



## West London Economic Prosperity Board

9<sup>th</sup> February 2022

<b>Title</b>	<b>West London Orbital (Standing Item)</b>
<b>Report of</b>	Niall Bolger, LB Hounslow
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Enclosures</b>	N/A
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### Summary

This report provides the Board with an update on work with Transport for London and Network Rail to develop the business case for the West London Orbital (WLO) and the next steps to take the project forward. It seeks approval for allocation of a further £5,000 from Strategic Investment Pot to fund work on the project and the Board's agreement to delegate decisions on proceeding with the next stage of work to the Chair in consultation with relevant officers in light of the timing of Transport for London decisions on budgeting and work programme.

### Recommendations

**The Board is asked to:**

- i) **NOTE** progress in development of the business case for the WLO;
- ii) **DELEGATE** decisions on proceeding to the next stage of work on the WLO and consequent funding arrangements (including on any necessary discussions with the City of London Corporation as lead authority for administration of the Strategic Investment Pot) to the Chair of the Board, in consultation with the West London Alliance boroughs; and
- iii) **ENDORSE** the agreement of West London borough representatives on the WLO Partners' Oversight Group to approve expenditure of an additional £5,000 in Strategic Investment Pot funding in accordance with the arrangements reported to the meeting of the Board on 11 October 2021.



## **1. WHY THIS REPORT IS NEEDED**

- 1.1 The West London Economic Prosperity Board (WLEPB) has consistently identified the West London Orbital (WLO) Overground rail line as a shared strategic priority and has agreed that progress and next steps relating to the WLO should be a standing item on its agenda. The West London Alliance (WLA) and West London boroughs have continued to work closely with Transport for London (TfL), the Greater London Authority and Network Rail to develop and refine the business case for the project. The WLA has secured funding to contribute to the costs of the work, most recently £3.6 million from the retained business rates-based Strategic Investment Pot. TfL's current budgetary situation has made the availability of this funding essential to work on the project proceeding.
- 1.2 The work to date suggests the project is technically feasible and remains value for money. A decision has to be taken whether to proceed to the next stage of work and to provide the necessary funding. This will need to take account of TfL's budget and work programme, both of which are at time of writing subject to agreement of funding arrangements with the Government. Given that the situation is likely to be clearer during February 2022 and to avoid undue delay in taking the project forward, this report seeks approval to delegate the decision on moving forward with the project to the Chair, subject to appropriate consultation.

## **2. NEXT STEPS IN DEVELOPING THE WLO BUSINESS CASE**

- 2.1 The Strategic Outline Business Case for the WLO, published in June 2019, recommended that work on the project should move forward. This started in the autumn of 2019 and has focussed on feasibility and funding with a view to establishing whether to proceed to more detailed work to identify a preferred route and frequency option to take forward. Rail infrastructure projects follow a Governance of Railway Investment Project (GRIP) process that defines eight stages from inception to operation; we are currently at GRIP stage 2 and the decision was taken to deal first with aspects that could show the project is not technically feasible or unaffordable. Given TfL's financial position as a result of the pandemic, this work has only been able to proceed because of the SIP funding the WLA has been able to provide.
- 2.2 This stage of work concluded in December 2021:
- Work by Network Rail has shown it is likely to be feasible to run a four train per hour (tph) through service Hendon/West Hampstead – Hounslow and a further two tph between Hendon and Old Oak Common Lane.
  - Engineering design work by Atkins has shown feasible options exist to operate WLO services from key station locations and that potentially affordable options to reduce conflict with other services and increase capacity at Acton Wells Junction are available. This work has resulted in the central cost estimate for the scheme increasing from the previous estimate of £540.3m to £554.2m (2021 prices), which is in line with expectations.

- An Economic Narrative prepared by Steer/Arcadis has been completed showing that the WLO could support delivery of 15,800 additional homes and secure annual wider economic benefits of £16m.
- Work on funding by Grant Thornton/Mott Macdonald has shown the potential for funding the project from sources including CIL/s106, business rates, workplace parking levies, development of public land and government grant.

Given this, TfL has confirmed that it is appropriate to proceed to the next phase of work – which would take the project to the end of the GRIP 2 stage – subject to agreement with the West London Alliance about funding.

### 2.3 This next phase will include:

- Further option development and engineering design, looking at the locations not covered by the Atkins work to date so there is a consistent design approach across the WLO route
- Further work on funding and financing
- Further work on timetabling and modelling of potential impacts on other rail services
- Updated modelling of demand for WLO services and effects on other parts of the transport network using the most recent modelling tools, including assessing any forecast long term effects of the Covid-19 pandemic on the case for the scheme
- A station capacity study to assess the impact of demand changes associated with WLO on existing stations
- The first round of public consultation
- Further work to assess the short list of options to confirm whether the WLO is the best way of addressing the strategic objectives set for the project
- More detailed work on impacts on rail freight services and how these can be mitigated; on making the environmental case, including assessing carbon and air quality impacts; and to update the business case.

It is anticipated that it will take about a calendar year and cost a total of £1.950m.

2.4 The timing and resourcing of this work depends on wider decisions by TfL about their budget and work programme. This in turn depends on the funding arrangements agreed between national government and the Mayor. At time of writing, it was anticipated that this situation would be clearer after 4<sup>th</sup> February when the current agreement ends – although it may take a little time before the situation is clearer at individual project level.

2.5 Given the generally positive outcome of work to date and that the WLA has funding in hand, it is reasonable to ensure arrangements are in place so we can avoid any unnecessary delay in taking the project forward, so long as the funding arrangements are considered appropriate. This would avoid any unnecessary delay because of the timing of this Board's meetings. It is

therefore recommended that the Board delegates to its Chair, in consultation with the other Board members, the West London Chief Executives' Board and the West London-nominated members of the West London Orbital Partners' Oversight Group (POG) (see below), decisions on:

- taking the project forward to the next stage
- the necessary funding arrangements and allocation of SIP; and
- any consequent steps required (including any discussions that might be necessary with the City of London Corporation as lead authority for administration of the SIP)

Any decisions taken in this way will be reported formally to the Board's next meeting.

- 2.6 The POG is a joint project oversight group comprising representatives of TfL, West London boroughs and the WLA, the Greater London Authority, Network Rail, the Old Oak/Park Royal Development Corporation and Homes England. The West London borough representatives are Niall Bolger (Chief Executive of LB Hounslow and WLO project sponsor), Ross Brown (Borough Treasurer, LB Ealing), Alan Lunt (Strategic Director of Regeneration and Environment, LB Brent), Cath Shaw (Assistant Chief Executive, LB Barnet). The WLA is represented by David Francis (Director) and Andrew Barry-Purcell (Planning and Infrastructure Manager).
- 2.7 In the meantime, a "Strategic Narrative" document has been published, giving an overview of the benefits of the WLO in delivering national, regional and local priorities in a clear and effective way. The document can be found on the WLA website at <https://wla.london/wp-content/uploads/2021/10/2021-October-WLO-Strategic-Narrative.pdf>.

### **3. FUNDING OF CURRENT WORK**

- 3.1 It will be recalled that at its February 2021 meeting the Board gave approval for use of the first tranche of SIP funding (£900,000) to ensure the next stage of work on the project could go ahead in light of TfL's financial situation. Of this it was agreed that up to £350,000 should be allocated to fund the work on service levels and engineering design that has just completed.
- 3.2 At the last meeting it was proposed that decisions on any variation required between meetings of the Board could be taken by the West London representatives on the POG and are reported to the next EPB meeting. It was also noted that some additional funding might be required for work on the scope for use of the Community Infrastructure Levy and planning obligations to help fund the WLO. At that time procurement of this work was still in hand; this is now complete and will require a further £5,000. POG members have agreed that this is appropriate, and the Board is asked to endorse this conclusion.

#### **4. REASONS FOR RECOMMENDATIONS**

- 4.1 Projections of the London population and economy into the 2030s and 2040s suggest transport infrastructure is likely to become an increasing constraint on growth. There are already issues of poor orbital connectivity and congestion across West London; over time these will reduce the scale of growth possible on a sustainable basis and undermine the sub-region's competitiveness, social outcomes and quality of life. West London also faces environmental and social challenges. It has high levels of car usage and the problems of greenhouse gas emissions and air quality associated with this. There are places with high levels of unemployment and deprivation that are poorly linked by public transport with areas likely to see jobs growth.
- 4.2 Monitoring of patterns of rail usage during the pandemic has shown that orbital trips have held up better than radial ones and it seems unlikely that its longer-term impacts will make a significant difference to the need to address these issues
- 4.3 The recommendations in this report are intended to ensure delivery of the WLO project in a transparent, cost-effective manner. The impact of the pandemic on Transport for London's finances means that without funding from the WLA, the WLO would not proceed at present. The recommendations in this report address this situation and avoid any unnecessary delay in taking the WLO forward.

#### **5. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 5.1 The work done to prepare the business case for the WLO has examined all the alternative options for making orbital journeys across West and north-west London that might deliver the strategic objectives set for the project. The WLO proposal reflects the outcome of that analysis.
- 5.2 As far as the funding proposals in this report are concerned, the resources involved from the SIP were granted to support development of the WLO and cannot be used for any other purpose. Not providing the level of funding proposed at this stage would be likely to result in the project being postponed or possibly cancelled.
- 5.3 The Board meets at intervals of 3-4 months and leaving the decision on whether to proceed to the next phase of work on the WLO could significantly delay taking the project forward.

## **6. POST DECISION IMPLEMENTATION**

- 6.1 WLA staff will continue to work with their TfL counterparts to ensure successful completion of work to develop the WLO.

## **7. IMPLICATIONS OF DECISION**

### **7.1 Corporate Priorities and Performance**

The WLO is identified as a key priority and deliverable in the WLA Business Plan.

### **7.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

Delivery of the WLO will require significant resourcing should it progress. This will be sought from a variety of sources. As this report explains, work is under way to identify the scope for their use and the steps required to realise them.

### **7.3 Social Value**

The proposals set out in this report support improved health and wellbeing outcomes for West London's people; the enhanced competitiveness and success of its businesses; and addressing key environmental and social objectives including tackling climate change and poor air quality and improving access to a wider range of employment and other opportunities for deprived communities by providing greater connectivity and cutting congestion.

### **7.4 Legal and Constitutional References**

This work falls within the following sections of the WLEPB's Functions and Procedure Rules:

- Representing the participating local authorities in discussions and negotiations with regional bodies, national bodies and central government on matters relating to economic prosperity for the benefit of the local government areas of the participating authorities.
- Representing the participating authorities in connection with the Greater London Authority, London Councils and the London Enterprise Panel, for the benefit of the local government areas of the participating authorities, in matters relating to the economic prosperity agenda.
- Representing the participating local authorities in discussions and negotiations in relation to pan-London matters relating to economic prosperity.

The Joint Committee's role and purpose on behalf of the Participating Boroughs relates to ensuring appropriate, effective and formal governance is in place for the purposes of delivering the West London Growth Strategy and

advancing Participating Boroughs' aspirations for greater economic prosperity in West London, including promoting "the Economic Prosperity Agenda", in partnership with employers, representatives from regional and central government, and education and skills providers.

The purpose of the Joint Committee will be collaboration and mutual cooperation and the fact that some functions will be discharged jointly by way of the Joint Committee does not prohibit any of the Participating Boroughs from promoting economic wellbeing in their own areas independently from the Joint Committee. The Joint Committee is not a self-standing legal entity but is part of its constituent authorities. Any legal commitment entered into pursuant to a decision of the Joint Committee must be made by all of the Participating Boroughs.

## **7.5 Risk Management**

The governance arrangements that have been put in place by TfL and the WLA for the WLO (which were reported to the last meeting of the Board) are intended to help manage the risks involved in the WLA and its constituent boroughs jointly promoting the WLO and providing funding towards the cost of this work.

## **7.6 Equalities and Diversity**

Equality and diversity issues are actively being considered in the work outlined in this report. The contract for the engineering design work being undertaken by Atkins requires input from a qualified access consultant to provide advice on accessibility requirements and inclusive design in the development of station options. If delivered, the WLO would connect many of the sub-region's most deprived communities with employment opportunities and growth areas. This will enable them to access job and other opportunities at a lower cost and more quickly than would be possible by other forms of public transport or the private car. There is a high-level Equalities Impact Assessment for the project, reflecting the stage which it has reached. More detailed assessments would be carried out as the project proceeds to formal approval.

## **7.7 Consultation and Engagement**

All West London boroughs, the GLA, TfL and the Old Oak/Park Royal Mayoral Development Corporation and representatives of local businesses have been engaged with development of the project to date.

This work does not currently involve public consultation, although as mentioned earlier in this report it is likely to be something that will take place in the next stage of business case development. A full community engagement and consultation plan will be developed by TfL and the boroughs.



