

Date: 8 July 2016

Item: Crossrail 2

This paper will be considered in public

1 Summary

1.1 At its meeting on 2 December 2015, the Committee noted that a decision on the funding of Crossrail 2 by the Government was likely to follow the publication of the National Infrastructure Commission's (NIC) report in March 2016. On 17 December 2015, the Board subsequently agreed an increase in the total Project Authority to £21.459m to allow progress to be maintained. This paper provides an update on the project status and requests revised authorities consistent with the current plans.

2 Recommendations

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

- (a) notes the plan to update the Crossrail 2 business case by March 2017 and submit a hybrid Bill in 2019;**
- (b) notes the Government commitment to provide £80m for the development of Crossrail 2, of which £35m is to be provided during 2016/17;**
- (c) notes the revised TfL budget will recognise the Government funding and match funding from TfL; and**
- (d) agrees an increase in total Project Authority to £55.07m.**

3 Background

3.1 On 15 December 2015, on the advice of the Committee, the Board increased Project Authority for Crossrail 2 to £21.459m to allow progress to be maintained in advance of the publication of the NIC report.

3.2 Following the NIC report, the Government agreed in its formal response that Crossrail 2 should be taken forward as a priority, and the Chancellor committed £80m in the Budget 2016 towards the continued development of the project and the preparation of a Hybrid Bill submission in 2019. The Government's funding commitment was based on its estimated cost of £160m and match funding from TfL.

3.3 Subsequently, the Mayor, Chancellor and Secretary of State for Transport announced the appointment of Lord Adonis as the Chair of the Crossrail 2 Board to oversee the development of the project. The proposed representation on the Crossrail 2 Programme Board comprises TfL, Greater London Authority (GLA), Department for Transport (DfT), Network Rail, Department for Communities and Local Government (DCLG), HM Treasury, Infrastructure and Projects Authority,

and independent members with particular expertise. The first meeting of the Crossrail 2 Programme Board, scheduled for 30 June 2016, will confirm the plans of the project team to address the recommendations of the NIC and the Government's response.

- 3.4 In his capacity as Chair of TfL, the Mayor has approved the appointment of Lord Adonis as the Chair of the board of directors of Crossrail 2 Limited.
- 3.5 The Government contribution is to be front-loaded as set out in table 1. With that funding paid to TfL to cover the costs of both TfL and Network Rail teams, who are working to jointly to develop the project.

	£m	2016/17	2017/18	2018/19	2019/20	Totals
DfT funding		35	25	20	0	80
TfL funding		0	25	35	20	80
Total		35	50	55	20	160

Table 1: Crossrail 2 funding profile for 2016/17 to 2019/20

- 3.6 The Government's announcement was made after the current TfL Business Plan and budget for 2016/17 was approved. Consequently, the approved budget did not provide for the further development of Crossrail 2 and therefore Financial Authority was not in place. As an interim measure and in accordance with Standing Orders, the Commissioner granted unbudgeted Financial Authority of £25m, with the expectation that revised authorities would be sought from the Board when it next met.
- 3.7 A proposal to revise the TfL budget for 2016/17, that recognises the Crossrail 2 funding, is set out elsewhere on this agenda. Should that budget adjustment be approved, revised total Financial Authority of £179.7m will be established, comprising the sum of £160m in the future plan and prior Financial Authority of £19.7m.
- 3.8 Increased Project Authority is requested to enable the project team to meet its primary objectives for 2016/17 of updating the Business Case, refining the route alignment and making preparations to start the Hybrid Bill preparation from April 2017. The project plan for 2016/17 is summarised in Appendix 1, with the forecast expenditure set out in Appendix 2 and summarised in Table 2.

Expenditure Forecast 2016/17		£m
TfL Costs		
Scheme Design Development and Consents Planning		10.98
Business Case, Funding and Development Planning		5.57
Consultation		2.13
Commercial and Controls		2.20
Communications		0.41
Facilities, IT and other Directorate administration costs		1.18
	TfL Forecast	22.47
	Network Rail Forecast	10.17
	Programme Contingency	2.36
	Total	35.00

Table 2: Forecast Expenditure 2016/17

- 3.9 In 2016/17 the project team is focused on refining the scope of the project, cost estimates and benefits forecasts necessary to update Business Case, and develop the funding and finance strategy. That work is to be informed by further work by Network Rail to develop surface works design and the next round of public consultation in the autumn. Towards the end of 2016/17, preparations will be made to ensure a prompt start to the Hybrid Bill design in the spring, including the procurement of additional design resource.
- 3.10 TfL is entering into a formal agreement with Network Rail to ensure an appropriate degree of visibility and control over its expenditure. The programme contingency will be controlled by TfL.
- 3.11 Table 3 summarises the basis for the request to increase the total Project Authority to £55.07m, in order to complete the planned activity to the end of 2016/17.

Project Authority		£m
Existing Project Authority	Granted at TfL Board 1 July 2015	16.72
	Granted at TfL Board 17 Dec 2015	4.74
	Cumulative	21.46
Requested Project Authority	Expenditure 14/15	3.74
	Expenditure 15/16	16.33
	Expenditure Period 1 16/17	1.75
	Forecast periods 2-13 16/17	33.25
	Requested Project Authority	55.07
<i>Increase to existing Project Authority</i>		<i>33.61</i>

Table 3: Revised Project Authority

4 Financial Implications

- 4.1 The current plans for submission of a Hybrid Bill in 2019 require that TfL will be able to make available funding in accordance with the profile set out in Table 1.

List of Appendices to this report:

Appendix 1: 2016/17 Summary Schedule
 Appendix 2: 2016/17 Expenditure Summary

List of Background Papers:

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

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Summary Schedule 2016/17

Appendix 1



