

# Christian Wolmar



## I'm still waiting to see private inv

ONE of the big promises of rail privatisation was that there would be significant private investment to take the load off the Treasury.

In fact, in the past 25 years, there has been precious little. The big exception is rolling stock, although that was sold off cheaply in the first place. There have been various Private Finance Initiative and Public Private Partnership schemes that have brought in some outside money (notably the wasteful London Underground PPP), but generally at a high cost. Major schemes such as Crossrail and HS2 have been entirely paid for by public sources, and the bulk of the near £50 billion earmarked for the next Control Period is also from the taxpayer.

Now, however, there is the opportunity to see a chunk of railway added to the network, funded by private sources. In March, Secretary of State for Transport Chris Grayling announced that he wanted the private sector to come forward with 'market-led' proposals for investment in the railway. His main focus was on southern access to Heathrow, for which he specifically sought proposals, and he then added (almost as an afterthought) "any other schemes".

That's because there is an urgent need. The motorways around Heathrow are gridlocked and despite all the improvements in public transport to the airport, individual cars still account for 50% of journeys to and from Heathrow.

Moreover, it is extremely difficult to get to the airport from even very close destinations by public transport. If ever there was a market

Better rail access to Heathrow Airport is urgently required, and private investment offers a solution. But a series of problems blocks the way forward, says CHRISTIAN WOLMAR

criing out for better rail connections, this is it. Obviously, if another runway were built, the overall numbers using the airport will only increase (although I am doubtful that it will ever be environmentally feasible), so attracting more people onto rail is therefore essential.

There have been numerous projected schemes over the years - such as Airtrack, proposed in the early 2000s and which would have been a new route into the airport from Waterloo going on westwards, giving direct access from Guildford and Reading. It was shelved because airport owner BAA wanted government subsidy to fund the scheme.

Indeed, with so many competing demands for rail funding, successive governments have refused to fund any new rail access to the airport. But given the difficulty of reaching the airport from the south by any other means than cars, it is not surprising that Grayling has sought private sector bids.

At least five suggestions for better Heathrow connections have been put forward, and it is generally thought that if anything comes out of the initiative to get a privately financed scheme, it will be one of these. While details of the

schemes are rather sketchy, at least a couple involve local light rail services rather than a fully fledged connection to the airport.

There is also a scheme for access from the west, from a junction between Langley and Iver and through a 5km (3.1-mile) tunnel to Terminal 5. This has been worked up by Network Rail, but the Government is hoping that it can be built through a PFI scheme (update memo to Chris Grayling: Chancellor Philip Hammond has just ruled out any new PFI projects). The plan has been put out for consultation, but the results have not yet been published.

Frontrunner for access from the south is undoubtedly Heathrow Southern Railway, created in 2016 by a group of managers in the railway industry and which has attracted the support of the large American consultancy Aecom.

It wants to build eight miles of new line, principally in tunnel, connecting into Terminal 5 and crucially then continuing through to the main airport station and on to Paddington. The idea, therefore, is that this would not just be an airport shuttle, but rather be able to take commuters who work in west London into work from places such as Woking and Basingstoke, therefore avoiding having to use Waterloo. This makes the business model more viable since it will serve three distinct markets - commuters, air passengers, and many of the 70,000 airport staff.

One big advantage of the scheme, presented at a Railfuture meeting in Reading on November 10, is the number of stations that will connect with the new service with just one change. Huge numbers of people living in the South East and South West could in future be tempted to leave their cars at home and take the train to the airport, without the need to railhead at overcrowded stations.

Heathrow Southern Railway's chief executive Graham Cross, who used to work for Chiltern and is therefore familiar with enhancement schemes on the network, reckons that the average fare will be around £11, and that this will be sufficient to earn a return on the capital investment (which will cost in the order of £1.3bn to £1.6bn).

Of course, some of that money will have to go

## Farewell Jo Johnson

As an ardent Remainer, I hugely commend Jo 'hydrogen' Johnson's action in resigning to campaign for a People's Vote - which incidentally is not a second referendum, but a vote on the terms of any deal that Theresa May can cobble together in the next few weeks.

However, his departure after just ten months in the job highlights the ridiculous nature of the ministerial system. He clearly was not interested in the job when first appointed - having been shifted from the role of Universities minister.

He made several foolish statements such as suggesting all diesel trains should be scrapped by 2040 (a fatuous and empty promise), and mistakenly saying that a hydrogen-fuelled train was already operating on the Windermere branch (where,

ironically, a heritage diesel towing locomotives was doing the job as a result of the May timetable change chaos).

Having said that, when I met him recently at the launch of the Sheffield-Rotherham tram train, he did appear more engaged with the issues - even though he cannot have given many speeches at the back of a bleak set of Yorkshire warehouses at 0800.

So now, just as the rail industry is in a state of transition with numerous difficulties, a new minister has to come in and get up to speed on the various complex issues.

At least Jesse Norman has come from within the department, even though his brief did not previously include railways. But the system of ever-changing ministerial personnel passing through Marsham Street's revolving door is by no means sensible.

Transport writer & broadcaster

# Investment take off



Heathrow Express 332011 stands at London Paddington on October 8. Various schemes regarding additional routes to serve Britain's biggest airport have been mooted, often through privately funded projects. RICHARD CLINNICK.

on operations and on track access charges to the existing part of the network, but Cross reckons that the scheme will be self-funding. That would make it unique - nothing approaching such a scheme has been developed in the quarter of a century of rail privatisation.

I questioned Cross about how realistic his assumption was, and precisely what would happen if the costs overran. He replied: "Once the project has been worked up and the agreement to build it is given the go-ahead, then any extra costs would be borne by the shareholders. In other words, their dividends would have to be lower in order to service the extra capital cost."

That does still leave the question: what happens if the scheme gets into the sort of trouble encountered by many projects, and costs start to escalate beyond levels that could be met from passengers paying the track access? Would the Government eventually have to intervene, or would a half-built scheme just be left to gather weeds with its tunnels offering shelter for bats?

It is precisely the promise that this scheme requires no financial backing from government that makes it so attractive to Grayling. However, government intervention would still be required in one respect. There would have to be a service agreement to ensure that the tracks were used sufficiently frequently to ensure that

the rate of return was (at least potentially) sufficient. The whole point of private sector involvement is that there has to be a risk in relation to passenger numbers, but without a guarantee of a reasonable level of train service the line will never be built.

There is potentially a conflict with the western access project, on which services are (at the moment) envisaged to stop at Terminal 5. However, if these were to continue to the main station under Heathrow and through to Paddington, it would create competition that would undoubtedly reduce Heathrow Southern's revenue.

It is this type of problem that makes attracting private finance into the industry so complex. While ministers can say "let a thousand flowers bloom" (Chairman Mao's favourite expression), when the blossom appears it all gets rather complicated. Ministers feel that the Government is duty bound to consider all applications, rather than favouring a particular scheme. This can deter potential bidders who do not want to spend millions on working up schemes only to find that actually it was not quite what ministers wanted. While it is understandable that ministers have to be seen to be fair, they have to recognise that dithering over precisely what they want will kill off any hope of ever seeing a private scheme through.

The simple issue of delay is another negative

for the private sector. Grayling has said that the results of the consultation will be published in "the autumn", but we're nearly into winter, and there is no sign of any decision. A project insider told me: "The last thing we need is a call for further consultation or yet more ideas. We need ministers to define quickly what they want so that we can develop the scheme and present it soon. Otherwise, momentum will be lost and nothing will happen."

This is a fascinating test. Ever since privatisation, I have been sceptical of the ability of the government ever to attract genuine new private investment into the railways because of these complexities, other than to provide basic facilities such as rolling stock or maintenance trains.

I remember writing about plans to extend the Tamar Valley line between Bere Alston and Tavistock, on the basis of capturing the development value of new housing, but it just proved too difficult and messy. Will Grayling be able to assuage my doubts? [R](#)

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