

Date: 17 June 2015

Item: Croxley Rail Link

This paper will be considered in public

1 Summary

ID/UIP2028		Croxley Rail Link		
Financial Authority P80 (Unbudgeted)	Estimated Final Cost (EFC) P50	Existing Project Authority	Additional Project Authority Requested	Total Project Authority P50 (Unbudgeted)
£ 304.68m	£ 284.40m	£ 2.628m	£ 281.772m	£ 284.40m

- 1.1 On 26 March 2015 the Mayor directed TfL to assume full responsibility for delivering the Croxley Rail Link project and to make arrangement for the transfer of the project from Hertfordshire County Council (HCC) to TfL. This will be reported to the Board by the Commissioner in his report to the next meeting. The decision is fully supported by the Department of Transport (DfT), HM Treasury and Hertfordshire County Council (HCC).
- 1.2 The DfT has approved funding of £284.40m for the Croxley Rail Link scheme of which TfL is providing £46.50m of unbudgeted funding. TfL is responsible for all costs in excess of the DfT approved funding level of £284.40m. The EFC of the project is £284.40m at P50.
- 1.3 The Committee is asked to recommend that the Board approves: the transfer of necessary Croxley Rail Link delivery and Transport and Works Act Order (TWAO) obligations from HCC to TfL; the entering into of appropriate agreements with HCC to facilitate the transfer of Croxley Rail Link, its funding and delivery generally; the requirement for a railway access agreement and station access agreements with Network Rail (NR) and the train operating companies respectively; the acquisition of land required for construction and operation of the Croxley Rail Link and note the DfT funding arrangements. The Committee is also asked to recommend that the Board approves increases in Financial and Project Authorities for the scheme.
- 1.4 In line with standard practice, the unbudgeted Financial Authority being sought equates to the P80 estimate – in this instance, £304.68m. The difference between the P80 and P50 estimates (£304.68m and £284.4m respectively) will be held as a central contingency by TfL Finance.

2 Recommendations

2.1 The Committee is asked to note the paper and recommend that the Board:

- (a) support the transfer of Croxley Rail Link delivery and associated Transport and Works Act Order obligations from Hertfordshire County Council (HCC) to TfL in line with the direction issued by the Mayor on 26 March 2015;**
- (b) approve the requirement to enter into appropriate agreements with HCC to facilitate the transfer and delivery of Croxley Rail Link subject to due diligence, in particular to cover its funding, its delivery and associated matters and approve the entering into of such agreements with third parties as may also be necessary or desirable to implement the transfer and facilitate delivery;**
- (c) approve the requirement to enter into a regulated track access agreement and connection agreement with Network Rail (NR) and station access agreements with the facility owners of Watford High Street station and Watford Junction station (currently London Midland) served by the Croxley Rail Link and any further agreements necessary or desirable for the operation of services over the Croxley Rail Link;**
- (d) authorise the acquisition of land owned by NR, Watford Borough Council and other third parties as may be required for the construction and operation of the Croxley Rail Link subject to carrying out due diligence, authorise TfL Officers and Subsidiaries (defined in paragraph 2.2 below) the ability to agree and execute (whether by deed or otherwise) on behalf of TfL or a Subsidiary (as appropriate) any documentation to be entered into in connection with such acquisitions and commitments and to do such other things as they consider necessary or desirable to facilitate the proposed acquisitions and commitments;**
- (e) note the funding arrangements set out in the Department for Transport funding letter to the Greater London Authority;**
- (f) grant an increase in Project Authority to £284.40m to deliver the Croxley Rail Link;**
- (g) approve Financial Authority of £304.68m providing a central contingency to be resolved as as part of the 2015/16 Business Planning process;**
- (h) note that Procurement Authority for the construction of the infrastructure works, acquisition of rolling stock and systems works is expected to be sought from the Committee on 30 July 2015 under authority delegated by the Board; and**
- (i) note that an increase in prudential borrowing of £30.50m that forms part of the TfL funding contribution has been approved by HM Treasury.**

2.2 **The following TfL Officers and Subsidiaries shall have delegated authority:**

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

3 Background

- 3.1 HCC's aspirations for the Croyley Rail Link scheme are long held. The scheme was formally initiated in late 2011, when DfT Ministers gave provisional approval to a £76.2m maximum HM Government contribution towards the then total Croyley Rail Link estimated scheme cost of £116m, against a forecast delivery into service date of May 2016. The balance was to be funded by HCC through a combination of Section 106 contributions, borrowing (against future net incremental revenue) and other local government sources, with the cost escalation risk also sitting with HCC. Similarly, the overall delivery structure was to be HCC led, with London Underground (LU) being responsible only for the delivery of certain defined elements of scope (railway systems scope, design assurance and railway systems integration) on a cost reimbursable basis. The then funding arrangements envisaged no direct TfL financial contribution.
- 3.2 Since 2011, and in particular from late 2013 onwards, HCC has been reporting a steadily worsening position in terms of cost escalation and programme slippage. In mid 2014, the DfT began considering a number of options to address the emerging funding gap, but in doing so made clear its view that overall delivery responsibility for scheme should be transferred from HCC to LU.
- 3.3 In response to this, in January 2015, TfL commissioned an external expert (AECOM) to undertake a due diligence exercise of the current status of the project. The external expert concluded that the outturn costs for the full Croyley Rail Link scheme should be £284.40m, including risk at a P50 level. It is this AECOM estimate which has formed the basis of the funding package now agreed by the Mayor, HM Government and local funding partners (primarily HCC).
- 3.4 On 26 March 2015, the Mayor directed TfL to assume full responsibility for delivering the entire project including civil engineering works, systems and the procurement of additional rolling stock. This represents a transfer of full delivery responsibility from HCC to TfL. The Mayor has also directed that TfL contribute a total of £46.5m to the overall funding package agreed with HM Government of £284.40m, and take cost risk over and above this level
- 3.5 This paper seeks to give effect to the Mayor Direction by securing the required Board approvals in line with normal processes under Standing Orders. In the meantime, detailed transition planning is underway to secure the smooth handover of delivery responsibility from HCC to LU.

4 Business Case

- 4.1 The business case for Croyley Rail Link will remain the responsibility of HCC. In February 2015, HCC has presented a revised business case (based on the AECOM P50 cost estimate) to the DfT, and this has been approved by DfT and HM Treasury Ministers.
- 4.2 The project contributes to Proposal 22 of the Mayor's Transport Strategy that identifies the Croyley Rail Link as a long term enhancement and extension of the Underground network to help facilitate access to jobs, connectivity to central London, enhancement of radial routes and improving physical access to the transport system.

5 Transfer Arrangements

- 5.1 Following the Mayoral direction, TfL has begun detailed planning for transition of the project from HCC into LU. TfL and HCC have agreed an open and co-operative approach for the transition of the scheme, and are aiming to complete the transition by the end of July 2015. The planned schedule for transition completion is set out in more detail in Section 8 below.

6 Funding Arrangements

- 6.1 The funding package for Croyley Rail Link has been agreed by HM Government, HCC (representing local funding partners) and the Mayor, and is summarised in the table below:

Funding Partner	Amount £m	Amount £m
Department for Transport		109.82
Transport for London		
Transport for London Prudential Borrowing	30.50	
Transport for London Growth Fund	16.00	
Transport for London Total		46.50
Third Party Funding		
Hertfordshire Local Enterprise Partnership (LEP)	87.85	
HCC and Watford Borough Council (WBC)	40.23	
Third Party Total		128.08
Total Funding		284.40

- 6.2 The TfL contribution to the Croyley Rail Link of £46.50m is unbudgeted and comprises a £30.5m increase in the TfL prudential borrowing limit (which has been approved by HM Treasury) and £16m from TfL's growth fund. With regard to the increase in TfL borrowing, net incremental revenue from the scheme will now be retained, whereas under the previous funding arrangements it would have been payable to HCC.

- 6.3 All the above funding contributions have been confirmed in exchanges of letters between HMT, DfT, GLA and HCC. The precise phasing of contributions is still being finalised, in line with LU's ongoing review of the delivery schedule, which is being progressed as part of the transition phase.

7 Scope of Croxley Rail Link Scheme

- 7.1 The scope of the Croxley Rail Link scheme comprises two new junctions: one north of Croxley Metropolitan line station and a second linking the Croxley Rail Link into the existing NR track south of the existing Watford High Street station. From the Croxley junction the route traverses roads and a canal via a new viaduct leading to the first new Croxley Rail Link station at Ascot Road (to be known as Cassiobridge) and a second new station at Watford Vicarage Road.
- 7.2 The signalling will be based on LU legacy technology whilst route paths on the NR sections will rely on modified NR signalling¹. Earthworks and bridges on the disused NR section will be upgraded to modern loading and gauge standards. An island platform will be extended at Watford Junction to berth the Croxley Rail Link trains and both NR Watford Junction and Watford High Street will be equipped with LU train dispatch equipment.
- 7.3 Once complete, the intent is to run six Metropolitan trains per hour (tph) service in the peak to NR Watford Junction and a four tph service in the off-peak. The service will share two NR stations, Watford High Street and Watford Junction, with London Overground (currently LOROL) and London Midland services.
- 7.4 The Mayor agreed in 2013 to the closure of the existing Watford Metropolitan station when the Croxley Rail Link becomes operational. The closed Watford Metropolitan station has the capability to stable five trains overnight and to serve as a reversing point for Metropolitan line trains.

8 Current Status

Planning

- 8.1 A TWAO was made for the construction and operation of the Croxley Rail Link on 31 July 2013 and came into force 21 August 2013. Deemed planning permission was granted at the same time.

Design

- 8.2 HCC has let a two stage two part design and build (D&B) contract to Taylor Woodrow for the infrastructure design up to RIBA Stage 3 (Stage 1) followed by construction (Stage 2). Detailed design is progressing to a completion date of November 2016.

Property Acquisition

- 8.3 Property negotiations and agreements have historically been managed by HCC supported by a range of estate and property consultants. The majority of land area required by the Croxley Rail Link is owned by NR, Watford Borough Council

¹ The upgrade of the Croxley Rail Link signalling to ATC falls within the Four Lines Upgrade Programme and does not therefore form part of the scope of the Croxley Rail Link scheme.

or Three Rivers District Council.

- 8.4 HCC has had detailed negotiations with a number of parties which are at various stages of completion, therefore, certain property may initially be in HCC's name whilst others will be directly vested in TfL. It is TfL's intent that the management of property acquisition is fully transferred to TfL thus ensuring control over outcomes, costs and potential compensation. The property acquisition will thus be fully integrated into TfL's delivery programme, and the due diligence associated with this forms a key part of the overall plan to transition the project delivery responsibility from HCC into TfL.
- 8.5 All purchased property, for operational use, will eventually be vested in TfL. For example, the disused NR route earthworks and under bridges, supporting the Croxley Rail Link, may be initially transferred to HCC and then to TfL. There are some surplus elements of the NR land not needed for the railway which HCC is intending to retain, including the site of the former Croxley Green Station and a redundant lattice bridge over the River Gade. As these will have ongoing liabilities, TfL will not be taking ownership.

Procurement

Infrastructure Works

- 8.6 As mentioned in paragraph 7.2 above, HCC currently has in place a two stage D&B contract for the Croxley Rail Link scheme with Taylor Woodrow. Stage 1 Design has been awarded and design is underway. To ensure continuity of design effort and to secure intellectual property rights to the design, it is planned currently that the Stage 1 Design Contract will be novated to TfL by joint agreement with HCC and the contractor.
- 8.7 Prior to the decision to transfer delivery responsibility to LU, HCC's intent had been to award the Stage 2 contract to Taylor Woodrow on a target cost basis. However, LU is now reviewing a number of options for taking forward Stage 2 (i.e. main works) delivery. Depending on the outcome of this review, the intent is to put a recommendation for Procurement Authority to the 30 July meeting of the Committee.

Railway Systems

- 8.8 The TfL railway systems works will be procured from LU internal signalling delivery resource. The signalling on the LU section is based on legacy technology. NR signalling modifications will be procured via competitive tender whilst existing framework agreements are utilised for communications, one person operation, gate line equipment and information management systems.

Enabling and Utility Works

- 8.9 In order to maintain the Croxley Rail Link programme, HCC has confirmed to TfL that a number of commitments will be entered into before transfer, including design input from sub-contractors, early sub-contractor works such as track works, potentially structural steelwork for the viaduct, station lifts and utility diversions.

- 8.10 It is estimated that these commitments will total £25.16m up to 31 July 2015; with payments of £4.74m (sub-contractors and utilities), occurring before the end-July 2015 transfer from HCC to TfL. For those commitments yet to be entered, TfL will approve each commitment and ensure that normal contract terms are in place to allow termination by TfL should the need arise.

9 Programme

Transition Programme

- 9.1 The key milestones for the transition from HCC delivery to TfL delivery are shown below:

Activity	Target Date
Stage 2 Contract Negotiation (subject to LU's Procurement Strategy)	May – July 2015
HCC hold a Stage Gate for concept designs pertaining to the LU section of the Croxley Rail Link	16 July 2015
TfL PMO Transition Stage Gate to confirm readiness for transfer	23 July 2015
Novate Stage 1 Design Contract to TfL	24 July 2015
Develop and approve agreements to effect Croxley Rail Link transfer from HCC to TfL with HCC	end-July 2015
TfL Project Team Mobilisation	21 Aug 2015
Contract Award Stage 2 Delivery (subject to LU's Procurement Strategy)	4 Sept 2015

Croxley Rail Link Delivery Programme

- 9.2 The target date for bringing the Croxley Rail Link into service is December 2019, the provisional outline delivery programme is set out as key dates in the table below, these dates will need to be verified by an integrated delivery programme encapsulating the full works:

Activity	Target Date
Start Viaduct Works	September 2015
Complete Detailed Design	November 2016
Complete Stations Fit Out	May 2018
Complete Civil and Track Infrastructure	August 2018
Install Legacy Signalling	October 2018
Complete NR Signalling	November 2018
Commence Testing and Commissioning	November 2018
Trail Running and Driver Training	January 2019
Handover to Operations	June 2019
Commence Service	December 2019
Closure Watford Met station	December 2019

9.3 At this stage, and pending completion of an integrated delivery programme, LU's view is that there is very considerable risk associated with the December 2019 target delivery date. This view has been made clear to HCC and the DfT, and no commitment to this date has been given. The above dates are accordingly indicative only.

10 Financial Implications

Budget Capital Costs

10.1 The table below sets out the estimated capital cost budget:

Capital Cost Budget Profile £m

Description	Pre-15/16	15/16	16/17	17/18	18/19	Total
	HCC					
HCC Expenditure	22.16					22.16
Construction		26.87	49.31	46.14	54.32	176.64
Other	0.74	8.56	10.71	0.97	22.42	43.39
P50 risk		6.40	12.81	22.55	0.45	42.21
Totals	22.90	41.83	72.83	69.65	77.19	284.40
P80 - P50		3.40	6.36	8.24	2.26	20.28
Totals	22.90	45.24	79.17	77.64	79.73	304.68

10.2 The EFC for the scheme is based on a P50 figure of £284.40m. As explained in paragraph 2.3 above, this estimate was produced by AECOM (who were appointed by LU in January 2015 to carry out a due diligence review of the project). It forms the basis of the now agreed funding package.

11 Key Impacts

Environmental Considerations

11.1 The two new stations at Ascot Road (known as Cassiobridge) and Watford Vicarage Road are fully accessible for mobility impaired passengers with the provision of a level platform train interface, access ramps to enter the station and passenger lifts providing access between platforms.

11.2 Wildlife habitats have been surveyed and commitments are in place to preserve fauna and flora, where practicable along the Croxley Rail Link route. Noise preventative and limiting measures are proposed for the construction phase and at certain locations on the route noise limiting barriers are installed.

11.3 Good Neighbourhood obligations are jointly shared by TfL and HCC, and HCC will appoint a project liaison resource to manage these obligations.

Staff Operational Costs Impact

11.4 The Croxley Rail Link train service to Watford Junction requires an additional 3 train operators and 6 additional station staff. The net additional staff costs are

£0.568m p.a representing the additional costs between operating services to the existing Watford (Met) and serving Watford Junction via Croxley Rail Link.

Maintenance and Non-Staff Operational Costs Impact

- 11.5 The total maintenance and non-staff operating costs for the new infrastructure are estimated at £1.971m p.a. The closure of the Watford Met station to passenger services realises a saving of £0.837m p.a.. Therefore, the net maintenance and non-staff operating costs for the project are £1.134m p.a..

Track and Station Access Charges

- 11.6 The maintenance of the NR stations served by the Croxley Rail Link and the existing NR railway infrastructure is the responsibility of the respective train operating companies and NR and will be covered in track and station access charges. The NR access charges are estimated to be £0.487m p.a.

Revenue Impact

- 11.7 The estimated fare revenue is £4.26m p.a. with secondary revenue of £0.18m. The Croxley Rail Link service has a negative revenue impact on the London Overground services amounting to £0.87m p.a. Therefore, the net revenue effect on TfL is £3.57m p.a.

TfL Financial Impact

- 11.8 The table below shows the operating and revenue effects over 40 years. This results in a positive TfL (net present value) financial impact of £54.60m.

Description (all 2015/16 prices)	Amount £m p.a.	Present Value £m
Croxley Rail Link Operating Costs		
Maintenance and non staff operating costs p.a.	1.134	
Staff operating costs p.a.	0.568	
NR Track and station access agreements	0.487	
Net Operating Costs (Opex)	2.189	48.20
Croxley Rail Link Revenue		
LUL fare revenue p.a.	4.260	
LUL secondary revenue p.a.	0.180	
Total Revenue	4.440	
Less: LOROL revenue reduction	(0.870)	
Net Revenue	3.570	73.40
TfL Net Financial Impact (net Revenue – net Opex)	1.381	25.20

12 Assurance

- 12.1 The project will present the transfer arrangements to the Independent Investment Programme Advisory Group to provide a valued external view and will hold a Transition Stage Gate in conjunction with TfL Project Assurance requiring acceptance at the gate to enable an assured continuance of the transfer of delivery obligations to TfL.

List of appendices to this report:

Appendix 1: Mayoral Decision MD1478 26 March 2015

Appendix 2: DfT Funding Letter to the GLA dated 30 March 2015

List of Background Papers:

None

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GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1478

Title: Croxley Rail Link

Executive Summary:

Since 2011, the Croxley Rail Link scheme has experienced considerable cost escalation and programme slippage. Discussions between Hertfordshire County Council (HCC), Transport for London (TfL) and the Department for Transport (DfT) have led to a revised funding strategy and a proposal that TfL take over responsibility for the delivery of the project from HCC.

The current estimated cost of the project is £284.5m. The proposed funding strategy is for DfT to fund £198.24m, Hertfordshire County Council to fund £39.76m and TfL to fund the remaining £46.5m. The TfL borrowing requirement will be increased by £30m and TfL will be responsible for any overruns above £284.5m.

Decision:

The Mayor:

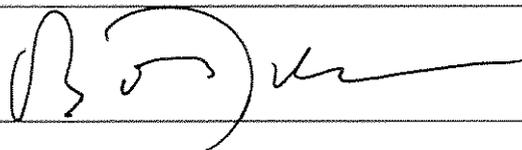
1. Directs TfL to take over responsibility for delivering the entire project including civil engineering works, systems and the procurement of additional rolling stock.
2. Directs TfL to provide £46.5m of funding towards the costs for delivering Croxley Rail Link based on a total cost of the project of £284.5m on the basis that the Government increases TfL's overall borrowing requirement by £30m and that £16m will be funded from the TfL capital budget (the remaining costs of £238m are to be funded from Hertfordshire County Council and the Department for Transport).
3. Directs TfL to be responsible for any cost overruns above the current project estimate of £284.5m.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date: 26.3.2015

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**Decision required – supporting report****1. Introduction and background**

- 1.1 The Croxley Rail Link (CRL) project involves the diversion and extension of the existing Metropolitan line from just north of Croxley to a new terminus at Watford Junction via the existing Watford High Street with two new stations. The existing Metropolitan line terminus at Watford station will close.
- 1.2 It is anticipated that construction will commence in late 2015, with the line opening in 2019.
- 1.3 Transport for London (TfL) has been working closely with Hertfordshire County Council (HCC) on the development of the scheme, the primary civil engineering elements of which are approaching the end of the detailed design phase.
- 1.4 TfL will take responsibility for operating the new infrastructure. The Mayor endorsed this approach under MD915, approved in December 2011. Following a public inquiry in autumn 2012, an Order under the Transport and Works Act 1992 providing for the construction and operation of the extension was made in July 2013. The project was also the subject of MD1155 in July 2013.

2. Objectives and expected outcomes

- 2.1 The key objectives for the CRL are to provide a catalyst for regeneration and growth in the Watford area and improve connectivity between SW Hertfordshire and NW London.

3. Equality comments

- 3.1 The new stations will both be fully step-free and include all standard accessibility features. No adverse effects are foreseen on any persons with protected characteristics under the Equality Act 2010.

4. Risks**Reputational**

- 4.1 The proposed change of delivery strategy would increase TfL's visibility in the eyes of the public and media, making TfL more exposed in the event of future cost increases or programme delays.

Cost

- 4.2 The proposed funding strategy would mean TfL potentially needing to contribute more than £16m should the overall cost be higher than the P50 estimate of £284m.

5. Financial comments

- 5.1 In late 2011, the Department for Transport (DfT) Ministers gave provisional approval to a £76.2m contribution towards the then total CRL, with the remainder funded by HCC, with an estimated scheme cost of £116.84m, against a forecast delivery into service date of May 2016.
- 5.2 Since 2011, the scheme has experienced considerable cost escalation and programme slippage and in January 2015, HCC confirmed a revised scheme cost estimate of £229.91m
- 5.3 TfL undertook an independent review of the total scheme and concluded an estimate of £284.42m at a P50 level of risk and £300m at P90 level of risk.

5.4 The following breakdown of funding has been agreed for the scheme:

Funding Partner	£m
Department for Transport	109.82
Transport for London (including fare box borrowing)	46.50
Hertfordshire LEP	87.85
HCC & Watford Borough Council	40.23
TOTAL FUNDING	284.40

- 5.5 If the project is delivered, in full, for a total cost below the approved budget cost of £284.4m, Transport for London will retain the full amount of the resulting cost savings. Transport for London has agreed to meet any eligible project costs incurred over £284.4m.
- 5.6 Hertfordshire County Council will lead a consortium of local funding partners (including the Hertfordshire Local Enterprise Partnership and Watford Borough Council) who will contribute £128.08m to the total costs of the project. The detailed arrangements for payment of this funding will be agreed separately between Transport for London and Hertfordshire County Council.
- 5.7 Funding from central Government to the Hertfordshire Local Enterprise Partnership includes £70.7m of “retained scheme” funding from the Department for Transport which the LEP has chosen to allocate to the Croxley Rail Link. The remaining £17.15m of the LEP’s planned contribution will come from its general Growth Deal funds provided by the Department for Communities and Local Government.
- 5.8 Ministers have agreed to provide total funding from the Department for Transport of £180.52m towards the scheme (this comprises local transport major project funding and additional grant to the GLA announced in Budget 2015 (totalling £109.82m), £50.5m of “retained” Growth Deal funding for the Croxley Rail Link and £20.2m of “retained” Growth Deal funding reallocated by the LEP from their A10/M11 package “retained scheme”). Funding will be paid as capital and resource grant under Section 31 of the Local Government Act 2003.
- 5.9 There are no financial implications for the GLA.
- 5.10 Any changes to this proposal will be subject to further approval via the Authority’s decision-making process as necessary.
- 5.11 Transport for London with the Transport team within the Development, Enterprise & Environment Directorate will be responsible for managing this project.

6. Legal comments

- 6.1 The Mayor has duties under section 141 of the Greater London Authority Act 1999 (“the GLA Act”), to develop and implement policies for the promotion and encouragement of safe, integrated, efficient and economic transport facilities and services to, from and within Greater London, and to secure the provision of those facilities and services.
- 6.2 Under section 142 of the GLA Act the Mayor has to publish a transport strategy containing policies and proposals relating to the duties under section 141. The proposed Croxley extension is included in the Mayor’s Transport Strategy of May 2010 (Proposal 22 c)).
- 6.3 Transport for London has power under section 173(1) of the GLA Act to provide or secure the provision of public passenger transport services to, from or within Greater London.

6.4 While the proposed extension is promoted by Hertfordshire County Council and is outside Greater London, it is an extension of a line on which public passenger transport services run to and from Greater London.

6.5 Under section 155 of the GLA Act the Mayor has power to direct TfL as to the exercise of its functions.

7. Investment & Performance Board

7.1 The project has not been considered at this Board, as there are no direct financial implications for the GLA from these proposals

8. Planned delivery approach and next steps

8.1 In discussions with both LU and HCC, DfT has made it clear that, given project performance to date, it has fundamental concerns over the current HCC led delivery structure and that TfL should lead the delivery of the project going forward.

8.2 TfL's latest programme is:

Activity	Timeline
Procurement of contract [notice to proceed with construction phase issued]	September 2015
Delivery Start Date	Autumn 2015
Delivery End Date [start of operational service]	May 2019
Project Closure:	March 2020

Appendices and supporting papers:

1 Direction to Transport for London:

1. to take over responsibility for delivering the entire project including civil engineering works, systems and the procurement of additional rolling stock.
2. to provide £46.5m of funding towards the costs for delivering Croxley Rail Link based on a total cost of the project of £284.5m, on the basis that the Government increases TfL's overall borrowing requirement by at least £30m and that £16m will be funded from TfL capital budget (the remaining costs of £238m are to be funded from Hertfordshire County Council and the Department for Transport).
3. to be responsible for any cost overruns above the current project costs of £284.5m.

Public access to information
 Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:
Is the publication of Part 1 of this approval to be deferred? NO
 If YES, for what reason:

 Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:	Drafting officer to confirm the following (✓)
Drafting officer: Claire Hamilton, Transport Manager, has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.	✓
Assistant Director/Head of Service: Debbie Jackson, Assistant Director – Regeneration, has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.	✓
Sponsoring Director: Fiona Fletcher-Smith, Executive Director – Development, Enterprise and Environment, has reviewed the request and is satisfied it is correct and consistent with the Mayor’s plans and priorities.	✓
Mayoral Adviser: Isabel Dedring, Deputy Mayor for Transport has been consulted about the proposal and agrees the recommendations.	✓
Advice: The Finance and Legal teams have commented on this proposal.	✓

EXECUTIVE DIRECTOR, RESOURCES:
 I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature *M. D. Allen* Date 25.3.15

CHIEF OF STAFF:
 I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature *Edmund Hill* Date 25.03.2015

MAYOR OF LONDON

Sir Peter Hendy CBE

Commissioner of Transport
Transport for London
Windsor House
50 Victoria Street
London SW1H 0TL

Date: 26-3-2015

I, BORIS JOHNSON, MAYOR OF LONDON, in exercise of the powers conferred on me by section 155(1)(c) of the Greater London Authority Act 1999 ("the Act") hereby direct Transport for London:

1. to take over responsibility from Hertfordshire County Council for delivering the Metropolitan line Croxley extension project (Croxcley Rail Link) [as outlined in the **Croxley Rail Link Mayoral Decision (MD1478)**] including civil engineering works, systems and the procurement of additional rolling stock.
2. to provide £46.5m of funding towards the costs for delivering Croxcley Rail Link based on a total cost of the project of £284.5m, on the basis that the Government increases TfL's overall borrowing requirement by at least £30m and that £16m will be funded from TfL capital budget (the remaining costs of £238m are to be funded from Hertfordshire County Council and the Department for Transport).
3. to be responsible for any cost overruns above the current project costs of £284.5m.

Dated this day 26 of March 2015.



Boris Johnson
Mayor of London



Stephen Fidler
Deputy Director
Local Transport Funding,
Growth & Delivery Division
Department for Transport
Great Minster House
33 Horseferry Road
London SW1P 4DR
Direct Line: 0207 944 6541

Martin Clarke
Executive Director of Resources
Greater London Authority
City Hall
The Queen's Walk
More London
London SE1 2AA

Web Site: www.dft.gov.uk

30 March 2015

Dear Mr Clarke,

CROXLEY RAIL LINK - FULL FUNDING APPROVAL

Following on from discussions between DfT, Transport for London (TfL), London Underground Limited, the Hertfordshire Local Enterprise Partnership (Herts LEP) and Hertfordshire County Council (HCC); and following HM Treasury consent (a) to the scheme and (b) to Transport for London increasing its borrowing by limit by £30.5m; I am writing to confirm the funding arrangements for the Croxley Rail Link scheme.

The project will be funded to TfL's P50 cost estimate of £284.4m. This cost estimate includes costs to date incurred by HCC.

The following breakdown of funding has been agreed for the scheme:

Funding Partner	£m
Department for Transport	109.82
Transport for London (including fare box borrowing)	46.50
Hertfordshire LEP	87.85
HCC & Watford Borough Council	40.23
TOTAL FUNDING	284.40

If the project is delivered, in full, for a total cost below the approved budget cost of £284.4m, Transport for London will retain the full amount of the resulting cost savings. Transport for London has agreed to meet any eligible project costs incurred over £284.4m.

Hertfordshire County Council will lead a consortium of local funding partners (including the Hertfordshire Local Enterprise Partnership and Watford Borough Council) who will contribute £128.08m to the total costs of the project. The detailed arrangements for payment of this funding will be agreed separately between Transport for London and Hertfordshire County Council.

Funding from central Government to the Hertfordshire Local Enterprise Partnership includes £70.7m of "retained scheme" funding from the Department for Transport which the LEP has chosen to allocate to the Croxley Rail Link. The remaining £17.15m of the LEP's planned contribution will come from its general Growth Deal funds provided by the Department for Communities and Local Government.

Appendix 2

Ministers have agreed to provide total funding from the Department for Transport of £180.52m¹ towards the scheme. Funding will be paid as capital and resource grant under Section 31 of the Local Government Act 2003.

The Department is able to make available the following indicative funding profiles. These will be confirmed, or amended as necessary, once TfL have produced a detailed programme and budget profile for delivering the scheme. Any amendment will be subject to the amounts being affordable within the Department's annual budgets. The profiles will be subject to review on an annual basis:

Year	Grant to GLA (£m)		Grant to HCC (for Herts LEP) (£m)		TOTAL (£m)
	Capital	Resource	Capital	Resource	
2014/15	5.00	5.00	0.00	24.00	34.00
2015/16	45.20	0.00	4.00	0.00	49.20
2016/17	31.00	0.00	16.50	0.00	47.50
2017/18	13.62	0.00	16.20	0.00	29.82
2018/19	10.00	0.00	10.00	0.00	20.00
TOTAL	109.82		70.70		180.52

I will write to the Chief Finance Officers of the Greater London Authority and Hertfordshire County Council (as Accountable Body to the Hertfordshire LEP) shortly with a formal letter of grant under Section 31 of the Local Government Act 2003.

In addition to those terms and conditions contained in the formal annual letter of grant, payment of the grant is also subject to the following:

- a) The Mayor is required to transfer the grant to Transport for London forthwith.
- b) Hertfordshire County Council and Transport for London will conclude an agreement on the detailed arrangements for payment of a £128.08m local funding contribution to the project;
- c) The scheme will deliver the following outputs:
 - a viaduct and embankment linking the current Metropolitan line south of the existing Watford terminus to the disused rail alignment between Croxley and Watford High Street;
 - reinstatement of double track on the disused Croxley alignment, including a new junction with the Watford Junction to London Euston DC route at Watford High Street;
 - work to bring the bridges, cuttings and embankments on the disused Croxley alignment into operational use ; and
 - new stations at Cassiobridge and Watford Vicarage Road.
- d) The scheme will provide for the operation of at least 6 trains an hour during the peak running between Watford Junction and Baker Street and 4 trains per hour off-peak servicing the Watford High Street Station and the new stations.
- e) The Metropolitan Line services will share the track and station access with National Rail Network DC line services operating between Watford Junction and London Euston, from south of Watford High Street Station to Watford Junction Station.
- f) *Transport for London will assess in good faith and agree with the Department, by the end of April 2015, the viability of the infrastructure accepting the operation of national rail DMUs (Class 165, 168, 170 and 172 up to six-cars in length), recognising DfT and stakeholders have a longer term aspirations for a service of 2 train per hour from Watford Junction to Rickmansworth, Aylesbury (and beyond). Transport for London will adopt any minor design modifications arising from the agreed viability assessment as part of the Croxley Rail Link project. **Note: condition f) is subject to consultation between TfL and DfT***
- g) Transport for London will work to a target in service date of 2019 for the Rail Link.

¹ This comprises local transport major project funding and additional grant to the GLA announced in Budget 2015 (totalling £109.82m), £50.5m of "retained" Growth Deal funding for the Croxley Rail Link and £20.2m of "retained" Growth Deal funding reallocated by the LEP from their A10/M11 package "retained scheme".

- h) Transport for London will be solely responsible for meeting any expenditure over and above the approved project budget cost of £284.4m.
- i) Scrutiny of the project, will be undertaken in the same way as for other schemes in the TfL Investment Programme, by the Independent Investment Programme Advisory Group.
- j) Transport for London and/or London Underground Limited will agree reporting arrangements with the Department for Transport, Hertfordshire County Council, Watford Borough Council and the Hertfordshire Local Enterprise Partnership to ensure that key local stakeholders are regularly kept informed of progress in delivering the scheme. This will include arrangements for reporting to the Watford Regeneration and Growth Board and the Local Enterprise Partnership.
- k) Transport for London will enter in to an agreement with Hertfordshire County Council to ensure 'Good Neighbour Commitments' and other local commitments (including those covered in the Transport and Works Act Order) continue to be delivered.
- l) The Hertfordshire Local Enterprise Partnership will formally confirm the increase in the LEP's funding contribution – from £50.5m to £87.85m – by no later than 30 April 2015.

The Department reserves the right to suspend payment of Section 31 grant, and/or to adjust other grant payments to the Authority to reflect funding already paid if, at any time, it appears to the Department that there has, or may have, been any failure by the Authority, Transport for London or London Underground Limited to observe any of the Grant Conditions.

The information contained in this letter and the attached documents should be brought to the attention of all relevant staff in the GLA, Transport for London and London Underground Limited.

Please provide written confirmation that the GLA and Transport for London agree to the terms set out in this letter.

If you have any queries about the contents of this letter or the attached grant terms and conditions, please contact Robert S Fox either by phone on 020 7944 2245 or by e-mail at robertS.fox@dft.gsi.gov.uk

I am copying this letter for information to Tim Steer (GLA), Neil Perrins and David Hughes (TfL), Rob Smith (HCC), Neil Hayes and Joan Hancox (Herts LEP), Louise Morgan (BIS) and Robert Fox and Rupert Furness (DfT).

Yours sincerely

Stephen Fidler

Deputy Director: Local Transport Funding, Growth & Delivery