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December 2015

Dear Valerie,

Re: Devolving rail services to London report

Thank you for your letter of 16 October on the publication of the London Assembly Transport Committee's report, 'Devolving Rail Services to London: Towards a South London Metro'.

I know the Mayor has already expressed his thanks for the hard work you and colleagues put into your report, which builds a strong case for the transfer of contracting authority from the Department for Transport (DfT) to Transport for London (TfL). The Commissioner has asked me to respond to you and add his thanks to those of the Mayor for the work undertaken.

We have been progressing discussions with the DfT over recent months. The exchange of letters between the Mayor and the Leader of Kent County Council, Paul Carter, to which the Mayor referred in his letter to you, has further advanced our cause.

I hope to be able to update you on our discussions with the DfT in more detail soon. In the meantime, our responses to your report's recommendations are set out below:

Southeastern franchise

- 1) We have already completed a lot of the business case work for the devolution of these services. The next stage of our discussions with Southeastern and the DfT will focus on how we can best separate the

inner suburban services from the outer suburban services in the most financially and operationally efficient way possible.

- 2) We are mindful of the need to engage with stakeholders from across the region, including those at all levels of government, to ensure that our proposals take account of all relevant considerations. We have dedicated significant energy to engagement activity, including with Kent County Council and certain London Boroughs. We will also discuss our concession specifications with interested parties, which is a process we will repeat if and when Southeastern is transferred. I am not convinced at the moment that the establishment of a formal steering group of the kind you propose would advance the case for devolution while our discussions with the DfT continue to progress. However, this is something that we will consider in future if necessary.
- 3) We have had initial discussions with Network Rail and relevant operators. However, detailed discussions must await Secretary of State approval as these would necessarily involve a coordinated programme of closely-linked and commercially-sensitive procurements for new passenger service contracts.
- 4) We recognise that London boroughs have concerns about cost pressures relating to the Freedom Pass. However, the figure quoted in your report of a potential cost of £20m is far in excess of the actual cost according to our estimates which, based on proposals we have put to London Councils, estimate the cost to be borne by the boroughs at less than £2m. Additionally, we are talking to London Councils about how to avoid undue financial burdens on the boroughs as a result of further devolution. Given progress to date, we are optimistic that an agreement can be reached well in advance of our taking control of any additional rail services.

South Western franchise

- 5) We share your view on the importance of the transfer of relevant South Western passenger services to us. It is our clear objective in our discussions with the DfT. I would encourage the London Assembly, and other interested parties, to support us in our aim in response to the DfT consultation on the new South Western franchise which closes on 9 February 2016. We always engage with bidders, and South Western would not be an exception to this, including the impact on operations of the Crossrail 2 project.

Passenger engagement

- 6) Passenger engagement on the topic of rail devolution is already underway. Specifically, we have spoken with the Sevenoaks Rail User Group in detail, which has been instrumental in making the case for devolving rail services to us. We have also worked with passenger representative bodies including London TravelWatch and will continue to seek other opportunities to engage with rail passengers on this matter.

Financial risks

- 7) In light of the recent Spending Review, we are reviewing our existing business plan. We are confident that taking on additional services will remain a feasible proposition. A detailed analysis will take place as part of the business planning process.

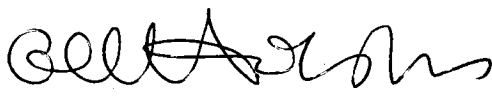
Infrastructure planning

- 8) There are existing reviews into various aspects of infrastructure planning, notably the Shaw Review and the review into the role of the Office of Road and Rail. We are clear that there is a more meaningful role for us to play in terms of both strategic planning for rail across London and the south east, the sponsorship of schemes, and – in some cases – the delivery of specific projects. We will continue to make this case as these reviews progress.

The recommendations set out in your report highlight the scale of the task we are undertaking. There is much we need to agree with the DfT before we can get started on the practicalities of implementation. However, based on our current discussions with DfT colleagues and the support we have from key stakeholders such as the London Assembly and Kent County Council, the Commissioner and I are hopeful that we can make positive progress in the near future.

I will be very happy to keep you updated.

Yours sincerely

PP 

Gareth Powell

