This paper will be considered in public

1 Summary

1.1 At its meeting in March 2012, the Board was provided with details of the property purchase strategy for the Bank Station Capacity Upgrade (Bank SCU). In line with this strategy, the project is seeking to purchase properties to enable the construction of the Bank Station Capacity Upgrade. Following initial positive negotiations, this paper requests authority to accelerate these discussions. The project is pursuing the purchase of these properties in this financial year (currently forecasted in 2014 and 2015).

1.2 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;

(b) authorise the funding specified in the paper on Part 2 of the agenda to be released to enable the key freehold and long leasehold property purchases of the properties specified in the paper on Part 2 of the agenda (the Properties) to be completed by agreement in advance of the proposed application for a Transport and Works Act Order;

(c) delegate to the Subsidiaries and TfL Officers (as described in paragraph 2.2 below) authority to approve and finalise the terms (including the purchase price) of each individual purchase of the Properties and to authorise the agreement and execution (whether by deed or otherwise on behalf of TfL or any Subsidiary, as appropriate)) of any documentation to be entered into in connection with the purchase of the Properties (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents); and

(d) authorise the TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the purchase of the Properties.
2.2 The following Officers and Subsidiaries shall have delegated authority:

(a) TfL Officers: the Commissioner, Managing Director Finance, Managing Director Rail and Underground 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 The effective operation of Bank station is critical to maintaining access to the City of London and to the wider functioning of the London Underground (LU) and Docklands Light Railway (DLR) network.

3.2 This upgrade is required to mitigate the need to apply ever more severe station control measures in order to manage the forecast increase in demand. This is highlighted through an upward trend in operational interventions, with 108 instances in 2011 as a direct cause of overcrowding.

3.3 In March 2012, the Board increased the project authority to continue to the next phase. In April the project started the Innovative Contractor Engagement (ICE) process with four construction consortia. The bidders proactively engaged with the process and the innovative and unique ideas submitted have been reviewed. The tender documentation is being prepared for formal issue in November 2012.

3.4 The project intends to apply for a Transport and Works Act Order (TWAO) in April 2014.

4 Funding Release for Building Purchase

4.1 The March 2012 Board paper explained the need for the property purchase. The property purchase significantly mitigates programme risk [and also the length of time, the function and size of a secondary site requirement in Southwark and its associated TWAO risks. Inclusion of the Southwark site in the TWAO increases the consents risks because it introduces another set of key stakeholders, including the local authority and an active local community. If the use of the site can be minimised or avoided, it would reduce number and complexity of potential interfaces including stakeholders and consent granting bodies including Southwark’s highways and environmental health departments.

4.2 Since March 2012, the project has approached the freeholders and leaseholders of the properties. This engagement allowed the project to explain the overall approach and included a request to better establish property values with the view to enabling acquisitions by agreement if possible. This allowed the project to confirm the expected budgeting requirements for land assembly.

4.3 The negotiations have progressed well with information received from the majority of the interests. Basic inspections have been conducted on all the buildings. The project is seeking to formalise offers for purchase, subject to contract and due diligence.
5  Appraisal

5.1 TfL appointed Drivers Jonas Deloitte (DJD) to undertake independent valuations of the properties. The valuations have been formulated using the listing information received from the affected parties and from basic site inspections conducted jointly by TfL and DJD.

5.2 The forecast for purchasing these properties is currently in 2014 and 2015. Following initial positive negotiations, this paper requests authority to accelerate these discussions and conclude purchases of the freeholds and long leaseholds where possible.

5.3 The cost of additional worksites, which might emerge from the conclusions of the ICE exercise, is not included yet as it is assumed that these will be temporary access shafts from the road. This construction access will not require permanent land acquisition at surface and that access to surrounding properties will be maintained so that any adverse impacts will be mitigated through the code of construction practice.

6  Conclusion and Next Steps

6.1 The Board is asked to approve funding to enable key freehold and long leasehold property purchases to be completed by agreement in advance of an application for a TWAO and to delegate authority to specified TfL Officers to approve each individual purchase.

6.2 The Board will be updated in early 2013 on the outcome of the property, consents and procurement process and approval will be sought to appoint a preferred contractor to undertake detailed design, and to submit a TWAO. Full authority for implementation will be sought from the Board in 2015, following approval of the TWAO.

List of appendices to this report:
None

List of Background Papers:
March 2012 Board paper on Bank Station Capacity Upgrade

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