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Les mégaprojets : malédiction pour les finances publiques ou aubaines économiques?

The Case of London's Crossrail Scheme

Tom Worsley

Visiting Fellow, ITS

Route of Crossrail



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- Joins Great Western suburban services to Great Eastern and to South Eastern services in Thames Gateway development area with Heathrow link
- Adds 10% to Central London's rail capacity – cost £14.8bn (2010 prices)
- 2x21km new tunnels through Central London – 7 Central London stations,





Cost benefit analysis and decision making

- Dominance of HM Treasury – control of public spending
- No local taxes available for funding transport schemes
- Role of Parliament in holding ministers to account
- The marginal preferred to the transformational
- The English psyche – a nation of shopkeepers

Cost benefit analysis has had a key role in decisions on transport investment



High levels of crowding on C.London underground lines,
reversal of a trend of gradual decline

- No possibility of increasing the capacity of existing lines
- EW option had best outcome on crowding
- Acceptable benefit cost ratio

Minister decided on 'further work' because:

- Funding unresolved
- Equity – subsidising London rail users 'unfair'
- BCR nothing exceptional

No London or national champion for the scheme

Perception of cities as the engines of growth

- Higher BCR – in part because of Wider Economic Benefits (WEBs)
- WEBs – evidence of a link to GDP through transport's impact on productivity and hence of a national benefit and higher tax revenues – equity and funding

New source of funding

- Business Rate Supplement paid by all larger London firms
- WEBs could be mapped to show spatial distribution of productivity effect – almost all of London benefitted.

Institutional change

- A new London Mayor to act as champion for the scheme with a devolved responsibility for London's transport network
- Productivity – a national policy priority

External review of Business Case – satisfied Treasury

Delivery

- Until August 2018 – ‘to time and to budget’.
- Now – opening autumn 2019, cost overrun of £600m (4%)
- Operation by TfL under a competitively tendered management contract

Management

- Joint Sponsor Board of DfT and TfL officials reporting to ministers/mayor
- Crossrail Ltd executive board reports to the JSB. The Crossrail management team, responsible for building and delivery, report to the CRL Executive

Aim is

- to keep construction/delivery separate from policy/political pressures.
- to reject any change to project scope unless cost saving – no additional funding.
(First tranche of overrun funded out of TfL’s grant and loan from Treasury)

Crossrail Funding £ billion



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Central Government	4.7
London businesses	
• Business Rates Supplement	4.1
• Developer Contributions	1.1
Fare payer (additional revenue)	4.9
Estimated cost	14.8
Cost overrun (as at Oct 2018)	0.6