

Date: 17 June 2015

Item: Crossrail 2

This paper will be considered in public

1 Summary

1.1 This paper provides an update to the Committee on the current status of Crossrail 2 and makes recommendations concerning Project Authority for the current phase.

2 Recommendations

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

(a) **grants revised Project Authority of £16.7m to conclude the current phase of planning activity; and**

(b) **notes that once the outcome of a Spending Review is known, a further update will be provided on the financial implications and that further authorities will be sought in due course.**

3 Background

3.1 The overall value of the Crossrail 2 project is estimated to be in the range of £25-30bn 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 complete 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.

3.2 In the Autumn Statement 2014, the Chancellor provided £2m to support the development of a comprehensive business case for Crossrail 2, to be produced jointly by the Department of Transport and TfL, and to complete ahead of the next spending review (not yet announced but anticipated in summer of 2015). That £2m will be made available as additional budget in 2015/16.

3.3 The current TfL budget provision for Crossrail 2 is set out in table 1.

£000s	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 1

- 3.4 On 1 February 2015, the Crossrail 2 directorate was established. The immediate objectives of the directorate are to:
- (a) secure an update of the safeguarded route by the Secretary of State for Transport (achieved 24 March 2015) and maintain the safeguarding thereafter;
 - (b) prepare a joint Business Case, with the DfT, in order to inform the anticipated Spending Review;
 - (c) develop the scheme in preparation for a public consultation in the autumn;
 - (d) plan for the development phase; and
 - (e) promote the strategic case and manage stakeholder relations.
- 3.5 During 2014/15, costs of £3.35m were incurred against the budget of £3.43m of which safeguarding comprised approximately £1.9m and Business Case Development approximately £1.45m.
- 3.6 The forecast expenditure for 2015/16 is summarised in table 2 and is in line with the current Business Plan and Financial Authority. That forecast contains limited provision for further development of the design beyond the autumn consultation or to mobilise for the development phase, required in the event of a positive commitment at a Spending Review.

Forecast 2015/16	£m
Safeguarding	0.3
Preparation of Joint Business Case	2.6
Scheme Development	4.2
Stakeholder Consultation	1.1
Staff	2.4
Accommodation	0.2
Contingency at 5%	0.5
	11.3

Table 2

- 3.7 Consistent with the approach applied to Crossrail, it is proposed that Crossrail 2 is considered as a single project but that authority is 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.
- 3.8 On 13 March 2013, the Finance and Policy Committee granted Project Authority of £2.6m, to update the Crossrail 2 safeguarding in response to a request by the DfT. This paper seeks further Project Authority of £14.1m, to a total of £16.7m, in line with the cumulative budget to the end of 2015/16, as set out in table 1.

4 Financial Implications

- 4.1 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. If so, a review of the current budget will be required. An update will be submitted to appraise the Committee on the financial implications of a Spending Review and any further authorities as required.

List of Appendices to this report:

None

List of Background Papers:

Finance and Policy Committee paper 13 March 2013 – Crossrail 2

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