Boyer

TOWN AND COUNTRY PLANNING ACT 1990
SECTION 78 APPEAL

BY

NETWORK RAIL INFRASTRUCTURE LTD

Kings Cross Railway Station

LISTED BUILDING CONSENT FOR THE INSTALLATION OF TWO ADVERTISING SCREENS ON TO THE EXISITNG MAIN CUSTOMER INFORMATION SCREENS WITHIN THE STATION CONCOURSE

LPA REF.: 07/03174/FUL

APPEAL STATEMENT OF CASE

JUNE 2015

Report Control

Project:	Kings Cross Station - Adverts
Client:	JCDecaux
Reference:	16.4027
File Origin:	F:\16.4027\8 Submission Records\8.02 Appeals
Primary Author	Asher Ross
Checked By:	Nigel Johnston

Issue	*Date*	*Status*	*Checked By*
1	19/05/16	DRAFT	AR
2	06/06/16	DRAFT	AR

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APPENDIX

1. SUMMARY

1.1 This statement is submitted in support of the appeal against the refusal of Listed Building Consent (LBC) by the London Borough of Camden in respect of an alteration to the train information display by the installation of two display screens within western concourse of Kings Cross Station.

1.2 It is important to note the following when considering the adverts.

1.3 Firstly, there is no need for advertisement consent for the display screens as they are located within a building and thereby benefit from deemed advertisement consent.

1.4 Secondly, the proposed screens will be affixed to a modern engineered element which has been developed to provide a new forecourt to the station. The western concourse where the screens will be seen is the modern addition to the historic station building.

1.5 Thirdly, the proposed screens are located in a position where the train display information and other display screens have already been allowed.

1.6 Fourthly, the income from these adverts will contribute directly to the upkeep of train system in the country (the revenue derived from the commercial displays is shared with Network Rail who operates the station).

1.7 Finally, the screens will complement the existing design and architecture of the modern part of the station and would not harm the significance of the listed building.

1.8 Therefore, we conclude that this appeal against the refusal of the Council to grant listed building consent should be allowed.

2. BACKGROUND

The Station

2.1 Kings Cross Station is a Grade I listed building and as such is afforded the highest level of protection. The listing is attached as Appendix 1.

2.2 The listed refers to C20 obstruction to the ground floor, however, the station has undergone significant recent redevelopment, so the context of the station and the appeal proposal have to be judged against the current situation in the station and the surrounding area.

2.3 It is obvious that Kings Cross and its environs have been transformed over the past two decades and that this has led to a significant change in the focus and significance of the buildings and their historic contexts. This is not only reflected in Kings Cross Station, but also the neighbouring St Pancras Station and other nearby listed buildings such as the Great Northern Hotel, the German Gym and the listed gasholder (for example).

2.4 As such, the context within which the building and the location of the appeal proposals has changed beyond recognition in the last decade. This has particular importance when considering the significance of the building and the elements that are important to preserve. For example, it is the Appellant's case that given the significant development that has been allowed on the western side of the building (although not on the building itself), it has been recognised that this elevation (and at first floor level) are less significant that other elements and therefore, the harm to this element would be more limited.

2.5 The original consent for the redevelopment of the station and its environs was granted in 2006 (Planning Reference: 2006/3387/P)

The Signage

2.6 The Station itself has significant signage and advertising as normally acceptable in a functioning train station fit for the 21st century. Most major termini now provide a significant food and drink and retail offering to cater for the public and improve the travelling experience.

2.7 The consent for the advertising and signage on the western side (including the western concourse) was granted under reference 2011/4719/P. It is important to note that the officer noted that advertising has always been part of the station and that this is acceptable in this Grade I listed building (the officers' report can be found in Appendix 2).

2.8 It is unclear from a history search as to when the CIS and transvision screens were allowed on site, however, it is clear from reviewing the information submitted at the time of the application and the situation in situ that what was finally approved was very similar to what was proposed, certainly in terms of location and size of the display.

2.9 JCDecaux's Transvision network is available across London terminals: Victoria, Euston, King's Cross, St. Pancras, Charing Cross, Waterloo, London Bridge, Cannon Street, Fenchurch Street and Liverpool Street; and in major city stations: Glasgow, Edinburgh, Leeds, Manchester, Birmingham, Liverpool and Brighton. The majority of the stations are listed and transvision screens have been accepted across the country in such locations. The guiding principle in each case is to ensure the displays screen is affixed to a modern element within the station buildings. Such installations are wholly reversible and often clamped into position to avoid any damage to the historic fabric of the listed building.

2.10 Examples where transvision signs have been allowed include Brighton Station (Grade II*) and St Pancras Station (Grade I)

3. LEGISLATION AND GUIDANCE

3.1 The application is for listed building consent to install two display screens within the existing CIS framework in the western concourse of the station.

3.2 The application is to be determined under the auspices of the Planning (Listed Buildings and Conservations Areas) Act 1990 (as amended).

3.3 The Act sets out that when determining applications for listed building consent the decision taker "shall have special regard to the desirability of preserving the building or its setting or any features of special architectural or historic interest which it possesses".

3.4 Of course, the application is not for any works to the listed building itself (as originally listed) so there is no impact to the fabric of the building itself.

3.5 Therefore, the key consideration is the preservation of the features. However, even if there is harm to these features, this does not mean that consent should not be granted, as the requirement is only to have special regard.

3.6 The National Planning Policy Framework is the government's key planning policy document and sets out the national policy on heritage assets.

3.7 The key tests here are whether the development falls to be determined under paragraph 133 of the NPPF or paragraph 134. It is clear from the officer's report that the Council considered that the application should be determined under paragraph 134.

3.8 Paragraph 134 of the NPPF states that "Where a development proposal will lead to less than substantial harm to the significance of a designated heritage asset, this harm should be weighed against the public benefits of the proposal, including securing its optimum viable use".

3.9 The Council has also referred to the development plan in its decision, however, as the application is for listed building consent, the decision does not have to be in accordance with the development plan unless material considerations indicate otherwise (Section 38(6) of the Planning and Compulsory Purchase Act 2004).

4. THE ISSUES

4.1 The Council refused the application for the following reason:

'The proposed advertising screens, by reason of their location, size, design and dynamic illumination would be harmful to the special architectural and historic interest of the grade I listed building (Western Range), contrary to policy CS14 (Promoting high quality places and conserving our heritage) of the London Borough of Camden Local Development Framework Core Strategy, and policy DP25 (Conserving Camden's heritage) of the London Borough of Camden Local Development Framework Development Policies.'

4.2 It is interesting to note that the Council did not consider that there was a breach of the Act nor any breach of national policy contained in the NPPF. As noted above, when determining applications for listed building consent, the development plan may be a material consideration, however, a breach of its policies is not a determinative matter.

4.3 The Council's response is principally based on Historic England's consultation response, which recommends that the consent be refused (Appendix 3). HE's response considers the significance of the building, the impact that this will have, the policy background and their position on the application.

4.4 Nevertheless, we consider that there are three key issues need to consider:

a) Is there harm to the listed building;

b) If there is, how is the significance of the listed building affected; and

c) Is this harm to the significance overcome by the public benefits of the proposal?

4.5 As noted above in this Statement, the works proposed are not to the listed building itself, but rather, they will be attached to the very modern western concourse structure that provides a waiting area together with a retail and food and drink offer to the western side of the mainline tracks and south of the more local platforms. The Grade I listed building sits behind this new development and is already highly obscured by various signs and structural development.

4.6 As such, there is no physical harm to the listed building itself.

4.7 The question is whether there is appreciable harm to its setting or features.

4.8 The Council and Historic England refer to discussions held previously on the location of the CIS and the adverts and that a view into the first floor of the western building was to be retained. It is accepted by the Appellant that there would be closure of a further part of the view into the first floor level of the western building, however, this may not be harmful.

4.9 The Council mentions the architectural and historic interest of the building, and we analyse this below.

4.10 Firstly, in terms of the architectural interest of the building, we have to consider the southern building separate to the northern building. Whilst the southern element of the western range is original, the northern element is recently built (under the 2006 consent) as the original building was demolished as a result or damage during the War. Whilst the building has been developed to look similar to the older 19th century building, it is clear from both the exterior and interior that the building is modern and seeks to replicate the previous building located on this site. Whilst the rhythm of development is maintained, the harm to this building in terms of the loss of view to and from a window cannot be regarded as significant, particularly as there has been an acceptance of a loss across the entire first floor.

4.11 In terms of the southern, original building, again, with the development that has been permitted, there has already been the loss of rhythm that is the most significant element in the development of this building. Indeed, in our mind, it appears incongruous that a gap has been left out in order to see a window or two – it is obviously unclear what happens behind the area that has been allowed to be obscured. The list description mentions this element "*To the west, 3 storey 3 window office block with booking hall and service rooms at rear; 1st floor with thin, debased Venetian windows, cornice at 2nd floor level, 2nd floor segmental-arched sashes (flanking bays tripartite), cornice*". As can be seen by the imaginary that accompanied the application, whilst the gap will be narrowed, it will not be totally lost and the public will still be able to see some of the first floor and a window at that level.

4.12 There cannot be any objection to the principle of adverts in these locations, so it must be this notion of this gap, and it is the Appellant's view that whilst it will be narrowed, this will not be significant to a level that the first floor will not be able to be understood.

4.13 So it is the Appellant's case that in terms of architectural impact, there would not be significant harm and the general views of the building will be preserved.

4.14 In terms of the historic interest, it is hard to understand what the impact will be. The buildings were provided as offices with backroom functions and were never considered to be viewed by the general public. The area within the southern building that is currently visible is used by staff as a break out area or training area (there are whiteboards and health and safety notices visible). Whilst the area is retained for staff, there is no historic evidence provided that this specific use had been retained over the last 150 years. There building had various office functions within it and this continues to be the case. Indeed, this is clear from the upper floors and it not particular to the first floor area.

4.15 The proposals will obscure the views into a staff room in the southern building and what appears to be reception / greeting area in the modern northern element. There is no historic context between the public and these buildings, certainly not prior to the development of the western concourse. In addition, there is no specific view from the buildings outside (indeed, the view now is of the western concourse with the food and drink and retail which is totally different to what had been in place for the prior 150 years. As such, considering the significance of this element, it is the Appellant's view that very limited significance can be attributed to the view of the windows and the views from them.

4.16 As such, the impact on either the architectural or historic features must be regarded as being very limited.

5. THE CASE

5.1 As noted above, it is the Council's case that there is harm to the architectural and historic interest of the building.

5.2 It is important to note that the Council does not allege any harm to the building itself or its setting and that the development complies with the Section 16(2) test in relation to these.

5.3 The Council does allege harm to both the special architectural and historic features of the building, although the Appellant's case that if there is any such harm, it is very limited and does not affect the significance of the building in any material way.

5.4 Clearly, the decision taker will still have to have special regard to desirability to preserve as set out in the Act.

5.5 The Appellant considers that there is a case to be made that the development proposals, limited as they are, and in a location where such proposals have been accepted, would not harm the features mentioned and as such, would preserve them. Clearly, there would be no direct harm to these features as the proposals do not directly affect them, but there would be some obstruction so that the public would not be able to see a window. In the Appellant's view, it is hard to see how this amounts to harm.

5.6 However, if the Inspector does come to a view that there is harm to the features, it must be that this is very minor and limited, particularly given the context of the proposals and the modern construction upon which they are to be installed (and the fact that one of the buildings that they would affect is also modern).

5.7 In such a case, the Appellant considers that the test in paragraph 134 of the NPPF applies and that the decision taker has to consider whether the public benefits outweigh this very limited harm.

Public Benefits

5.8 The public benefits from granting this consent are clear. Advertising revenue from displays within station concourses is a long established principle and important source of cost neutral income for Network Rail. The advertising concession for Kings Cross attributes the majority of the net revenue to Network Rail for investment directly in the maintenance of the station and other heritage assets within its ownership and control.

5.9 The Council has previously acknowledged in granting permission for the CIS installation and the various advertising proposed under discharge of condition application 2011/4719/P that advertising is a concomitant use within even the most historic station contexts. Fewer advertisements were reinstated in the historic part of the station, post restoration, based on the view that the modern forms of display are more acceptable and fitting within the modern setting of the station extension. Officers in this instance considered that in relation to commercial advertising:

"It is understood that advertising represents an income source for Network Rail however it is also recognised that advertising has traditionally been part of the character of the station and as such the principal of introducing advertising into the Listed Grade I building is considered acceptable"

5.10 The application for consent noted that "*It is clear from the experience at King's Cross that Network Rail invests heavily in the refurbishment and maintenance of the rail network and clearly recognises the importance of the built railway heritage in enhancing the passenger experience. Network Rail is a trusted guardian of the Nations heritage assets and understands its role in protecting such assets from damaging and inappropriate developments. Network Rail recognises the need to protect its estate whilst also provide a modern and viable network with the type of facilities, such as concourse retailing, dining and fast track ticketing that maximises the travellers comfort and convenience. The income derived by Network Rail from the proposed screens is a valued income to enable the continued maintenance of the heritage assets in its care and it is recognised that advertising is a modern use that can be successfully integrated in the historic environment with care to enhance vitality and ensure viability*".

5.11 We attach as Appendix 4 the latest National Audit Office report on the finances of Network Rail and the investment that it undertakes in the public interest.

5.12 It is important to note that Network Rail is state owner and is a not for profit organisation. All income in reinvested into the railways to the benefit of the public.

5.13 As such, it is clear that there are significant public benefits in allowing these proposals as these will assist in the investment in the railways.

6. SUMMARY AND CONCLUSIONS

6.1 The proposals for two additional transvision screens at Kings Cross Station will complement the existing permitted transvision screens and CIS.

6.2 The proposals will be located on the western concourse a new development, and not on any listed part of the building.

6.3 The proposals will sit in line with the existing system and their design is not in dispute with the Council and Historic England.

6.4 The Council refused consent due to the impact on the special architectural and historic features that they allege the proposals harm. However, there is no evidence to that effect, rather an assertion that there may be harm.

6.5 The Appellant has provided evidence to demonstrate that the first floor windows will still be visible and that there would be no direct impact on these. In addition, having reviewed the evidence, there is no historic interest in viewing these windows by the public or viewing out of them.

6.6 Therefore, it is the Appellant's case that the proposals (which the Council accepted do not harm the building or its setting) preserve the listed building and are acceptable in their own right.

6.7 However, if the Inspector comes to a view that there is harm, this is clearly very minor and limited and the Appellant has set out public benefits that outweigh this harm.

APPENDIX 1 – LISTING

Historic England

KINGS CROSS STATION

List Entry Summary

This building is listed under the Planning (Listed Buildings and Conservation Areas) Act 1990 as amended for its special architectural or historic interest.

Name: KINGS CROSS STATION

List entry Number: 1078328

Location

KINGS CROSS STATION, EUSTON ROAD

The building may lie within the boundary of more than one authority.

County: Greater London Authority

District: Camden

District Type: London Borough

Parish:

National Park: Not applicable to this List entry.

Grade: I

Date first listed: 10-Jun-1954

Date of most recent amendment: Not applicable to this List entry.

Legacy System Information

The contents of this record have been generated from a legacy data system.

Legacy System: LBS

UID: 477247

Asset Groupings

This list entry does not comprise part of an Asset Grouping. Asset Groupings are not part of the official record but are added later for information.

List entry Description

Summary of Building

Legacy Record - This information may be included in the List Entry Details.

Reasons for Designation

Legacy Record - This information may be included in the List Entry Details.

History

Legacy Record - This information may be included in the List Entry Details.

Details

CAMDEN

TQ3083SW EUSTON ROAD 798-1/85/420 (North side) 10/06/54 King's Cross Station

GV I

Railway terminus. 1850-52. By Lewis Cubitt (architect), and Sir William and Joseph Cubitt (engineers). Yellow stock brick. 2 train sheds (originally 1 for arrivals, the other for departure) closed by monumental plain brick screen of 2 glazed semicircular openings, framed with recessed arches (echoing the train sheds behind) with central and flanking towers; ground storey obscured by late C20 additions. Central tower with rectangular clock turret with pyramidical roof, eaves cornice and weather vane. To the west, 3 storey 3 window office block with booking hall and service rooms at rear; 1st floor with thin, debased Venetian windows, cornice at 2nd floor level, 2nd floor segmental-arched sashes (flanking bays tripartite), cornice. On east side, an extension with archway to the cab drive (now bricked up); rusticated surround to arch and quoins; cornice above which 3 tripartite sashes and parapet. INTERIOR: train sheds separated by round-arched brick colonnade. Originally, train shed roofs of laminated wood, inspired by the Crystal Palace, but these rapidly deteriorated and were replaced by the present iron-ribbed roofs to the eastern shed 1869-70, to the western 1886-7. (Laminated wood trusses successfully used at 26 Pancras Road (qv). HISTORICAL NOTE: when opened as the terminus of the Great Northern Railway, was the largest station in England and is the earliest great London terminus still intact. The contrast of its functional simplicity with St Pancras Station next door (qv) is powerful. (Hunter M and Thorne R: Change at King's Cross: London: -1990: 59-64).

Listing NGR: TQ3026983130

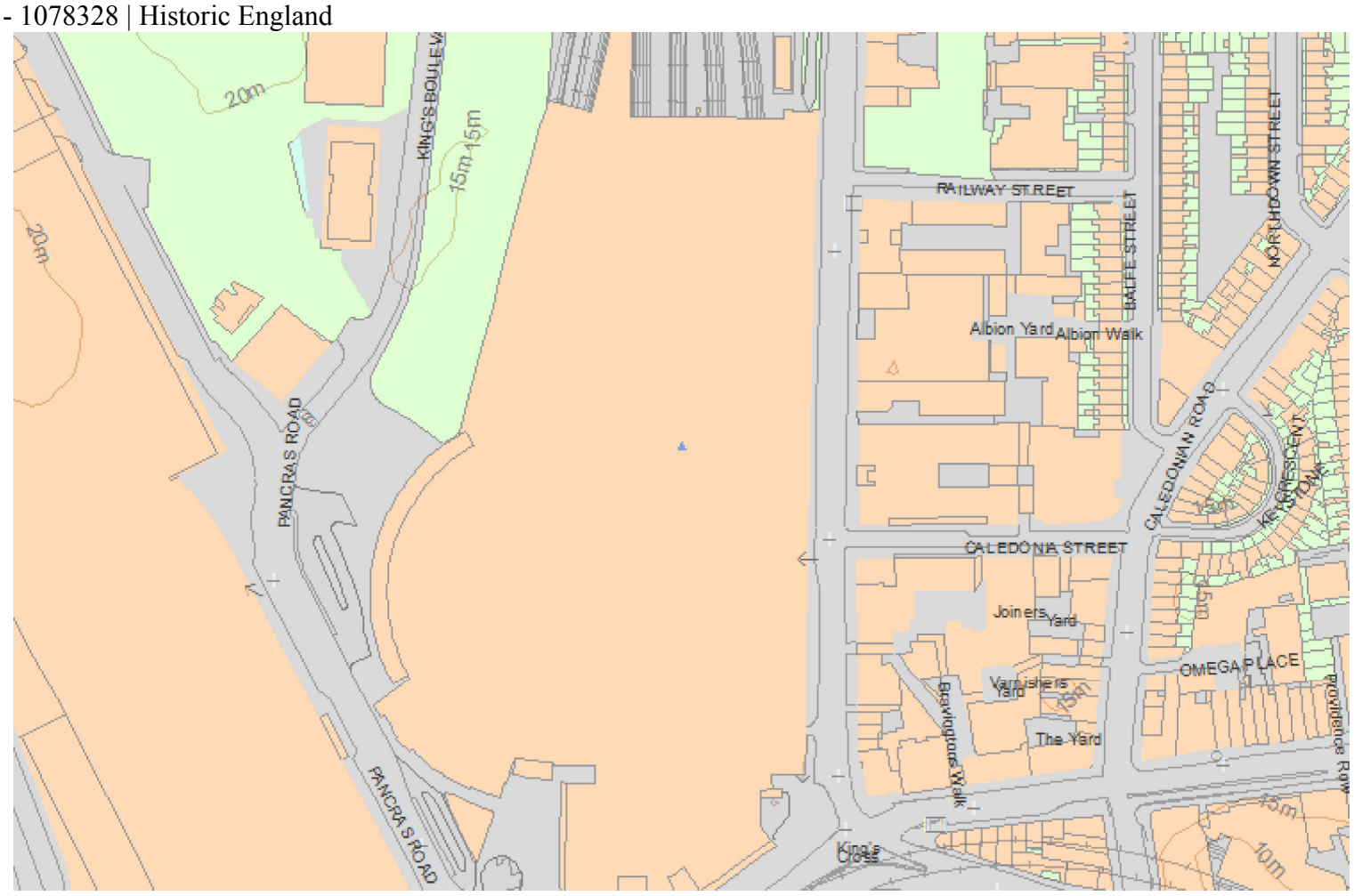
Selected Sources

Books and journals

Hunter, M, Thorne, R, Change at Kings Cross, (1990), 59-64

National Grid Reference: TQ 30269 83130

Map



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End of official listing

APPENDIX 2 – CASE OFFICER'S REPORT

Delegated Report	Analysis sheet	Expiry Date:	18/11/2015
	N/A	Consultation Expiry Date:	17/12/2015

Officer	Application Number(s)
Tessa Craig	2015/5393/L
Application Address	**Drawing Numbers**
Kings Cross Railway Station Euston Road London N1 9AP	See decision notice

PO 3/4	Area Team Signature	C&UD	Authorised Officer Signature

Proposal(s)

Installation of two advertising screens on to the existing main customer information screens within the station concourse.

Recommendation(s):	**Refuse Listed Building Consent**
Application Type:	**Listed Building Consent**
Conditions or Reasons for Refusal:	**Refer to Draft Decision Notice**
Informatives:	

Consultations

Adjoining Occupiers:	No. notified	**00**	No. of responses	**01**	No. of objections	**01**
Summary of consultation responses:	None.					
CAAC/Local groups* comments: *Please Specify	Historic England – Object due to location, size and design which compete with the architecture of the building and obscure historic features. Harmful to building and benefits do not outweigh harm.					

Site Description

Kings Cross Station is located on the east side of Pancras Road and is a Grade I Listed Building which is within the Kings Cross St Pancras Conservation Area.

King's Cross Mainline Railway Station, Euston Road. Listed Grade I:

Railway terminus. 1850-52. By Lewis Cubitt (architect), and Sir William and Joseph Cubitt (engineers). Yellow stock brick. 2 train sheds (originally 1 for arrivals, the other for departure) closed by monumental plain brick screen of 2 glazed semicircular openings, framed with recessed arches (echoing the train sheds behind) with central and flanking towers; ground storey obscured by late C20 additions. Central tower with rectangular clock turret with pyramidical roof, eaves cornice and weather vane. To the west, 3 storey 3 window office block with booking hall and service rooms at rear; 1st floor with thin, debased Venetian windows, cornice at 2nd floor level, 2nd floor segmental-arched sashes (flanking bays tripartite), cornice. On east side, an extension with archway to the cab drive (now bricked up); rusticated surround to arch and quoins; cornice above which 3 tripartite sashes and parapet.

Relevant History

2006/3394/L and 2006/3387/P Consent granted 9th November 2006 for alterations, extensions, refurbishment works to Kings Cross Station including construction of Western Concourse to abut western range and the Great Northern Hotel; alterations, refurbishment and structural upgrading of the Western Range including reinstatement of bomb gap façade; construction of platform Y with installation of associated catenaries; demolition and replacement of Handyside footbridge; refurbishment of original booking hall; construction of canopies to south elevation of main train shed and taxi waiting areas; construction of enclosure to London Underground southeast stairs; alterations to platforms 1 and 5-8; demolition of southern end of suburban train shed and adjoining canopy; demolition of engineer's bothy` building and major portion of cab road to York Way and related walls and structures; permanent removal of Great Northern Hotel porch, railings and flagpole and port cochere and northern canopy to mainline station western range; various demolitions in the western range from basement to 3rd floor levels and roof of former booking office; and other alterations, operations and extensions in connection with the provision of new passenger and operational facilities.

LBC 2008/2860/L part granted 25/02/2009 for various alterations and works of refurbishment and repairs to southern façade and northern end screen, the central spine wall and platforms 1-8. Glazing to Southern End Screens refused.

A submission for partial discharge of Condition 16 i) for details of the hierarchy of signage throughout the site, was granted approval in 2008 (2008/1130/P).

Approval of details 2011/4719/P, details of signage and advertising strategy pursuant to condition 16 of planning consent dated 09/11/07 (ref. 2006/3387/P) for alterations, extensions, refurbishment works to King's Cross Station including construction of Western Concourse, western range and the Great Northern Hotel.

Relevant policies

National Planning Policy Framework 2012
Paragraphs 126, 128-141

The London Plan March 2015 consolidated with amendments since 2011
Policy 7.8 Heritage Assets and Archaeology

LDF Core Strategy and Development Policies 2010
CS5 (Managing the impact of growth and development)
CS14 (Promoting high quality places and conserving our heritage)
DP24 (Securing high quality design)

DP25 (Conserving Camden's heritage)
DP26 (Managing the impact of development on occupiers and neighbours)

Camden Planning Guidance 2011
CPG1 (Design) Chapters 1-4

Assessment

1.0 Proposal

1.1 Listed building consent is sought for the installation of two screens to be located on the inner sides of the two existing Customer Information Screens (CIS) on the western concourse of Kings Cross Station. The screens would be 3650mm by 2140mm (7.5sqm in size each) and attached to the existing CIS frame.

2.0 Assessment

2.1 It is noted during the refurbishment and redevelopment of the station, the signage, and particularly the advertising panels adjacent to the information screens, was discussed in detail. It was considered very important that a gap was retained which allowed some visual connection between the new Western Concourse and the Listed Grade I elevation of the Western Range of the station. The consented design of the information screens, including the advertising panels at either end, was considered to be the maximum size appropriate which still allowed views of the historic building behind, all be it limited.

2.2 Any further encroachment of the signage across the views of the historic building is considered to be to be unacceptable, harming the significance and the setting of the listed building by losing the visual connection between the concourse and the Western Range. The size, location and design of the screens would be harmful to the listed building and contrary to policy.

3.0 Recommendation

3.1 The proposed advertising screens, by reason of their location, size and design and dynamic illumination would be harmful to the special architectural and historic interest of the grade I listed building (Western Range), contrary to policy CS14 (Promoting high quality places and conserving our heritage) of the London Borough of Camden Local Development Framework Core Strategy, and policy DP25 (Conserving Camden's heritage) of the London Borough of Camden Local Development Framework Development Policies, therefor it is recommended listed building consent is refused.

APPENDIX 3 – HISTORIC ENGLAND RESPONSE

Historic England

LONDON OFFICE

Ms Tessa Craig
London Borough of Camden
Town Hall
Argyle Street
London
WC1H 8ND

Direct Dial: 020 79733775

Our ref: L00487379

8 December 2015

Dear Ms Craig

Arrangements for Handling Heritage Applications Direction 2015 &
T&CP (Development Management Procedure) (England) Order 2015
KINGS CROSS RAILWAY STATION , EUSTON ROAD , LONDON , N1 9AP
Application No 2015/5393/L

Thank you for your letter of 18 November 2015 notifying Historic England of the application for listed building consent relating to the above site.
The proposals are for the installation of two advertising screens within the concourse area at King's Cross Station.

Historic England Advice
Significance
King's Cross Station is grade I listed building and is therefore of national significance. Whilst the concourse is of fairly recent construction, it is now an integral part of the working station and any works taking place within this area have the potential to impact upon the significance of the historic station. The area affected by the proposed signage has a close visual relationship with the highly significant mid C19 Western Range buildings, including the original Booking Hall, which forms a focal point of views looking across the concourse. The current information screens visually frame the Booking Hall, but are separated from it by a gap, through which the external first floor elevations of the Western Range are visible behind. The current relationship between the screens, the historic station and the concourse structure was carefully considered when the station was recently redeveloped and the current arrangement ensures that the screens are subservient elements in views looking across the concourse, whilst the historic station and the dramatic concourse structure are the main points of interest. The existing arrangement allows for 4 glazed bays of the concourse structure to be unobstructed, thereby revealing views through to at least two of the Western Range windows behind.

Impact
The proposed new screens would be located adjacent to the existing platform information screens, which are located at first floor level within the concourse area. The current proposals would place the proposed signs over 3 or the 4 of the glazed

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Stonewall DIVERSITY CHAMPION

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bays of the concourse structure on each side of the Booking Hall.

Policy
Section 72 of the Planning (Listed Buildings and Conservation Areas) Act 1990 imposes a statutory duty upon local planning authorities to consider the impact of proposals on conservation areas. It requires that 'special attention be paid to the desirability of preserving or enhancing the character or appearance of that area.'

The National Planning Policy Framework (NPPF) sets out the Government's policies for decision making on development proposals. At the heart of the framework is a presumption in favour of 'sustainable development'. Conserving heritage assets in a manner appropriate to their significance forms one of the 12 core principles that define sustainable development. Specific policies relevant to the current application include paragraph 133 and 134, which discuss proposals that are considered to cause harm to the significance of heritage assets and discuss the weighing up of this harm against the public benefits of the proposals.

Position
The proposed signs, by reason of their location, size and design, are considered to visually compete with the modern and historic architecture of the station building and would serve to visually obscure significant historic fabric. As such, the proposed signs are considered to have a harmful impact upon the significance of the historic station.

Recommendation
We would recommend that listed building consent be refused for these proposals, as they are considered to cause harm to the significance of the historic station. We do not consider that there would be any public benefits that could arise from these proposals that would be sufficient to outweigh this harm. As such, the proposals are considered to be contrary to policies set out within the NPPF.

We are unable to direct as to the granting of listed building consent at this stage. Please consult us again if any additional information or amendments are submitted.

Please note that this response related to historic building matters only. If there are any archaeological implications to the proposals it is recommended that you contact the Greater London Archaeological Advisory Service for further advice (Tel: 020 7973 3735).

Yours sincerely

Claire Brady
Inspector of Historic Buildings and Areas
claire.brady@historicengland.org.uk

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APPENDIX 4 – NAO REPORT

A Short Guide to **Network Rail**

July 2015

National Audit Office

About this guide

Contact details

The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB, is an Officer of the House of Commons and leads the NAO, which employs some 810 people. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of £1.15 billion in 2014.

This guide provides an overview of Network Rail, the environment it operates in and what to look out for across three main business activities: Network Operations, Infrastructure Projects and long-term planning. It is primarily intended for the Transport Select Committee and has been prepared in light of Network Rail's reclassification as a public sector organisation.

If you would like to know more about the NAO's work on Network Rail, please contact:

Rebecca Sheeran
Director, Value for Money
rebecca.sheeran@nao.gsi.gov.uk
020 7798 7815

Matt Kay
Director, Financial Audit
matt.kay@nao.gsi.gov.uk
020 7798 7916

If you are interested in the NAO's work and support for Parliament more widely, please contact:

Adrian Jenner
Director of Parliamentary Relations
adrian.jenner@nao.gsi.gov.uk
020 7798 7461

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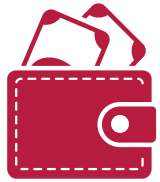
20,000
miles of track
Network Rail is part of complex system to deliver rail services to passengers and businesses. It owns and operates the majority of Britain's rail infrastructure including 20,000 miles of track

1 September 2014
Network Rail was classified as a public sector body, and is therefore now subject to direct parliamentary scrutiny and accountability

Two-thirds of its £38 billion
is planned to be invested by Network Rail on agreed expenditure for the five years to March 2019 on renewing and upgrading the railway

£54.1 billion
Network Rail will be included in the Whole of Government Accounts from 2014-15, including the railway network asset, valued in Network Rail's accounts at £54.1 billion, and £38.5 billion debt liabilities



68%
overall cost of running rail services was contributed by passengers in 2013-14

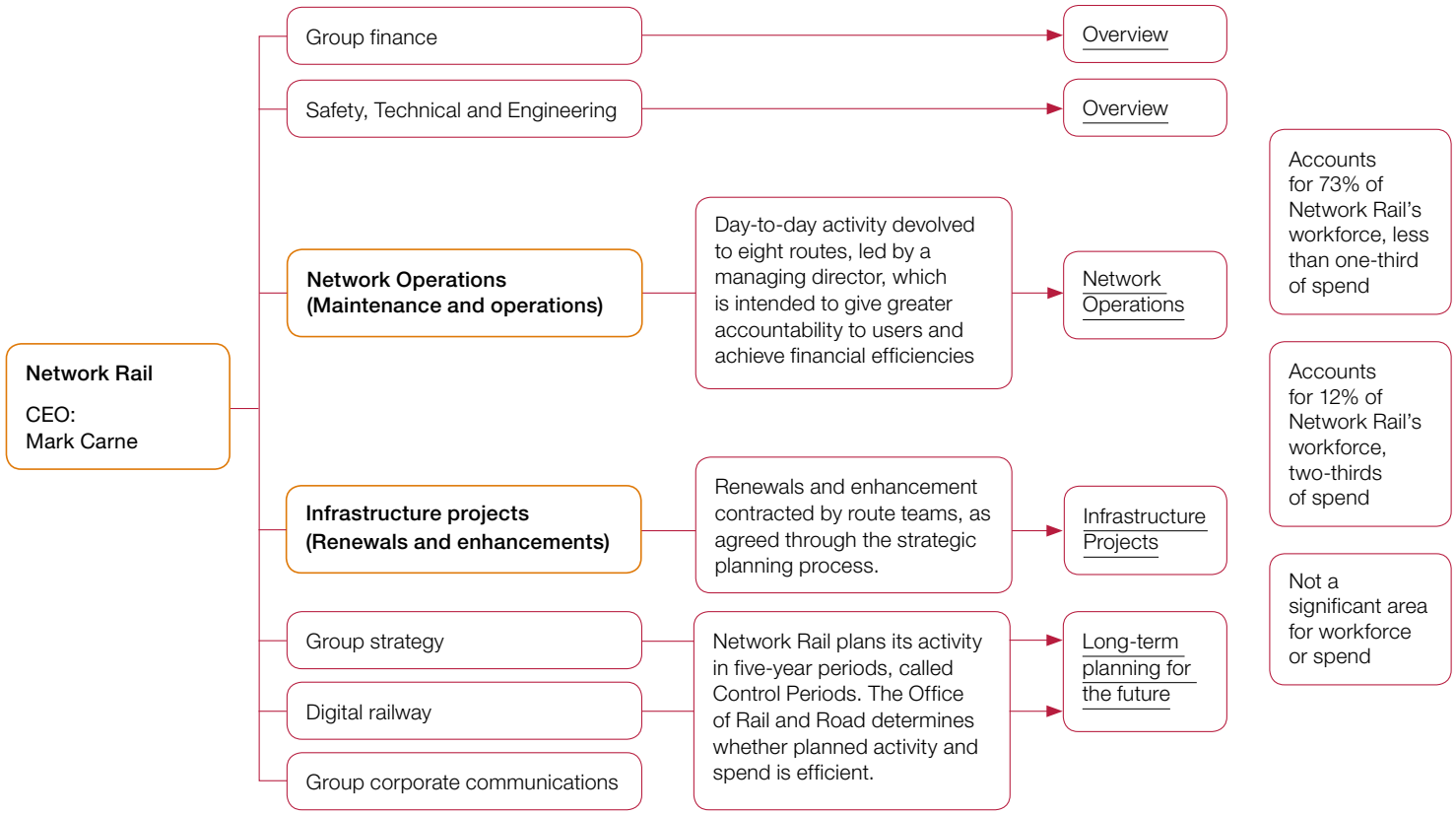
100%
Passenger numbers are forecast to grow by 100% to 2041, and freight by 90% over a similar period

£19.6 billion
Network Rail receives the majority of its funding for its operations from government: £19.6 billion for the five years to March 2019

Over
35,500
staff employed by Network Rail at March 2015, of which nearly three-quarters worked on operating and maintaining the railway

Network Rail owns and operates the majority of Britain's rail infrastructure.[1] This infrastructure comprises 20,000 miles of track, 32,000 bridges and tunnels, 2,500 stations (most of which are leased to train operators) and 8,200 commercial properties. Network Rail maintains, renews, replaces and enhances the rail infrastructure. It manages the day-to-day use of the infrastructure but does not run services or own passenger trains. Network Rail plans its activity in five-year periods, called Control Periods, which are agreed with its regulator, the Office of Rail and Road (formerly known as the Office of Rail Regulation).

Network Rail's organisational structure



Source: National Audit Office analysis of Network Rail's 2015 organogram

Note

1 Exceptions include High Speed 1, part of the Heathrow Express route, lines run by Transport for London and Passenger Transport Executives.

Reclassification of Network Rail

Network Rail was reclassified as a public sector organisation from 1 September 2014

From its formation in 2002 until 2014, Network Rail was classified as a private company in the UK National Accounts statistics. Following a change in its statistical approach, to include the level of risk exposure when deciding whether an entity is under government control, the Office for National Statistics reclassified the company. This is not supposed to change the railway industry, Network Rail's structure or to affect the day-to-day operations of the rail network. Reclassification directly subjects Network Rail to the traditional instruments of Parliamentary accountability.

The changed governance and financial arrangements are documented in a published Framework Agreement between the Department for Transport and Network Rail.

- Mark Carne, the chief executive, is designated as an accounting officer.
- Network Rail has to comply with central government accountability and control frameworks such as HM Treasury's Managing Public Money.
- Network Rail's directors are still responsible for appointing the auditors of its accounts, under the requirements of the Companies Act, but government expects the directors to offer this appointment to the Comptroller and Auditor General (the head of the NAO) unless there are special circumstances not to do so. Network Rail will confirm the appointment of its auditors at its annual general meeting in July 2015.

Network Rail's performance and position will be included in the Whole of Government Accounts from 2014-15 and the Department for Transport's accounts from 2015-16, including the railway network asset, valued in Network Rail's 2014-15 accounts at £54.1 billion, and £38.5 billion debt liabilities.

Network Rail is now under ultimate government control, which has already resulted in changes to its financing arrangements, for example. The main changes address some of the concerns raised by the Committee of Public Accounts in its 2011 report: Office of Rail Regulation: Regulating Network Rail's Efficiency.

Company governance

Network Rail was established by the Department for Transport in 2002 to take responsibility for the national rail network after Railtrack, the previous private sector owner, entered administration in 2001. Network Rail is a company limited by guarantee. It does not pay dividends. Until June 2015, members, rather than shareholders, oversaw the performance of the company. Members were recruited from the public; the Secretary of State for Transport was also a member.

On 25 June 2015, the government announced significant changes at Network Rail because in some areas performance had fallen below the standards expected and to reflect the amended accountability arrangements following reclassification. The changes include delaying a number of planned improvements to upgrade the network because the programme as a whole was no longer affordable. We describe these changes within Part 2, Infrastructure Projects.

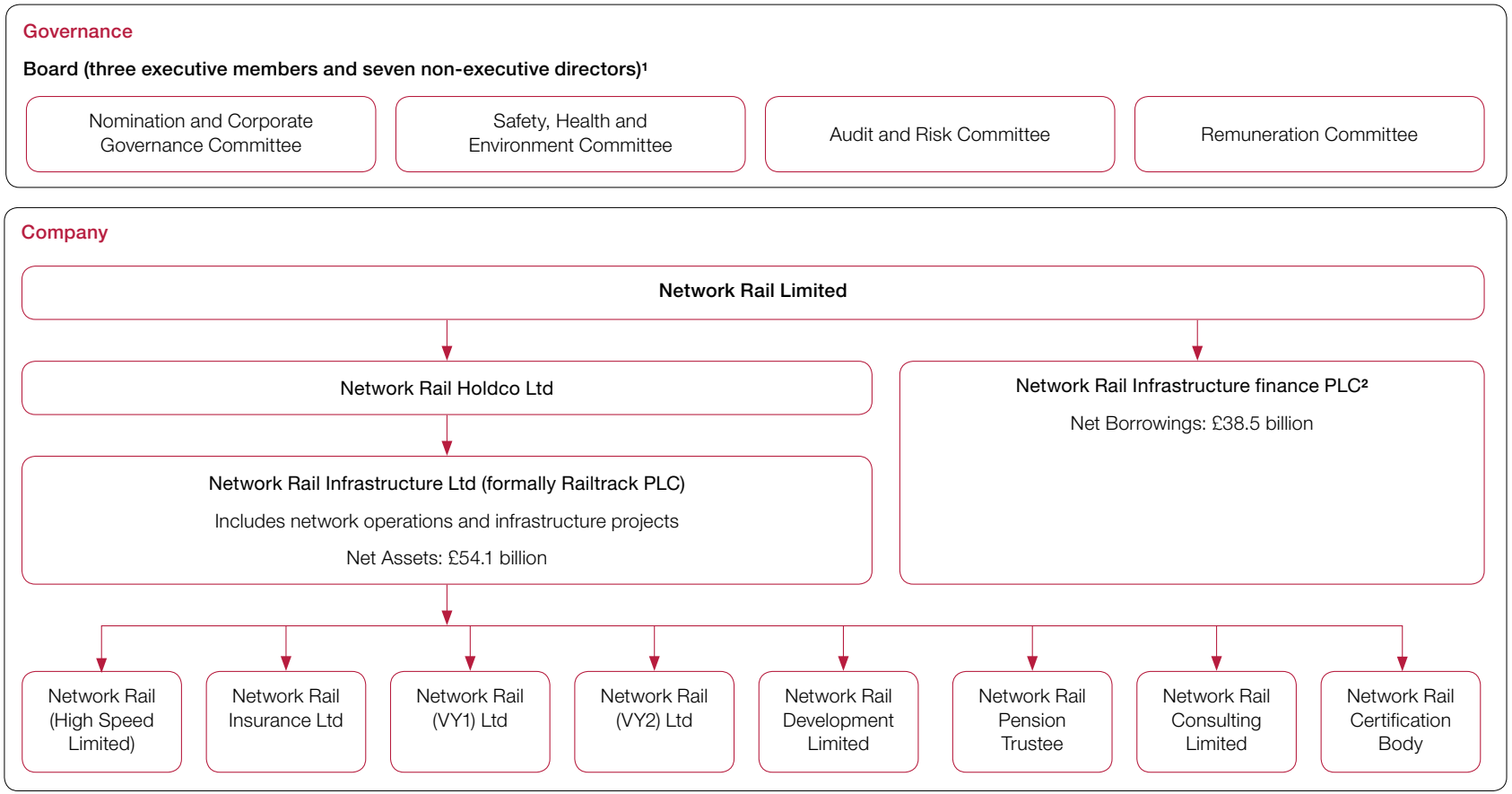
The key governance changes made were:

- ending the role of the public members;
- replacing Network Rail's Chairman Mr Richard Parry-Jones with Sir Peter Hendy (the current commissioner of Transport for London); and
- appointing Richard Brown as a Special Director of Network Rail. Richard Brown is also a non-executive director of the Department for Transport, and will report on Network Rail's progress to the Secretary of State.

Source: National Audit Office analysis of Network Rail Board information and financial statements

Company governance

Network Rail Limited has been established with subsidiaries for separate functions. Its most significant components are Network Rail Infrastructure Limited, where this guide focuses, and Network Rail Infrastructure Finance PLC. Together, these include the network asset (£54.1 billion) and borrowings (£38.5 billion), and account for at least 99% by value of the whole group based on gross turnover, expenditure, assets and liabilities.



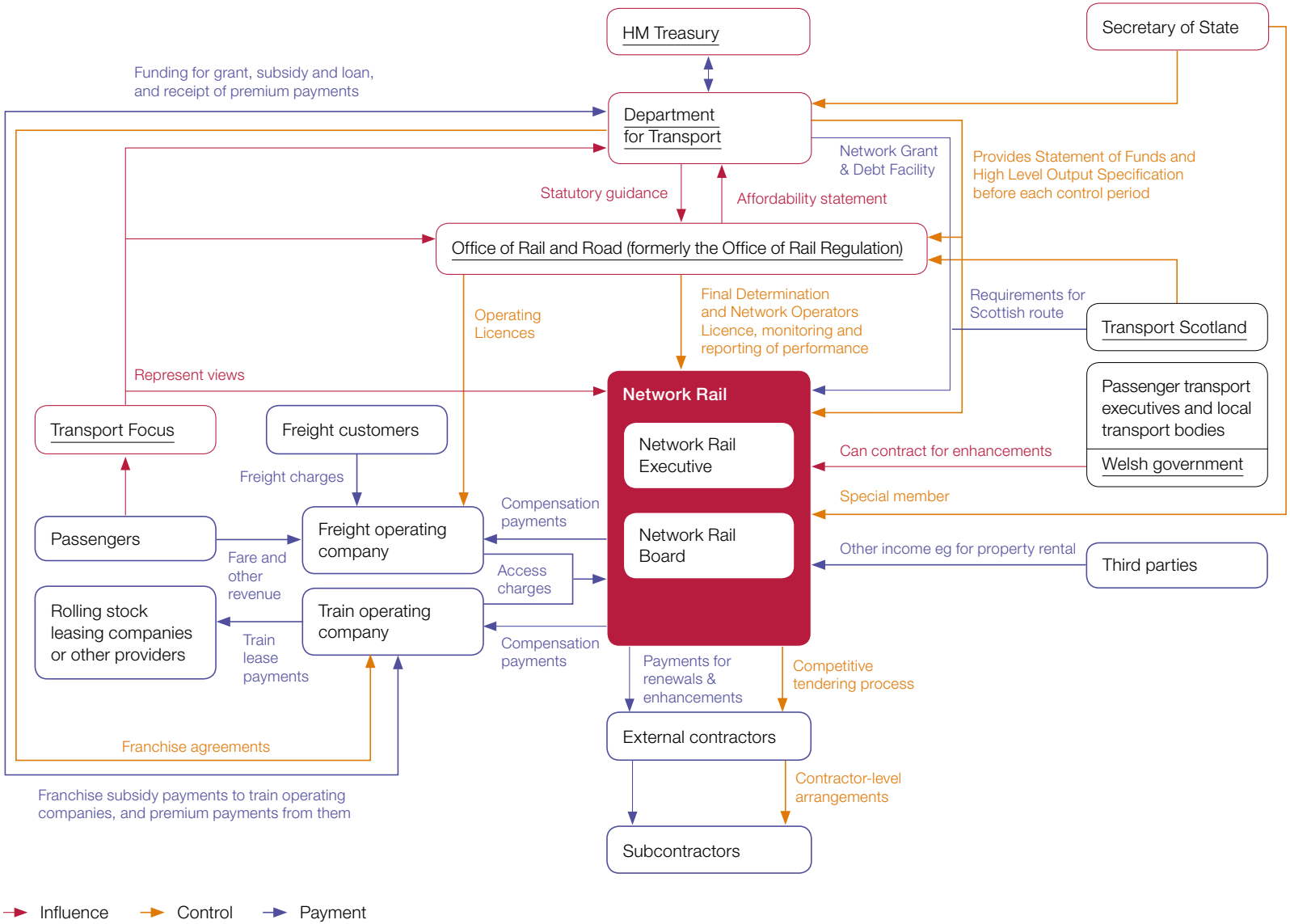
Notes

1 Excludes the special director appointed on 25 June 2015.

2 Network Rail Infrastructure Finance PLC sits outside of the Network Rail Ltd. It is a subsidiary, with its shares held by HSBC (CJ) Ltd.

Source: National Audit Office analysis of Network Rail Board information and financial statements

Network Rail is part of a complex system to plan, operate and regulate rail services to meet the needs of passengers and freight users.



Source: National Audit Office analysis

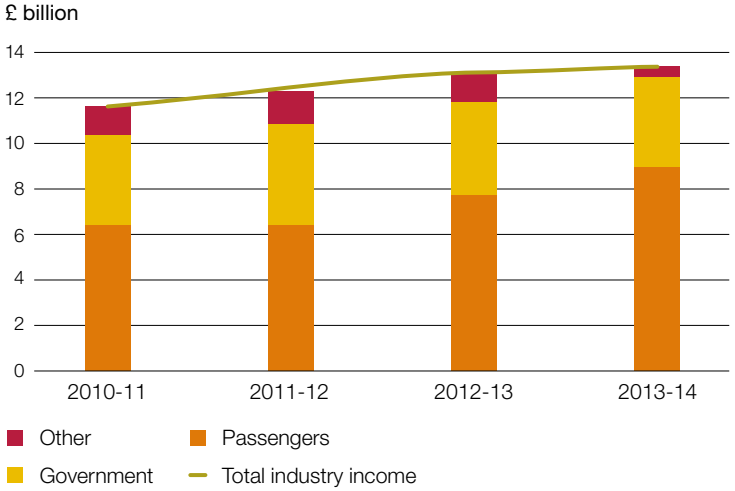
Rail industry income and costs

The rail industry has three main sources of funding:

- Passengers (through rail fares and station car park payments).
- Government bodies (including central, devolved and local transport bodies).
- Other sources such as property rental income, station lease payments, and freight user charges.

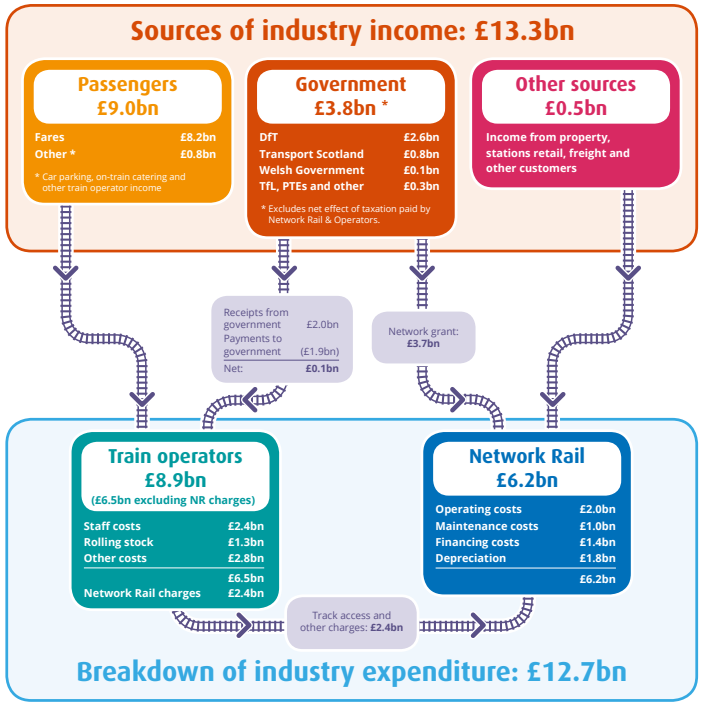
Income from passengers has increased significantly over the past four years, reflecting government policy that rail users should bear more of the costs of the railway.

Rail industry income, 2010–2014



Source: National Audit Office analysis of the Office of Rail and Road data

Analysis of rail industry income and expenditure, 2013-14



Note

1 Numbers are based on Network Rail's regulatory accounts and do not sum due to timing differences in the receipt of income and expenditure.

Source: Office of Rail and Road analysis

Network Rail's financial performance in 2014-15

In 2014-15, Network Rail Limited received revenue of £6.1 billion, of which grant income from the Department for Transport was £3.7 billion.

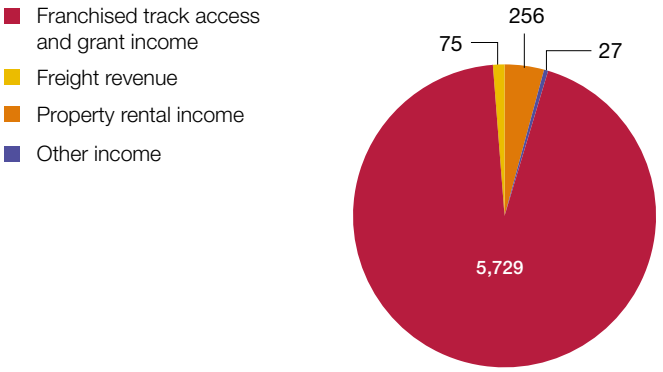
It incurred £5.7 billion of costs including:

- staff costs of £1.2 billion, and
- payments of £1.5 billion to external providers for operating and maintaining the network, and supporting the company.

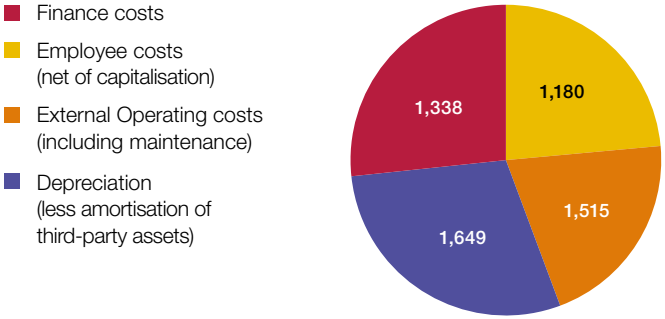
Profit for the year was £0.5 billion, after accounting for favourable movements on property revaluations and other gains and losses totalling £0.1 billion, but before tax.

Network Rail recorded a loss after tax of £0.4 billion because it has decided, following reclassification, to no longer recognise deferred tax assets, incurring an extraordinary charge of £0.8 billion.

Revenue, £6,087 million



Gross costs, £5,682 million



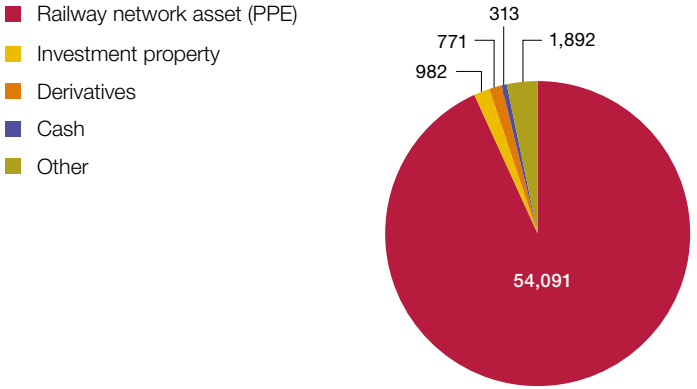
Source: National Audit Office analysis of Network Rail's preliminary results for 2014-15

Network Rail's financial position in 2014-15

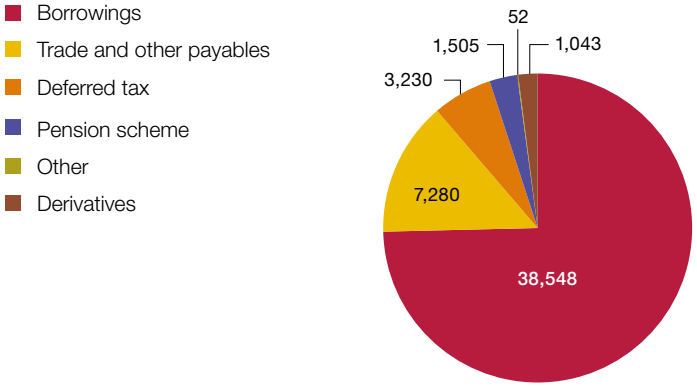
At 31 March 2015:

- The group's £54.1 billion Property, Plant and Equipment asset, representing the railway network, accounted for 93% of total assets. Investment of £6.5 billion in the network was added to the asset value, which is charged over the life of the asset in the form of depreciation.
- The second largest item on the balance sheet was Network Rail's borrowings (£38.5 billion), the vast majority of which are bonds issued to the market, supported by a government guarantee. These borrowings will be gradually replaced by a loan from the Department for Transport at a fixed rate of interest.

Assets, £58,049 million



Liabilities, £51,658 million



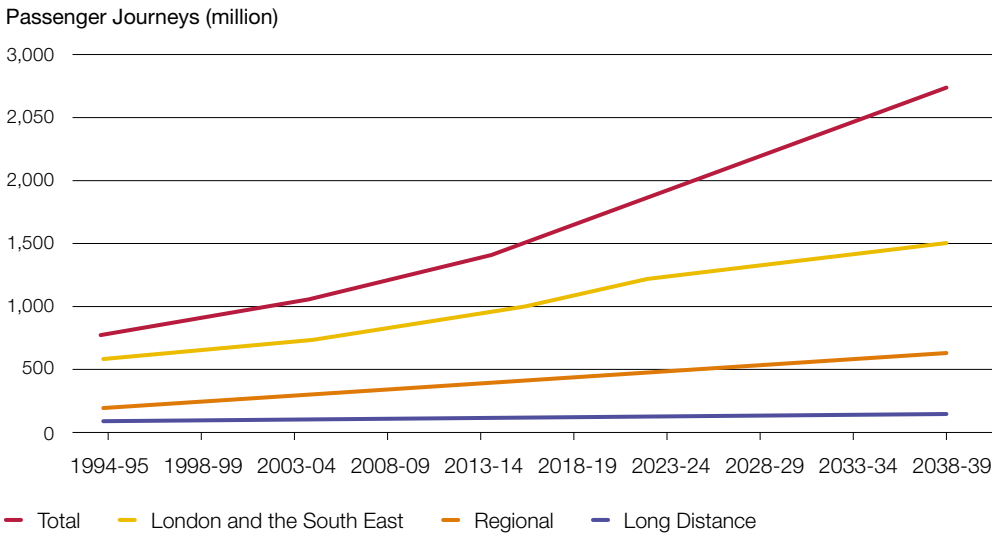
Source: National Audit Office analysis of Network Rail's preliminary results for 2014-15

Key statistics – Passenger and Freight Growth

In the last decade passenger numbers have gone up by 50%. Network Rail forecasts that rail passenger and freight demand will continue to grow strongly. Over the next 30 years it expects passengers to grow by over 100% and freight by 90% from 2011 numbers.

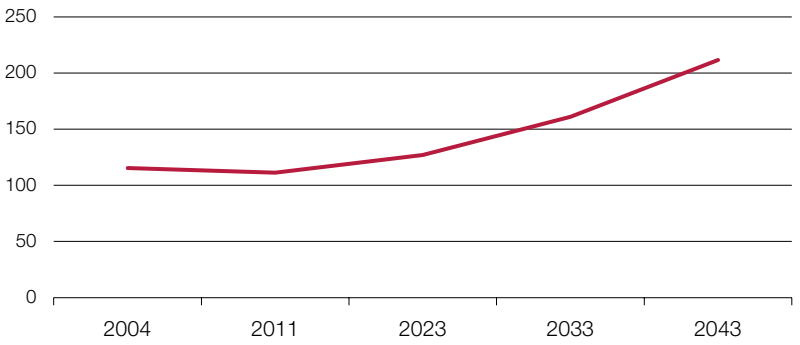
Network Rail has a **Long-term Planning Process** to prioritise the work it needs to carry out on the rail network to meet expected demand, explained in Long-term planning for the future.

Actual and forecast growth in passenger demand



Source: National Audit Office analysis of Office of Rail and Road and Network Rail data

Actual and forecast growth in freight demand



Source: National Audit Office analysis of Network Rail data

Network Rail's funding for Control Period 5

Network Rail's operating expenses are funded by government grant, charges paid by train operators and income from other sources such as property. It funds its renewals and enhancement work through borrowing.

The Office of Rail and Road expects Network Rail to require gross revenue of £31.8 billion over Control Period 5 to meet £13.4 billion operating and industry costs, £11.9 billion asset depreciation, £6.3 billion financing and £0.2 billion other costs.

The revenue requirement for England and Wales is £28.6 billion and £3.2 billion for Scotland.

It used to borrow from the financial markets supported by a government guarantee. Following reclassification, the Department for Transport has agreed a loan facility for Network Rail to borrow directly from government for Control Period 5 with an original value of £30.3 billion. It can be amended by agreement of both sides. At 31 March 2015, the Department had issued £6.5 billion to Network Rail.

At the end of Control Period 4 total borrowings were valued at £33.4 billion, £11.3 billion of the loan facility will be required to renew existing debt during the control period.

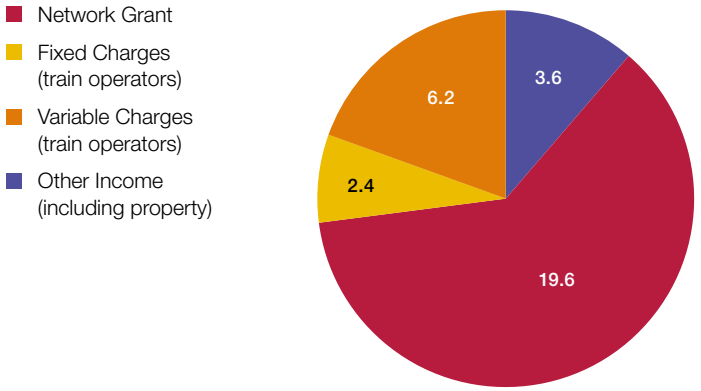
The largest source of funding for Network Rail's operations is in the form of a Network Grant, from the government. It also receives funding from:

- fixed and variable access charges which are paid by train operators to use Network Rail's track and stations; and
- revenue generating activity such as leasing property.

In the 2015 Summer Budget, the government announced that it will change the way it funds the rail industry, channelling more directly through operators.

Funding sources for Network Rail's £31.8 billion

Revenue requirement for Control Period 5 (£bn)



Note
1 Figures are given in 2012-13 prices.

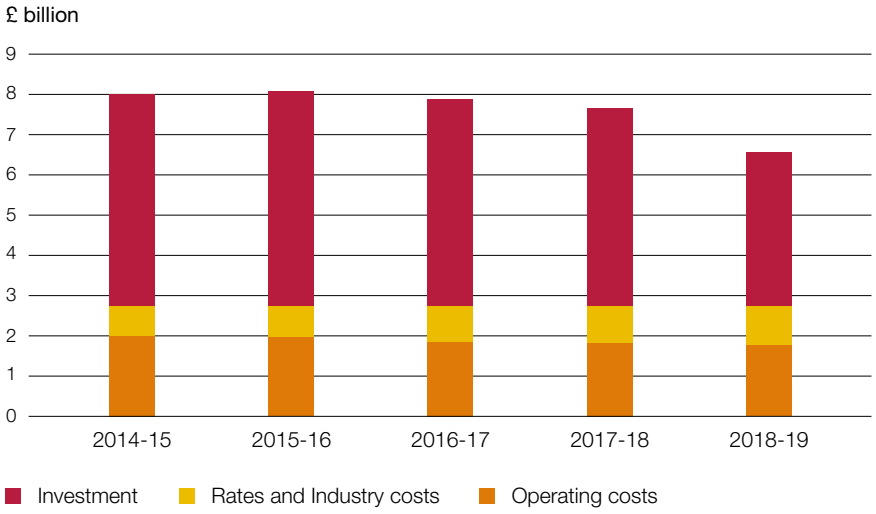
Source: National Audit Office analysis of Office of Rail and Road's Periodic Review, October 2013

Where Network Rail will spend its money in Control Period 5

Network Rail plans to spend:

- Nearly two-thirds of its £38 billion Control Period 5 settlement on investments to renew and enhance the network (excluding the financing costs for the borrowing used to fund this work).
- A quarter of spend will be on operating and maintaining the network, and support costs to run the company.
- The remaining spend is on industry costs and rates. It includes electricity costs, which Network Rail largely recovers from operators.

Control Period 5: planned spend

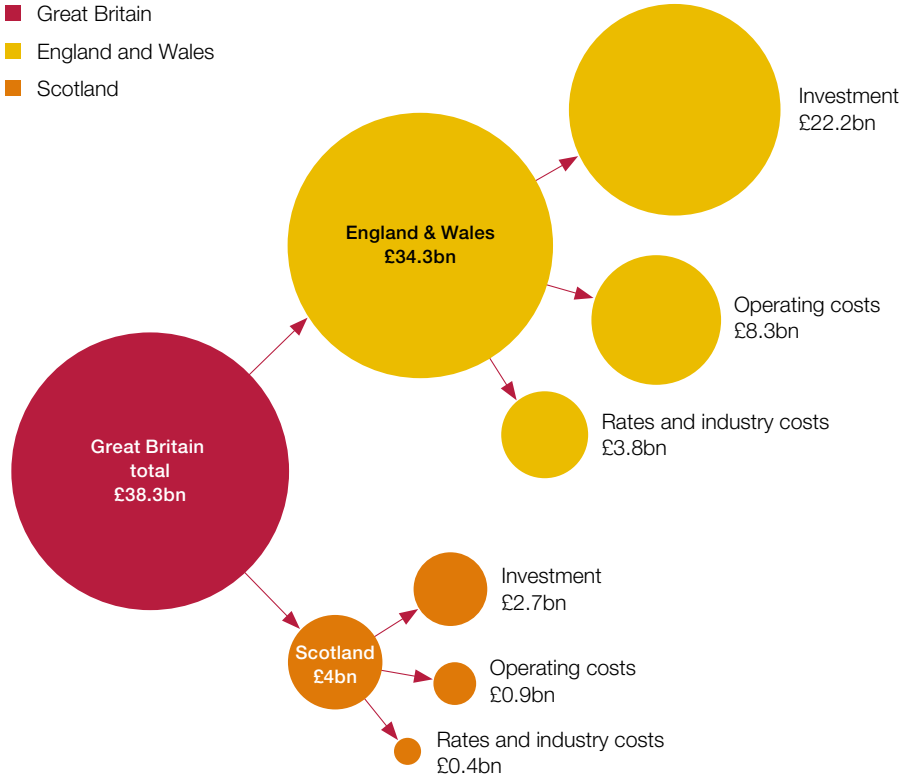


Note

1 Figures are given in 2012-13 prices.

Source: National Audit Office analysis of Table 14.1 Office of Rail and Road's Periodic Review, October 2013

Control Period 5: planned spend by area



Network Rail's efficiency targets for Control Period 5

Where activities recur (operations, maintenance and renewals), ORR requires Network Rail to carry out work more efficiently than previously while keeping the network in a stable, safe condition. Efficiency is about achieving the same outcome at lower cost, rather than reducing costs by reducing what is done.

Efficiency target

Planned expenditure (after including efficiency targets)

24.9%

£2,119m Support

Expenditure on activities that support Network Rail's business such as HR and finance (mainly administrative costs).

20.0%

£1,968m Operations

Expenditure on activities that support Network Rail's business such as HR and finance (mainly administrative costs).

19.4%

Weighted Average Efficiency across the four areas of spend

17.4%

£5,166m Maintenance

Covers the work required to maintain assets efficiently and sustainably. It may either be planned (for example, routine work or visual inspections) or reactive (for example, when responding to asset failures).

16.4%

£12,107m Renewals

Covers work to replace assets which are nearing the end of their useful lives with the modern equivalent asset.

Source: National Audit Office analysis of Office of Rail and Road's Periodic Review 2013

Performance on efficiency

In the five-year period to March 2014, Network Rail did not achieve all of the expected efficiencies. In its financial and efficiency assessment of Network Rail, the Office of Rail and Road attributed this to:

- Higher than expected labour and commodity costs for renewing sections of track.
- Not achieving a significant amount of the planned renewals efficiencies (for example, half of signalling efficiencies weren't achieved).
- Increased expenditure to improve train performance.
- An ORR penalty of £77 million for missed outputs.
- Additional reorganisation costs.
- Property dilapidation costs.

Network Rail exceeded maintenance savings efficiencies in the past two control periods but the regulator reported concerns about the effect of these savings on performance.

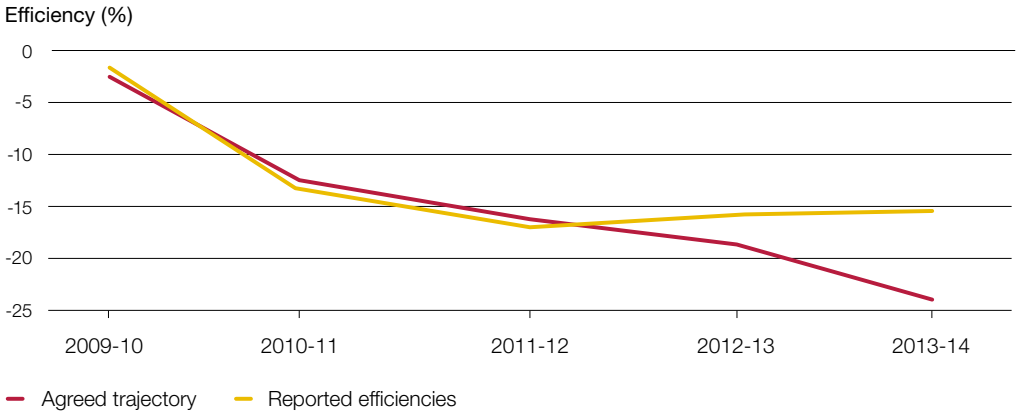
Control Period	**CP3**		**CP4**		
Dates	**2004–2009**		**2009–2014**		
	Target (%)	Actual (%)	Target (%)	Adjusted trajectory[1] (%)	Actual (%)
Maintenance	34.0	35.0	18.0	15.3	29.1
Controllable Opex	30.0	28.0	16.4	23.5	-0.9
Renewals	30.0	24.0	23.8	25.2	15.3
Total	**31.0**	**27.0**	**21.0**	**23.5**	**15.5**

Notes

1 Network Rail and the Office of Rail and Road agreed adjusted targets for CP4 in 2011, reflecting changes in the position at the end of CP3 that had been assumed when targets were set.

2 Efficiency savings are cumulative and cannot be added together.

Comparison of Control Period 4 reported efficiencies to agreed trajectory



Source: National Audit Office analysis of Office of Rail and Road's data

Staff and pay

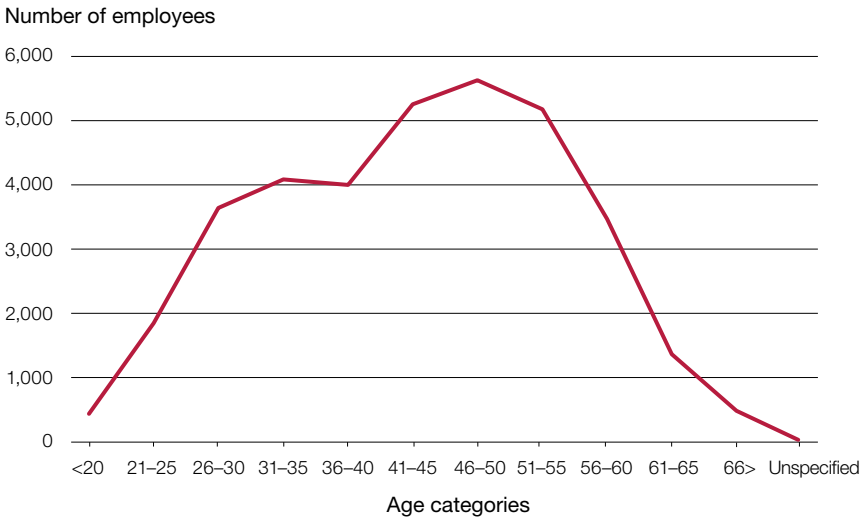
Network Rail employed over 35,500 staff in March 2015. Staff remuneration includes salary, benefits such as discounted rail travel, pension and performance related pay (bonuses).

The salaries of its highest paid executives agreed for 2014-15 were:

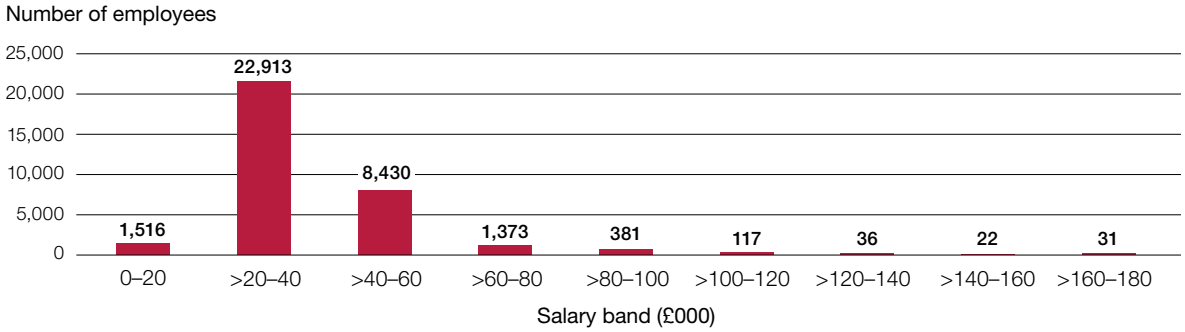
- Mark Carne, Chief Executive: £675,000
- Patrick Butcher, Group Finance: £412,000
- Robin Gisby, left Network Operations in February 2015: £388,000
- Paul Plummer, Group Strategy: £364,000

In 2014, the Remuneration Committee reviewed Network Rail's remuneration policy and concluded that their policy, which had resulted in large executive bonuses, was unsustainable. They reduced the maximum bonus as a percentage of salary.

Network Rail's employees by age



Maximum executive director bonus reduced from 160% of salary **to 20%**



Source: National Audit Office analysis of Network Rail data

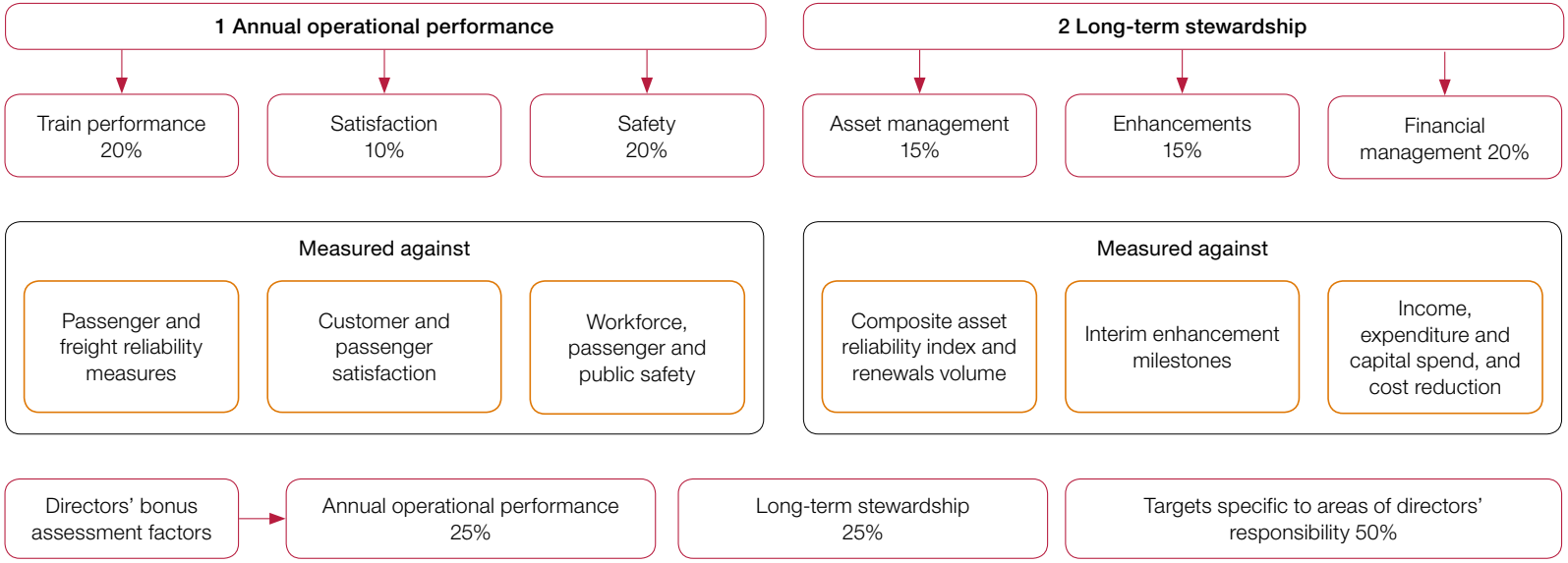
Remuneration – Executive bonuses

Network Rail's remuneration policy , which applies to all staff, includes performance related remuneration.

For executive directors, the incentive is based on both a corporate performance scorecard and targets specific to the business unit or area of responsibility for each director. Payment is up to a maximum of 20% of salary and is deferred for three years.

As a result of problems with delivering the investment programme, the government announced on 25 June 2015, that Network Rail had decided no executive directors would receive a bonus in respect of 2014-15 performance.

Network Rail's 'corporate scorecard' is based on the following weighted performance measures, with directors' also assessed on specific targets for their areas:



Safety

Maintaining the safety of passengers, workers and the public is Network Rail's top priority. It has a 24-hour helpline for anyone to report their safety concerns, a close call system for employees and contractors to report potential hazards, and it measures a number of safety indicators to identify areas of risk:

- Indicators of passenger safety include infrastructure problems such as broken rails, reported injuries at stations and level crossings, and when train drivers pass red signals.
- Fatalities, injuries and near misses are key indicators of work safety.
- Level crossing events are the key safety risk for members of the public.
- In its first staff survey in December 2014, 66% of staff were satisfied with safety issues.

These measures are only partially under Network Rail's control. They also depend on the behaviour of train operators, passengers, workers and members of the public.

The Office of Rail and Road regulates the safety performance of the rail industry including Network Rail and train operators. In the second half of 2014-15, it reported that:

- Network Rail had closed 118 level crossings in 2014-15.
- More action is needed to improve worker safety following a 22% increase in measures of harm in 2013-14.

Prior to reclassification the NAO did not have full access rights to carry out value-for-money reviews. We have reported on Network Rail's role in the delivery of projects for the Department for Transport and the work of the Office of Rail and Road.

A full list of NAO value-for-money reports on rail is given in Appendix Two.

Recent reviews covering Network Rail have included:

Regulating Network Rail's efficiency, 2011, in which we reviewed the incentives and information available to the regulator to drive efficiency. We highlighted that Network Rail's unusual company structure and monopoly position meant that incentives are weaker than in other regulated industries.

Progress in the Thameslink Programme, 2013, where we reported on the Department for Transport sponsorship of the programme. We found that the budget was approved while plans were immature and significant effort has been needed by the Department and Network Rail to keep within it.

Lessons from Major Rail Infrastructure Programmes, 2014, highlighted that Network Rail has delivered work on the Thameslink and Crossrail programmes under direct protocol agreements with sponsors, outside its usual regulatory arrangements.

Network Operations

How it works

The first key business area we have focused on is Network Operations which accounts for nearly three-quarters of its workforce but less than a third of its spend.

Network Operations

Is responsible for day-to-day running of the railway – including maintenance, signalling and small renewal projects (which are less than £500,000 in value).

Most activity is devolved to eight routes.

The major components are maintenance and operations which Network Rail delivers in-house (rather than contracting work to external suppliers).

Staff

In 2013-14, 25,531 employees worked for Network Operations. Almost two-thirds of these staff were employed on maintenance works.

Network Rail will need to reduce the number of staff working on maintenance by 8% and operations staff by 16% over Control Period 5 to meet efficiency saving targets. However, overall staff in Network Operations will increase as new infrastructure projects, once completed, will need maintaining.

Network Operations

How routes work

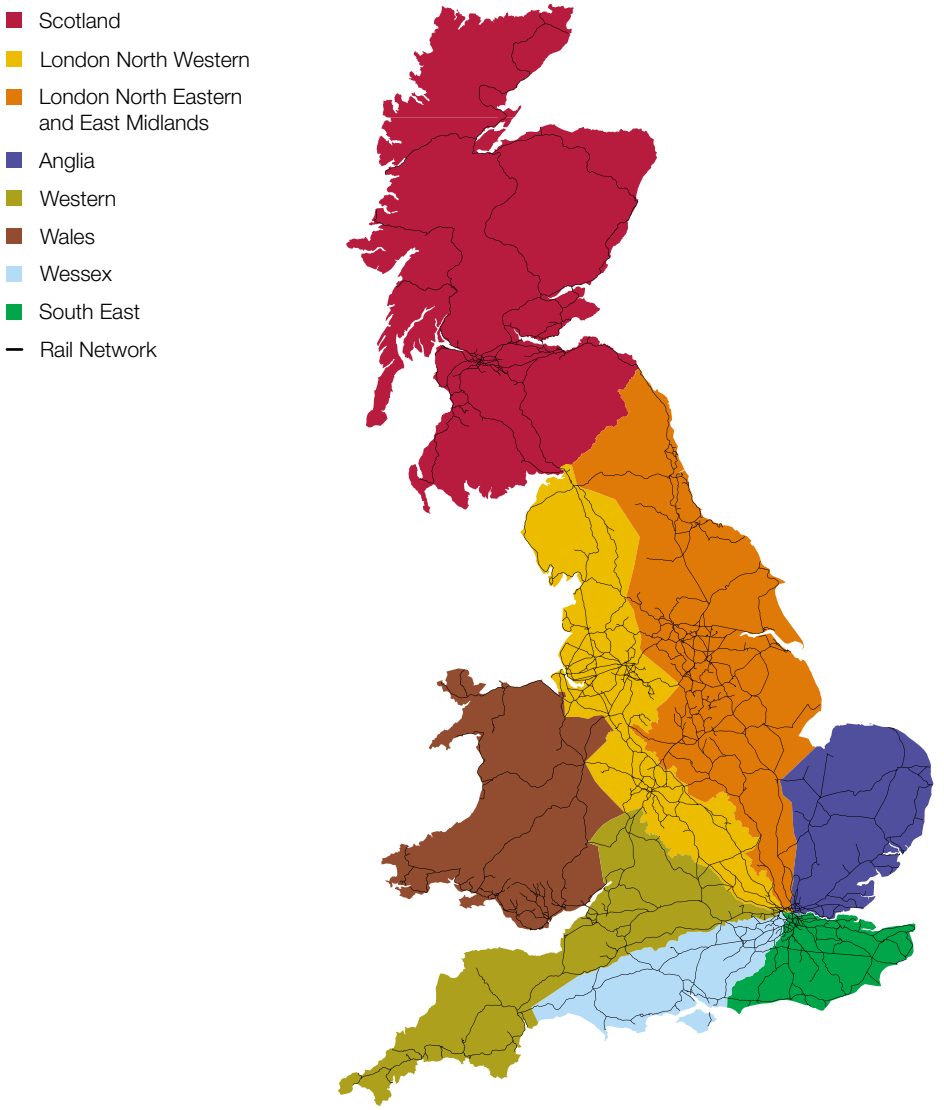
Each of Network Rail's eight routes is responsible for:

- Day-to-day operations.
- Maintenance and asset management.
- Planning when large infrastructure projects can be delivered.

This structure is intended to achieve financial efficiencies because it should enable work to be better coordinated. It should also provide more direct accountability to customers and users of the railway.

Each route has a managing director who reports to Network Operations and Network Rail's board. They also liaise closely with the main train operating companies on their route.

Network Rail's routes



Source: Network Rail data

Network Operations

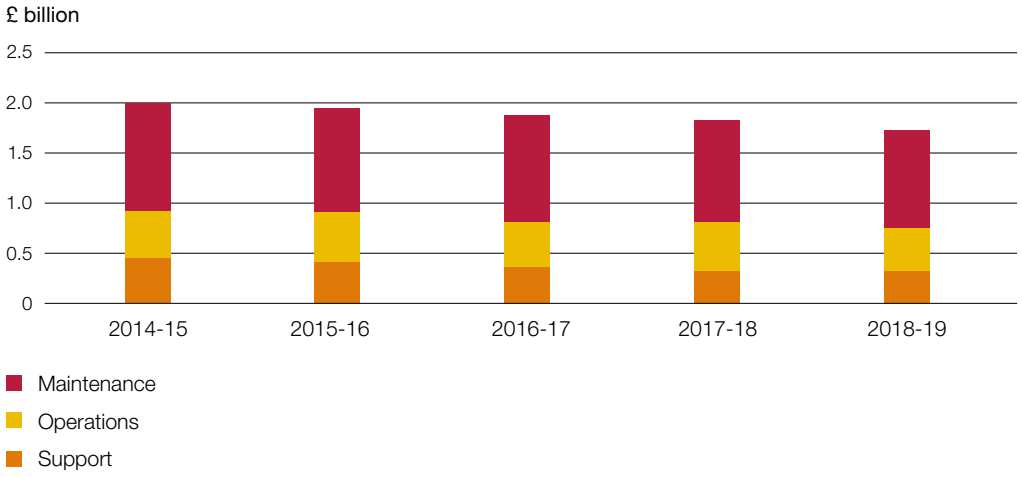
How much it costs

Network Rail plans to spend £9.3 billion in Control Period 5 operating the network (excluding £2.9 billion costs passed on to operators).

Over half of this spend will be on maintaining the network.

The Office of Rail and Road reported that Network Rail's delivery of maintenance in 2014-15 was mixed, with more maintenance delivered than planned in some areas but less in others. It highlighted the need for better planning and reporting by Network Rail.

Planned operating expenditure for Control Period 5



Note

1 Figures are given in 2012-13 prices.

Source: National Audit Office analysis of Office of Rail and Road's Periodic Review, October 2013

Network Operations

Performance

The **Public Performance Measure (PPM)** shows the percentage of trains which arrive at their terminating station on time. It combines:

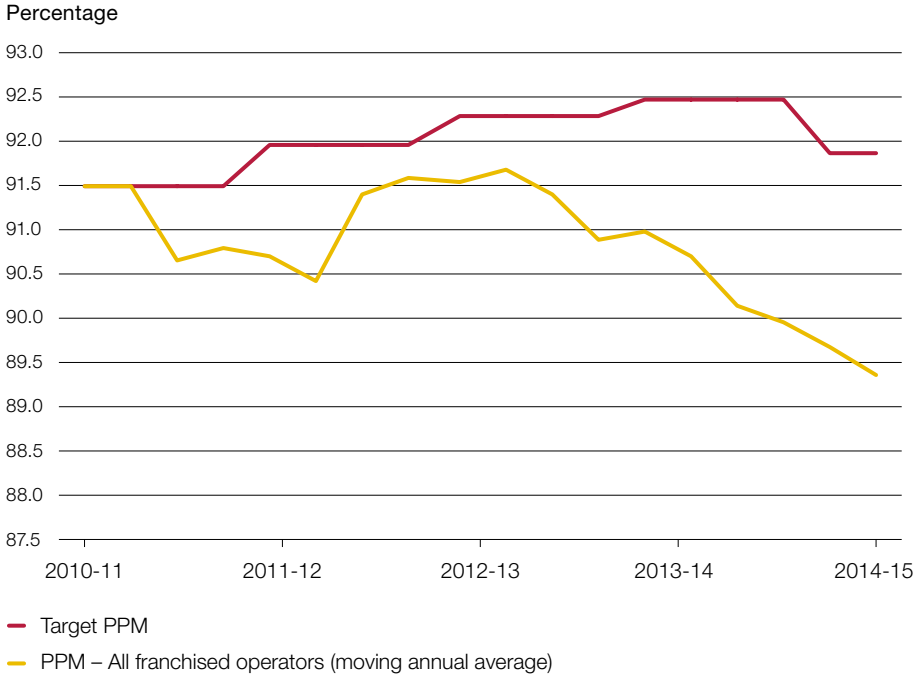
- the punctuality of the train operator; and
- infrastructure reliability.

Network Operations is held responsible for any delays attributed to the infrastructure, including some outside of its direct control like the weather, trespass, vandalism or fatalities. Around 60% of passenger delays were attributed to Network Rail in the year to May 2015. The rest were attributed to the train operators.

The operators and Network Rail have a process to agree who caused each delay, and the amount of compensation due. This is separate to the passenger compensation process run by individual train operators.

Network Rail has not achieved its performance against the PPM target for each of the last four years. The Office of Rail and Road is monitoring Network Rail's activities to improve performance in 2014-15 and 2015-16, instead of imposing fines for missing the target.

Public Performance Measure

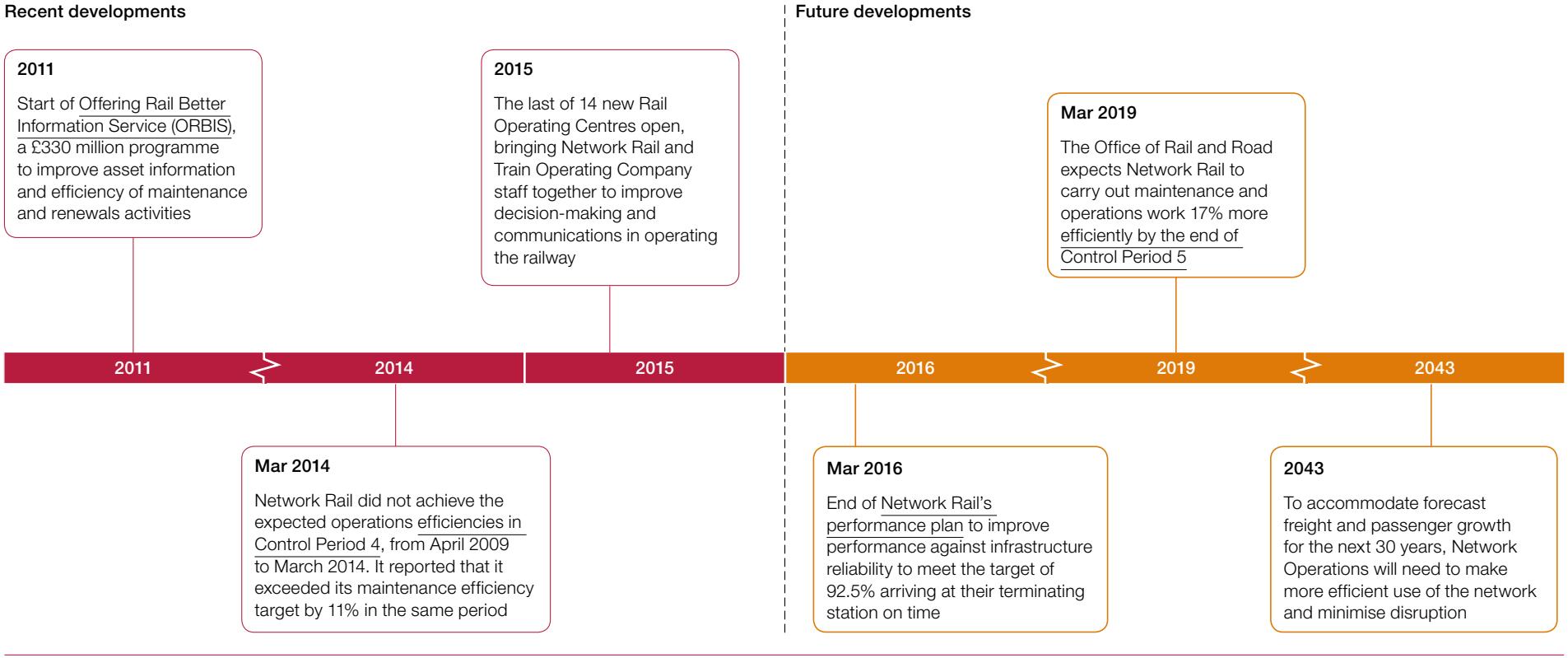


Source: National Audit Office analysis of Office of Rail and Road and Network Rail data

Network Operations

Recent and future developments

Network Operations needs to improve rail infrastructure performance while meeting increased demand and achieving efficiency savings.



Network Operations

Things to look out for

There has been a significant increase in demand for rail travel, a trend expected to continue through Control Period 5. Increasing demand will put pressure on Network Operations, who will need to **manage the network more efficiently to deliver the needed capacity** at congested points and to minimise disruption. Part of management's plan to achieve this is by co-locating their staff with train operator staff in new regional centres.

Network Rail will be expected to safeguard and improve train punctuality and reliability since the **Public Performance Measure** target does not change based on how many trains use the network. If Network Rail does not meet the target by the end of the Control Period, the ORR may fine Network Rail as previously occurred at the end of Control Period 4.

If Network Operations falls behind schedule in **achieving efficiency savings**, its task will be more difficult since greater efficiencies will be needed in future periods. It does not have the same flexibility to reduce work that other businesses have, as this could have unacceptable safety consequences.

Successful delivery of the **Offering Rail Better Information Service (ORBIS) programme**, to improve asset information, is key to delivering efficiencies as better information is intended to improve decision-making and lead to more effective maintenance and renewals work.

Network Operations

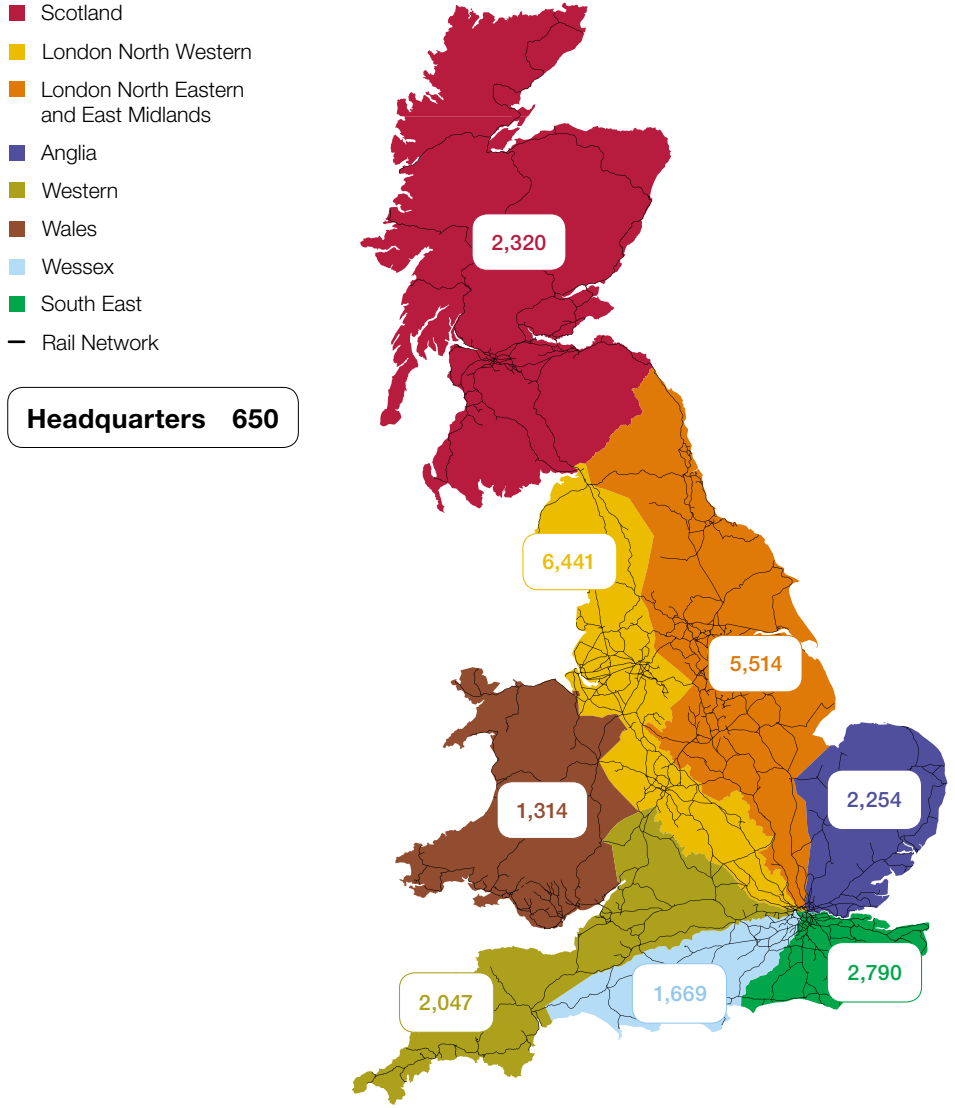
Around Great Britain

Network Operations staff are expected to increase by 900 during Control Period 5. Network Rail is increasing maintenance capability at both supervisor and operative level to reduce reliance on subcontractors providing extra labour and overtime.

The largest increases will be:

- in headquarters (to 1,047) to coordinate activities; and
- on the Western route (to 2,461 staff), due to planned electrification works which will need specialist maintenance staff once installed.

Staff numbers, March 2014



Source: National Audit Office analysis of Network Rail's data

Infrastructure Projects

How it works

The second key business area we have focused on is Infrastructure Projects which accounts for 12% of Network Rail's workforce but two-thirds of its spend.

Infrastructure Projects is responsible for large renewals projects and all enhancements of the rail network. Renewals return parts of the network to 'modern equivalent' condition. This is as new, but incorporating the latest standards. Enhancements improve the network performance and increase capacity.

The largest enhancement programmes for Control Period 5 are:

- Thameslink (increasing north–south capacity through London)
- Crossrail
- A programme of electrification

Renewing and building new infrastructure often needs parts of the rail network to be closed. Works are scheduled for quieter times like weekends and public holidays – for example Network Rail worked on 2,000 sites over Christmas 2014 – but this still causes **disruption to passengers**.

Staff and suppliers

Over 4,200 employees worked for Infrastructure Projects at the end of 2013-14. These staff project and contract manage renewals and enhancement work, which is delivered by contractors.

In 2013-14, Network Rail spent £2.7 billion on 18 of its top 20 suppliers providing infrastructure engineering and consultancy work. It spent a further £113 million on steel for infrastructure, specifically track and projects.

Infrastructure Projects

How much it costs

Network Rail plans to invest £24.9 billion on improvements to the network including:

- renewals of £12.1 billion
- enhancements of £12.8 billion.

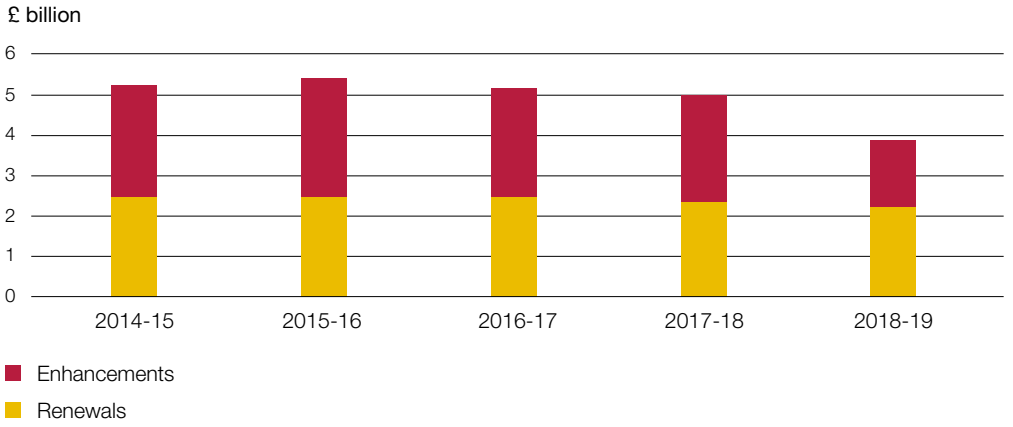
The renewals costs are those that the Office of Rail and Road have deemed efficient, but Network Rail does not agree that all efficiency assumptions are achievable.

Planned enhancement works are significantly higher in Control Period 5, than previous Control Periods.

Enhancement project and programme costs are subject to scrutiny by the Office of Rail and Road when they are developed, called the 'Enhancement Cost Adjustment Mechanism', to confirm they are efficient.

The Office of Rail and Road reported that Network Rail fell behind plans on both enhancement and renewals work in 2014-15.

Planned investment in Control Period 5



Note

1 Figures are given in 2012-13 prices.

Source: National Audit Office analysis of Office of Rail and Road's Periodic Review, October 2013

Infrastructure Projects

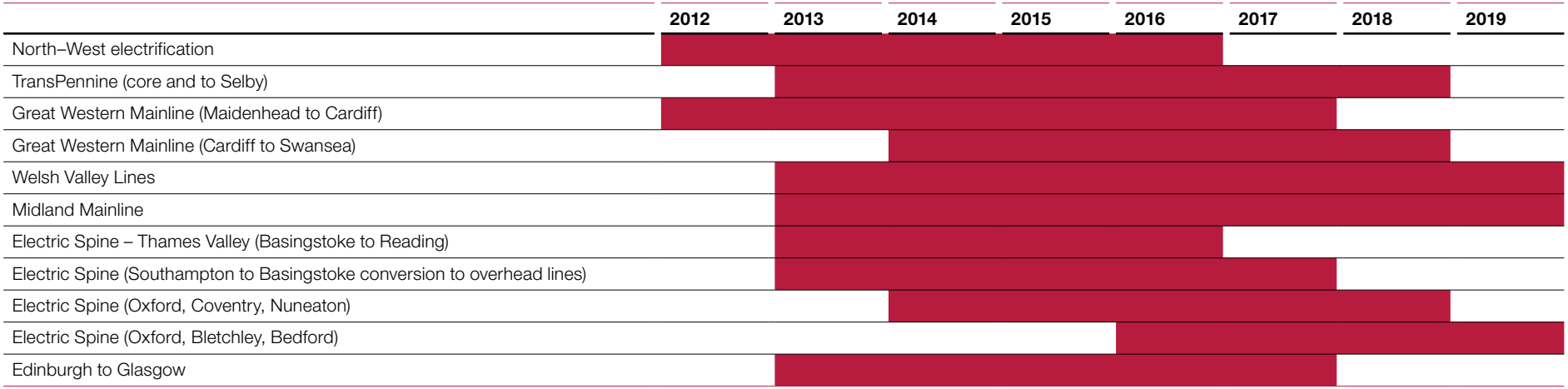
Planned delivery of electrification

Network Rail had planned a large programme to electrify lines in Control Period 5. These works were intended to deliver faster and more reliable journeys for passengers, and reduce greenhouse gas emissions. The programme was originally estimated to cost around £4 billion, 30% of Network Rail's enhancement programme.

These are the first electrification works that Network Rail has undertaken for a number of years, and early indications are that it underestimated the cost and time required for some of the projects during planning.

On 25 June 2015, the government announced that Network Rail would delay a number of projects in the current programme. The government highlighted project complexity, supply chain weaknesses for complex signalling, slow construction progress and delays in obtaining planning consent as causes of delays. The government has decided that Network Rail will focus on electrifying the Great Western Mainline, and has paused the electrification of both the Midland Mainline route and the TransPennine route between Manchester and Leeds.

Original planned electrification programme timetable at 2013



Source: Network Rail's Strategic Business Plan for England and Wales for CP5

Infrastructure Projects

Recent and future developments

Network Rail has a challenging programme of planned infrastructure projects to deliver which will electrify lines and increase capacity. There are time and cost pressures.

Recent developments

Apr 2014

Network Rail can borrow up to £30 billion from the Department for Transport to fund enhancements of the rail network, from April 2014 to 2019. Previously it borrowed from financial markets

Jan 2015

Network Rail and the Office of Rail and Road published reviews into passenger disruption at Kings Cross and Paddington after overrunning engineering work during Christmas 2014

Dec 2014

Cost update provided on the electrification programme:

- Great Western Main Line electrification is now expected to cost £1.7 billion (in 2013-14 prices), an increase from £1.1 billion.
- Midland Mainline electrification is forecast to cost £1.3 billion (previously £0.9 billion).

Increases are because project complexity was underestimated and to reflect inflation since original estimates were made

Key project milestones

2017–18

Great Western electrification project was originally expected to be completed in two phases:

- Maidenhead to Cardiff in 2017
- Cardiff to Swansea in 2018

Autumn 2015

Network Rail will publish revised plans for its enhancement programme for Control Period 5

2018–2020

2018-19 Crossrail is expected to be completed

2018 Thameslink is expected to be completed

2014 | 2015 | 2015 | 2017-18 | 2018–2020

Infrastructure Projects

Things to look out for

The forecast costs for the planned Control Period 5 enhancement programme is higher than the agreed level of funding. Network Rail, the Department for Transport and the Office of Rail and Road are in discussions about how to address this affordability issue, which has resulted in some planned electrification projects being paused while a revised delivery programme is developed by Network Rail.

The **scale of the planned renewals and enhancements programmes** will test Network Rail's core project and programme management skills. Coupled with planned growth in infrastructure spend across the UK, there are risks of inflation to staff, materials and supply chain costs.

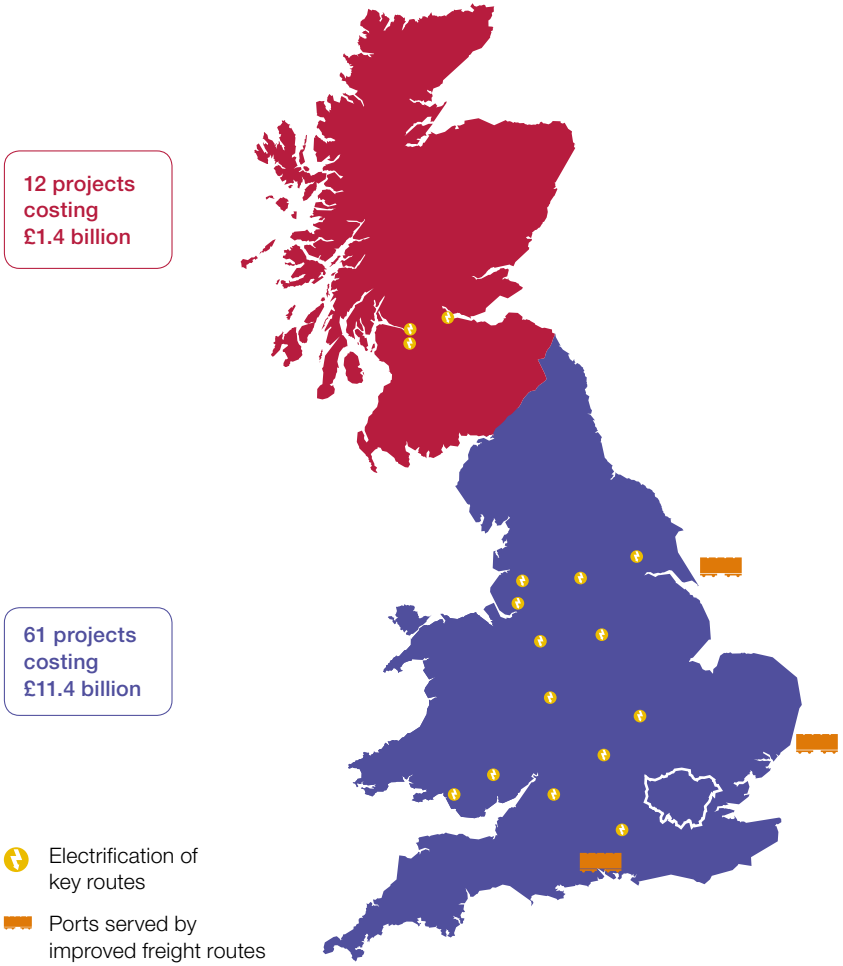
The Office of Rail and Road report on Network Rail's progress against **enhancement milestones** every six months. This report will provide early warning of possible delays to scheme completion (and benefits to rail users).

There are interdependencies between planned infrastructure improvements and train franchise or rolling stock procurements. For example, we reported in Procuring New Trains, that if the Thameslink Programme and Great Western Mainline electrification are delayed, the **introduction of new trains** will also be delayed which would affect distribution of rolling stock around the country.

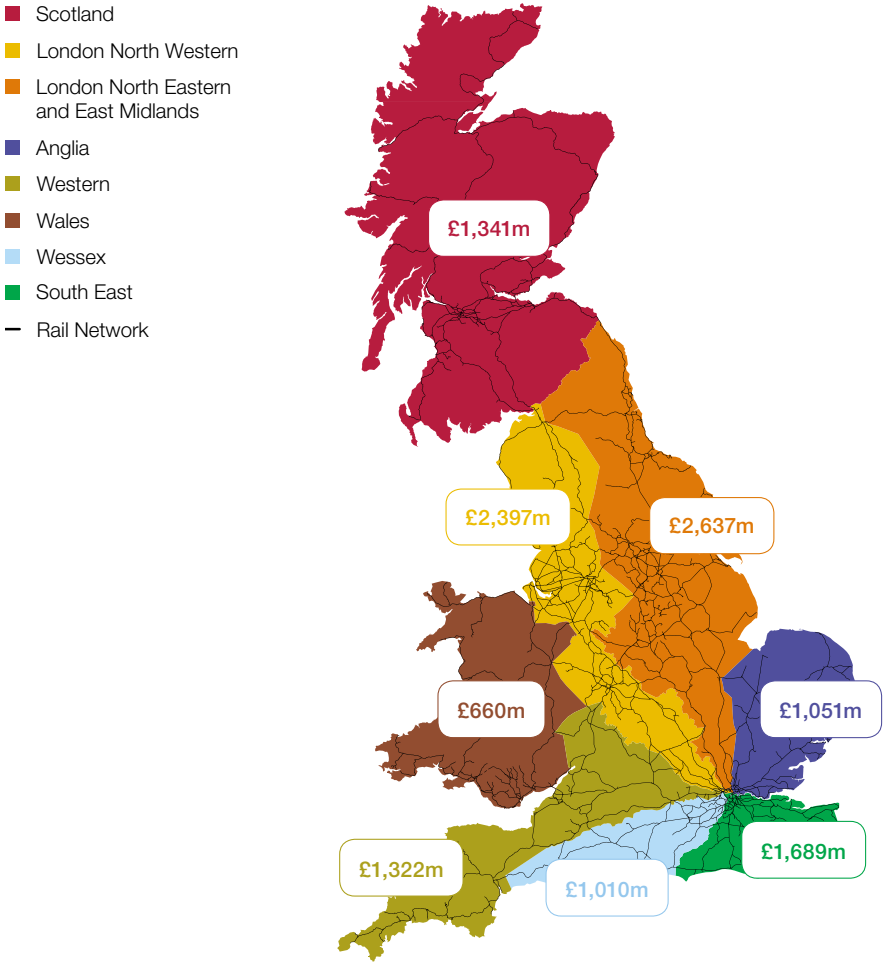
Infrastructure Projects

Around Great Britain

Originally planned enhancement work in CP5 for England and Wales, and Scotland



Planned renewals spend in CP5



Note

1 Network Rail will publish revised plans for enhancement work in autumn 2015. It plans enhancement work by project, and no route-level breakdown is available.

Source: Network Rail's Strategic Business Plan for CP5 and Office of Rail and Road's Periodic Review 2013

Long-term planning for the future

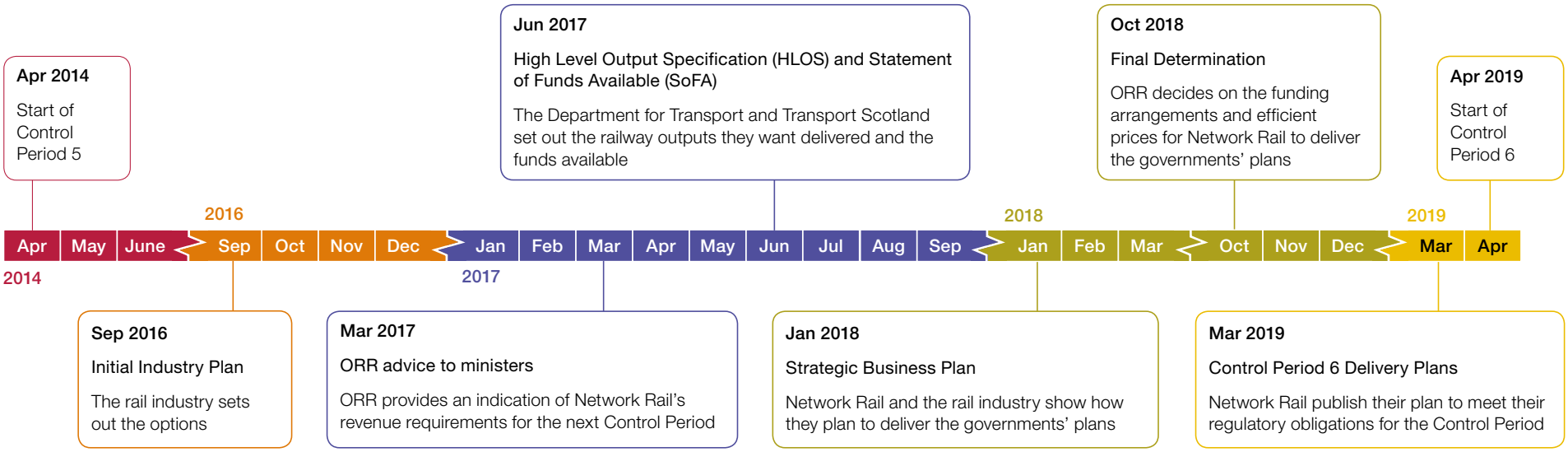
How it works

The third key business process we have focused on is long-term planning.

Network Rail's strategic planning is structured around the 5-year control period process. This begins with the rail industry publishing its plan of investment options and priorities for the next control period, the Initial Industry Plan, informed by:

- Market studies forecasting future demand for up to 30 years for individual rail markets.
- Strategies to meet forecast demand for the eight routes.
- Information on the current and forecast condition of Network Rail's assets.
- Network-wide initiatives, such as the industry's 'Digital Railway' initiative, and government-wide transport programmes including High Speed 2.
- Improvements funded by the Welsh government or local transport bodies are agreed separately.

Outline timeline for developing and agreeing the Control Period 6, (CP6), settlement



Source: National Audit Office analysis of Network Rail's information

Long-term planning for the future

Digital Railway

Network Rail is looking at innovative solutions to increase capacity to meet forecast future demand in addition to building new lines such as the planned High Speed 2.

A central initiative is the Digital Railway project. This is an industry programme, led by Network Rail, which aims to:

- Increase capacity on the network by rolling out in-train signalling, called European Train Control System level 3, traffic management, communications systems and the associated infrastructure to regional centres. The aim of these measures is to transform the level of automation in signalling and enable trains to run closer together without supervision.
- Improve customers' travel experiences by moving to paperless ticketing within five years to provide passengers with more flexibility to travel and develop better real-time passenger information so that they can make more informed choices on travel options.

An early version of this European Rail Traffic Management System (ERTMS), is in use in Wales. The technology will be delivered shortly for parts of the Thameslink and Crossrail programmes.

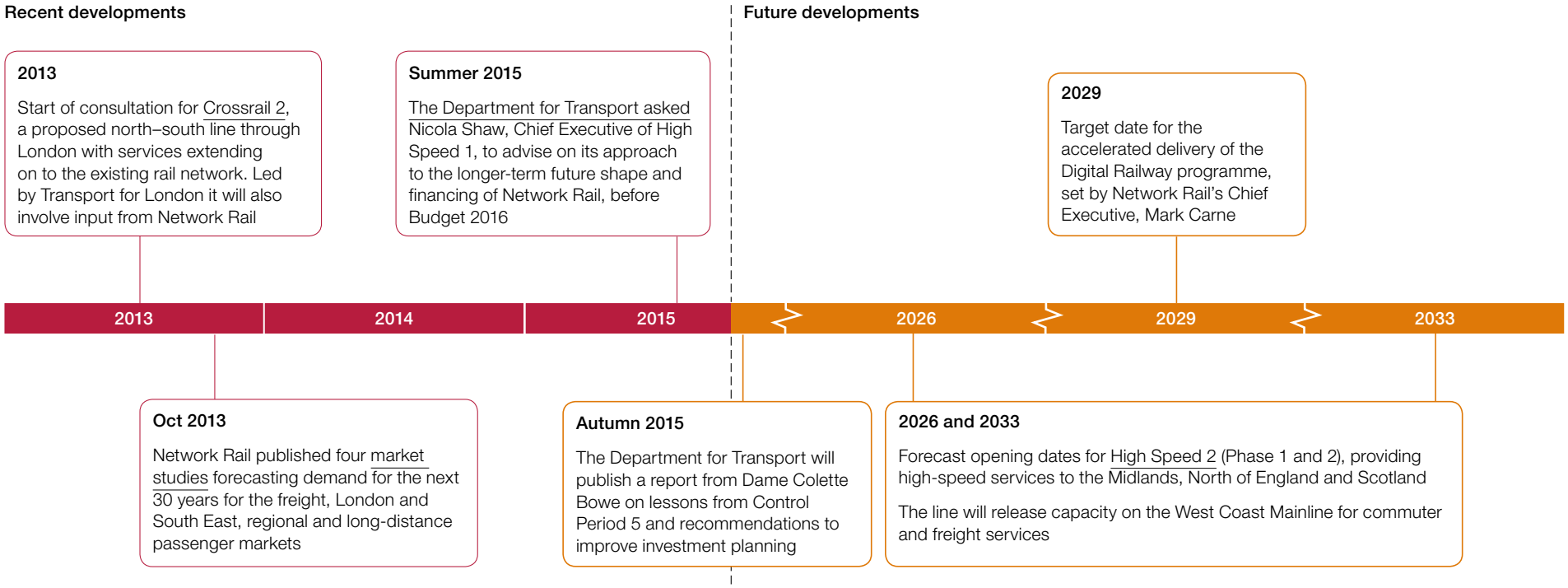
Under original plans the in-train signalling would have been rolled out by 2062. The revised target is to achieve it by 2029.

These proposals will need to be agreed and funded in future control periods. Network Rail needs to develop the business case for Digital Railway by Summer 2016, when Control Period 6 negotiations start.

Long-term planning for the future

Recent and future developments

Plans to meet future rail demand involve increased use of digital technology and innovation in timetabling to make better existing capacity as well as building new lines.



Long-term planning for the future

Things to look out for

Negotiations for the next control period, **Control Period 6**, will begin in September 2016. This provides a small window of time for future plans to be developed after the completion of Control Period 5 agreements, such as the business case for Network Rail's Digital Railway proposals. The Control Period process reduces Network Rail's flexibility to respond to initiatives but provides certainty of funding to allow work to be planned efficiently.

The Digital Railway is an ambitious project which provides huge opportunities but also faces the key challenges of **long timescales, technological risk, significant business change and the need for joint working** between the various components of the railway system in a way that does not entirely fit with the current split of responsibilities between Network Rail, train and freight operating companies, and other parts of the industry.

The **High Speed 2 programme** will impact on Network Rail's operations, because the line will link with the existing network and is likely to draw on a similar workforce and supply chain. Construction of phase one of High Speed 2 is due to start in 2017 if Parliament approve the hybrid bill as expected by the end of 2016.

Appendix One

Contrasting Network Rail and Highways England

There are a number of high-level similarities and differences in the scale and use of the road and rail network. From 1 April 2015, the Office of Rail and Road now regulates Highways England as well as Network Rail.

	Highways England	**Explanation**	**Network Rail**	**Explanation**
Network	4,300 miles	Highways England is only responsible for the strategic road network in England	20,000 miles	Network Rail's remit covers all rail infrastructure in England, Scotland and Wales, except High Speed 1 and parts of the Heathrow Express route
Net operating costs	~£1 billion	These are the costs of operating and maintaining the existing network and do not include improvement costs	~£3 billion	These are the costs of operating and maintaining the rail and do not include renewals or enhancement costs
2013 staff	~3,350	Highways England contract out maintenance and does not have complicated traffic management operations	~35,200	Network Rail carries out maintenance in-house and needs to operate a complicated signalling system to manage train movements
Valuation of the network	£111 billion	Highways England values the road network on its replacement cost	£50 billion	The rail network is valued on future income that Network Rail expects to earn from it
2013 freight	103 billion tonne km	The majority of freight travels by road	23 billion tonne km	Rail freight is forecast to nearly double over the 30 years to 2043
2013 passengers	123 billion vehicle -km	Freight and passenger vehicles are approximately equal on the road network	72 billion passenger -km	The rail network predominantly carries passengers

Appendix Two

NAO value-for-money reports on rail

The NAO has published the following value-for-money reports, which cover different aspects of the rail system, in the last 11 years. These reports are all available on our website.

Publication date	Report title	HC number	Parliamentary Session
29 October 2014	Lessons from major rail infrastructure programmes	HC 267	2014-15
9 July 2014	Procuring new trains	HC 531	2014-15
24 January 2014	Crossrail	HC 965	2013-14
5 June 2013	Progress in delivering the Thameslink programme	HC 227	2013-14
16 May 2013	High Speed 2: A review of early programme preparation	HC 124	2013-14
7 December 2012	Lessons from cancelling the InterCity West Coast franchise competition	HC 796	2012-13
28 March 2012	The completion and sale of High Speed 1	HC 1834	2010–2012
1 April 2011	Regulating Network Rail's efficiency	HC 828	2010-11
24 March 2011	The Intercity East Coast passenger rail franchise	HC 824	2010-11
4 June 2011	Increasing passenger rail capacity	HC 33	2010-11
15 October 2008	Department for Transport: Letting Rail Franchises 2005–2007	HC 1047	2007-08
14 March 2008	Reducing passenger rail delays by better management of incidents	HC 308	2007-08
22 November 2006	The Modernisation of the West Coast Mainline	HC 22	2006-07
2 December 2005	The South Eastern Passenger Rail Franchise	HC 457	2005-06
20 July 2005	Maintaining and improving Britain's railway stations	HC 132	2005-06
14 May 2004	Network Rail – Making a Fresh Start	HC 532	2003-04