
Confidential Minutes

Agenda item: 12
Drafted: 18.04.16

Confidential minutes of the Board meeting held on 22 March 2016 at 169 Union Street

These minutes are in addition to the public minutes of a meeting of the Board on the same date. The Board resolved, under section 15(2)(b) of schedule 18 of the Greater London Authority Act 1999, that by reason of the confidential nature of the item(s) to be discussed, it was desirable in the public interest that the public should be excluded for this part of the meeting.

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Present

Members

Chris Brown, Richard Dilks, Glyn Kyle, Stephen Locke (Chair), Abdikafi Rage, John Stewart, Ruth Thompson

Secretariat

Tim Bellenger

Director, Policy and Investigation

Janet Cooke

Chief Executive

Sharon Malley

Executive Assistant

1 Confidential minutes of the meeting on 26 January 2016

The confidential minutes of the Board meeting held on 26 January 2016 were agreed and signed as a correct record. There were no matters arising.

2 Network Rail

The Chair welcomed Sir Peter Hendy, Chair of Network Rail, to the meeting.

Sir Peter said he had moved to Network Rail in July 2015, following the re-introduction in 2014 of Network Rail to the government's books. The organisation was undergoing a period of considerable change, with several reviews of different aspects of its operation underway.

The growth of the railway, spurred by economic growth in the UK, was welcome but contractual arrangements complicated the picture. Some franchises did not encourage growth because this would impact on performance and led to financial penalties.

Sir Peter said that Crossrail would be completed on time, on budget and to specification. This contrasted with three recent substantial Network Rail projects, which had been started badly without a clear idea of objectives or costs.

The initial cost estimate for Great Western's electrification was wrong by a factor of five, due to complicated elements that had not been properly foreseen. Bringing it round to an acceptable place had been painful.

The Trans-Pennine electrification had been delayed by two years to allow it to be properly scoped. The Midland Mainline electrification had had good infrastructure but no new trains had been ordered.

Nicola Shaw had carried out a review of Network Rail that focused on customers and growth. The railway had outgrown its five-year funding arrangements, meaning that projects lasting longer than five years were not funded. There was no long-term funded plan or strategic list.

Sir Peter said there were questions about how to fund improvements. For example, digital signalling was the best chance of increasing capacity in the next decade and it should be funded by the private sector. Most of TfL's capital projects benefitted from some private funding. He would like to see bigger contributions to national rail improvements, for example for the east-west railway, based on increases in land values and development opportunities brought by it.

On devolution, Sir Peter said he thought that there had been too much centralisation and there was a view within Network Rail that their customer was the regulator rather than the train operators and passengers. He hoped the organisation was on the cusp of a new era and wanted to harmonise targets between train operators and Network Rail. He also wanted to work on devolution.

Sir Peter said that Christmas 2015 had gone well and that next Christmas would see more disruption. He was anxious to avoid overruns that would impact on services.

He said that the biggest challenges facing Network Rail were capacity and reliability, not journey time. Network Rail staff were hard-working and committed and did not deserve some of the brickbats thrown at them. He hoped to be able to continue to introduce more staff onto platforms to get trains out on time.

Members asked where the Shaw report left London, particularly in respect of devolution, and whether there was enough focus on London in planning terms. Sir Peter said that when he was at TfL he had always recognised that rail in London was a set of radial spokes and it did not make sense to try to run it as a united whole. A single route for London was not practical. However, single individuals were responsible for London Overground and for London planning.

Sir Peter said he was irritated that performance was still measured in PPM as this was not the best measure for a metro service. He wanted to see a change in future so that the performance target more closely reflected passenger aspirations.

Members asked about stakeholder involvement in Network Rail decisions. Sir Peter said that the Shaw review implied that Network Rail had not generally been very outward facing, which was down to aggressive protection of its independence. This was partly in an attempt to keep Network Rail's costs off the government books, but

this had now changed. Sir Peter suggested that Network Rail's ways of working in future would be more outward facing.

Sir Peter said that the franchising system was imperfect because it did not always incentivise growth. The best option was for the Mayor and TfL to take over metro franchises because they were closer to their passengers and passengers' aspirations.

In response to a question, Sir Peter said that the best way for London TravelWatch to add value to Network Rail's work would be to invite Route MDs to meetings to discuss their future plans.

Sir Peter said that Network Rail had been allocated £700m from government and had offered to sell some of its assets to raise funds. Beyond this, its range of choices for future investment was limited. He said that cost-benefit analysis showed better outcomes for projects in London and the south east than the rest of the UK but political objectives could sometimes prevail, such as the northern powerhouse policy.

The Director, Policy and Investigation, said that the delay of some schemes meant that freight would continue to be routed through London. This would have a detrimental impact on Crossrail and other routes in London. Sir Peter agreed that this could be a problem but funding was not currently available. He strongly believed that projects such as improving rail access at ports should be supported by funding from the private companies that would directly benefit from them. Historically Network Rail had not been good at identifying who was benefitting from rail investment and asking them for funding.

Members noted that Steve Murphy, Managing Director of MTR Crossrail, had been complimentary about its relationship with Network Rail and hoped this would continue. Members asked whether 24 trains per hour on the Crossrail core was realistic and Sir Peter said it was feasible. The central section would be digitally signalled but management of each end would be key. London TravelWatch should ask Govia Thameslink Railway and the South East route how it would be delivered. Sir Peter noted that the Thameslink franchise was too complex and its management was difficult.

In response to a question, Sir Peter said that there was no current intention to sell stations but some retail space may be sold, while maintaining space for passenger circulation. Liverpool Street station was a collaborative activity between TfL, Anglia and Network Rail which now worked better than it used to.

Sir Peter said that the DfT had suggested that Network Rail should sell some of its property where possible. Some regeneration was possible but it was important to ensure the passenger interest was maintained. The biggest challenge in the short term would be Euston and ensuring that it was built for the future. There was enormous growth on the railway and commercial activity in the central area justified large rail improvement schemes.

The Chair thanked Sir Peter for his and his helpful and illuminating responses to questions.

3 Meeting review

It was agreed that the Director, Policy and Investigation, would write to oppose the GTR ticket office closure proposals. London TravelWatch would object to the aggressive timetable and would request that concerns were properly addressed. There should be a properly designed pilot approach, and also full communications for passengers. It would not be sufficient to amend the current plans; an entirely fresh approach was needed. There would also need to be a new round of consultation.

Action: Director, Policy and Investigation

Members noted that risks around the late receipt of responses to the GTR consultation had been managed. It had been useful to allow discussion from all parties as this reduced the risk of not being perceived as objective/ No other risks were identified.