

Date: 15 December 2021

Title: Barking Riverside Extension

This paper will be considered in public

1 Summary

| Barking Riverside Extension | | | | | |
|------------------------------------|---------|--|--|-----------------|--|
| Existing Financial Authority | EFC | Existing Programme and Project Authority | Additional Financial Authority Requested | Total Authority | Additional Procurement Authority Requested |
| £327.6m* | £331.1m | £328.5m | £0.9m | £328.5m | The amount set out in the paper on Part 2 of the agenda. |

* Reasons for the difference between the existing Financial and Programme and Project Authorities are set out at section 6 below.

- 1.1 This paper provides an update on the progress for the Barking Riverside Extension (BRE) project following the post-coronavirus safe stop and confirmation of revised Network Rail (NR) possession plans, the completion of the viaduct structure and an agreed strategy of construction responsibilities to complete the project. It is requesting an increase in Financial Authority of £0.9m and Procurement Authority for the Main Works Contract (MWC) of the amount described in the paper on Part 2 of the Agenda (which falls within the existing Programme and Project Authority).
- 1.2 The project will deliver a 4.5km extension of the electrified London Overground Gospel Oak to Barking line, from its current terminus at Barking to a new station in Barking Riverside. The four-train per hour service will support 4,000 homes currently being built at Barking Riverside and directly unlock a further 6,800 homes.
- 1.3 The Estimated Final Cost (EFC) of the project resides at the lower end of the range presented to the Committee on 11 December 2020, but is above the authorities granted at that time. The project team continues to plan to exploit the opportunities described in this paper to reduce the EFC to the level of Financial Authority and Programme and Project Authority granted by the Committee in December 2020 (the 2020 Authorities). We will keep the Committee updated of progress in these matters and seek further authorities in advance should they become required.
- 1.4 An increase in Financial Authority (raising it back to the 2020 Authorities) and a further increase in Procurement Authority is requested for the MWC, to meet its

contractual obligations and TfL agreeing to deliver some additional drainage on the east side of the station for the developer, Barking Riverside Limited (BRL). TfL is best-placed to deliver this drainage while on site as part of a co-ordinated effort to deliver wider infrastructure required for station opening at the earliest possible opportunity.

- 1.5 A paper is included on Part 2 of the agenda, which contains exempt supplementary information. The information is exempt by virtue of paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL and which is legally privileged. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendations

- 2.1 **The Committee is asked to note the paper and the exempt supplementary information contained in the paper on Part 2 of the agenda, and:**

- (a) approve unbudgeted Financial Authority of an additional £0.9m for the Barking Riverside Extension project; and**
- (b) approve additional Procurement Authority for the Main Works Contract of the amount set out in the paper on Part 2 of the agenda; and**
- (c) note that the matters for which Authorities are sought include commitments that extend beyond the period of the Business Plan and Budget approved by TfL Board on 28 July 2021 and provision will need to be made in future business plans and budgets.**

3 Background

- 3.1 At the meeting of the Committee on 11 December 2020, the BRE project reported that – following the initial impacts of the coronavirus on the rail systems works, changes in the signalling designs and their interface with wider NR systems and the discovery of uncharted buried utilities issues – the EFC for BRE was expected to be within a range of £328.5m to £356.5m. The Committee granted an increase of Financial Authority of £43.1m and £34m Programme and Project Authority in line with the bottom of this range, taking both to £328.5m. The details of an associated increase in Procurement Authority for the MWC are set out in the paper on Part 2 of the agenda.
- 3.2 The December 2020 update to the Committee also reported that further work was required to re-plan the testing and transition activities for the project (including an NR timetable change) associated with revised BRE programme dates. Those programme dates forecast an ‘Entry into Service’ (EIS) range of July 2022-December 2022 although the full impacts of programme changes at that time were yet to be assessed.
- 3.3 We are now entering the final phase of the project and progress with the station and on the viaduct remains on track to complete by a most-likely EIS date in autumn 2022. Delays to the finalisation of the urban realm design around the

station have led to an alternative construction strategy having to be considered; this will enable us to open the station as early as possible while minimising the associated cost pressures.

4 Project Update and Challenges

- 4.1 In early 2021, successful consultation with NR and the region's train and freight operating companies secured the shortest timetable possible for the NR infrastructure possessions required to complete the remaining signal stages. Over the August bank holiday weekend, a halt of all services from Fenchurch Street to Shoeburyness was put in place to update NR's local signalling systems to recognise and test the new BRE extension. This paves the way for the final commissioning signal stage in two weekends in April 2022 to bring the extension into operational use.
- 4.2 On the rail systems construction side, the project achieved its Strategic Milestone for 2021 on time by completing the viaduct structure in July 2021 (see Figure 1). Following completion, the track slab installation has been completed (see Figure 2) on the viaduct and the final works (e.g. handrails and finishings) are due to be completed on the northern viaduct by the end of the calendar year.

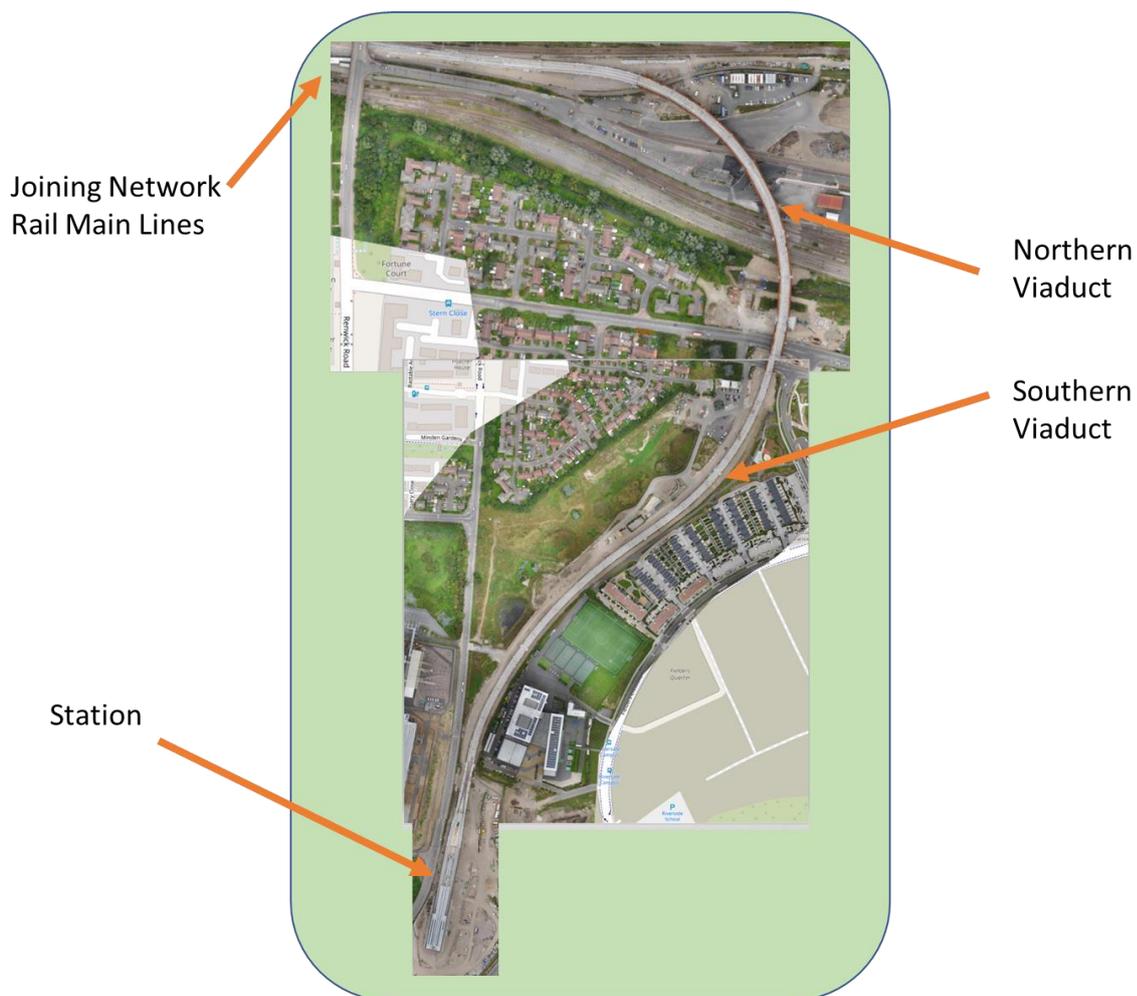


Figure 1: Completion of Viaduct Structure, July 2021

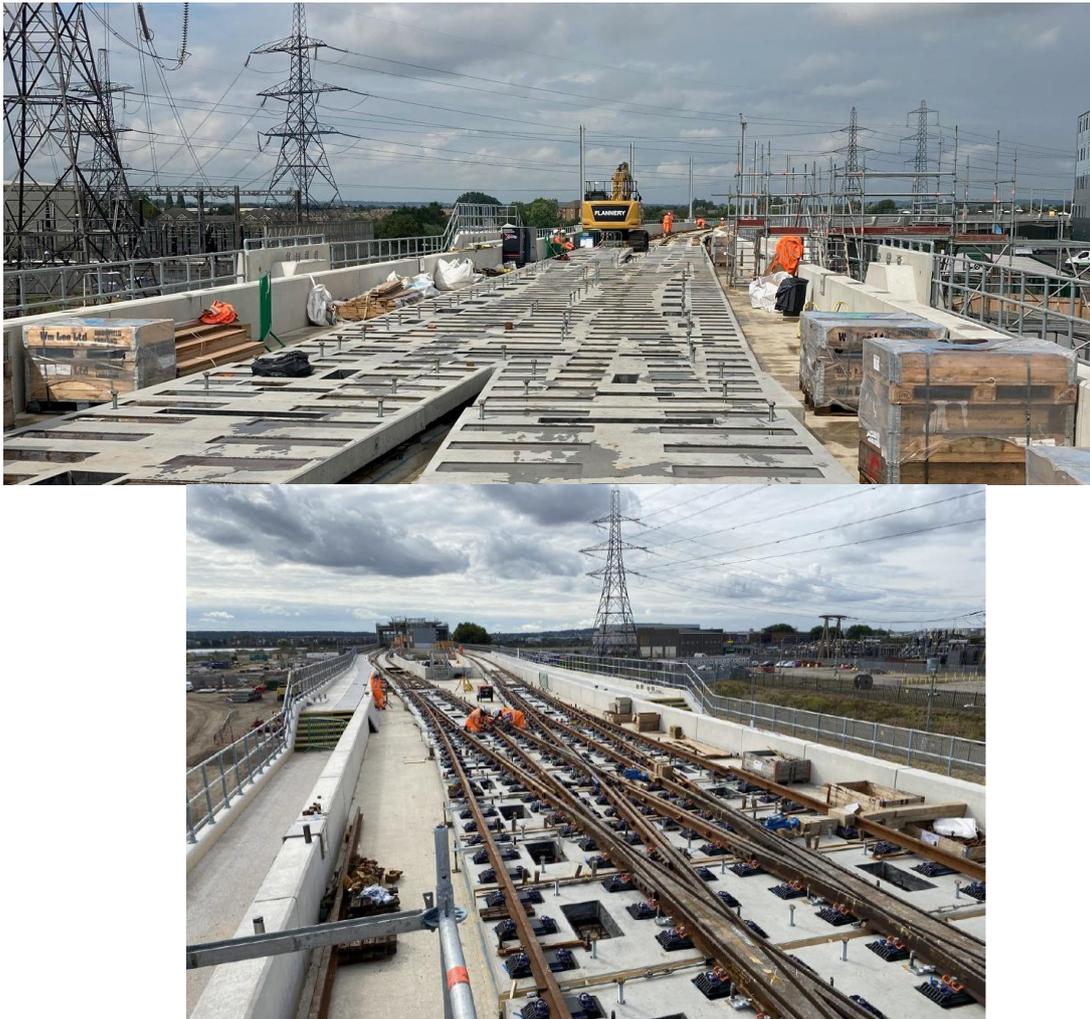


Figure 2:
Track slabs, switches and crossings now installed, September 2021

- 4.3 Construction works at the station have also progressed at a good rate (see Figure 3) and will complete on time by the end of 2021. Within the station though, some delays have been experienced in the Mechanical and Electrical workstream where lift installation was delayed by three months (now complete, see Figure 4) and the Public Address and Voice Alarm system (PAVA) was discovered to be non-compliant. Further modelling has been carried out and an updated PAVA design will now be delivered approximately four months later than previously programme schedule, which now includes acoustic barriers being installed.



Figure 3: Station Glazing works and platform finishes being installed (above and below)



Figure 4: Lift installation complete three months behind schedule

- 4.4 As reported at the Committee meeting on 11 December 2020, EIS was forecast to be achieved between July and December 2022. The above progress improves on this slightly with a forecast now of between June and December 2022, with EIS most likely to be achieved in autumn 2022. The final EIS date is now dependent primarily upon deciding how (and by which third party / supplier) the urban realm around the station should be delivered and how this completion fits with NR 2022 timetabling. The outcome of this decision – expected by January 2022 – will also determine the final station testing and commissioning dates for the station and handover to Arriva Rail London, who will operate services from Barking Riverside.
- 4.5 Under the Land and Works Agreement between the wider estate developer, Barking Riverside Ltd (BRL) and TfL, BRL is responsible for the design of the urban realm works around the station and TfL is responsible for constructing it.
- 4.6 Delivery of the urban realm formed part of the scope of the MWC, however delays in the production of a final agreed design for these works, their complexity and how they interface with the wider development has now made it uneconomical to complete using the MWC contract. The reasons for these delays and their commercial impacts are described in more detail in the paper on Part 2 of the Agenda. Planning permission for the station and surrounding urban realm has been submitted. When planning is granted and construction takes place, it will complete compliance with our last major Transport and Works Act Order planning condition.
- 4.7 A decision has been taken to reduce the scope of the urban realm works to be carried out under the MWC to those activities that are vital to make the station operationally ready for EIS. The remaining works will need to be carried out by a third party (the project is currently in discussion with BRL to assess whether they are better placed to complete the works) and we will also need agreement from the London Borough of Barking and Dagenham (LBBD) that ‘non-operationally essential public urban realm works’ can be completed once the station is open.

5 Economic Case

- 5.1 The business case for the BRE has always been based upon the housing, local growth, and regeneration that the scheme unlocks – at the beginning of the project it was the largest brownfield site regeneration in Europe – rather than the pure transport benefits that it delivers.
- 5.2 The benefits of the scheme are still intact but were delayed following the programme challenges reported in December 2020. No more than 4000 homes on the development can be occupied before the station is open and the revised station is still on track to deliver by this ‘deadline’ (building construction on site has also faced a slow down for multiple reasons) and the opening will unlock a planning condition which will allow a further 6,800 homes to be occupied. It should be noted that house sales (and therefore future build) can only be strengthened by BRE opening at the earliest opportunity.
- 5.3 The new service is expected to initially run at an operating loss as a result of demand growing steadily as the new housing at Barking Riverside is built and occupied. Consequently, the operating account is not negatively impacted by a

delayed entry into service; it is forecasted to be 2030 before an operational surplus is realised.

- 5.4 The transport-only Benefits: Cost Ratio (BCR) for Barking Riverside remains poor value for money. However, the housing is a 'dependent development' on the new line opening and, in line with DfT guidance, once wider impacts are also considered for the scheme, including improved productivity and land value uplifts, an adjusted BCR of 1.9:1 still represents medium to high value for money. This is a slight reduction (previously just over 2.0:1) given the changes in demand forecasts following the coronavirus pandemic.

6 Financial Implications and Additional Authorities

- 6.1 Current Financial Authority is provided through the two-year Budget for 2021/22 and 2022/23 that was approved by the Board on 28 July 2021 and provision is included in the proposed Budget submission to the GLA as will be presented to the Board on 8 December 2021. The BRE project is highlighted in within the 'managed decline' scenario reported to the Finance Committee on 24 November 2021.
- 6.2 It is noted that the current funding agreement with government expires on 11 December 2021 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.
- 6.3 Authority granted by the Committee which relates to both the current funding period up to 11 December 2021 and commitments outside of this period, may need to be revised as part of future budgets to be considered by the Board. Provision will also need to be made in future Budgets and Business Plans in respect to commitments made. If additional funding is not available, a prioritisation of the TfL Investment Programme will be required, and some programmes and projects will not be taken forward and revised authority will be sought as appropriate.
- 6.4 All financial commitments related to this request will be overseen in accordance with TfL Business controls in respect of draw down.
- 6.5 As noted in paragraph 3.1, Programme and Project Authority and Financial Authority (each of £328.5m) were granted in December 2020 for BRE based upon an EFC range at the time of £328.5m - £356.5m. By May 2021, the EFC was tracking at a level of £327.6m which informed the Budget for 2021/2022 and 2022/23, approved by the Board on 28 July 2021. During the summer of 2021 the EFC increased by £3.5m, predominantly driven by the impacts of PAVA and urban realm described in section 4 of this paper. Since this increase, the EFC has remained relatively steady at £331.1m. As the project team are striving to remain within 2020 Authorities, the Committee is only being asked to approve the necessary increase of Financial Authority to £328.5m.
- 6.6 Procurement Authority for the MWC contract, having been increased in December 2020 in line with the increase of the EFC, now requires a further, albeit much smaller, increase by the amount set out in the paper on Part 2 of the

Agenda for the MWC to complete its contractual obligations. This is based on the increase in the EFC and also includes around £650k for the completion of an additional scope item of drainage (on the east side of the BRE station). Connecting the foul and surface water drainage of the station to the wider drainage network drainage was the responsibility of BRL. However detailed design work and the programme revealed that it would delay station opening if BRL had to wait until the main works contractor vacated this area before they could complete this construction. As a result, a decision was made to use the MWC to cover this scope (largely funded by BRL) and the works have been completed - before station completion and at least six months earlier than they would originally have been.

- 6.7 The final cost of the project will be heavily influenced by the eventual EIS date – primarily linked to the urban realm procurement route (and its cost) – and the outcome of TfL’s ability to recover costs incurred in relation to the design elements of the project. Further details of these and how the EFC and scope of the project have changed over time are described in the paper on Part 2 of the Agenda.

7 Assurance

- 7.1 An internal assurance review and Independent Investment Programme Advisory Group assurance review took place in October and November 2020, primarily focused on cost increases and the project’s operational readiness planning. Five recommendations were made; four of which were closed but one remains open to ensure sufficient commercial resources are allocated to the project.
- 7.2 The same parties carried out a review in October and November 2021. Aside from the commercial resources issue, four other general recommendations and actions to be taken by the project team are described in the paper on Part 2 of the agenda.

List of appendices to this report:

Exempt supplemental information is contained in a paper on Part 2 of the agenda

List of Background Papers:

TfL Project Assurance Reports

Management response to TfL Project Assurance Report

Papers submitted to the meeting on 11 December 2020

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