# LONDON BOROUGH OF WALTHAM FOREST

<table>
<thead>
<tr>
<th>Meeting / Date</th>
<th>Cabinet 17 March 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report Title</td>
<td>Lea Bridge Station - Implementation Agreement</td>
</tr>
<tr>
<td>Cabinet Portfolio</td>
<td>Councillor Clyde Loakes, Portfolio Lead Member for Environment</td>
</tr>
<tr>
<td>Report Author/ Contact details</td>
<td>Lucy Shomali, Acting Director Regeneration and Growth, 020 8496 6734, <a href="mailto:lucy.shomali@walthamforest.gov.uk">lucy.shomali@walthamforest.gov.uk</a></td>
</tr>
<tr>
<td>Wards affected</td>
<td>Lea Bridge</td>
</tr>
<tr>
<td>Public Access</td>
<td>REPORT &amp; APPENDIX: OPEN</td>
</tr>
<tr>
<td>Appendices</td>
<td>Appendix One: Rejected options</td>
</tr>
</tbody>
</table>

1. **SUMMARY**

1.1 This report seeks the agreement of Cabinet to enter into a legal agreement with Network Rail (NR) for the main construction phase of Lea Bridge Station.

2. **RECOMMENDATIONS**

2.1 Cabinet is recommended to:

2.1.1 Agree to enter into an implementation agreement with Network Rail to deliver works up to 80% of the full value of the contract.

3. **PROPOSALS**

3.1 The reopening of Lea Bridge Station is a vital project for Waltham Forest. It will connect the south west of the borough to the major transport hubs at Stratford and Tottenham Hale and act as a catalyst for improving an area that has suffered from a lack of investment. A widespread area of deprivation will be regenerated by providing new homes and jobs, and access to the Lea Valley Regional Park and Queen Elizabeth Olympic Park will be greatly improved.

3.2 Following a legal agreement signed with NR in May 2013, and two subsequent variations to this, the detailed design of the station infrastructure has been completed, with the exception of the design of alterations required to a trackside signal. A further legal agreement between the Council and NR is now needed to allow the project to move forward to the construction phase.

3.3 Before any rail infrastructure project can be implemented, NR must undertake a standard rail industry 'Network Change' consultation process. The purpose is to provide all stakeholders on the rail system,
such as Train Operating Companies (TOCs) and Freight Operating Companies (FOCs), with the detailed designs so that they have the opportunity to comment on, or object to, the proposals. The Network Change consultation on Lea Bridge Station closed on 20 January and three FOCs objected to the plans.

3.4 The FOCs have stated support in principle for the station opening but objected in order to protect the long term interests of freight operators on the line. The two main areas of objection are the lack of completed signalling designs for the project, and the adequate protection of an area of land for the possible future relocation of the station entrance to accommodate any additional rail tracks that may be introduced through Lea Bridge. NRs preliminary signalling designs are due to be available in April and the detailed designs are scheduled to be completed by September. The Council’s Legal Services Department is drawing up the appropriate documents to safeguard the land for the possible future relocation of the station entrance. The Council and its partners are therefore confident that the FOCs concerns can be addressed and their objections will be withdrawn.

3.5 Whilst there is an ongoing risk to the project until the FOCs objections to Network Change are formally resolved, there are also considerable financial risks associated with delaying the construction programme. It is therefore proposed to proceed with a contract with NR to enable 80% of the works to be delivered in advance of Network Change being confirmed. This will deliver all elements of the new station, except for signalling work and extensions to the platforms.

3.6 The main contract for the station construction is scheduled to be let in April 2015. Following the anticipated Network Change approval expected in September, a separate contract will be let for the remaining works (signalling and platform extensions). It is expected that the station will be completed in February 2016.

3.7 The estimated value of the main construction contract is £8.1m, which when added to the £1.54m already committed, will mean a total spend of £9.64m. This will deliver a completed station, with the exception of the signalling and platform extensions.

3.8 The station construction will allow all the currently booked track possessions to be used and the schedule will enable the signalling and platform extensions to continue after the main construction contract with no demobilisation/remobilisation costs.

3.9 The Council has worked closely with NR and partners on the project to develop and assess options for progressing work on the station. Two options have been rejected because they present a greater risk in terms of increasing costs and the withdrawal of the Department for Transport’s (DfT) New Stations Funding. Details of these rejected options are in Appendix One.
4. SUSTAINABLE COMMUNITY STRATEGY PRIORITIES (AND OTHER NATIONAL OR LOCAL POLICIES OR STRATEGIES)

4.1 The reopening of Lea Bridge Station supports the following SCS priorities:

SCS 13 - Promote sustainable private and public transport and respond to climate change in a practical and effective way.

SCS 22 - Improve access from all areas of the borough to main employment growth centres in the borough, sub-region and London prioritising better public transport.

SCS 29 - Promote the potential of the large scale regeneration of the Lea Valley, for housing, leisure, commercial and transport uses.

5. CONSULTATION

5.1 No public consultation on this process is required. Consultation with local businesses has been undertaken at an earlier stage.

6. IMPLICATIONS

6.1 Finance, Value for Money and Risk

6.1.1 The estimated cost of the project is £11.652m. In July 2014 Cabinet approved financial support of £5.034m, which when added to the Westfield Stratford City Section 106 funding of £5.487m (already paid in full to the Council) and DfT New Stations Funding of £1.131m means that the scheme is fully funded to the level of the estimate.

6.1.2 The proposal minimises the likelihood of the project cost increasing because it achieves construction of the station quickly using agreed rates and booked track possessions which are not expected to change. In the unlikely event of Network Change not being achieved and the project having to be abandoned, the proposal represents the maximum financial risk to the Council as the new station will have been constructed but would not be usable. However NR and the DfT are very committed to ensuring the station is built and opened, and the project has senior support from both organisations, so the risk is considered to be small.

6.1.3 The proposal also enables risk to be shared with the DfT as they have indicated that the station design costs (expected to be approximately £1m) will be funded from the New Stations Funding.

6.2 Legal

6.2.1 The Council is able to promote and fund the re-opening of the Lea Bridge Station using its powers to secure the proper planning of the borough under the Planning Acts.

6.2.2 The Implementation Agreement with NR is an exception to the requirement for competitive tendering under Rule 9.1.3 of the Contract Procedure Rules as there is no other party that can perform the contract as NR control the rail infrastructure.
6.2.3 In adopting the proposal, the Council would be managing the risk of cost increases in the overall scheme costs because NR will be able to enter into contracts with its preferred contractor, which will fix a substantial part of the costs of the scheme. There remains a risk that Network Change will not be approved and that the FOCs will not withdraw their objections, but the Council is working closely with NR to take reasonable steps to address those concerns which are within the Council’s control.

6.2.4 This is a key decision due to the financial cost of over £1m.

6.3 Equalities and Diversity

6.3.1 It is considered that the benefits of the station reopening are only positive in terms of the Council’s equalities duties because the station will be located in one of the more deprived wards in the borough and provide residents with access to Stratford and beyond. Those wards include disproportionately higher levels of groups with protected characteristics. The station will meet the accessibility standards of modern railway stations, including wheelchair accessibility.

6.4 Sustainability (including climate change, health, crime and disorder)

6.4.1 The reopening of Lea Bridge Station will have a beneficial effect on climate change because it will reduce carbon emissions. Many trips in the area currently being made by car will be converted to train journeys on trains which are already running on the rail system. It is estimated that every mile of reduced car travel saves 0.339 kg of CO2 (petrol) or 0.314 kg of CO2 (diesel) (Source: NI 185 data spreadsheet, Defra). Using the predicted mode switch from car to train, this would equate to a saving of approximately 120 tonnes of CO2 per year.

6.5 Council Infrastructure

6.5.1 There are no implications.

7. CONCLUSIONS

7.1 The cost estimate for reopening Lea Bridge Station of £11.652m has been produced by NR’s highly experienced team of staff in this field. Whilst there will remain a level of risk to the Council in terms of the possibility of increased costs, proceeding with a contract with NR to deliver up to 80% of the value of the contract before Network Change is confirmed provides the best opportunity of keeping these costs within the agreed budget. In the unlikely event of Network Change not being achieved and the project having to be abandoned, this represents a significant financial risk to the Council as the new station will have been constructed but would not be usable. Ultimately, this risk is assessed to be low because NR and the DfT are very committed to ensuring the station is built and opened, and the project has senior support from both organisations.

BACKGROUND INFORMATION (as defined by Local Government (Access to Information) Act 1985)

Appendix One  REJECTED OPTIONS

The following alternative options were considered but rejected:

1. Wait for Network Change
2. Early Works Fund

Rejected Option 1 - Wait for Network Change
Under this option no further works will commence until Network Change has been established. Construction will therefore be unlikely to start before Autumn 2015, with completion in late 2016.

The financial risk, in the event of the project being abandoned, will be limited to the £1.54m already committed for the design stages. A further financial commitment will not be made until after Network Change had been granted.

However the substantial expansion of the programme will cause the overall cost of the project to increase significantly because new railway possessions will be required and contract rates are expected to increase.

In addition the Council may have to negotiate with a new TOC as the Greater Anglia franchise is up for renewal in 2016. This option also contains the greatest risk of the New Stations Funding being withdrawn as the DfT has made clear that any significant delay past the previously agreed opening date of December 2015 is unacceptable.

This option represents the minimum financial risk to the Council should the project be abandoned, but it has the maximum overall risk in terms of delay, potential cost increases, and loss of the New Stations Funding.

Rejected Option 2 - Early Works Fund
Under this option, a separate contract will be let, ahead of Network Change being granted, for all preparatory works, including removal of Japanese Knotweed and demolition of the old platform staircases. The estimated value of this initial contract is £2.2m, which when added to the £1.54m already committed will mean a total risk exposure of £3.74m.

The preparatory works can start on site in April and the main works to construct the station will then be subject to a separate contract following the establishment of Network Change expected in September 2015.

Due to the preparatory works already having been carried out, the programme for the main works will be shortened, bringing forward the opening of the station by approximately three months compared to Option 1.

However this option creates expected additional costs associated with demobilisation / remobilisation between the two contracts, and further track possessions above those already booked. There is also a risk that the New Stations Funding will be withdrawn as the opening date will still be significantly after December 2015.