

# Withdrawal of Scheduled Passenger Services between Wandsworth Road, Kensington (Olympia) and Ealing Broadway

## Consultation Document

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# 1. Purpose of consultation

Under section 24(4)(b) of the Railways Act 2005 the Secretary of State, as the relevant railway funding authority, is required to carry out a consultation concerning its proposal to discontinue all the relevant railway passenger services on a particular line or lines.

This consultation is being carried out in accordance with Schedule 7 of the Railways Act 2005.

The Secretary of State has carried out an assessment of whether the proposal satisfies the criteria set out in the relevant parts of the Railways Closures Guidance and in accordance with that guidance.

A copy of the guidance may be found at:

<http://webarchive.nationalarchives.gov.uk/+http://www.dft.gov.uk/pgr/rail/legislation/sgd/railwaysclosuresguidancea/railwaysclosuresguidance.pdf>

Comments are now invited on this proposal.

When the CrossCountry franchise was re-designed as 'New Cross Country' in 2007 the obligation to provide services between Brighton and Manchester was removed. The reason for this change was to facilitate the release of rolling stock to increase capacity into and out of Birmingham and Leeds in the commuting peaks: it had been observed that, at the very time that passengers were commuting into these cities on extremely crowded CrossCountry trains there were other CrossCountry trains, particularly those running into and out of Brighton, that were very lightly used.

It was realised late in the process of re-letting the CrossCountry franchise that not only would the withdrawal of the through Brighton to Manchester trains leave three small sections of line in west London without any scheduled passenger rail services running along them, but also that if left this would constitute a 'closure' of scheduled passenger services over those sections.

This situation was further complicated by the fact that no actual network closures were anticipated: the sections in question would continue to be used regularly by freight trains and fairly frequently by charter passenger trains.

The sections left without scheduled passenger services comprise three short sections of track, no stations are involved. These sections are:

1. Factory Junction to Latchmere Junction no.1 (a short chord between Wandsworth Road and Imperial Wharf stations)
2. Willesden West London Junction to Acton Wells Junction (between Shepherd's Bush and Acton Main Line stations)
3. Acton Wells Junction to Acton East Junction (between Shepherd's Bush and Acton Main Line stations)

There was no obvious way in which to provide a rail replacement over the lines in question once the CrossCountry operator had withdrawn its services. No franchised passenger operator has all these routes included in their Track Access Agreement, although Southern has rights to operate trains between Factory Junction and Latchmere Junction. Accordingly there was no passenger service operator that could be required to operate these routes when CrossCountry services were withdrawn in December 2008.

In seeking a rail solution the Department (DfT) entered discussions with Southern and a solution to the operation between Factory Junction and Latchmere Junction was quickly found. However no cost effective solution could be found for the operation of a service between Willesden West London Junction and Acton East Junction, so a weekly bus service was established instead.

It is now intended to regularise the situation by formally 'closing' (in the sense that no scheduled passenger services will be provided) the three sections of line in question. This document examines the case for 'closure'.

## 2. Appraisal

The option of either retaining or closing scheduled services over the route sections under consideration was appraised according to the DfT's standard guidance (WebTAG), as required by the Railways Closures Guidance. Retaining services was found to have extremely low value for money (the "BCR" is less than zero). The results of the appraisal are described in further detail in the following paragraphs and detailed results tables are shown in Appendix 1.

This appraisal takes the approach of assuming that the "do nothing case" is that no new train service is initiated, and that scheduled passenger services over these route sections are discontinued. The "do something" case is to run a new rail service over the route sections in question. Previous discussions with Train Operating Companies (TOCs) have concluded that the ONLY feasible way to run such a service is for Southern to run a train from Ealing Broadway to Wandsworth Road, but for operational reasons, the eastern end point for this service would need to be at London Bridge. Southern have provided costings for this service. Network Rail has indicated that the only feasible time would be to depart London Bridge at 20:17 and return from Ealing Broadway at 21:22. Journey time would be about 43 minutes.

The appraisal shows that the costs of keeping these route sections open (the "do something" case in Option 1) are extremely high relative to any possible calculation of the benefits. For example, working on a 19 year timescale (this takes us through to the end of Southern's current Franchise in 2015 and on to the end of a likely new 15 year Franchise), the present value of total cost is £1.68m (in 2002 prices), of which the DfT would, under the terms of the franchise agreement, be due to pay £151,231 (see Tables 3 and 4 in "The Economic Case", Appendix 1).

The direct passenger benefits of this service are found to be very low, with a Net Present Value (NPV) at just £0.003m. This is because there are many alternative options for travel between all stations involved using public transport (bus and tube). Even though many such journeys involve interchanges (and timing penalties), they are much more frequent than the proposed once per day service, and for this reason the Passenger Demand Forecasting Handbook (PDFH) methodology ranks them as having lower (generalised) journey times. There is also an extremely low number of passengers involved, with the available

evidence of passenger numbers over the route sections in question (and the bus replacement service) currently running at less than 200 per annum.

Allowing for the net benefits to the transport provider makes the case worse, as they are negative, with costs far exceeding benefits. As a result, the NPV which allows for both costs and benefits is also negative, with the NPV of minus £1.68m (in 2002 prices, see the AMCB in Table 5). As "benefits" are large and negative, the BCR is also negative (-10.1) which indicates exceptionally poor value for money.

The extremely low number of users makes it clear that on any reasonable assumptions, user benefits would be negligible. For example, a sensitivity test was run to allow for the maximum value of time savings. This made the most favourable assumption that all passengers' ideal time of travel was the late evening time of the service in Option 1. Even on this basis, total NPV of benefits was a mere £36,132, and made almost no difference to the overall NPV or BCR.

# 3. The Strategic Case

## Current Provision of Temporary Services

### a) Wandsworth Road and Kensington (Olympia)

A train service covering the first of these unused sections was introduced by Southern in May 2009 (and included in the Service Level Commitment (SLC) for the new Franchise which began in September 2009). This service runs on Mondays to Fridays between Wandsworth Road and Kensington (Olympia) (starting from Clapham High Street since 12 December 2011). The previous service over these sections (arising from the Brighton to Manchester services which were withdrawn when the previous franchise ended) only called at Kensington (Olympia), never at Wandsworth Road, Ealing Broadway or Clapham High Street. The closures in question relate to the operation of services over sections of line, no stations (or station calls) are affected.

The rail service between Kensington (Olympia) and Wandsworth Road/Clapham High Street currently has no ongoing costs to the DfT. This is because although the SLC agreed in Sept 2009 requires Southern to run this service weekly, the TOC actually chooses to run it daily as this suits its own rolling stock management requirements. However, the Southern Franchise is due to expire in 2015 and unless closed by then, the DfT's costs may increase at re-letting if it remains in the new Franchise Specification.

It is proposed to effect the closure of this section of route from the December 2012 timetable change date. London Overground will be introducing a new regular south London orbital service between Wandsworth Road and Clapham Junction, which is expected to commence in December 2012. This will provide frequent all day journey opportunities between Wandsworth Road and Kensington (Olympia) by interchanging at Clapham Junction.

### b) Bus Replacement between Ealing Broadway and Wandsworth Road

A temporary bus service was introduced to run from Ealing Broadway to Wandsworth Road via Kensington (Olympia), once a week. This in effect provides passengers with travel which, if by train, would traverse



sections 2 and 3 above. This is costing the DfT £450 per week and is very poor value for money, as evidence shows that it is currently used by between zero and three passengers per week.

Section 40 of the Railways Act 2005 only allows the substitution of railway passenger services by road services in limited circumstances. As the Bus Replacement service is only acceptable as a “temporary” measure the DfT must decide either to restore rail services over this route, or take steps to close services over this line segment. “Close” throughout refers to closing the scheduled passenger service only, there is no question of any of the three sections of line closing in the sense of removing track infrastructure; the track will in all cases remain for use by freight services or other passenger services should they wish to do so.

Table 1. Summary of Sections under consideration – and related train services

<b>Ref</b>	<b>Route “sub-section”</b>	<b>“Section” – Railway Stations either side of “sub-section”</b>	<b>Replacement Train (and/or bus) service</b>
#1	Factory Junction to Latchmere Junction no.1	Wandsworth Road and Imperial Wharf	Southern (train) Mondays–Fridays Kensington (Olympia) to Wandsworth Road, out 1002, return 1612
#2	Willesden West London Junction to Acton Wells Junction	Shepherd’s Bush and Acton Main Line	Bus replacement – Ealing Broadway to Wandsworth Road (via Kensington (Olympia)) – one per week, Tuesday 0945 out, return 1315
#3	Acton Wells Junction to Acton East Junction	Shepherd’s Bush and Acton Main Line	Bus replacement – Ealing Broadway to Wandsworth Road (via Kensington (Olympia)) – one per week, Tuesday 0945 out, return 1315

The only permanent alternative to “closure” is the provision of a new rail service which would traverse all three route sections. The only viable service has been considered in detail in “Option 1”. It has been difficult to design such a service for the following reasons:

- The sections are non-electrified in places, so only diesel powered trains can be used;
- The route sections do not fall naturally within any one TOC’s territory, and although First Great Western, Southern and South West Trains operate near this area, their diesel vehicles would be operating away from their normal operating area;

- It has been difficult to timetable a service that passes the three route sections and fits the available resources in a cost-efficient way (discussions with Network Rail have concluded that the service could only operate each day in the late evening);
- It is necessary to obtain route clearance throughout for rolling stock for any of the eligible TOCs (referred to above), as previous clearance was only applicable to CrossCountry's Voyager fleet;
- Drivers would require new route training as none of the potential operators have driver knowledge of all the route sections in question.

In the light of these considerations, the only possible new service has been found to be a once per day service which Southern would operate, covering all three route sections between Ealing Broadway and Wandsworth Road, but which, for operational reasons, would terminate at London Bridge.

Although as an alternative to closure, it is possible to run a service at a frequency of only once per week, discussions with Southern have indicated that the cost savings of this compared to daily would be insignificant. This is due to the large one-off set-up costs of training and recruitment. This appraisal has not considered a weekly service explicitly, but it is clear that the value for money case would remain almost as negative as in the daily service. This is because, while costs would be reduced – on a generous assumption by say 25% to 50% – any of the already small benefits arising from a daily service would be reduced by 80% for a weekly service.

There are currently many alternative public transport options which passengers can choose to travel between all the relevant sections (see Appendix 3). In every case, the standard industry (PDFH) methodology shows that these are "better" (lower Generalised Journey Time, or "GJT") than the proposed once per day rail service.

Since the new London Overground station opened at Shepherd's Bush in autumn 2008, it has been possible to get to Ealing Broadway from Kensington (Olympia) by changing trains there onto the London Underground Central line.

In addition, a range of new rail options will become possible from December 2012 when a new rail service between Wandsworth Road and Clapham Junction starts (as part of the South London Orbital Overground service). This will run at a frequency of four trains per hour and will connect at Clapham Junction with services to Kensington (Olympia) providing much shorter travel timings from Wandsworth Road (based on GJT) than the proposed new service.

## 4. The Commercial Case

Consideration of Option 1 makes clear that there is no value for money case for it. There is also no commercial case for the TOC (Southern) to run the proposed service; from their point of view, the service is likely to involve large net costs in year 1 and in each subsequent year.

The new service would only be provided by Southern if the DfT chooses to exercise an option under the Franchise Agreement to require delivery of this service. Details of this service, and the precise cost elements which DfT would reimburse were set out in a side letter to the Southern Franchise agreement and sent to Go-Ahead Group on 8th June 2009. The relevant extract from the side letter is included as Appendix 6.

Southern have indicated that providing the service daily is little more costly than once per week (due to initial recruitment and training costs, which are relatively invariable). This may be something of an underestimate, i.e. there could be some cost savings from weekly versus daily provision – but this would not alter the overwhelmingly unattractive commercial case (and would of course reduce any passenger benefits).

If there is further delay beyond December 2012, the DfT will be involved in additional costs for extending the “temporary” bus replacement service between Wandsworth Road and Ealing Broadway (see below).

From consideration of the above points, there is a clear commercial case for "Option 0", which is to close the line sections to scheduled passenger services.

This “do nothing” option will allow the formal closure of the bus replacement service, which will save the DfT the current running cost of around £23k p.a. It will also make clear that the current rail service between Kensington (Olympia) and Wandsworth Road, although involving no current cost to DfT (or indeed the TOC) will not be continued beyond December 2012.

Option 1 (provide a new rail service) requires a large amount of additional spending by the DfT, as it will be liable (under the Franchise Agreement) to reimburse the TOC for some of the costs. If Southern were to introduce the new train service the initial total start-up costs would be around £384,000. These costs include recruitment, driver route training, Passenger Information Systems upgrade and publication in the timetable. There would also be an ongoing annual cost of around

£132,000 for items such as fuel, maintenance and ongoing staff and Station Access costs.

Option 1 would, however, save the comparatively small sum of £23k pa for which the DfT is liable in respect of the Bus Replacement service.

# 5. How To Respond

The consultation period began on 10 May 2012 and will run until 9 August 2012. Please ensure that your response reaches us before the closing date. If you would like further copies of this consultation document, it can be found at [www.dft.gov.uk/consultations/open](http://www.dft.gov.uk/consultations/open) or you can contact Simon Feast if you would like alternative formats (Braille, audio CD, etc).

## **Invitations to consultees**

A list of bodies formally consulted is set out in Appendix 4.

Rail User Groups should send comments in the first instance to the Department for Transport using the contact details below and also provide copies to London TravelWatch, 6 Middle Street, London EC1A 7JA , or by email. to: [closures2@londontravelwatch.org.uk](mailto:closures2@londontravelwatch.org.uk)

Members of the general public should send comments in the first instance to the Department for Transport using the contact details below and may wish to make their views known to their local district, county, unitary authority or London borough. Copies of comments can also be made available to London TravelWatch.

When responding, please state whether you are responding as an individual or representing the views of an organisation. If responding on behalf of a larger organisation please make it clear who the organisation represents and, where applicable, how the views of members were assembled.

It should be noted that not every submission made by members of the general public will receive a response.

Responses to this consultation should be sent to:

South & West London Consultation  
Department for Transport  
Great Minster House 4/18  
33 Horseferry Road  
London SW1P 4DR

Or by email to: [South&WestLondon.consultation@dft.gsi.gov.uk](mailto:South&WestLondon.consultation@dft.gsi.gov.uk)

## **Action following consultation**

Following the consultation period, DfT will consider responses and undertake such further analysis as might be necessary.

The DfT will produce a summary of the outcome of the consultation process as a Stakeholder Briefing Document.

## **Freedom of Information**

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the Freedom of Information Act 2000 (FOIA) or the Environmental Information Regulations 2004.

If you want information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information, we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the DfT.

The DfT will process your personal data in accordance with the Data Protection Act, and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

# Appendix 1: The Economic Case

## Appraisal Options and results

**The “Do Nothing” option (Option 0)** is to take no action and to discontinue passenger services over all three route sections. In practice this would imply closing the bus replacement service and the current daily Monday to Friday train service, between Wandsworth Road/Clapham High Street and Kensington (Olympia) from December 2012.

This option will require a Closure under the 2005 Railways Act.

**The “Do Something” option (Option 1)** is to keep the route sections open by running a new service.

This option is to provide a new scheduled train service which will run along all three route sections and thus avoid any need to formally discontinue services over any of them.

The only viable alternative to closing them has been found (after detailed consultation with TOCs and Network Rail) to be the initiation of a new rail service to run across all three sections, which can only be done by starting the service at London Bridge, thus adding a London Bridge to Wandsworth Road leg to the route.

Network Rail has indicated that a new London Bridge to Ealing Broadway service could only be scheduled at 20:17, returning at 21:22 each day. Southern have sent cost estimates for this service to the DfT. Southern propose a daily (Monday to Friday) service, rather than the minimum requirement of weekly, as this would maintain driver route knowledge and only incur extra variable track access charges and fuel costs.

The costings provided by Southern indicate that the total cost of providing this service would be £384,000 to set up plus operating costs of £132,000 in the first and each subsequent year.

## Appraisal Results for Option 1

The results are summarised in the following tables, as required by the latest Transport Business Case Guidance.

The overall Benefit Cost Ratio (BCR) is shown in Table 5, while Table 6, the Appraisal Summary Table (AST), summarises the impacts of this

decision across a wide range of social and economic criteria. It also shows the costs and benefits for the “do something” option (keeping the route sections open).

It is calculated over 19 years in order to run through to the end of this Southern Franchise, and the next one due to start in 2015 (which is assumed to run for 15 years). A similar exercise has also been run over a 10 year period. In both cases the value of benefits is negative and the value of costs is vastly higher, although over 10 years the ratio of (negative) benefits is slightly lower relative to costs.



Table 3. Economic Efficiency of the Transport System (TEE Table)

**Economic Efficiency of the Transport System (TEE) over 19 years**

2002 prices

<u>Non-business: Commuting</u>	ALL MODES	ROAD	BUS and COACH	RAIL	OTHER
<u>User benefits</u>	TOTAL	Private Cars and LGVs	Passengers	Passengers	
Travel time	0	0	0	0	
Vehicle operating costs					
User charges					
During Construction & Maintenance					
<b>NET NON-BUSINESS BENEFITS: COMMUTING</b>	<b>0</b> (1a)				
<u>Non-business: Other</u>	ALL MODES	ROAD	BUS and COACH	RAIL	OTHER
<u>User benefits</u>	TOTAL	Private Cars and LGVs	Passengers	Passengers	
Travel time	36,132			36,132	
Vehicle operating costs					
User charges					
During Construction & Maintenance					
<b>NET NON-BUSINESS BENEFITS: OTHER</b>	<b>36,132</b> (1b)				
<u>Business</u>		Goods Vehicles	Business Cars & LGVs	Passengers & Freight	Passengers
<u>User benefits</u>					
Travel time					
Vehicle operating costs					
User charges					
During Construction & Maintenance					
<b>Subtotal</b>	<b>0</b> (2)				
<u>Private sector provider impacts</u>				Freight	Passengers
Revenue	2,783				
Operating costs	-1,680,635				
Investment costs					
Grant/subsidy	151,231				
<b>Subtotal</b>	<b>-1,526,621</b> (3)				
<u>Other business impacts</u>					
Developer contributions	0 (4)				
<b>NET BUSINESS IMPACT</b>	<b>-1,526,621</b> (5) = (2) + (3) + (4)				
<b>TOTAL Benefits (TEE)</b>	<b>-1,490,489</b> (6) = (1a) + (1b) + (5)				

Notes: Benefits appear as positive numbers, while costs appear as negative numbers.  
values

Table 4. Public Accounts Table

**Public Accounts** over 19 years (at 2002 prices)

	ALL MODES TOTAL	ROAD INFRASTRUCTURE	BUS and COACH	RAIL	OTHER
<b>Local Government Funding</b>					
Revenue					
Operating Costs					
Investment Costs					
Developer and Other Contributions					
Grant/Subsidy Payments					
<b>NET IMPACT</b>					
	(7)				
<b>Central Government Funding: Transport</b>					
Revenue	0				
Operating costs					
Investment Costs					
Developer and Other Contributions					
Grant/Subsidy Payments	151,231			151,231	
<b>NET IMPACT</b>	151,231				
	(8)				
<b>Central Government Funding: Non-Transport</b>					
Indirect Tax Revenues					
	(9)				
<b>TOTALS</b>					
<b>Broad Transport Budget</b>	151,231				
	(10) = (7) + (8)				
<b>Wider Public Finances</b>	0				
	(11) = (9)				
	negative numbers.				
	All entries are discounted present values in 2002 prices and values.				

## Analysis of Monetised Costs and Benefits (AMCB)

Because net benefits are negative, the BCR is also negative (-10.095), as shown in Table 5.

Table 5. The AMCB Table

### Analysis of Monetised Costs and Benefits - 19 years (at 2002 prices)

Noise		(12)
Local Air Quality		(13)
Greenhouse Gases		(14)
Journey Ambience		(15)
Accidents		(16)
Economic Efficiency: Consumer Users (Commuting)	0	(1a)
Economic Efficiency: Consumer Users (Other)	0	(1b)
Economic Efficiency: Business Users and Providers	-1,526,621	(5)
Wider Public Finances (Indirect Taxation Revenues)		- (11) - sign changed from PA table, as PA table represents costs, not benefits
Option Values		(17)
Present Value of Benefits <sup>(see notes)</sup> (PVB)	-1,526,621	(PVB) = (12) + (13) + (14) + (15) + (16) + (1a) + (1b) + (5) + (17) - (11)
Broad Transport Budget	151,231	(10)
Present Value of Costs <sup>(see notes)</sup> (PVC)	151,231	(PVC) = (10)
<b>OVERALL IMPACTS</b>		
<b>Net Present Value (NPV)</b>	<b>-1,677,852</b>	NPV=PVB-PVC
<b>Benefit to Cost Ratio (BCR)</b>	<b>-10.095</b>	BCR=PVB/PVC

Note : This table includes costs and benefits which are regularly or occasionally presented in monetised form in transport appraisals, together with some where monetisation is in prospect. There may also be other significant costs and benefits, some of which cannot be presented in monetised form. Where this is the case, the analysis presented above does NOT provide a good measure of value for money and should not be used as the sole basis for decisions.

As can be seen in the Tables, net benefits are negative – as there are net costs to the transport providers, but minimal gains to passengers. As regards the Public Accounts, the present value of costs payable by the DfT amounts to £151,231 (at 2002 prices) reflecting the share of initial set-up costs (for driver training and recruitment etc) for which it is liable under the franchise agreement.

The Appraisal Summary Table (AST) for this option is shown at Table 6.

Table 6. Appraisal Summary Table

<b>Appraisal Summary Table - (PV's over 19 yrs, 2002 prices)</b>				
<b>Option 1. - NEW RAIL SERVICE FROM LONDON BDGE TO EALING BDWY</b>		<b>TO AVOID CLOSING SERVICE ON 3 CHORDS OF TRACK BETWEEN WANDSWORTH RD AND EALING BDWY.</b>	<b>Problems - an "artificial" solution to problem of "closure" with extremely high costs relative to benefits; as a new service, elasticity-based techniques are difficult to apply precisely</b>	<b>Present Value of Costs to Public Accounts</b> £151,231 (PV in 2002 prices, calculated over 19 years)
<b>Objective</b>	<b>Sub-Objective</b>	<b>Qualitative impacts</b>	<b>Quantitative assesment</b>	<b>Assessment</b>
<b>Environment</b>	Noise	Negative but Negligible (2 extra trains per day running through busy London routes and junctions)	N/A	None
	Local Air Quality	No significant change expected to result from this scheme	N/A	None
	Greenhouse Gases	No significant change expected to result from this scheme	N/A	None
	Landscape	No significant change expected to result from this scheme	N/A	None
	Townscape	No significant change expected to result from this scheme	N/A	None
	Heritage of Historic Resources	No significant change expected to result from this scheme	N/A	None
	Biodiversity	No significant change expected to result from this scheme	N/A	None
	Water Environment	No significant change expected to result from this scheme	N/A	None
	Physical Fitness	No significant change expected to result from this scheme	N/A	None
	Journey Ambience	No significant change expected to result from this scheme	N/A	None
<b>Safety</b>	Accidents	No significant change expected to result from this scheme	N/A	None
	Security	No significant change expected to result from this scheme	N/A	None
<b>Economy</b>	Public Accounts	There will be a large cost to Central Government	All Cost to Central Govt, no cost to local govt or developers	PVC <b>£0.151m</b>
	Transport Economic Efficiency: Business Users & Transport Providers	Timing of new service makes business users most unlikely, and cost of providing service far exceeds benefits	new service offers no time savings	PVB <b>-£1.490m (NEGATIVE)</b>
	Transport Economic Efficiency: Consumers	No incremental Consumer usage is demonstrable in PDFH, but we make (generous) assumption that all revenues = net gains	assume maximum possible GJT time savings (ie all passengers ideal time is the once per day evening train time)	PVB = <b>£0.036m</b>
	Reliability	No significant change expected to result from this scheme	N/A	None
	Wider Economic Impacts	No significant change expected to result from this scheme	N/A	None
<b>Accessibility</b>	Option values	No significant change expected to result from this scheme	N/A	None
	Severance	No significant change expected to result from this scheme	N/A	None
	Access to the Transport System	No significant change expected to result from this scheme	N/A	None
<b>Integration</b>	Transport Interchange	No significant change expected to result from this scheme	N/A	None
	Land-Use Policy	No significant change expected to result from this scheme	N/A	None
	Other Government Policies	This new rail service is very poor value for money and so conflicts with wider policy of best VfM in public expenditure	negative	Large adverse

Reflecting the high costs, very low frequency of the proposed service, the tiny passenger numbers and the wide range of existing alternative public transport options (plus the new London Overground service from Wandsworth Road to Clapham Junction due to commence in December 2012), the VfM of the new service is poor.

Total benefits are actually negative – as shown in the TEE Table (Table 3 above).

Total costs at over £1.680m (NPV over 19 years in 2002 prices are very high relative to the benefits).

The total NPV is negative at – £1.679m (AMCB in Table 5 above).

The BCR is negative, reflecting the unusually poor proposition of negative benefits; the value of minus 10.095 shows exceptionally poor value for money.

As the AST shows, there are no meaningful impacts under the headings of:

Environment, Safety, Accessibility or Integration

### **Assumptions – a) Benefits**

The evaluation of benefits has been conducted in line with WebTAG guidance (using PDFH v 4.1). However, it is not easy to apply directly to a case such as the present one, where we are considering a new service rather than marginal changes to an existing one. Also, the proposed new service runs only daily, whereas standard PDFH guidance sets out time penalties only for a maximum of 180 minute intervals. We have used this penalty for the daily frequency. Arguably this gives an advantage to the proposed new service. However, as there are many public transport alternatives to the proposed new rail service, and all these run far more frequently (typically at 10 or 15 minute intervals) they appear more favourable (on the PDFH's GJT criterion) than the new rail service (Option 1) even with one or two interchange penalties.

We have also made generous assumptions regarding the value of passenger benefits. Demand has been taken as the sum of all passengers on the current rail service between Kensington (Olympia) and Wandsworth Road (traversing section #1) and we have added the number of passengers on the Bus replacement service between Wandsworth Road and Ealing Broadway. Although the latter is a once per week service, we have assumed the same number would travel daily, so multiplied by 5. We have assumed passengers are non-commuters (due to the times of proposed new services, which are late

evening, all after 8pm) and that their number grows by the latest (exogenous) rate generated by the NMF which is +1.59% pa.

The GJT approach of the PDFH would tend to suggest that the frequent bus and tube alternatives are better than the new train service, so we have not allowed in this base case for any additional growth due to a new train service. However, as a sensitivity test, we have assumed that passenger growth is as high as 10% pa. This raises the NPV of total fare revenues from £2,783 to £6,624, but this change has negligible impact on the overall VfM, which remains very poor.

A sensitivity test was conducted, in which the value of time was used to estimate “benefits”. In this, to show the highest likely benefits, it was assumed that there was no penalty for the low (daily) frequency, as could be the case if all passengers’ ideal travel time happened to coincide with the 20:17 and 21:22 timings of the proposed new service. Only on this highly favourable assumption would the new service offer time savings (on a GJT basis) as compared to the tube and bus alternatives. With this assumption, the NPV of travel time saved would amount to £36,132. But even this makes no difference to the extremely poor value for money for Option 1, with the BCR remaining negative at -9.86 and the NPV at minus £1.64m.

### **Assumptions – b) Costs**

Southern have provided cost estimates for the Option 1 rail service, commencing in the current year. We have used these estimates in our appraisal. However, even if we assumed that these costs estimates had been overstated five-fold, the VfM would remain “poor”. This conclusion is significant in that the TOC has provided costs information for a daily service whereas the DfT’s minimum requirement for a new Option 1 service would be only for weekly frequency.

Thus, even assuming costs to be one fifth of the assumed amount (and benefits to be as high as a daily service would generate, with travel time benefits calculated as in the previous section, with any frequency penalties ignored, despite only once per day service), the overall value for money would remain very poor, with the Option NPV at minus £454,000 and the BCR again negative at minus 2.0.

### **Sensitivity and Risk Profile**

We have currently shown the present value of Costs and Benefits calculated over the next 19 years, in order to cover the current Southern Franchise and the likely 15 year term of the next one. Figures are shown in constant (2002) prices. As there is such a vast difference between the costs (around £2.3m in 2011 prices) and the benefits (around £3,500),

the base year makes no difference to the conclusion that value for money is extremely poor.

The NPV analysis (summarised in Tables 3 to 6 above) shows the PV of costs over 19 years at around £1.7m with revenues a tiny fraction of that and total passenger benefits, even on the most optimistic assumptions, similarly a tiny fraction of costs. These features make it very difficult to set out a realistic sensitivity test which would alter the extremely poor value for money rating.

Potential revenues are reckoned in our appraisal to amount to £2,783 (NPV over 19 years, 2002 prices). This means that costs are over 610 TIMES greater than the passenger fare revenues. Even if this figure for passenger revenues was increased one hundred fold, the VfM would still be very poor (the NPV would be minus £1.4m and the BCR would remain deeply negative at minus -8.3).

# Appendix 2: The Financial and Management Cases

## **The Financial Case**

Option 1 (which is the "provide a new rail service" option, as compared to "Option 0" – closure) requires a large amount of additional spending by the DfT. Costings provided by the TOC involved indicate that the total cost would be £384,000 set-up costs in the first year, plus £132,000 per annum operating costs (in 2011 prices).

The franchise agreement set out terms under which these costs would be allocated to the TOC and to DfT. While the DfT would expect to pay a relatively small part of the total cost, this is still a large figure against the background of general public expenditure cuts and the very poor value for money that this option represents.

It should be noted that the precise allocation of costs between DfT and the TOC makes no meaningful difference to the very poor value for money in Option 1, as this arises from the minimal value of benefits in relation to the extremely large total value of costs.

Option 1 would though save the relatively small expenditure of around £23k pa which the DfT is liable for in respect of the Bus Replacement service.

## **The Management Case**

The preferred option – which is "do nothing" and formally close the three line sections, should be relatively straightforward to deliver.

However, the Railways Closures Guidance needs to be followed precisely. This appraisal is part of this, but the overall process, including external consultation, could take many months.

The operator of the Bus Replacement service will need to be notified as soon as possible that their contract will be terminated as a three month notice period is required.

The decision should also be notified to Southern as soon as possible.

Although the conclusions of the Appraisal consistently find Option 1 to be extremely poor value for money, for completeness we note that it would be reasonably straightforward in management terms to



implement. The DfT would need to agree with Southern at a detailed level the cost allocation as set out in the Franchise Agreement (and side letter), agree a timeline and then agree a start date.

# Appendix 3: Alternative public transport options

There are several current tube and bus alternatives to passengers wishing to travel between stations which lie along the routes containing the sub-sections under consideration for closure.

The following Table summarises the main alternatives for each. In most cases the tube and bus alternatives are much more frequent, running all day long, and involve shorter journey times, although one or two interchanges may be involved.

Table A1: Summary of Route Sections under consideration – and illustrative Public Transport alternatives – current and planned

Ref	Route section under consideration for closure	Stations either side of route section	Currently available Train or dedicated rail replacement bus services	Public Transport alternatives (current)	Future planned Rail services (Option 1 and other going ahead regardless of present closure proposal)	
#1	Factory Junction to Latchmere Junction no.1	Wandsworth Road and Imperial Wharf	<p>Southern 1 per day service – 16:11 Clapham High Street – Kensington (Olympia), and 1002 Kensington (Olympia) to Wandsworth Road, takes 18 minutes</p>	<p>Bus replacement Tuesdays only:</p> <ul style="list-style-type: none"> <li>– Ealing Broadway (departs 0945) to Kensington (Olympia) (1025) and Wandsworth Road (arrives 1055)</li> <li>– Wandsworth Road (departs 1315) to Kensington (Olympia) (1345) and Ealing Broadway (arrives 14.25). One per week, journey time 70mins</li> </ul>	<ul style="list-style-type: none"> <li>– Bus from Wandsworth Road to Clapham Junction (every 6mins), then train Clapham Junction to Kensington (Olympia), duration 35 mins.</li> <li>– Southern trains and 2 interchanges at Battersea Park and Clapham Junction, daily, every 30 mins, duration 32 mins.</li> </ul>	<p>From Dec 2012: new service Wandsworth Road to Clapham Junction (London Overground, South London Orbital); then allows onward-travel:</p> <ul style="list-style-type: none"> <li>from Clapham Junction: <ul style="list-style-type: none"> <li>– to Kensington (Olympia) (train 10mins, every 15m)</li> <li>– to Ealing Broadway: <ul style="list-style-type: none"> <li>– a) Train to Shepherd’s Bush, walk &amp; tube (37mins, 1 change)</li> <li>– b) Train to Richmond, bus to Ealing Broadway (47 min, 1 change).</li> </ul> </li> </ul> </li> </ul>
#2	Willesden West London Junction to Acton Wells Junction	Shepherd’s Bush and Acton Main Line	Bus replacement – Ealing Broadway to Wandsworth Road ; one per week	<ul style="list-style-type: none"> <li>– Shepherd’s Bush (Rail Stn) to Ealing Broadway walk (to Shepherd’s Bush Tube) then tube (Central Line) to Ealing Broadway, 20 mins total, frequent all day service</li> </ul>		

Ref	Route section under consideration for closure	Stations either side of route section	Currently available Train or dedicated rail replacement bus services	Public Transport alternatives (current)	Future planned Rail services (Option 1 and other going ahead regardless of present closure proposal)
#3	Acton Wells Junction to Acton East Junction	Shepherd's Bush & Acton Main Line	Bus replacement – Ealing Broadway to Wandsworth Road – one per week	As above	
	Sections #2 and #3 (above)	Shepherd's Bush to Acton Main Line	Bus replacement – Ealing Broadway to Wandsworth Road – one per week	– Overground train to Shepherd's Bush, walk to Underground station, then Tube – 29 minutes, train every 15 minutes	
#4	Sections (#1, #2, #3 (above))	London Bridge to Ealing Broadway (stops at Wandsworth Road and Kensington (Olympia))	No direct service currently.	<ul style="list-style-type: none"> <li>– Tube: via Bond St, one interchange; 38 mins</li> <li>– Tube &amp; Train: tube London Bridge to Baker St, – tube to Paddington, walk to Paddington Rail Station, train (FGW) to Ealing Broadway – 2 changes, 38 mins total</li> </ul>	<p>As "Option 1" – introduce new rail service to run once per day, directly, from London Bridge at 2017, taking 43 minutes</p> <p>Returning 2122, taking 48 minutes</p>

Note: above routes and timings are based on data from TfL website as at December 2011. Routes shown are not intended to show a list of all possible travel options (as there are numerous alternatives using public transport across the TfL area), but are meant to be illustrative of the main, fastest, options available now and expected in the future.

# Appendix 4: List of formal consultees

Mayor of London's Office

London Boroughs (within the affected area)

London TravelWatch

Members of Parliament (within the affected area)

Network Rail

Office of Rail Regulation

Passenger Focus

Rail Safety and Standards Board

Train Operating Companies (within the franchise area)

Transport for London

# Appendix 5: Consultation Criteria

The consultation is being conducted in line with the Government's Code of Practice on Consultation. The criteria are listed below. A full version of the Code of Practice on Consultation is available on the Better Regulation Executive website at <http://www.bis.gov.uk/files/file47158.pdf> If you consider that this consultation does not comply with the criteria or have comments about the consultation process please contact:

Consultation Co-ordinator  
Department for Transport  
Zone 2/25 Great Minster House  
London SW1P 4DR  
Email [consultation@dft.gsi.gov.uk](mailto:consultation@dft.gsi.gov.uk)

## Criterion 1 When to consult

Formal consultation should take place at a stage when there is scope to influence the policy outcome.

## Criterion 2 Duration of consultation exercises

Consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible.

## Criterion 3 Clarity of scope and impact

Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals.

## Criterion 4 Accessibility of consultation exercises

Consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach.

## **Criterion 5 The burden of consultation**

Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained.

## **Criterion 6 Responsiveness of consultation exercises**

Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.

## **Criterion 7 Capacity to consult**

Officials running consultations should seek guidance in how to run an effective consultation exercise and share what they have learned from the experience.

# Appendix 6: Extract from side letter to Southern Franchise agreement

## 6. EALING BROADWAY SERVICES

6.1 In the event that the Relevant Route Z Services are not being operated at the Start Date:

(a) the Secretary of State will reimburse, by way of adjustment to Franchise Payments, the Franchisee's reasonable and proper costs incurred in:

(i) obtaining the appropriate route clearances for the operation of the Relevant Route Z Services (including, if appropriate, such route clearances as may reasonably be required to enable a Class 171 unit to access the Routes upon which the Relevant Route Z Services operate); and

(ii) training its drivers and conductors in relation to the Relevant Route Z Services;

(b) the Franchisee shall use all reasonable endeavours to obtain the route clearances and complete the training of Franchise Employees reasonably required to enable the Relevant Route Z Services to be operated as soon as is reasonably practicable, it being acknowledged that the obligation to operate the Relevant Route Z Services is dependent on the completion of such route clearance and training.

6.2 For the purposes of this paragraph 6, Relevant Route Z Services means the following Passenger Services:

(a) one service each week between Kensington Olympia and Ealing Broadway. This train may call at Shepherd's Bush; and

(b) one service each week between Ealing Broadway and Kensington Olympia. This train may call at Shepherd's Bush.