

Board

Date: 17 December 2015

Item: Crossrail 2

This paper will be considered in public

1 Summary

- 1.1 On 1 July 2015, the Board noted that Crossrail 2 was to be the subject of an application to the Comprehensive Spending Review 2015 (CSR), and that once the outcome of the review was known an update would be provided, with an assessment of financial impact. At the same meeting, cumulative Project Authority of £16.719m was granted. This paper provides an update on the outcome of the CSR and requests that £4.74m of funds are advanced from 2016/17 to allow the project programme to be maintained.
- 1.2 On 2 December 2015, the Finance and Policy Committee endorsed the recommendation in this paper.

2 Recommendation

- 2.1 **The Board is asked to note the paper and increases the revised cumulative Project Authority for Crossrail 2 to £21.459m, bringing forward £4.74m from the 2016/17 Business Plan.**

3 Background

- 3.1 Consistent with the approach applied to Crossrail, Crossrail 2 is considered as a single project, which given the value of the project means Authority requests are reserved to the Board. Authority requests will be sought incrementally as it passes through the phases. Financial Authority is in place through the provisions made in the TfL budget and business plan, subject to expenditure remaining within the allocated budget.
- 3.2 The overall value of the Crossrail 2 project is estimated to be in the range of £25bn-£30bn in 2014 prices, inclusive of works to the national network. At present the project is in the planning phase that includes the development of the business case, definition of a preferred route and public consultation. That activity is planned to be completed during 2015/16. It is currently assumed that the development phase will commence on 1 April 2016, with the construction phase commencing early in the 2020s.
- 3.3 However, in October 2015 the Government announced the creation of the National Infrastructure Commission (NIC), under the chairmanship of Lord Adonis, to offer a long-term view of the UK's infrastructure needs. Part of the NIC's initial brief is to focus on the "priorities for future large-scale investment in London's public transport infrastructure" and this will include consideration of Crossrail 2.

- 3.4 TfL requested £250m to fund the development phase of the project in its CSR submission. The outcome of the CSR was announced on 25 November 2015. While the Chancellor stated his commitment to infrastructure projects, no interim funding was granted for Crossrail 2. Instead, any substantive decision on the future funding of Crossrail 2 will be subject to the publication of the first report from the NIC, due in March/April 2016.
- 3.5 In July 2015, the paper to the Board noted that should a Spending Review result in a positive outcome, preparation will be required during 2015/16 to enable an efficient start to the development phase on 1 April 2016. Those preparations are likely to require additional expenditure on the further definition of the scheme, and the mobilisation and procurement of resource. Although there was no substantive commitment made at the CSR, TfL does not want these preparations to be delayed and momentum lost. The project team has assessed the cost of the preparations at £4.74m, set out in Table 1.

Activity	£m
Design development	2.80
Transport planning (inc. Growth Commission)	0.85
Ground investigation (Balham)	0.25
Land referencing	0.40
Recruitment of staff and mobilisation	0.24
Procurement and mobilisation of designers	0.20
	4.74

Table 1

- 3.6 Notwithstanding the NIC, the current TfL budget provision for Crossrail 2 is set out in Table 2.

£m	2014/15	2015/16	2016/17	2017/18	Total
TfL Business Plan (2014/15)	3.430	11.289	22.500	5.000	42.219
Additional DfT Funding		2.000			2.000
Total	3.430	13.289	22.500	5.000	44.219
Cumulative total	3.430	16.719	39.219	44.219	

Table 2

- 3.7 Crossrail 2 is considered as a single project but authority is sought incrementally as it passes through the phases. The current Project Authority is £16.719m, equivalent to the cumulative spend forecast to the end of 2015/16.
- 3.8 In the absence of a commitment at the CSR, it is proposed that £4.74m of funding is brought forward from 2016/17 to 2015/16 and that the Project Authority is increased by £4.74m to £21.459m.

4 Financial Implications

- 4.1 The funding required for 2016/17 will be reassessed once the outcome of the NIC report is known.

5 Views of the Finance and Policy Committee

- 5.1 On 2 December 2015, the Finance and Policy Committee considered a similar paper. The Committee requested a fuller briefing on the project in 2016. Members also asked if the costs incurred by TfL during the development phase would be

reimbursed once funding for the project had been approved. No other specific issues for the attention of the Board. The Committee endorsed the recommendations in this paper.

List of Appendices to this report:

None

List of Background Papers:

Finance and Policy Committee papers on Crossrail 2, 13 March 2013, 17 June 2015 and 2 December 2015

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