

**Transport Committee – 8 July 2015****Transcript of Agenda Item 6 – National Rail Services in London**

**Valerie Shawcross CBE AM (Chair):** This is our second meeting to talk about rail devolution in London. We have been making some good progress in our political conversations with colleagues from Kent and from Sevenoaks, where we discovered there is a great deal of appetite outside of London for services to be upgraded to the level that TfL's Overground currently operates.

There have been some announcements recently. The Government has been reviewing the Network Rail five-year plan for the upgrade of the rail network. It is pretty clear that Network Rail is in a deep mess and is looking like a broken organisation from the point of view of capital works. The impact of this seems to be that there will be a reduction in projects across the board as it attempts to put in place realistic programmes to deliver what it needs to do.

What impact is the Network Rail review going to have, do you think, on rail services or rail projects in London? What are we in danger of potentially losing?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Thank you, Chair. The Deputy Mayor for Transport or, indeed, Charles [Belcher] may wish to comment as well.

It is fair to say and the first point to make is that I do not think it is yet clear what projects could be at risk either within this control period or beyond. I took the opportunity of an early meeting with the Permanent Secretary at the Department for Transport (DfT) last week to re-emphasise our commitment to the projects that we have been linked into most immediately; for example, the electrification of the Gospel Oak to Barking Line, which of course is a necessary precursor, as Members will know, to the eventual - well, quite soon - extension out to Barking Riverside and all the housing and regeneration opportunity that creates in that wonderful new part of London that can be opened up to housing and development. Therefore, I made that point.

Of course, we are also very interested in - and again, Isabel [Dedring] may wish to comment on - the Lea Valley and the developments up there. Clearly, there is the work that is ongoing at London Bridge, which although it does not --

**Valerie Shawcross CBE AM (Chair):** When you say 'the Lea Valley', are you talking about the four-tracking project between Tottenham Hale and Broxbourne?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Yes.

**Valerie Shawcross CBE AM (Chair):** That is potentially at risk?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** I would not say it is potentially at risk. It is certainly the things that we have been emphasising and in fact I am scheduled to have what I call a 'level-one meeting' with Network Rail in the next few days where, again, these are agenda items that I want to make sure it is properly resourced up to and properly planning to deliver, notwithstanding the national challenges it faces. The economics of all of these London schemes, of course,

leave a lot of the regional schemes, important as they are for those regions in question. They are so much more important for the overall economic prosperity that they deliver. I do not know if you want to --

**Isabel Dedring (Deputy Mayor for Transport):** Just to comment on the Lea Valley, the four-tracking project is not within Control Period 5 (CP5) and so it would be within Control Period 6 (CP6). However, as regards the three-and-a-half tracking or the Stratford to Angel Road (STAR) scheme, so-called, there has been a lot of political pressure on that and the budget has shifted around a lot and has been quite bedded down now. To the extent that this exercise is about getting the right number and what the actual budget is and then adjusting the budgets to be more realistic, I am pretty happy that a lot of that has been done on that project, for example.

To the extent it is about prioritisation, we have a volume of activity that is too great for Network Rail and then anything could be at risk. There is a lot of political pressure around doing these schemes in the Lea Valley but not every scheme in London has that political support.

**Valerie Shawcross CBE AM (Chair):** Yes. The issue is not just about money, is it, because Network Rail clearly does not have the engineering or technical capacity to deliver the projects?

**Isabel Dedring (Deputy Mayor for Transport):** Correct.

**Valerie Shawcross CBE AM (Chair):** This is about which projects are first in the queue and a more secure --

**Isabel Dedring (Deputy Mayor for Transport):** Yes, it is both, is it not? It is about having a realistic number and a delivery timetable, but it is about the overall volume of activity. What I was trying to say was, as regards the second point, any project will be at risk in this exercise.

**Valerie Shawcross CBE AM (Chair):** It is all up in the air. That is what you are saying. Are there any potential implications for major projects such as Crossrail 2 and High Speed 2 (HS2)? I would have thought they were very much at risk.

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** It is true that the DfT has been trying to get a senior-level group of people together to look at - to pick up your point, Chair - resource capability and supply-chain capability and ensure that we do not just rob each other with particular scarce resources, whether on resignalling projects or on major new-build schemes such as HS2 or Crossrail 2.

The other thing that of course I am now actively involved in is talking to the existing Crossrail 1 team about whether and if there are some transferable skills that otherwise might be lost to Dubai or the Asia region or wherever other big projects are emerging that we could harness and use more effectively within the United Kingdom (UK) and particularly in the London context to help deliver some of the schemes we need here.

Therefore, there is a series of things we have to look at, Chair, to see what we can do both in terms of resource capability, as you rightly mention, and of course in the overall project-delivery capability, which is a wider point that I know Network Rail is charged to look at.

**Isabel Dedring (Deputy Mayor for Transport):** I was just going to say that what is not clear, sitting where we sit always, is what Network Rail's strategic prioritisation is and what the outcome of that strategic prioritisation process is. For the control periods beyond the one that we are currently in, this exercise will be very helpful if it delivers what we all hope it delivers, which is a clear sense of what the capacity of the

organisation is and what the prioritisation of the projects within that. It either does not exist or is a very closely guarded secret within Network Rail. I have heard it has a list of projects for the next 42 years, but we do not know what is on there or what the priority is if there is a priority. Therefore, to the extent that this exercise starts to flush some of that out, projects like Crossrail 2 would benefit from that. Otherwise, you just do not know where you stand in the hierarchy and the default position from the organisation can be, "We have all this stuff to do already", and anything new that is trying to get into the system like Crossrail 2 just gets bounced out and you have to fight to get into the 42-year list, if indeed it exists.

**Valerie Shawcross CBE AM (Chair):** Yes. It is also, therefore, very difficult to say anything about the rest of the projects that we might be looking for under CP6. We have been talking about sorting out Windmill Junction so the pinch-points around East Croydon would be improved. All of that at the moment we have no idea about?

**Isabel Deding (Deputy Mayor for Transport):** There is no visibility of that, no.

**Valerie Shawcross CBE AM (Chair):** Do you have any idea of the timing for the information around when the priority will be sorted out?

**Isabel Deding (Deputy Mayor for Transport):** I do not know but Mike may know.

**Charles Belcher (Board Member, Transport for London):** September.

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Yes, by the autumn, we will have some idea. I know that one of Peter Hendy's [Commissioner, TfL] tasks, if you do not mind me saying so, is to go there and have a full root-and-branch review of this whole process. I guess, once he gets his feet under the table, I will stay close to him and we will stay close to him to know how that work is going and how it is emerging. He is very much aware of the pinch-points as they fit around London, of course.

**Valerie Shawcross CBE AM (Chair):** OK. Thank you for that. It is a very worrying time. The people who have been lobbying for the Gospel Oak to Barking Line upgrade for many years will be incredibly disappointed that that project is not already underway. Let us hope that that one gets back on the agenda very quickly, alongside the four-tracking.

Let us move on, then.

**Caroline Pidgeon MBE AM (Deputy Chair):** I want to get into the issue of devolution. Perhaps I will start with Isabel. Why does the Mayor want to take over responsibility for all of our suburban rail services in London? Why does he think that is a good idea?

**Isabel Deding (Deputy Mayor for Transport):** We look at the Tube. We look at the Overground service. TfL is geared up to deliver shorter-distance, commuter, rapid-transit services. Theoretically, there is no real distinction between turn-up-and-go Tube service and a turn-up-and-go commuter distance-rail service. They have a lot more similarities, perhaps, than commuter rail and long-distance rail do in terms of the level of reliability that is needed and in terms of passenger expectations. Therefore, theoretically, you would argue that there is, arguably, much more linkage between those two than there is with the fact that they happen to run over the ground rather than under the ground.

However, Mike [Brown] and I have been trying to refresh our approach because of the scars of a couple of years ago when we first tried to put a lot of pressure on the Southeastern franchise. Obviously, we have the West Anglia franchise, which is great, but we would have liked to have had the Southeastern franchise, not least because of the poor standard of rail services in south London. It is pretty obvious that we were knocked back politically. Some of the recent things that you have seen in the Committee here have been incredibly helpful. We are looking to refresh our approach on this and launch ourselves over the barricades again.

One of the things that we are doing differently this time is to avoid the 'D word'. We are trying to not talk about devolution now. What we are trying to say is, "This is the current level of service that passengers receive. This is the level of service that passengers would like to receive and that we believe is deliverable. Now let us talk about how we could go about delivering that". Perhaps franchise devolution is the way to do that. Maybe there are other ways to do it, trying to get some agreement about the outcomes and that they are deliverable, and then talking about how we go about doing that, rather than devolution being the objective *per se*. Devolution is just a means to an end. I do not think it is just semantic. Hopefully, it will help to go with the grain politically a bit more.

The other thing I would say is that last time we really focused on the changes that you could deliver through the franchises as opposed to also the need for change in terms of the underlying assets, which the franchise does not cover, but your example was of Windmill Junction and there are many around the place. In the 2050 exercise, we highlighted some of those asset changes that were needed and tried to really pull together what the benefits would be if we were able to do that.

Mike [Brown] and I are working on a document to summarise a combination of franchise changes and underlying asset changes and what the outcomes are that we could deliver within the short term, medium term and long term, and trying to get everyone to agree with that set of outcomes and then we can all be lobbying about the same thing. South London is a very obvious opportunity. There may be some particular areas that we really want to focus on rather than lobbying for all of these things across the board. Therefore, it would not just be mobilising behind the franchise changes. It would include looking for changes prior to refranchising, the franchises themselves and also the control period process.

I do not think the political lobbying around the control period process is very high-profile. It is not organised. London is not speaking with one voice. There is a lot more that we could do on that. It tends to drift down to a middle-management level because of the technocracy involved and a lot of the transport 'geekery' involved, which many politicians - rightly - do not understand. It is our job to boil it up in a way that politicians can understand and then lobby for.

**Caroline Pidgeon MBE AM (Deputy Chair):** OK. There are very clear reasons why you want to take over and the benefits you think there could be, but are there not huge risks to TfL? Maybe I could ask Mike this. Are there not huge risks to TfL taking over such a large area? We do not know how the assets are. We have had problems with the West Anglia one that you have taken over. Industrial relations are on a bigger scale. Are these risks perhaps too much?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** There are risks, certainly. That is true. However, one of the things that Isabel [Dedring] and I are also looking at is not just the passenger outcomes and the passenger benefits you would get from a more integrated style of 'metrofication', if you like, a metro-style operation within inner London, but also in terms of the planning being more joined up from a London perspective. Clearly, that would need Network Rail's involvement. It would need us to be in the driving seat more in delivering a coherent planning mechanism for ensuring that we were properly prioritising investment decisions within a London context as well. It seems to me that TfL is best

placed to be the organisation doing that. If you are Network Rail and you are a national infrastructure and engineering entity, clearly, you have all sorts of things that you are trying to balance. Actually, we think that the flow of money and the way that this is configured needs to sit much more within a London context for those people who live and work in the city. That is, again, part of our proposition.

I read with interest the transcripts from your previous hearings on this subject. There is no doubt that while our focus on performance and our drive for our different franchise model did improve performance on the Overground when we took it over, it is also true that we did invest. We did buy new trains. We are buying new trains again for the West Anglia routes, which you just touched on. We did invest in the track. We invested in the signalling, the infrastructure, longer platforms and all that sort of thing. We would certainly need to do some of that for the Southeastern routes or any other routes.

However, the important thing for me is having that proper prioritisation of those plans and the funding available to do it. For the North London Line, you would be sitting and looking at exactly the same type of infrastructure as you were ten years ago unless we had grabbed hold of it and not just improved day-to-day performance and reliability through our model but also really driven the investment argument. It has to be both. That is the point. Therefore, yes, there are risks, but there are real opportunities.

**Charles Belcher (Board Member, Transport for London):** Just expanding on the North London Line, 15 years ago I was the Managing Director of Silverlink, which, amongst other things, ran the North London Line. The situation was dire not because my company was inefficient, I assure you, but with the rules, the planning horizons and the length of the franchise, investment was very difficult to justify over a length of time and nor did you have the breadth of vision. It was narrowly focused on a particular route, a particular line and particular stations. You could see but you certainly could not count and take stock of the benefits that the railway was bringing.

A railway is not about trains. It is about people. It is about business. It is about children going to school. You know all of this. The people I can see who are best placed to do that are actually people in London for London business, economy and environment. I have no doubt whatsoever that - not using the 'D word' and we do not use it anymore - having a much greater influence and being able to establish an integrated system. Let us face it. If we started today, we would not have a system where we have one operator controlling underground services, some of which are overground, and another five operators franchised out south of the river. It just would not happen. You would not do it like that. That is the way it is and I am not complaining about it, but we need to make better use of those assets. Who better to use them than the Mayor and the Greater London Authority (GLA)?

**Caroline Pidgeon MBE AM (Deputy Chair):** That was very helpful. Thank you.

**Charles Belcher (Board Member, Transport for London):** Just on the question of risks, those risks exist because the network south of the river is a very heavily used and a very old network with lots of pressure on it. Those risks are there today. I have no doubt that Mike's [Brown] team could manage those risks better.

**Caroline Pidgeon MBE AM (Deputy Chair):** Yes. There are clearly huge benefits to passengers. You have all talked about that in your answers. A very specific thing came up in our visit recently to Sevenoaks. If you took over the Southeastern network, would you see that there would be a reduction in fares, as has been seen on the Anglia lines?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** In the most part, yes. Actually, probably not for Sevenoaks as it turns out because Sevenoaks is beyond the

London boundary and you would have to look at how you configured that<sup>1</sup>. It might require some help and support from the local Sevenoaks community. You could certainly put in Oyster and you would get the benefit --

**Caroline Pidgeon MBE AM (Deputy Chair):** Yes, if we roll out Oyster, they would get --

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Yes, you could roll out Oyster. Everywhere else on the lines of the route you would bring into the equivalent TfL zonal structure. Sevenoaks is a bit like the challenge we have had with Shenfield on the first bit of Crossrail we have taken over. Actually, in the case of Sevenoaks and of Shenfield, we would not be the primary operator of that station and that, therefore, causes some difficulties. We are just looking at the map in front of us now. My eyesight is obviously getting worse.

**Valerie Shawcross CBE AM (Chair):** Just for everybody who is looking at the screens, we have a map. The red lines are the Southeastern rail network that we are principally interested in when talking about devolution because it is the next franchise up in London.

**Caroline Pidgeon MBE AM (Deputy Chair):** Overall, Oyster ticketing you would bring in and most of the fares would be cheaper?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Yes, they would because London fares are.

**Caroline Pidgeon MBE AM (Deputy Chair):** Perfect. Thank you.

**Valerie Shawcross CBE AM (Chair):** Thank you for that.

**Richard Tracey AM:** What are comparisons with other major cities in the world? Is the transport outside New York, outside Paris and outside the German cities controlled by the cities' transport authorities or not?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** More commonly than not, it is certainly controlled within the context of the city, which is not necessarily a clear answer because the models are all slightly different and so there is not a common theme. However, what is true is that there is an overarching mind and body that strategically plans for it.

In the case of Paris, for example, they do not have any of the challenges we have every Spending Review when going with our begging bowl to argue our case against every other case that emerges. There is a strategic, long-term commitment to a base level of funding for the infrastructure of railways and the Metro operation in and around Paris.

It seems to me that there is a real pressing argument here and I know that there has been some discussion previously about Kent commuters somehow being disadvantaged by such a model in the case of Southeastern. Actually, the reality is that if you have an on-time service and if you are focusing on performance within London, it can only provide benefits for those outside London. There is no way that TfL or any inner London operator could, even if they sought to, unilaterally change the timetabling arrangement to prioritise inner London services over outer London services such as --

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<sup>1</sup> Following the meeting TfL provided the following clarification: "The reason Sevenoaks may not see a reduction in fares is because the longer distance operator, not TfL, would still be responsible for fares there (because it would run a majority of train services). Other stations outside the London boundary which transferred to TfL could see fares reductions."

**Valerie Shawcross CBE AM (Chair):** We have a little section of questions about that issue --

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** I am sorry, Chair. I did not mean to leap ahead.

**Valerie Shawcross CBE AM (Chair):** We are moving on into the next bit.

**Richard Tracey AM:** I am obviously interested in the other cities because, clearly, there are comparisons.

**Isabel Dedring (Deputy Mayor for Transport):** It is true to say, Mike, that most other cities would have a distinction between commuter rail and national railway.

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Yes.

**Isabel Dedring (Deputy Mayor for Transport):** Whether the commuter railway explicitly reports to the city is a different question. Certainly in New York, the commuter railway is separate from the long-distance railway.

**Valerie Shawcross CBE AM (Chair):** OK. We are a little bit short of time this morning and so we want to crack on through our scheduled questions, if you would just forgive me for that. Sorry.

**Darren Johnson AM:** To start off, what specific model of devolution are the Mayor and TfL proposing?

**Isabel Dedring (Deputy Mayor for Transport):** Again, I really want to emphasise that we need to slightly get away from saying, "This is exactly how we think the franchise should be run", not least because I do not think it is really working in terms of persuading the DfT. The implication of that is that the current method is wrong and does not work and you can get into a lot of theoretical arguments about the right way to incentivise people to deliver the right outcomes.

Broadly, what we are trying to do is to say that we are open-minded about how you would go about doing this but we need a system that is going to incentivise far better outcomes than currently are being incentivised. Saying that you are running a turn-up-and-go commuter railway service to the same sort of latitude as a long-distance service from Cardiff just is not acceptable for a large city like London.

**Darren Johnson AM:** Does being open-minded mean that you might consider different approaches than are operating on the Overground already?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Yes, we would. As Isabel said earlier on, the key thing for me is having a coherent single mind that focuses on strategic investment planning and therefore prioritises maximising capacity and capability on the sorts of junctions that the Chair was talking about a while ago, and also ensuring the outcomes for passengers: decent compensation facilities when journeys go wrong, standard ticketing products in Oyster and contactless payments, decent information staff on every station, reasonable stations and reasonable information systems, free access to real-time train service information and all that kind of stuff. If you get the two ends of the spectrum right - and in a sense this is what Isabel was saying - then the bit in the middle, the mechanics of how you deliver both of those, is up for debate and up for discussion. Being, perhaps, dogmatic about it is not always going to necessarily get us the traction to deliver it.

**Darren Johnson AM:** It is TfL stamping its mark on the big vision and the long-term future and getting the detail right in terms of customer relations.

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** That is a very good summary, yes.

**Darren Johnson AM:** OK. What are the main difficulties of separating out suburban and longer-distance rail services?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Charles [Belcher] may wish to comment with his great knowledge of the National Rail network.

Southeastern in particular is complex because there are lots of interoperability issues and lots of challenges. However, in a sense, that is part of the problem of delivering the services today. Because of that complexity that has grown up over time and evolved over time, it means that if you get one perturbation on a particular route, one delay or one problem - unfortunately, we have seen some of these issues out of London Bridge recently - it can knock on very quickly and multiply very quickly and affect huge numbers of people trying to use the services.

You can disentangle this. It is not impossible to run separate services. We have looked at it very clearly. Geoff Hobbs [Head of Planning, London Rail, TfL] was here at the last hearing. Nobody understands railways on a technical basis better than Geoff. It is absolutely possible to do this but, again, you have to get the investment right as well.

**Darren Johnson AM:** In terms of the outer boundaries and looking at the Southeastern lines, are Sevenoaks and Dartford still the outer boundaries of the routes that you want to control?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** That is the current thinking, yes.

**Darren Johnson AM:** Are there any other changes to the previous proposals, which previously were not successful when you put them to the Government last time?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** As Isabel said, we believe that when we release the document that is being drafted at the moment on a fresh new approach to railways in the southeast, it will get universal endorsement from everyone. We are very confident of that because it is going to be quite difficult to argue with the logic that is in it. Also, I read with interest the press release that Kent County Council sent out recently, which had in a sense three 'red-line' issues, as it described them, around no adverse effect on Kent station fare levels, no adverse effect on the number of Main Line longer-distance paths and adding metro capacity only by means of longer trains and not higher frequency. All of those I would be more than happy - and I know the Mayor would be more than happy - to sign up to as commitments. That is perhaps a different dynamic. We were trying to get to that last time but we could not quite get far enough along the debate to get to that point.

**Darren Johnson AM:** We had a very encouraging dialogue with Kent County Council here at the Committee at the previous meeting and had a very useful meeting with members of the Sevenoaks Council as well, who were all very supportive.



**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):**

Good. That is very encouraging.

**Charles Belcher (Board Member, Transport for London):** If I can just add there to support Mike, TfL and its forerunners have had a very long history of operating similar services very happily and peacefully out of Marylebone, way outside the GLA boundary, mixed services with marked degrees of success. It is not something that is new in terms of philosophy.

**Darren Johnson AM:** Do the Mayor and TfL want to devolve management of the infrastructure as well as passenger services? I note in the letter that we have from the Mayor this morning that he states that planning and funding of capital investments should be integrated. Does it follow that management of the infrastructure should be devolved as well?

**Isabel Deding (Deputy Mayor for Transport):** 'Integrated' does not necessarily mean organisationally reporting to us. I do not think that is realistic, anyway. What is clear is that all of this is discussed between our officers within the GLA and TfL and Network Rail and DfT officers as part of the control period process, typically, in terms of the underlying assets. What does not happen is a clear political prioritisation and an understanding of what the asset improvements are that will most unlock capacity and reliability improvements within London. If we are able to draw those out of the vast piles of documents that get exchanged, understand what the priorities are and what these things deliver in concert with whatever the changes are to the franchise or however the franchise is being operated, and describe the passenger outcomes that are going to be delivered if you join these two things up, then that is all we are looking for. It is an ability to shine a light on what is needed and get some prioritisation and a joint understanding within London and with the national authorities and what is needed in London.

**Darren Johnson AM:** Are these similar issues that you have had to wrestle with in taking over the West Anglia and Silverlink franchises or are there specific challenges in terms of infrastructure?

**Isabel Deding (Deputy Mayor for Transport):** As far as I am concerned, we have not really tackled the asset issues with West Anglia because we have accepted that we have a lot of opinions on this subject and that this is about devolution of the franchise, not about the ten things that we would need in terms of the underlying assets, although we have a clear view on the subject. Therefore, I would like us to move to being much clearer. Every time we talk about the services, we are also talking about what the underlying asset improvements are that are needed to deliver whatever the outcome is.

One of the challenges with this whole debate around the franchise, control, devolution or whatever you want to call it is that in many areas you are quite limited in what you can deliver without improving the underlying assets. You are not going to be delivering, Tube-style, 12 trains an hour from two trains an hour without looking at what the actual network looks like. In many cases, you could deliver a turn-up-and-go service. What we are trying to describe in this document we are working on is how you could deliver a turn-up-and-go service across south London, but you cannot do that without significant changes to the assets.

**Darren Johnson AM:** You would need serious levels of investment to do that.

**Isabel Deding (Deputy Mayor for Transport):** Yes, but what we need to confront is that this is a growing city. It is growing faster than we all thought it was going to grow. We want the city to continue growing because we think that is part of London's economic success and why we attract people to come and live here. We need to support that growth. We do not have a choice, anyway. It is going to happen and so let us have good growth rather than bad growth. We all agree with that.

The Tube is going to bump up against its theoretical capacity limit at some point in the not-too-distant future. If you think about rail planning timelines, 20 years is a blink of an eye in railway terms. On some of the Tube lines, as Mike [Brown] knows far better than I do, we are getting to the theoretical limits of physics in terms of how many trains you can stick down these tunnels when 40 is the absolute theoretical maximum. The railway network is going to have to start to play the role of an overlay on the Tube network and we are going to have to see the railway network playing more of a rapid-transit-capacity, turn-up-and-go role across in particular south London, in my view, but across the whole city.

The fantastic opportunity we have in this city is that we have a railway network that is already in place. It is all about bringing it into better use. This is not about building lots of new lines. That is part of it, sure, but it is about bringing the assets that are there and the permanent way that is underutilised or unused at the moment into a turn-up-and-go-style of use. If we think that we can grow to 2050 just using the railway as it is at the moment, we are completely deluded. This city cannot grow at this rate to 2050 without doing something radically different on the Overground railway network.

**Darren Johnson AM:** Thank you.

**Valerie Shawcross CBE AM (Chair):** Thank you very much. I have to say that the metro-style service has been an aspiration for 25 or 30 years or longer. What is tragic is that it has taken so long to get close to it becoming a realistic aspiration.

**Murad Qureshi AM:** Just on the management of the infrastructure, I was struck last time when Network Rail was here. They thought they managed all the termini in London. They do not, actually. It is a well-kept secret that Marylebone Station is not in their hands. Charles [Belcher] just alluded to it earlier. Would that be something you would be interested in? If you look at Marylebone Station, it works very well with Chiltern Railways having both the rail franchise and the station.

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** It is a very good point, Murad. One of the things that I have been very mindful of at Liverpool Street, for example, is that we are in effect now the largest operator through Liverpool Street if you look at the first bit of Crossrail that we are at the moment calling TfL Rail from Shenfield to Liverpool Street, the West Anglia routes and of course the Underground station. If you think of Liverpool Street as one complex, then TfL overall is the largest operator.

Actually, we have set it up. It started at a local level. It was real local staff on the station doing this with one Liverpool Street team approach. That sounds a bit gimmicky and they have little badges with 'L' on them and all the rest of it. However, it is the start of something really important, which is that if you arrive on a Central line train at Liverpool Street you should immediately have decent, real-time information about services on the Main Line. It should feel like one experience to you as a passenger. It should not feel like you are stepping over some artificial border when you leave the Underground station and go to the Main Line station. Therefore, there is some real value in exploring a bit more of your suggestion, which is perhaps even wider than you imagined when you asked the question. I absolutely agree with you.

**Tony Arbour AM:** This relates to the South West Trains franchise. My constituents who are served by South West Trains will be overjoyed to read the Mayor's letter where he talks about the South London Metro, which Val has referred to. We will be particularly pleased to see this because we feel in Kingston and Richmond that we almost have no access at all to the Underground and so this will be marvellous.

However, this morning's newspaper says that the South West Trains franchise is going to expire in August 2017. The Mayor's letter today, which I have in front of me, says that you need a two-year lead time to apply for a franchise. It looks, therefore, if the newspaper report is correct, like we are going to miss the boat. Is the newspaper report correct? In any event, even if the newspaper report is correct, will we go for the franchise?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** I assume the newspaper report is correct. I have to tell you that I read it the same way that you did, probably, in the newspaper on my way here this morning, which was the first I had heard about this. Clearly, we now need to urgently explore what that means. It would mean that, in effect, as you say, August 2017 as opposed to the proposed extension to April 2019 would materialise and may well give an opportunity in that direction that we had not foreseen when I was preparing for this hearing and when I was preparing for the discussion. That is something I would be more than happy to keep the Committee up to speed with in terms of our urgent thinking that we now need to put into that. I do not know the categorical answer because I have not had a formal notification of that but certainly, unless Isabel tells me, I would not rule it out.

**Isabel Deding (Deputy Mayor for Transport):** Our intention was to go for the franchise on the basis of the previous timetable. All Mike is saying is not about the two years but about how we thought it was 2019 up until today.

**Tony Arbour AM:** The two years is not hard-and-fast?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** We would have to work very hard to mobilise but I would --

**Tony Arbour AM:** Would you be willing to do that? That is the assurance I am seeking.

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Yes, absolutely. If we can, Tony, absolutely, yes.

**Isabel Deding (Deputy Mayor for Transport):** Yes. We will do it.

**Charles Belcher (Board Member, Transport for London):** As I understand it, it really is around negotiations between Stagecoach as the franchise owner and the DfT in respect of a direct award, which was anticipated. A whole series of these direct awards has been done over the last four or five years with small extensions for particular reasons rather than a franchise competition. That requires the two sides to come together and agree on a bilateral decision on the pricing. Those things are a bit like the situation in Athens, if I can draw an analogy there. It is perhaps not as bad as that, but two sides must come away with an agreement.

**Tony Arbour AM:** Thank you for that, Chair. I have my assurance. Thank you.

**Valerie Shawcross CBE AM (Chair):** That was very helpful. I am pleased to hear that. You did mention a document you are putting together on the rail in the southeast or the south, just as a --

**Isabel Deding (Deputy Mayor for Transport):** No, it is for all of London. It is trying to rearticulate what we think the programme should be for rail in London.

**Valerie Shawcross CBE AM (Chair):** When do you think we could see that?

**Isabel Dedring (Deputy Mayor for Transport):** We have not yet decided when we are putting it out, but in the next month or two. Let us put it that way.

**Valerie Shawcross CBE AM (Chair):** OK. That is quite helpful. Perhaps you could let us know.

**Isabel Dedring (Deputy Mayor for Transport):** Yes, hopefully imminently. We are looking for a --

**Valerie Shawcross CBE AM (Chair):** Yes, I know, but it would be good if it could inform our work. That is all. Thank you very much for that. OK. Let us move on.

**Richard Tracey AM:** Just on this point, I want to talk about dealing with passengers and passenger satisfaction now but I must say that the passengers on South West Trains would very much welcome a move away from the current franchise company. Charles, your particular responsibility is passenger matters, those outside London, on the TfL board.

**Charles Belcher (Board Member, Transport for London):** It is.

**Richard Tracey AM:** Could I direct this question at you? How should the Mayor balance the needs of passengers within London and of those outside in these matters?

**Charles Belcher (Board Member, Transport for London):** There is a whole range of things in place to ensure that different parts of the customer community are treated fairly. This ranges from what was the Office of Rail Regulation and is now the Office of Rail and Road - and I am sorry to go into detail - where there is a network code in place that specifies how different franchises in different market segments should be treated. There are decision criteria that Network Rail as the infrastructure owner will apply. This is a routine thing that ensures that long-distance trains, inner suburban and outer suburban, get their fair share. This has always happened within British Rail going back and I did spend 25 years working for British Rail. This sort of debate existed where people would balance the long versus the middle versus the short distance. It has been done for a long time.

In terms of the Mayor, I am probably not well qualified to know what the Mayor thinks, but would he suddenly say, "Now that I have this responsibility, I will cut out all these longer-distance services, I will put more local-distance services on, etc"? Actually, his responsibility is only for London and London is about people who live in London but it is also about the larger number of people who come into London daily to earn their living and to provide the workforce for the growth of London. It is not a conflict. It is mutually compatible and that sort of planning system has been in place for a long time.

**Richard Tracey AM:** As you said earlier, TfL has been operating well out into Buckinghamshire for a very long time without any complaints.

**Charles Belcher (Board Member, Transport for London):** Yes, that is right.

**Richard Tracey AM:** We have in the past, as you are all three well aware, had certain strong reservations expressed by people in Kent --

**Charles Belcher (Board Member, Transport for London):** Yes, you did.

**Richard Tracey AM:** -- although they changed their view. As you know, Kent County Council appeared in front of our Committee at our last hearing and the Chairman or the Cabinet Member - or whatever they call it

in Kent - expressed, actually, good support but providing 'red lines' were observed. Are you aware of the 'red lines' that they gave to us?

**Charles Belcher (Board Member, Transport for London):** Yes.

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Yes.

**Isabel Dedring (Deputy Mayor for Transport):** Yes. I think that is what Mike was saying earlier. We are not only aware of them but happy to sign up to something like that. It is just the form of it and how we would go about enshrining that, but it should not be beyond the wit of man.

**Charles Belcher (Board Member, Transport for London):** If only all our red lines were so straightforward and acceptable. It really is not a problem.

**Richard Tracey AM:** We were pleasantly surprised by the strong support that we heard from them. In fact, TfL has suggested that the Government creates binding stipulations that require TfL to treat the rail services that it operates inside and outside London in the same way. That is what we picked up from the briefing material we had from TfL.

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Yes, there would be no difficulty with that. On the record, to be really direct about this, there is absolutely no prospect that, even if we could, we would ever seek to diminish the rail service for middle-distance or longer-distance commuters coming into London for exactly the reasons that Charles outlined. Those are people who are vital for London's economy and work and who contribute so much to the city.

**Isabel Dedring (Deputy Mayor for Transport):** Or force them to bear the fares burden for us to bring fares down for the inner services. There has been a concern that we would somehow transfer the burden onto the outer services, which would not happen and we are happy to commit to that never happening. Again, it just about how we do that technically and whether that as part of a devolution agreement is enshrined statutorily or whether we just have some kind of steering group jointly with the relevant county councils. There are endless ways you could do it.

**Richard Tracey AM:** Could you give us any indication of what fare zones you would be looking at for the areas of Kent that would come into the TfL overview?

**Isabel Dedring (Deputy Mayor for Transport):** They would be within the existing fares. The zonal system that exists would continue to exist. We would not be looking to change the zonal boundaries. Do you mean more what fares are charged for a given zone? The zones themselves would not change.

**Richard Tracey AM:** I was not there, but my colleagues were visiting Sevenoaks and heard that they definitely wanted Zone 6. Is that right?

**Isabel Dedring (Deputy Mayor for Transport):** That is a different matter. That is what they want.

**Valerie Shawcross CBE AM (Chair):** We have heard that. There was a general aspiration for a more reasonable fare structure.

**Murad Qureshi AM:** It looks like they will be the 'London Borough of Kent' soon.

**Valerie Shawcross CBE AM (Chair):** Also, very interestingly, there was a point made about how their regeneration capacity and housebuilding capacity would be unlocked and freed up so that the whole region would benefit from this.

**Isabel Dedring (Deputy Mayor for Transport):** Our general position on changing fare zones, as you probably know, is that we do not do it. However, there have been exceptional cases when it has happened and we are happy to work jointly with the Council to try to make the case *à la* Stratford. There, the argument was that there is this transformative change going on with this volume of housebuilding and this volume of economic activity and that therefore this justifies in some way looking at the zonal boundary. We are doing that in one or two other areas in London at the moment. It would be the complete exception, but that is an exercise that we can engage in.

**Richard Tracey AM:** The other question I wanted just to clear up: could a reduction in services in some outer London stations such as St Mary Cray in Bromley be part of a devolution arrangement?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** No. As I said a few minutes ago, we would seek not to be reducing services for anyone and we would be seeking to, where we can and where there is capacity, actually add services. There are some routes that will have a pretty infrequent service later in the evening on Saturdays and particularly Sundays where we feel that there is some latent demand opportunity. Any time on the Underground, for example, or indeed the existing Overground we have run more services, the capacity has quickly been used up. Therefore, it is quite the reverse. We would be seeking to exploit train paths where we can.

**Richard Tracey AM:** The last thing that we just wanted to know about is the governance arrangements that would be put in place to ensure the needs of the passengers outside London. You have probably covered that to an extent, but is there anything else you wanted to add to that about governance arrangements to protect those people outside the London boundary?

**Charles Belcher (Board Member, Transport for London):** There is a whole range of things in place at the moment ranging from the consumer bodies like London TravelWatch, which are there and exist and play their part today, and like Transport Focus for the outer boundaries, etc. They are there and they are strong champions of customers.

Just dwelling slightly on customers, one of the things is that I would be very keen to see a consistent and unified customer service charter across all of this enlarged - whether physically enlarged in terms of devolution or in some other way - at least such that customers would be able to be faced with a single coherent policy on what they should expect for customer service. I am sure that that must be a great step forward for our customers.

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** I would hope that would include, by the way, compensation arrangements and other things, which are grossly inconsistent at the moment. We are not perfect but we have been trying to lead the way on this sort of thing and I would very much want more consistency brought into that.

**Caroline Pidgeon MBE AM (Deputy Chair):** Good.

**Valerie Shawcross CBE AM (Chair):** Very good.

**Richard Tracey AM:** Thank you.

**Valerie Shawcross CBE AM (Chair):** Thank you very much. We need to make a bit more progress and so if I can just ask everybody to try to speed up a little bit? We have lots of people waiting for the taxi investigation.

**Tom Copley AM:** I wanted to move on to the question of investment. Val has had a letter from the Mayor today, which says that TfL will invest £78 million in the Anglia services on improved stations, trains and extra staff between 2014 and 2021 and that he expects a 50% increase in usage by 2021. Does that £78 million that is being invested take into account any uplift in fare revenue from extra usage or would you expect some of that to be clawed back?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Yes, we do, obviously, take account of fares income. Of course, in the model that we operate, it is not down to the operator to get the benefits of increased fares; it is down to us and the return on our investment. Yes, it does take account of that.

It is important again to emphasise this on the investment point more generally, if I may, and to pick up Charles's [Belcher] point from earlier. The very fact is that regardless of who our management concession is operated by, whether it is Laurel or a new company in due course, we make a strategic investment decision over the lifetime of the asset in terms of the return on the investment. That is not the case with any other franchise in the DfT model. It simply does not happen. That is a really critical point. That is why that investment - whether it is the 31 new trains or the rest of the investment - is really important.

**Tom Copley AM:** Thank you. That is a very important point to take on board. Can you tell us what specific estimate you have made of the initial investment needed on the inner Southeastern routes if TfL were to take over?

**Isabel Dedring (Deputy Mayor for Transport):** We do not have that to hand. We have done that and we can send that to you. From memory, it was in the £150 million territory or £200 million, but that is my very distant memory.

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** We can send that to you, yes.

**Tom Copley AM:** If you could, that would be great. Where will that money from investment come from?

**Isabel Dedring (Deputy Mayor for Transport):** Again, let us just send you the breakdown. We do have that. A big chunk of it comes from the uplift in revenue because you get more ridership. If you look at the Overground, the number of passengers has doubled in the last five years. A big chunk of it is from the increased fares revenue but not all of it and we need to be clear about that. Part of the reason why we are able to deliver this improvement is because we are putting funding into it. We can send you that split. We have that for the Southeastern.

**Tom Copley AM:** Absolutely. Would you expect that other parts of the transport network would see any reduction in investment because you are putting investment into Southeastern?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** No, not in a London context. In fact, not even in a national context. This is part of the ongoing dialogue with the DfT and indeed with the Treasury about the importance of investing in infrastructure. Nobody was more

delighted than I when the Mayor and the Chancellor before the election committed to £10 billion over this Parliament of investment in transport infrastructure in London. We look forward to the Budget.

**Tom Copley AM:** Finally, I know there have been some issues on the Anglia services with carriages having to be taken out. I have already had people tweeting on Twitter and saying, "It has been terrible since TfL has taken over". Is there a reputational risk if you inherit services and facilities that are not up to scratch?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** There is, but we have a plan and we have a turnaround plan that would not have been there previously, in my judgement, and that is the fundamental difference. There are issues. Actually, there were issues when we took over the North London Line and there was a dip in performance initially. We now look at the fantastic track record of that, but there was in the first couple of months a dip. That soon recovered and went significantly upward. I am very confident that the plan will be delivered. I am very confident that the immediate problem we have had with the doors on these trains that were sitting down in Eastleigh, which we were told were fit for service and clearly some of them were not, will be fixed over the next six to eight weeks. There is a programme going on as we speak and so it will progressively get better even within that six to eight weeks. Then the 31 new trains in the new order that we have just placed will of course fix the problem once and for all. That new order would not have happened either in the previous model, in my judgement.

**Tom Copley AM:** It is short-term pain for long-term gain?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Yes, but hopefully decreasing pain even in the short term.

**Tom Copley AM:** OK. Thank you very much.

**Valerie Shawcross CBE AM (Chair):** Things will get better soon?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Yes.

**Valerie Shawcross CBE AM (Chair):** Good.

**Murad Qureshi AM:** Just finally on strategy, what other kinds of reforms are the Mayor and TfL pushing for given devolution has been ruled out by the Government., You responded quite well to the idea of taking over termini. I just wondered if there are any other strategic plans.

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Without repeating myself, it is going back to this strategic oversight point, which is really important, about having somebody who has a London-wide perspective on infrastructure investment and passenger service. That is the fundamental point we are trying to get to here. It is having somebody with a single strategic objective for London to maximise, as Isabel [Dedring] commented, the capacity of the existing railway infrastructure. The Chief Executive of Network Rail - in my judgement, quite correctly - talks about a digital railway, but the only railway in the country that is operating digitally at the moment is the Victoria line, the Jubilee line and the Northern line.

We know how to do this maximising of capacity from an existing infrastructure railway. I want to see that across the whole of south London. I do not want to see trains sitting at London Waterloo platforms 1 to 4 in the morning peak for 14 minutes. I want to see them sitting there for two minutes like they are at Morden or



Brixton. That is what you get from a high-frequency, high-capacity railway. That is what the strategy needs to be. That is the prize for south London. That is the prize for growth in this city.

**Murad Qureshi AM:** I am glad to hear that because the best place to go to is Seoul in Korea on that front. Next time you go on your travels, you can go and see that for yourself. I was just wondering about other parts of London. I understand the emphasis on southeast London, but you have a similar story for the west London commuters coming into Paddington Station. Onkar [Sahota AM] will take on the baton from here, but the *Dispatches* [Channel 4 television documentary] exposure on First Great Western services was a telling story.

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Yes, you are quite right and of course there is immediate hope for the First Great Western routes with the Crossrail bits coming across in 2018/19 before the full opening of the tunnel section. That is even in that the full opening of the through tunnel section on those routes as well. Again, we will be applying the same model and the same approach and we are really very impressed with the operator of Crossrail, MTR, running the Liverpool Street to Shenfield route. Its level of focus and level of interaction with Network Rail on prioritised response and the prioritisation of the reliability of the services is impressive. We will keep building on that and keep driving that as well.

You are absolutely right that it is not unique to south London. It is just that the gap is so great between south London and north of the river. It is not to say of course that there are not other issues elsewhere.

**Murad Qureshi AM:** I understand, yes.

**Dr Onkar Sahota AM:** Coming back to First Great Western, its franchise will be overtaken by Crossrail 1, but it runs a spur from Ealing Broadway to Greenford. Are there some discussions within TfL about how to replace that service once First Great Western loses the franchise?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Yes, there have been some discussions. There has been no conclusion come to those discussions yet. Clearly, it is a slightly different type of railway. It is akin to some extent, although I would not put it in the same scale, to the Romford-Upminster link that we just took over, which sits rather strangely within the West Anglia routes that we have taken over recently. There is some discussion going on and, clearly, we want to make sure that we do not see any disadvantage to people using those sorts of routes.

**Dr Onkar Sahota AM:** What are the discussions? Can you just give me a bit more detail? Will you be running as an Overground service?

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** I cannot because we have not concluded yet. That is the simple answer. Genuinely, we have not concluded. There are lots of pros and cons in this, but I know that Gareth Powell [Director of Strategy and Service Development, London Underground & London Rail; TfL] within my team has been in discussion recently with First Great Western and others on this issue<sup>2</sup>.

**Dr Onkar Sahota AM:** I would be very grateful if you could keep us informed about that.

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<sup>2</sup> Following the meeting TfL provided the following clarification: "Once Crossrail services begin, trains to/from Greenford will terminate at West Ealing. A new platform is being built for this purpose. These train services will continue to be operated as part of the Great Western Franchise."

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** Of course. We will do, of course, by all means.

**Valerie Shawcross CBE AM (Chair):** Fantastic. Just one last quick question from me but perhaps it is a bit too big to be bounced in like this. When we had discussions with the Sevenoaks colleagues, one of the things that came up very strongly was the extent to which the employment market in London is shifting to the east and the axis of London is moving eastward. What they were saying was, "Given that the railhead in central London is all cramped, it is all full and there are not enough platforms, what are the prospects for improving suburban commuting lines into east London?" Is that something that has been looked at within the transport strategy?

**Charles Belcher (Board Member, Transport for London):** It is a very good point. Obviously, London Bridge in itself when completed - and I know that that is some way off - will help to some extent. It will create more capacity on routes into there and so it will help at one level. However, it is a very important strategic point. I know that sometimes people smile and, given Isabel's [Dedring] point on the timeline for rail projects, we have to get on with Crossrail 2 and we have to do that. Then what about Crossrail 3? Why do we not have another line of route from the southeast straight through into the centre of London and beyond as well?

**Valerie Shawcross CBE AM (Chair):** Into Canary Wharf.

**Charles Belcher (Board Member, Transport for London):** Absolutely. We really do have to genuinely look at this from an overarching strategic perspective. Clearly, other issues such as the proposals for the Bakerloo line extension will help as well at the margin but will not penetrate that far into Kent. All of these schemes need to be looked at. It is a very fair strategic point.

**Isabel Dedring (Deputy Mayor for Transport):** I have two things. One is that we are doing a piece of work on east London generally. Clearly, we are not where we need to be in terms of what the strategy is for transport in east London given the volume of growth in east London. With three river crossings or however many we are talking about at the moment, there should be 15, some of which could be rail, some of which could be the Docklands Light Railway, etc. As part of that, we are looking along the corridors north and south of the river. The next Mayor's Transport Strategy is an opportunity to really try to crystallise that.

The other thing is that on the Bakerloo line extension alignment, one of the alignments that we looked at was going into Canary Wharf and beyond because there is such a clear need there and the Jubilee line is at capacity on both sides of Canary Wharf now. It is getting very crowded. What we have concluded is that - not least because everyone in south London will freak out completely if we tell them that they thought they were getting the Bakerloo line extension but it is going to Canary Wharf, which already has the Jubilee line, and it probably would not go down too well - there is a clear issue there and a clear need and so we are doing some work on that alignment for sure. I can make sure that we are looking beyond the near east and looking further out. That is something that --

**Valerie Shawcross CBE AM (Chair):** Or interchange possibilities. Crossrail 3. You heard it here first.

**Mike Brown (Managing Director of London Underground and London Rail, Transport for London):** I might live to regret that, I fear.

**Valerie Shawcross CBE AM (Chair):** Thank you very much for that.