

**LOCAL AUTHORITY MAJOR SCHEMES
PRE-QUALIFICATION POOL: EXPRESSION OF
INTEREST**

Scheme Name

CROXLEY RAIL LINK

Local Authority

HERTFORDSHIRE COUNTY COUNCIL

SENIOR RESPONSIBLE OWNER DECLARATION

I confirm that Hertfordshire County Council wishes Croxley Rail Link to be taken forward for consideration for funding in the Spending Review period. I understand that any cost incurred in submitting the scheme through the prioritisation process is at the authority's own risk.

As Senior Responsible Owner for Croxley Rail Link I confirm that I have the necessary authority to make the above declaration

Signed:



Name:

Rob Smith

Position:

**Assistant Director
Transport Management Group**



**Croxley
Rail Link**
Connecting Watford



SECTION 1: THE SCHEME AS PREVIOUSLY CONFIGURED

For schemes with a bid for Programme Entry (or PE combined with other approval stages) with the Department this section should describe the scheme as submitted in the business case. Please state separately if there had been any changes since business case submission prior to June 2010.

For schemes with a previous approval (Provisional Approval or Programme Entry) please describe the scheme as previously approved, stating separately any subsequent changes previously notified to or discussed with DfT prior to June 2010 or identified in the scheme as prioritised within the former Regional Funding Allocations.

1.1 Description of the scheme *This should clearly state the scope of the scheme and describe all of its key components.*

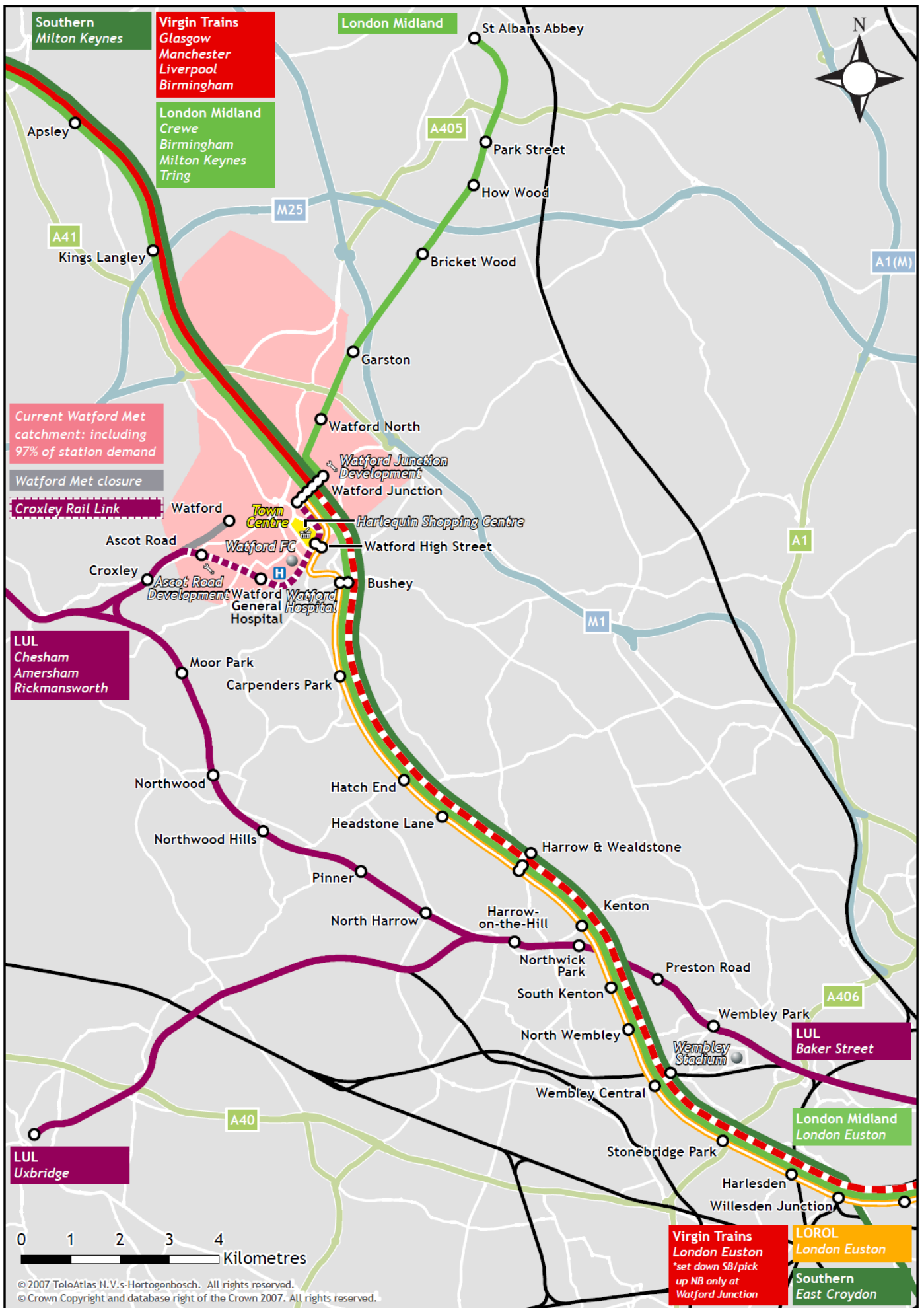
The Croxley Rail Link is a proposed diversion of the Watford Branch of the Metropolitan Line to Watford Junction via Watford High Street. New stations will be provided on the new rail link at Ascot Road, which forms a strategic park and ride site for the area, and Watford General Hospital. As part of the scheme the existing Metropolitan Line alignment to the current Watford terminus on the suburban fringe will be closed, with services diverted to serve Watford Junction. Importantly the scheme can be delivered without any further reduction in public transport services or highway capacity in the Watford area.

A map showing the current rail network in the Watford area, the proposed Croxley Rail Link and the current Watford Metropolitan Line alignment that will close is shown overleaf.

The following bullet points summarise the key scope of work required to deliver the Croxley Rail Link:

- A viaduct and embankment linking the current Metropolitan Line 1.3km south of the existing Watford terminus to the disused rail alignment between Croxley and Watford High Street;
- Reinstatement of double track on the disused Croxley alignment, including a new junction with the Watford Junction to London Euston DC route at Watford High Street;
- Work to bring the bridges, cuttings and embankments on the disused Croxley alignment into operational use;
- New stations at Ascot Road and Watford General Hospital; and
- An additional rolling stock unit to deliver the extended services.

Croxley Rail Link will be served by diverting current services at Watford Met to Watford Junction. This will give a frequency on the Croxley Rail Link of up to seven trains per hour.



Croxley Rail Link
Overview



Drawn by: JDR	Last Updated: 26/11/2010	Revision: 001
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1.2 What are the primary objectives of the scheme?

Please limit this to the primary objectives (ideally no more than 3) such as reducing congestion; the problems to which this scheme is the solution. Do not include secondary objectives i.e. things that the scheme will contribute to (for example it may be an objective of a new road scheme to include improved facilities for cyclists, but that is not a primary objective)

South West Hertfordshire has been underperforming economically – the local economy is still £210 million per annum lower than it was in 2001. It has experienced and continues to experience significant job losses. The Regional TEES (Transport Economic Evidence Study) showed Watford as having growth potential, but in an area where the cost of congestion and rail crowding is high.

South West Hertfordshire offers proximity to London, its airports and rail infrastructure, as well as the outer London balance of city-working, country-living making it ideally suited to support London's position as a major world city. London's emerging plans for a "star and clusters" approach to outer London development suggests that surrounding towns, such as Watford, need to better support the capital in terms of jobs and economic growth.

However, the close proximity to London has not been exploited due to lack of easy access within Watford. Moreover, the peripheral proximity of Watford to both London and the Eastern Region and the fact it had been on the boundary of the two regions meant that it did not achieve the focus that it may otherwise have done.

Accordingly the Croxley Rail Link scheme addresses a wide range of objectives, as detailed in the Major Scheme Business Case (MSBC) submission. The following bullet points summarise the three primary objectives of the scheme:

- To enhance sustainable links to and between residents and employment, business, education, health and leisure opportunities within Watford and across Hertfordshire, and to key external attractors, notably north west & central London and the national rail network, thus reinforcing Watford's role as a key transport hub north of London;
- To promote economic and housing development by improving public transport linkages between current/potential employees, Watford town centre and the key development areas of Watford Junction, Watford Business Park / Ascot Road and the Watford Health Campus; and
- To provide a credible alternative to car travel, with inherently lower environmental impacts per trip including noise and greenhouse gas emissions.

1.3 What are the key milestones for delivery, including estimated start and completion date of the scheme as proposed?

Please list all relevant milestones with dates including start and completion of statutory processes, public inquiries procurement etc. For the purposes of this question assume that no Full Approval decision will be given before December 2011 and no DfT funding will be available before 2012/13. Please describe any implications arising from the non-availability of DfT funding until 2012/13 if that represents a delay to your previously assumed timetable.

Croxley Rail Link was a priority scheme under the previous Regional Funding Allocation (RFA) process and a MSBC submission was made to DfT in Autumn 2009. The development and design work undertaken in the lead up to MSBC submission has been supplemented by ongoing work in preparation for a Transport and Works Act Order (TWAO) application and ensures the scheme remains ready to make rapid progress towards implementation as soon as funding is agreed. The work programme presented in the MSBC submission was elongated to meet a sub-optimal extended RFA funding profile. Given the current opportunity the promoters are able to deliver the scheme to a faster and more efficient programme.

A benefit of this continuing development is that project, stakeholder and advisory teams have remained engaged in the project and the County Council are able to continue to develop the project in line with an agreed programme of works. This has included actively monitoring and updating the programme for delivery taking account of the suspension of assessment of the MSBC well in advance of receiving this form.

The table below shows the key milestones from submission of this Expression of Interest (EOI) to completion of the works contract.

Key Milestone	Task Duration	Completion Date
Transport & Works Act Submission		Summer 2011
DfT – best and final offer acceptance		Winter 2011
TWAO Public Inquiry		Spring 2012
Secretary of State (SoS) Decision	Within 6 months of the Public Inquiry	Autumn 2012
Early Contractor Involvement (ECI) Phase 1	Within 12 months of SoS Decision	Autumn 2013
ECI Phase 2 (Contract Award)	Within 6 months of ECI Phase 1	Spring 2014
Opening	Within 18 months of Contract Award	Autumn 2015

The key milestones have been identified by the programme managers representing the scheme partners. The task durations mirror those contained in the 2009 MSBC submission, emphasising the level of control and confidence in the programme.

1.4 What are the key risks to the delivery to this timetable, aside from the availability or otherwise of DfT funding?

Please list the biggest risks (ideally no more than three) that have a potentially significant impact of the timing of the scheme. For each risk please describe its likelihood, and quantify the potential time delay.

Continuing progress on the project has ensured that the project teams have remained engaged. This means that on achieving development pool status, a rapid response can be made in respect of preparing a Best and Final Offer business case, engaging with DfT and making further progress towards gaining statutory powers. Furthermore, the ongoing development of the project has maintained and strengthened stakeholder support for the project.

The only significant risk to the overall programme of delivery is obtaining TWAO powers. A number of actions have been undertaken to mitigate this risk by making a TWAO application as soon as possible including: appointment of Parliamentary agents; appointment of a consultation manager to brief stakeholders; and continual development of the risk management strategy. However the underlying risk that the scheme is not awarded the necessary powers in line with the anticipated programme cannot be entirely mitigated by the promoters.

With the exception of securing DfT funding the only other significant activity on the critical path that was presented in the MSBC was the signing of Heads of Terms with London Underground. This has now been accomplished and the Heads of Terms document accompanies this form.

1.5 What is the total estimated outturn cost of the scheme?

Please provide the latest estimated cost of the scheme (and for schemes with a live Programme Entry bid with DfT an explanation of any key changes from the costs in the MSBC) broken down by main category (construction, land, utility diversions etc.) and including any eligible preparatory costs as defined in previous guidance. For the purposes of this question please assume no DfT funding available until 2012/13. Include the impact of any delay, if applicable. Please also include the revised funding profile for the scheme and breakdown by funder based on the funding split assumed in the MSBC. Please also state what inflation assumptions you are using.

The 2009 MSBC submission presented an estimated outturn capital cost of £172.0 million. Of this £136.5 million was sought from DfT. This estimate has been revised to reflect questions/comments received from DfT following

submission and to take into account revised timelines.

Inflation calculations have been reviewed in line with DfT comments such that only RPI, assumed at 2.5%, have been applied to capital costs. To reflect the additional inflation risk that the scheme promoters now face, a notional 10% of the outturn value of removed real inflation has been included within the cost estimates. This arrangement will be formalised within a full update of the Quantified Risk Assessment (QRA) at BAFO stage.

It is possible to bring forward construction of the scheme as the MSBC programme was constrained to a elongated spend profile within the East of England Regional Funding Allocations.

Step 1 – removal of ineligible costs (TWA0) of £1.2 million => £170.8 million
 Step 2 – removal of real inflation of £28.2 million => £142.7 million
 Step 3 – addition of indicative inflation risk of 10% Step 2 => £145.5 million
 Step 4 – re-profiling of construction to updated programme => £138.1 million

Based on the proportion of local and DfT funding remains as proposed in the MSBC submission the funding sought from the DfT reduces to £110.6 million.

The County Council proposes to optimise the buying power of its local capital contribution to the project by phasing it as close to scheme opening as possible, when the forecast operating surplus to repay the proposed loan becomes available. The assumed equal sharing of eligible preparatory costs, totalling £4.0 million and claimed at Full Approval in 2013/14, maximises the final proportion of local contribution to the scheme. The 2016/17 column includes an allowance of £0.4 million for monitoring and evaluation in 2018/19.

Millions	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
LA contribution	£1.7	£1.7	£1.8	-	£19.3	£1.3
Third Party contribution	-	-	£1.8	-	-	-
DfT funding requested	-	-	£22.1	£64.0	£24.6	-
TOTAL	£1.7	£1.7	£25.6	£64.0	£43.8	£1.3

1.6 What is your best estimate of the scheme’s BCR?

If there is any variance between this and the BCR in your most recently submitted business case, please explain the reason and attach AMCB/TEE tables and supporting information. For schemes that do not have a live business case with the Department please indicate when this BCR was calculated and provide AMCB/TEE tables and any other supporting evidence.

A number of changes have been made to the BCR compared to that presented in the 2009 MSBC submission. These reflect:

- Minor update to scheme benefits from using the most recent version of TUBA;

- The cost changes summarised in response to question 1.5 above; and
- Further adjustments made to represent a Spending Review 2010 BCR consistent with schemes in the Development Pool.

These changes have a positive impact on the BCR for the scheme, lifting it from 2.55:1 as reported in the 2009 MSBC submission to 4.30:1. This represents very high value for money against DfT criteria and furthermore represents an exceptionally strong BCR for a public transport scheme.

Detail of the resulting BCR, including full TEE and AMCB tables is provided as a separate attachment. The text below summarises the impact of each step.

TUBA Update

The questions on the MSBC appraisal indicated that the MSBC submission was based on an old version of TUBA. The benefits of the scheme have been updated using version 1.7C of TUBA. This results in a slight increase in benefits and the resulting BCR increase from 2.55:1 in the MSBC submission to 2.67:1 with the updated TUBA version.

Cost Update

The revision to the total outturn cost of the scheme, as set out in response to question 1.5, has a positive impact on the BCR for the scheme, lifting it from 2.67:1 to 2.90:1

Spending Review 2010 BCR

As part of the spending review analysis of transport schemes DfT have produced adjusted BCRs for schemes. Corresponding adjustments have been made to the BCR for this scheme, as summarised below:

- Moving the indirect tax impact to the present value benefits;
- The MSBC submission included analysis that indicated wider economic benefits of 22% of welfare benefits would be generated by the scheme. This was not included in the MSBC 'NATA' BCR but has been applied as an uplift to the revised BCR below; and
- Adding 20% of time savings as reliability benefits as the scheme scores strong beneficial in the qualitative assessment of reliability.

The impact of these changes is to increase the BCR from 2.90:1 to 4.30:1, lifting the scheme from high to very high value for money.

This revised BCR excludes the impact of potential adjustments made by the DfT as part of a more detailed scheme review.

1.7 Are there significant benefits or costs that have not been captured in the above BCR?

Please explain whether there likely to be material benefits or costs that have not been captured in the above BCR. Please differentiate between monetised NATA benefits that have not been captured in the above BCR, non monetised NATA benefits and impacts that you do not think are included within the NATA framework. Please provide evidence to support any further impacts claimed. We will ask for more detailed evidence in due course during 2011 for schemes in the Development Pool.

There are a variety of scheme benefits that have not been quantified under the current appraisal framework. These are summarised as follows:

The Croxley Rail Link is likely to abstract some rail users from current London Midland services including a proportion with an onward journey via London Underground. Therefore the scheme has the potential to generate national rail and underground crowding relief benefits. These benefits have not been quantified because crowding reduction is not a primary objective of the proposals and the benefits are not anticipated to have a material impact on the case for the scheme. Excluding these benefits represents a conservative position.

The scheme will improve access to Watford General Hospital, which is also the site of the proposed Watford Health Campus. The appraisal does not consider the wider health benefits of providing improved access to health facilities.

The current benefit modelling does not take into account the benefit to those travelling to events at Watford Football Club and Wembley Stadium and Arena. Valuing the benefits of those travelling to such events is demanding due to irregular and unpredictable travel patterns. Excluding these benefits represents a conservative position.

1.8 Please describe the latest position regarding any developments associated with the case for the scheme?

If the business case for the scheme is associated with housing and commercial developments please describe the latest position regarding each of these developments, particularly where there have been changes since the most recently submitted business case. This should include any changes to numbers of housing, jobs etc. and information of planning consents applied for or granted. If possible please provide a letters or statement of intent from individual developers that state their present intentions regarding the scale, nature and timing of their developments.

Whilst the Croxley Rail Link scheme has no ultimate dependency on any developments and no developments are specifically reliant on the Croxley Rail Link scheme they are highly symbiotic. Watford Council is making provision within its Local Development Framework for a number of key development sites aimed at both housing and economic development, which will be directly connected by the Croxley Rail Link:

- Watford Junction;
- Watford Health Campus.
- Watford Business Park & Ascot Road

As strategic transport authority, HCC's role is to facilitate improved access. The County Council's leadership of the Croxley Rail Link project reflects the importance placed on the scheme's ability to enhance economic growth in South West Hertfordshire, and to provide a real improvement in travel choice for journeys to and through the area, linking the four key sites above.

Watford Health Campus

The Health Campus is a mixed use regeneration project that is currently led by a group of organisations all with a key interest in the regeneration of the land around the current Watford General Hospital. These include the Strategic Health Authority, the West Herts Hospitals NHS Trust and PCT, Watford Football Club, the Hertfordshire Partnership NHS Foundation Trust, Watford Borough Council and Hertfordshire County Council.

The recently formed Local Economic Partnership for Hertfordshire will be driving the economic development input, which was previously provided by the East of England Development Agency and Hertfordshire Prosperity.

The Campus comprises a new district general hospital, commercial, residential, retail and leisure developments with associated civil engineering works over a 68 acre site. The hospital will become a centre for specialist treatment, drawing patients from a regional catchment area.

At present, the site is occupied by the existing Watford General Hospital, Watford Football Club and the Cardiff Road Industrial Estate. The land holdings are all held by public bodies that obtained formal grant of outline planning permission and associated conditions on 15th July 2010.

A prior indicative notice was published by Watford Borough Council on behalf of the group in August 2010 and a full OJEU notice is anticipated in early 2011 to seek private sector development partners. The establishment of a joint venture company is planned by late 2011 to then take forward development of the site.

Timescales are clearly dependant on a number of issues including improved economic and market conditions but progress is anticipated to be made over a 2-3 year horizon. A Development Director and Programme Manager for the project will be appointed in advance of the OJEU publication.

The Croxley Rail Link passes through the southern part of the Health Campus site and the intermediate station proposed between the new Ascot Road station and the existing Watford High Street station will be located as close as possible to the main western pedestrian access to the Health Campus site, off Vicarage Lane. Given the site's location, the Rail Link project provides a

highly accessible route directly to the campus for both local people and those travelling from outside the borough, be that via interchange at Watford junction or travelling north from outer London (Harrow, Brent etc).

Watford Junction Interchange

Hertfordshire County Council has been developing an improvement scheme over a number of years, devised to improve the station operation and utilise the existing station layout, including vehicular access to the east of the site, opening this area for increased station parking and development. As the current scheme opens up the area to the east of the station for potential development, the project has now evolved into a mixed-use regeneration project with a high housing content.

HCC is working in alliance with WBC, Network Rail and the development partners to achieve a truly integrated transport and development 'vision' for the overall site. This project is the subject of a separate major project EOI.

The implementation of the Rail Link will provide a significant advantage to Watford Junction in achieving its objective to fulfil its role as a regional transport node through the facilitation of increased and easier interchange between all modes. Termination of the Link at Watford Junction provides direct interchange between the London Underground services into South West Hertfordshire and London, the national rail network, the Abbey Line service to St Albans as well as local public transport services that serve the Junction station.

Watford Business Park & Ascot Road

The Watford Business Park is located immediately south of the Croxley Rail Link alignment as it passes Ascot Road. Whilst the highway access is of a high standard, it is congested particularly at peak hours, and for employees bus based access is constrained.

The Local Development Framework's employment topic has concluded that Watford Business Park offers the best opportunity to improve the Borough's employment offer depending on the quality of access to the site.

Implementation of the Rail Link, with a new station proposed at Ascot Road, will provide a reliable and regular new mode of access to the area both from central Watford and from outside of Watford (via both Watford Junction and the modal connections there and the London boroughs south of Watford served by the Metropolitan line).

Watford Borough Council, as owner of the business park, has confirmed that the Rail Link, through enabling better access, will significantly increase the value of the economic assets in this area and enable further development of currently under utilised or vacant sites to be bought forward. On that basis the Borough Council has agreed to contribute to the project.

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Sites along Ascot Road under private ownership are also expected to be redeveloped within a similar time frame, however, there are no firm proposals as yet.

SECTION 2: SCOPE FOR REVISED PROPOSALS

In this section we are asking for an early indication of your intent, without prejudice to what you might choose to include in your Best and Final Bid in autumn 2011, if selected for the Development Pool. Nothing you include here will be binding upon you or on DfT.

2.1 What changes in scope do you plan to consider as compared against the scheme as described above?

Please attach plans and/or maps if necessary to illustrate the nature of the possible changes. You may include more than one option here but please be clear on any 'red line issues' – e.g. reductions in scope below which you would not be prepared to take the scheme forward.

The scheme scope has been regularly reviewed to ensure the proposals best meet the objectives set while optimising the value for money and affordability cases. The nature of the scheme means that it is not possible to substantially reduce the scope of the scheme while still delivering the scheme's benefits. On that basis, the MSBC 2009 scheme remains the core proposal. A number of minor changes in scope have been considered but ruled out, as set out below. Initiatives to reduce costs without affecting the benefits delivered continue through value engineering and are set out in section 2.4.

Viaduct

One of the largest single cost items in delivering the scheme is the viaduct linking the disused Croxley alignment to the Metropolitan Line. Consideration has been given to the provision of a single track viaduct instead of the proposed double track structure. However, the actual cost saving would be relatively small, and this option would severely restrict operational flexibility at times of disruption and represent a significant performance risk. On that basis, scope reduction to a single track viaduct has not been pursued.

Stations

A possible scope change that could secure a material cost reduction would be to reduce the number of stations constructed. However, doing so would result in a significant reduction in the benefits of the scheme. The two stations proposed specifically serve separate markets. Ascot Road serves the Watford and Croxley Business Parks and forms a strategic park and ride site for the scheme whilst Watford General Hospital combines a local walk-in catchment with access to the hospital. Both stations support development schemes in their local area. There is no site available that would allow all purposes to be fulfilled at a single station. On that basis, provision of two stations continues to form the core proposal.

Service Provision

The frequency of services provided has a direct impact on the infrastructure requirement, the number of additional rolling stock sets required to deliver the service and the associated benefits realised. Service options have been

reviewed to identify feasible changes in service frequency that could maximise benefits within rolling stock and infrastructure parameters. This work confirms that the service level proposed in the 2009 MSBC submission (diverting all current services at Watford Met to Watford Junction giving a frequency of up to seven trains per hour) remains the strongest performing option.

2.2 Can you describe the likely impact of the scope changes described above on value for money and achievement of your stated objectives

Your answer to this question does not need to include a precise value for money calculation (unless one is already available) but it should provide a commentary on where there would be expected to be a material change to costs and benefits (both monetised and non-monetised), and in which direction. Please provide evidence if available.

By retaining the scope of the scheme, set out in question 1.1, the scheme continues to deliver the maximum possible benefits and makes the same contribution to meeting the identified scheme objectives.

2.3 Can you describe the impact of the scope changes on your timescales for delivery at 1.3 above

For example if they would require restarting statutory processes, procurement etc.

As no scope changes have been identified the scheme can delivered to the programme set out in response to question 1.3.

2.4 In addition to any significant changes in scope, can you quantify the potential for savings in the overall cost of the scheme, for example through value engineering?

We do not necessarily expect firm costings at this stage but please give some indication of scale.

As part of the ongoing development of the scheme opportunities for reducing costs and value engineering have been identified and are summarised below. This has identified possible savings of £17.1m in outturn costs, which represents a 13% saving. This would further improve the schemes BCR.

The opportunity for additional savings will continue to be considered and savings identified will be incorporated into the Best and Final offer submission.

Station Facilities

A reduction in the level of facilities provided at Ascot Road and Watford General Hospital stations has been identified. This consists of providing facilities similar to those found at DLR stations, most importantly including provision of ticket machines only with no staffed ticket office. Possible savings for both Ascot Road and Watford General Hospital of £1.4m in outturn prices and values.

An allowance had also been made for platform lengthening and general stations improvements at Watford Junction and Watford High Street stations. Platform lengthening could be avoided with the use of selective door opening. The general improvements do not form a fundamental part of the scheme. The possible cost saving for both stations is £1.9m.

Viaduct

Cost savings to the viaduct could be achieved by adjusting the design of the structure and adopting a revised construction method. This is expected to deliver savings of the order of £1.3m

Permanent Way and Electrification

Possible reduction to the design and quality of the permanent way and electrification could yield cost savings of £0.6m.

The scheme included an allowance of £3.1m for electrification and track layout works associated with stabling at Watford Junction. This work can be avoided.

Signalling

A reduction in the cost of the signalling system could be made by reducing the scope of operational information that is made available to the London Underground control offices. This could achieve savings of £2.6m but must be balanced against possible negative impacts on performance.

Other Items

A number of other more general cost savings have been identified including allowances for preliminaries, design and contractor costs. These could yield further cost savings of £7.0m in these areas.

Total Savings

The following table summarises the potential savings identified during the value engineering exercise. This suggests a total saving of £17.1m could be made, which represents 13% of total scheme costs.

Cost Item (Outturn Costs - £m)	Revised MSBC Costs	Value Engineered Costs	Saving
Station Facilities	£12.254	£8,985	£3,270
Viaduct	£9.290	£7,961	£1,329
Permanent Way & Electrification	£17.220	£13,542	£3,678
Signalling	£18.235	£15,626	£2,610
Other Construction Costs	£6.914	£6,480	£434
Preliminaries, Design, Contractor Costs & Risk	£48.863	£43,119	£5,744
Land, Vehicles, Third Party and Other Costs	£25.326	£24,113	£1,213
Total	£138.102	£119,824	£17,065

2.5 What is your latest assessment of the cost, feasibility or value for money of any alternatives to the proposed scheme.

This could include any lower cost alternatives to the scheme as appraised by you in previous business cases or those proposed by third parties. Please make reference to any material differences with the preferred scheme in costs or benefits such as carbon impact.

The lower cost alternative option for this scheme consists of a segregated, but unguided, bus way using the disused Croxley Rail Link alignment; which then joins the highway network through the town centre and terminates at Watford Junction. Whilst the scheme delivers the objectives of local connectivity between the key sites and the town centre, the scheme does not deliver the strategic objectives of the Rail Link.

The specification of the low cost alternative has not been changed since the 2009 MSBC submission. The cost of the lower cost alternative is £33m in 2007 prices and values and it returns a benefit to cost ratio of 1.95:1.

Whilst this option has lower capital costs, its operation is commercially insecure. A small reduction in the number of passengers would result in a requirement to subsidise operations on the busway. Hertfordshire County Council, who would be sole promoter for this local bus-based scheme, would not be able to provide this subsidy.

The MSBC presented the results of a test halving the frequency of the service. Although this resulted in a considerably stronger operating position, more of the 'objective fit' was lost and the benefit to cost ratio for this option reduced to 1.27:1. For this reason the less commercially secure option was adopted as the low cost alternative.

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Implementation of the proposals would require a change of planning designation for the disused Croxley alignment. This process and the seeking of Highways Act powers are likely to receive objections from the rail lobby, taxi operators and pro/anti road building lobbies.

SECTION 3: FUNDING

Please quote all amounts in £m to three decimal points (i.e. to the nearest £1000)

3.1 Taking into account the range of possible scope changes and cost savings described in Section 2, what is the extent of the potential reduction in the overall cost of the scheme from the figure provided in Section 1.5?

The following bullet points summarise the cost savings that have been identified within this form:

- MSBC submission outturn cost: **£171.193 million**
- Revised outturn cost with TWA0, inflation and programme cost savings as set out in question 1.5: **£138.102 million**, a saving of £33.091 million compared to the MSBC submission
- Revised outturn costs following value engineering exercise as set out in question 2.4: **£119.824 million**, a further saving of £17.065 million.

3.2 Third Party contributions

Please specify the third party contributions proposed so far and the extent of the further contributions that you think would be possible? Please state each potential third party organisations and their role or interest in the scheme. Please support this by attaching any funding commitments or letters of intent from individual funders wherever possible.

The 2009 MSBC submission included a proposed contribution from Network Rail in the form of a land transfer of the Croxley Green Branch. Network Rail are represented on the project team, however agreement of the mechanism for transfer are at an early stage and no funding commitment or letter of intent can currently be provided.

A proportion of the local authority funding presented in the MSBC submission relates to existing receipts from Section 106 agreements and therefore is technically third party funding. As this funding has already been received it is effectively risk free; funding commitments or letters of intent from the funders who made these payments are therefore not considered necessary.

There is the potential for further third party funding associated with delivery of the Watford Health Campus, although this has not yet been confirmed.

The following table sets out the third party funding currently available. This shows that a total of £4.283 million of third party funding has been secured, representing 4% of total value engineered scheme costs.

Funding Source	Funding Available (£m Outturn)
Watford Section 106 Funding	£2.034
Three Rivers Section 106 Funding	£0.102
Watford Health Campus	£0.450
Network Rail Land Contribution	£1.697
Total Third Party Funding	£4.283

3.3 Local Authority funding

Please specify the scale of the funding contribution you would be prepared to consider providing from your own resources.

Local funding will be provided through the following channels:

- Borrowing secured against the revenue surplus generated by the scheme;
- Land transfer in connection with Ascot Road station;
- A contribution from Hertfordshire County Council; and
- A contribution from Watford Borough Council.

Further Hertfordshire County Council will be funding the costs of obtaining TWAO powers.

The level of funding which can be financed through the revenue surplus has been revised to reflect the earlier opening date of the scheme. However HCC have sought to keep the absolute value of their contribution as close to the MSBC commitment as possible and not to reduce it in line with the revised capital costs – therefore increasing the local contribution

The level of this funding is summarised in the table below. This shows local contributions to the scheme of £33.801 million in outturn costs, around 28% of the value engineered scheme costs compared to 19% local contribution in the 2009 MSBC submission. This is a large proportion of local funding for a small local authority.

Funding Source	Funding Available (£m Outturn)
Revenue Financed Loan	£22.200
Ascot Road Land Contribution	£0.928
Hertfordshire Eligible Scheme Preparatory Contribution	£4.373
Hertfordshire Capital Contribution	£4.300
Watford Capital Contribution	£2.000
Total Local Contribution	£33.801

3.4 DfT funding to be requested

Taking into account the extent of the potential for reductions in overall cost and additional third party funding what is the scale of reductions in the previously requested DfT contribution.

The following table summarises the funding requested in the 2009 MSBC submission and how this has been reduced. This shows a reduction in total outturn scheme costs of £51.369 million compared to the 2009 MSBC submission. However given the increase in local contribution the contribution sought from the DfT decreases by £55.054 million. The combined third party and local funding accounts for 32% of the total scheme costs, a significant proportion given its absolute value and the relatively small scale of the promoter. This level of contribution clearly demonstrates the importance of the scheme to the promoter and its partner authorities and their commitment to diverting resources from other priorities to ensure that the Croxley Rail Link scheme is implemented.

Funding Source	2009 MSBC Submission	Value Engineered Scheme Costs	Saving	Revised Funding Split
Third Party	£2.220	£4.283	-£2.063	4%
Local	£32.179	£33.801	-£1.623	28%
DfT	£136.794	£81.740	£55.054	68%
Total	£171.193	£119.824	£51.369	

All £m Outturn

The table below illustrates the potential spend profile consistent with the approach set out in question 1.5. DfT funding requested in year 2013/14 includes £3.278m of shared eligible preparatory costs prior to Full Approval. The 2016/17 column includes an allowance of £0.367 million for monitoring and evaluation in 2018/19. The table shows that the majority of DfT funding will be required prior to 2015/16.

Funding Source	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Third Party	-	-	£1.698	-	£2.586	-
Local	£1.334	£1.419	£1.414	-	£28.581	£1.053
DfT	-	-	£19.409	£55.778	£6.553	-
Total	£1.334	£1.419	£22.521	£55.778	£37.719	£1.053

All £m Outturn

The County Council has considered the robustness of operating surplus forecasts, inflation and risk in estimating costs and establishing the proposed funding model. Where revenue is higher than forecast, the County Council will look first to recover the costs of any additional capital outlay. Where there is a net surplus after the County Council has covered its additional costs, it

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proposes to pass the surplus to the Department for Transport. The strength of this surplus in an optimistic revenue scenario could capital fund modest major schemes at the end of Years 5 and 10 of operation respectively.

SECTION 4: ADDITIONAL INFORMATION

Please add any additional information that is relevant to your expression of interest that is not covered elsewhere in the form

A survey of current users of Watford Met Station was undertaken in July 2010. The overview map presented within this Expression of Interest form clearly shows that the destinations offered by the Met Line attract passengers from a wide area of Watford, including those who live closer to Watford Junction with, on the face of it, faster services to the capital. The survey data was used in a 'winners and losers' analysis of the proposals (provided as an attachment).

The conclusions were that although marginally more existing passengers have a slightly longer walk, the positive time impacts were greater in scale and overall the time savings outweighed the negatives. In addition within a thirty minute walk-in catchment of the extended Met Line the population who benefit is more than 6½ times those who disbenefit.

A first response to the demand and appraisal questions posed by DfT in response to the November 2009 MSBC has been included with this expression of interest. The promoter's do not consider that there is anything raised in any of the questions which fundamentally undermines the case presented or represents a significant risk to successful delivery of the scheme. In addition to the further modelling and appraisal work set out in the following section of this form the promoters will work closely with DfT and ensure that everything raised has been satisfactorily answered by the submission of a Best and Final Offer.

The attachments listed below provide evidence in support of specific key issues raised. Letters of support from key stakeholders were submitted with the MSBC and, in accordance with DfT guidance are not duplicated within this EOI.

Supporting Attachments:

- Agreed Heads of Terms with LUL
- Summary results of Watford Met Station Survey
[Watford Metropolitan Line Station Surveys final v4]
- Watford Met 'Winners and Losers' Analysis
[Watford Metropolitan Line_Report 2 v4]
- Updated Appraisal Spreadsheet (including Excel format pro formas)
[2009 MSBC Submission: Croxley RL Appraisal 2009 Final
With TUBA update: Croxley RL Appraisal 2009 Final – tuba 1.7c
With TUBA and cost updates: Croxley RL Appraisal 2009 Final – tuba 1.7c
– Cost Updates
With TUBA, Cost and SR10 updates: Croxley RL Appraisal 2009 Final –

tuba 1.7c – Cost Updates – SR10 Adjustment]

- Summary response to DfT comments on October 2009 Submission
Croxley EOI Modelling and Appraisal feedback

SECTION 5: FURTHER WORK

We will be providing you separate technical guidance on the information that we will require for schemes in the Development Pool in the first part of 2011, particularly on modelling and appraisal, prior to the submission of Best and Final Funding Bids. Based on the requirements of this guidance, please provide an indication of what further modelling and appraisal work you would need to undertake if selected for the Development Pool and an indication of the earliest that you would be able to submit a Best and Final Funding Bid.

The extent of further modelling and appraisal work will depend on the technical guidance to be provided by the DfT in the near future. In any event, it is intended to update and refresh the modelling as follows:

- Enhanced highway model
- Updated public transport demand data
 - Inclusion of Watford Met survey data
 - Analysis of LENNON rail ticket data and National Rail Travel Survey to update the rail data (DfT permissions required)
- Development of integrated public transport assignment model
- Review of network model parameters
- Recalibration of main mode (car vs public transport) split model
- Update of forecasting assumptions

From this, the scheme would be reappraised, cognisant of any appraisal guidance issued. Of note, it is planned to recalculate the BCR following finalisation of the scheme scope and associated costs, adjusting the appraisal to consider the impact of further guidance on Wider Impacts.

Subject to timely receipt of further technical guidance from DfT, it is envisaged that we will be able to submit a Best and Final Offer Bid by Autumn 2011.

Supporting Attachments:

- Timeline for forecasting/appraisal models update and MSBC submission

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