



## LONDON BOROUGH OF WALTHAM FOREST

Meeting / Date	<b>Cabinet</b> <b>7<sup>th</sup> December 2023</b>	
Report Title	<b>Leyton Underground Station: Funding Agreement</b>	
Cabinet Portfolio	<p>Councillor Clyde Loakes, Deputy Leader Climate &amp; Air Quality)</p> <p>Councillor Ahsan Khan, Deputy Leader (Housing &amp; Regeneration)</p>	  
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Wards affected	Leyton, Grove Green, Cathall	
Public Access	OPEN	
Appendices	Appendix 1 - Equality Analysis Screening	

### 1. SUMMARY

- 1.1 The London Borough of Waltham Forest has worked with Transport for London (TfL) for several years on plans to deliver major improvements to Leyton Underground Station. The project will deliver a considerable upgrade in passenger capacity, unlocking and supporting significant housing and economic growth in Leyton and the south of the borough, while providing the station with full step-free accessibility for the first time.
- 1.2 Through prioritising improvements to this key station, the Council is promoting public transport accessibility, reducing car dependency, improving air quality and tackling the impacts of the Climate Emergency. Furthermore, it is enhancing accessibility to socio-economic opportunities for the borough's residents, particularly those with disabilities or reduced mobility, improving life chances as part of the Council's commitment to a fairer, more inclusive borough.
- 1.3 The Council's Cabinet took a decision in January 2019 to commit up to £9m funding from borough Community Infrastructure Levy (CIL) receipts towards the project's delivery. In March 2020, the Council and TfL were positioned to enter into a funding agreement to deliver the upgrade of the station with TfL committing equal funding. However, the onset of the

pandemic and resultant restrictions significantly impacted TfL's finances and it no longer could commit any funding to projects, including Leyton Station.

- 1.4 As a result, the Council and TfL worked to maintain progress on the project and develop a strategy for its delivery, reaffirmed by Cabinet in March 2022. In August 2022, the Council worked in partnership with TfL/GLA on its successful Levelling Up Fund Round 2 bid, prepared in parallel with the Council's own constituency bid for Leyton.
- 1.5 TfL/GLA's bid secured £13.7m Government Levelling Up funding for Leyton Station, providing the additional funding required to deliver the project. This brings the total budget envelope for the project up to £23.2m once the Council's funding contribution and £500,000 from the GLA is included.
- 1.6 With the full funding package in place and a clear strategy and programme for the project's delivery, the Council has reviewed and updated the terms of its funding agreement with TfL. The March 2022, Cabinet report required that the updated funding agreement be presented to Cabinet for its approval.
- 1.7 The headline terms for the Council's funding agreement include:
  - The Council's funding contribution will not exceed £9m
  - The Council has no additional responsibility for the project
  - All other funding will be expended first, including the Levelling Up Funding
  - Establishment of a robust governance and monitoring process with TfL to ensure the Council can scrutinise the project's progress and budget each month
  - If the project costs less than the £23.2m budget envelope, then the Council's final contribution will be reduced by the amount saved.
- 1.8 Through the governance process, the Council will also review TfL's ability to use its own funding from future funding settlements to reduce the Council's contribution to the project, recognising TfL's previous funding commitment which was lost at the onset of the pandemic.
- 1.9 This report recommends that Cabinet approve the terms of the funding agreement presented in the report with authority delegated to the Strategic Director for Place, in consultation with the Strategic Director of Resources to finalise and enter into the funding agreement with TfL in line with the principles set out in this report. Completing the funding agreement is a key milestone for TfL which will enable it to enter the construction contract in 2024.

## **2. RECOMMENDATIONS**

- 2.1 Cabinet is recommended to:
  - 2.1.1 note progress with the project;
  - 2.1.2 approve the terms of the Council's funding agreement with Transport for London; and

- 2.1.3 delegate authority to the Strategic Director for Place, in consultation with the Strategic Director of Resources and Deputy Leaders, to finalise and enter into the funding agreement with Transport for London in line with the principles set out in this report.

### **3. PROPOSALS**

#### Project objectives and benefits

- 3.1 The Council has worked with Transport for London (TfL) for several years on plans to transform Leyton underground station which will:
- Future-proof passenger capacity to the year 2041, with additional provision for a 30% increase to accommodate population growth including from the significant growth plans for new development in Leyton over the next 15 years.
  - Improve the station's operation during peak periods, reducing risk of overcrowding at platform and street level on Leyton High Road and resultant potential for station closures.
  - Introduce lifts from platform to ticket hall/street level, enabling full step-free access at the station for the first time.
- 3.2 The project is significant for the Council and Waltham Forest residents as it will help unlock the borough's largest housing and economic growth area in Leyton, as identified in the new Local Plan, with c.7,000 new homes under construction or in the pipeline within 1km of the underground station.
- 3.3 This includes the Council's joint venture partnership to deliver 750 new homes as part of a mixed-use scheme on its land at Coronation Square, which is at an advanced stage of construction, as well as key strategic sites within the Leyton Mills Development Framework area, particularly the retail park and New Spitalfields Market.
- 3.4 These sites have the potential to deliver thousands of new affordable homes, commercial, cultural and community uses, as well as the longer-term opportunities associated with the development of a campus for the University of Portsmouth in the borough.
- 3.5 Furthermore, the station is the gateway to Leyton and the south of the borough, providing the key point of access for the town centre, cultural and leisure destinations including Leyton Orient FC, Leyton Sports Ground and the north of Queen Elizabeth Olympic Park, with its landmark sports and cultural facilities and emerging neighbourhoods.
- 3.6 Moreover, there is limited step-free access to public transport in the south of Waltham Forest, with the two underground and two overground stations not providing full accessibility, creating a significant issue of equality of access for the communities of Leyton and Leytonstone.
- 3.7 Therefore, the planned improvements to the station will both improve equality of access to socio-economic opportunities for borough residents and enhance the provision of sustainable transport, making a significant contribution to reducing car-based travel, improving air quality, tackling

the Climate Emergency and assisting in delivering a thriving 15-minute neighbourhood.

#### Progression of the project

- 3.8 The Council's Cabinet took a decision in January 2019 to commit £9m funding from borough Community Infrastructure Levy (CIL) receipts to the original estimated £18m station project, with TfL to provide the remaining funding. The decision was subject to negotiating a funding agreement and governance arrangements with TfL.
- 3.9 In March 2020 the Strategic Director for Economic Growth & Housing Delivery took an Executive Decision providing the authority for the Council to enter into the funding agreement with TfL. However, the onset of the pandemic and first lockdown, with its resultant impact on TfL's finances, meant the agreement was not completed as TfL no longer had any funding available to deliver the project.
- 3.10 The initial lockdown impacted passenger journeys across TfL's network; however, despite further restrictions and changes to work patterns, Leyton Station continued to be well-used, featuring as one of London's top-10 busiest stations as lockdown restrictions were first lifted, reflecting the station's importance including for key workers and the construction sectors.
- 3.11 TfL's well-publicised difficult financial position, government support packages and negotiations on future funding continue to impact its ability to commit to longer-term capital investment, including at Leyton Station.
- 3.12 However, TfL has been able to maintain a project resource throughout this period, working with a framework contractor, partly because of determined efforts by both TfL and Waltham Forest teams. This enabled the organisations to develop, test and cost a preferred option meeting the joint objectives of enhancing capacity, delivering step free access and construction deliverability, while meeting TfL's operational requirements through construction to opening.
- 3.13 Cabinet received an update report in March 2022 outlining this progress, recommending the Council continue to work with TfL and lobby for alternative funding to be identified and allocated for the project's delivery, with updated terms for the Council's funding agreement to be brought back to Cabinet for its approval once full funding was secured.
- 3.14 In Summer 2022, the Council worked closely with TfL to prepare and submit complementary bids to Round 2 of the Government's Levelling Up Fund. Both bids sought £13.7m Government funding for Leyton Station, providing the outline business case for this investment, match-funded by the Council's £9m commitment and £500,000 from the GLA.
- 3.15 TfL/GLA's bid for investment in Leyton and Colindale stations was successful in receiving funding, with this announced by the Government in January 2023. This brought the total budget envelope for the Leyton project up to £23.2m once the Council's funding contribution and £500,000 from the GLA is included. In August, the Mayor of London took

a decision to draw down an initial £2.65m from the Levelling Up Fund grant to continue the development of both station projects.

- 3.16 Throughout this period, TfL and its framework contractor have worked with the Council to conclude the concept design stage for Leyton Station and develop the full business case which has been submitted to Government for its approval, which is on target for receipt this year. At that point TfL/GLA will enter a Memorandum of Understanding with the Government which forms the contract for the full Levelling Up Fund grant.
- 3.17 The delivery programme for the project remains on-track with the current detailed design stage programmed to conclude in Spring 2024 enabling construction to begin in Summer 2024, with preparatory works undertaken over recent weeks. The current target is for construction to complete by March 2026 with the new station facilities tested and into operation from that point.
- 3.18 With the project progressing through detailed design and TfL finalising the contract with Government for Levelling Up Funding, completion of the funding agreement with the Council is a key milestone that provides TfL with sufficient certainty to procure and enter a fixed-price construction contract in 2024.

#### The Council's Funding Agreement

- 3.19 Joint work with TfL and its framework contractor has enabled regular review of the project design and costs, providing greatest certainty on deliverability and cost for the Levelling Up Fund submission and business case, completion of the concept design stage, progression to detailed design and the finalisation of the Council's funding agreement terms with TfL.
- 3.20 The Council has reviewed its draft funding agreement with TfL, retaining and enhancing key principles from the pre-pandemic drafting. This ensures the Council's financial position is protected regarding the terms of payments, capping the Council's contribution including in the event of additional costs, expending all other funding before the Council's funding, a potential reduction in the Council's contribution if the final project cost is lower than estimated, agreement on project governance, reporting and milestones, and the Council having no responsibility beyond its funding contribution to the project's delivery.
- 3.21 The drafted agreement contains the following headline points:
- The Council's funding contribution will not exceed £9m.
  - Payment milestones for the drawdown of the Council's funding at installation of the new bridge and commissioning and operation of the new lifts. These milestones are timed to ensure the Council's funding is drawn down once the other sources of project funding, including Levelling Up Funding, are expended with the second milestone at the point of the new station becoming operational.
  - Regular review of the project's cost and commitment by TfL to reduce the Council's funding contribution if the estimated final cost of the project is less than the £23.2m budget envelope.

- Confirmation that the grant cannot be used by TfL for any purpose other than funding the project as defined in the agreement. On achieving payment milestones, it will be held by TfL as a restricted fund for that purpose.
- Protections for the Council allowing it to withhold, suspend or seek repayment of funding if TfL were to breach the terms of the agreement.
- This includes termination of the funding agreement if the contract for the Main Works has not been awarded within 18 months of the commencement date of the funding agreement. This would not be an issue with the current delivery programme.
- Confirmation that the Council has no liability from the project's delivery, use of the grant or permitted withdrawal of the grant under the terms of the agreement.
- Reasonable endeavours by TfL to minimise any disruption to the station, underground line or adjacent highway, acknowledging that closures will be required. TfL's construction planning is to utilise existing planned station/line closures rather than introducing additional closures, minimise works on High Road Leyton with measures in place for works access via local roads and the A12 as required and agreed with Council and TfL highways teams.
- The two organisations will have in place a Project Panel which will provide robust review and monitoring of the project's progress, including minimum quarterly financial returns, with a Leadership Review Group in place to oversee the project – this governance structure will build on the established project governance.
- TfL and the Council will continue to participate in and co-operate with promotional activities relating to the project, with an agreed approach to public communications.

3.22 This report recommends that Cabinet approves the terms of the Council's funding agreement with TfL and delegates authority to the Strategic Directors for Place and Resources, in consultation with the Deputy Leaders, to finalise the terms and enter the agreement with TfL in line with the principles in this report.

#### **4. OPTIONS & ALTERNATIVES CONSIDERED**

- 4.1 The Council has considered the alternatives to prioritising and investing in Leyton Station in the decisions taken by Cabinet in January 2019, Executive Decision in March 2020 and Cabinet update report in March 2022, which include the Council playing a less significant role or not investing at all in the project.
- 4.2 Following the challenges of the pandemic and resultant impact on TfL's finances, the Council has worked closely with TfL to retain resource on the project and develop the funding strategy for its delivery. This culminated in the successful Levelling Up Fund outcome, which combined with the Council's funding, can ensure this longstanding commitment can be fulfilled with a credible and timely delivery programme.

- 4.3 Since the update report in 2022, the Council has developed its Local Plan and supporting documents including the Leyton Mills Development Framework, reinforcing Leyton as the borough's largest growth area. The Infrastructure Delivery Plan highlights the importance of continued public transport investment in this part of the borough to realising this new growth.
- 4.4 Both the Council and Mayor of London have also reiterated commitments to improving equality of access through delivering step free accessibility, addressing issues of car dependency and poor air quality and maximising use of public transport to contribute to tackling the Climate Emergency.
- 4.5 TfL's commitment to progressing the project reflects recognition of the current capacity and access issues at the station; continued passenger numbers using the station, despite the pandemic; the value of the Council's supportive partnership and funding commitment; and the significance of the growth planned in the vicinity of the station.
- 4.6 With this constructive partnership, significant funding and project progress, the Council has been able to review and update the terms of its funding agreement with the recommendation that this is now entered enabling the project to progress to delivery.

## **5. COUNCIL STRATEGIC PRIORITIES (AND OTHER NATIONAL OR LOCAL POLICIES OR STRATEGIES)**

- 5.1 The Council's Local Plan and its supporting Infrastructure Delivery Plan identify the Leyton Station project as a priority infrastructure investment project in the borough. This is both to improve the experience and accessibility by public transport for existing residents and to enable significant housing and economic growth in the south of the borough over the next 15-years, with the project future-proofing capacity to projected population growth in 2041 plus an additional 30%.
- 5.2 The Council's funding commitment through borough Community Infrastructure Levy receipts continues to be recorded on the annual Infrastructure Funding Statement.
- 5.3 The realisation of capacity and accessibility improvements at Leyton Station align with priorities established in the Council's corporate strategies. This includes the creation of 15-minute neighbourhoods where residents have access to a range of local facilities – including sustainable travel - within their communities; improving access to a wider range of employment and training opportunities to ensure a fairer more inclusive borough; and supporting public transport use to help address the impacts of the Climate Emergency, reduce car dependency and improve air quality.

## **6. CONSULTATION**

- 6.1 The project is identified as a key infrastructure enhancement in the Council's new Local Plan, and supporting documents including the Infrastructure Delivery Plan, which have been subject to two stages of formal public consultation and examination in public by the Planning Inspectorate over the last three years.
- 6.2 Transport for London is the owner and operator of the underground station and will ultimately be responsible for bringing the improvement project forward. This includes securing appropriate permissions under its permitted development rights, with appropriate statutory consultation. TfL will also be responsible for engagement and progressing any further agreements, such as party wall agreements, with adjoining landowners.
- 6.3 The Council and TfL will continue to provide communication updates as the project progresses, building on information published at the point of the Government's announcement on the Levelling Up Funding in January 2023.

## **7. IMPLICATIONS**

### **7.1 Finance, Value for Money and Risk**

- 7.1.1 In January 2019, Cabinet approved the principle of the Council making a financial contribution of up to £9m towards TfL's Leyton underground station project, to be funded from Waltham Forest Community Infrastructure Levy receipts.
- 7.1.2 An Executive Decision was taken in March 2020, authorising the Council to enter into a funding agreement with TfL to deliver the project. However, the onset of the pandemic meant this contract was not entered into as TfL was unable to maintain its commitment to funding the other 50% of the project's cost at the time.
- 7.1.3 Despite its financial challenges, TfL has continued to resource the development of concept design work and, working with the Council, a developed a preferred option concluding the concept design stage. This has formed the basis for the successful Levelling Up Fund bid which will contribute £13.7m to the project's design and construction. With the full business case submitted to Government, TfL is now progressing the detailed design to move to delivery in mid-2024.
- 7.1.4 With the significant project and funding progress during 2023, it is now the point at which the Council can finalise the terms of its funding agreement with TfL, which is a critical milestone for TfL prior to it letting the construction contract.
- 7.1.5 This Cabinet report sets out the headline terms of the drafted agreement. The agreement refreshes and enhances the terms drafted prior to the pandemic with key principles described in paragraph 3.21.
- 7.1.6 As with the previous draft funding agreement, the Council has required sufficient assurance and safeguards to be built in that protect its financial



position and use of its funding, project governance and delivery. Key principles include:

- The Council's funding contribution is capped at £9m, with the opportunity to reduce the contribution if the project comes in under budget.
- The payment milestones ensure that the Council's funding is drawn down once the other sources of funding are expended.
- Requirement that the works contract is awarded within 18 months of the commencement of the agreement to ensure timely delivery, otherwise the agreement can be terminated.
- Safeguards that ensure the funding is only used for the purpose of the defined project, with mechanisms to protect the Council if the terms are breached.
- Confirmation that the Council has no further liability for the project or use of its grant.

7.1.7 In terms of internal resource, Cabinet agreed a paper in December 2021 which included provision for resourcing of the regeneration and strategic transport teams from community infrastructure levy as the team develops the wider programme of transport infrastructure projects in the borough.

## **7.2 Legal**

7.2.1 The decisions in this report are being undertaken under Section (1) of the Localism Act 2011, the power to do anything that individuals may generally do (the general power of competence). The Council also has the power under Section 111 of the Local Government Act 1972 to do anything, which is calculated to facilitate or is conducive or incidental to the discharge of any of its functions.

7.2.2 Subsidy control issues have been considered as part of the agreement of the final terms, aligning with TfL's development of the business case for the project as required for Department for Transport's award of the levelling up funding.

## **7.3 Equalities and Diversity**

7.3.1 An Equalities Assessment of the Leyton Station project is included at Appendix 1.

7.3.2 The Equality Assessment screener was carried out and determined that there no negative impacts on equality groups have been identified because of the Leyton Station capacity and accessibility enhancement project.

## **7.4 Sustainability (including climate change, health, crime and disorder)**

### Sustainability

7.4.1 The proposed enhancements to Leyton Station are specifically designed to boost the station's capacity, accessibility and improve passenger experience. A key driver for this is to continue to grow public transport

use in the borough, reducing car ownership and use, and helping address the local impacts of the Climate Emergency.

- 7.4.2 Leyton is identified as the borough's largest growth area with c.7,000 new homes and thousands of jobs in new commercial, cultural and community spaces to be delivered over the next 15-years. Leyton Station will be this growth area's major transport node and future-proofing its capacity and accessibility is key to unlocking this new housing and economic growth, ensuring new residents, workers and visitors to the area can access proximate and reliable public transport.
- 7.4.3 It is particularly important that public transport is accessible to all and the project's introduction of step-free access from street to platform level will deliver this across the station for the first time.
- 7.4.4 The detailed design and construction plan are being progressed over the next few months; however, there are several aspects which create opportunities for sustainability enhancements which are being considered or embedded in TfL's plans, including:
- Retention and future re-use of the existing station building, lowering the carbon impact of the project's construction.
  - Modular/off-site approach to construction of key elements of the project, reducing construction programme and logistic impacts.
  - Assumption that energy efficiency upgrades will be delivered throughout, including to the building fabric and lighting systems.
  - Potential for further measures such as photovoltaic panels to provide a power source.
- 7.4.5 As part of the Leyton Mills Development Framework, the Council is also exploring opportunities for improvements to the wider area, including developing designs for public realm enhancements along High Road Leyton with potential for additional cycle parking and improved pedestrian connectivity in the vicinity of the station.

#### Community safety

- 7.4.6 The Council and TfL will liaise regularly with the Police Designing out Crime Officers (DOCOs) and the local authority Community Safety Team, to ensure that during the improvement work at the station, additional interim safety measures are provided from within the budget envelope. TfL plans to keep the existing station open and operational during the works, but where it is necessary these may include temporary lighting and re-deployable CCTV cameras in areas of diverted footfall.
- 7.4.7 Where the public or partners identify specific locations of concern, additional "capable guardians" (workers carrying out legitimate activity) may be tasked to those areas as salient times as their presence will provide reassurance and will also reduce the opportunity for crime and anti-social behaviour.
- 7.4.8 Consideration should be given at every stage to the safety of vulnerable passengers and installation of appropriate signage about where passengers may seek help and advice, especially during later times

when there may be less people using the station. This is in line with the principles of the Mayor of London, Women's Night Safety Charter.

- 7.4.9 As the project develops, regular discussion with the Council's Community Safety Team, the police DOCOs and other partners will be scheduled to ensure that the project's delivery evolves with full consideration of safety elements which will be key to project's successful outcomes.
- 7.4.10 TfL will deliver upgraded permanent CCTV cameras throughout the station, including at the new entrance on to High Road Leyton, as part of the project. Separate from the station project, the Council has secured funding from LLDC's community infrastructure levy to work with stakeholders to progress designs for enhancing the public realm on High Road Leyton including improved walking, cycling connectivity and bus interchange. Community safety priorities, including a review of CCTV coverage in the vicinity of the station, will be considered through this commission to ensure that the combined coverage using cameras monitored by TfL and the Borough CCTV provision is sufficient to ensure a comprehensive view of the area and mitigate the risks posed by criminal or risky activity in unseen areas. The safety measures should also consider safe onward travel from the station.

## **7.5 Council Infrastructure**

7.5.1 N/A

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

None