

Northern line extension

Factsheet I: Funding and finance

1. Introduction

The Northern line extension (NLE) is estimated to cost £998.9m based on completion by the end of 2019.

The Government confirmed in the Chancellor's 2012 Autumn Statement that up to £1bn of borrowing from the Public Works Loan Board would be available to the Greater London Authority (GLA) to finance the construction of the NLE. Whilst the borrowing will be undertaken by the public sector, the funding to repay this borrowing will come from the private sector in the form of:

- Incremental business rates generated and retained within a new Enterprise zone; and
- Developer contributions, raised by the London Boroughs of Wandsworth and Lambeth on the Battersea Power Station site and across the wider Vauxhall Nine Elms Battersea (VNEB) Opportunity Area under the Section 106 and Community Infrastructure Levy (CIL) regimes.

2. Enterprise zone

The Chancellor's 2011 Autumn Statement confirmed that, subject to a commitment from a developer to develop the Battersea Power Station site and pay agreed contributions, the Government would consider establishing an Enterprise zone. The additional business rates generated by businesses locating in the area will be retained and invested locally for a period of 25 years. This will help fund the NLE which will support redevelopment of the area.

The Enterprise zone will include sites in both the London Boroughs of Wandsworth and Lambeth. Detailed discussions are underway with Government to establish the terms of the Enterprise zone, which is expected to take effect from April 2016.



3. Developer contributions

Wandsworth and Lambeth Councils have committed to make available to the GLA, a share of the contributions they receive from local developers under the Section 106 and CIL regimes, on an agreed schedule. Contributions received from developers are agreed as a planning condition with the local authorities and are funds provided by the developer to invest in public sector infrastructure such as public transport which would support their development.

In summary, Wandsworth will provide £259.1m, including £200.1m from the Battersea Power Station site and £59.0m from other sites, and Lambeth £7.3m. The total amount committed (£266.4m in 2012/13 prices) will support the cost of servicing NLE debt as Enterprise zone revenues build up.

Funding from the Enterprise zone and from developer contributions is forecast to be sufficient to repay the debt (and interest) required to pay for the up-front costs of building the NLE. The boroughs of Wandsworth and Lambeth will keep a proportion of the developer contributions to pay for the other infrastructure that is required as a result of development in the VNEB Opportunity Area.

4. Further information

If you would like more information about the Northern line extension please email nle@tfl.gov.uk

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