

Date: 2 March 2016

Item: Bank Station Capacity Upgrade

This paper will be considered in public

1 Summary

| UIP8798 | | Bank Station Capacity Upgrade | | |
|------------------------------|----------------------------|-------------------------------|--------------------------------|-----------------|
| Existing Financial Authority | Estimated Final Cost (EFC) | Existing Project Authority | Additional Authority Requested | Total Authority |
| £ 607.5m | £ 607.5m | £ 254.3m | £ 353.2m | £607.5m |

Authority Approval:

The Committee is asked to recommend that the Board approve additional budgeted Project Authority of £353.2m to December 2022 to allow full implementation of the Bank Station Capacity Upgrade (SCU).

Outputs and Schedule:

The Bank SCU will provide additional capacity at Bank Station to meet forecast growth in passenger demand; step-free access to the Northern line platforms and improved fire and evacuation measures. Works commenced in 2015. The new capacity will be available below ground from 2020 with a new entrance open in 2021.

- 1.1 In July 2013, the Board approved Financial Authority of £178m and Procurement Authority to enter into a contract with Dragados (SA) to design and, if instructed, build the Bank SCU (the Contract).
- 1.2 An application for powers under a Transport and Works Act Order (TWAO) was submitted on 9 September 2014 and the public inquiry was held in April 2015. The Order was made on 22 December 2015 and became operative on 12 January 2016.
- 1.3 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 Recommendation

- 2.1 **The Committee is asked to note the paper and supplementary paper on Part 2 of the agenda and:**

- (a) **recommend that the Board grants additional budgeted Project Authority of £353.2m to allow Stage 2 of the works for the Contract with Dragados SA to be instructed allowing full implementation of the Bank Station Capacity Upgrade (SCU) project; and**
- (b) **note that there is no change in Estimated Final Cost for Bank SCU project and that no additional Procurement Authority is required as part of this request.**

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. The proposed station improvements will provide 45 per cent additional capacity over the peak hours.

3.2 The proposal is in line with the Mayoral objectives to:

- (a) enhance the quality of life for all Londoners by balancing capacity and demand for travel through increasing public transport capacity;
- (b) enhance the quality of life for all Londoners by smoothing traffic flow (managing delay, improving journey time reliability and resilience); and
- (c) enhance the quality of life for all Londoners by improving physical accessibility.

3.3 In July 2013, the Board approved Financial Authority of £178m and Procurement Authority to enter into a contract with Dragados (SA) UK to design and, if instructed, build the Bank SCU. The Contract comprises two stages whereby Stage 1 is the work required up to the granting of the TWAO and Stage 2 is all subsequent work. The contract gives LU the right not to proceed to Stage 2, essentially to cater for an unsatisfactory outcome to the TWAO process. Given the successful outcome of the TWAO process, the intent is to now instruct Stage 2 of the Contract.

3.4 In March 2015, the Board approved the bringing forward of £76.2m of funding from Stage 2 into Stage 1, in order to allow the project to complete property acquisitions and bring forward early enabling work to de-risk overall programme delivery.

3.5 Since Board approval to commence procurement of a main contractor in March 2012, value engineering has been ongoing, as a result of which the following savings and benefits have been achieved:

- (a) the EFC has reduced by £62m (10 per cent);
- (b) the revenue return from the oversite development (OSD) has increased by £25m;
- (c) the forecast advertising revenue has increased by £2.5 m pa; and
- (d) the forecast induced ticket revenue has increased by 15.6 per cent which equates to £31m over the life of the business case.

3.6 As a result of the above the Benefit Cost Ratio (BCR) has increased from 2.0:1 to 4.0:1

4 Proposal

Preferred Option

4.1 If instructed, the Stage 2 Works forming part of the Contract include:

- (a) the construction of a new station entrance on Cannon Street with escalators and accessible lifts to the Northern line and DLR;
- (b) the construction of a new tunnel and platform for the southbound Northern line;
- (c) the conversion of the existing southbound Northern line platform into an interchange concourse;
- (d) the construction of an additional passageway with moving walkways and escalators linking the Northern and Central lines; and
- (e) improved fire and evacuation measures.

4.2 The construction of the new southbound tunnel requires a blockade of the Northern line between Moorgate and Kennington in 2020. No trains will run in either direction for 6 weeks, after which northbound services only shall be reinstated, non-stopping at Bank Station, with full service resuming after a further 11 weeks. This formed a major part of the consultation and all London Boroughs served by the Northern line submitted letters of support to the TWA public inquiry.

4.3 Bank SCU will provide step-free access and interchange to the Northern line and DLR services.

Benefits (and Value)

4.4 The scheme has an overall Benefit Cost Ratio (BCR) of 4.0:1. This BCR is based on a conservative methodology for calculating social disbenefits avoided.

4.5 The business case has a number of non-quantified benefits including supporting the economic vibrancy of the City, avoiding nearby station closures, support of current and future Northern line upgrade options, reliability benefits, avoiding DLR service disruption, safety and security benefits, and improving TfL's reputation. The scheme will also enable considerable additional non-fare revenue e.g. from advertising and over station development.

4.6 The summary of the economic appraisal and benefits is tabulated below:

| Economic Appraisal | |
|--|------------------|
| Estimated Final Cost, £k (at outturn prices) | £607,500 |
| Net Present Values ,£k | |
| Discounted NPV EFC | £454,448 |
| Other CAPEX | £0 |
| Other costs | £0 |
| OPEX (+ or -) | +£22,882 |
| Third Party | £0 |
| Revenue | £244,695 |
| Other Income | £0 |
| Net Financial Effect | -£232,634 |
| Payback Period | 55 years |
| Passenger Benefits | £932,018 |
| Impacts during Implementation | Included above |
| Total Benefit, £k | £932,018 |
| Benefit : Cost Ratio | 4.0:1 |

4.7 Key milestones are as follows:

| Milestone | Target Date (Current Forecast) |
|---|---------------------------------------|
| TWAO grant of powers | 12 January 2016 |
| Completion of all designs to Compliance to S1538 | 26 July 2016 |
| Start on Site | 21 April 2016 |
| Partial Opening (not including new station entrance) | 22 October 2020 |
| New station entrance open to public | 17 September 2021 |
| Works to relieve station congestion on the Northern line at Bank Station complete | 31 December 2021 |

4.8 A successful TWAO process and the making of the order has allowed the timely commencement of the full works and the confidence to proceed with early enabling works in advance of the original programme dates.

4.9 The top risks identified are:

| Risk No | Risk Description | Mitigation Actions |
|----------------|--|--|
| 1 | Complex technical solution required to tunnel through multiple pile clashes and satisfy key stakeholders | Ongoing design development to minimise both construction and operational impact on the buildings. Consideration of pile separation methodology. |
| 2 | Project Prolongation | Periodic reporting and risk analysis of critical path performance to highlight areas of concern and development of focused mitigation plans to these |

| | | |
|---|--|---|
| | | areas back on programme. Scenario planning sessions to identify programme savings. |
| 3 | Supply Chain Capability | Ongoing development and flow down of collaborative behaviours and promotion of proactive risk management and contract administration. |
| 4 | Utilities and PFIs co-ordination costs exceed forecast | Lessons learnt from early works and other projects. Set up work stream to focus on the effective delivery and cost management of PFIs. Clarification to all parties of responsibilities with respect to interfaces with PFIs. |

4.10 The current risk allocation is £65m. This equates to 21 per cent of costs to go. This has been benchmarked against risk allocation for similar station upgrade projects at this stage in delivery and compares favourably.

5 Financial Implications

5.1 The EFC remains unchanged from the last submission at £607.5m.

Operational Costs

5.2 Provision has been made within the EFC to fund the following items of additional operational cost:

- (a) staffing to manage congestion during construction; and
- (b) additional bus services during the blockade.

5.3 The project will deliver a number of new assets. The cost of the maintenance and additional staffing is included in current Operational forecasts.

Commercial

5.4 In July 2013, the Board approved Procurement Authority to enter into a contract with Dragados (SA) to design and, if instructed, build the Bank SCU (the Contract). No additional Procurement Authority is required as part of this request.

5.5 The Stage 2 works, if instructed, will be delivered as part of the Contract with Dragados SA dated July 2013, which is based on an NEC Option C (target price) contract incorporating LUL Z clause amendments, with a shared pain/gain after the first 2.5% of change.

List of appendices to this paper:

Exempt supplementary information is included in a paper on Part 2 of the agenda.

List of background papers

None.

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