

# THAMESLINK 2000

## Proof of Evidence on The Transportation Case

By  
Jim Steer

**NR/2/A1**

**Town and Country Planning Act 1990**  
**Planning (Listed Buildings and Conservation Areas) Act 1990**  
**Transport and Works Act 1992**

**Railtrack (Thameslink 2000) Order 1997**  
**Railtrack (Thameslink 2000) (Variation) Order 1999**

1. Inquiry into applications by Network Rail for the Thameslink 2000 railway project sites at

11-15 Borough High Street, London SE1

2-4 Bedale Street, London SE1

7 Stoney Street, London SE1

16-26 Borough High Street and 7 Bedale Street, London SE1

Blackfriars Railway Bridge, London EC4

Blackfriars Station North, London EC4

Blackfriars Railway Bridge, London SE1 (includes proposed south bank station entrance)

2. Re-opened inquiry into applications made by Railtrack plc for orders under the Transport and Works Act 1992 and associated applications.

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## **I.0 INTRODUCTION**

I.1 My name is James Kelly Steer. My academic qualifications are:

- BSc (Hons): Civil Engineering, University of Wales;
- MSc, DIC: Transport Planning, Imperial College of Science and Technology, London;

I.2 I am a Chartered Engineer and my professional qualifications are:

- FCILT: Fellow of the Chartered Institute of Logistics and Transport;
- MICE: Member of the Institution of Civil Engineers;
- MIHT: Member of the Institution of Highways and Transportation.

I.3 I have over thirty years' experience in transport planning. During the period May 2002 to July 2005 I was Managing Director, Strategic Planning for the Strategic Rail Authority (SRA) and I have been employed since 1978 by Steer Davies Gleave, independent transport planning consultants.

I.4 My experience includes the examination of metros, rail, light rail systems and high quality bus systems in Britain and Ireland, Australia, Hong Kong and Spain as a consultant and, at the SRA over the last 3 years, responsibility for national rail strategy and policy, the specification of franchises, the sponsorship of major projects and the railways' investment and planning processes.

I.5 I gave evidence to the first Public Inquiry into Thameslink 2000 and also to Inquiries into TWA Order Applications for the Airport and Ashton-under-Lyne extensions of Manchester Metrolink, the proposed Leeds Supertram and the Sunderland extension of Tyne and Wear Metro. I have also given evidence to Parliamentary Private Bill Committees including in relation to the Crossrail proposal for London. I gave evidence to the Light Rail (LUAS) Line

A and B Inquiries in Dublin.

- I.6 I have published a number of professional papers, on matters of rail policy, on planning the development of London's railways, and on methods of investment appraisal: I have given evidence to the UK Parliamentary Committees and have advised the European Commission on the effects of its directives on European Railways.

## 2.0 SCOPE OF EVIDENCE

2.1 My evidence is concerned with the transportation case for Thameslink 2000. I previously gave evidence on this matter at the first inquiry. At that time, I concluded that the scheme had a robust case. It was shown to meet its objectives to reduce overcrowding<sup>1</sup> on rail and underground services, reduce the need for interchange in central London, provide cross-London services and facilitate dispersal of passengers from CTRL at St Pancras. In my evidence, I showed how the project provided excellent value for money and how it met Government policy objectives.

2.2 In the conclusion to his report [CD/199] at paragraph 1.26, the Inspector concluded that:

“Thameslink 2000 is a proposal which would enhance existing assets to provide very substantial public benefits, both to the travelling public, and in underpinning the economy of London, and enhancing the conditions for requirements of parts of the centre of the capital. It would also provide substantial benefits to other centres in the south and east of the country, including the major airports of Gatwick and Luton, and areas which suffer economically from their remoteness. It would assist in providing the conditions which favour the use of rail based public transport over road vehicles including the private car. It is my view that the proposal would meet the criteria for public funding.”

2.3 Furthermore, at paragraph 1.27, the Inspector found that, in relation to various alternatives to the Thameslink 2000 route from London Bridge to Blackfriars that I discussed in evidence, “Alternatives which have been examined would not realise the benefits to the public.”

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<sup>1</sup> By “crowding” I mean the situation where the number of passengers carried on a rail service exceeds the number seats provided. “Overcrowding” is a subjective term referring to a level of crowding generally considered unacceptable to passengers or disruptive to the operation of the service.

- 2.4 The Secretary of State, at paragraph 7 in his letter of 30 July 2002 [CD/203] following the inquiry, said that he agrees “in principle that, overall, the Thameslink 2000 Scheme would bring very substantial transportation, economic and regeneration benefits.”
- 2.5 In re-opening the inquiry, the Secretaries of State listed thirteen matters they wish to be considered. Of these, four, I judge, are relevant to the transportation case for the project as follows:
- “1. An updated assessment of the key aims and objectives of the scheme and its potential transportation, regeneration and socio-economic benefits, having regard to changed circumstances since the earlier inquiry;
  2. An assessment of key changes in the relevant planning and transport policy background since the earlier inquiry and their impacts on the scheme.;
  6. An updated assessment, in the light of changed circumstances since the earlier inquiry, of the feasibility of alternatively (a) routing Thameslink services via Elephant and Castle and Herne Hill stations; or (b) constructing a tunnel from King’s Cross or Farringdon to Bermondsey.;
  13. Whether the scheme is reasonably capable of attracting the necessary funding, if the powers sought in the TWA order were to be given.”[CD/176]
- 2.6 Since the first Inquiry, there have been a number of changes that are relevant to the transportation case and upon which I wish to comment:
- a. the scheme has been revised, most notably to incorporate the London Bridge Masterplan;
  - b. demand for rail services in London and on Thameslink has continued to grow more strongly than had been previously assumed;
  - c. the extension of the decision-making process means a delay in feasible implementation dates, which has changed the relationship between expenditure in the proposed project and planned renewals of existing railway infrastructure and rolling stock;

- d. there have been some significant changes to the way in which government applies appraisal methodology to capital expenditure, principally as set out in HM Treasury's "Green Book" published in January 2003;
- e. Network Rail's thinking on signalling and on how major renewals projects are most appropriately carried out has evolved.

2.7 Having regard to these changes, I consider it most appropriate to present evidence that draws on the most up-to-date data to hand, particularly in relation to the project's benefit cost appraisal, and to provide the Inquiry with an update of the transportation case for the project.

2.8 The effect of up-dating the analysis to take into account the changes I have outlined is that the benefits of the project are greater and the case for proceeding with it and according it the necessary powers, which was already strong at the time of the first Inquiry, is now even stronger. This is because:

- a. the current level of demand on Thameslink and other services has turned out to be higher than was forecast when the first Inquiry took place, meaning that there are more users who will benefit from the advantages offered by the scheme;
- b. there is a stronger expectation for further growth because of the planning framework for London and the South East established by the Mayor of London's London Plan, the plans of the regional authorities for the South East and the East of England and publication of the Communities Plan by ODPM. This will lead to more people benefiting from the scheme and, in particular, from reduced levels of crowding on the rail network;
- c. although the expected cost of the project has increased substantially, it is now more clearly defined and includes costs that will deliver additional benefits; moreover it is also clear that the costs of the "do nothing" or "do minimum" case with which the project has to be compared in the benefit cost appraisal have also risen, and substantially so.

## **3.0 SECRETARY OF STATE'S STATEMENT OF MATTERS**

### **3.1 Aims, Objectives and Benefits**

3.1.1 The Secretary of State wishes to be provided with:

“An updated assessment of the key aims and objectives of the scheme and its potential transportation, regeneration and socio-economic benefits, having regard to changed circumstances since the earlier inquiry.”

3.1.2 It is my assessment that the objectives of the scheme not only remain valid but also have increased importance. This is because, as I will show in my evidence:

- a. the level of passenger demand on the rail network affected by Thameslink 2000 has increased substantially since the first inquiry;
- b. the rate of increase is substantially higher than that on which the benefits of the scheme were assessed at the time of the first inquiry;
- c. there now exists a planning framework which predicts a materially higher level of further growth in rail passenger demand in London and the South East than was predicted at the time of the first inquiry;
- d. although there would be some additional capacity<sup>2</sup> offered by other projects which have been progressed in the interim, the overall level of crowding on the rail network affected by Thameslink 2000 is and will continue to be materially higher than previously assessed.

3.1.3 Alongside the greater weight I would now give to the Scheme's ability to fulfil its objectives, I would also set out a risk that has now become apparent since the first inquiry. This is that if the scheme does not proceed, there could be a reduction in the capacity of the railway in the London Bridge area brought

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<sup>2</sup> “Capacity” here refers to the quantity of people that a train service can effectively carry within a given time period (this assumes a number of standing passengers less than the theoretical crush or maximum capacity of the rolling stock as, in practice not all space on rolling stock is used by passengers).

about by the effect of a like-for-like renewal of existing signalling systems using today's industry standards. These could extend headways between successive trains through the critical junctions on this very busy part of the national network.

3.1.4 Moreover, it is not clear either that the existing London Bridge station configuration would be able safely to cope with the increased number of passengers if it is not substantially rebuilt and expanded. Because of the difficulties of forecasting these effects, I have not incorporated them into the benefit cost appraisal. This means that the benefit cost appraisal is – I believe appropriately – a conservative one in its estimate of project value.

3.1.5 As a consequence of these changes, it is my assessment that the benefits of Thameslink 2000 are now significantly greater than when presented to the first inquiry for at least two reasons:

- a. there are more passengers who would benefit from the expanded range of services and interchange opportunities offered by Thameslink 2000; and
- b. more people will now benefit from the relief of more severe crowding.

3.1.6 There are also additional benefits from the incorporation of London Bridge Masterplan into the project – but these effects are *not* included in the appraisal, except in so far as the Masterplan design means that trains no longer have to pass through London Bridge Station without stopping.

## **3.2 Transport Policy**

3.2.1 The Secretary of State wishes the policy context to be considered:

“An assessment of key changes in the relevant planning and transport policy background since the earlier inquiry and their impacts on the scheme.”

3.2.2 It is my assessment that Thameslink 2000 continues to have a close fit with national transport policy and, in particular, it is supported by the Government’s current framework for the delivery of rail services and improvements to them. John Rhodes deals with transport policy in a more general manner. I will show in my evidence specifically that:

- a. despite changes to industry structure, the objectives of Thameslink 2000 still accord with government policy to improve public transport;
- b. there is a stronger fit with declared policy to improve access to London’s Airports by public transport;
- c. the Government programme to secure passenger rail services under franchise agreements makes specific provision for the implementation of Thameslink 2000;
- d. although there has been considerable effort to identify means of making the best use of the existing network which has yielded opportunities for some improvements in the capacity of rail services into London, they only deliver a small part of the improvements offered by Thameslink 2000;
- e. the restructuring of the rail industry has seen the sponsorship of the project pass to DfT who are continuing to progress the project.

## **3.3 Alternative Routes**

3.3.1 The Secretary of State wishes to be provided with:

“An updated assessment, in the light of changed circumstances since the earlier inquiry, of the feasibility of alternatively (a) routing Thameslink services via Elephant and Castle and Herne Hill stations; or (b) constructing a tunnel from King’s Cross or Farringdon to Bermondsey”.

- 3.3.2 It is my assessment that a radically different alternative project specification of routeing all Thameslink 2000 services via Elephant & Castle would not meet the objectives of Thameslink 2000. This is because such a scheme:
- a. would still require the same major costly and disruptive works at Herne Hill, Tulse Hill and between Norbury and Thornton Heath that I described in 2000. This is not affected by the planned withdrawal of Eurostar from Waterloo International;
  - b. would adversely affect existing passengers who wish to travel to London Bridge;
  - c. would offer a lower level of benefit from the rerouted Thameslink 2000 services as they would be slower and fewer passengers could interchange onto them;
  - d. would offer a poorer value for money than the project as currently specified.
- 3.3.3 My view of the “Elephant and Castle alternative” remains the same as at the first Inquiry.
- 3.3.4 Similarly, I do not believe that the alternative of constructing a tunnel from King’s Cross to London Bridge would offer better value for money, because:
- a. its estimated costs are significantly higher at £7bn than Thameslink 2000 which is estimated to cost in the region of £3bn, but it would not offer additional net benefits;
  - b. there is a high degree of cost and technical risk around the work undertaken on this alternative. In particular, no geotechnical assessment has been made;
  - c. as well as the cost of the tunnel there would be additional expense of providing duplicate underground stations (each requiring two entrance/exits), emergency egress facilities, rolling stock specified to a higher safety standard for passage through lengthy tunnels and connections to the existing network; and
  - d. there would be significant environmental impacts and disruption to transport networks during the construction of the tunnel portals, station entrance/exits, emergency egress facilities and connections to the existing network.

### **3.4 Funding**

3.4.1 The Secretary of State wishes the prospects for funding of the scheme to be considered:

“Whether the scheme is reasonably capable of attracting the necessary funding, if the powers sought in the TWA order were to be given”.

3.4.2 It is my assessment that the scheme has a realistic prospect of being funded by Government. As I will show in my evidence:

- a. the Government has accepted the principal benefits of the project in increasing Thameslink capacity;
- b. the Government accepts that the appraisal of the project meets its criteria for assessment;
- c. the latest cost benefit appraisal I present below has been undertaken in line with DfT guidance and in consultation with its officials. The resultant benefit to cost ratio of 1.7:1 is at a level that meets the Government criterion for investment.;
- d. this ratio underplays the true strength of the benefit to cost comparison because it excludes significant non-quantified benefits, such as those of London Bridge Masterplan and the avoidance of the risk of service reductions in the London Bridge area in the absence of the project. It also includes the incremental cost but not the benefits of providing a wholly new fleet of modern rolling stock.

3.4.3 Furthermore, while details of how the Scheme would be funded and procured will not be decided until such time as powers are granted, there is a recognised and established mechanism in place that could be employed. Network Rail would provide the necessary capital funding for construction and then be reimbursed by the payment of track access charges over a 30 year period by the Train Operating Companies who would benefit.

## 4.0 PROBLEMS AND CONSTRAINTS

### 4.1 Existing

- 4.1.1 The current Thameslink service has not changed significantly since the first Inquiry. It continues to connect stations including Bedford, Luton and St Albans on the Midland Line with Central London and, to the South, Brighton, Gatwick and East Croydon on the Brighton line and the Wimbledon/Sutton Loop. During 2004/5 the construction of the box for a new station at St Pancras Midland Road necessitated the operation of two separate services from the north to St Pancras, and from the south to King's Cross Thameslink. The CTRL works, which affect Thameslink are now complete and through services have recommenced<sup>3</sup>. Since the first Inquiry, the current service makes use of a small number of additional units of rolling stock to operate a higher proportion of 8-car trains in the peak periods.
- 4.1.2 Services operated by the other Train Operating Companies (TOCs) affected by Thameslink 2000 (mainly Great Northern services from King's Cross to north London, Cambridge and Peterborough; South Eastern Trains services to South-East London and Kent; and Southern services to South London and Sussex) also remain substantially the same as at the time of the first inquiry. A major change has been the almost complete replacement of older 'slam-door' rolling stock with modern vehicles across the network south of London.
- 4.1.3 In 1999/2000 the operators of commuter rail services in London and the South East were timetabled to operate 179.8 million train kilometres. In the last year for which full statistics are available, 2004/5, the same operators

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<sup>3</sup> A 'box', which could provide a new Thameslink station at Kings Cross St Pancras has been built but not yet fitted out (see Janet Goodland's proof of evidence). The costs of fitting out this box (of the order of £40m are currently included as part of the cost of the Thameslink 2000 project)

were timetabled to operate 191.9 million train kilometres, an increase of 6.7%.

- 4.1.4 Over the same period since the first Inquiry, passenger usage (measured in passenger journeys) on London and South East commuter rail operators rose from 631 million per year to 747 million per year, an increase of 18.4%. Similarly, passenger kilometres have risen 19.2% to 21.1 billion per year. The forecasts of demand growth prepared in 1999 on which the benefit cost appraisal described in my evidence to the first Inquiry were based, assumed that over the same period, rail demand growth would be 3.7%.
- 4.1.5 As a result, high levels of overcrowding experienced on London and South East operators' services continue to occur. Exhibit I [Appendix NR/2/B] lists the 25 most overcrowded individual trains on routes into or out of central London in the peak periods<sup>4</sup>, recorded in 2002. These figures show passenger numbers ranging from 30% to 80% above seated capacity. Remarkably, overcrowding on all but two of these trains would benefit from the additional capacity of Thameslink 2000.
- 4.1.6 The limitations that I previously described in paragraph 3.11 [RT/4/A] of my evidence to the first Inquiry on the ability to operate additional services on existing Thameslink infrastructure remain.
- 4.1.7 London Underground services also continue to carry high volumes of passengers and experience high levels of overcrowding.

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<sup>4</sup> The morning peak period is defined as the three hours between 7:00am and 10:00am on weekdays and the evening peak period is defined as the three hours from 4:00pm to 7:00pm on weekdays.

## 4.2 The Future

4.2.1 The planned changes to the rail and underground networks in London and South East have progressed since the first inquiry. The CTRL project is nearing completion, the first phase of the East London Line is now being delivered by TfL and is due for completion by 2010 and Crossrail is the subject of a Bill before Parliament.

4.2.2 As I describe in Section 6 of my evidence, the SRA has developed a planning framework for the rail industry, which is being implemented under the revised industry structure by DfT and Network Rail. Under this framework, Route Utilisation Studies undertaken in 2003-2004 have examined the use of available capacity<sup>5</sup> on the Midland Line, Brighton Line and East Coast Line. Each study has made recommendations, which, if adopted, would provide some capacity increases and performance improvements on each line overall and affect existing Thameslink and proposed Thameslink 2000 services.

4.2.3 At the time of the first Inquiry, the sSRA<sup>6</sup>, London Transport and Railtrack were all forecasting that the growth in passengers' use of the railways experienced in the late 1990s would continue. The case I presented to the Inquiry employed forecasts from the LTS model, which was then employed by the Government Office for London. These forecasts included 9% growth in peak period and off-peak journeys from 1999 to 2011.

4.2.4 Growth in the period from 1999 when forecasts were prepared to 2004/5 was assumed to be 3.7%. Since then, growth in rail use has outstripped these forecasts. As I stated at paragraph 4.4 above, growth in total journeys on the London and South East network increased by over 18% in the same period.

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<sup>5</sup> In this case I refer to the capacity of the infrastructure to accommodate rail services rather than passenger capacity.

<sup>6</sup> At the time of the first Inquiry, the shadow Strategic Rail Authority (sSRA) was the predecessor of the Strategic Rail Authority (SRA).

- 4.2.5 Forecasts of future rail use employed by TfL, SRA and DfT are also now higher than those envisaged five years ago. The main reason for this is that the planning framework for London and the South East now envisages considerably higher rates of growth in population and employment, as is described in detail in John Rhodes's evidence.
- 4.2.6 The London Plan, published in February 2004 [CD/150], is based on an expectation of a growth in London's population of over 800,000 from 2003 to 2016 and a net increase over 600,000 jobs in the same period, around 250,000 of which would be in each of Central and East London. The Plan provides for this to be accommodated through the provision of 30,000 new homes per year.
- 4.2.7 The plan defines a Central London Activities Zone as "the core location for international business and finance and as a national transport node", which is "crucial for the wider south-east and for the country". Exhibit 2 [Appendix NR/2/B] reproduces a map of this area from the London Plan and it can be seen that Thameslink 2000, as one of several planned transport schemes indicated, is well aligned with the Opportunity Areas, Regeneration Areas and Intensification Areas identified. There are several important regeneration areas around inner London that will be within walking distance of Thameslink stations, such as Elephant and Castle and London Bridge, as well as at Kings Cross, where the arrival of the Channel Tunnel Rail Link is expected in 2007.
- 4.2.8 The ongoing development of London's Docklands is also a key feature in the plan for London, as well as development beyond this area throughout Thames Gateway.
- 4.2.9 In 2003, the central London Congestion Charge was introduced to encourage modal shift to public transport. This acts as an additional lever to divert

demand growth away from cars and towards public transport, with the intention that additional capacity can then be provided to meet increasing demand in a more sustainable fashion. Thameslink 2000 provides such extra capacity. The level of charge was increased in July 2005 and TfL plans to extend the scheme to cover parts of Kensington and Chelsea. Elsewhere there is little prospect of additional road capacity being provided.

- 4.2.10 The implications of expected levels of population and employment growth for rail travel demand will then be greater because of the capacity constraints on the road network. Growth in demand for rail travel is likely to exceed projected levels of growth in both population and employment across London at peak commuting times when road congestion is severe, but also, increasingly, through the rest of the day. This will result in increasing levels of crowding on rail services or lead to demand being suppressed unless additional capacity is provided.
- 4.2.11 The growth in demand for air travel is also relevant to the Thameslink 2000 scheme because Thameslink services will continue to serve both Luton and Gatwick airports, supporting government policy for increased access to airports by public transport. Between 1995 and 2000, Luton Airport saw patronage more than double, growing at an average rate of 28% per year. This was largely due to the rise of budget airlines and associated route development focused on Luton. South East and East of England Regional Air Services Study (SERAS) forecasts that demand for air travel from Luton will now continue to grow at an average rate of 1.8% per year to 2015. Airline patronage at Gatwick grew by 42% between 1995 and 2000 and is similarly forecast to grow at a rate of 0.7% per annum up to 2015<sup>7</sup>. Previous performance of air traffic forecasts against outturn suggests that these figures might in practice be

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<sup>7</sup> *The Future Development of Air Transport in the United Kingdom: South East (A National Consultation)*, Second Edition - February 2003, Department for Transport.[CD/224]

conservative.

- 4.2.12 These forecasts all indicate increased demand for rail services and those on Thameslink 2000 routes in particular. They reflect a planning framework for development, which was not in place at the time of the first Inquiry and which was established by the Mayor of London and the Regional planning authorities for the South East and East of England.

## **5.0 PROJECT BENEFITS**

### **5.1 Objectives**

5.1.1 I stated in my proof of evidence to the first Inquiry [RT/4/A] at paragraph 4.2, the objectives of Thameslink 2000 were:

“to provide a major expansion of Thameslink services...Specifically the infrastructure works will permit the operation of services which will:

- a. Reduce overcrowding on Thameslink and other London commuter services;
- b. Reduce overcrowding on the Underground;
- c. Reduce the need for interchange between mainline and underground services;
- d. Provide for the introduction of new-cross London services, so improving public transport accessibility in South East England, including access to areas of expected demand growth such as the London Bridge development area, Docklands, King's Cross lands and London's airports;
- e. Facilitate the dispersal of passengers from St Pancras following the completion of the Channel Tunnel Rail Link.”

5.1.2 These remain the objectives of the project.

### **5.2 Key Features of Thameslink 2000**

5.2.1 Following the Inspector's conclusions and recommendations after the first Inquiry, Network Rail has continued the development of the project under the sponsorship of the SRA. The specification of the scheme from the perspective of the transportation case includes the same key features which enable the above objectives to be met:

- a. the capability to operate 24tph through central London peak periods;
- b. the connection of the existing Thameslink route to the Great Northern Line at King's Cross;
- c. the provision of an all day high-frequency service between St Pancras and London Bridge;
- d. provision for 12 car trains on Thameslink 2000 routes.

5.2.2 These features remain significant improvements to the existing network. There are, however, two significant changes to the specification of the project since the first Inquiry that affect its transportation case. These are the incorporation of the London Bridge Masterplan and of the resignalling works in the London Bridge area into the project.

5.2.3 Masterplan is important in that it permits, in an appropriate way, the delivery of the benefits of the scheme at London Bridge (thus meeting one of the key concerns of the Inspector at the first Inquiry) but it also provides significant additional benefit that I describe further below (see paragraphs 5.7.1 and 5.7.2).

5.2.4 Changes to signalling standards in recent years now mean that there is a risk that, with the existing track layout in the London Bridge area, the current throughput of train services in peak periods could not be maintained when existing systems fall due for renewal. As a consequence, service levels could, in the absence of Thameslink 2000, have to be reduced. Accordingly, I believe that the benefits of the project are now likely to be greater than I described at the first Inquiry.

5.2.5 Thameslink 2000 would provide the same overall route network and set of cross London services as at the 2000 Inquiry as illustrated in Exhibits 3 and 4.

5.2.6 At the time of the first Inquiry, the services that would be operated on Thameslink 2000 routes were detailed in the 1999 Development Timetable

(DTT). The DTT has been refined since the first Inquiry with the key change being that all trains passing through London Bridge can now call at the station (because of the Masterplan scheme). In the 1999 DTT, 11 of the 27 trains to Charing Cross in the morning peak hour (0800-0859) were scheduled to pass through the station without stopping.

- 5.2.7 The project continues to deliver increased capacity in the way I described in paragraphs 4.7 to 4.12 of my evidence to the first inquiry [RT/4/A] but now with a significant increase in capacity calling at London Bridge.
- 5.2.8 This is illustrated in Exhibit 5 [Appendix NR/2/B], which compares the likely capacity provided in the morning peak hour (8:00am to 9:00am) in 2012 with and without-Thameslink 2000. This assumes that all rolling stock operated in each case will be modern sliding-door vehicles following the replacement of slam-door stock in 2005. Services into London Bridge from the south and east will benefit from a 12% increase in total capacity. The sum of services travelling through London Bridge towards either Cannon Street, Charing Cross or the central Thameslink route are expected to benefit from a 33% increase in capacity.
- 5.2.9 Exhibit 6 [Appendix NR/2/B] shows a similar comparison for the Northern corridor. Thameslink 2000 is expected to deliver a 34% increase in total capacity on morning peak hour commuter services into King's Cross and the Thameslink central route combined. Diversion of services from King's Cross to the Thameslink core route results in an increase in total capacity of around 120% on this core route.
- 5.2.10 There are substantial further benefits, which have not been quantified or included in the benefit cost appraisal, from improved performance delivered by the new infrastructure and the provision of a high quality central London route including a fleet of modern rolling stock.

- 5.2.11 The provision of a grade-separated junction to connect services from the Midland and Great Northern lines, new power supplies, new signalling and a new track layout at London Bridge and Blackfriars will enable improved performance to be delivered.
- 5.2.12 The new rolling stock will have a number of features that will encourage use of the system by passengers who might otherwise travel by other modes, including the car. These include the provision of air conditioning, CCTV, high levels of visibility throughout the vehicles, and real time information. These features will improve the comfort, amenity sense of safety and security of passengers throughout the year.

### **5.3 Impacts on Passengers**

- 5.3.1 At the time of the first Inquiry, the sSRA and Railtrack had assessed the impacts of Thameslink 2000 immediately prior to the submission of the TWA and closure applications in September 1999. The approach adopted made what I consider to be the best use of the then available forecasting models and empirical research into passenger demand responses to service and capacity changes.
- 5.3.2 As part of the development of the overall planning framework for the railways that I described earlier, the SRA subsequently undertook substantial development of the Planet model previously employed. Furthermore, the LTS model previously employed was updated using travel data collected in 2001.
- 5.3.3 The approach taken to preparing forecasts for Thameslink 2000 remains to employ the best features of each available forecasting tool. In summary this now involves:
- a. employing the latest version of Planet to represent existing passenger

demand and rail services;

- b. using forecasts of future rail demand based on the London Plan;
- c. combining these to produce a future year 2016 representation of travel demand and networks;
- d. employing elasticities empirically derived from observed changes in rail passenger demand from known changes in service.

## **5.4 Future Year Passenger Demand**

5.4.1 In the analysis that follows, the effects of the scheme are compared with a situation where current rail service levels are maintained. Because of the risk of reduction in service levels following resignalling without the project, the effects on crowding levels may be conservative estimates in that respect.

5.4.2 The forecasts of background rail demand growth in the south-east used for the latest Thameslink 2000 business case were developed by the SRA and reflect historical relationships of demand to growth in population and employment. These relationships were then used to forecast future rail demand consistent with London Plan population and employment forecasts but also taking into account DfT forecasts of car ownership, car journey times, fuel costs and rail fares.

5.4.3 The resulting forecasts of passenger demand were employed in the Planet rail assignment and demand model to assess the impact of Thameslink 2000 in 2016. This replaces the forecast year of 2011 used at the time of the first Inquiry.

5.4.4 As I described in my evidence to the first Inquiry, the Planet model covers south east England and takes, as a starting point, an origin-destination trip matrix reflecting the pattern of demand for the morning peak period (0700-1000 hours) in a 'base' year. The networks of Network Rail, LU and DLR are

all represented in full. A representation of the bus network in central London is also included.

5.4.5 The Planet model was updated and recalibrated in 2005 to a new base year of 2002 using ticket sales data in conjunction with the LATS London rail passenger surveys undertaken in 2001.

5.4.6 The Planet model is used to forecast usage of the rail network and benefits (or disbenefits) to rail passengers of service changes. Forecasts of benefits to highway users resulting from a forecast transfer of car user to public transport in response to the improvements offered by the scheme have been made using the LTS multimodal model of the London area.

## **5.5 Future Year Rail Network**

5.5.1 It was assumed that by 2016 other network changes would have taken place. These are:

- a. Midland Main Line – June 2005 timetable;
- b. Inter City East Coast – new franchise commitments from 2005;
- c. Channel Tunnel Rail Link (CTRL) completed;
- d. CTRL domestic services and changes to the other services in the Integrated Kent franchise specification;
- e. Southern Railway – as existing committed timetable by Dec 2005, including Brighton-Ashford and Uckfield changes (Brighton Main Line Route Utilisation Study recommendations not included);
- f. East London Line – Phase I extensions so Dalston Junction, Crystal Palace and West Croydon;

- g. London Underground – Schemes to provide capacity or other enhancements on most lines as part of initial Public Private Partnership; and
- h. Docklands Light Railway (DLR) – committed extension to Woolwich and proposed North London Line conversion; 3 car operation on Bank branch.

5.5.2 I have not included Crossrail in this assessment because it is not committed.

## **5.6 Impact of Thameslink 2000**

5.6.1 As I explained in paragraphs 4.35 and 4.36 of my previous evidence [RT/4/A], the additional frequency, capacity and opportunities for direct journeys to central London destinations would result in significant increases in demand, particularly on services between London and the South where a reduction in demand at other London termini is forecast.

5.6.2 In my evidence to the first Inquiry, I quoted a forecast of 75,000 people choosing to use Thameslink 2000 services to access central London in the morning peak period in 2011. 80,000 passengers are now forecast to access central London in that period in 2016 and this is illustrated in Exhibits 7 and 8 [Appendix NR/2/B], showing forecast passenger flows with Thameslink 2000. It should be noted that these forecasts are still lower than the total seating capacity that Thameslink 2000 is expected to deliver in the morning peak period, including on the route from London Bridge into Blackfriars.

5.6.3 Exhibits 9 to 12 [Appendix NR/2/B] show the flows forecast for the morning peak period in 2016 with and without Thameslink 2000. Exhibits 9 and 10 show the approach to central London from the North and Exhibits 11 and 12 show the approach from the South. Both of these diagrams illustrate the increased flows into the heart of central London as a result of the 24 trains

per hour service through the central core route. These are complemented by reductions in arrivals at the key London termini.

- 5.6.4 Thameslink 2000 is now forecast to result in around 575 million additional passenger kilometres annually on the rail network by 2016 as a result of transfer from car and other transport modes as well as from directly induced demand for travel. In a typical morning peak period 600,000 additional rail passenger kilometres are now forecast as a result of Thameslink 2000.
- 5.6.5 Benefits of the project take the form of time savings to passengers. Exhibit 13 [Appendix NR/2/B] shows that the forecast benefits to passengers in the morning peak period arise from in-vehicle journey time improvements, lower levels of interchange and shorter walk or wait times and a substantial reduction in the level of crowding, expressed as crowded hours.
- 5.6.6 The additional capacity provides significant relief to overcrowding. Crowded hours are a measure that reflects the time passengers spend travelling in overcrowded conditions and the perceived discomfort to those passengers of the overcrowding.
- 5.6.7 For many journeys, the implementation of Thameslink 2000 would reduce the need to interchange with the London Underground network. Exhibit 14 [Appendix NR/2/B] shows the numbers of inbound passengers either exiting to the street or interchanging with London Underground at the terminal stations. The 8% reduction across relevant terminal stations is indicative of passengers choosing to avoid the need to interchange by travelling closer to their ultimate destination on Thameslink 2000 services. Significant reductions are forecast across all stations except London Bridge, where there is an increase because London Bridge Masterplan allows all Charing Cross trains to stop and thus provides new routes to destinations in Central London for users of those services. At Kings Cross, the large reduction is a result of the

large proportion of commuter trains diverted from this station to the Thameslink 2000 core route.

- 5.6.8 The reduced need for interchange is forecast to reduce passenger volumes on certain sections of the Underground network and therefore provide relief of crowding during peak times. Exhibit 15 [Appendix NR/2/B] shows the forecast decreases in morning peak period passenger volumes on the Underground network. This shows a general decrease in volumes on North/South Underground routes, consistent with the introduction of an improved parallel over-ground rail service. In particular, there are reductions on the Victoria, Northern, Bakerloo and Jubilee lines because of users making more direct journeys on Thameslink 2000 and avoiding interchange at stations that are termini. The patterns forecast are broadly similar to those I presented at the last Inquiry.
- 5.6.9 As I described in paras 4.37 and 4.38 [RT/4/A] of my evidence to the first Inquiry, the reduction in passenger volumes on many stretches of the Underground network would be accompanied by a few instances of increased volumes, but these are predominantly in the contra-peak direction of flow or are on sections of the network that are not problem areas for crowding.
- 5.6.10 Exhibit 16 [Appendix NR/2/B] shows the forecast increases in passenger volumes on Underground services in the morning peak period. In particular, there are higher flows on the District and Circle Lines due to passengers routeing via destinations between Thameslink 2000 into Blackfriars rather than services to Victoria, London Bridge and Charing Cross; and on the Circle, Metropolitan and Hammersmith & City Lines from Farringdon, due to passengers routeing via Thameslink 2000 services.
- 5.6.11 With an expectation of significant demand growth, the forecasts imply that tangible benefits will be realised through relief of crowding. If Thameslink

2000 were not to have been implemented by the forecast year of 2016, crowding would be much more severe than is experienced in London today. Even if Thameslink 2000 reduced crowding from that very high level, it would be of significant benefit.

- 5.6.12 In practice, demand growth leading to much higher levels of overcrowding than exist today could, to some extent, be suppressed by people's aversion to such conditions, with some choosing alternative modes or destinations instead. There is inevitably uncertainty about forecast demand growth in so far as demand growth is constrained below levels assumed in this analysis. In that case, however, the benefits of the scheme would lie in the increased capacity simply enabling more people to travel.
- 5.6.13 In practice, the reality would be that Thameslink 2000 would deliver a mixture of both outcomes – overcrowding relief and facilitating additional travel, including journeys to work.

## **5.7 London Bridge Masterplan Benefits**

- 5.7.1 The Masterplan scheme is a comprehensive redevelopment of London Bridge station. It is described in the Environmental Statement for Thameslink 2000 [ES 2004 CD/164]. I would summarise its main benefits as being:
- a. the provision of the additional through platforms and tracks to permit the operation of Thameslink 2000 services while maintaining similar service levels as are currently operated to Charing Cross and Cannon Street;
  - b. increased circulation space throughout the station leading to less congestion on platforms, the concourse and stairs and escalators and avoiding the risk of station closure in the face of rising demand;
  - c. a larger bus station with space for more buses and passengers;
  - d. reducing the barrier presented by the railway between areas north and

south of the station;

- e. a revised road layout which should reduce traffic congestion around the station;
- f. full compliance with Disability Discrimination Act requirements leading to much better access for those with mobility difficulties;
- g. opportunities for commercial development including retail activity within the station and office development above it.

5.7.2 Of these, only the benefits of the Thameslink 2000 service pattern and the revised layout permitting all trains to stop at London Bridge can practically be included in the benefit to cost appraisal I present below because of either the impossibility of quantifying other benefits or because of the high level of uncertainty in predicting their extent.

## **5.8 Wider Benefits**

5.8.1 Thameslink 2000 will also have wider impacts than those demonstrated by the demand forecasts. I would identify the following as being significant and contributing to the Government's overall objectives for transport:

### **5.8.2 Economy**

- a. In addition to the economic benefits quantified as part of the cost benefit appraisal, additional economic benefits would arise from reliability improvements delivered by new infrastructure and rolling stock with improved performance.
- b. Economic benefits will also result from improvements at stations, especially at London Bridge, where improved facility of passenger movement and railway operations will result in further user time savings and, potentially, financial benefits for both operators and retailers.
- c. As John Rhodes describes in detail in his evidence, the project is complementary to regeneration strategies in and around London and will contribute to the delivery of wider economic benefits.

### 5.8.3 Environment

- a. The environmental impacts of Thameslink 2000 are described in the Environmental Statement.

### 5.8.4 Safety

- a. Because travel by rail is generally safer than travel by road in terms of injuries and fatalities per passenger mile, the mode switch from road to rail forecast as a result of Thameslink 2000 (which I mentioned in paragraph 5.29) can result in significant safety benefits. These benefits will be realised both by passengers transferring to rail and those still using the highway (including pedestrians and cyclists).
- b. Improvements to station facilities will provide additional safety benefits, both in emergencies and with regards to the personal security of passengers. This relates to improved emergency exits, lighting, and surveillance and site perimeters at stations, including at Farringdon, Blackfriars, London Bridge and St Pancras Midland Road.

### 5.8.5 Accessibility

- a. Thameslink 2000 will improve rail access to central London by running more services through the core route from more places in the South East. It will bring passengers closer to a greater range of city centre destinations. Cross-London services will be extended to an additional 121 stations, including Peterborough, Cambridge, Kings Lynn, East Grinstead, Horsham, Littlehampton, Eastbourne, Sevenoaks, Ashford International and Dartford. I estimate that approximately 2 million people will have access to these enhanced rail services.
- b. Access to and from stations will also be improved through better facilities for pedestrians and for encumbered passengers in particular. This applies in particular to the fitting out of St Pancras Midland Road Station and the major works at London Bridge.

### 5.8.6 Integration

- a. Rail to rail interchange will be improved by the co-location of Thameslink 2000 with other rail services at London Bridge, Blackfriars and Kings Cross / St Pancras.
- b. Interchange between rail and London Underground will also be improved at London Bridge and Blackfriars.

- c. Luton and Gatwick airports will be linked to the major rail interchanges at Kings Cross and London Bridge by more frequent services; stations on the Cambridge/Peterborough lines will have direct services to Gatwick Airport and stations on the lines to Dartford will have direct services to Luton Airport Parkway, avoiding cross-London transfer.
- d. Facilities such as waiting environments and information provision will be improved at London Bridge, Blackfriars and the newly fitted out St Pancras Midland Road station, thus improving the quality of interchange to passengers.

## **6.0 RELATIONSHIP OF THE PROPOSALS TO NATIONAL AND REGIONAL POLICIES**

### **6.1 Introduction**

6.1.1 In my evidence to the first inquiry. I concluded that the scheme:

“can be considered to fit well with current national and regional policy objectives in relation to transport, development and the environment. The project is stated to be a priority investment in support of the special strategy proposed for the south east of England in the latest draft Regional Planning Guidance”.[RT/4/A]

6.1.2 Since the first Inquiry, there has been significant change in the organisation of the planning and delivery of public transport services and investment. The shadow Strategic Rail Authority represented at the first Inquiry, was replaced by the Strategic Rail Authority in 2001.

6.1.3 Following the establishment of Network Rail as a public interest company, however, the Government’s review of the rail industry as a whole led to the announcement that the SRA would be wound up with various of its functions passing to a newly formed DfT Rail Group, Network Rail, the Office of Rail Regulation and, in some cases, devolved administrations.

6.1.4 Within London, Transport for London came into being in 2001 and assumed full responsibility for the management of underground and bus networks in 2003. It is also responsible for implementing the Mayor’s transport strategy [CD/151].

6.1.5 These changes provide a different context for the delivery of Thameslink 2000 than existed at the time of the first Inquiry. The underlying policy objectives that I described previously still largely remain but they are articulated through different instruments by different organisations. The

Government still wishes to see improvements in integration of transport networks, improved choice between public and private transport modes and best use made of existing infrastructure. Indeed, the principles of the appraisal framework employed by Government to assess strategies and investment in transport are unchanged from 2000. As such I believe my original conclusions on the fit between the project and national transport policy themes remain valid. John Rhodes provides more detail on transport policy generally in his evidence.

## **6.2 Franchise Replacement**

- 6.2.1 The Government has in place a clear programme for securing the operation of passenger rail services by Train Operating Companies (TOCs) under franchise agreements. This programme anticipates the implementation of Thameslink 2000 and makes specific provision for it, as follows.
- 6.2.2 In October 2004, the Secretary of State announced that the number of franchises would be reduced with the aim of improving the efficiency of the railways. One of the changes announced was the merger of Thameslink and Great Northern (services into King's Cross and Moorgate which were left over from the transfer of West Anglia services from the original West Anglia Great Northern franchise to the "One" franchise).
- 6.2.3 The procurement of the newly created Thameslink Great Northern Franchise is now underway with the new operator expected to commence services in 2006. The terms of the franchise are intended to facilitate the delivery of Thameslink 2000. In particular the franchisee will be required to operate whatever services are necessary during the construction of the project, to liaise with the Network Rail Thameslink 2000 team and to support the procurement and commissioning of new rolling stock.
- 6.2.4 The other major change to franchised services that affects Thameslink 2000 is

the creation of the Integrated Kent Franchise (IKF). IKF will include the operation of services in Kent and South East London and the introduction of new high speed services from Kent to St Pancras on CTRL. The specification of train services into London Bridge, Charing Cross, Cannon Street and Blackfriars will be changed and I have taken the latest plans as the basis for the assessment of benefits and value for money in this proof of evidence. This specification is consistent with the planned Thameslink 2000 services. The IKF franchisee is also required to work with the DfT to develop the franchise throughout its term and to cooperate with stakeholders to facilitate implementation of major projects including Thameslink 2000.

### **6.3 Capacity Utilisation**

- 6.3.1 In order to make best use of existing network capacity, the SRA led the development of the Capacity Utilisation Policy, which seeks to balance the needs for increased service provision, maintenance access and improving performance. Under the policy, a programme of Route Utilisation Strategies was developed which considered these issues at a local level and appraised options for the use of capacity in line with Government's appraisal criteria for transport policy and investment. Robin Gisby gives further evidence on Route Utilisation Strategies.
- 6.3.2 Route Utilisation Strategies have been undertaken (or are being undertaken) for three of the major routes on which Thameslink 2000 would operate: the Midland Main Line, the Brighton Main Line and the East Coast Main Line.
- 6.3.3 The Route Utilisation Strategies have identified some opportunities that, if they were to be taken up, would lead to an improvement in travel conditions and consequently some increase in demand on associated routes.

## **6.4 The Railways Act 2005**

- 6.4.1 The Railway Act 2005 sets out the provisions under which the SRA is wound up and its functions transfer to DfT. These provisions allow for the continued development of Thameslink 2000.
- 6.4.2 The DfT Rail Group has a Major Rail Projects directorate to which responsibility for sponsorship of projects including Thameslink 2000 passed in July 2005. Network Rail will continue with the detailed development of the project as required by DfT.

## **7.0 VALUE FOR MONEY**

### **7.1 Background**

- 7.1.1 The value for money of Thameslink 2000 to the public sector has been assessed using the Department for Transport's well-established cost benefit appraisal methodology. The cost-benefit appraisal brings together all of the measures of project cost and net benefit, including those of a consequential nature, which can be readily quantified and given a monetary value in accordance with DfT guidance.
- 7.1.2 Quantified net benefits comprise those experienced by all travellers whose journey time changes or who experience a change in the level of crowding on their journey. They also include road users who enjoy the benefit of less traffic because of transfer from road to rail. There are also quantified financial impacts, in the form of extra revenues to public transport operators including train operating companies.
- 7.1.3 Costs included in the appraisal include the costs of construction, operation and renewal of additional infrastructure. They also include the additional costs of operating the Thameslink 2000 services.
- 7.1.4 Costs and benefits are allocated to the years in which they arise and are discounted to a common price base of 2002. Benefits are calculated on a net basis so that where any disbenefits arise (for example, in the case of passengers travelling to Moorgate, some of whom would face an additional interchange), these are fully taken into account.
- 7.1.5 Since the appraisal presented to the first Inquiry was developed, Government guidance on appraisals of this nature has been revised substantially. As the specification of the scheme and the basis of the demand forecasts for it have also changed, it is appropriate to provide an updated appraisal. The cost-

benefit appraisal presented here was prepared by the SRA during 2005, immediately prior to this Inquiry and employs the assumptions I described earlier as regards the future growth in rail passenger usage and the development of the transport network.

7.1.6 The most significant changes to Government guidance, however, aim to take account of investment risk in a more transparent fashion, and to reflect more accurately the benefits associated with infrastructure assets that have relatively long lifetimes. In addition, the method of calculating the benefit to cost ratio has been changed to measure the economic benefit, net of private sector costs, against the investment cost to government. To complement this, the economic unit of account has been adjusted to account for the true cost to government of funding large projects from tax receipts.

7.1.7 The revised guidance allows for more rational comparisons between government investment opportunities. In summary, the changes are:

- a. Reduction of discount rate for costs and benefits from 6% to 3.5%;
- b. Requirement to provide more robust contingency through quantified risk assessment to reduce the tendency towards optimism in cost estimation (known as 'Optimism Bias');
- c. Costs and benefits counted over a period of up to 60 years (previously 30 years), subject to justification by asset life, including the calculation of residual value where a shorter period is used;
- d. Revised calculation for benefit to cost ratio;
- e. Use of market price unit of account.

## **7.2 Scheme Value for Money**

7.2.1 In the cost benefit appraisal, the capital, maintenance, renewal and operating costs of the new infrastructure have been quantified and converted into annual track access charges over 30 years, taking account of financing costs consistent with financing of the scheme through Network Rail's Regulated Asset Base (RAB). Elements of the scheme capital cost that reflect items that would require renewal in the absence of the project such as resignalling in the London Bridge area are also represented as a benefit to represent the cost avoided by proceeding with the scheme.

7.2.2 The estimated costs of the scheme are now greater than I reported at the first inquiry and there are several reasons for this. Specific changes to capital costs also include the addition of the London Bridge Master Plan costs as well as contingency and financing costs. An increase in the assumed rate of inflation of construction costs has also been incorporated to reflect latest forecasts. Operating costs have been supplemented with additional leasing charges. These mostly represent the requirement for a slightly larger fleet but also reflect the marginal cost of introducing new, replacement rolling stock with the opening of the Thameslink 2000 scheme where the existing stock would not otherwise be replaced until later. This effect is partially offset by reduced maintenance costs for newer rolling stock.

7.2.3 The forecasts of revenues and wider economic benefits have been prepared in the same way as described in paragraphs 6.12 to 6.27 of my previous evidence [RT/4/A]. Wider benefits quantified in the economic appraisal are:

- a. Public transport passenger time savings;
- b. Public transport passenger overcrowding relief (net of any increases);
- c. Benefits to road users, including bus passengers, from reduced traffic congestion; and

d. Disbenefits (disrupted journeys for rail passengers) arising during the construction period of the project.

7.2.4 The method used to expand revenue and wider economic benefits from the peak period forecasts to annual totals remains unchanged from that used in the previously presented appraisal and as noted in paragraph 6.14 of my previous evidence [RT/4/A].

7.2.5 The latest cost-benefit appraisal is shown in Exhibit 17 [Appendix NR/2/B]. Because of the revisions to the Government's appraisal framework, the figures for present values of costs and benefits are of a different order of magnitude to those I presented in my previous evidence and the calculation of the Benefit to Cost Ratio (BCR) is also slightly different. It is the relativity between the elements of cost and benefit that is of most importance, however, and I have presented the summary in a format that attempts to facilitate understanding of the difference between the previous and latest appraisals.

7.2.6 The appraisal shows that the economic benefits of the project will exceed the cost to Government (net of the expected increase in revenue and cost avoided that would otherwise have been incurred) by a ratio of 1.7:1. The difference between the benefits and costs represents a net present value (NPV) of £2.3 billion.

7.2.7 In my opinion, this demonstrates that the scheme remains very good value for money. Taking into account the benefits, for which costs are included but which are not quantified here, of London Bridge Masterplan and resignalling in the London Bridge area means this is a conservative estimate of its value for money.

7.2.8 Exhibit 18 [Appendix NR/2/B] summarises information given in DfT guidance

on value for money<sup>8</sup> regarding the fundability of projects demonstrating various ranges of BCR. This illustrates that, on the basis of the BCR reported here which has been calculated in a cautious fashion, the project performs well against the Government's value for money criterion.

7.2.9 It should be noted, however, that the BCR only considers those benefits that are quantifiable and is not therefore the only criterion used by the Government in determining whether a scheme should be funded. In particular, there are non-quantified benefits relating directly to station improvements and enhanced performance. I have already discussed these and other non-quantified benefits of the scheme against the Government's overall objectives and these will also be taken into account when considering whether to fund the scheme.

### **7.3 Alternative Routes for Thameslink 2000**

7.3.1 During the 2000 Inquiry, two alternative means of routeing Thameslink 2000 services to avoid the works between London Bridge and Blackfriars were considered. These were to route more of the services via Elephant & Castle or to construct a tunnel between King's Cross and London Bridge.

7.3.2 At the time my assessment was that neither met the objectives of Thameslink 2000 fully nor would provide as good value for money. This was because in each case the benefits of the scheme would be lower than Thameslink 2000 and the costs would be higher.

7.3.3 This remains the case today. Both schemes would require far more additional infrastructure and yet would provide a lower level of benefit than Thameslink 2000. The Thameslink 2000 scheme makes best use of existing infrastructure

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<sup>8</sup>Department for Transport Website:

[http://www.dft.gov.uk/stellent/groups/dft\\_about/documents/page/dft\\_about\\_033477.hcsp](http://www.dft.gov.uk/stellent/groups/dft_about/documents/page/dft_about_033477.hcsp)

to deliver substantial additional benefits.

- 7.3.4 As regards the Elephant & Castle route, the planned withdrawal of Eurostar services from Waterloo International will free up some paths at Herne Hill through which Thameslink services via Elephant & Castle must operate. However, it would not free up sufficient capacity that a full 24 train per hour service could be operated via Elephant & Castle without the major costly and disruptive works in that area. Janet Goodland and Robin Gisby give detailed evidence about this matter.

## **7.4 Funding and Procurement**

- 7.4.1 The DfT's position on funding Thameslink 2000 is set out in its Annual Report for 2004/5 [CD/205] as follows:

“4.39 The Thameslink Route Modernisation (Thameslink 2000) represents a significant opportunity to increase passenger carrying capability on the north-south axis through London. In 2003, the decision on applications seeking powers to construct and operate the scheme was deferred because of deficiencies in the proposals. In the autumn of 2004, Network Rail submitted revised applications to remedy these deficiencies and a reopened Transport and Works Act (TWA) Inquiry is planned for later this year.

4.40 The SRA has produced a Business Case assessment that evaluates the benefits and costs of the Thameslink Route Modernisation in accordance with Government methodologies. This Business Case assessment meets Government criteria for such schemes.

4.41 Subject to the outcome of the proposed TWA Inquiry, the Government will consider the case for investment in the Thameslink Route Modernisation as part of its overall spending plans. In doing so, it will consider the scope for project financing by contractors, developers and Network Rail. Such financing could affect both the timing and amount of any call on the Government's resources.”

7.4.2 The work undertaken by the SRA in 2003, to which reference is made in this statement, was carried out to assist in reaching a decision on how to proceed following the conclusion of the first Inquiry. The revised Business Case I have presented above was developed following DfT guidance and in full consultation with its officials.

7.4.3 I would also draw attention to the response given by the Parliamentary Under Secretary of State for Transport, Derek Twigg, to a Parliamentary Question asked on 23 May 2005 regarding Thameslink 2000:

**“Simon Hughes:** To ask the Secretary of State for Transport what his Department’s (a) policy on and (b) funding commitment for the Thameslink Rail project is

**Derek Twigg:** Network Rail has submitted a revised application for a Transport and Works Order, and a resumed public inquiry is scheduled to start on 6 September. As with other major railway projects, commitment to funding and implementation cannot be made unless and until powers to construct the project have been secured. However, the government has long recognised the need to increase the capacity of Thameslink, and we remain satisfied that the project meets our criteria for investment.”

(Source: Hansard [CD/250])

7.4.4 Network Rail has made the following statement about the scheme and their role in funding it.

“The Deputy Prime Minister and the Secretary of State for Transport have jointly agreed that the TWA Inquiry (2000/2001) should be reopened to conclude discussion of outstanding issues. This includes the adoption of the London Bridge "Masterplan" scheme in order to resolve concerns about station capability.

It is anticipated that the inquiry will be held later in 2005, and that the grant of powers should be determined in 2006.

Implementation funding arrangements will need to be established but in principle Network Rail would be prepared to finance implementation of the Thameslink Programme given appropriate undertakings from Government and the Office of Rail Regulation. Current funding arrangements are sufficient for immediate development needs."

(Source: 2005 Network Rail Business Plan (Management Plan) [CD/210])

7.4.5 I conclude, given the Government's support in principle for the scheme and the fact that its business case remains strong, that, should Powers be granted, there is a realistic prospect of funding being secured to enable the project to be implemented.