THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
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Mr Andrew Adonis
Interim Chairman
National Infrastructure Commission
1 Horse Guards Road
London
SW1A 2HQ

8 January 2016

Dear Mr Adonis,

National Infrastructure Commission Call for Evidence - Large Scale Transport infrastructure projects in London

Response from Royal Borough of Kensington and Chelsea

The Royal Borough has confined its comments to London's transport infrastructure and thought it would be helpful to set out the response in the light of our experiences with Crossrail 1 and 2. We have framed the response in terms of the impact on this borough as we believe this will be of most use to the Commissioners.

1. **What are the major economic and social challenges facing London and its commuter hinterland over the next two to three decades?**

The main challenge facing London is accommodating a population predicted to increase to 10 million by 2030 within a limited metropolitan area, which has already resulted in hugely inflated housing prices.

This house price inflation is increasing geographical inequality forcing people to live in the less accessible, and therefore cheaper, parts of outer London making investment in transport infrastructure even more critical for the capital's future success. In the Royal Borough this is particularly marked as middle income groups can no longer afford to live here and the vast majority of the people who work in this borough have to commute in.

For population increase to be sustained there needs to be growth not only in residential units but in jobs and wealth as a whole. We would urge the Commission

not to take too narrow a view of how this might be achieved. It is not only in terms of additional homes. We have calculated that with the Crossrail 2 proposed station in the King's Road in Chelsea an additional 3,500 residential units with a GDV uplift of more than £7billion could come forward in the 40 year timeframe that has been allowed.

Account should be taken of the agglomeration effects of central London – namely the productive benefits that come when people and organisations from different sectors work closely with each other are realised to maximum effect. Without good communication and excellent public transport facilities in the next 20-30 years, this will simply not be achieved. As part of this submission we include an economic and productivity paper at Appendix A which demonstrates the social and economic benefits which would be achieved, or to put it more simply, what would be lost without a station in Chelsea.

For London to continue to compete as a World City the Mayor of London has made it abundantly clear in London Plan policy that the capital must maintain its reputation in a variety of world markets. Global competition will increase in the next 20 – 30 years. Success against this competition can only be achieved with a public transport system that has excellent coverage, ample capacity and that is fit for purpose. We believe that this is where a Crossrail 2 station at Chelsea can provide what no other station can. Chelsea has a world class medical hub which will need excellent accessibility to be able to evolve and remain dominant in the field of heart, lung and cancer research and treatment. The King's Road is a unique shopping and leisure destination. Chelsea also provides a home to some of the country's most influential people operating over a wide variety of disciplines that contribute to UK plc.

Chelsea is home to some of the people that help to power London as a world-class centre of economic activity and finance; these people help the capital to compete with other global cities like New York, Frankfurt and Paris. People who live in Chelsea most commonly work in the West End, the City and Canary Wharf, as Appendix A shows, so being able to use Crossrail 2 would considerably reduce their journey times, improving their quality of life and their potential productivity. However, it is essential both economically and socially, that a Crossrail 2 station is also provided for those households on lower incomes living in areas of higher deprivation such as Cremorne or the Sutton Estate.

Apart from significant benefits to the Chelsea medical Quarter Crossrail 2 would contribute to wider employment opportunities in the borough. Many of our schools, shops and offices are struggling to retain staff and this social trend is set to continue and intensify in the next 20-30 years unless there are excellent transport linkages in place.

Air quality is another significant challenge. Poor air quality is a factor in 1 in 12 deaths in the Royal Borough. With growing awareness of the health impacts of poor air quality, this could become a significant deterrent to living or working in central

London. Appropriate public transport facilities with CR2 being exploited to the full will help to avoid such a scenario.

2. What are the strategic options for future investment in large-scale transport infrastructure improvements in London - on road, rail and underground - including, but not limited to Crossrail 2?

- How should they be prioritised, taking account of their response to London's strategic transport challenges, including their impact on capacity, reliability, journey times and connectivity to jobs?
- What might their potential impact be on employment, productivity and housing supply in London and the southeast?

Future investment in large-scale transport infrastructure must not be driven solely by project delivery requirements. It is vital that the full regeneration benefits of infrastructure investment are identified at the project's inception, and additional benefits are actively sought out throughout the project to ensure the maximum possible benefits are extracted from public investment.

In the case of this Borough we have presented evidence to DCLG (via the Community Budgets Project, see Appendix B) demonstrating that we have found it difficult to make our case heard for a fully funded Crossrail 1 station for Kensal Gasworks Opportunity Area, that would unlock development of a major brownfield site, because the scheme's joint transport sponsors TfL and DfT are only charged with delivering their defined project on time and on budget. Clearly, investment opportunities cannot be appraised properly if the regeneration aspect is not given appropriate weight or prominence.

Last summer we had to make a similar case to the HS2 Select Committee because that scheme was proposing to relocate a depot onto land that is needed to improve access to the Kensal gasworks site. Without this additional access route the capacity of the one remaining major brownfield site in this borough will be limited to about 700 homes. With the second emergency access it could accommodate over 4,000 homes.

Currently we are making the case that quite modest additional investment in track would increase the reliability of services on Crossrail 1 and enable delivery of a Crossrail station at Kensal Portobello that would unlock this site and deliver: over 4,000 homes; £2bn Gross Value Added and £2.bn Gross Development Value. TfL and Network Rail are now actively considering this proposal but it has taken over seven years to get to this point.

We also think there may be merit in considering the varying productivity of individuals living in different areas when assessing investment decisions. The work we have undertaken for the Crossrail 2 Growth Commission has shown that the average salary of people living is at least Chelsea twice the London average. So the

value of their journey time savings should be calculated on this basis rather than the London-wide figure.

3. What opportunities are there to increase the benefits and reduce the costs of the proposed Crossrail 2 scheme?

Some might be tempted to view the £27 billion project cost as a starting figure, to be pared back by the selective removal of some stations or sections of line. Indeed there is a group in Chelsea campaigning for removal of the King's Road station, and reduced cost is one of their justifications.

It is true that TfL could save around £1bn from capital costs without this station but this would be a short sighted and false economy. Initial calculations suggest that stamp duty alone from increased residential prices in the vicinity of the station and additional development that is likely to come forward (£720 million calculated over 40 years) would cover 70% of the cost. The overall redevelopment that might come forward, at a scale appropriate for the borough, could yield £6billion in additional Gross Development Value. This is before consideration of the Gross Value Added that this development would deliver.

As referred to in response to question one above, it is important to consider the type of people who live in Chelsea and would benefit from a station in King's Road. Average salaries here are 50% higher than London as a whole which means that the journey time savings would be in the region of £400 million (over 60 years), compared with £275 million based on London average earnings.

This is without considering other benefits which are more difficult to quantify like: shorter journey times improving staff retention; enhance employment prospects; increase in business rates; maintaining London's position as a global city; additional tax payments from households that might otherwise not chose to locate in London and; even more difficult to quantify, the health benefits resulting from improving air quality. It may be worth commissioning research to calculate these benefits for the whole line.

Crossrail 2 has already taken the decision to invest in the wider benefits that a regional, rather than a metro style route, can deliver. It would not make sense now to cut out a station that would serve a major retail and cultural centre, and the Chelsea Medical campus, which provides world-leading treatment for cancer, heart and lung disease, as well of one of London's premier residential districts.

We are working with the Crossrail 2 Growth Commission to quantify the benefits a station in Chelsea would deliver.

4. What are the options for the funding, financing and delivery of large-scale transport infrastructure improvements in London, including Crossrail 2?

- What is an appropriate local and regional contribution - given the potential distribution of benefits to business, residents, transport users and the wider economy - and how could this be achieved?
- What innovative funding mechanisms could be considered to support delivery of key schemes?

The funding currently identified for Crossrail 2 will come from fares, Mayoral CIL, Business Rate Supplement, Council Tax precept and over station development.

Knight Frank have identified that prime London Central London prices have increased by 13% over the market average within a 10 min (roughly 800m) walk of a Crossrail 2 station. Work undertaken by this Borough for the Crossrail 2 Growth Commission has shown that if there was a similar 13% increase in value additional Stamp Duty on properties around the proposed station at King's Road this would produce £7.5m p.a. in Stamp Duty or £300m over 40 years (£163m cumulative present value). So local retention of Stamp Duty, or at least retention of the increase in Stamp Duty, could be a useful funding stream.

5. How have major metropolitan areas in other countries responded to similar challenges and priorities? Are there any lessons to be learned and applied in London?

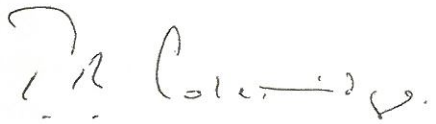
Whilst we do not have experience of how metropolitan areas in other countries have responded to challenges and priorities which are similar to London, we would urge strongly that the silo structure for delivering large infrastructure projects is broken down and such projects are delivered in a more creative and holistic manner. As outlined in our response to question 2 it has taken us seven years of tenacious hard work and lobbying to start to see real movement in getting a Crossrail 1 station at Kensal. This, despite the fact that we had, in principle support from the Mayor of London and the station appeared in our adopted Local Plan at the end of 2010.

We have also agreed to fund the cost of the station and it is key to optimising development of up to 4,000 residential units on the Kensal Canalside Opportunity Area. Despite housing delivery on Opportunity Area sites being possibly the prime consideration of the London Plan we have sadly experienced significant barriers for getting traction for the scheme. I am pleased to say that we are now making headway with the able assistance of Isabel Dedring, Deputy Mayor for Transport, but it has certainly been much harder work and more difficult than we feel it should have been.

Having so many different bodies and organisations involved in infrastructure delivery, all of which have different priorities and timescales has not assisted and there needs to be much clearer direction and thought given to such projects so that a key figure can act as a clear point of contact and has sufficient authority to push projects of importance through without them becoming bogged down in technical

detail which can nearly always be overcome. I suspect that the approach in many other countries is more coordinated. At least we have the benefit of a strategic authority in London. I would hate to think how any headway could be made outside London, given the current arrangements. I hope these comments will be of use.

Yours sincerely,



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