

West London Economic Prosperity Board

20 September 2017

Title	West London Orbital Rail (WLO) progress and next steps
Report of	<i>Amar Dave</i>
Wards	<i>All</i>
Status	Public
Urgent	<i>No</i>
Enclosures	Appendix 1: Correspondence from the Committee to the Deputy mayor for Transport Appendix 2: Feasibility Study (five business case) undertaken by WSP on behalf of the Committee.
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Summary

This report provides leaders with an update and proposed next steps on work to deliver a West London orbital Railway, following their meeting with the Deputy Mayor for Transport in July 2017.

It also presents the feasibility study commissioned by the Board in March 2017, now at final draft stage, which finds the line to be technically feasible and with a strong value for money case, to be delivered in two phases with the first phase running from West Hampstead to Hounslow and the second running from Hendon to Isleworth via Brent Cross (See appendix two). The line has potential to unlock significant new housing growth across boroughs and is consistent with the strategic priorities of boroughs and of London Government. There remain a number of challenges to be overcome in relation to scheme funding and the economics of orbital transport infrastructure in London, which the Study suggests solutions to and are described in Section 2 of this report.

Section 3 proposes next steps for the project in terms of governance and project management arrangements, partnership working with TfL and the GLA.

The next objective of this work is to work with TfL to allow this project to be taken forward to the next, more detailed phase and to develop a detailed funding package.

Recommendations

The committee is asked to:

- 1. NOTE that final draft feasibility study finds the West London Orbital Rail line to**

be technically feasible with significant passenger demand and significant value for money and regeneration benefits.

2. AGREE to delegate the signing off of the feasibility study to the West London Growth Directors Board.
3. AGREE to continue to work with GLA and TfL to maximise the chances that the West London Orbital Line continues to be endorsed as a priority infrastructure scheme for London, in particular through inclusion in the final Mayor's Transport Strategy (MTS)
4. AGREE to undertake a more detailed identification of the options and optimal approach for funding the construction and operation of the Line, to be completed by November 2017.
5. AGREE that this project be a standing item for the Committee in the future, as suggested by the Deputy Mayor for Transport.
6. AGREE to incorporate the West London Orbital/Dudding Hill Line into individual borough Local Plans, as suggested by the Deputy Mayor for Transport.
7. NOTE that the tour of the line the Committee previously requested has been confirmed for 29 September noon – 3pm, and that Members will be accompanied by the Deputy Mayor for Transport. The tour will be by coach.

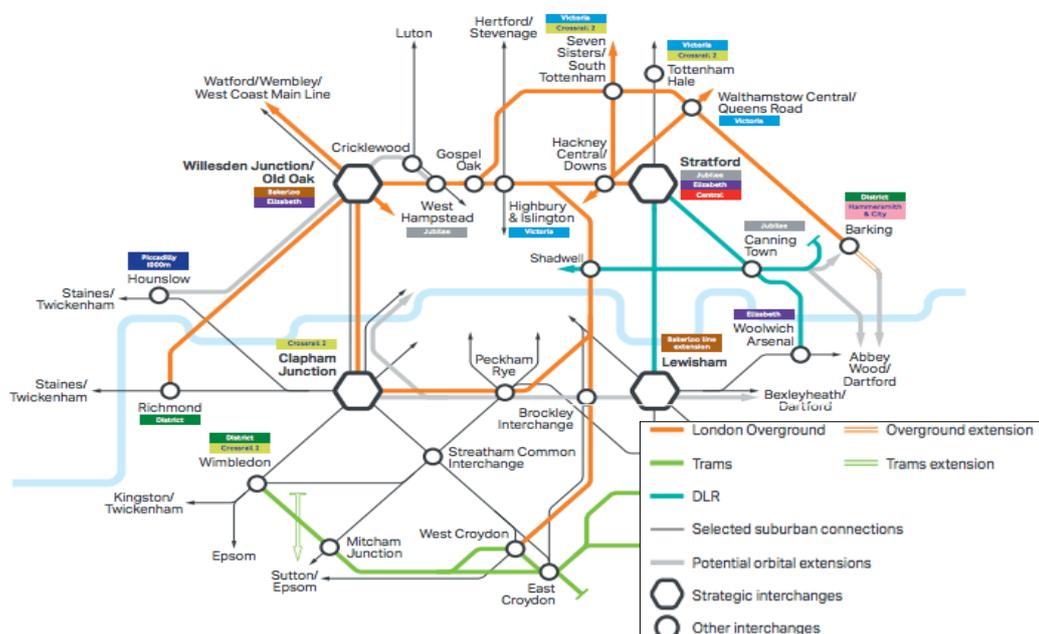
1. WHY IS THIS REPORT NEEDED

This report explains how previous decisions made by the committee have been actioned, and sets out next steps towards making a West London Orbital Railway Line a reality.

The West London Economic Prosperity Board (WLEPB) identified the Dudding Hill Rail Line, also known as the "West London Orbital Line", as a shared priority based on a range of evidence commissioned by Growth Directors in March 2017.

Leaders have since worked with TfL and the GLA to ensure the line was included in the draft Mayors Transport Strategy (MTS). This has been achieved (see figure 1 below).

Figure 1: Draft Mayor's Transport Strategy including West London Orbital



A *Feasibility Study* has been commissioned by officers at the request of the Committee. This feasibility study is now at final draft stage (Appendix 2). The key message of the Study is that the scheme is technically feasible with a significant level of latent passenger demand and strong value for money. It also has the potential to unlock in the region of 15,000 - 20,000 new homes across the sub-region. The study has also demonstrated a high degree of strategic fit between the priorities and objectives of West London boroughs and of TfL in relation to improving the transport experience for travellers, reducing congestion, connecting growth areas, and on making our high streets healthier more pleasant places to be.

Given the strong strategic alignment of the scheme with London priorities and its technical feasibility both TfL senior officers and the Deputy Mayor for Transport have indicated their support in principle (see Appendix 1) for the scheme and requested that arrangements are made for putting in place programme management and governance mechanisms, covered in section three below.

2. REASONS FOR RECOMMENDATIONS

These recommendations have been designed to allow this project to progress from being a 'strategy piece' of work to a project delivered in partnership with London Government.

The key challenge now in terms of moving this project forward relates to resourcing the capital costs of building the line (approximately £250m) and of minimising any operating subsidy associated with the day-to-day running of the line should it be built. There are a range of practical and tested solutions available to address both of these points, which are summarised in section two below and also set out in Appendix two. The Committee should note that a requirement for subsidy is a general characteristic of orbital transport schemes, which have lower fares compared with equivalent radial routes. This project therefore provides a real opportunity to find a solution to this issue that will benefit London more broadly in the future as the population of outer London boroughs continues to increase.

3. KEY AREAS OF ACTIVITY

3.1 The following sections summarise current activity in relation to the main work areas relevant to the project:

- i. Political engagement
- ii. Technical feasibility and viability
- iii. Scheme funding
- iv. Community engagement

i. Political Engagement

The following points emerged from the meeting with the Deputy Mayor for Transport in July:

- Support for this scheme in principle. The Deputy Mayor noted there is good strategic fit between WLOt and the priorities set out in the draft Mayor's Transport Strategy (MTS).

- Should the feasibility study yield a positive result then it was noted that there was good reason to include it in the final MTS. It will need to be incorporated into all borough Local Plans as they are developed.
- She noted the work of the Economic Prosperity Board, and the fact that boroughs were working together on the scheme was a notable strength.
- The role of the orbital line in unlocking new housing supply and employment space is fundamental to the overall viability and resourcing of the line.

Next Steps

- The Deputy Mayor requested that this work be progressed from a 'strategy piece' to a project focused on delivering an operating rail line.
- Consequently, West London and TfL/GLA officers are working together on developing an appropriate governance structure and timeline for achieving this, including strands focused on:
 - technical feasibility
 - scheme financing
 - influencing
 - community engagement
- The Deputy Mayor suggested that the line becomes a standing item on the agenda for the WLEPB. See next steps and recommendations. She also requested a joint West London Strategic Land Availability Assessment (SLAA) that would identify and confirm the level of development the land would unlock.
- Growth Directors Board will continue to progress this work with input from a wider network of interested parties within and outside of local government

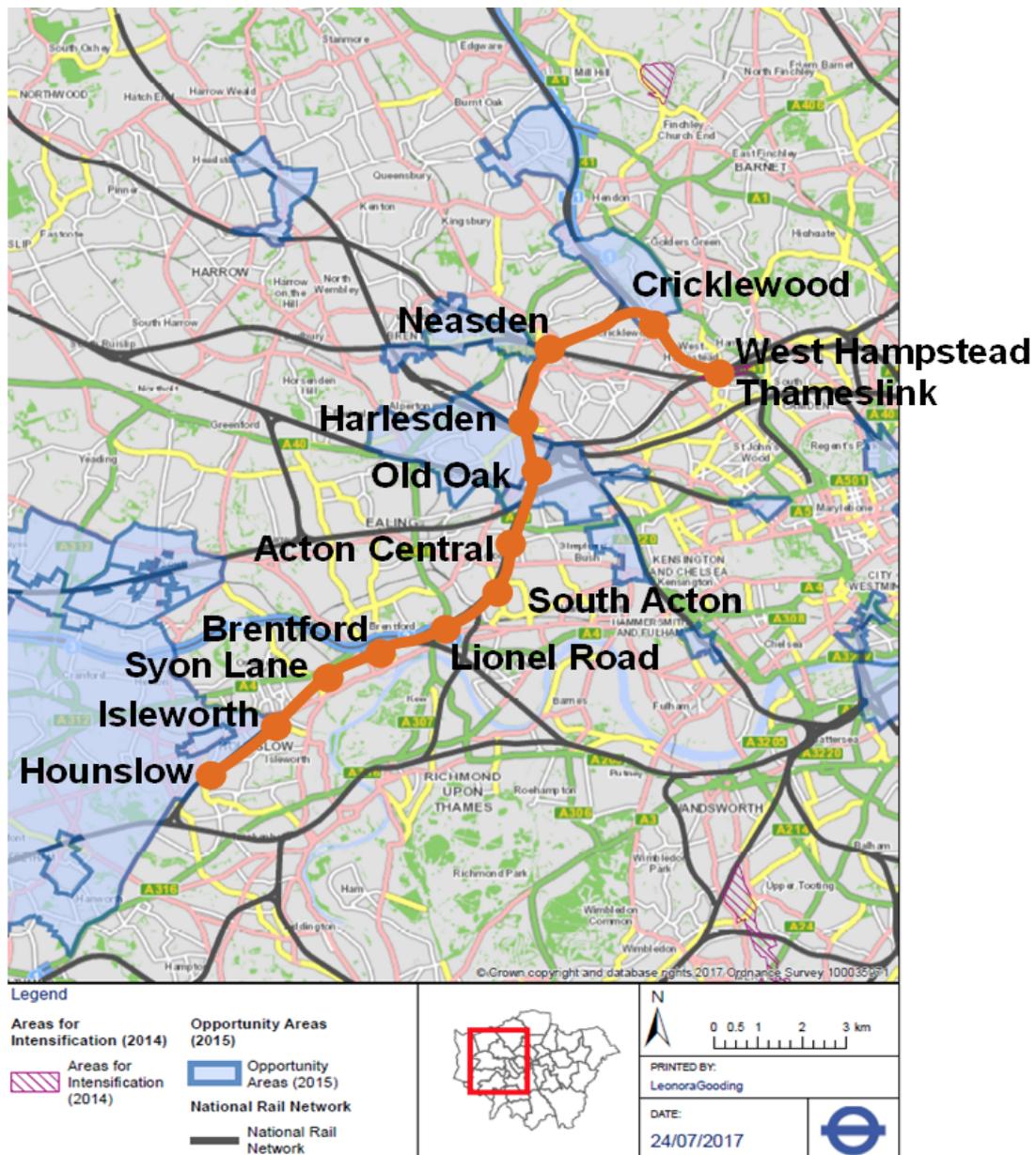
ii. Technical Feasibility Study

- Growth Directors have commissioned a “five-case” feasibility study which is currently at final draft stage (see Appendix 2). The key messages are:
 - That the West London Orbital has a good overall case. It is technically deliverable and with demand to service up eight trains per hour in each direction (about 6,000 people per direction per hour during each rush hour period). This is higher than the demand originally modelled by TfL.
 - Taking into account the positive impact of the line on improving journey time and reducing congestion the study finds the line to have a very strong overall value for money case.
 - It is currently estimated that the line would help to unlock around 15,000 – 20,000 new homes across the affected boroughs, including potentially a major new regeneration scheme around Neasden Junction.
 - The preferred route is for there to be four trains per hour from West Hampstead to Hounslow *AND* four trains per hour from Hendon to Isleworth via Brent Cross. These would be delivered in two phases starting with West Hampstead to Hounslow route. See figure 2 below
 - The track would not be electrified in the first instance, possibly implying diesel rolling stock but also creating an opportunity to test innovations such as new battery-powered trains. This approach would reduce both the capital costs of line construction and the operating costs of the line. It would also significantly support the environmental case for the line by

negating the need for diesel trains and minimising negative impacts on air quality.

- New Stations at Neasden, Harlesden. Possibly also at Old Oak Common Lane.
- New platforms at West Hampstead, Hendon, Cricklewood, Brent Cross/Staples Corner, Kew Bridge, Hounslow
- There is an area of high train congestion in the Acton Wells area which will require careful timetabling and is the most technically challenging section of the route.
- Level Crossings need to be addressed at Bollo Lane and Churchfield Road (Ealing).

FIGURE 2: ROUTE IF THE LINE (phase 1 shown, phase 2 from Neasden to Hendon via Brent Cross/Staples Corner)



Next Steps on feasibility

- Findings from the feasibility study be incorporated into the West London response to the draft MTS that was requested by leaders, and used as the basis for taking forward more detailed planning work into the line.

iii. Resourcing

Now that the feasibility study has found the line to be technically feasible and with sufficient passenger demand and strategic fit, focus can turn to resourcing the construction and operation of the line. There are three elements relating to funding:

- 1) Funding the **project costs associated with completing further, more detailed resource management, programme planning and design work** (e.g. “GRIP” studies) and project management that will be required prior to any actual ground works commencing. It is considered imperative that this work continues at pace during 17/18 in order to maintain momentum secure wider buy-in to the scheme.
- 2) Funding the **capital costs associated with construction of the line itself**: e.g. stations; track reconfiguration; turn backs, rolling stock leasing, stabling and other associated infrastructure. Currently somewhere between £100m and £400m. Most likely to be somewhere around the centre of the range at £250m. Funding for construction can come from a variety of sources including from development of new housing and employment space along the route of the line, a variety of external sources, and possibly also Central Government. It will also be possible to bring down construction costs through innovation and the use of new technology e.g. battery powered trains that would negate the need for more expensive stabling and maintenance facilities for diesel rolling stock.
- 3) Addressing the **operating subsidy** that is likely to be required once the line is up and running, despite the high passenger demand and relatively low construction costs for this kind of project. This requirement for subsidy is primarily due the fact that fares for orbital journeys, that by definition don't run across multiple fare zones, are significantly lower than for radial journeys into and out of central London. This reduces the income generated per passenger for orbital journeys compared with an equivalent radial line. This is not then just a challenge for the West London Orbital Line but for orbital public transport schemes more generally. This will need to be addressed strategically to meet the Mayor's target to have only 20% of journeys by car by 2041.

There are a number possible solutions for addressing operating subsidy that would merit further consideration including 1) the use of modestly higher fares such as are already used by the Channel Tunnel Rail Line or the Heathrow Express service. 2) part of the line e.g. the OPDC area could be re-designated as Zone 1 London, allowing higher fares. 3) operating costs could be brought down through greater use of technology that serves as a case study for innovation and best practice nationally e.g. battery-powered rolling stock.

Next Steps for resourcing

There are a number of viable and tested options for resourcing both the (capital) construction of the Line itself through development and external funding, and also for addressing any recurring operating subsidy (revenue) associated with the line. There is an urgent need to assemble a realistic funding package alongside the development of more detailed technical work into the line itself.

iv. Member and Community Engagement

Now that the feasibility study is completed, and should the scheme be taken forward, it will become increasingly important to engage with and account for the views of the wider set of councillors, MPs, community interest and industry groups, the press, local activists as well of course as local communities.

At the point where a decision is made to proceed a communications and engagement plan will be developed to include:

- Member and political briefings
- Public communications and engagement
- Full equalities impact assessment

Until the outcome of the feasibility study and final content of the MTS is known it will be important to manage stakeholder expectations and not to over-promise, therefore it is recommended not to commence any formal consultation at this stage.

3.2 Programme Governance

During the leaders' meeting with the Deputy Mayor in July she asked that project management arrangements for delivering the line be considered so that it is ready should the project be progressed further. Officers and TfL have subsequently been in discussion to see how this might work in practise based on experience with other similarly-scaled schemes from elsewhere in London, notably the Bakerloo Line Extension project. She also asked that this project become a standing item on the EPB's agenda in order to provide consistent democratic oversight. Detailed governance, funding and programme arrangements will return to future committees. It is recommended that the West London Orbital Line become a standing item on the agenda of the Committee.

3.3 Next steps and timings

Step	Description	When
Feasibility Study Completed, preferred route identified	Completion of technical feasibility identifying line viability, preferred route, housing growth potential, and Benefit-Cost Ratio	September
Tour of the line (29 September)	Leaders and Deputy mayor for London to go on a focused tour of the line to understand its route	29 September

	and its role unlocking housing and employment growth.	
MTS Consultation Closes (2 October 2017)	Deadline for formally communicating to the GLA West London's evidence-based objective to realise an operational West London Orbital line.	2 October
Funding Options Commissioned	To identify in detail the development land to be unlocked by the scheme	Completed by November
MTS Published	The point at which the scheme will be mandated to proceed or not by GLA	Late 2017
Project commence (Late 2017 or early 2018)	Should the final MTS confirm the continued support of GLA and TfL for the WLO scheme, an operational budget and project governance arrangements will need be put in place to progress to the next GRIP stage..	Late 2017 subject to mobilisation

4. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 4.1 Not taking action to improve orbital connectivity around West London will result in increasing congestion and worsening air quality for travellers in the sub-region, with associated costs for the health and well being of individuals, the economy, and the environment.

5. POST DECISION IMPLEMENTATION

- 5.1 Following the Committee, should the recommendations be accepted, the West London Orbital Line will be added to the Committee forward Plan as a standing item.
- 5.2 Alongside this officers will continue to work with TfL, the GLA and Network Rail on the Governance aspects of the project.
- 5.3 Finally, the West London Orbital Line shall be incorporated into the West London response to the Mayor's Transport Strategy Consultation response the Committee requested at its meeting on 21 June 2017, and which was also asked for by the Deputy Mayor for Transport in her meeting with Leaders on 31 July 2017.

6. IMPLICATIONS OF DECISION

6.1 Corporate Priorities and Performance

- 6.1.1 This report relates directly to the delivery of the West London Vision for Growth, which has been agreed by the members of the West London Alliance.

Specifically, it focuses on delivering the emphasis in the Vision for Growth on improving orbital connectivity around the sub-region.

6.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

6.2.1 Please see section 3.1.iii. of this report covering resourcing. Given the scale and complexity of the scheme bespoke resourcing arrangements will need to be agreed covering scheme delivery and detailed feasibility. Should the scheme be progressed resourcing will return to the committee at a future date for detailed discussion and decision making.

6.3 Social Value

6.3.1 This annual report supports the delivery of the objectives set out in the Vision for Growth, which is intended to improve the outcomes of people from all backgrounds across West London including by making it easier for them to get around easily and with the minimum toll on their pocket.

6.4 Legal and Constitutional References

6.4.1 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.

6.4.2 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 Vision for Growth 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.

6.4.3 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 of a decision of the Joint Committee must be made by all of the Participating

Boroughs.

6.5 Risk Management

6.5.1 There is a risk that by not engaging with the full range of levers that have an impact on the overall economic success of an area the sub-region will not achieve the level of economic outcomes in terms of jobs, investment, or housing that might otherwise be the case over the medium and long term.

6.6 Equalities and Diversity

6.6.1 The Vision for Growth recognises the need to ensure that people from all backgrounds are able to benefit from growth. Individual programmes within the Vision will have equality impact assessments undertaken on a case by case basis.

6.7 Consultation and Engagement

6.7.1 All boroughs affected by the West London Orbital line have been involved in this work, including the commissioning and delivery of the technical feasibility study undertaken by WSP.

6.8 Insight

6.8.1 See feasibility study at Appendix 2.

7. BACKGROUND PAPERS

Appendix 1: Correspondence from the Committee to the Deputy Mayor for Transport

Appendix 2: Feasibility Study (five business case) undertaken by WSP on behalf of the Committee. This will be available 4 September.