

Date: 19 October 2022

Item: Elephant & Castle Station Capacity Upgrade

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to update the Committee on progress with the delivery of the London Underground (LU) Elephant & Castle Station Capacity Upgrade (ECSCU) project.
- 1.2 The Financial Authority for ECSCU is currently fully covered by third-party funding agreements with the Greater London Authority (GLA) and the London Borough of Southwark (LBS).
- 1.3 Additional requested Authority remains within the limits of existing third-party funding agreements and does not represent any additional financial commitments for TfL or future budgets.
- 1.4 A paper is included on Part 2 of the agenda, which 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. Any discussion of that exempt information must take place after the press and public have been excluded from the meeting.

2 Recommendations

- 2.1 **The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda and to approve additional Programme and Project Authority for the sum set out in the paper on Part 2 of the agenda for the Elephant & Castle Station Capacity Upgrade Programme and a corresponding increase in the Major Stations Programme.**

3 Background

- 3.1 Located within London's Central Activities Zone (CAZ), Elephant & Castle station is a Zone 1/2 boundary station served by the Bank branch of the Northern line and the Bakerloo line (for which it is also the current southern terminus). Each line has a separate ticket hall at street level and interchange within the station. Updated projections based on post-COVID demand continue to see the station operating at above designed capacity.
- 3.2 Elephant & Castle station is a strategic interchange between Tube, Bus and Rail services from across southeast London. In total, 32 London bus routes serve the station. Elephant & Castle National Rail station (Thameslink) is located 120 metres to the east of the LU station and is served by 24tph.

- 3.3 The ECSCU will introduce escalator access to Elephant & Castle station, street to platform step-free access (SFA) and deliver a larger, higher-capacity Northern line ticket hall (NLTH) in conjunction with the redevelopment of the Elephant & Castle Shopping Centre site.
- 3.4 In July 2019, safeguarding for a future integrated station at Elephant and Castle was progressed. This would enable the planned future Bakerloo Line Upgrade & Extension (BLUE) project to connect to the new ticket hall.
- 3.5 The ECSCU includes the delivery of a new station box to be built by a third-party developer (Delancey) in fulfilment of its planning obligations. TfL will have responsibility for the construction of new underground tunnel connections (using third party funding) and for fit out of the new station entrance, which will be subject to future funding as explained below.
- 3.6 As TfL's financial position changed due to the impact the coronavirus pandemic on ridership, we did not commit to our original intended share of funding for the completion of the scheme.
- 3.7 Instead, rather than impede the commencement of the development which provides significant regeneration benefits to London, it has been agreed with LBS and the GLA to use only existing third-party funding to deliver a core scope of works which includes the new station box, enabling works and connecting tunnels (known as Stage 1).

4 Strategic Case

- 4.1 The ECSCU is identified as a key transport infrastructure upgrade by the Mayor's Transport Strategy (MTS), the London Plan, and Elephant & Castle Supplementary Planning Document (SPD). Upgrading capacity and accessibility at Elephant & Castle station is critical in supporting the delivery of over 10,000 new jobs and 7,500 new homes across the Elephant & Castle Opportunity Area.
- 4.2 In total, over £4bn is being invested in the Elephant & Castle Opportunity Area by both the private and public sector. Following the adoption of the Elephant & Castle SPD by the Mayor and LBS, the Elephant & Castle Partnership was established to bring together the key organisations working in the area including landowners, property developers, housing associations, universities, the GLA, TfL, and LBS.
- 4.3 Both the London Plan and London's Central Activities Zone Supplementary Planning Guidance stipulate that the development of homes and jobs in central and inner London areas with PTALs of 5 and above will be car free with public transport being the principal mode of access, including Elephant & Castle.
- 4.4 The ECSCU also supports phase one of the Old Kent Road Opportunity Area for which permission for 9,500 new homes have already been approved independent of any future planned improvements to the Bakerloo line.

4.5 The project is also a key element of the Mayor’s 2018 Transport Strategy to deliver step-free access and capacity improvement across the London Underground network, supporting the strategic outcomes of ‘New homes and jobs’ and ‘A good public transport experience’.

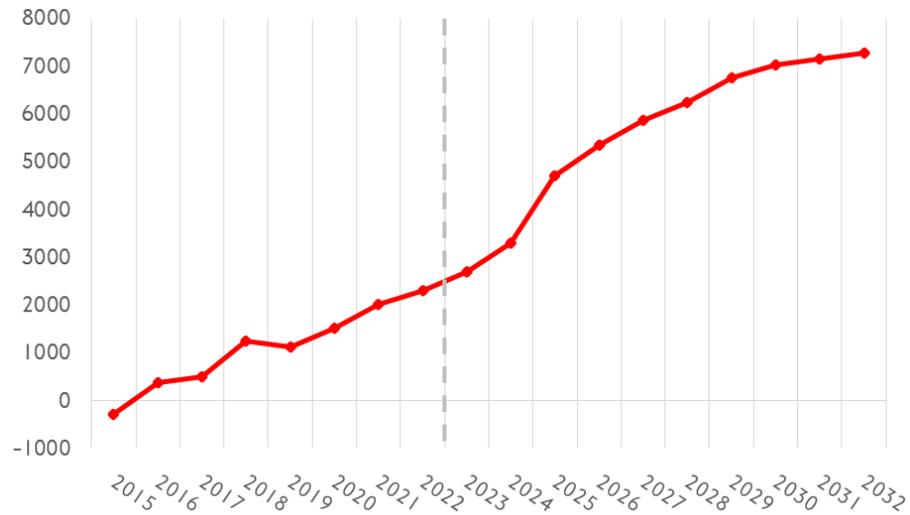


Figure 1: The cumulative number of new homes built within the Elephant & Castle Opportunity Area will reach 7,500 by 2032

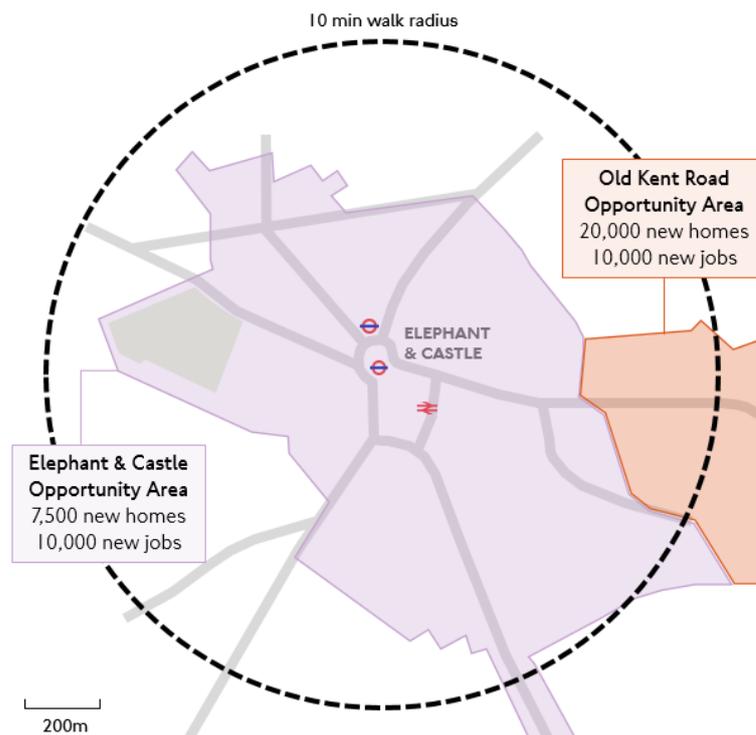


Figure 2: Location of Elephant & Castle station in relation to the Elephant & Castle and Old Kent Road Opportunity Areas

5 Current Progress

- 5.1 The current Programme and Project Authority was approved by the Committee in October 2021. Since this time, the project has achieved the following milestones:

Development Agreement and Station Box

- 5.2 On 21 December 2021, the TfL project team entered into a Development Agreement with the developer of the Elephant & Castle Shopping Centre. The agreement utilises a portion of the existing third-party funding from the GLA and LBS to pay for the delivery of a new station box by the developer for a fixed price. The developer commenced onsite in March 2022 and works are expected to be completed by February 2025.



Figure 3: Developer works on the new station box at Elephant & Castle

Early Enabling Works

- 5.3 During the Bank Blockade (January – April 2022), the project team successfully completed £1m of early opportunity works to relocate assets from future platform breakthrough areas for the main tunnelling works. The works comprised of asset relocations on the Northern line platforms, installation of ducting in the redundant pedestrian subway, asset relocation, and demolition of platform rooms to prepare for tunnelling breakthroughs, tunnel surveys at breakthrough locations, and removal of hazardous materials. The works were successfully completed on time with zero safety incidents.

Revised Delivery Approach

- 5.4 In April 2022 due to the continued funding uncertainty caused by the coronavirus pandemic on ridership, the project was instructed to deliver the ECSCU in staged phases, allowing TfL to capitalise on existing third-party funding and the in-flight shopping centre redevelopment to commence delivery of a significant proportion of the station works at no cost to TfL.

5.5 The project was nominally split into two stages, Stage 1 and Stage 2 (see Table 1 below). Current third-party funding comfortably covers Stage 1 works, with Stage 2 subject to future additional funding (note this agreed funding is not scope-specific, and any surplus following Stage 1 can be used for Stage 2 works).

5.6 The high-level scope split between Stage 1 and Stage 2 is outlined below:

Table 1: High level scope split between Stage 1 and Stage 2

Stage	Item	Status
Stage 1	Early enabling works	Funded, completed
	Station box	Funded, under construction
	Tunnelling works	Funded, PIN issued
Stage 2	Stage 2 feasibility study	Funded, tender to be issued
	Beneficial Scope	Funded, tender to be issued (pending this approval)
	Station fit out to include: - Delivery of step-free access to the Northern Line - Installation of new lifts and escalators - Fit-out of new ticket hall - Decommissioning of existing Northern Line ticket hall - Bringing into use of new entrance and ticket hall	Unfunded

5.7 Stage 1 comprises the new station box and connecting passenger tunnels, plus ancillary works. Stage 2 is currently unfunded and comprises the fit out of the new station entrance and bringing into use, plus the decommissioning of the existing Northern Line station entrance.

5.8 The project continues to take an adaptable approach to the unfunded scope and will shortly be undertaking a feasibility study to review an agile delivery approach and minimum scope for Stage 2 works (see paragraphs 5.15-5.17 below).

5.9 The project is also seeking to maximise funded scope by bringing forward some Stage 2 works into Stage 1, known as Beneficial Works, where this is affordable within the third-party monies allocated and offers economic benefits in doing so (see paragraphs 5.18-5.21 below).

- 5.10 The overall EFC for the project will be updated once the Stage 2 feasibility study and revised cost estimate have concluded. This scope includes do-minimums for both the decommissioning of the current station, and the fit out of the new station. Adopting a do-minimum approach is expected to reduce the EFC for these works.

Procurement Strategy

- 5.11 A Prior Information Notice (PIN) for the next planned delivery tranches was issued to the market in April 2022. The PIN invited expressions of interest for a series of works funded through the existing third-party agreements. The works include passenger tunnels and associated works, a small amount of beneficial scope (explained below), and a feasibility exercise for delivery of future works.
- 5.12 A follow-up supplier engagement day was hosted by TfL in May 2022. Over 60 suppliers attended the engagement day, with strong interest for the works shown by a diverse range of suppliers. Following the supplier day, a revised Procurement Strategy was approved in June 2022.
- 5.13 The revised and approved Procurement Strategy relates to the Stage 1 works (outlined in the Table 1 in paragraph 5.6 above) and the beneficial scope from Stage 2. As per the current programme, procurement for the remaining Stage 2 works will need to commence by September 2024. The scope of works and delivery approach will be dependent on the amount, and nature of, additional committed funding.
- 5.14 The existing ECSCU programme allows for iterative updates of the Procurement Strategy and, if appropriate, any synergies with the existing approved works will be identified and maximised.

Stage 2 Feasibility Study

- 5.15 At present, Stage 2 works (station fit out) remain almost entirely unfunded. A range of funding scenarios are being explored by the project team ahead of the need to decide if the current presumed continuous delivery approach will be adoptable before the associated necessary procurement processes that would need to begin by September 2024.
- 5.16 A feasibility study is currently being commissioned to appraise a staged approach to Stage 2 fit out which can be adapted to smaller increments of funding. The study will explore the minimum scope required to bring the new station into operational use and a review of the proposed delivery approach.
- 5.17 The potential benefits and disbenefits of an incremental approach to the delivery of Stage 2 will be known once the study is completed, the results of which are expected in Q2 of 2023.

Delivery Timeframe

5.18 The current delivery timeframe programme assumptions are as follows:

Table 2: Current delivery timeframe programme assumptions

Current Planned Date	Stage 1: Station Box and Passenger Tunnels	Stage 2: Station Fitout
Sept 2022	Pre-passenger tunnelling works tender released	Stage 2 Feasibility study tender released
Jan 2023	Award of contract for pre-passenger tunnelling works	Award of contract for Stage 2 Feasibility study works
May 2023	Passenger Tunnelling tender released	
June 2023		Stage 2 Feasibility study completed
Feb 2024	Award of contract for passenger tunnelling works	
Sept 2024		Stage 2 funding decision required to begin relevant procurement processes
Feb 2025	Station box completed	
April 2025	Passenger Tunnelling works begin onsite	<i>Current programmed commencement of procurement of fitout (subject to funding)</i>
Jan 2027		<i>Current programmed commencement of fitout detailed design (subject to funding)</i>
April 2028	Completion of Passenger Tunnelling works	<i>Current programmed commencement of fitout works (subject to funding)</i>
Jan 2030		<i>Current programmed completion of fitout works (subject to funding)</i>

Beneficial Scope

- 5.19 As a result of the adapted staged delivery approach, the ECSCU project has identified a package of works that could be brought forward from Stage 2 to Stage 1. By using existing third-party funding to bring these essential works forward to Stage 1, the project will be able to de-risk various elements of the Stage 2 works and reduce future potential inflationary impacts.
- 5.20 These works were originally classified as station fit out works under Stage 2 and were therefore excluded from the Programme and Project Authority sought from the Committee in October 2021.
- 5.21 The additional Programme and Project Authority requested in this paper for these beneficial works is fully covered by third-party income for ECSCU under the existing funding agreements with the GLA and LBS.

5.22 The identified beneficial works to bring forward from Stage 2 to Stage 1 comprise of:

Table 3: Identified beneficial works to bring forward from Stage 2 to Stage 1

Item of works	Expected benefit of bringing forward to Stage 1 delivery phase
Stage 2 Feasibility and Cost Estimate	Options studies to establish options to open station to customers to adapt to incremental funding
Power Supply Upgrade*	Brings forward the permanent essential power supply upgrade for the new station box to make it available for Stage 1 tunnelling contract works (reducing scope and cost of Stage 1 works). Achieves additional environmental and carbon benefits by removing the need for on-site diesel generators
Two fire doors in the Northern line/Bakerloo line interchange*	Improves fire safety at Elephant & Castle station for customers and staff in the interim
Risk	Associated with delivery of beneficial scope

The ECSCU project **will not commit to tendering these two elements unless sufficient financial headroom is maintained to fully cover the costs upon the finalisation of tenders from Stage 1 Tunnelling works.*

Inflation

5.23 Since the project last provided an update to the Committee, TfL has updated its guidance on applying the cost of inflation to projects based upon market conditions and wider inflationary trends. There is sufficient headroom in the existing third-party funding agreements for ECSCU to cover the revised inflation costs, however this additional amount was not foreseen when the Programme and Project Authority submission was made in October 2021.

5.24 To ensure improved accuracy, revised inflation rates have been specifically applied only to the relevant costs impacted by the increase, for example construction costs. For those elements which are being delivered for a fixed price between TfL and the developer, such as the delivery of the station box, no inflation increase has been applied.

6 Finance

6.1 The ECSCU has existing committed third-party funding agreements in place with the GLA and LBS.

6.2 The existing funding arrangements with the GLA provide the flexibility for TfL to use funding towards to both Stage 1 and Stage 2 scope as required (as described in paragraph 3.8).

6.3 At present there is a sufficient surplus between the committed third-party funding, and the beneficial scope for which authority is sought within this paper.

- 6.4 The project is seeking an increase of Programme and Project Authority for Beneficial Scope, inflation, and associated risk for the sum set out in paper on Part 2 of the agenda.

7 Next Steps

- 7.1 The project is preparing to go out to tender for the package of pre-tunnelling ancillary works (PTA) in November 2022. This will consist of the relocation of cables in the overbridge for the future tunnel breakthrough, invert cable relocation works, and, if authority is granted, certain elements of the beneficial scope works outlined in Section 5 of this paper. The outcomes of the PTA works will be fed into the main tunnelling tender to de-risk and remove any assumptions made during procurement.
- 7.2 Following the PTA, the project plans to go out to tender in May 2023 for the main tunnelling works, and, subject to the authorities requested within this paper, the remainder of the beneficial scope works outlined in Section 5.
- 7.3 As funding for Stage 2 (station fit out works) remains uncertain, the project will continue to assess alternative options for a renewed delivery approach. This includes undertaking a feasibility study to look at how a staged approach to the fit out could be delivered in response to smaller increments of funding (as referred to in paragraph 5.13 above).

8 Assurance

- 8.1 A Targeted Project Assurance review was carried out in July 2022. IIPAG also reviewed the report and attended the Final Review Meeting. TfL Project Assurance identified no critical issues and made four secondary recommendations. Appropriate mitigations have been agreed between the Project Team and Project Assurance.

List of appendices to this report:

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

List of background papers:

TfL Project Assurance Report

Management response to IIPAG and TfL Project Assurance Reports

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