sponsorship) to agree the proposed change in Sponsors Requirements, so as to enable CRL to implement the fit-out of Crossrail Woolwich station; and**
- (e) authorise the TfL Representatives, or their alternates, on the Crossrail Sponsor Board to do all such other things as they consider necessary or desirable to facilitate the above arrangements including finalising the**

terms of and entering into any documentation relating to the arrangements.

3 Background

- 3.1 The original Crossrail scheme as presented in the hybrid bill did not include a station at Woolwich. After the Commons Committee stage, the Government agreed to amend the bill so that powers for a Woolwich station were included, but emphasised that there would be no additional public money. The DfT entered into an agreement for the box construction with Berkeley Homes (BH) but the fit out arrangements were left open. The expectation was that a solution would be based on developer contributions and private finance.
- 3.2 In February 2011, TfL, the DfT, Crossrail Limited (CRL) and BH reached a revised agreement and entered into the Woolwich Station Box Deed (the Box Deed). This agreement provided for BH to construct a station box at Woolwich in return for a fixed payment from CRL, with BH owning the risk of any cost escalation.
- 3.3 BH successfully completed the Woolwich station box in February 2013, four months ahead of schedule. The eastern end of the box was handed over to CRL in early March 2013.
- 3.4 Under the Sponsors Requirements as agreed in 2008, CRL is required only to enable Crossrail trains to run through the box structure (through running). Delivery of a full operational station would require a significantly greater package of fit-out works to be delivered which are currently outside the scope and funding envelope of the Crossrail project. The Box Deed left open the question of how the fit-out of the box would be funded.

4 Current status

- 4.1 At present the fit-out of the station remains unfunded and CRL's base case assumption continues to be to progress the through running option. CRL has advised that an instruction to proceed with fit-out is required by July 2013 if fit out works are to be delivered in a cost efficient manner in time for the opening of Crossrail services in 2018. Any deferral in the fit-out decision would not only increase delivery costs, it would also add risk to CRL's overall systems fit out and testing schedule (for which early completion of the south east leg is considered critical).
- 4.2 Although CRL could in theory be instructed to make passive provision for future fit-out, such that the station could be fitted out at a later stage once Crossrail services commence, the reality is that the cost and complexity of doing so would be significantly greater due to the constraints associated with working alongside a live operational railway. In addition, this approach would result in significant disruption to Crossrail services (e.g. blockades and closures of the south east leg) as a result of the works taking place.
- 4.3 Since the signature of the Box Deed, TfL and the DfT have worked with CRL and its funding partners, BH and the Royal Borough of Greenwich (RBG) to develop a funding package for the fit out of the station. Following extensive negotiations a

package for the overall capital cost of the works has now been agreed in principle. This sees significant contributions from RBG and BH, supplementing existing TfL and CRL budgets, to meet the overall capital cost of the works. The detailed terms of funding agreements with these parties are currently being finalised and are expected to be concluded by the end of June 2013.

- 4.4 CRL has produced a RIBA D design (design development stage) for the station and associated cost estimate for the fit-out works. It is this estimate that the funding package is based upon. Design work is currently continuing to RIBA E/F (technical design/production information).
- 4.5 The proposed design of both the station and BH's over-site development has evolved since the Box Deed was agreed. As a result, a deed of variation will be required to reflect these changes in the Box Deed prior to the separate funding agreement with BH being executed.

5 Business Case

- 5.1 There is broad recognition as to the merits of a station at Woolwich. The Mayor is very supportive of the scheme, subject to the necessary funding package being agreed.
- 5.2 The incremental business case for a station at Woolwich is strong. Taking account of the sunk costs of the station box and the third party funding contributions, the benefit cost ratio (BCR) is 2.82, as shown in the table below:

60 year Present Value 2002 Prices (£m)	Woolwich Station (with third party funding)
Present Value of Benefits	198
Present Value of Costs	-70
Net Present Value	128
BCR	2.82

- 5.3 Passengers using transport services serving Woolwich (National Rail and the Docklands Light Railway (DLR)) already experience high levels of crowding during the morning peak. This will only increase as passenger numbers rise as a result of population growth in the area surrounding Woolwich. Population in the Woolwich area is forecast to almost double between 2006 and 2026, while growth in public transport usage is forecast to be even greater. This will put enormous pressure on the existing transport services serving Woolwich and will no doubt lead to increased delays and congestion for passengers.
- 5.4 The key benefits from a Woolwich Crossrail station include:
 - (a) supporting sustainable economic development and population growth by increasing transport capacity and reducing congestion on the transport network. A Crossrail station at Woolwich will not only support the regeneration of Woolwich itself, but will also contribute to economic growth

across London;

- (b) improving transport connectivity around Woolwich by introducing a more direct route to Canary Wharf, City of London and the West End, thereby increasing the access to employment for residents living in and around Woolwich. Journey time savings from Woolwich (using Crossrail) are significant, around eight minutes to Canary Wharf and around 16 minutes to Liverpool Street;
- (c) reducing crowding on National Rail services into London Bridge by around 30 per cent. With the introduction of Crossrail services from Woolwich, large numbers of passengers would switch from National Rail and DLR services to Crossrail, making it the eighth busiest Crossrail station (ranked by 2026 AM peak boarders);
- (d) helping deliver Crossrail's projected wider economics benefits (GDP worth up to £42bn) through time savings and improved access (reduced congestion) to London's employment centres (Canary Wharf, City of London and the West End). Without a station at Woolwich, Crossrail would be unable to deliver all of these projected GDP benefits; and
- (e) improved journey ambience providing a clean, reliable service with clear information for passengers, a pleasant journey environment and high levels of in-vehicle security; and providing services that are accessible to the mobility impaired.

6 Procurement and Programme

6.1 CRL's key milestones for the construction are:

Activity	Date
Publish OJEU Notice	8 July 2013
Receive Final Works Information	1 November 2013
Issue of Invitation To Tender	28 November 2013
Tender returned	4 March 2014
Contract Award	1 August 2014
Complete Construction Work	15 May 2016

6.2 The fit-out works will be procured by CRL. The programme will utilise the NEC3 Option C Contract (Target Contract with Activity Schedule) with appropriate CRL amendments. The contract will make provisions, where appropriate, to include CRL requirements, specific targets, Key Performance Indicators, and appropriate incentives to ensure that the delivery achieves best value, commensurate with the rest of the Crossrail programme.

7 Next Steps

- 7.1 Agree amendments to the Box Deed with BH, CRL and the DfT in June 2013.
- 7.2 Finalise funding arrangements with BH and RBG in June 2013 and provide a verbal update to the Board on 3 July 2013.
- 7.3 Subject to Board approval and the finalisation of funding arrangements with BH and RBG, instruct Crossrail to implement Woolwich fit-out via the agreed Crossrail Sponsor change process.

8 Views of the Finance and Policy Committee

- 8.1 At its meeting on 23 May 2013, the Finance and Policy Committee noted the proposals and supported the recommendations to the Board.
- 8.2 Members raised questions on the source of funds for the proposed fit-out, the costs and proposed delivery. The Chairman of CRL confirmed that the CRL contribution was equivalent to the additional costs that it would still be required to fund for ventilation and an emergency exit if the station was not operational. CRL would be undertaking the works for a fixed contribution. While TfL was being asked to make a financial contribution to the station fit-out up front, it would receive the fare box income from the station.
- 8.3 The issues raised by the Committee are addressed within this paper and the related paper on Part 2 of the agenda.

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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