Crossrail the Challenge

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The Scheme
## Crossrail Capital Cost

<table>
<thead>
<tr>
<th></th>
<th>£ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Point Estimate</strong></td>
<td>7.6*</td>
</tr>
<tr>
<td><strong>Estimate Including Contingency</strong></td>
<td>10.1*</td>
</tr>
<tr>
<td><strong>Outturn Costs</strong></td>
<td>16.8</td>
</tr>
</tbody>
</table>

*Current Estimate in 1Q02 prices excluding rolling stock and LUL works at TCR station.*
Capital Cost by Section (£bn.)

- Taplow: 0.6
- Burnham: 0.8
- Slough: 1.3
- Maidenhead: 0.2
- Greenford: 0.3
- West Drayton: 0.4
- Hayes: 0.9
- West Ealing: 1.2
- Hanwell: 2.0
- Ealing Broadway: 2.7
- Acton Main Line: 4.8
- Paddington: 6.4
- Farringdon: 10.6
- Tottenham Ct Rd: 0.3
- Liverpool St: 0.3
- Whitechapel: 0.4
- Hoxton: 0.4
- Shoreditch: 0.4
- Stratford: 0.4
- Barking: 0.4
- Abbey Wood: 1.2
- Heathrow: 2.7
- Slough: 1.6
- Maidenhead: 1.6
- Greenford: 2.0
- West Drayton: 2.7
- Hayes: 10.6
- West Ealing: 4.8
- Hanwell: 6.4
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- Shoreditch: 1.2
- Stratford: 2.0
- Abbey Wood: 0.2
- Heathrow: 0.6
Horizontal Cost Breakdown

- ‘On Network’ works £1.8 bn
  (perhaps carried out by Network Rail)
- Depot £0.2 bn
  (perhaps part of Rolling Stock lease)
- Central area systems £0.8 bn
  (perhaps leased)
- Central area civil infrastructure £4.8 bn

NB: All capital cost point estimates excluding contingency in 1Q02 prices
Value of the Branches

• Central Infrastructure provides capability, branches create the demand/revenue. For instance:

  *Central Section + Shenfield Branch + Depot*

  • Cost £5.6 bn (73% of the total scheme)
  • Delivers about 50% of benefits

• A reduced scheme offers proportionately less benefit.
Operating Income

Typical operating income (5 years after opening)

- Annual Revenue* (gross) £485m
- Abstraction*(from existing services) £259m
- Annual Revenue*(net) £226m
- Possible annual increase in tax revenue* £62m

(1Q02 prices), For details refer to: www.crossrail.co.uk/aboutus/economicappraisal
Abstraction (annual figures)

- From National Rail £148m
- From London Underground £96m
- From others (DLR, buses etc.) £15m
## Transport Economic Case

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost (£billion PV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Cost</td>
<td>10.6</td>
</tr>
<tr>
<td>Maintenance Costs</td>
<td>1.6</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>1.7</td>
</tr>
<tr>
<td>Less Transport Revenue</td>
<td>-6.1</td>
</tr>
<tr>
<td>Plus tax loss (switch to tax free public transport)</td>
<td>1.2</td>
</tr>
<tr>
<td><strong>Total Cost to Government</strong></td>
<td><strong>8.9</strong></td>
</tr>
<tr>
<td>Transport Economic Benefits</td>
<td><strong>16.1</strong></td>
</tr>
<tr>
<td>Benefit Cost ratio</td>
<td><strong>1.8:1</strong></td>
</tr>
</tbody>
</table>
But Significant Wider Economic Benefits

Crossrail enables employment growth in London otherwise constrained by lack of transport capacity, with the approximate results:

- 35,000 extra Central London Jobs
- Increased output at £10bn PV GDP growth.
- Increase productivity of all jobs £3bn PV GDP growth.
- Increases government tax revenues.
Challenges

- **Olympics**: Managing the relationship.
- **Cost and Risk**: Reducing cost and improving confidence.
- **Interfaces**: Managing the physical and contractual risk at the project boundaries.
- **Capacity**: Planning for industry and market capacity.
- **Affordably**: Developing a scheme that can be funded.
Current Activity

- Traditional Transport Economic Case proven, wider benefits are gaining recognition.
- Secretary of State has committed funding to the Development Phase.
- Project focused on improving certainty of scope, programme and cost.
- Working with our Sponsors to develop a robust and affordable funding strategy.