

NORTHERN LINE EXTENSION (NLE)

BRIEFING NOTE 2 (SEPTEMBER 2010)

1. Summary/Key Issues

- The Northern Line Extension (NLE) is a unique opportunity to be the catalyst for Central London's largest ever regeneration project in Nine Elms, creating a new quarter for London and connecting over 15,000 existing households to the tube.
- The GLA's Opportunity Area Planning Framework for Nine Elms proposes the development of a minimum 16,000 new homes, 500,000 sqm of commercial space and 27,000 new jobs. The GLA's own transport study concluded that this scale of development can only be realised with the NLE.
- The NLE is technically feasible and a private sector funding solution can be found for the project.
- Nine Elms will be 11 minutes by tube from the West End and the City.
- The NLE and regeneration of Nine Elms have widespread policy support.
- The NLE is an excellent example of the public and private sectors working in close partnership to deliver much needed infrastructure at a time when public spending is stretched.
- Construction work on the NLE can start in 2012 with passenger services beginning in 2016.
- The first round of public consultation on the NLE has recently taken place, seeking comments from 40,000 local households and businesses about the preferred route and station locations. The responses have been fed into a technical report on route and station options, for a formal decision to be made in consultation with TfL and London Underground.
- In summary the NLE will bring many major benefits to the local area, including:
 - The catalyst for huge private sector investment in new homes, jobs and community facilities
 - Improved public transport to over 200 acres of development land
 - Restoration of internationally recognised Battersea Power Station as an iconic London landmark
 - Redevelopment of New Covent Garden Market to provide a new modern market for London
 - Approximately 50 acres of new public realm and parkland
 - Relief to the congested Vauxhall gyratory and stations
 - Improved transport connections for 15,000 existing households



Figure 1: An aerial view of the planned regeneration in the Vauxhall Nine Elms Battersea Opportunity Area.

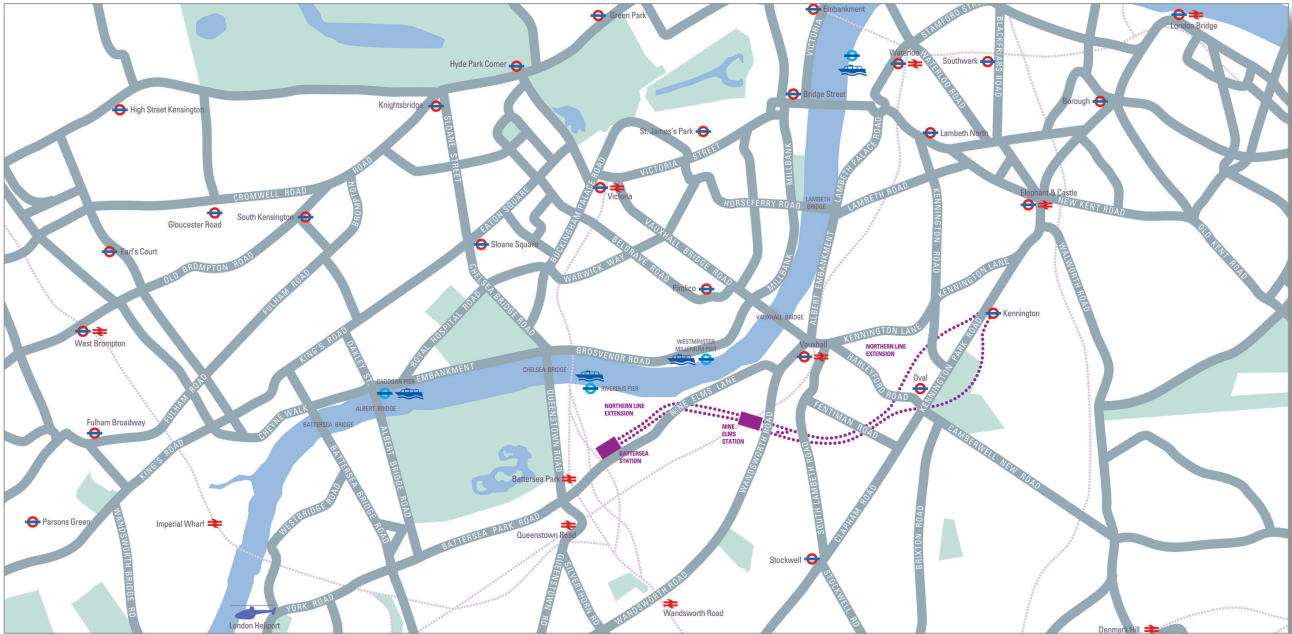


Figure 2: An illustrative plan of a potential NLE route in the context of Central London.

2. Technical Progress

- A Transport & Works Act Order (TWAO) application is due to be submitted in the first quarter of 2011.
- A decision is due to be taken on the preferred route and station options in September 2010, after which the detailed engineering design will be completed.
- The selection of the preferred option follows detailed engineering and feasibility analysis, and an initial public consultation.
- In addition, the proposed route will be subject to an assessment of its environmental impacts, together with detailed legal preparation for the application, and further public consultation.

3. Progress with Funding Options

- The NLE delivery vehicle is expected to be a private sector entity, which means that the cost risk and responsibility for promotion and procurement of the NLE will sit with the private sector.
- The NLE is currently proposed to be delivered in two phases, with the first phase to tunnel from Kennington to Battersea and creation of the new Battersea station, for an estimated cost of around £400m. The construction of the mid station at Nine Elms is planned to be the second phase, for an estimated cost of around £160m.
- The GLA has commissioned an infrastructure study to set out the scope and cost of the infrastructure required in the Vauxhall Nine Elms Battersea Opportunity Area, and to propose the level of tariff payable by developers. The study is anticipated to conclude that over £500m can be raised through the tariff.
- Detailed analysis is being undertaken of the options for securing finance for Phase 1 of the NLE and other priority infrastructure. The options being considered would forward fund infrastructure in advance of all of the development levies being paid.
- Alternative funding mechanisms may be required to deliver Phase 2 of the NLE and infrastructure not covered by the development tariff. These options could include Tax Increment Financing (TIF) or securing Central Government match funding of the future increase in business rate revenues made possible by the NLE.
- The value generated by the NLE suggests that, during a 12 year period, the regenerated Opportunity Area would deliver almost £1.5bn in incremental business rates to HM Treasury, and over £7bn of other taxes. A small proportion of this value created could be used in future to cover infrastructure costs not met through the development tariff.
- Developers in the Opportunity Area are strongly incentivised to ensure that the NLE is funded and delivered, as without the NLE they are unlikely to be able to build out their schemes beyond initial phases.

4. Next Steps

- A newly formed Strategy Board for the Vauxhall Nine Elms Battersea Opportunity Area will meet during October 2010. The board will be led by Sir Simon Milton, Deputy Mayor of London, and Councillors Edward Lister and Steve Reed, Leaders of Wandsworth and Lambeth Councils.
- The Strategy Board will consider many issues associated with delivering regeneration within the Opportunity Area, including how to take forward the NLE.
- Prepare the TWAO application for submission in early 2011.
- The conclusion of the GLA's infrastructure study, further analysis of funding options and greater cost certainty created by the design progress, will enable the funding strategy to be finalised. The funding strategy will be considered and approved by the Strategy Board and the actions required to implement the NLE will be driven by the Board.