Transport for London

24th July 2019

Transport for London
Rail and Underground
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[redacted]
Department of Transport,
33 Horseferry Road, Zone 4/18,
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HS1 Stations Review

(Control Period Three)

This letter sets out TfL's responses to the questions raised by the Department for Transport's consultation on the HS1 Stations Review for Control Period Three. TfL is content for its responses to be published and shared with third parties.

As you may be aware from previous correspondence between TfL and HS1 Ltd TfL has significant concerns with the scale of the proposed increases to track and station access charges during Control Period Three. These do have the potential to undermine the viability of the freight and passenger services operating on HS1 and the important environmental and development objectives they serve. It is therefore important that the charges that are ultimately agreed do not compromise these objectives.

Question 1: Consultees are invited to comment on HS1 Ltd's obligations under the HS1 Station Leases, the extent to which these obligations are currently met and the proposed process by the Department to seek assurance of continuous improvement against an agreed action plan

The approach proposed for continuous improvement is reasonable and should cover the improvement of the financial efficiency of maintenance processes.

Question 2: Consultees are invited to provide comments on the draft conclusion that the definition of asset condition at handback should be retained, and that focus is placed on asset monitoring.

It is reasonable to expect that the assets are handed back at the end of the Concession in good and substantial repair. This mirrors obligations on Train Operating Companies to hand back assets in a good state of repair at the end of franchise agreements, or pay dilapidations. Asset monitoring should be conducted to ensure that asset condition is maintained in the most efficient and effective manner possible.

Question 3: Consultees are invited to provide their comment on how the processes described in this section are applied to station enhancements on the HS1 network, or on alternative proposals.

The option should be available to assess the value of station enhancements using WEBtag, enabling funding to be sought from public sources where station enhancements can demonstrate significant economic as well as financial benefits. Funding of enhancements should not be based solely on the financial considerations of the user (operator) concerned. This aligns with the practice followed on the remainder of the rail network.

Question 4: Consultees are invited to comment on how a modification of the annuity calculation can seek to ensure there are sufficient funds in the station escrow accounts to deliver the maintenance and renewals required to meet the asset stewardship obligations.

Any modification of the annuity calculation should meet the asset stewardship obligation in the most efficient manner possible, avoiding the large one off change that HS1 Ltd has proposed. Assumptions regarding the use of risk and contingency should be subject to robust challenge, given that the station assets under consideration are already in place and are not of an unusual level of complexity.

Question 5: Consultees are invited to comment on whether they are willing to accept lower customer experience and service quality outputs from critical assets such as lifts and escalators to reduce charges.

We are not prepared to accept such a compromise. The aim should be to deliver the current level of service or better in the most efficient manner possible.

Question 6: consultees are invited to provide their comment on HS1 Ltd's asset stewardship proposals, the underpinning asset management documentation and HS1 Ltd's compliance with its asset stewardship and life cycle purpose.

No comment.

Question 7: Consultees are invited to comment on the proposal to reinstate the efficiency overlay, and at what level it should be set; also, provide any further views on how efficiency could be applied more effectively.

It is important that there is an efficiency overlay to drive greater efficiency on the part of the Concessionaire, particularly given the scale of increase they have proposed.

Question 8: Consultees are asked to provide any other comments which they may have which are not covered by the other questions contained within this consultation document.

Data and analysis from the Periodic Review process conducted for Network Rail should be used to inform the process. This must provide a wealth of evidence as to the cost of maintaining station assets in analogous environments.

Various other aspects of HS1 Ltd's management proposals should be subject to close scrutiny, including the adoption of the Integrator Model and increased allowances for the preparation and planning work associated with possessions. The value offered and necessity of these requires careful consideration.

Yours sincerely,

[redacted],
Principal Planner,
Transport for London.