

Programmes and Investment Committee Chair's Action

Date: 16 December 2021

Item: Elephant and Castle Station Capacity Upgrade Project

This paper will be published with the papers for the next meeting of the Committee

1 Summary

- 1.1 In October 2021 the Committee granted Programme and Project Authority for the Elephant and Castle Station Capacity Upgrade (ECSCU) as part of the Major Stations Programme. This paper provides an update on the progress of ECSCU project within the London Underground (LU) Major Projects Stations Programme (MSP), which has reached a crucial stage and requests approval to enter into a Development Agreement.
- 1.2 Appendix 1 contains exempt supplementary 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.
- 1.3 The use of Chair's Action is considered appropriate as the timing is sensitive to the wider Elephant and Castle regeneration programme and the need for the Development Agreement to be in place for the station project to commence in line with the wider development.
- 1.4 The members of the Committee are asked to consider the proposal and provide Greg Clark, as Chair, with their views on or before 2.00pm on Friday 17 December 2021. The contents of this paper and the exercise of Chair's Action will be reported to the next meeting of the Committee.

2 Recommendations

- 2.1 **The Chair, following consultation with available members of the Committee, is asked to:**
 - (a) **note the paper and the supplemental information in the exempt appendix;**
 - (b) **approve an increase in unbudgeted gross Financial Authority for the Elephant and Castle Station Capacity Upgrade as detailed in exempt appendix, to enable TfL and London Underground to enter into the Development Agreement (DA);**
 - (c) **subject to approval of the additional Financial Authority being granted as outlined in paragraph 2.1 (b) above, approve TfL and London Underground Limited (LU) entering into a Developer Agreement with the developer (Delancey) relating to the design and**

construction of a new subterranean station box and associated interfaces at Elephant and Castle and as described in the exempt appendix; and

- (d) grant Land Authority for TfL and LU to enter into the land transactions pursuant to the Development Agreement and as described in the paper and exempt appendix.**

3 Elephant and Castle Strategic Case

- 3.1 The Mayor's Transport Strategy states the intent to improve the transport system to ensure a world-class experience. The LU MSP was established to effectively deliver major changes to stations in order to; provide much needed step-change in capacity; ensure that operational resilience is maintained at key interchange stations in the medium to long term; safeguard access and benefits from upgraded lines; and support local area regeneration, housing and job creation.



Figure 1: Proposed entrance located under the new development

- 3.2 In 2012, the London Plan identified Elephant and Castle as one of 32 Opportunity Areas (OA) with circa 7,000 new homes (30 per cent affordable) and 10,000 new jobs either implemented or planned for the area, with full build-out scheduled to be completed between 2025 and 2030. Much of the development in this OA has been completed and the final main site is the Elephant and Castle shopping centre, which is to be developed by Delancey. The project is driven by the need to mitigate the development impacts from new LU trips generated by this regeneration.
- 3.3 It was concluded that a new subterranean station box to accommodate a new Northern Line Ticket Hall (NLTH) was the most effective and economical

solution as part of a planned private sector redevelopment of the Elephant and Castle town centre being carried out by Delancey.

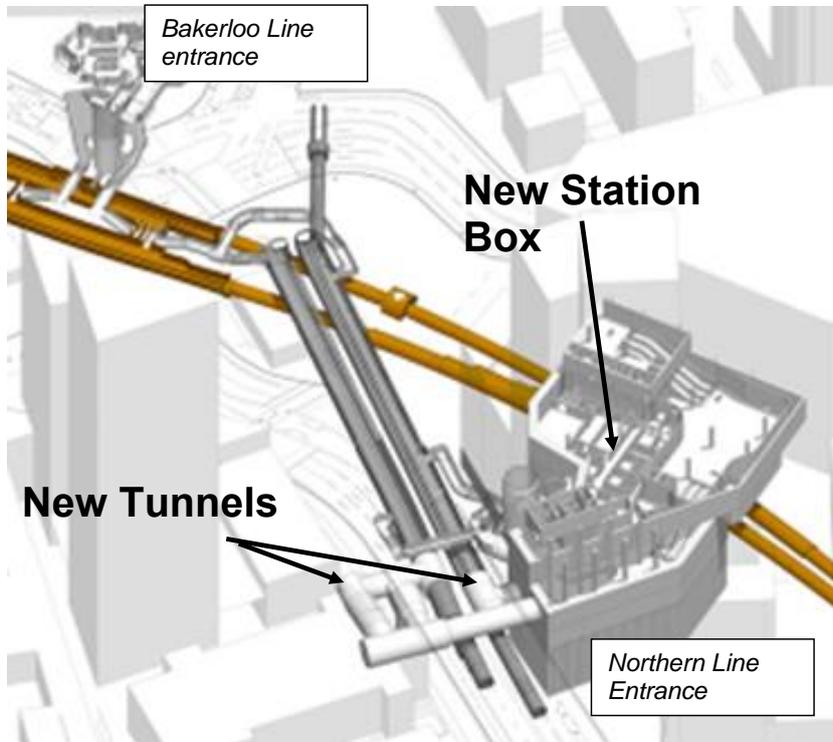


Figure 2: Core Scope delivered under this proposal – Construction of the Station Box and Tunnelling only

- 3.4 The main drivers for the major change proposed at the station through the implementation of the NLTH are:
- (a) to stimulate and enable the regeneration of Elephant and Castle town centre providing new mixed-use development including affordable homes;
 - (b) to provide enough capacity in the existing station (based on pre-coronavirus pandemic passenger numbers) and avoid closures during peak periods;
 - (c) to remove station control measures given even greater demand at the station in the future as a result of the new development and regeneration of Elephant and Castle town centre with increased population and employment;
 - (d) to Provide Step-Free Access (SFA) provision to increase accessibility;
and
 - (e) to improve fire and emergency evacuation for the station.

- 3.5 Implementation of the station project at Elephant and Castle will also safeguard an integrated station solution accommodating both the Northern line and the Bakerloo Line Extension (BLE) which is not included in the Safeguarding Direction recently issued by the Secretary of State for the BLE route alignment. The BLE is projected to enable a further 25,000 new homes and 5,000 jobs, unlocking access to an additional three OAs. The station box being designed to cater for an integrated Northern and Bakerloo line ticket hall (ITH) in the future which will avoid retaining two separate entrances.

4 Progress

- 4.1 In 2016, a funding agreement between TfL, the London Borough of Southwark (LBS) and the Greater London Authority (GLA) was signed to fund the upgrade of the ticket hall up to a maximum contribution of £58.0m.
- 4.2 In addition to the £58.0m provided by GLA and LBS, additional funding sources for the scheme has provided a total of £93.7m third-party funding available. It was assumed that TfL would provide the rest of the funding. TfL's financial position has changed dramatically as a result of the coronavirus pandemic. It has become clear that TfL cannot currently commit to provide its share of ongoing funding for the proposed ITH scheme. This means that the full scheme is currently undeliverable in one phase as originally envisaged given the funding gap.
- 4.3 Rather than frustrate the implementation of the development which will provide significant regeneration benefits to London, optioneering around potential ways to bridge the funding gap resulted in a proposal to progress the scheme by deferring the station-fit out and station opening (pending TfL committing its share of the funding in the future if in a position to do so) whilst retaining and delivering the core scope – the station box, enabling works and connecting tunnels. This core scope proposal safeguards the full scheme and enables the development to continue.
- 4.4 A key condition of delivery of the core scope (the first stage) is that it needs to be exclusively and fully funded by the existing third-party funding available.
- 4.5 TfL subsequently initiated discussions with stakeholders and latterly with Delancey with a view to establishing whether this two-stage approach by deferring the fit out and opening would be acceptable.
- 4.6 All parties support the two-stage proposal in order to safeguard the full scheme and enable the development to proceed. In particular, TfL, LU, Delancey, University of Arts London (UAL) and the London Borough of Southwark have already reflected that support in a variation to a Section 106 Agreement which previously obliged TfL to commit its funding to the scheme before the development could be implemented. Crucially, this has enabled negotiations to progress on the DA with Delancey. Through the provisions in the DA, Delancey will deliver the new station box for TfL for a fixed price. TfL will deliver the connecting tunnels and passageways from the station box to the Northern line. Both the station box and the connecting tunnels and passageways will be constructed using the third-party funding available.

- 4.7 The Section 106 Agreement requires TfL to enter into the DA. The DA is a legal agreement between TfL and Delancey that underpins the coordination required to facilitate the construction of the new station. It enables Delancey to construct a new subterranean station box on TfL's behalf within the basement of the new UAL campus, which is part of their multi-billion redevelopment scheme for the area. The station box will then be handed over to TfL to complete the tunnelling works (to connect the station box ticket hall and entrance with the platforms).
- 4.8 The cost of entering into this DA is entirely funded from third-party contributions and covered in agreements with the GLA and London Borough of Southwark. Further detail relating to the DA is contained in the supplementary information in the exempt appendix.
- 4.9 An Infrastructure Protection Agreement (IPA) between TfL, LU and Delancey was entered into in November 2020. The IPA relates to the demolition of the Elephant and Castle shopping Centre and secures the necessary measures required for the protection of LU assets during the demolition phase of the development.
- 4.10 Demolition works have already commenced, and once a DA is in place between Delancey and TfL it is expected construction works will start in early 2022.
- 4.11 On that basis, it is anticipated that the station box and connecting tunnels will be constructed by 2027.

5 Financial implications

- 5.1 Existing Financial Authority is currently provided through the two year Budget for 2021/2022 and 2022/23 as approved by the Board on 28 July 2021 (the "Revised Budget"). It is noted that the current funding agreement with Government expires on 17 December 2021 (having been extended one week from 11 December) and additional Government funding will need to be agreed beyond this period, therefore a subsequent prioritisation of the TfL Investment Programme will be required to ensure that all projects are affordable within the funding envelope provided and as such revised authority may need to be sought.
- 5.2 In the case of ECSCU, although the project is fully funded by third party contributions totalling £93.9m, this is unbudgeted expenditure and income and so additional unbudgeted Financial Authority is now being sought (which can be accommodated within the current Budget). If the cost of the first stage exceeds the amount available through third parties, TfL will need to cover the excess.

6 Assurance

- 6.1 A TfL Project Assurance (PA) and Independent Investment Programme Advisory Group (IIPAG) Assurance Review of the Programme was held in August 2021. One recommendation was made and is being addressed as noted in the Major Stations Programme management response. In addition, project-level Assurance Reviews were carried out on a number of projects within the Programme as set out in the Programme's Integrated Assurance Plan.
- 6.2 The Integrated Assurance Plan for the Programme has been agreed with TfL PA and this plan details the project-level reviews that will take place over the course of the next year.

7 Equalities Implications

- 7.1 TfL is subject to the Public Sector Equality Duty set out in Section 149 of the Equality Act 2010 (2010 Act). This requires us, when carrying out our functions and taking decisions, to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between people with protected characteristics set out in the 2010 Act and those who do not share those characteristics.
- 7.2 An Equality Impact Assessment (EqIA) has been produced to assess the impacts of the ECSCU project on those with protected characteristics (as defined by the 2010 Act 2010). The EqIA found that making the Northern line station step-free will make a positive contribution towards equality in the local area. It will enable many customers including passenger with reduced mobility to gain access to the Underground network from this station and make their journeys more convenient, accessible and comfortable.
- 7.3 The Concept Designs will be presented to the Independent Disability Advisory Group (IDAG), prior to commencement of Detailed Design, and will seek early recommendations and design improvement for customers. It is acknowledged that there will be some negative impacts to customers during the construction phase. Assessing and minimising any impacts will be part Detailed Design stage of the project.
- 7.4 As the project progress through design and delivery further EQIAs will be undertaken.

8 Land Transactions

- 8.1 TfL and LU need to enter into a number of land transactions. These are described in more detail in Appendix 2 to this paper and the exempt appendix.

List of appendices to this paper:

Appendix 1: Exempt supplementary information

Appendix 2: Elephant and Castle shopping centre redevelopment – land disposal and new leases paper is included in the exempt appendix.

List of background papers:

IIPAG and Project Assurance Reports

Management response to IIPAG and Project Assurance Reports

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Appendix 2

Elephant and Castle shopping centre redevelopment – land disposal and new leases

1 Summary

- 1.1 This appendix describes the various land transactions to be entered into by TfL and/or LU in relation to the development of Elephant and Castle shopping centre and the provision as part of that development of a new station ticket hall and entrance
- 1.2 The land transactions relate to the disposal of a number of freehold interests owned by TfL and LUL and the grant of a long lease of the land occupied by the existing northern line ticket hall at Elephant and Castle; the acquisition of two subsoil parcels required for tunnel construction; and, the completion of a long lease of a new station box within the new development and a vent shaft chamber at Farrell Court that will be constructed in place of the current open air arrangement. Valuation information is included in the paper on Part 2 of the agenda.

2 Land Transactions

- 2.1 The following transactions will flow from signing the development agreement:
- (a) Disposal of TfL's freehold interest in the plots of land labelled 1, 2, 3, 5, 8b (subsoil only), 9 (subsoil only) and 10 shown edged red on **Plans A**;
 - (b) Disposal of LU's freehold interest in the plots of land labelled 4, 7 (depth limited stratum) and 8a (subsoil only) shown edged red on the plans at **Plans B**;
 - (c) Acquisition by LU of a freehold interest in a stratum of subsoil required for construction of a connecting tunnel to the Bakerloo Line Extension (BLE), shown on the plan at **Plans C**;
 - (d) Acquisition of a freehold interest in a stratum of subsoil from University of the Arts London (UAL), shown on the plan at **Plans D**, to construct the pedestrian tunnels for the new station box;
 - (e) Surrender on behalf of LU of two existing leases of a stratum of land at Farrell Court, which are shown on the registry plans at **Plans E**, at **Appendix 4 of the paper on Part 2 of the agenda**;
 - (f) Grant of a lease by the Freeholder to LU, expiring in December 3010 and within the Landlord and Tenant Act 1954, of the new vent shaft chamber, shown on the lease demise plans at **Plans F**, at **Appendix 4 of the paper on Part 2 of the agenda**;

- (g) Grant of a lease by the Freeholder to LU expiring in December 3010 and within the Landlord and Tenant Act 1954, of the new station ticket hall area, shown on the lease demise plans at **Plans G, at Appendix 4 of the paper on Part 2 of the agenda**; and
 - (h) Grant of a lease from LUL to the Freeholder, expiring in December 3010 and within the Landlord and Tenant Act 1954, of the existing station land, shown on the lease demise plans at **Plans H, at Appendix 4 of the paper on Part 2 of the agenda**, with upper and lower limits set at the underside of the foundation slab and 5m above the upper extent of the building for which the developer has planning permission.
- 2.2 The final item on this list is conditional on LU completing the fit out works in the new station box, such that the new station can be put into operation.

3 Timing of the transactions

- 3.1 The timing of the transactions will be as follows:
- (a) The acquisition of the UAL subsoil will take place on exchange of the DA;
 - (b) The freehold transfers from TfL and LU to the freeholder (with the exception of Plots 7 and 10) will be completed 20 business days after commitment by the Developer to implement;
 - (c) Plot 7 (Farrell Court vent shaft) – the surrender of the existing leases, transfer of the freehold from LU to the freeholder and lease back of the vent shaft chamber to LU will be completed 20 business days after sectional completion of the vent shaft chamber works by the Developer;
 - (d) The transfer of the BLE connecting tunnel from the freeholder to LU will take place immediately before the grant of the new station box lease;
 - (e) The lease to LU of the new station box will complete 20 business days after the later of: LU obtains Mayor's opinion and s163 consent, LU's decommissioning works are practically complete and the load bearing regime is agreed (if required), payment of the premium for the existing station entrance lease due on completion of the ancillary land transfers;
 - (f) Immediately after the grant of the new station box lease TfL will transfer its freehold interest in Plot 10;
 - (g) Once LU has fitted out the new station box it does not need to retain the existing station entrance. It will form part of the Developer's development. The lease of the existing station entrance land will be completed 20 business days after the station box handover date.

List of plans

A: TfL freehold disposals

B: LUL freehold disposals

C: BLE subsoil acquisition

D: UAL subsoil acquisition



TfL Operational Property
Estates Management Directorate
Palestra, 197 Blackfriars Road
Southwark, London, SE1 8NJ

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Plot 1

Legend

Transfer Plots



Scale at A4 1:1250
Coordinate Reference System: British National Grid

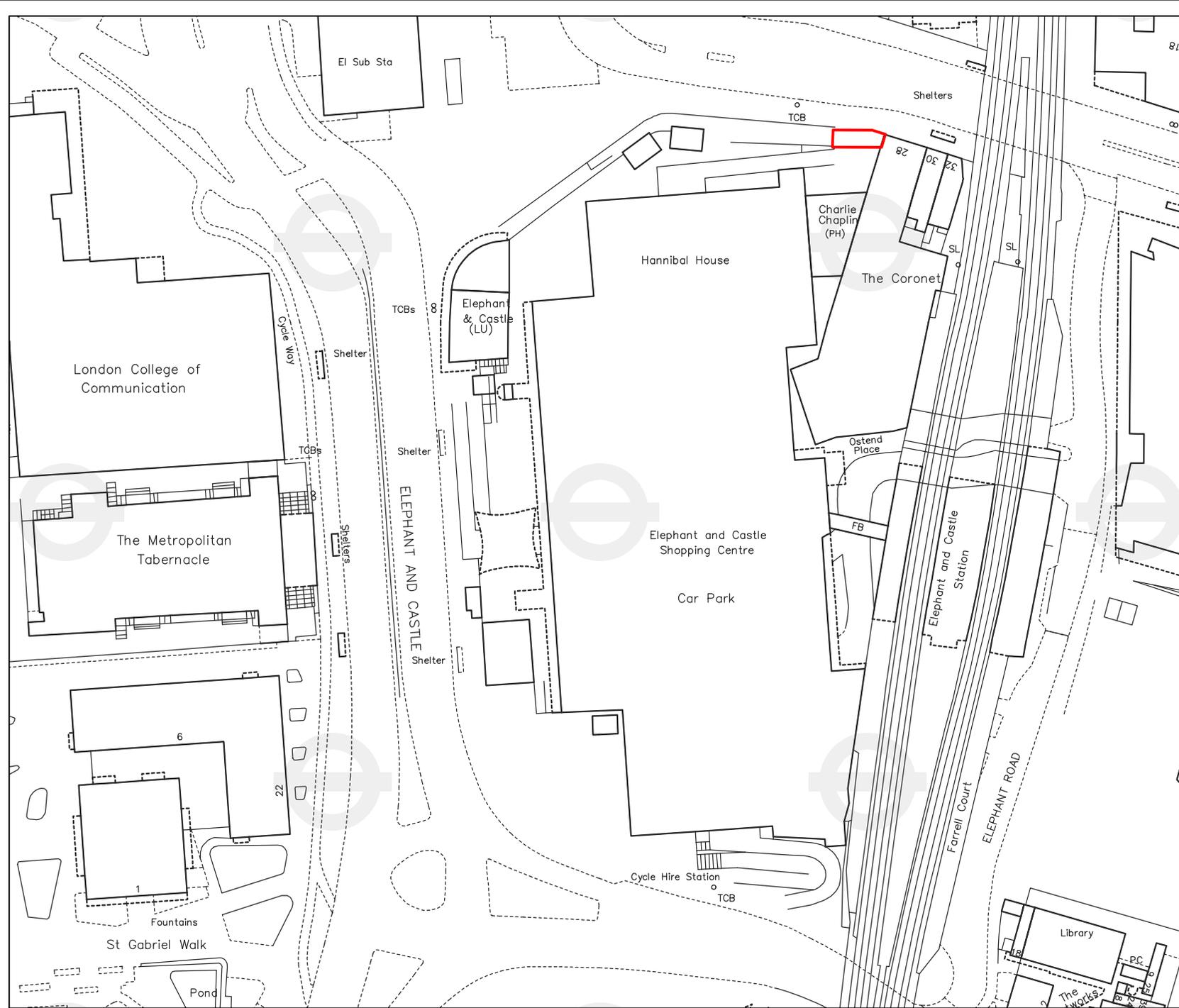
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Plot 2

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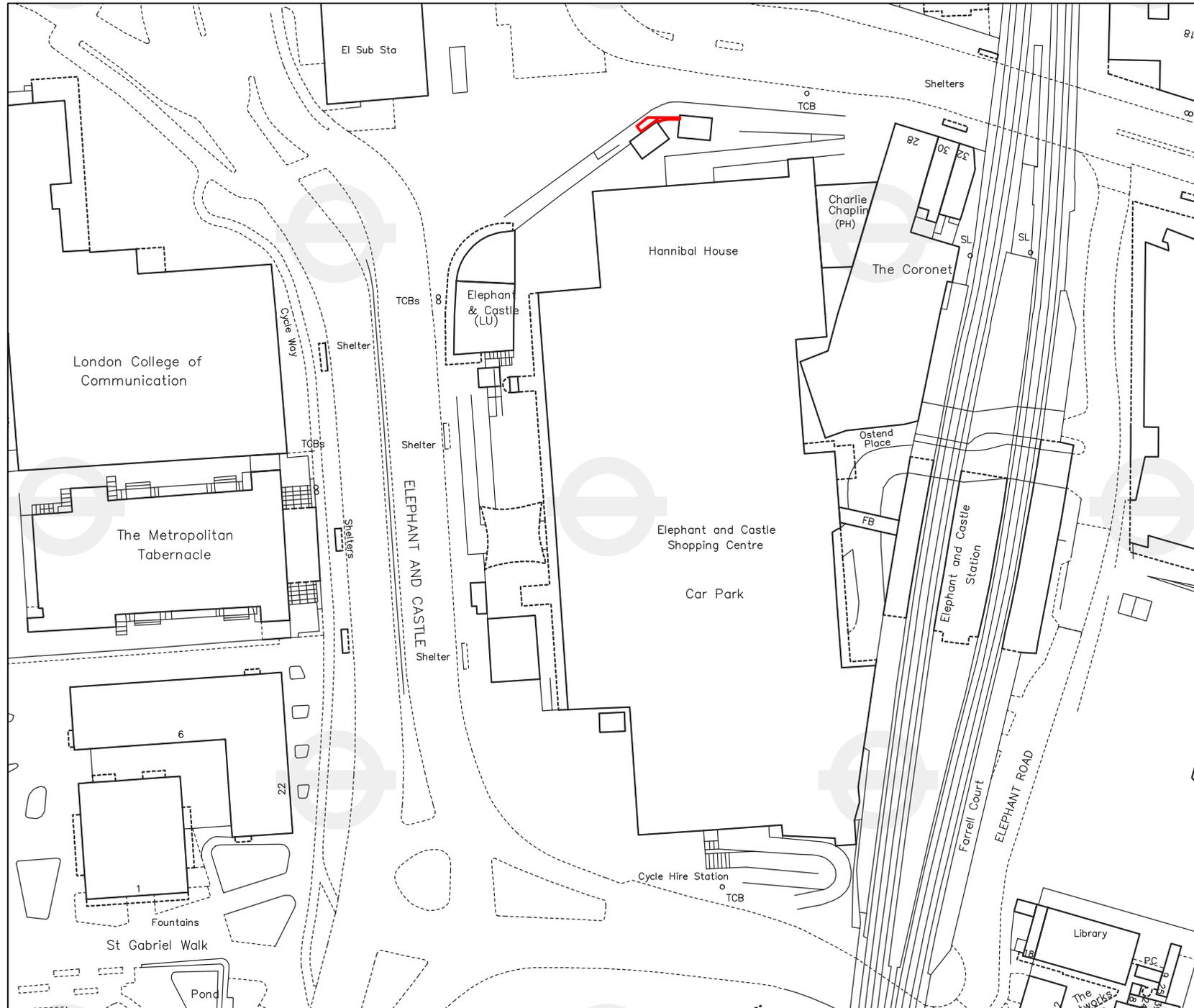
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Plot 3

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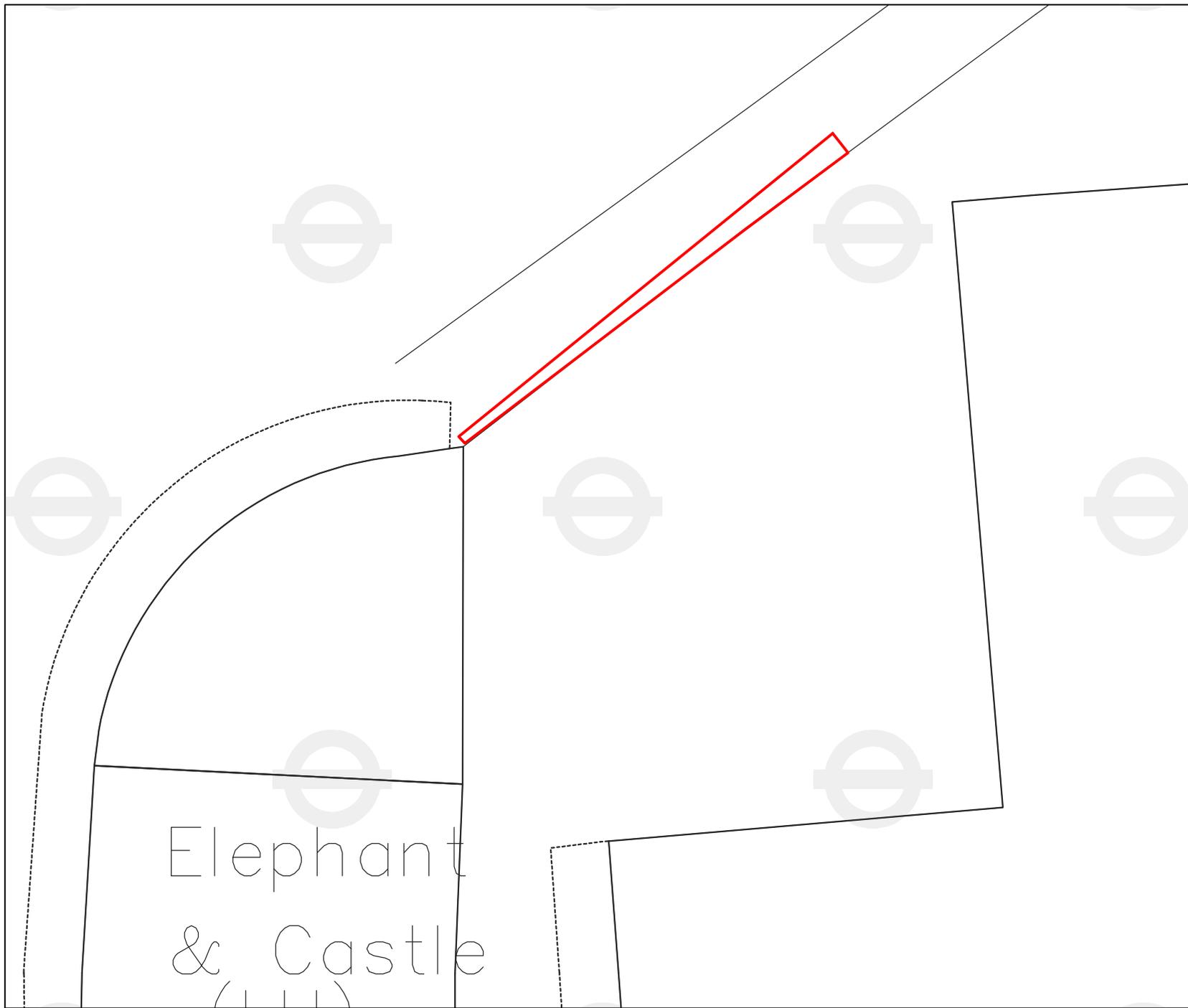
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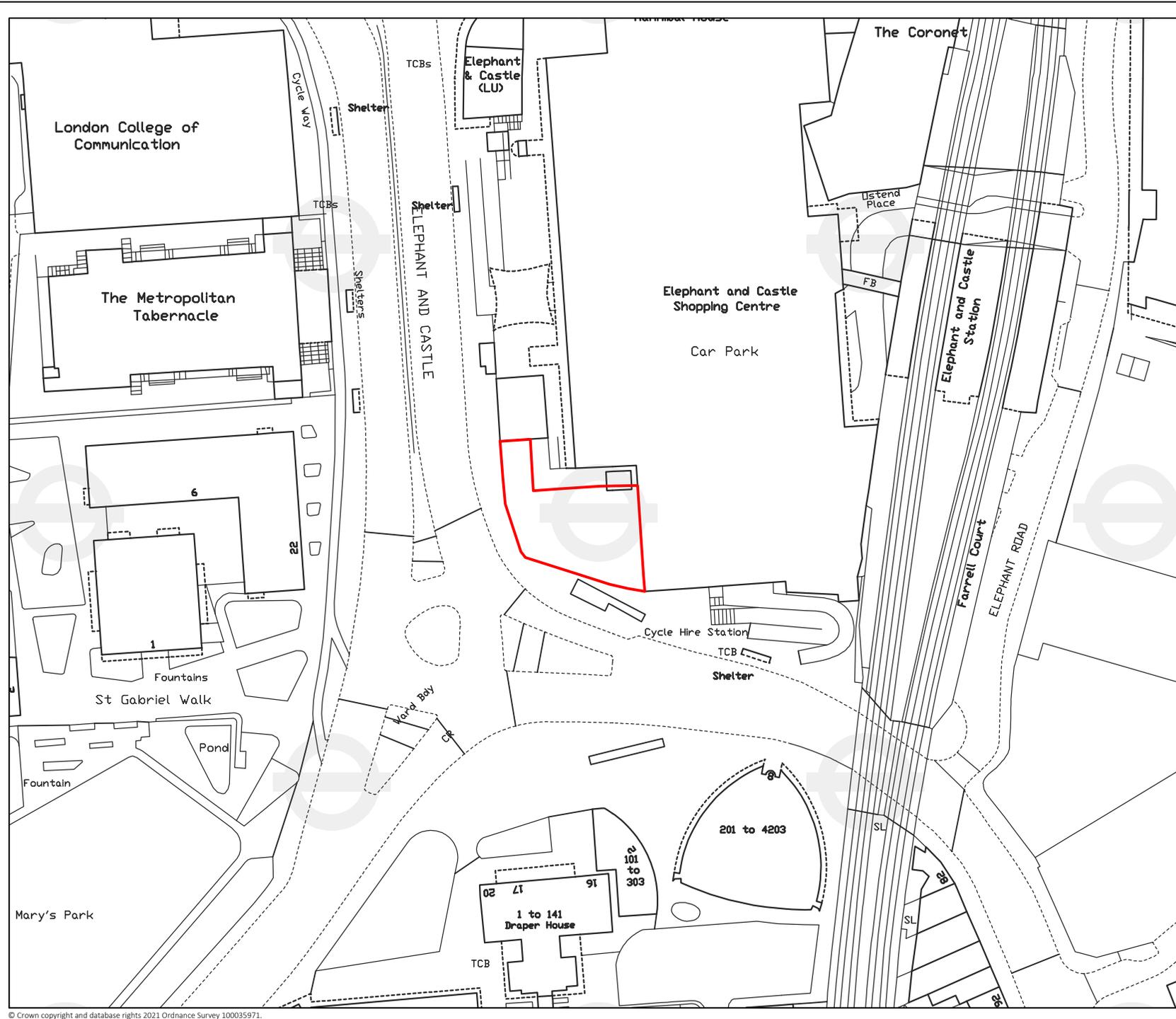
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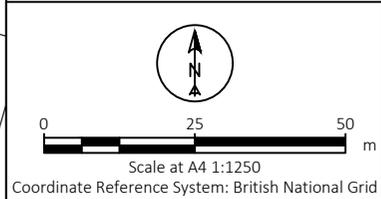


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Plot 5

Legend
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Hannibal H

Plot 8b

Legend

Transfer Plot

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Plot 9

Legend

 Transfer Plots



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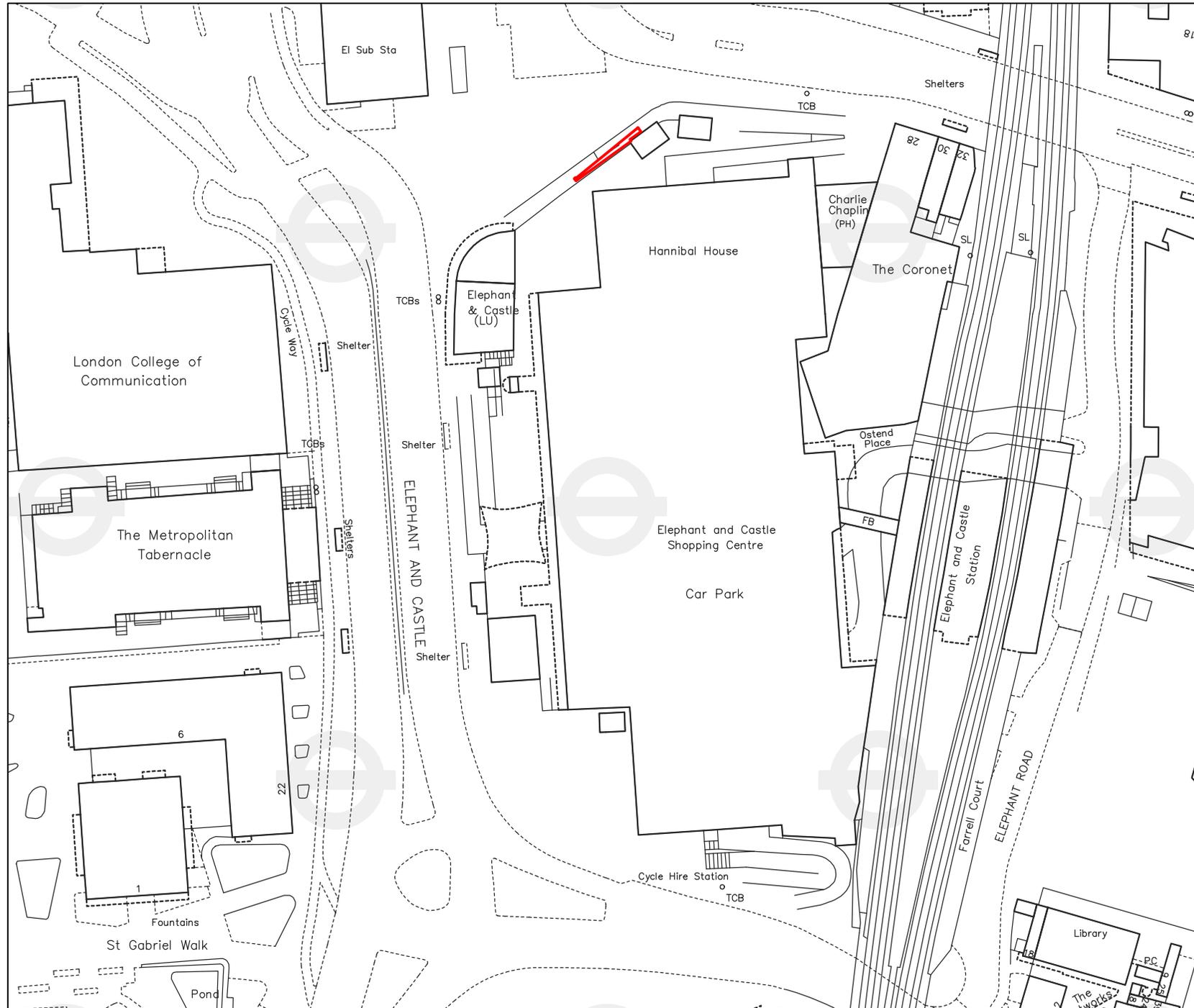
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Plot 10

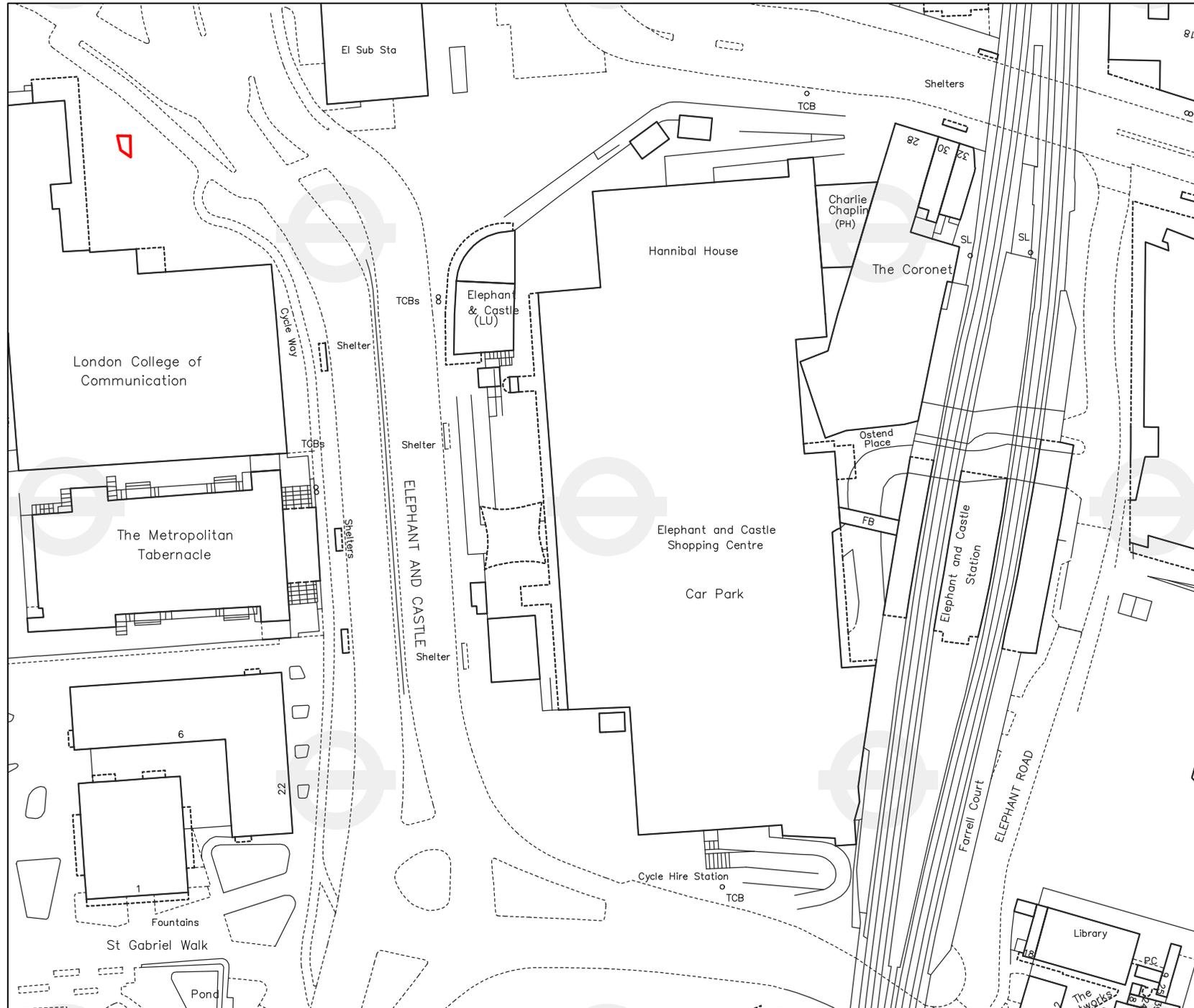
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 Transfer Plots



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Plot 4

Legend

 Transfer Plot



0 10 20 m
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Plot 7

Legend

 Transfer Plots



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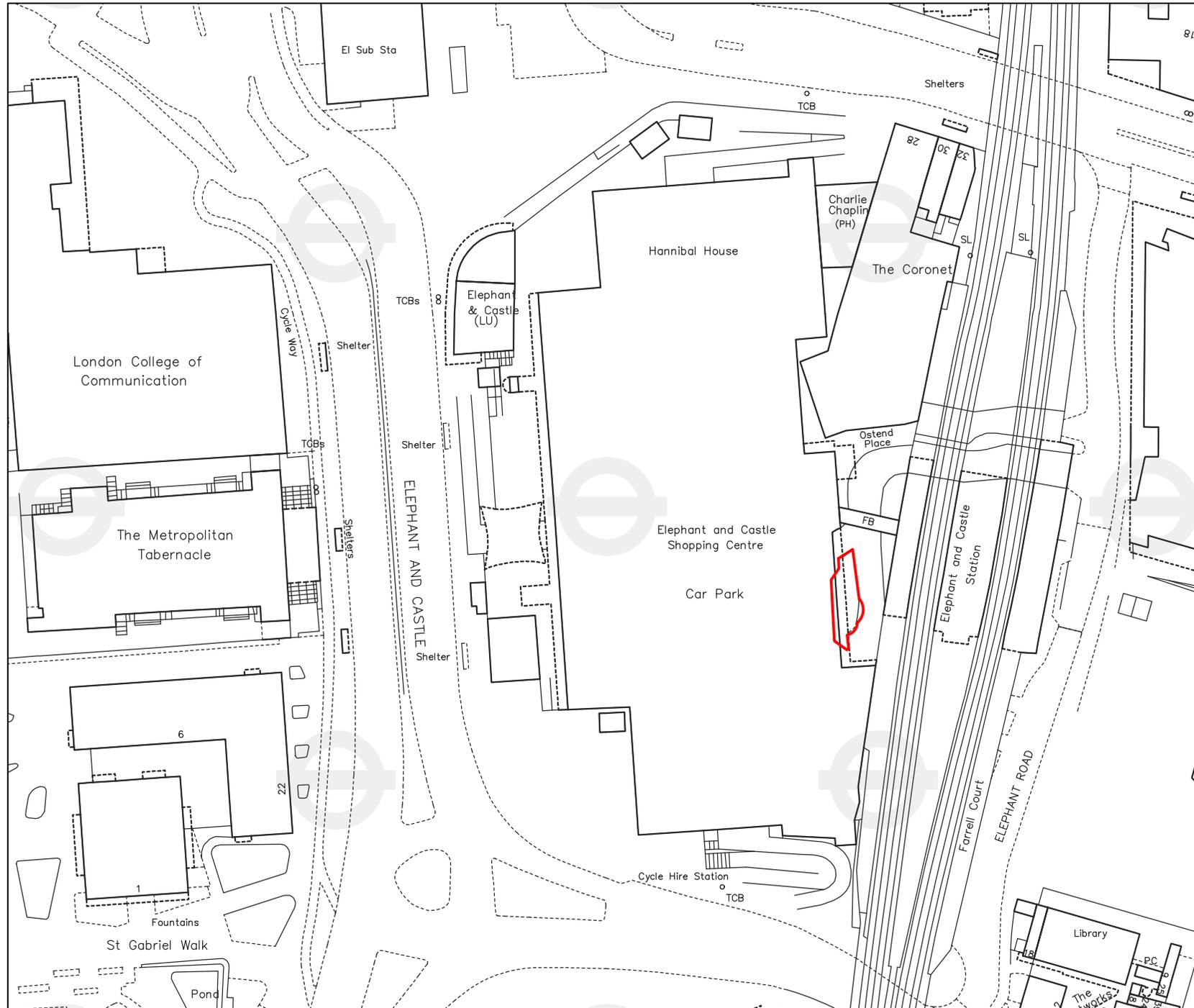
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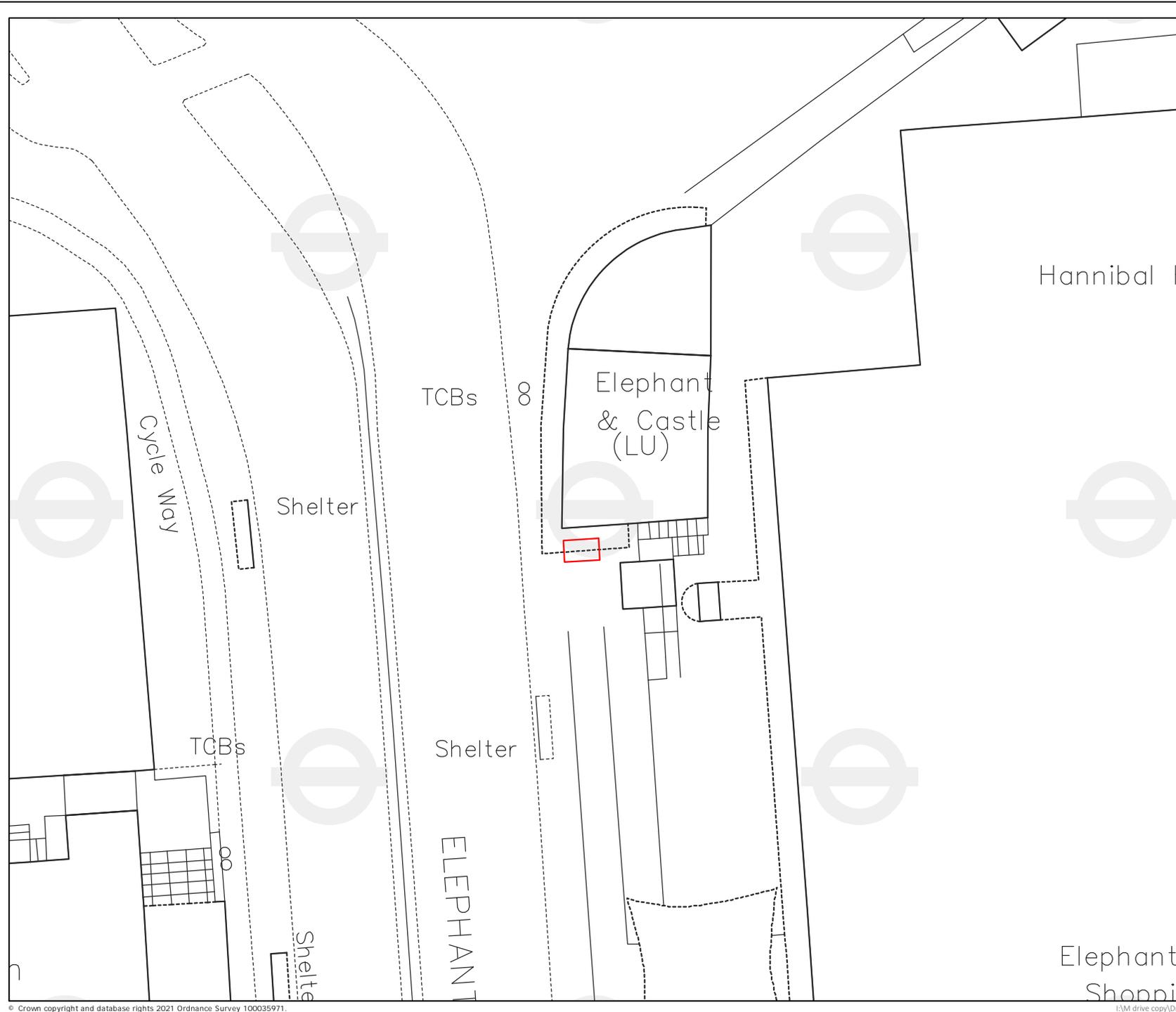
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Plot 8a

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Transfer Plot

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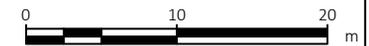
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Connecting Tunnel Transfer Plan - Future Tunnel

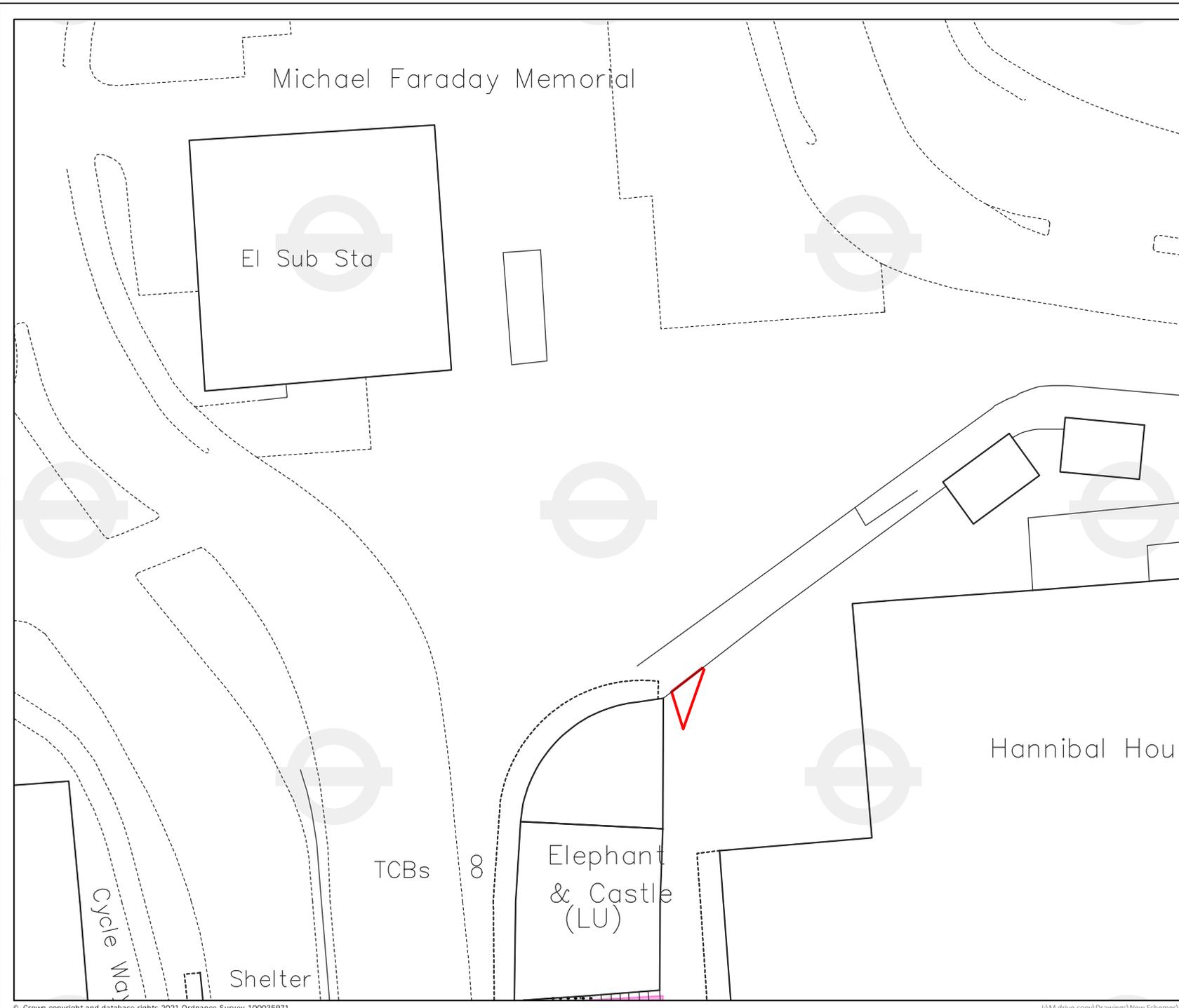
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Elephant and Castle - Subsoil to be acquired

Legend

- Subsoil to be acquired
- Proposed Extent of Tunnelling
- TGL394476



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