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THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

CABINET - 24 MARCH 2011

REPORT BY THE EXECUTIVE DIRECTOR, PLANNING AND BOROUGH DEVELOPMENT

KENSAL CROSSRAIL STATION – PROGRESS REPORT

The report provides an update on the process by which the Council has been seeking to secure a Crossrail station in the Kensal Opportunity Area. The report seeks the Cabinet's approval of a non-binding letter of intention to underwrite the capital costs of building a station, should its feasibility be proven and accepted by all relevant parties.

FOR DECISION

1. INTRODUCTION

1.1 The Cabinet is requested to note the progress that the Council has made on two pieces of work that have been central to its efforts to secure a Crossrail station in the Kensal Opportunity Area. The two pieces of work consider the impact that such a station would have on the reliability of rail services passing through the Kensal area, and the business case for such a station. They form part of the Council's response to three tests that the Mayor of London said our station proposal must meet. These tests are described in more detail in Sec 2.5. In relation to the business case work, this paper seeks a non-binding agreement to fund the station capital costs.

1.2 The Crossrail sponsors have recently proposed to bring the modelling and business work to a conclusion by May, with a view to the sponsors determining whether or not to agree to a station soon after. This is a significant change to the process that we have been following in pursuit of a station and requires a clear response. Subject to the Cabinet agreeing to provide Crossrail and TfL with an undertaking on the station costs, the Council can make the case to the Crossrail sponsors that all of the Mayor's tests are met.

1.3 Cabinet is recommended to authorise the Executive Director for Planning and Borough Development to write to RfL with a non-binding intention that the Council would ensure the station's capital costs do not fall to Crossrail.

2. BACKGROUND

2.1 The delivery of a Crossrail station at Kensal is central to the Council's plans to regenerate North Kensington, as set out in the Adopted Core Strategy (December 2010).

2.2 In 2008, during the Crossrail Bill's passage through Parliament, the Council secured the then Secretary of State's assurance, recorded in the Parliamentary Register of Undertakings and Assurances, that the track layout in the vicinity of a possible Kensal station would be "plain-lined", such that it would not preclude the possibility of building station platforms.

2.3 For the past two years, the Council has been in discussions with the Crossrail sponsors about a specific proposal to create a "turnback" station at Kensal. More than half of the Crossrail trains that are planned to run through the central section of the line will not continue further west than Paddington. Under Crossrail's current plans, these trains would be taken, without any passengers, into sidings just to the west of Paddington, before changing direction to run back into central London. Under the Council's proposal, some of these trains would be taken a little further west, to a new "turnback" station at Kensal. The station would have access onto Canal Way. The "turnback" idea was originally put to the Council by Crossrail officers in late 2008.

2.4 Residents of North Kensington, who currently have much poorer public transport provision than most Royal Borough residents, would be able to reach central London in around ten minutes, and Canary Wharf in around 25.

2.5 The Mayor of London visited the Kensal area in December 2009 to see the benefits that a new station could bring. At that meeting, he set out the three tests referred to above, which the station proposal must meet:

i) it must not delay the Crossrail construction programme
ii) it must not add costs to the Crossrail project
iii) it should not degrade the performance of Crossrail or other rail services.

2.6 Following that meeting, the Crossrail sponsors defined success criteria for the reliability test, using rail industry standard performance indicators. The sponsors also advised the Council that we would need to carry out work to demonstrate a satisfactory business case for a Kensal station.

2.7 A summary of the position to date on each of these three tests is given below. Further matters are then addressed in more detail later in the report.

i) Impact on Crossrail construction programme

Up until 16 March this year, neither the Mayor nor anyone else had set a formal cut-off point by which a final decision must be made, although officers were given to believe that it would be in the summer of this year. On 16 March, officers working for the sponsors advised the Council that the sponsors intend to reach a decision on a Kensal station by, or soon after, May 2011. **This will ensure that we can meet the Mayor's test on the Crossrail programme.**

ii) Impact on Crossrail costs

As required by the Crossrail sponsors, Transport for London (TfL) is preparing a business case for the station, using the same methodology that it used to establish the business case for the whole Crossrail project. In order for TfL to remove the costs of the station from the business case calculation, we need to give comfort regarding the Council's ability and commitment to ensure that construction of the station does not impose additional costs on the Crossrail project. This paper includes a recommendation to that effect. Crossrail's difficulties relating to developer funding of Woolwich station are very pertinent[1]. **Were the Cabinet to agree to give a form of undertaking regarding station costs that TfL found acceptable, the Mayor's test on costs would be met.**

iii)Impact on rail services' performance

To address the test on rail reliability, the Crossrail sponsors required the Council to fund modelling work. In August 2010, Cllr Ahern and Cllr Lightfoot jointly agreed a Key Decision to release funds totalling just under £100,000 to pay Network Rail and the Council's rail consultants, MVA Consultancy, to carry out the first stage of a possible two-stage rail performance modelling project. The purpose of that first stage of modelling (Stage A) was to assess whether it would be worth carrying out a second, more detailed, modelling study into the impacts that a station would have on rail reliability. MVA has concluded its work on Stage A and has submitted its report to Network Rail, with a recommendation that Network Rail should carry out Stage B of the modelling work. However, the Crossrail sponsors have reached a view that it is not possible to model the impact on reliability because of the large number of uncertainties associated with the Crossrail project and other rail services. It is

[1] There, negotiations over Berkeley Homes' funding of the station 'box', which had been agreed in principle in 2007, were finalised only this year, shortly before construction work was due to begin. Negotiations on the funding of the station 'fit out' continue.

important to note that the Stage A work has not demonstrated that a Kensal station would fail the Mayor's test on reliability. Moreover, the Crossrail sponsors have have advised the Council that if a Kensal station were formally to become part of the Crossrail project, then Crossrail and Network Rail officers would have to design track layouts and timetables in such a way as to ensure that a station at Kensal would not impact on performance. **Thus the Mayor's key test on rail reliability would be met.**

2.8 In addition to the three tests provided by the Mayor, High Speed Two (HS2) presents a further matter of potential relevance. The Government has begun a period of public consultation on its proposal to build a High Speed Two (HS2) line from London to the Midlands, with an interchange between that line and Crossrail at Old Oak Common, in Hammersmith and Fulham. There is speculation about the impact that this may have upon a proposal at Old Oak. However, there has been no testing of its influence on the feasibility of a Crossrail station at Kensal; the Government has not indicated any intention to revoke the Parliamentary Assurance on plain-lining that is mentioned in Section 2.2; nor has the Mayor or anyone else added this to the 'tests' that the Kensal station must satisfy.

3. NEED

3.1 When the Crossrail sponsors make their decision on whether to allow a Crossrail station at Kensal, they will take into account:

i. Network Rail's report of the first stage modelling work that MVA has now completed. Network Rail's report has yet to be written: it will be the subject of discussion in a further officer-level meeting in late April.

ii. A report from TfL on the business case for a station. "Shadow modelling" by MVA strongly suggests that a station would achieve a positive business case. However, TfL has not yet completed its work.

3.2 The sponsors' expectation is that all relevant work on both the modelling and the business case would be completed by May, and that the sponsors would make their determination soon afterwards.

Railway performance modelling work

3.3 MVA has recently completed its work on the first stage of modelling of the impact of a Crossrail station at Kensal on the performance of Crossrail and other rail services in the area. To do this, MVA's modellers compared the network's performance without Kensal station to its performance with a station (and with trains calling at that station). In summary, this modelling study concluded that on a "perfect day" without any disruption, the inclusion of a Kensal station had a negative impact on railway performance.

3.4 However, when the modellers considered scenarios involving incidents that created delays to a Crossrail train over a given threshold, (that is, a more realistic test) they found that the existence of a Kensal station would have a beneficial impact on the network's performance. The main reason is that the physical infrastructure that is needed to support a Kensal station would give more flexibility to respond to, and recover from, delays.

3.5 When the Council agreed in 2010 to fund the first stage of modelling, it was a part of that agreement with Crossrail that the Crossrail sponsors would consider whether the results of the first stage were sufficiently positive to warrant a second stage of modelling. The tests set by the Crossrail sponsors related to the percentage of eastbound trains presenting late to the Portal, and a measure called 'Public Performance Measure' (PPM). However, Network Rail has confirmed that the 'PPM' test cannot be assessed on the results of the first stage, but only at Stage B, using different modelling software called TRAIL. The TRAIL software provides predictions of rail reliability using a quantifiable indicator (PPM). It also allows modellers to simulate a better approximation of real-life scenarios by factoring in the effects on rail performance of recovery plans, such as, for instance, running trains short of their destination to plug gaps in services.

3.6 In the absence of TRAIL modelling, the Crossrail sponsors will not know whether a station at Kensal would meet one of the two quantitative measures of success, as expressed in PPM, that their officers set in 2010. However we do know that the Kensal Station has performed as well as the baseline option against the other test: that the percentage of eastbound Crossrail trains arriving at the Royal Oak tunnel within two minutes of their scheduled time, should not fall by more than three per cent.

3.7 Should the sponsors determine that there should be a station at Kensal, Network Rail would then include the station in all their future planning assumptions and modelling exercises. Crucially, if those modelling exercises revealed reliability problems, the sponsors would require their officers and Network Rail to identify solutions.

3.8 In comparing the scenarios with and without a station at Kensal, MVA's modellers were mindful of Crossrail's intention to reduce the number of trains that it operates to the minimum number needed to achieve given train frequencies and reliability. Crossrail expects to reduce its costs by removing one or more trains from the working timetables that it has produced so far. Crossrail have repeatedly advised officers that given this potential reduction of rolling stock, a new station at Kensal may require rolling stock to be 'reintroduced' – and that such a cost would not be met by Crossrail. In the light of this it was important for the Council to assess the impact of the Kensal station against a scenario in which Crossrail's baseline scenario included fewer trains.

3.9 MVA's modelling found evidence that an 'optimised timetable', with fewer trains, would incur more reliability problems than Crossrail's baseline timetable. Again, introducing a Kensal station to the scenario appears to offer performance benefits when there are delays. In other words, if Crossrail wished to reduce its rolling stock fleet to save costs, a Kensal station could even be seen as a way of mitigating performance risks as the number of trains would be re-instated in order to run the service and the additional infrastructure required by the station would add to the flexibility of the operator in responding to delays.

3.10 The Crossrail sponsors have not accepted MVA's assessment of rail performance on the "optimised timetable", arguing that this timetable has not been designed and approved. This is true, but I believe that it is a valid comparison to make, given the sponsors' advice to the Council that we are likely to need to fund the reinstatement of trains, and to include the cost in the business case.

3.11 We expect that the Network Rail report on the modelling work undertaken by MVA will emphasise concerns about the Kensal station adding delays when all trains are running perfectly, and recommend that the station should not be approved. It is unclear how many of the stations currently included in the Crossrail project would pass such a test. Further, it is unrealistic to expect a high frequency service to run perfectly. In any case, as the Crossrail sponsors have stated, the timetable on which the Stage A modelling was based is already obsolete and will not be used when Crossrail begins operation in 2018.

Business case development work

3.12 Running in parallel with the performance modelling, MVA has been working with the rail arm of TfL, Rail for London (RfL) to establish the business case for a station. RfL is responsible for the business case for the whole Crossrail project, and is using a consistent methodology to assess the business case for the station. Most of the work to date has focussed on forecasts of the number of passenger trips that are likely to begin or end at such a station.

3.13 Initially, RfL's forecasts were low, leading to initial estimates of Benefit Cost Ratio (BCR) that were only 1:1 - well below the BCR of 1.87:1, using the DfT's methodology, for the whole Crossrail scheme. However, MVA's review of this initial analysis found that a number of assumptions in this analysis were unrealistically negative. In particular, the model over-estimated the propensity of people living south of the railway to use alternative existing Underground stations, by ignoring the barriers to pedestrian movement represented by the canal, the cemetery, and the railway line itself.

3.14 MVA has sent its critique to RfL along with a note proposing that RfL use higher trip rates in their modelling, to reflect the increased

mobility that local residents would enjoy if there were a new Crossrail station.

Removing capital costs from the business case calculation

3.15 On the cost side of the business case calculation, the main point of discussion is RfL's insistence that it should include the capital costs of the station, notwithstanding the Council's view that these costs would not fall to the Crossrail project. RfL officers have advised that in order to remove the capital costs from the business case, the Council needs to provide a written assurance that the station costs would not fall to the Crossrail project. The business case model currently assumes a capital cost of £33 million although this may change as more detailed plans develop.

3.16 The Crossrail Station at Kensal would be provided as part of the overall redevelopment of a number of sites known as 'The Kensal Gasworks Site' in the Core Strategy. Policy CA1 sets out the Council's policy for the development of these sites. It identifies the site as being capable of taking some 2,500 homes along with offices, social and community facilities and an enlarged Sainsbury's (amongst other things). It is also explicit that s.106 contributions would be sought in relation to the provision of a range of measures including the Crossrail station.

3.17 In preparing policies for the Core Strategy, the Council had to demonstrate that ambitious policies such as this were 'deliverable'. This matter of deliverability was considered at the Independent Examination into the Core Strategy held by a government inspector in Summer 2010. As part of the preparation, the principle of development contributing to the capital costs of a station was agreed with the phase 1 landowners in a statement of common ground. The Inspector was satisfied about the deliverability of the station as he found the strategy sound, without requiring modifications to this policy.

3.18 Provisional estimates of potential revenues from s.106 in relation to the provision of a station are included in Part B.

3.19 On that basis, if Cabinet is content in principle to underwrite the possible uncovered cost, the Executive Director for Planning and Borough Development proposes to write to RfL to confirm that, anticipating the station cost to be in the order of £33 million, we expect to be able to deliver funding for this through Section 106 contributions, and that, should it be necessary, the Council is in a position to cover any shortfall in funding from its own reserves. The Executive Director for Planning and Borough Development will make it clear that this does not represent a binding contract, but on the basis of discussions to date, believes this will be sufficient to persuade Rail for London to remove the cost of the station from its calculation of the business case.

4. OPTIONS

4.1 Given this report's conclusion that we have met the tests set by the Mayor in relation to rail reliability and the Crossrail programme, and the indications that a Kensal station would achieve a strong business case, the principal decision for the Cabinet is whether or not to give Crossrail and TfL a non-binding agreement to underwrite the costs of the station.

4.2 This paper invites the Cabinet to authorise the Executive Director for Planning and Borough Development to write to RfL with a non-binding intention that the Council would ensure the station's capital costs do not fall to Crossrail, as described in Section 3.19.

4.3 The options are:

i) to authorise the Executive Director for Planning and Borough Development to write to RfL as set out in Section 3.19;

ii) not to authorise the Executive Director of Planning and Borough Development to write to RfL as set out in Section 3.19

5. Financial and Property, Legal, Sustainability, Risk, HR and/or Equalities Implications

5.1 Should a Crossrail station be built at Kensal, this would support a major new sustainable development and would provide a strong alternative to the private car for the residents of North Kensington.

5.2 There is a risk – in fact, a certainty - that without commissioning TRAIL modelling, the Crossrail sponsors will have to reach a view on a Kensal station's impact on reliability without the benefit of a "pass mark", that is, clear and transparent benchmarks of success.

5.3 A Crossrail station at Kensal would have the potential to regenerate North Kensington and thereby to address some of the greatest inequalities of income and opportunity that exist in the borough.

6. RECOMMENDATIONS

6.1 Cabinet is recommended to choose option i) in Section 4.1, authorising the Executive Director for Planning and Borough Development to make clear the Council's intention to Rail for London that the cost of a station would not fall to Crossrail.

Jonathan Bore
Executive Director, Planning and Borough Development

Background papers: Key Decision Report 03393/10/T/A
Contact officer: Mark Chetwynd, Transportation **Tel:** 020 7361 3747
E-mail: mark.chetwynd@rbkc.gov.uk