



Response to Consultation on core elements of the regulatory framework to support capacity expansion at Heathrow

Submission by Heathrow Southern Railway Ltd.

22nd September 2017

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1.0 Introduction

1.1 This response is submitted by Heathrow Southern Railway Ltd. (HSRL), the company promoting a privately financed scheme to provide new rail access to Heathrow from the south. A brief description of the scheme is included at Appendix A.

1.2 Our response is limited to considering Chapter 6 (Surface Access) of the consultation.

2.0 Responsibility for promoting surface access enhancements

2.1 The consultation notes CAA's expectation that Heathrow Airport Ltd. (HAL) will "*develop updated proposals for surface access projects and bring them forward in its engagement with airlines and other stakeholders.*"¹

2.2 We suggest this could further clarify that Government has made HAL responsible, as the applicant, to promote and secure the surface access enhancements necessary to meet the mode share - and support the additional affordability and air quality - conditions that will be applied to Heathrow expansion.²

¹ Para. 6.5, CAA consultation

² "*As part of the statutory planning process responsibility rests with the applicant to provide a detailed Transport Assessment as part of any development consent application and to set out its proposals to mitigate impacts on the surrounding transport network, whether through transport infrastructure or other transport measures. In the draft NPS the Government has proposed the outcomes it wishes to see, including specific targets relating to public transport mode share and employee travel that the airport would be required to meet. It would be up to the applicant to demonstrate in detail how it would meet such outcomes. Details of any finalised proposals for the Northwest Runway scheme at Heathrow Airport and necessary changes to the transport system will rightly be considered as part of the statutory planning process*" – Para.4, The Airports Commission Report Follow-up: Carbon Emissions, Air Quality and Noise: Government Response to the Committee's Seventh Report House of Commons Environmental Audit Committee 28th April 2017

3.0 Scope of proposed surface access enhancements

- 3.1 The consultation suggests a Western Rail Link is *“either essential to the delivery of expansion or needed to support its surface access strategy while Southern Rail Access would also be desirable.”*³
- 3.2 However, the Airports Commission confirmed southern rail access was also necessary for Heathrow expansion and included this in the baseline surface access package.⁴ Government subsequently relied on the Commission’s evidence base in its decision to support HAL’s NWR scheme.⁵
- 3.3 In addition, key stakeholders have also confirmed that they see southern rail access as a higher priority than access from the west.
- 3.4 For example, The Mayor of London and TfL conclude *“while it (Western Rail Access) will have a small beneficial impact on airport mode share, it is unlikely to have a significant impact. The Southern Rail Access to Heathrow proposal which is at an early stage in its development could have a much greater impact on improving mode share.”*⁶
- 3.5 Heathrow’s airlines also confirm *“catchment area data suggested that the Southern Rail Access proposal may have a stronger level of passenger demand compared to the more advanced Western Access scheme.”*^{7 8}
- 3.6 It is also relevant that DfT/Highway England’s M25 SW Quadrant Study, in ruling out further widening of the section of the motorway network that directly serves and is critical to Heathrow’s road access, concluded *“particular emphasis should be given to improving orbital public transport connections, and enabling more rail journeys to be made without the need for interchange in central London”* and stated that these new connections should specifically include *“creation of new or improved rail links, such as to Heathrow from the south.”*⁹

³ Para. 6.26, CAA consultation

⁴ *“The proposed surface access strategies are expected to be able to accommodate forecast levels of demand, although with high levels of congestion at peak hours on all major links. These strategies include planned improvements such as Thameslink and Crossrail but also scheme specific enhancements such as Southern Rail Access to Heathrow. A Southern Rail Access link, providing rail access to Waterloo (as well as areas of West London which currently have poor public transport access to the airport) was included in the surface access package. Because neither a firm proposal nor a funding package is in place, the Commission has taken the view that this should not be incorporated into the extended baseline and its costs should be treated as linked to the expansion of the airport”* – Paras. 6.60 & 8.16, Airports Commission Final Report July 2015

⁵ *“The Government has reviewed the Airports Commission’s work and concluded that its evidence base on the case for expansion and the use of this evidence are both sound”* – Para. 2.29, Draft Airports National Policy Statement, DfT February 2017

⁶ Paras. 2.8 and 2.9, Written evidence from the Greater London Authority (Mayor of London and TfL) to the Commons Transport Committee’s Inquiry into surface transport to airports, October 2015

⁷ British Airways evidence to the Commons Transport Committee’s Inquiry into surface transport to airports, October 2015

⁸ Para. 2(b), Coordination and Strategy, Written evidence to the Commons Transport Committee Inquiry into Surface Access Strategies for Airports, the Heathrow Airline Community of 82 airlines, represented by the London (Heathrow) Airline Consultative Committee (LACC), the Airline Operators Committee (AOC) and the Board of Airline Representatives (BAR UK), October 2015

⁹ Para. 5.4.4, M25 SW Quadrant Strategic Study, DfT and Highways England 2016

- 3.7 We therefore suggest the CAA should confirm that southern rail access is at least as important as western access in the surface access schemes likely to be required for Heathrow expansion.

4.0 Mode share conditions on airport expansion

- 4.1 The consultation notes the importance Government places on mode share targets in the draft Airports NPS.¹⁰ Government has subsequently confirmed that these targets¹¹ will become legally binding on HAL.¹²
- 4.2 We suggest that this emphasis should be reflected in the CAA's policy. It is critically important that HAL is able to demonstrate to Government and key stakeholders, including Network Rail and TfL, that its proposed surface access schemes will be capable of;
- achieving the required public transport mode share conditions; and
 - meeting these conditions without adverse impacts on capacity for non-airport traffic and forecast background demand.

5.0 Responsibility for cost of surface access enhancements

- 5.1 The draft NPS assumes HAL *"would make a contribution towards the cost of the proposed Western Rail Access and Southern Rail Access schemes"*¹³ which it estimates *"could cost between £1.4bn and £2.5bn together."*¹⁴ The airport contribution would be subject to a negotiation, and review by regulators.¹⁵
- 5.2 Government has subsequently confirmed that HAL is responsible for funding the necessary surface access enhancements found necessary to meet the conditions applied to airport expansion.¹⁶
- 5.3 The Statement of Principles agreed between HAL and Government for the NWR scheme notes *"the CAA reaffirmed that its proposed policy would apply to a broad range of potential surface access schemes, where an airport operator could demonstrate that investment was necessary to secure airport expansion, and would not be limited to surface access schemes within or even directly adjacent to an airport's boundary."*¹⁷

¹⁰ Para. 6.27, CAA consultation

¹¹ *"Any application for development consent and accompanying airport surface access strategy must include details of how the applicant will maximise the proportion of journeys made to the airport by public transport, cycling and walking to achieve a public transport mode share of at least 50% by 2030, and at least 55% by 2040 for passengers. The applicant should also include details of how it will achieve a 25% reduction from the current baseline of all staff car trips by 2030, and a reduction of 50% by 2040 from 2017 levels"*- Paras. 5.16 & 5.17, Draft NPS

¹² *"It is the Government's expectation that, subject to the outcome of the NPS and planning processes, the mode share targets at paragraph 5.16 of the draft NPS would become binding upon the airport"* – Para. 5, The Airports Commission Report Follow-up: Carbon Emissions, Air Quality and Noise: Government Response to the Committee's Seventh Report House of Commons Environmental Audit Committee 28th April 2017

¹³ Para. 3.37, Draft NPS

¹⁴ Para. 3.39, draft NPS

¹⁵ Para. 3.38, Draft NPS

¹⁶ *"The costs of the surface access to support the new development at Heathrow, if indeed it proceeds, will be borne by Heathrow Airport itself"* - Lord Callanan, Parliamentary Under-Secretary, Hansard 26th June 2017

¹⁷ Para 1.18.1, Part 5, Statement of Principles

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/562175/heathrow-airport-limited-statement-of-principles.pdf

- 5.4 The consultation recognizes that the potential scale of the expected costs of the necessary surface access enhancements is likely to be significant.¹⁸
- 5.5 We support the CAA's surface access policy, and in particular the importance attached to minimising the cost of surface access schemes.¹⁹ We suggest a key objective should therefore be to seek to maximise use by non-airport passengers of any new rail links serving Heathrow.
- 5.6 Dedicated surface access infrastructure and rail services that benefit only airport passengers are inherently inefficient. It is significant that most successful airport rail links worldwide are designed to serve both airport and other markets.²⁰
- 5.7 This both increases revenues and spreads the cost across a greater number of passengers, reducing what is otherwise a financial burden to be borne by airport passengers alone, while also maximising the overall economic value of new links.
- 5.8 Serving multiple markets also increases demand, enabling direct services to more destinations at greater frequencies compared to the more limited market where services are reliant solely on airport passengers. This directly benefits airlines in making surface access journeys more attractive and expanding the airports catchment.²¹
- 6.0 **Deliverability of surface access enhancements**
- 6.1 The consultation rightly recognises the very significant scale of the expected surface access works associated with the development of new capacity at Heathrow.²²
- 6.2 We suggest that there could be more specific reference to the need to ensure deliverability of the rail enhancements found necessary to support airport expansion.
- 6.3 A key issue is the lack of spare capacity on those sections of the rail network currently or potentially capable of serving Heathrow.
- 6.4 Dedicated airport rail services represent a poor use of scarce capacity. Heathrow Express, despite serving dense central London markets with a high propensity to travel, operates in the morning peak at an average load factor of just 30% as it serves only Heathrow passengers. In contrast, other services which share use of the Great Western Main Line operate in the same period with load factors at or in excess of 100%²³

¹⁸ Para. 6.4, CAA consultation

¹⁹ Paras. 6.15 and 6.16, CAA consultation

²⁰ For example, "Rail services tend to be successful when they are versatile and serve multiple markets" – Para. 57 Surface transport to airports, House of Commons Transport Committee HC516 22nd February 2016

²¹ "Airports with intermodal capabilities have an edge on their competitors because intermodality generates additional traffic: Integration of Frankfurt Airport in Deutsche Bahn's rail network has expanded the airport's catchment area compared to airports without long-distance train stations. It strengthened the hub function, raised passenger figures, and given us important competitive edge" - http://www.fraport.com/cms/capacity_growth/rubrik/2/2840.intermodality.htm

²² Para. 6.4, CAA consultation

²³ Table 4.2, London & South East Route Utilisation Strategy, Network Rail July 2011

- 6.5 As well as making inefficient use of rail capacity, this also reduces or prevents financial contributions from non-airport passengers, while the low load factors and fixed operating costs fail to maximise revenues.
- 6.6 These are directly relevant to the affordability and cost efficiency principles set out in the consultation.
- 6.7 Furthermore, HAL forecast that *“the introduction of Crossrail in Q6 - 2017/18 - will significantly impact both Heathrow Express & Connect services; the assumption is that Crossrail will take over 100% of T4 rail passenger traffic, and 50% of CTA traffic.”*²⁴ This assessment was made prior to HAL agreeing to an extension of Crossrail, (now the Elizabeth Line), to T5, which is likely to result in even greater abstraction of traffic from Heathrow Express.
- 6.8 However, the Airports Commission’s evidence base, which supported its recommendation for Heathrow expansion and on which Government subsequently relied, concluded that a fast service of 4tph should be maintained between Paddington and Heathrow.²⁵ We believe a key policy objective should therefore be to maintain the current Heathrow Express paths, but for these to be used to also serve additional non-airport markets, and to relieve existing congested sections of the rail network.
- 6.9 We understand it is HAL’s responsibility to bring forward surface access scheme proposals. However, while an airport expansion scheme can be developed within a defined and discrete site, (subject of course to airspace and noise considerations), surface access requires interventions far beyond the regulated airport boundary and a balance between airport and non-airport demands.
- 6.10 Surface access is also likely to be one of the most critical factors in determining whether airport expansion can proceed. The lack of a credible surface access strategy was a significant factor in the 2010 Judicial Review that resulted in a quashing of Government’s policy support for BAA’s third runway scheme at Heathrow.²⁶
- 6.11 We suggest it would therefore be helpful for policy to set out those key principles likely to fundamentally affect affordability and deliverability of surface access schemes, noting also the need for close liaison between CAA and ORR.

7.0 Importance of surface access enhancements

- 7.1 We suggest there could be more explicit reference to the relationship between surface access, modal shift from road to rail and the critical issue of air quality, and the importance to successful delivery of airport expansion.

²⁴ Page 422 Project Definition Sheets Q6 and beyond, HAL 2009

http://www.heathrow.com/file_source/Company/Static/PDF/Investorcentre/2009_Heathrow_CIP-Appendix_O.pdf

²⁵ *“While the current agreement to run Heathrow Express expires in 2023, it has been assumed that this will be extended if the new North West Runway is delivered to accommodate increased demand to/from Heathrow”* - Para 2.1.1, Definition of Core and Extended Baselines, Appraisal Framework Module 4, Surface Access: Heathrow Airport North West Runway, Jacobs for Airports Commission November 2014

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/371829/4-surface-access-lhr-nwr.pdf

²⁶ <http://www.bailii.org/ew/cases/EWHC/Admin/2010/626.html>

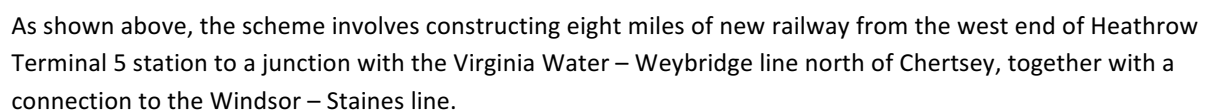
- 7.2 British Airways for example specifically highlights the relationship between modal shift from road to rail and air quality.²⁷

8.0 Conclusion

- 8.1 We welcome the CAA's consideration of surface access as a critical issue for airport expansion and trust this response is helpful in suggesting a number of specific criteria and issues to be considered. We would be pleased to provide additional information if required.

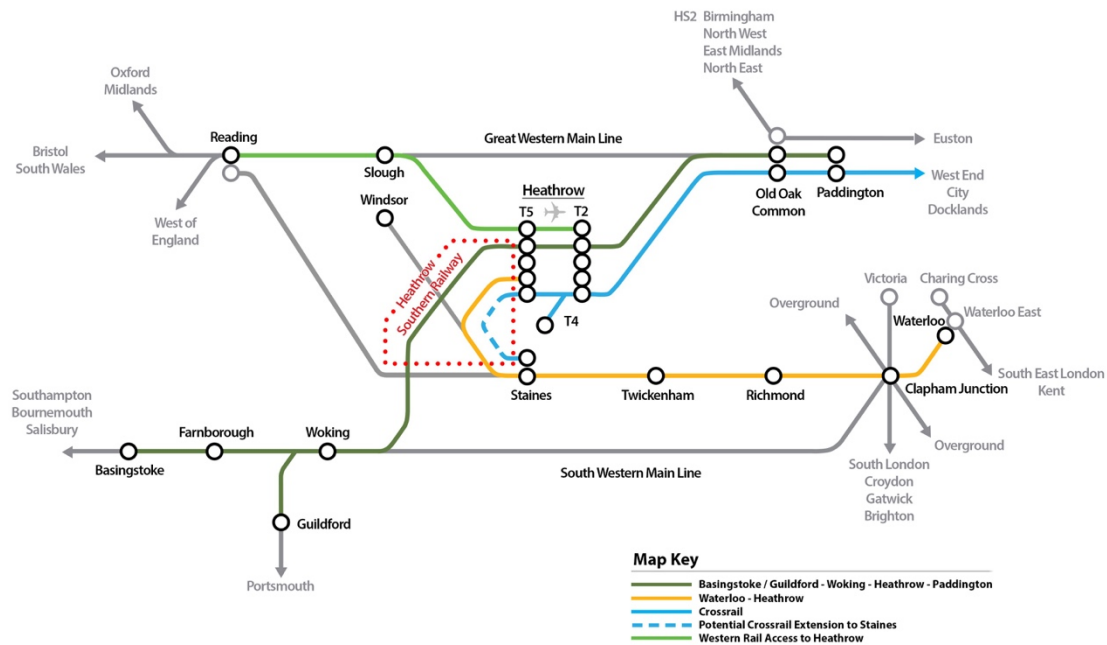
²⁷ *"The recommendation of the Airport's Commission is for the expansion of LHR not to delay UK compliance with the EU air quality Directive. The primary opportunity to achieve this is through the provision of improved surface access to reduce the number of ground vehicles travelling to and from the airport as these are the most significant source of NOx emissions. Thus, improved surface access will be the key to getting approval for expansion and ability to enable timely use of this capacity"* – Para. 6, British Airways response to the Transport Committee inquiry into Surface Access links to Airports, October 2015

Heathrow Southern Railway Ltd (HSRL) is the company promoting a privately financed scheme to provide new rail access to Heathrow from the south, providing significant benefits to both airport and non-airport passengers.



This short section of strategic infrastructure would provide major strategic benefits.

It creates a direct link between the South West Main Line and Heathrow, enabling operation of fast Woking – Heathrow – Paddington services using the existing Heathrow Express train paths east of the airport. It also enables services between Waterloo – Clapham Junction – Richmond (and intermediate stations) and Heathrow.



Heathrow Southern Railway

As shown above, the HSR scheme would serve the following major markets:

- Fast, direct rail access to Heathrow from the important airport catchments to the South and South West, currently not served by rail.
- Direct trains to Paddington from the South and South West, providing an alternative London terminal to Waterloo, with Crossrail providing excellent connections to the West End, the City and Docklands.
- Direct trains to Old Oak Common, providing a “one stop” connection to High Speed 2 from markets that would otherwise need to access Euston via Waterloo and the Northern Line. We estimate this connection would enable a high proportion of HS2 passengers to switch from road to rail for long distance journeys to the Midlands and the North.
- Operation of a frequent service to Waterloo, serving important catchment areas such as Richmond and Putney, and giving major connectional opportunities to South London, Sussex and Kent through Clapham Junction and Waterloo East.
- Continuation of a fast Heathrow – Paddington service, meeting the Airports Commission condition for Heathrow expansion.
- Extension of Crossrail services from Terminal 5 to Staines, providing an alternative and direct route from Staines to the West End, the City and Docklands.

The resulting benefits include a significant switch of journeys from road to rail, reducing traffic congestion and contributing to meeting Government's conditions for airport expansion, including a large increase in Heathrow's public transport mode share and improved air quality.

The scheme additionally provides significant crowding relief to the South Western Main Line and the Staines – Waterloo corridor, two of the most overcrowded routes on the rail network,²⁸ as well as the similarly congested LUL network serving Waterloo.

It is also aligned with the key conclusion of the recent M25 SW Quadrant Study, which ruled out further highway expansion in favour of rail and other demand management schemes, and with Heathrow's commitment that, despite a c.50% increase in passenger numbers, there will be *"no more airport-related traffic on the roads compared to today."*²⁹

Government has responded to the House of Commons Environmental Audit Committee's inquiry and confirmed its support for a Southern rail access scheme serving Woking and stations beyond,³⁰ effectively describing the HSR scheme. This also specifically notes the scheme's benefits to both airport and non-airport users.

In summary, Heathrow Southern Railway is an imaginative, well developed scheme which serves a number of major new rail markets, can be financed and built by the private sector and enjoys wide support.

²⁸ "An additional 60 per cent capacity is required in the high-peak hour to meet the 2043 capacity conditional output for Main Line long distance services (conditional output CO3)" – Para 4.2.44, Wessex Route Study, Network Rail August 2015

²⁹ Transport Fact Sheet, Heathrow Airport Ltd, December 2015

³⁰ "Other proposed schemes such as Southern Rail Access would provide direct access from the airport to the South West Trains network, with connections towards Waterloo and Clapham Junction, and potentially towards Woking and Basingstoke. Southern Rail Access is at an earlier stage of development and a range of options are being considered which would provide a range of benefits to both airport and non-airport users." – Para. 4, The Airports Commission Report Follow-up: Carbon Emissions, Air Quality and Noise: Government Response to the Committee's Seventh Report House of Commons Environmental Audit Committee 28th April 2017