

Department for **Transport**

Sharon Grant
London TravelWatch
6 Middle Street
London
EC1A 7JA

Mike Mitchell
Director General National Networks
Department for Transport
Zone 5/24, Great Minster House
76 Marsham Street
LONDON SW1P 4DR
Direct line: 0207 944 4155
Fax: 0207 944 2158
GTN: 3533

Web site: www.dft.gov.uk

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Dear Sharon

Victoria – Bellingham Services

Thank you for your letter of 9th April regarding the funding of the East London Line Phase 2b and proposed services from Victoria to Bellingham. I apologise if you believe that DfT has deliberately withheld information from the public regarding our decisions on East London Line Phase 2. I do not believe this to be the case.

It is probably useful for me to start by setting out the background to the East London line decision, the requests made to the Department by Transport for London and the conditions set by the Department in agreeing to the TfL proposal.

Firstly, within the Greater London area TfL has the power to supplement DfT specified levels of service (increments) and pay for the additional cost of these investments. It also has the power to requests reductions (or decrements) from the levels of service specified by the DfT and then keep any associated savings.

It is worth making it clear that DfT supports the extension of the East London Line to Clapham Junction and sees benefits in the development of the project associated with transport in South London.

As you will be aware the South London Line service is proposed for withdrawal in 2012, associated with the start of works at London Bridge for the Thameslink project. It had been proposed by Network Rail as part of the South London Route Utilisation Strategy that the service would be effectively diverted to Bellingham from 2012 so that a new Victoria to Bellingham service would be created.

As you will be aware Route Utilisation Strategies are not binding documents on the Department, even when they have been established by ORR, and are therefore purely advisory planning statements, used to inform both Network Rail and the wider rail industry in infrastructure and service planning. Thus the

inclusion of such a proposal within a RUS does not mean that exact proposal will be implemented as other considerations, such as affordability, must also be considered. However, the Department accepted that it was our intention (although not a commitment) to implement a service to Bellingham and that this could be the basis for discussions between DfT and TfL.

As a result TfL approached the Department in 2008 to request that the London Victoria to Bellingham service, as identified by the RUS, was not introduced in 2012. Instead TfL proposed to use the savings from this service over 10 years amounting to £24m (paid in a lump sum to TfL) to help fund the capital shortfall for the East London Line Phase 2. They also proposed part of the scheme would be funded by an addition to Network Rail's Regulated Asset Base.

DfT also offered TfL an additional £7m (available in the financial year 2008/9 only) if TfL agreed to take forward the proposed new Surrey Canal Road station. This additional £7m was rejected by TfL as they deemed that the case for the station was not yet clear, and that the costs of the station were significantly above the £7m offer. This is entirely a matter for TfL to pursue.

In agreeing to TfL's request not to proceed with the suggested Bellingham service, DfT imposed a number of conditions, reflecting our concerns regarding the impact of the proposed changes. This included the key requirement that

'TfL publically proposes the withdrawal of the Victoria – Bellingham service including informing key stakeholders on the route whilst also highlighting the impacts on current journey opportunities, especially at evenings and weekends'.

This was agreed to by Ian Brown in a letter to me of 12th January 2009.

It is therefore my view that it was TfL's responsibility to take forward information and consultation on the issues associated with their Bellingham service proposals given that TfL were proposing not to implement this suggested service. This is what we had expected and indeed staff from DfT contacted TfL on 26th March 2009 to ascertain what progress was being made in this regard. We were told that consultation would take place once the East London Phase 2 scheme was further developed. Stakeholder communications were to be scheduled later this summer, with passenger communication taking place nearer the opening date and once a fully developed timetable had been agreed as per normal industry process.

I will now turn to your 6 specific questions.

1) Why was the Bellingham service decision not announced as part of the East London Line Phase 2b announcement?

The Bellingham service was a Network Rail proposal included within the South London Route Utilisation Strategy. As noted earlier, the RUS is an advisory document, and whilst DfT were concerned to ensure that the impacts were fully highlighted by TfL within future consultation activity (as noted in our conditions) as the service was a non-committed Network Rail proposal we did

not feel it necessary to highlight that the service was now not likely to progress.

2) When do you now intend to make a statement?

Under the agreement reached with TfL this is matter for them to pursue.

3) Who made the Bellingham decision and was a Minister party to it, and who was party to decision about the failure to announce it publicly.

The final decision with regard to the East London Line Phase 2 funding agreement, including considerations of the proposed Bellingham service, was made by the Secretary of State after various meetings and discussions with the Mayor of London. Details of the implications of the TfL proposal were included in information provided to the Secretary of State.

4) Would you please provide us with full details of the agreement between TfL and DfT for ELL2 go-ahead? Are there any other features of this agreement which remain undisclosed?

The DfT funding for the East London Line project is as follows:

DfT Franchise Savings (TfL Decrement Proposal)	£24m
Network Rail RAB addition	£19.7m
Additional Grant to TfL (including ELLX and support for other London area schemes)	£20m*

**TfL has allocated £15m of this to ELLX2b, but this allocation is their choice.*

I note below the other conditions attached to the funding agreement, and provide a note with each to explain the rationale.

- *Acceptance of risks associated with the RAB addition for Network Rail works (in additional to project cost risks that have already been accepted)*

Whilst the Department would support the addition of up to £19.7m of project spend on East London Line Phase 2 to the Network Rail Regulated Asset Base (including funding this addition from the start of Control Period 5 onwards), this addition was to be at TfL's own risk and it would be for TfL, as project sponsor, to gain Network Rail and ORR support for this addition.

- *Shoreditch High Street to be included within Zone 1*

In discussions between the parties it was suggested that the additional of the new Shoreditch High Street to Zone 1 would reduce the revenue loss to national rail operators associated with East London Line Phase 1 implementation and also East London Line Phase 2. This would allow DfT to offer savings to TfL at the higher level of our forecasts. This condition seeks to clarify this point.

- *TfL publically proposes the withdrawal of the Victoria – Bellingham service including informing key stakeholders on the route whilst also highlighting the impacts on current journey opportunities, especially at evenings and weekends.*

This is as discussed earlier in this letter

- *TfL (or the concessionaire) agrees not to operate East London Line services into London Victoria (except during periods of disruption or planned engineering works) for at least 10 years.*

The £24m savings that TfL sought to accrue were based on an East London Line service of 4 trains per hour to Clapham Junction only. The provision of any of East London line services to Victoria would significantly reduce the value of the savings to DfT and hence the DfT contribution to the scheme. The reason for this is that additional East London Line services would abstract revenue from other national rail train operators, particularly Southeastern. We were keen to help TfL in closing the funding gap for the East London line scheme and the contribution of £24m is the maximum we could make given the savings we would accrue.

TfL were keen to fund the East London Line project and believed that a 4 train per hour service to Clapham Junction, with the associated interchange opportunities to both London Waterloo, Victoria and other destinations on the London Overground, South West Trains and Southern networks offered benefits passengers over the current 2tph service to Victoria only. As you will be aware Clapham Junction has around 17 trains in the am peak hour to Victoria (journey time around 8 mins) and 19 trains to London Waterloo (journey time around 11 mins).

This condition seeks to ensure that TfL accepts this point, or accepts that if services operate to Victoria the level of DfT contribution is reduced below £24m.

- *TfL take over operation of Wandsworth Road and Clapham High Street stations only and that these costs are included within the settlement.*

TfL will take over management of these 2 stations only as part of the East London Line funding package and no additional funds will be transferred to them as part of this deal.

5) What are your plans for handling the closure process for the withdrawal of direct services between Clapham High Street and Wandsworth Road and Battersea Park and Victoria

The Department, TfL and Network Rail are fully aware of the requirements regarding closures that may come about as a result of the East London Line Phase 2 service and / or the Network Rail platform lengthening scheme at Battersea Park. Such processes will not need to be enacted until 2012. Our analysis is that the section of route that *may* be subject to closure is Battersea Park Junction to Factory Junctions but it is unclear as yet whether a closure will

be needed given the eventual layout at Battersea Park, and 2012 timetable pattern. We have not yet agreed who will lead in taking forward the closure process, but given the notes above we would expect TfL to have a major role in this process.

6) Would you please provide details of DfT assessment of the impact of the ELL2 on south London passengers both with and without the Bellingham service to aid our consideration of how to react to this decision?

The DfT did not carry out its own assessment of the impact of passengers of not implementing the Bellingham service, and replacing it with East London Line services to Clapham Junction. We relied upon the analysis of TfL, as the transport body that has detailed local knowledge of the impacts of such service changes in this area, and who has the ability to propose such changes. This analysis showed significant benefits as a result of the East London Line Phase 2 scheme. We did carry out analysis to establish the level of savings that might accrue to us as a result of not operating Bellingham service, which led to our £24m funding offer.

In conclusion, I hope this letter answers your main concerns, and I would be happy to meet with you to discuss this issue in more detail. As stated earlier, it is my view that this was a TfL proposal, but one that we sought to impose conditions on to ensure that stakeholders were kept informed.

Of course it is possible that the aspiration for a Bellingham service could be re-established if TfL could find sufficient funds to implement the service, and if it could be proved there was a business case. DfT would be happy to help in pursuing and implementing this option if appropriate, but does not have funding available to implement the service.

Yours sincerely

Mike Mitchell
Director General National Networks

cc: Ian Brown, TfL
Matthew Lodge