

TRANSPORT FOR LONDON

RAIL AND UNDERGROUND PANEL

**SUBJECT: HIGH LEVEL OUTPUT SPECIFICATION 2**

**DATE: 7 JULY 2010**

---

**1 PURPOSE**

- 1.1 The purpose of the paper is to highlight the main points of the High Level Output Specification programme.
- 1.2 The Panel is asked to note the paper.

**2 HIGH LEVEL OUTPUT SPECIFICATION 2 (2014-2019)**

- 2.1 The High Level Output Specification programme for 2009 through to 2014 (HLOS1) provides significant committed improvements to London's rail network. The focus of HLOS1 is on delivering increased capacity mainly through a programme of train and platform lengthening on much (though by no means all) of London's National Rail network, as well as delivering the £5.5bn Thameslink programme. However, the Mayor's Transport Strategy (MTS) shows that while HLOS1, Crossrail and the Tube Upgrade deliver a significant reduction in rail crowding by 2017 on many corridors, without further major investment in London's National Rail network crowding will get much worse again by 2031. It should also be noted that some of these investments not already 'contractualised' are under review by the Secretary of state as part of the spending review.
- 2.2 To address this, the MTS sets out an approach to seeking further investment in National Rail as part of HLOS2 from 2014 to 2019, and beyond, with a number of specific proposals which are currently being developed by London Rail. The train capacity schemes proposed, capital cost and benefit:cost ratios are:

| Corridor           | Description                              | Capital cost £m | Benefit:cost ratio |
|--------------------|--|-----------------|--------------------|
| West Anglia        | Additional paths                         | 540             | 2.0 : 1            |
| South West         | Additional longer trains                 | 50              | 3.6 : 1            |
| London Overground  | Longer trains and<br>GOB electrification | 170             | 2.5 : 1            |
| Great Northern     | Additional paths                         | 25              | 3.5 : 1            |
| South Central      | Additional longer trains                 | 35              | 2.1 : 1            |
| South Eastern      | Additional longer trains                 | -               | 5.0 : 1            |
| Essex Thameside    | Additional longer trains                 | -               | 5.0 : 1            |
| <b>London wide</b> |  | <b>820</b>      | <b>2.5 : 1</b>     |

- 2.3 Work is under way to prioritise this list of schemes, and to consider phasing the largest cost item of West Anglia four-tracking. As mentioned above, the government has announced a review of all non-contracted HLOS1 schemes nationally, and should there be any cuts to those schemes planned for the London area, they would be likely to form the highest priorities for HLOS2. Whilst HLOS2 covers a period mostly outside the scope of the Spending Review, it is likely that the scope for funding additional enhancements in this period will be extremely limited.
- 2.4 These interventions address a number of the MTS outcomes, including supporting population and employment growth, enhancing transport connectivity, delivering an efficient and effective transport system and improving the journey experience.
- 2.5 In addition to further capacity increases on radial corridors, London Rail and stakeholders have identified other HLOS2 challenges arising from the London Plan, the MTS and national policy goals. These are:
- (a) station capacity/capability, including the role of strategic interchanges;
  - (b) freight capacity;
  - (c) improving the level of customer service through:
    - (i) consistent customer standards at National Rail stations similar to those on London Overground;
    - (ii) improving accessibility;
    - (iii) a less disrupted, 'seven day' railway; and
    - (iv) greater co-ordination and integration across the transport networks, such as for fares and ticketing.
  - (d) maintaining safety (i.e. not eroding safety performance);
  - (e) carbon reduction; and
  - (f) greater efficiency in use of available resources.
- 2.6 London Rail is working with industry partners to develop these ideas, with a view to producing a quantified, costed package of HLOS2 schemes by the end of 2010.
- 2.7 The issue of cost efficiency is likely to be key to the level of HLOS2 investment. HLOS2 is not expected to be as generous as HLOS1, and if the rail industry simply comes up with a 'shopping list' it is unlikely that it will be fully funded.
- 2.8 London Rail has identified a set of potential efficiency measures to offset the cost of the HLOS2 schemes, with the greatest opportunities being in the areas of project sponsorship and the application of rail industry standards. The savings have been provisionally valued at around £600m over the five years of the HLOS2 period<sup>1</sup>. London Rail has also identified that around half of this figure could be realised by devolution of National Rail powers to the Mayor. Further work to confirm this is a realistic figure is in preparation before this approach can be

<sup>1</sup> Figure calculated is with reference to London only, for which no comparative regional cost data for National Rail is available. However to put it in context, London & South East TOCs have a turn-over of around £3bn per year.

adopted. London Rail is providing input to a joint HM Treasury/DfT/ORR study into value for money.

- 2.9 A joint TfL/GLA conference is planned for 7 September to discuss National Rail issues in London and the opportunities for greater efficiency, with the Mayor scheduled to speak. This conference is part of both the development of the Mayor's devolution agenda, and the stakeholder engagement on TfL's HLOS2 schemes.
- 2.10 Stakeholder engagement on TfL's HLOS2 schemes is an ongoing activity, and has been underway for some time. London Rail has met industry partners, DfT, HM Treasury, London Councils and London Borough officers, business groups, MPs and passenger groups. This activity will continue up until the final announcement by government of the High Level Output Specification and the Statement of Funds Available in summer 2012.

### **3 RECOMMENDATION**

- 3.1 The Panel is asked to NOTE this paper.

### **4 CONTACT**

- 4.1 Contact: Ian Brown, Managing Director, London Rail  
Number: 020 7126 1689  
Email: [IanBrown@tfl.gov.uk](mailto:IanBrown@tfl.gov.uk)