



GROWTH STRATEGY FOR EUSTON

HS2 Gateway to Central London



MAYOR OF LONDON



EXECUTIVE SUMMARY

Euston is a nationally significant economic and regeneration opportunity. HS2 can be the catalyst in delivering a new central London district, providing 2,200 new homes and 16,000 new jobs above and around a world leading transportation gateway to London. Development above the station could generate a development value of circa £3bn, additional £1.1bn of GVA per annum and return approximately £1.3bn to the exchequer up to 2060.

Euston has the potential to be an international development exemplar, building on the strengths of the established world renowned knowledge and research centre to secure London's position as a world city. It can deliver high quality comprehensive and transformational development that integrates with and delivers benefits for its communities. It can deliver regeneration across the wider Euston area providing major benefits at both a local and national scale.

To unlock the major growth and regeneration potential at Euston commitment and funding is required. This Growth Strategy sets out the case for this significant opportunity and how it can be achieved.

Camden Council, the Greater London Authority (GLA), Transport for London (TfL) and Network Rail have prepared this Growth Strategy in close consultation with HS2. All the partners embrace the ambition for Euston and are committed to realising this once in a century opportunity. The strategy is endorsed by the Camden Business Board

The Vision

The Euston Area Plan (EAP) is the opportunity area planning framework for the area, jointly prepared and adopted by Camden Council, the GLA and TfL. It sets out the potential for transformational developed and regeneration above and around the station and this envisages the delivery of between at least 2,800 and 3,800 new homes and 7,700 and 14,100 new jobs. Our strategy is to leverage existing assets and investment in HS2 to deliver this growth, including up to 16,200 jobs and 2,200 homes at and above the Euston HS2 and Network Rail stations.

Our vision is based on:

- Expanding Euston's global knowledge economy hub, comprised of major institutions and businesses
- Capturing commercial office expansion from the west, south and east
- Securing economic growth for Camden's communities, London and the UK
- Bringing jobs, skills and training opportunities to residents
- Delivering regeneration for the benefit of local communities and residents
- Realising dynamic market housing potential to deliver new homes
- Delivering a world class transport hub for London
- Securing a fundamental transformation of place, reaching beyond a world class new station to connect existing neighbourhoods.

The vision is underpinned by an enviable array of local assets including Euston's central London location, internationally recognised knowledge economy and location as one of the most accessible destinations in the UK. The potential for large scale delivery in this part of London has been demonstrated with the delivery of transformational change at neighbouring King's Cross.

Strong delivery structure in place

Camden, the GLA, TfL, Network Rail and HS2 Ltd. have joined together in a partnership known as the Euston Strategic Board to provide strategic leadership to manage and deliver growth in the area and set the agenda for place making and economic growth in Euston, and has already successfully guided the joint production of the EAP. The Chair of the Board is the Leader of Camden, and the Deputy Chair is the Deputy Mayor of London who provide overarching leadership to the partnership in their roles. The Euston Strategic Board is driving forward the potential for the Euston Area providing a strong delivery structure.

Significant growth and returns

Our strategy demonstrates that a comprehensive approach to Euston, encompassing both the HS2 and network rail parts of the station could deliver:

- More than 16,000 jobs
- Over 2,200 homes
- Major regeneration benefits to this important part of central London
- A potential development value of circa £3bn
- Annual additional GVA to the UK economy of £1.1 billion
- £1.3 billion in fiscal receipts

This sets out the major scale of the opportunity at Euston for the local area and the UK. There is now a rare once in a century opportunity to address the issues that have so challenged Euston and held it back from realising its potential to deliver growth.

The challenge

The station

Funding is currently only committed for the railway infrastructure and station associated with HS2 at Euston. No funding or commitments are currently in place for the Network Rail part of the station. The separation of the HS2 scheme from the redevelopment proposals for the current station poses a number of significant risks to the future planning of the area and ability to realise growth and regeneration.

Over-site development

The over site development (OSD) is central to the vision for Euston and critical in providing capacity for the scale of change sought. OSD enabling works including a structural deck will be needed. This represents a funding challenge as investment for these structural works will be required upfront at the early stages of development, with potential returns not realised for a decade or more due to the delivery timeframes involved.

Harnessing the benefits of growth for local communities

Local communities will be subject to major disruption associated with HS2 and construction works at Euston. This will have major impacts on community life for nearly a generation. At the same time, growth and regeneration will provide opportunities such as construction jobs and end use jobs including those in knowledge and research industries. Harnessing the benefits of growth for local communities and getting our people ready to take advantage of opportunities is central to the success of the scheme and this strategy.

Growth Strategy Recommendations

Commitment to comprehensive redevelopment at Euston

Our Growth strategy seeks an early commitment to a comprehensive approach to Euston that encompasses both HS2 and new Network Rail Stations and the combined over-site development they enable. A comprehensive approach can accelerate delivery and achieve construction and cost efficiencies. It will secure better alignment between the HS2, Network Rail and Crossrail 2 stations and is essential for realising the full potential for regeneration and economic growth potential at Euston.

Comprehensive master planning, design and engineering

To ensure the delivery of a high quality place in a coordinated way comprehensive master planning, design and engineering incorporating both the HS2 and Network Rail Stations, with provision for Crossrail 2 is required. Funding to expedite planning for the Network Rail station and resolve the uncertainty over station design sooner is central to this. Euston should be planned as one and delivered in a series of optimal sequential phases.

Easing rail capacity to get Euston right

To allow for the design and reconstruction of the station while maximising operating flexibility, measures to ease capacity at Euston should be considered and implemented. This could include the link at Old Oak Common, from the West Coast Mainline to Crossrail or other measures.

Upfront funding for OSD enabling works

This Growth Strategy proposes direct public sector funding of the cost of the over-site deck at the HS2 Station and subsequently at the conventional station. The substantial development, fiscal and economic benefits provide a clear and compelling case for this investment to deliver significant returns.

Local skills and employment strategy to get our people ready

We seek the development of a local skills and employment strategy to get our people ready for HS2 ensure that growth delivers benefits for local people and businesses.

Realising the Potential

The partners have developed this Growth Strategy for Euston is based on:

- A clear vision for the area addressing local needs
- An outstanding collection of assets which converge to underpin growth and change
- A significant scale of growth capacity and demand
- Demonstrated delivery by public, rail and private sectors in the area
- Strong delivery structure in place through the Euston Strategic Board
- Potential for major regeneration, growth and economic benefits
- Clear returns for the investment made

We look forward to advancing this proposition with DfT, CLG and the Treasury.

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1. INTRODUCTION

- 1.1 Camden Council, the Greater London Authority (GLA), Transport for London (TfL) and Network Rail have prepared this Growth Strategy in response to the challenge set by the HS2 Growth Taskforce. It has been prepared in close consultation with HS2. All of the partners embrace the ambition for Euston to achieve significant new economic and housing growth while achieving a long awaited transformation of Euston as a place. The strategy is endorsed by the Camden Business Board. Camden supports the regeneration of Euston Station notwithstanding its current objections to the wider HS2 project. This Growth Strategy represents the partners' prospectus for growth and our proposal for investment.
- 1.2 Euston is a nationally significant economic and regeneration opportunity. HS2 can be the catalyst in delivering a new central London district above and around a world leading transportation gateway to London while creating significant regeneration.
- 1.3 Major new rail investment is being proposed in the form of HS2. HS2 creates a once in a century opportunity to deliver major regeneration and growth at Euston. To unlock the growth and regeneration potential at Euston commitment and funding is required. This Growth Strategy sets out the case for this significant opportunity and how it can be secured, delivered and financed whilst setting the scene for future government investment and support.
- 1.4 This Growth Strategy focuses on the opportunities that redevelopment of the rail infrastructure can create through the delivery of new over site development. This will provide the platform for jobs and housing growth. Beyond the station and its immediate environs there are also opportunities to deliver further benefits.
- 1.5 We seek a comprehensive approach to Euston and to fund the immediate masterplanning, engineering and design required to deliver it. We also seek a commitment for front funding to support over-site development. Investment is required in order to secure the comprehensive, coordinated, efficient and timely delivery of the vision. A key immediate component of this is funding to resolve technical, engineering, design and costs to accelerate and enable coordinated decision making across the entire opportunity.
- 1.6 This Growth Strategy is structured to address:
 - The vision for Euston
 - The world class assets and delivery potential
 - Strong delivery structure in place
 - Significant growth and return potential
 - Challenges facing delivery
 - Our recommendations to secure growth
- 1.7 We believe that existing assets in place, a track record of delivering major schemes in the area and well established governance and public-private delivery models point to a very high potential for success at Euston.

2. THE VISION FOR EUSTON

"The Vision for the Euston area in 2031: The Euston area will be rejuvenated as both a local hub of activity and a gateway to London through new high quality comprehensive and transformational development above and around a world class transport interchange at Euston Station.

New homes, businesses, shops, community facilities, schools, new and improved public realm and open space will transform the area. The redeveloped station will help to reconnect the communities to the north, south, east and west"

Euston Area Plan. January 2015

- 2.1 Our vision encompasses the local, national and global role of Euston. With a comprehensive approach to the station and masterplanning, the Euston area will deliver regeneration for the benefit of existing communities and meet local and London housing and employment needs, while supporting national growth and leveraging international investment. Significant new development will be delivered as part of station transformation. This will also enable and encourage investment in existing and surrounding communities.

Completing a global knowledge economy hub

- 2.2 Euston's role as an established centre for medical research, knowledge, innovation and creative industry base will be enhanced and thrive around the cluster of world class education and research institutions in the area. Major institutions such as the Crick Institute have chosen to locate here and be part of Euston's life science and wider knowledge economy cluster. Euston will build on the strengths of the Knowledge Quarter and play a key role in cementing the area's role at the heart of the Mayor's "Med City" vision. It will be a key focal point for the life sciences corridor stretching to Cambridge. New businesses will join major corporate occupiers and the ecology of small businesses that already thrive in the area. The role of this cluster in London will be enhanced by strong connections to other UK knowledge economy hubs in Cambridge, Birmingham and Manchester.

Securing economic growth for the UK, London and Local Communities

- 2.3 This knowledge sector will be joined by growth of the central London office market, with corporate occupiers and business and professional services continuing their movement north of the Euston Road. The Euston Area is a city district with local, national and international significance. The opportunity for jobs and productivity growth at Euston is outstanding. The scale of this growth is significant, with the potential for 16,000 jobs. This is a national scale investment which will generate thousands of jobs and generate fiscal returns to the exchequer over the long term.

Leveraging a dynamic housing market

- 2.4 Redevelopment at Euston is an opportunity to provide much needed new homes for Camden and London, directly as part of over-site development, and at infill opportunities in the surrounding area. Euston is a place to live. It is also incredibly diverse, encompassing Regents Park and Somerstown and linked to the emerging Kings Cross development. Internationally recognised and centuries old housing can

be found alongside post war social housing estates and new 21st century homes. This wider area has seen rapidly appreciating residential values in recent years. Whilst this has created serious challenges in the affordability of housing in the area, it can conversely be leveraged to deliver new homes including genuinely affordable homes that enable mixed and inclusive communities.

Creating a world class transport hub

- 2.5 A comprehensive approach will integrate design and engineering for HS2, Network Rail and Crossrail 2 stations and integrate it with over-site development. This will accelerate delivery, achieve construction and cost efficiencies and deliver the high quality public realm that is now the hallmark of major schemes in London. This will be a London, national and European transport hub.

Transforming Euston as a place

- 2.6 A network of clear and convenient streets will connect jobs, homes, attractions, and public spaces in the area. New pedestrian links through, above and around redeveloped station facilities and an improved and greener environment along Euston Road will transform the experience. Euston will set a new precedent for quality of place, building on the successes of King's Cross. This commitment to quality will attract high quality employment occupiers and underpin the value uplift current levels.
- 2.7 Euston Road will enhance pedestrian and cycle movement and onward journeys from the station. Clear connections will reach from Regents Park, through Euston to Kings Cross.

Reconnecting local communities

- 2.8 The redeveloped station will help to reconnect the communities to the north, south, east and west with each other, overcoming a long standing physical barrier, which has reinforced the separation of communities from nearby economic opportunities and public amenities. There is a shared aspiration among partners to transform east west connections through the area as part of station redevelopment. There is also the opportunity to enhance north south movement, from Euston, across the Euston Road into Bloomsbury and Mid-Town.

Benefitting local communities and residents throughout

- 2.9 New homes, including genuinely affordable homes, businesses, shops, community facilities, schools, new and improved public realm and open space will transform the Euston area. Existing business areas, such as those at Drummond Street, and surrounding residential communities at Regent's Park, Somers Town and Mornington Crescent will flourish. The important role of existing residents in the future of Euston will be celebrated and enhanced.

Bringing new jobs, skills and training opportunities

- 2.10 Economic growth will be harnessed for the benefits of the community. New jobs and skills development and training opportunities will be provided to residents, linking them to economic growth in the area.
- 2.11 By providing new employment and training opportunities, delivering new community assets and amenities and improving the quality of place social exclusion issues will be addressed alongside a range of deprivation challenges.

A once in a generation and once a century opportunity

- 2.12 There is a once in a generation opportunity to transform Euston through comprehensive station redevelopment. A new high performance and high quality city district that can boost the economy of Camden, London and the UK and benefit local communities. Opportunities of this scale advance in years, if not in decades. However, with the last major change in the Euston Area planned in the middle of the 20th century we now have the best opportunity to drive a 21st Century change.



3. WORLD CLASS GROWTH ASSETS IN PLACE

- 3.1 This Growth Strategy uses the astounding collection of assets in the Euston Area as a foundation. These converge to create a very high degree of confidence in delivering large scale growth and change. Absent the barrier of the current station, Euston would have already delivered growth.

Major Economic Growth Demands in the Euston Area

- 3.2 Euston is already an existing global knowledge economy hub. Research, higher education and technology commercialisation are hallmarks of a range of institutions in the area. University College London (UCL) to the south of Euston Road is one of the top 20 universities in the world, with a mission to both grow and become a global leader in open enterprise and innovation. High profile medical and research institutions, including the Wellcome Trust, the Francis Crick Institute and University College London Hospital are also located in the area. A knowledge economy cluster in Bloomsbury to the south encompasses digital, media, advertising, publishing, engineering and architecture firms.
- 3.3 The King's Cross Central development to the east is regenerating former rail lands to secure employment investment. New knowledge intensive activity is bringing a range of new sectors and businesses to the area, including a major new European HQ for Google.
- 3.4 At the same time, the Central London office market has expanded north of Euston Road. Financial services are represented by Santander at Regents Place and BNP Paribas at Kings Cross. Regent's Place is also home to international corporates such as Gazprom and Lend Lease. Increasing commercial office rents north of the Euston Road reflect increasing demand and reflect those found in the West End and Holborn. North of Euston Road is now an established employment location. There is a proven commercial office role for the area.
- 3.5 Demand for new space from both institutional and commercial occupiers will continue to grow and their requirements will provide a ready local market for new employment space created at Euston.
- 3.6 Camden Town is also an established hub for creative industries, distinctive shopping, an internationally renowned market and a night time entertainment destination.

A Dynamic Housing Market to Leverage

- 3.7 As Camden and London continue to grow there is on-going demand for new homes. Surrounding areas include some of the highest value residential neighbourhoods in London, including Bloomsbury, Regents Park, Kentish Town and Camden Town. Recent residential developments at Kings Cross have demonstrated market demand for the area, and the viability of delivering affordable homes in Central London. However, increasing land values and housing costs are contributing to serious housing challenges in the area, particularly around affordability. The adopted approach to affordable housing is set out at EAP strategic principle EAP1.
- 3.8 There is an opportunity to capitalise on the land values and the demand for and the shortage of housing the area to provide new homes that meet a range of household income levels and need, providing new and genuinely affordable homes for Camden residents, future generations of Camden residents and new residents. In particular, organisations such as the Francis Crick and UCLH have highlighted the need for more affordable housing in the area, as it is becoming increasingly difficult

to recruit and retain staff due to housing costs, which could impact on their future operations.

A High Accessibility London Gateway

- 3.9 Euston is a nationally recognised rail gateway to central London from Scotland, the North Wales, the North West and the Midlands. It is also a commuter gateway among home-counties communities. The new development will be at the heart of a London, national and European transport hub. It will have unrivalled connectivity, located directly above the new HS2 terminus, with direct access to over half the tube network, close to Eurostar destinations to Europe, and Crossrail 2 on the horizon. The Euston area is also a high visibility gateway for the M40/A40 corridor from North West London and surrounding counties.

Great Urban Open Spaces

- 3.10 Euston is neighboured by Regent's Park to the west. This is one of the world's great urban open spaces, both in terms of scale of space provided, but also the array of gardens, promenades and large playing areas. Kings Cross to the east is becoming one of London's gathering places, with new public realm at the stations and plazas within new development quarters and at Central St Martins School of Art. The canals are being rejuvenated to enhance public use. There is an opportunity at Euston to develop this quality of urban and green open spaces

Significant Transformation Potential

- 3.11 The Euston Area now sits at a critical point in its evolution. It is one of the last and largest Central and Inner London growth opportunities. A range of influences, market trends and nearby major schemes mean that Euston has a very strong prospect for delivery of new jobs and homes. The current configuration of the station and the absence of an over site deck are barriers to releasing a major regeneration scheme. All of the other ingredients are in place to achieve delivery today. Investment will unlock a pre-existing development potential.



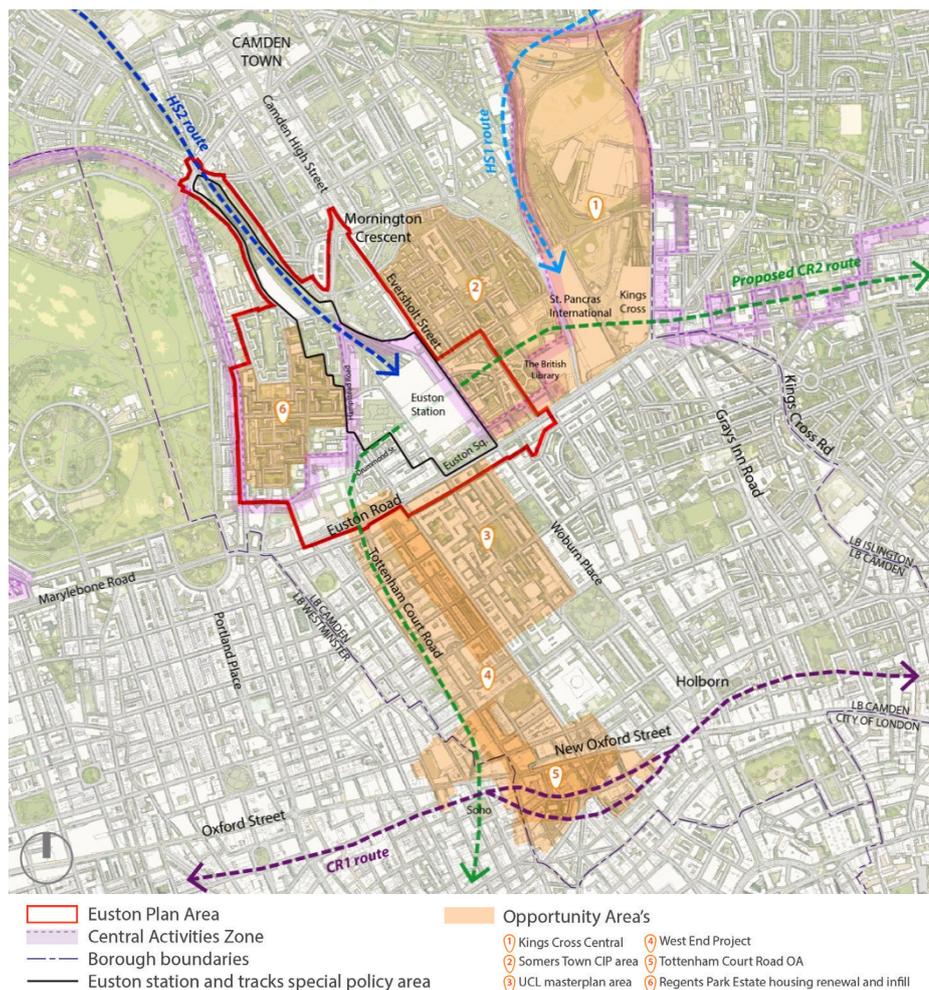


4. PROGRESSIVELY WIDER OPPORTUNITIES AT EUSTON

4.1 The Euston opportunity includes progressively wider areas of influence that begin from the core rail stations and alignments. Key components of the potential opportunity include:

- Over site development above the proposed HS2 station;
- Over Site development north of the station along the west side of the cutting west of the Hampstead Road;
- Over site development above the Network Rail Station;
- Infill and redevelopment opportunities on surrounding streets, which will benefit from the transformation of current station edges and boundaries;
- Estate regeneration opportunities identified by the Euston Area Plan;
- Infill potential across the wider area.

4.2 The scale of opportunity is significant. The EAP identified the potential for “between 2,800 and approximately 3,800 additional homes along with appropriate replacement homes maximising the provision of affordable housing and family housing” and “between 180,000 SQM and approximately 280,000 SQM of new employment/economic floorspace, providing between 7,700 and approximately 14,100 jobs” along with “in the region of 20,000SQM of retail”. This Growth Strategy process has evolved this potential further.



5. DELIVERED SCHEMES DEMONSTRATE THE POTENTIAL

- 5.1 The practicality of rail over-site development is well established at a variety of scales in London and internationally. Examples include north of Liverpool Street Station at Broadgate, as well as a number of recent examples associated with Crossrail, from Paddington to Farringdon and Woolwich as well as in other World Cities, such as Hudson's Yard in New York.



- 5.2 Camden Council itself has an established track record in regenerating its own assets. The Council's wider Community Investment Programme is a 15 year programme to invest money in schools, homes and community facilities which entails the redevelopment or sale of assets in a coordinated programme to deliver over 3,000 new homes in the Borough. Estate renewal schemes include the Abbey Road Estate in West Hampstead and the Maiden Lane Estate in NW1.



- 5.3 There is also demonstrated success in delivering significant change in this part of London. Camden Council is one of London's leading exponents of delivering central city development. This is evident at neighbouring King's Cross, where HS1 and the Channel Tunnel Rail Link catalysed comprehensive regeneration that is delivering 2,000 homes and 316,000sqm of office space. This renowned development is providing high quality public spaces, squares and a vibrant mix of activity that has attracted occupiers ranging from the University of the Arts to the European Headquarters of Google. King's Cross, cited as an exemplar by the HS2 Growth

Taskforce, sets the precedent for the regeneration that can be achieved and even surpassed at Euston with the right investment and support.

- 5.4 This new city district will deliver 2,000 homes and 5,000 jobs and create a framework of new streets and public squares. This has been closely coordinated with new rail station facilities and rail alignments. The scale and quality of the scheme has won international recognition and international inward investment.
- 5.5 The private sector is actively engaged. Major schemes have drawn in private sector investors and developers. However, it is occupiers who ultimately determine the success or failure of a growth and regeneration proposition. It is clear that employers – from Gazprom to Google, institutions – from the Medical Research Council to Imperial College, and existing and new residents want to be in this part of Camden and London. The strength of this demand is reflected in a new generation of investors seeking opportunities in the Euston area.
- 5.6 Business, developer and community networks are well established and can help maximise benefits to local communities and businesses as well as support delivery. Long established networks able to support delivery include the Camden Business Board, the Developers Forum, Knowledge Quarter, Kings Cross partnership, Camden Town Unlimited BID, Fitzrovia BID and an emerging Euston BID.
- 5.7 Based on the clear track record of Camden Council, rail development interests and the private sector in this area, the potential for securing delivery is high.

6. STRONG DELIVERY STRUCTURE IN PLACE

Coordinated Governance

- 6.1 The Euston Strategic Board is driving forward the potential for the Euston Area. The Board brings together:
- London Borough of Camden
 - Greater London Authority
 - Transport for London
 - High Speed 2 Limited
 - Network Rail
 - Department for Transport
- 6.2 This group recognises that Euston Station is the only significant piece of Government-owned land in Central London that may undergo change at this scale. Between rail partners and Camden Council there is a large area of land owned by the public sector or its arms-length partners at and around Euston. By working together to an agreed framework for change and coordinated investment, a new piece of city that integrates with its surrounding communities can be created.
- 6.3 The partners have joined together in an informal partnership known as the Euston Strategic Board to provide strategic leadership to manage and deliver growth in the area and set the agenda for place making and economic growth in Euston. The Board and associated structures have successfully delivered a jointly adopted Strategic Plan for Euston, the Euston Area Plan, which envisages 1,000s of new homes and jobs built above the station and tracks, which this Growth Strategy takes forward as a prospect for investment.
- 6.4 The Chair of the Board is the Leader of Camden, and the Deputy Chair is the Deputy Mayor of London who provide overarching leadership to the partnership in their roles. The Terms of Reference of the Board recognise that the structure of the board may need to be varied over time to respond to different delivery phases, for example to allow for the integration of a future Development Partner into the structure. The joint working arrangements reflect those in place for the delivery of the Vauxhall Nine Elms Opportunity Area Planning Framework, which has identified and guided the delivery of significant infrastructure and new homes and jobs in the area. Camden Council also has a strong track record at dealing with major regeneration schemes and the associated major planning applications in house, as showcased by the acclaimed redevelopment of Kings Cross and also the current estate renewal work, the Community Investment Programme which is delivering significant numbers of homes throughout the borough.

7. SIGNIFICANT GROWTH AND RETURNS

- 7.1 Alongside the significant regeneration benefits that can be realised through a comprehensive approach to development at Euston Station the delivery of new housing and employment generating floorspace will also deliver a range of fiscal benefits. These fiscal benefits take a range of forms including new direct development contributions via the Community Infrastructure Levy (CIL) and uplifts in general tax receipts including business rates, stamp duty and council tax.
- 7.2 A comprehensive approach at Euston with combined OSD will also deliver additional jobs that would not be accommodated otherwise. As such the economic contribution made by these jobs in terms of output can be directly attributed to the Growth Strategy.
- 7.3 In order to support the case for investment, there is also the potential for receipts from the sale of the over site development opportunities created. Over-site development (OSD) will essentially create new 'land' for development in central London in a location where it does not currently exist. Land with development opportunity in central London has a significant value.

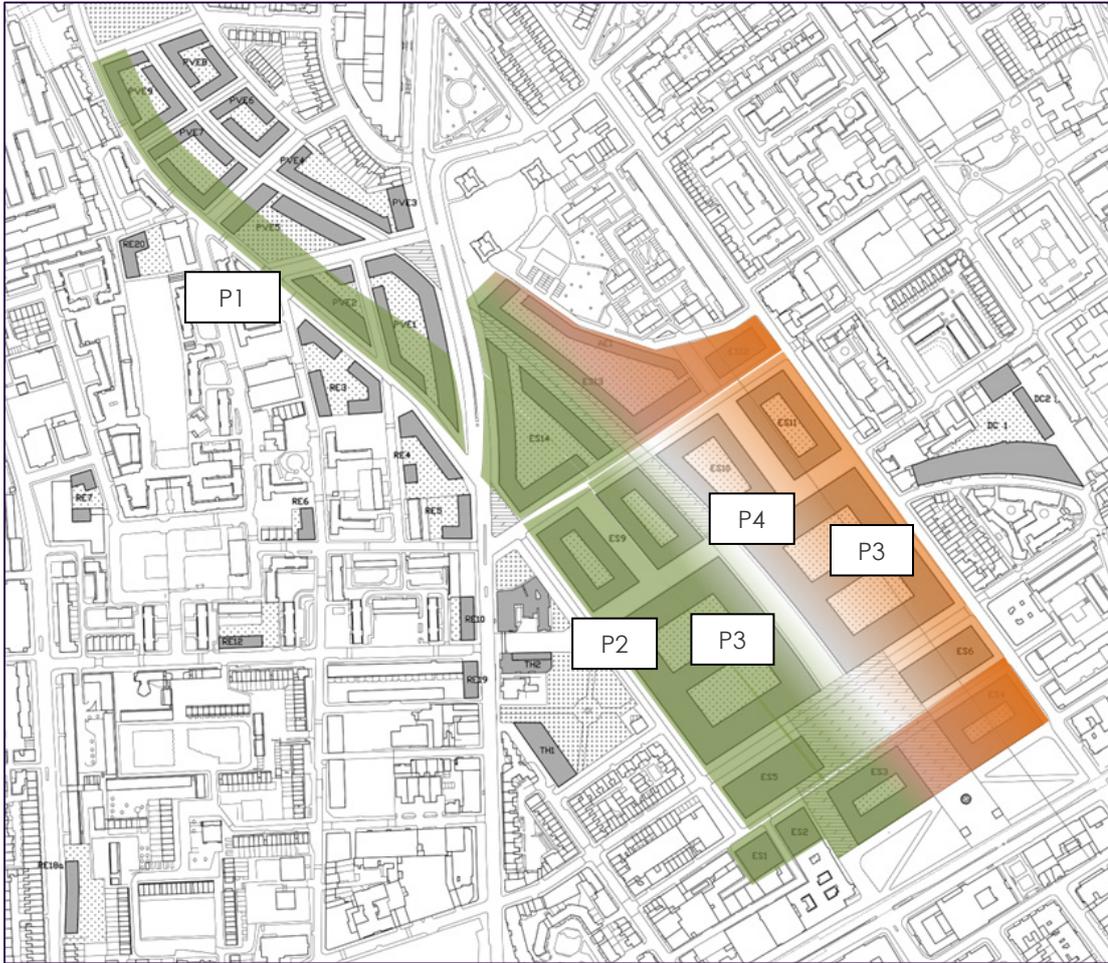
Significant Economic Benefits

- 7.4 Growth and development at Euston will deliver a mix of commercial spaces, including retail, commercial office and a new Knowledge Hub that draws together Higher Education and innovative businesses. This will increase employment within Euston which, in turn, will also make an increased contribution to London's output through higher Gross Value Added (GVA).
- 7.5 GVA increases will be driven by employment within the commercial office and knowledge hub development which, between them will generate c.15,000 additional jobs.
- 7.6 The combination of the likely institutional drivers and trends within the commercial office market suggest a range of high value sectors will be attracted to Euston including:
- Digital tech;
 - Telecomms;
 - Media
 - Health; and
 - Professional Services
- 7.7 Based on estimates of GVA per capita within these sectors within LB Camden this would generate in the region of £1.1bn of GVA per annum through direct employment benefits. Considering an impact period to 2060 and the likely phasing of development this would generate approximately £18bn in GVA.

A Phased Delivery

- 7.8 The delivery of the new HS2 Station and the redevelopment of the Conventional Station (if funding is secured) have to be achieved with minimum impact and disruption to rail services and local communities. Operational considerations and site conditions therefore require complex engineering solutions. The delivery of new Station facilities will therefore be phased, completing key sections and releasing OSD opportunities over time.

- 7.9 The HS2 delivery period for phased A and B1 is 2017-2033. Based on existing information and anticipated construction requirements our modelling assumes the core costs for delivery of both stations and creation of the OSD deck would occur over a number of broad time periods (note we would anticipate delivery of actual OSD in the period after completion of the deck – see para. 9.14):
- 2020-2025 – Delivery of new HS2 Station (A) and OSD development deck;
 - 2026-2030 – Delivery of HS2 Platforms within Conventional Station (B1) and OSD development deck;
 - 2031-2035 – Delivery of Stage 1 Network Rail Conventional Station (B2) and OSD development deck. Initial estimate is funding is secured;
 - 2036-2040 – Completion of Network Rail Conventional Station (B2) and OSD development deck. Initial estimate is funding is secured.
- 7.10 These represent best estimate timings at this point. The delivery of the new HS2 Station and the redevelopment of the Conventional Station have to be achieved with minimum impact and disruption to rail services and local communities. It is expected that should commitment made to the comprehensive delivery of both stations the phasing could be reviewed and development delivery achieved more quickly which will have significant benefits and reduced costs.
- 7.11 The timing of the completion of each station/deck construction phase will impact when development can then be delivered and receipts begin to accrue. Analysis of the potential OSD opportunity, based on the EAP and refined in consultation with HS2 Ltd and Network Rail, suggests OSD could be delivered in five locations, as shown below, including:
- 7.12 Timing of OSD delivery relates to the delivery of the rail infrastructure and station works, creating four key phases of delivery:
- P1 (2026-2030) – Delivery of approximately 50,000SQM of residential floorspace over the station approach,
 - P2 (2031-2035) – Deliver of approximately 105,000SQM commercial and 20,000SQM of residential development over the HS2 Station and the current 'forecourt'
 - P3 (2036-2040) – Development of 65,000SQM of commercial and 35,000SQM of residential development over the B1 HS2 Station and Stage 1 of the Conventional Station with a frontage at Eversholt Street
 - P4 (2041-2045) – Development of 155,000SQM of commercial and 80,000SQM residential space over the completed Conventional Station.
- 7.13 The response to operational and engineering requirements means there are a range of potential approaches to OSD which could achieve different levels of development outputs.



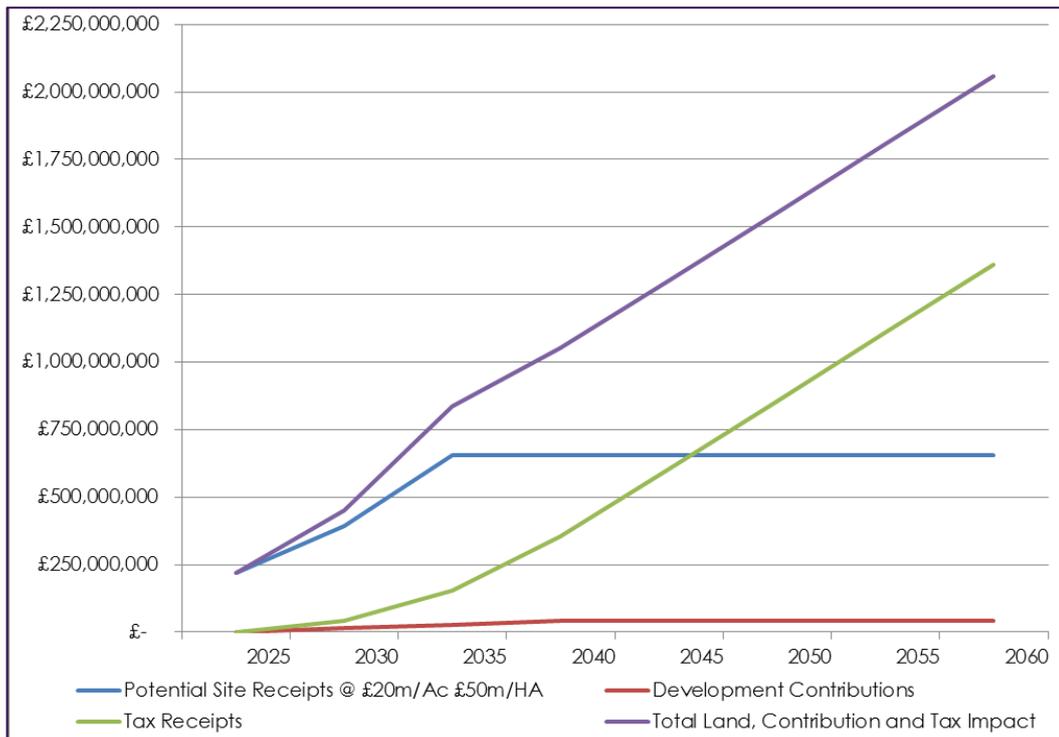
Key Findings

- 7.14 As set out below by 2060 investment in a comprehensive approach with OSD enabling works could generate a potential development value of circa £3bn, secure more than 16,000 jobs and over 2,200 homes, while returning approximately £1.3 bn. to the exchequer through Business Rates and Stamp Duty and a further £136mn in other Tax and direct contributions.

Fiscal Benefits and Contributions	
Business Rates	£1,200m
Stamp Duty Land Tax	£120m
Council Tax	£90m
MCIL	£21m
BCIL	£25m
Value	
Potential Overall Development Value	£3,000m
Housing Units	2,200
Commercial Floorspace	325,000SQM
Jobs	16,000

Significant Returns Justify Investment at Euston

- 7.15 As shown below, the total fiscal benefits are significant over the period to 2060. However, fiscal benefits do not provide direct sources of funding to pay for the rail station and facilities redevelopment. There will be a range of demands on development contributions, business rates and council tax receipts to support existing and new communities through wider investment and service provision.
- 7.16 Whilst these fiscal benefits may not be able to directly fund the delivery, their scale provides a context and case for investment in development and enabling components.



- 7.17 While costs will be higher than potential receipts during the construction phase, as the OSD is delivered the gap narrows, suggesting that 'peak debt' requirement will occur early in the construction phase with the potential to recycle land receipts to fund successive phases of construction.

Enhancing Values, Impact and Benefit

- 7.18 There is also a set of factors which have the potential to enhance impact and benefit. These factors can be defined in more detail as part of the comprehensive approach to masterplanning, design and engineering requested by this Growth Strategy. Key factors include:
- Creating more extensive development plots, delivering a more comprehensive scheme;
 - Delivering a larger overall floor-space and development capacity
 - Reducing delivery periods – releasing benefits earlier to realise a greater number of years of benefits up to 2060
 - A higher quality and better integrated public realm as a setting for new development
 - A more integrated retail scheme, creating a 'single' place shopping environment within the stations

- Activating uses at grade level, both within stations and on surrounding streets
- Minimising level complexity, seeking a shared and continuous grade within, between and around stations

7.19 The main retail concourse at St Pancras has benefitted from being on a single continuous level, which is also at the same grade as surrounding streets. Upper levels associated with the Midland Mainline platforms perform differently. Upper level retail at Waterloo also performs differently than retail at the main concourse level. In each case footfall levels will drive relative performance, but an integrated retail zone benefits from critical mass and continuity and could increase the overall retail floor-space, rents, values and business rate income.

8. THE CHALLENGE

The Station

- 8.1 There are a number of challenges that create barriers to achieving the growth and regeneration potential at Euston.
- 8.2 Following the adoption of the staged approach to the delivery of Euston, as set out in HS2 AP3, there is committed funding in place for the railway infrastructure and station associated with HS2 at Euston. However, the funding for the detailed development work, and delivery of a redeveloped conventional station (B2) remains unconfirmed. Separation of the HS2 scheme from the redevelopment proposals for the current station poses a number of significant risks to the future planning of the area and the ability to realise the full growth and regeneration potential.



Indicative diagram to illustrate the staged delivery approach – does not show Bill limits

- A - HS2 phase 1: Construction expected between 2017 & 2026
 - B1- HS2 phase 2: Construction expected between 2026 & 2033.
 - B2- Conventional: (existing station), no funding currently committed.
- 8.3 Network Rail was reclassified as a public sector body on 1 September 2014 following a statistical change by the Office for National Statistics announced in December 2013. This has changed the mechanisms available for Network Rail to seek funding for projects. All Network Rail projects “bid” for funding via a Government Grant they receive each Control Period, so the redevelopment of Euston would be assessed against other Enhancement schemes. The next submission for funding is in September 2016 as part of the Initial Industry Plan for Control Period 6 (2019-2024), and there is no guarantee that Euston would achieve funding, either part or full. Outside of the

Government Grant, Network Rail would have to “bid” for funding against other public sector bodies.

- 8.4 The current Network Rail GRIP development programme for the conventional station indicates that, subject to successfully securing development funding via the regulatory process, a formal selection of the single option for the conventional station that is to be developed will be achieved at the end of 2017.
- 8.5 If alternative development funding of the conventional station could be identified then there may be the potential for Network Rail to accelerate the single option selection process. However, Network Rail needs to ensure the GRIP development process is correctly followed so the exact level of programme shortening that could be achieved would be subject to further analysis by Network Rail
- 8.6 A full redevelopment of the conventional station (B2) would provide significant benefits to Network Rail through the replacement of the existing dated facility with a brand new asset. However, the Network Rail development process will identify and explore all potential options and associated funding requirements for the conventional station and this will include options from refurbishment right through to full redevelopment of the station.
- 8.7 Given the constraints of the funding process that Network Rail must follow, as detailed above, there is a potential that should funding be available via the regulatory process that it may only be sufficient for a refurbishment option. As such if a more comprehensive scheme were to be achieved then additional and alternative funding streams, and an agreed associated governance process to support this, would be required.
- 8.8 While design of the HS2 station and rail alignment is advancing and progressing towards the acquisition of a development partner, solutions to the Network Rail Station are not driven by the same rail service investment imperative. Design work for the conventional station is, therefore, moving at a different pace. As a result, the interface between the new stations is uncertain. This requires the design of the HS2 station design to be developed in such a way so as not to preclude any potential conventional station configurations. Additionally over-site development plots remain undefined and the wider transformational and regeneration effect on the Euston area is insufficiently defined.
- 8.9 The lack of alignment of these processes, operating to their own industry imperatives and on separate timeframes will limit the economic, development and place shaping outcomes. Outcomes driven by these imperatives alone could close down later options that could deliver a more optimum solution.
- 8.10 The costs to the HS2 project will be higher, as design and planning is required to take into account all eventualities at the existing station. The challenge for the redevelopment of the existing station to retro-fit with the HS2 station will create significant constraints, costs and rail planning issues to keep services running whilst works are undertaken.
- 8.11 The timeframes and construction period with all the associated major disruption to local communities will be extended over a much longer period, with potentially less growth and associated benefits as the end result.
- 8.12 The issues are exacerbated as the new HS2 station as proposed will be at a lower sunken level than the existing station. HS2 also requires land take of part of the existing station area. A split-level solution generates significant challenges in achieving the regeneration aspirations for the area set out in the Euston Area Plan. With significant level changes and the existing barrier and problems associated with the current station remaining in place, there will be less development potential.

- 8.13 Future potential for Crossrail 2, which if goes ahead as planned would be constructed 2020-2030 and include a station at Euston, have not currently been designed into proposals. Again, planning for Crossrail 2, taking account of the uncertainty over the existing station will be more costly and less likely to reach the optimum solution.
- 8.14 Given all these constraints there can be no “do nothing” option for the existing station.

Over-site development

- 8.15 Creating the potential for development at Euston requires infrastructure to build above and around the station. The over site development (OSD) is central to the vision for Euston and critical in providing capacity for the scale of change sought. OSD enabling works including a structural deck will be needed. This represents a funding challenge as investment for these structural works will be required upfront at the early stages of development, with potential returns not realised for a decade or more due to the delivery timeframes involved.
- 8.16 There are specific challenges in delivering over-site development potential at this scale. The over site development is central to the vision for Euston and critical in providing capacity for the scale of change sought. The key challenges include:
- The initial cost of deck and OSD enabling works;
 - Timing: the time period between enabling works and construction of over site decks and when finished space could be absorbed, leased and occupied;
 - Financing: private sector financing rates will be higher than public sector rates;
 - Comprehensiveness: small over site deck phases tied to a sequence of development plots would raise costs due to construction complexity and impact on rail operations;
 - Fragmentation: early and partial phases will not secure the uplift in values associated with comprehensive development.
- 8.17 Securing funding for OSD enabling across the whole station site is vital to delivering homes, jobs and growth at Euston. Whilst there are more developed proposals for the HS2 station, further clarifications on the cost of OSD enabling in relation to the Network Rail Station, will be developed once a single station option is in place.
- 8.18 This Growth Strategy proposes direct public sector funding of the cost of the over-site deck and OSD enabling works at the HS2 Station and subsequently at the conventional station.
- 8.19 This is an ‘upfront’ cost; however there are substantial development, fiscal and economic benefits that occur over time that set this investment requirement in context, providing a range of options for addressing the funding gap.
- 8.20 A relatively modest upfront investment could generate substantial returns including a development value of c.£3bn, £1.3bn in fiscal receipts and additional annual GVA of £1.1bn, setting out a clear case for investment.
- 8.21 The issues are not dissimilar to those faced at Canary Wharf, the Olympic Park, Kings Cross. In each case, the public sector was required to respond to both the scale of the enabling challenge and the time between initial investment and securing returns from new development.
- 8.22 Aligned with this there is also the potential to create a special purpose vehicle could be created that issued bonds to fund the deck. Variations on this TIF (Tax Increment Financing) model have been applied to provide new public transport infrastructure at Brent Cross-Cricklewood and Vauxhall Nine Elms. These models require that that central government could provide a guarantee for the bonds, up-front financing for the infrastructure or a combination of both.

- 8.23 There a number of ways in which the public sector can assist in addressing the upfront funding requirement. The benefits, risks and challenges differ between each mechanism and option. Once more detail on costs and governance is established the relative merits and drawbacks can be evaluated and a clear recommendation on the most appropriate approach made.

Harnessing the benefits of growth for local communities

- 8.24 Local communities will be subject to major disruption associated with HS2 and construction works at Euston. This will have major impacts on community life for nearly a generation. The communities surrounding Euston rank amongst the most deprived in the country.
- 8.25 At the same time, growth and regeneration will provide opportunities in the borough such as construction jobs and end use jobs including those in knowledge and research industries. Harnessing the benefits of growth for local communities and getting our people ready to take advantage of opportunities is central to the success of the scheme.

The Risk of a Missed Opportunity

- 8.26 There is also the risk of a significant missed opportunity if the Vision and a comprehensive approach is either not secured or delayed. There is a rare opportunity to address the issues that have so challenged Euston and held it back from realising its potential since the construction of the current station in the 1960s.
- 8.27 The Euston area is impacted and held back by the severance the station and rail alignments have created. East west streets terminate at the station and there are few connections above rail alignments. The frontages around the station are blank and hostile, and are consequently little used by the public, and are seen as unattractive by potential investors. The scale of these effects is significant and impacts the quality of the wider district around the station.





- 8.28 If this opportunity to deliver a high quality solution to stations and over-site development in a comprehensive manner is not taken, the wider and larger strategic opportunity will be missed.
- 8.29 Delay and lack of coordination will lead to ad hoc developments and fragmented station facilities, with many of the issues that limit the potential of the area remaining in place. Euston will remain an unsolved or partially solved problem.
- 8.30 The number of jobs, commercial floor-space and new homes secured will be limited and would be significantly lower than the potential set out by the Euston Area Plan.
- 8.31 There will be weaker fiscal benefits through lost Business Rate and Stamp Duty receipts. Development contributions via Borough and Mayoral CIL will be lower.
- 8.32 There is also a risk that the full economic and employment potential of the area will not be realised. Location and public transport access alone does not ensure economic growth. Mainstream business sectors as well as specialist sectors such as the life sciences and creative industries are attracted to and now expect high quality environments. There is a risk that major occupiers seek other locations, and potentially outside of the UK given the international nature of these sectors.
- 8.33 The failure to secure a comprehensive approach will undermine clarity and certainty over the future direction, hampering investment. As London has learned from city district scale opportunities, clarity over direction and certainty is critical to securing full and rapid change. At St Pancras and Kings Cross commitments from Eurostar and Thameslink were combined with a planning framework allowing private investment at the scale required to achieve change. At Nine Elms at the South Bank the commitment of the Northern Line Extension and a business rates uplift capture mechanism were critical to securing the investment in Battersea Power Station and the US Embassy. Combined with an Opportunity Area Planning Framework, this has underpinned one of the fastest growing city districts in Europe. The absence of certainty over the future of infrastructure and stations at Euston would be a significant impediment to wider success.

9. GROWTH STRATEGY RECOMMENDATIONS

Commitment to comprehensive redevelopment at Euston

- 9.1 Our Growth strategy seeks an early commitment to a comprehensive approach to Euston that encompasses both HS2 and new Network Rail Stations, and the combined over-site development they enable as well as provision for Crossrail 2.
- 9.2 A comprehensive approach will accelerate change, reduce costs, particularly temporary works, offer more than the sum of individual development parts and create a high quality realm across the Euston area and through stations. The more comprehensive the approach, the greater the potential to achieve a high quality place, attract the highest quality occupiers and deliver the strongest economic and fiscal gains.
- 9.3 Bringing the Network Rail station into consideration will allow the HS2 station to be designed to a clearer brief, rather than an assumption of the current arrangement continuing. This will secure better alignment between the HS2, Network Rail and Crossrail 2 stations. It will create the potential for Phase B2 (the existing station) to be bought forward at the same time as HS2 phase B1 (2026-2033) or sooner and for more effective integration with Crossrail 2, reducing the overall delivery timeframe, realising growth and fiscal benefits sooner and reducing the length of construction and disruption impacts on local communities.
- 9.4 A comprehensive approach can accelerate delivery and achieve construction and cost efficiencies. Critically, a commitment to a comprehensive approach will steer the current decision making process across agencies and organisations toward development, regeneration and economic goals, balancing them with rail operational requirements.
- 9.5 In the longer term, there will also be a requirement to fund re-provision of the Network Rail Euston Station so that it is fully integrated with the HS2 Station and its surrounding neighbourhood and development context. A budget for this will be established by Network Rail and full business case prepared. Network Rail, will as part of its development process prepare a full business case for this and seek the required funding.
- 9.6 However, to ensure that the window of opportunity is not missed the partners seek commitment from government to a comprehensive approach at Euston and an in principle agreement to the funding of the optimum solution to both the HS2 and Network Rail Stations.

Comprehensive master planning, design and engineering

- 9.7 Under the guidance of the Euston Strategic Board, provision should be put in place to allow for comprehensive master planning, design and engineering incorporating both the HS2 and Network Rail Stations, with provision for Crossrail 2. Funding to expedite planning for the Network Rail station and resolve the uncertainty over station design sooner is central to this. Euston should be planned as one and delivered in a series of optimal sequential phases.
- 9.8 Growth Strategy funding for detailed masterplanning will help deliver greater benefits, particularly if the pace of over-site development can be accelerated through new design and engineering solutions. A comprehensive approach will be aligned with the adopted policy for the area through the Euston Area Plan and should feed into the planned development of a planning brief. It will integrate design and

engineering for HS2 and Network Rail stations, over-site development and redevelopment of the station forecourts. In the first instance, this Growth Strategy is requesting funding for a range of design, technical and professional services which would allow detailed definition of the development opportunity.

Easing rail capacity to get Euston right

- 9.9 Constructing the stations at Euston whilst maintaining rail capacity is a significant challenge. To allow for the design and reconstruction of the station while maximising operating flexibility, measures to ease capacity at Euston should be considered. This could include the link at Old Oak Common, from the West Coast Mainline to Crossrail or other measures.

Local skills and employment strategy to get our people ready

- 9.10 As outlined by the HS2 Growth Taskforce, getting our people ready is an intrinsic part of maximising impact. It is important that growth delivers benefits for local people and businesses.
- 9.11 The peak construction personnel at Euston is estimated to be approximately 2,000 plus a further 400 project staff present at Euston during the construction phase. Direct employment for station and train operations is estimated at 500 plus an additional 250 retail jobs. Providing local residents with access to training apprenticeships and jobs, both within construction and the end use is key to delivering for local communities. This is an important opportunity to reduce youth and adult unemployment in local communities.
- 9.12 Camden Council has an established track record for the delivery of local labour benefits via re-development of King's Cross. A comprehensive skills and employment strategy is in place and delivery model that is a best practice example in delivering local workforce benefits established through the King's Cross Construction Skills Centre (KXCSC) and King's Cross Recruit. Since KXCSC was established in 2004 it has registered over 6,000 people and delivered over 2,200 training places, 1,100 construction-related qualifications and 2,340 jobs.
- 9.13 The existing model developed at King's Cross Construction Skills Centre, which originated with HS1 and evolved to support King's Cross Central could be extended for HS2 providing a link to the National High Speed Rail College and developing the skills needed to deliver HS2, over-station development and providing skilled personal to the national economy.
- 9.14 The Euston Economic Vision (2014) identified significant job growth potential at a redeveloped Euston Station associated with the growth of the knowledge economy, including life sciences and the creative sector, as well as mainstream corporate occupiers. Growth Strategy funding can also be used to ensure that the local community are provided with the skills development and placement services to access new jobs that are created.
- 9.15 Camden already offers a bespoke apprenticeship service. The service covers a range of sectors, working with employers and candidates. Camden also offers a higher apprenticeship service which has been working with the Knowledge Quarter to provide Higher Apprenticeships opportunities in science, technology and creative industries and is seeking to provide higher apprenticeships internally in ICT and Legal industries. With funding these models could be evolved to support the scheme at Euston.
- 9.16 The Strategy should ensure that local businesses can benefit from construction of rail facilities themselves. Procurement assistance programmes can maximise access to

contracting for direct construction as well as supply chain, corporate and workforce support services.



Advancing the Funding Structure

- 9.17 Beyond station and rail, the structural deck to support over site development is central. While this is a specific particular physical and construction requirement, from a development point of view it is similar to other large scale site preparation challenges. At Canary Wharf major environmental clean-up, new transport infrastructure and an entirely public realm were required to provide a setting for new development. In other circumstances, such as the 2012 Olympic Park major environmental clean-up, utility relocations and site stabilisation was required. At Kings Cross rail reconfiguration was required, alongside new highway infrastructure, environmental remediation and public realm.
- 9.18 In each case, the public sector was required to respond to both the scale of the enabling challenge and the time between initial investment and securing returns from new development. The scale and timing challenges associated with funding and enabling over-site deck and securing returns from site sales, tax receipts and economic growth presents similar challenges.
- 9.19 This Growth Strategy proposes direct public sector funding of the cost of the over-site deck at the HS2 Station and subsequently at the conventional station. A set of construction contracts would deliver the deck on behalf of rail organisations, which in turn would each secure outline Town Planning consents. Development rights would be sold as a single package or in a small number of larger phases. Given the scale of the development, this opportunity would be presented to a national and international private sector audience and allow creative partnerships and new development consortia could reduce this risk.
- 9.20 Aligned with this there is also the potential to create a special purpose vehicle could be created that issued bonds to fund the deck, with the bonds being repaid from the increase in business rates over time. This could overlay with the development approaches above. Variations on this TIF (Tax Increment Financing) model have been

applied to provide new public transport infrastructure at Brent Cross-Cricklewood and Vauxhall Nine Elms. These models require that that central government could provide a guarantee for the bonds, up-front financing for the infrastructure or a combination of both.

- 9.21 There a number of ways in which the public sector can assist in addressing the upfront funding requirement. The benefits, risks and challenges differ between each mechanism and option. Once more detail on costs and governance is established the relative merits and drawbacks can be evaluated and a clear recommendation on the most appropriate approach made.

10. CONCLUSION: REALISING THE POTENTIAL AT EUSTON

10.1 The Growth Strategy for Euston is based on:

- A clear vision for the area addressing local need
- An outstanding collection of assets which converge to underpin growth and change
- A significant scale of growth capacity and demand
- Demonstrated delivery by public, rail and private sectors in the area
- Strong delivery structure in place through the Euston Strategic Board
- Potential for major regeneration, growth and economic benefits
- Clear returns for the investment made

10.2 Despite this context there are barriers to realising the full potential of the Euston Area. While there is substantial impetus to a transformational scheme at Euston, there are barriers to a new and integrated Network Rail Station and creating an over site development deck. There are also challenges to delivering the new Euston Station in a manner that retains the operability of the railway and also enabling the delivery of over-site development.

10.3 Fundamentally, this Growth Strategy is seeking to ensure a comprehensive response to the full scale and potential of station redevelopment for the Euston Area as a whole.

10.4 This Growth Strategy has found that public investment can generate a potential development value of circa £3bn, secure more than 16,000 jobs and over 2000 homes, while returning a minimum of £1.4bn to the exchequer at the lower end of expectation.

10.5 The rationale for public intervention is based on the strong likelihood that transformation of the Euston Area would not occur but for public intervention with the consequent loss of extensive economic, employment and housing benefits to Camden and London and the UK. We look forward to advancing this proposition with DfT, CLG and the Treasury.

