

Written evidence submitted by Heathrow Southern Railway Ltd (RRB0011)

Introducing Heathrow Southern Railway Limited

Heathrow Southern Railway Limited (HSRL) is the promoter of a viable private sector infrastructure scheme which would provide new strategic links to Heathrow Airport and the wider South East of England while delivering major environmental and economic benefits without the need for public sector capital investment. This wholly private sector company includes within its shareholders and governance AECOM, the major international consulting firm.

Since its launch in 2016, our project has gathered widespread stakeholder support from MPs and local authorities across the political spectrum as well as from the aviation and rail industries and the broader public. It is backed by key members of the Heathrow Strategic Planning Group and the Heathrow Area Transport Forum. HSRL is currently having detailed, positive engagement with Heathrow Airport Limited (HAL) on the future development and funding of the project.

With renewed interest in the role of independent investment in rail infrastructure following the cancellation of the publicly-funded northern sections of HS2 - and doubts regarding reaching central London - HSRL's scheme is the leading case study both of how the private sector could contribute to the delivery of new infrastructure as well as the pitfalls and challenges to be avoided.

Our new rail link to Heathrow would assist in significantly reducing the serious road congestion and associated high emissions generated by airline passengers and aviation employees whilst also opening up new rail travel corridors for London and the surrounding counties. It will have a hugely positive impact for the existing two-runway airport which is already a major driver of UK economic activity. The scheme is not dependent for its viability upon further runway or capacity expansion at Heathrow.

The HSRL scheme's benefits include:

1. New rail access to Heathrow Airport from across southern England, with rail journey times faster than road, raising Heathrow's public transport mode share, reducing congestion on the M25 and M3/A3 and

contributing to improving the illegally poor levels of air quality around Heathrow;

2. Connecting Surrey and Hampshire - as far away as the south coast - to Old Oak Common for HS2 and London Paddington for the Elizabeth Line, opening up a new rail route to London and relieving overcrowding on both the south western main line at London Waterloo and the London Underground;
3. The possibility of extending Transport for London's (TfL's) successful Elizabeth Line services to Staines-upon-Thames and of main line services connecting Bracknell with Heathrow;
4. Minimal environmental impact by being largely in tunnel (planning consent could either be achieved through either a Development Consent or Transport & Works Act Order); and
5. Seamlessly fitting into the existing national rail network and its regulatory regime, utilising proven technology.

Our website www.heathrowrail.com includes extensive information about the project, including maps of the proposed infrastructure and possible service opportunities along with details of the HSRL team. Related material will be found on our 'X' account: https://twitter.com/HSR_Ltd.

Response

Conscious of the volume of submissions the Committee will be receiving, we have confined our response to the one question from the Call for Evidence directly and squarely relevant to our project:

What will be the effect of the requirement on the IRB to prepare an annual report setting out what it has done to increase private sector involvement in the running of railway services?

We have carefully studied Clause 1 (4C) of the draft Rail Reform Bill and its requirement for the Integrated Rail Body (IRB) annually to report on what it has done to "increase the involvement of businesses in the private sector in the provision of railway services". Our view is that this clause has been devised solely with the promotion of open access train operating companies

(TOCs) in mind, thus missing the opportunity to encourage private sector investment in infrastructure.

HSRL asks the Committee to consider recommending a more precise definition of the types of private sector involvement in this clause to rectify the omission, basing our case on our experience of engagement with the UK Department for Transport (DfT) and other rail industry bodies since 2016.

Notwithstanding the merits of the HSRL scheme, a lack of clarity and certainty over policy mean that there has been no substantive progress with the present UK Government despite a stated general desire to promote private sector investment in rail infrastructure alongside specific support for a scheme serving Heathrow.

HSRL first submitted its business case to the DfT in September 2016. In rail industry terms, the business case for the project is strong. The new train services could be profitable and, even after the impact of the Covid-19 pandemic on passenger volumes, we believe that the scheme can be delivered at no capital cost to the taxpayer.

In 2018, Southern Access to Heathrow (SAth) was identified by Secretary of State for Transport Chris Grayling MP as the pathfinder scheme for a wider invitation to the private sector for 'Market-Led Proposals' (MLPs) to develop new rail infrastructure. However, despite several promoters for this route coming forward with ideas at their own risk, the initiative had stalled by the end of the year.

We recognise that there have been a series of major external issues which have delayed SAth being taken forward, including the legal challenge to the third runway (on which our scheme is not predicated) and the impact of the Covid-19 pandemic. Nevertheless, in reality little or no progress has been made over the past 5-6 years. Yet Ministers in the present Government have continued to make apparently positive commitments in public.

In July 2020, in response to an Adjournment Debate on southern access to Heathrow secured by supportive Conservative MP Angela Richardson, Rail Minister Chris Heaton-Harris MP pledged to "*move forward at pace*".

Then, in response to a written Parliamentary Question in March 2021, Mr Heaton-Harris stated:

“Work is underway to complete the Pre-Strategic Outline Business Case alongside the continued development of an appropriate commercial model to enable a ‘market involved’ approach for Southern Access to Heathrow (SAtH).

The Department intends to provide further guidance to the market regarding the proposed commercial direction and next steps, including the process for selection of a development partner in Summer 2021.

Government remains committed to SAtH’s status as a ‘pathfinder’ project that can harness ideas and expertise from the private sector to fund, finance and deliver this scheme.”

On 4 February 2022, Rail Minister Wendy Morton MP wrote to Angela Richardson MP stating:

“I would like to reassure you that government remains committed to the Southern Access to Heathrow scheme.”

In March 2022, Transport Minister Baroness Vere stated in response to a House of Lords question:

“Government intends to provide an update alongside publication of the Rail Network Enhancements Pipeline, which is expected shortly.”

In truth, there has been no real clarity of Government policy around the issue of SAtH in the eight years since HSRL first brought forward its proposal. During that period, our investors have continued to support at entirely their own risk a project in which they passionately believe. This belief reflects both the project’s specific economic and environmental benefit well its capacity to serve as a demonstrator for how major infrastructure could creatively be developed by the private sector in the UK, easing the pressure on the public finances when other services are in desperate need of money and at a time when fiscal responsibility is paramount.

There has recently been renewed interest on our project, boosted by positive comments from Labour Mayor of London Sadiq Khan, who said in August 2023:

“I welcome the useful role that a Southern Rail Link to Heathrow could play in supporting a shift to sustainable modes, while transforming access to

Heathrow Airport for passengers and staff from South London, Surrey and Hampshire.

I am aware that a number of factors coming together in recent months have increased the prospects of a scheme moving forward. The Greater London Authority and Transport for London maintain regular dialogue with a broad range of interested stakeholders as we look to resolve the issues which have obstructed progress to date, while ensuring that any scheme meets the needs of Londoners and does not impact the reliable operation of the railway network.”

With airline passenger numbers at Heathrow exceeding pre-pandemic levels, the need to address surface access congestion and emissions is firmly back on the agenda.

HSRL has used the interminable delays in the present UK Government’s decision-making process to continue developing the case for our scheme and broadening its support from stakeholders. All of the legislative tools are in place to allow our project to make rapid progress under an incoming government of any party. The UK Government would thus demonstrate that it means business on infrastructure investment delivered by the private sector with no call on public funds while doing something really positive for London and South East England yet keeping scarce public money available for infrastructure investment in those parts of the UK where business cases are not so strong.

A new administration’s commitment to the strategic case for this new infrastructure would be helpful in enabling the scheme to move into the next detailed development stage. This could include support for HAL’s capital investment case, consideration of usage undertakings in respect to South Western Railway and support for TfL in regard to the case for extending the Elizabeth Line to Staines-upon-Thames.

We envisage that the capital cost of the HSRL scheme would be funded by the private sector, potentially including a contribution from HAL. No public funds would be directly required for the construction of the line. Building and commissioning of the line would be undertaken entirely by the private sector with whom all of the associated responsibilities and risks would sit. Once the line is complete and authorised by the regulators, there are three main options for operation of the train service:

1. Services specified and operated in the public sector (DfT and/or TfL), which would be responsible for operating costs and retain all farebox income. HSRL would receive access charges, regulated by the Office of Rail & Road (ORR), to cover operation, maintenance and renewal of its assets together with an Investment Recovery Charge (IRC) which would provide a return on capital. HSRL would seek a commitment from the Government and/or the Mayor of London to specify operation of services on the route (a 'Usage Undertaking') which would reduce risk and hence significantly lower the IRC.
2. Train services could be run by HSRL on an 'Open Access' basis, with the operator responsible for all costs and receiving all the fare-box income for trains operating over the route. There would be significant interface issues with this option, particularly on the Waterloo – Heathrow route, where the HSRL trains would need to be integrated with the existing suburban services on this section of the network.
3. A hybrid solution, with for example Paddington–Heathrow–Guildford/Basingstoke services operated on an Open Access basis, effectively as an extension of the existing Heathrow Express; Waterloo–Heathrow services would be specified as part of the suburban network, with payment of access charges to HSRL. A similar arrangement would be made with TfL for the Elizabeth Line to Staines-upon-Thames.

Pre-legislative scrutiny of the draft Rail Reform Bill by the Committee and, in due course, consideration by Parliament of an actual Bill provide the opportunity to air the UK Government's hitherto poor record of translating verbal enthusiasm for private sector rail infrastructure investment into the actual delivery of projects while setting a target for the proposed IRB and the next UK Government in this field.

March 2024