

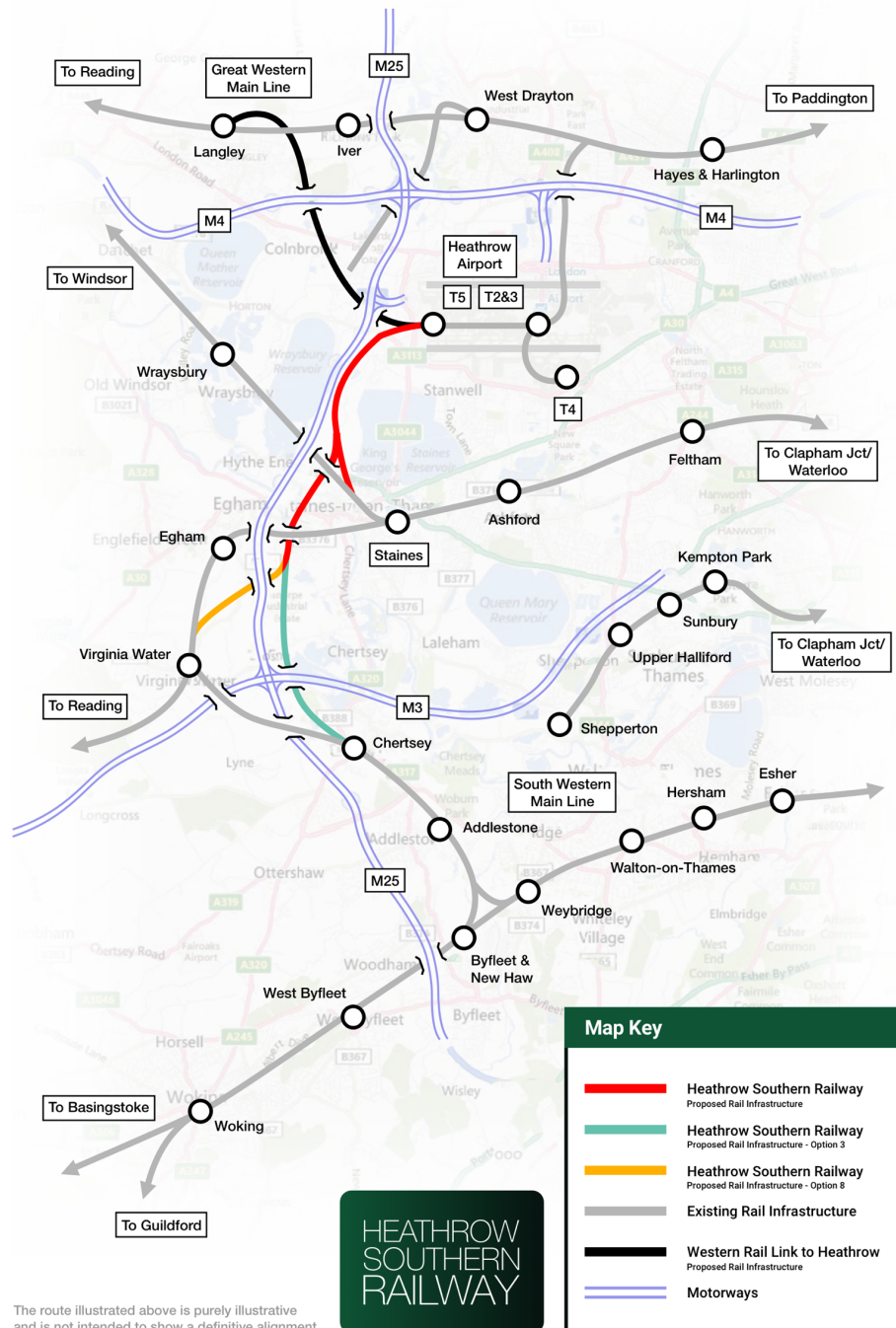


Steven Costello
Executive Director
Heathrow Southern Railway Ltd

27th April 2019

HEATHROW
SOUTHERN
RAILWAY

Proposed Route of Heathrow Southern Railway

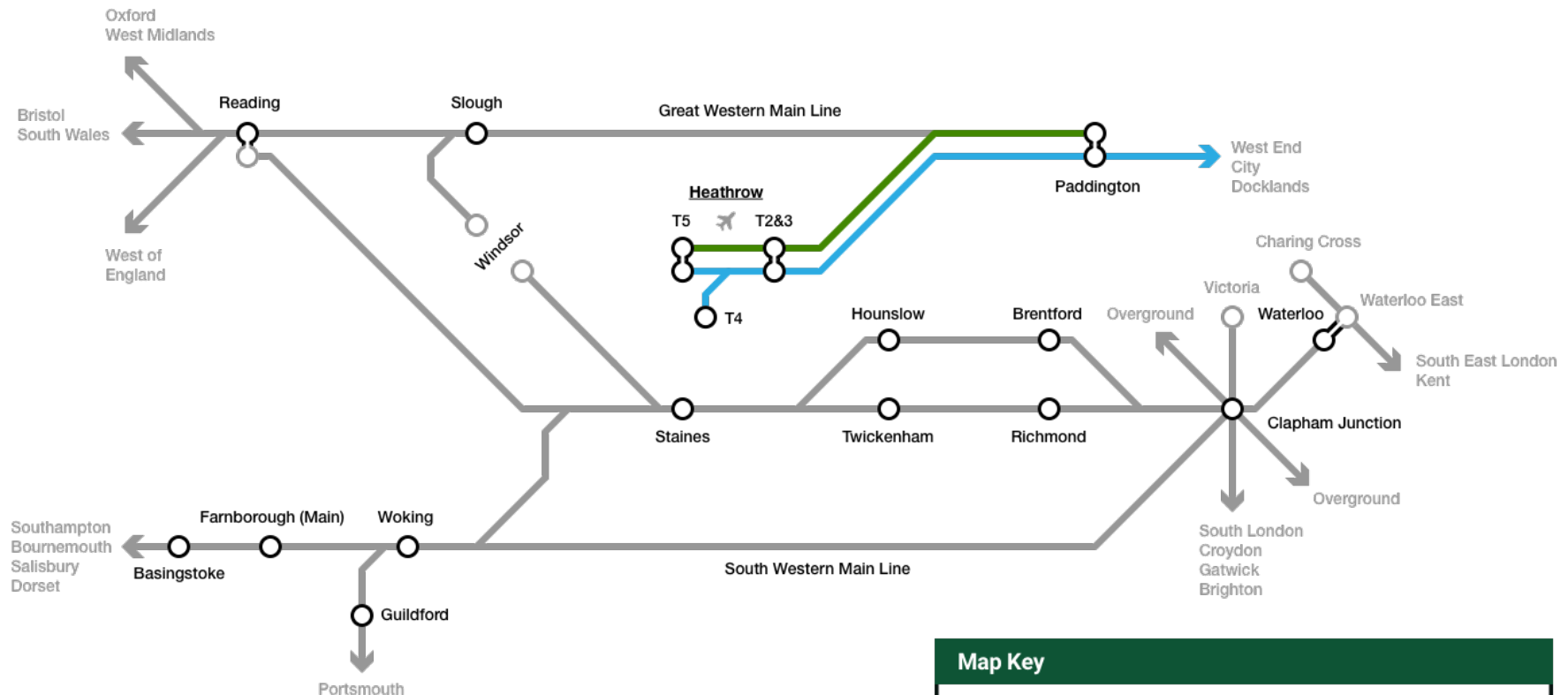


The route illustrated above is purely illustrative and is not intended to show a definitive alignment

What are we planning?

- 8 miles of new electric railway
- Connects Heathrow Airport by train to South West London and Surrey
- Mostly in tunnel
- Two route options shortlisted from original list of ten:
 - red then yellow: £1.3bn; or
 - red then turquoise: £1.6bn
- Privately financed at no cost to the taxpayer
- HSRL is not Airtrack: HSRL avoids the level crossings through Egham and has faster rail journey times due to the more direct route to Woking

Heathrow rail service today



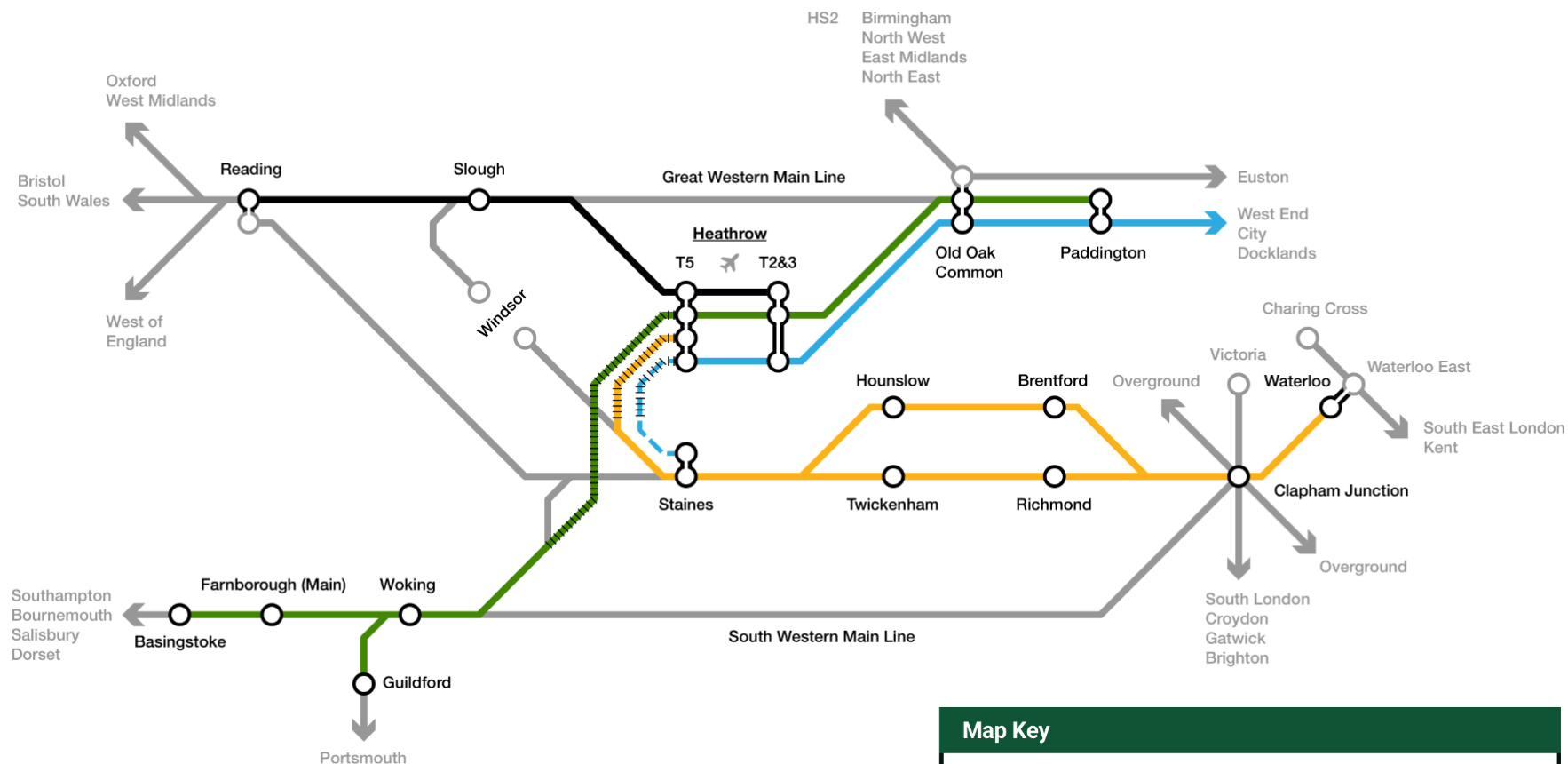
Map Key

- Heathrow Express
- Elizabeth Line

Lack of direct rail link from Heathrow to south and south west London results in high levels of road use - CAA data shows:

- 62% of the 663,000 Heathrow passengers pa originating in Wandsworth travel by car
- 70% of the 335,000 Heathrow passengers pa originating in Merton travel by car
- 1,600 London Borough of Richmond residents work at Heathrow but 71% commute by car

HSR rail service opportunities



HSRL's new railway enables trains to run between:

- Basingstoke, Farnborough, Guildford, Woking and Heathrow Airport, which continue through to / from Old Oak Common and Paddington
- Waterloo and Heathrow Airport serving Clapham Junction and Staines and local stations via both Hounslow and Twickenham

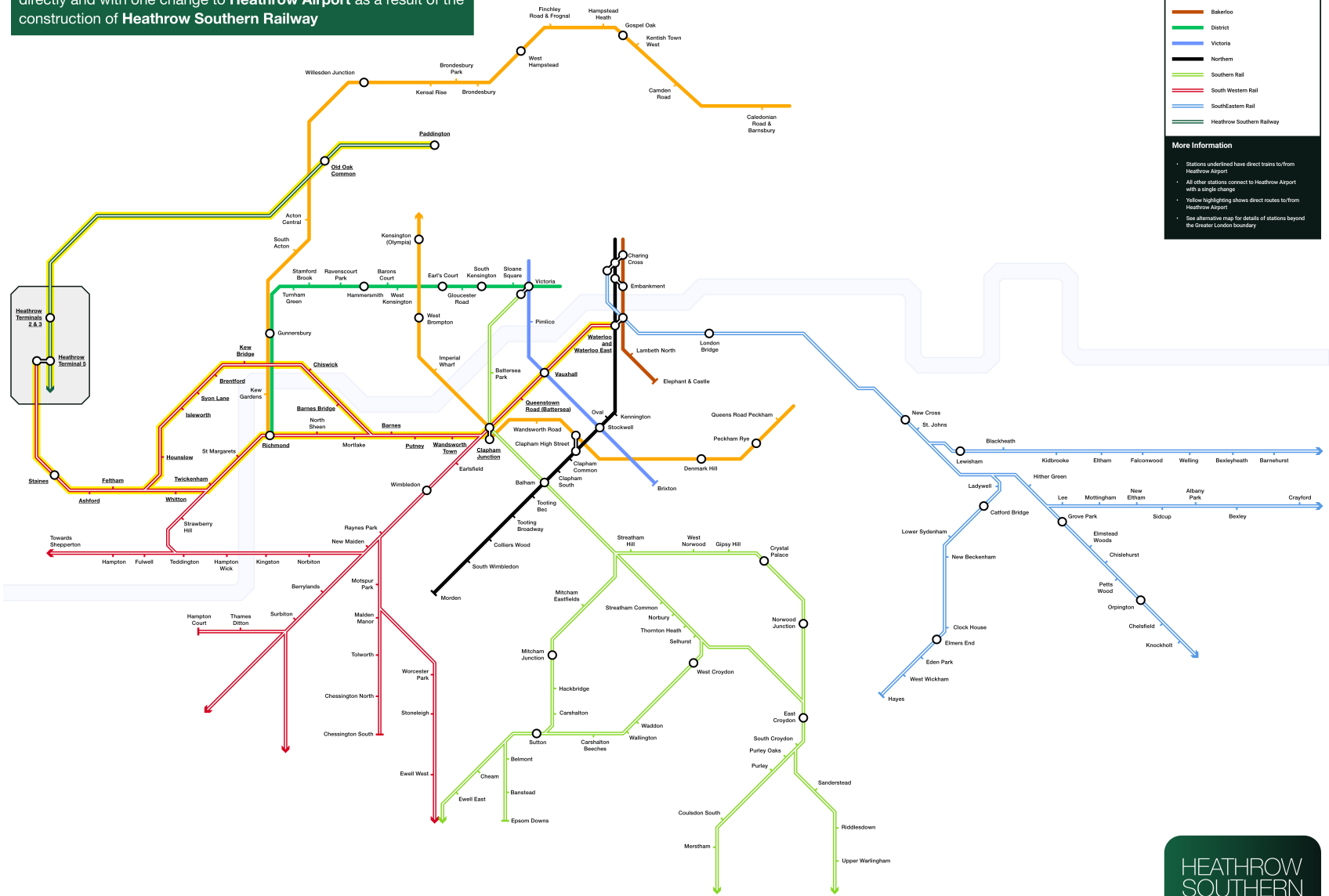
Deliverability is assured by not needing any extra paths into the congested main line termini at Waterloo and Paddington

- Dependency on Woking flyover

Map Key	
	Basingstoke / Guildford – Woking – Heathrow – Paddington
	Waterloo – Heathrow
	Elizabeth Line
	Potential Western Rail Link to Heathrow
	Proposed New Heathrow Southern Railway Infrastructure
	Potential Elizabeth Line extension to Staines

HSR connects Greater London to Heathrow Airport

Map showing stations in Greater London which will be connected directly and with one change to Heathrow Airport as a result of the construction of Heathrow Southern Railway



Map Key

- Overground
- Bakerloo
- District
- Victoria
- Northern
- Southern Rail
- South Western Rail
- South Eastern Rail
- Heathrow Southern Railway

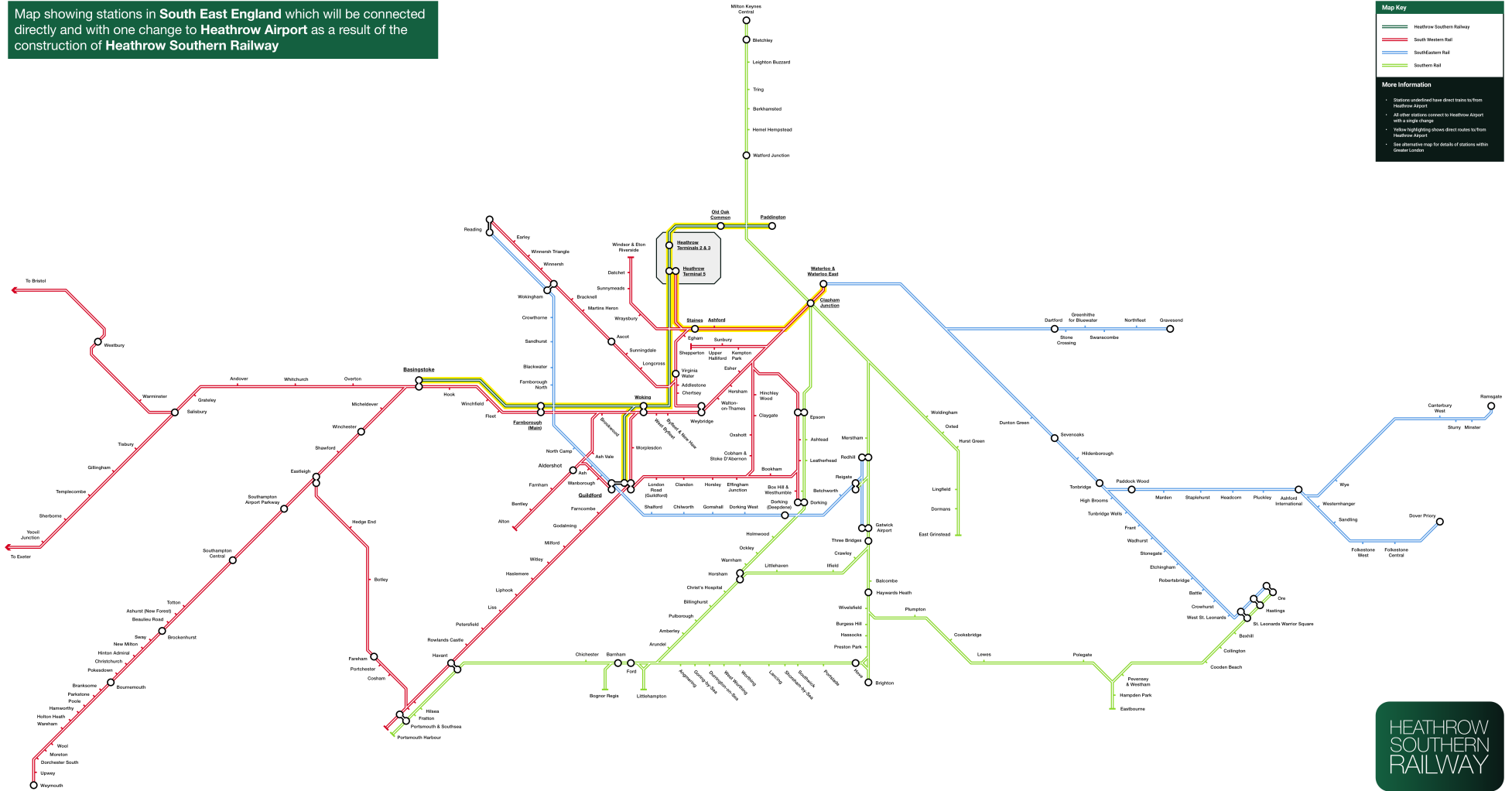
More Information

- Stations underlined have direct trains to/from Heathrow Airport
- All other stations connect to Heathrow Airport with a single change
- Yellow highlighting shows direct routes to/from Heathrow Airport
- See alternative map for details of stations beyond the Greater London boundary



HSR connects the South East (& beyond) to Heathrow Airport

Map showing stations in **South East England** which will be connected directly and with one change to **Heathrow Airport** as a result of the construction of **Heathrow Southern Railway**



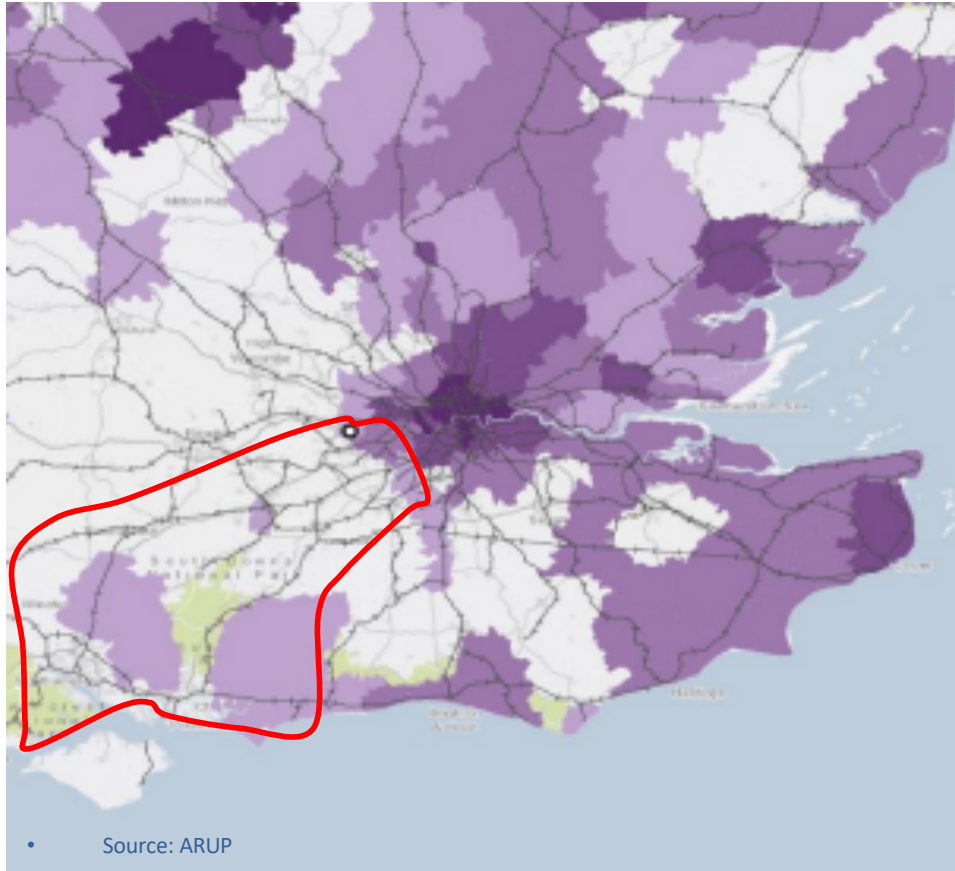
HEATHROW SOUTHERN RAILWAY

Illustrative Rail Journey Times Enabled by HSRL

Minutes (bold shows direct services)	Guildford (via Option 3)	Basingstoke (via Option 3)	Woking (via Option 3)	Staines	Richmond
Heathrow Airport Terminal 5 station	26	40	16	6	26
Heathrow Airport Terminals 2 & 3 station	30	44	20	15	35
Old Oak Common For HS2 and Elizabeth Line	44	58	34	29	
London Paddington	49	63	39	34	

- HSRL's rail journey times are shorter than road (Guildford to Heathrow takes 45 minutes to drive)
- As well as air travellers, benefits airport workers: 10,000 of whom live in Surrey, 82% currently drive
- Opens up Paddington as an alternative terminal to Waterloo, easing overcrowding and enabling commuters to get to work even if there is a strike / disruption on the south western route
- Directly connects Surrey to Old Oak Common for HS2 and Elizabeth Line
- HSRL offers faster journey times to Surrey than other known SRLtH promoters

Heathrow surface access





- CAA data highlight that rail mode share in the south and south west is particularly low (low where white)
- Red line denotes boundary of expected Heathrow catchment area served by direct airport trains

- Heathrow's public transport mode share has fallen from 41% in 2012 to 39% in 2016 (London TravelWatch)
- Airports Expansion NPS 5.17 requires DCO Applicant to include details of how it will:
 - increase public transport mode share for passengers to 50% by 2030 and 55% by 2040; and
 - achieve a 25% reduction in of all staff car trips by 2030, and 50% reduction by 2040
- Today's Guildford to Heathrow public transport mode share is just 9%; today's Richmond to Heathrow public transport mode share is 29%
- HAL support a southern rail link but do not think it is essential to achieve the NPS mode share requirements
- For HAL to achieve these mode share improvements without investment in the southern and western rail links would need the imposition of a cordon charge on road vehicles, which airlines tell us they oppose

Heathrow surface access

- The airlines serving Heathrow are supportive of a southern rail link
- They have written to the Secretary of State to encourage pace of progress
- They expect that if any financial contribution is sought it is subject to the CAA's User Pays Principle


London (Heathrow) Airline Consultative Committee
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Cromer Road
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Email: lavers@iata.org


Supporting the Airline Community
Heathrow AOC Limited
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Rt. Hon. Chris Grayling MP
Secretary of State
Department for Transport
Great Minster House
33 Horseferry Road
London SW1P 4DR

17th December 2018

Dear Mr Grayling

Market Led Proposals for a Southern Rail Link to London Heathrow Airport

We write to you as airlines serving Heathrow with a shared interest in improving public transport so that it plays a larger role in carrying our customers and staff and other employees to and from the airport in the most sustainable ways possible.

We strongly support your initiative in opening up rail infrastructure investment to market led proposals (MLPs) and in identifying a Southern Rail Link to Heathrow (SRLTH) as the pathfinding scheme for this welcome policy; providing any such scheme is subject to the CAA's 'user pays' principle, should a contribution be sought of the airlines operating at Heathrow.

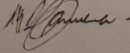
Whilst it is acknowledged – including by the House of Commons Transport Committee – the opportunities of SRLTH with a two-runway Heathrow, we believe the endorsement by Parliament of the Airports National Policy Statement, paving the way for a third runway, now makes such a scheme an urgent priority.

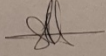
Therefore, we jointly urge you to ensure that the selection of a privately promoted solution for SRLTH continues to be treated as a matter of high importance by your Department, and as part of a holistic rail access to Heathrow solution alongside Network Rail's Western Rail access scheme.

We are conscious that the many other matters affecting both our own aviation sector and the rail industry at present, mean that your continued personal leadership and that of your most senior colleagues will be required to avoid SRLTH being side-lined. It is also essential in our view that the Williams Review of the rail industry does not hold back the MLP process for SRLTH.

Successfully attracting private sector finance for new rail infrastructure will require a well-paced process for inviting and assessing the various ideas for SRLTH schemes, and clarification that the winning promoter will be granted exclusive development rights. We hope that this will be published this Autumn.

Yours sincerely


Mark Gardiner
Chairman LACC


Simon Arthur
Managing Director
Heathrow AOC Limited

cc: Baroness Sugg, Parliamentary Under Secretary of State for Transport
cc: Simon McNamara, Area Manager UK & Ireland, IATA

VAT Number 409 7734 28
Company Number 7095672

Heathrow surface access

- *“This Council...calls on the Government to prioritise a southern rail access scheme, which supports strategic transport and economic objectives and contributes to addressing environmental impacts, to be in operation before any new runway comes into service”* – Extract from Surrey County Council 9th October 2018 resolution on Heathrow expansion
- Cllr Goodman’s resolution was approved: 68 votes in favour to one against
- Highways England M25 SW Quadrant Study concluded that further M25 widening would not solve congestion problems and instead recommend investment in public transport

Wider scheme benefits

- Congestion reduction: HSR forecasts to remove over three million car trips per year half from the busiest quadrant of the M25
- Supports housing growth and regional economic development
- Quickly delivered via TWAO or DCO process, opening between 2025 and 2027

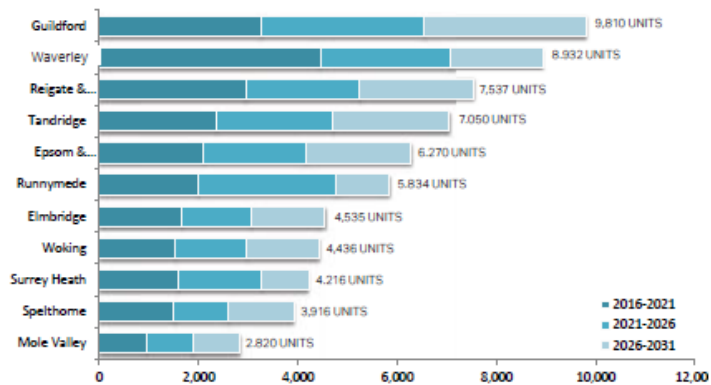
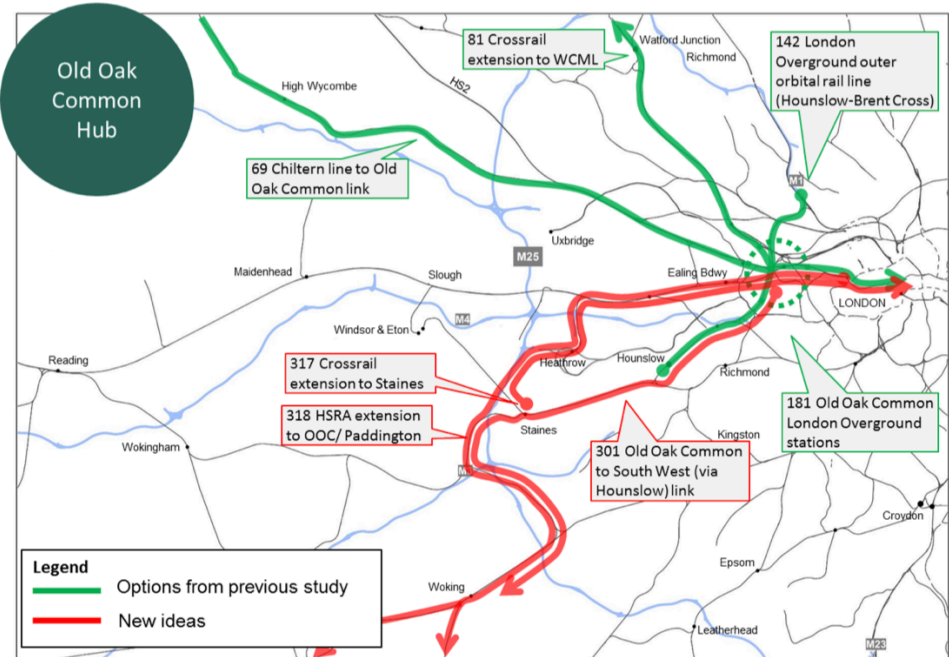
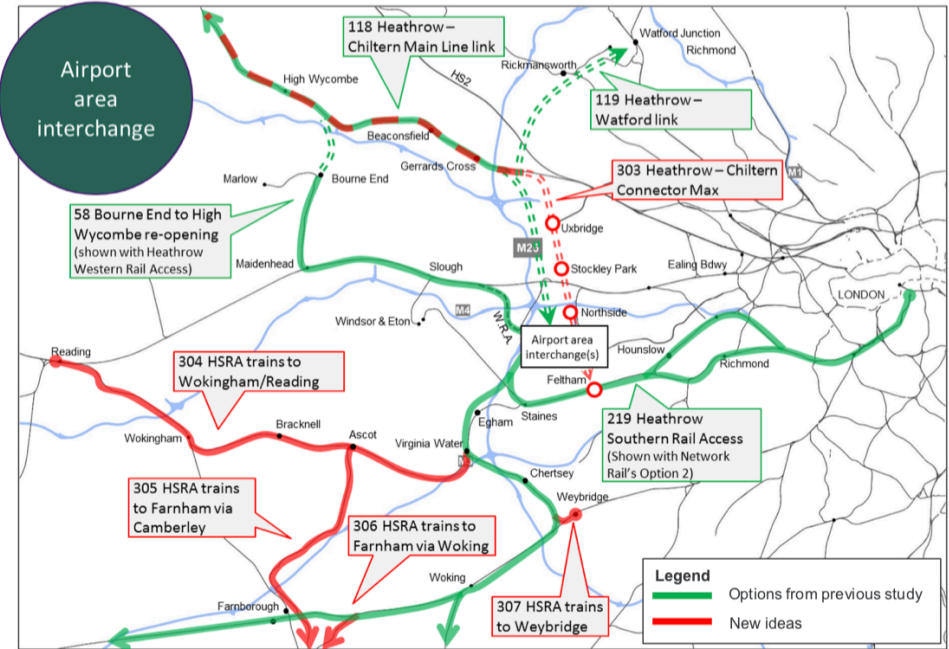
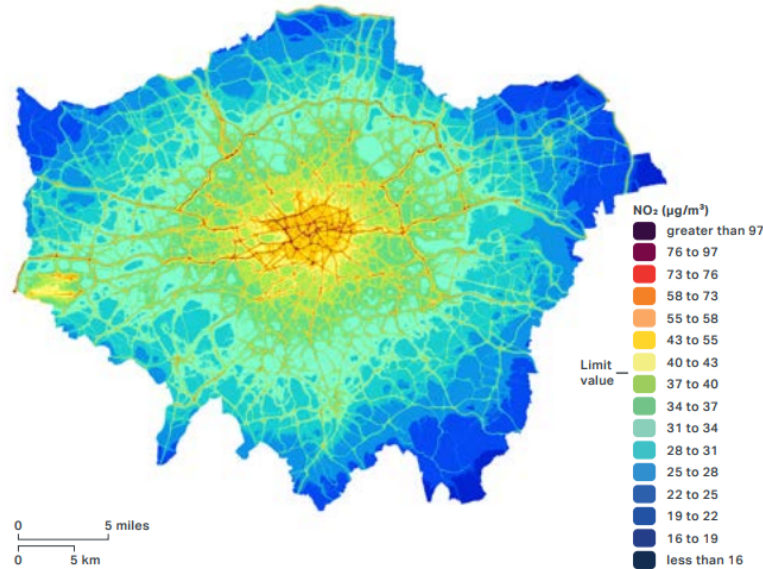


FIGURE 3.18 - PROPOSED HOUSING TRAJECTORIES PHASED OVER 15 YEARS
Source: Local Authority data provided for Infrastructure Study

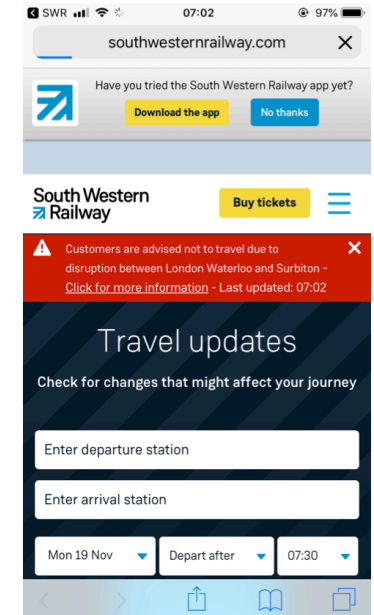
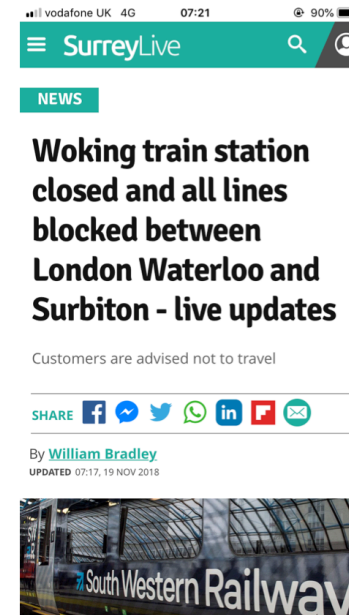
Wider scheme benefits

FIGURE 10: NO₂ LEVELS ACROSS LONDON, 2013



Source: Mayor's Transport Strategy, March 2018

- Air quality around Heathrow Airport has NO₂ concentrations that exceed EU legal limits
- Airport operations contribute but principally due to large number of diesel road vehicles circulating
- Increases rail network resilience



HSRL funding and financing model

- Private financiers put up the monies to construct the scheme. TOCs who use the route pay HSRL access charges scaled to cover the financing and operations, maintenance and renewal costs of the new railway
- A regulated utility model (not a PFI / PF2)
- DfT as franchising authority provides a Usage Undertaking to HSRL, guaranteeing that a given quantum of trains will use the route for a defined period – this will unlock a low cost of capital
- All costs, including funding, competed, track access charges reverse engineered
- HSRL forecast that the farebox revenue uplift TOCs will earn from new to franchised rail travellers to be c.£100m pa which on our central assumptions is high enough to cover costs and payment of access charges to HSRL
- Meaning that the scheme will not need a DfT subsidy once mature = financially credible without government support
- The BCR for the scheme (assuming a third runway) is between 2.3 and 3
- Assumed baseline;
 - 4tph Guildford/Basingstoke – Heathrow – Old Oak Common – Paddington
 - 4tph Waterloo – Clapham Junction – Richmond – Staines – Heathrow
- Baseline excludes extension of Elizabeth Line services from Heathrow T5 to Staines

Airports National Policy Statement June 2018

- 3.38 – *The Airport scheme promoters ... would make a contribution towards the cost of the proposed Western Rail Access and Southern Rail Access Schemes*
- 3.39 – *The majority of the surface access costs where a split of beneficiaries is expected (for example, where multiple businesses and the public at large benefits from a new... rail scheme) are likely to be borne by Government, where the schemes provide greater benefits for non-airport users. The airport contribution would be subject to a negotiation, and a review by regulators*
- 3.40 – *The Western and Southern Rail schemes are at different levels of development and the cost estimates will change as these schemes are developed. The Government would expect the costs of the schemes to be partly offset by airport contributions, which would be negotiated when the schemes reach an appropriate level of development*
- 5.17 – *Any application for development consent and accompanying airport surface access strategy must include details of how the applicant [HAL] will increase the proportion of journeys made by public transport, cycling and walking to achieve a public transport mode share of at least 50% by 2030, and at least 55% by 2040 for passengers. The applicant should also include details of how from a 2013 baseline level, it will achieve a 25% reduction of all staff car trips by 2030, and a reduction of 50% by 2040*

CAA Surface Access Policy CAP 1722 October 2018

Criteria against which CAA would expect HAL to bring forward evidence in support of any proposal to allow surface access costs associated with capacity expansion to be funded from airport charges [a RAB Addition]:

- Demonstrate that surface access projects likely to deliver benefits in excess of costs for airport users; costs may include costs of measures required to meet planning obligations and take into account journeys made by airport staff
- Airport operator should demonstrate that surface access strategy and individual projects as a whole should not be over specified or over costed
- User pays principle: the airport operator should take steps to ensure that the direct users of surface access facilities defray the costs to be recovered from airport charges to the maximum extent practicable through the application of direct charges
- Revenues from one mode should be used to offset the costs of another where this would support modal shift from car to public transport
- The proportion of net surface access costs borne by the airport operator should be based on the relative benefits derived by airport users
- Capital elements of the operator's residual efficient costs would be added to the RAB, and similarly any ongoing cost and revenues from surface access projects would be taken into account in the single till calculations used to set airport operators price control

Cross party political support



Jonathan Lord MP

“Heathrow Southern Railway is an important project that would help deal with the long term problem of inaccessibility to the Airport from Surrey and South West London. There are huge potential benefits economic and environmental benefits from this scheme across the region but especially for Woking which will gain from transformed connectivity to Heathrow, Old Oak and Paddington.”



Baroness Randerson

“I am extremely supportive of schemes like this which improve the public sector infrastructure and take people out of their cars. To me this is a totally laudable scheme.”

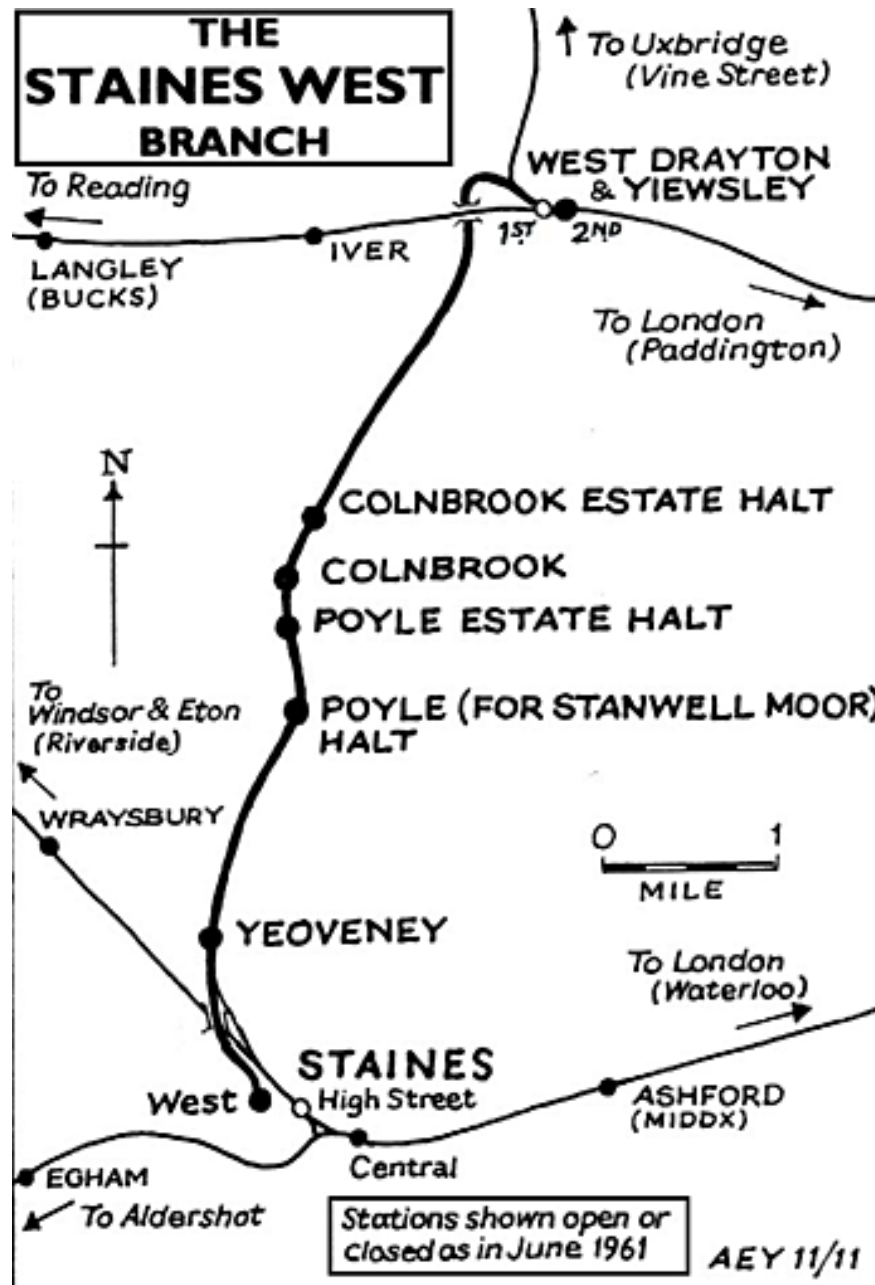


John McDonnell MP

“The lack of transport links [to Heathrow] results in large numbers of people still coming in not by public transport but by car... That’s not just passengers – it’s the huge workforce... What I am interested in is just the potential that there is for a solution to that problem and I think this could be that solution.”

Timeline to date

- **April 2016** – Heathrow Southern Railway Ltd (HSRL) formed as a company with the purpose of taking forward a southern rail link proposal
- **September 2016** – HSRL sends to DfT HSRL's Business Case, which is followed by series of meetings with DfT, which do not result in any clear outcome
- **September 2017** – AECOM invest in HSRL
- **October 2017** – HSRL's first meeting with CAA
- **23 March 2018** - Chris Grayling makes a statement to Parliament “I have today launched an invitation to investors who want to invest in rail infrastructure to bring forward proposals for the new southern rail link to Heathrow.. Promoters and investors now have two months to start working up proposals which are financially credible without government support”
- **8 May 2018** - DfT issues Prior Information Notice (PIN) for Southern Rail Link to Heathrow, specifying services from Heathrow to Waterloo, Surrey and Hampshire
- **24 May 2018** – DfT launches market sounding process to invite views from the market on a potential development process
- **8 July 2018** – HSRL issues a substantial response to the market sounding spelling out how its scheme meets DfT's Strategic Aims, can be delivered without the need for government subsidy, can be privately financed, is structured to be off government balance sheet, and is operable on the network
- **19 December 2018** – DfT publish on its website the Market Sounding Findings report, and conclude that responses to the market sounding do not support a market led approach to SRLTH. No forward process or timescale provided.
- **19 January 2019** – HSRL and AECOM meet Rail Minister Andrew Jones MP - who expresses positive sentiment but does not commit to any timescale or forward process.
- **Current understanding** - DfT considering process for inviting scheme promoter submissions in summer 2019



• www.disused-stations.org.uk

1981



Photo by T. Wright

Same location today



March 1962

Photo by Alan A Jackson



A southbound class 121 DMU approaching Yeoveney Halt in March 1962, two months before closure.

- www.disused-stations.org.uk

Same location today



Who We Are: Heathrow Southern Railway Ltd



Baroness Jo Valentine

HSRL's Chair, with a career spanning the city, industry, regeneration and public policy. Jo has particular expertise in stakeholder and political management courtesy of her role as a crossbench peer and between 2003 and 2016, as Chief Executive of London First. Until 2018, Jo was also a non Executive Director of HS2 Ltd.



Christopher Garnett OBE

Has held senior rail industry roles, as Chief Executive of GNER, Chairman of ATOC, Board Member of Transport for London and Board Member of the Olympic Delivery Authority. Christopher is expert in stakeholder management, strategic leadership, railway operations and safety.



John O'Brien

An entrepreneur with extensive experience as chairman and chief executive of organisations in the public, private and voluntary sectors. John has invaluable expertise in the rail industry, having been Franchising Director between 1996 and 1999, and subsequently as a Director of Railtrack, Network Rail and Veolia.



Graham Cross

HSRL's Chief Executive, brings 20 years experience of developing and improving railways in both the public and private sectors. When Business Development Director at Chiltern Railways, Graham masterminded the development, business case, financing, consenting through TWA, contracting, delivery and introduction of Chiltern's new £320m rail service to Oxford. The scheme involved a new stretch of railway at Bicester, the upgrade of 10 miles of dilapidated railway, and two new stations at Bicester Village and Oxford Parkway. This required expertise in franchising, gaining regulatory approval for efficient project spend, railway timetabling, system operation, negotiation with Network Rail and contractors, revenue and cost modelling, and stakeholder management.



Mark Bostock

A highly experienced economic consultant with particular skills in transport planning. In the early 1990s he promoted an alternative to British Rail's preferred alignment for the Channel Tunnel Rail Link, which eventually prevailed as the winning idea, and went on to be delivered as HS1, which improved Britain's international connectivity and stimulated over £25bn of economic regeneration for London and the South East.



Chris Stokes

A career railwayman with in depth experience of railway development, timetable planning, regulation and franchising. Chris held senior roles in British Rail, Network SouthEast, and the Office of Passenger Rail Franchising, before advising as a consultant to numerous rail projects including winning franchise bids. Chris has served as a Non-Executive Director of the Office of Rail & Road and as Chair of Agility Trains.



Patrick Deane

A financier with 30 years experience in portfolio management, with particular focus on transport, infrastructure, aerospace and airlines. Patrick's career includes periods with Midland Montagu, HSBC and Morgan Grenfell. Most recently he was a senior partner in TT International.



In addition, we take advice from **Harold Fairfull**, a financier with experience of advising on the Dartford Crossing, Manchester Metrolink, Manchester Airport Terminal 2 and Moorside Nuclear Power Station.



Steve Costello

Our Executive Director is an experienced architect and transport planner. Steve is an original thinker who has worked on the devising and development of numerous transport interchanges at rail stations and airports, in the UK and abroad.



Richard Morse

An investment banker with over 30 years experience of financing infrastructure, utilities and energy. Richard brings expertise from his role in securing the private financing of the £4.2bn Thames Tideway project. Richard is Deputy Chair of the special purpose company Bazalgette Tunnel Ltd, which promoted, developed, financed and is now constructing Thames Tideway.



These individual skills are complemented by **AECOM**, investor and partner in HSRL. AECOM's senior leaders **David Barwell**, **Colin Wood** and **Russell Jackson** provide their world-class skills, experience and resources to support the development and subsequently the design and delivery of the HSRL scheme.



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