

Annual Report on London St. Pancras Highspeed 2025 to 2026



Executive Summary

This report sets out our assessment of the regulated aspects of London St. Pancras Highspeed's operational and financial performance for the financial year 1 April 2025 to 31 March 2026, which was the first year of Control Period 4 (CP4, which runs from 1 April 2025 to 31 March 2030). More information on our regulation of London St. Pancras Highspeed, including previous years' reports, can be accessed on our website.

We report here on our assessment of the company's delivery against the final determination and decisions of our 2024 periodic review of London St. Pancras Highspeed 2024 (PR24), in accordance with our policy for holding London St. Pancras Highspeed to account in CP4. More information on

PR24 can be found on our website, including our final determination on charges.

Health and safety

There were no fatalities or serious injuries during the reporting year. London St. Pancras Highspeed has regulated targets for health and safety performance, using the Fatalities and Weighted Injuries (FWI) metric. For the last three years we have reported that London St. Pancras Highspeed has been missing these targets and needed to take urgent actions to improve. We are pleased to report that this year performance (based on FWI moving annual average) improved and London St. Pancras Highspeed is now performing better than its targets for both workforce FWI (0.054, which is better than its target of 0.070) and public FWI (0.009, which is better than its target of 0.015).

We have engaged closely with London St. Pancras Highspeed throughout the year to ensure that these improvements can be linked to changes it has made and which will endure into future years, rather than a correlating variation in the number of incidents. We are satisfied with the evidence we have seen. In particular, staff assaults and sub-contractor behaviours had been the key contributors to missed targets in previous years. This year London St. Pancras Highspeed, alongside its suppliers and British Transport Police, introduced its System Workplace Violence Reduction Strategy and it has seen an 11% reduction in incidents compared to last year, while the wider rail industry saw an increase in staff assaults over the same period.

Asset management

In January 2025 we published our final determination for CP4 which set efficient levels of charges for renewals, operations and maintenance and also highlighted key priorities for asset management over this five-year period. Our determination noted that many of the assets on HS1 are still in their first life cycle, as the network was only opened in 2007.

In CP4 as assets move towards the end of their lives, London St. Pancras High Speed will need to make increasing use of data to understand asset condition and performance, and to adapt its asset management strategies and plans as its knowledge improves. As we highlighted in PR24, asset groups are at differing levels of asset management maturity, with corresponding variation in the quality and availability of condition data. Track was the most mature, while signalling and lifts, escalators and travelators remained among the least developed.

This year, the first year of CP4, London St. Pancras has made significant improvements in some of

these areas, but challenges remain.

- This year London St. Pancras introduced new governance processes for managing its renewals portfolios and also its research and development portfolio. We were invited to attend key governance meetings, and while there are still some issues to resolve, we have seen evidence that these new processes are an improvement on CP3 in terms of transparency of information for stakeholders. This has also helped us to gather vital information throughout the year, allowing us to address stakeholder and our concerns earlier and reducing regulatory burden on London St. Pancras Highspeed during end-of-year reporting.
- London St. Pancras Highspeed and its main supplier Network Rail High Speed continued rolling out a new Asset Management tool this year to capture, analyse and use data more effectively. The outputs from this are already being used to understand asset behaviours better and optimise plans, delivering financial efficiencies.
- On renewals, London St. Pancras delivered 16 out of 18 of its renewal portfolio milestones. That is 12 out of 12 of its route milestones and 4 out of 6 of its stations' milestones. The two missed milestones relate to lifts and escalators, where there have been delays moving to a new delivery framework. The total spend on route renewals this year was £19m, which is a significant increase compared to previous years (total route spend over the whole five years of CP3 was £32.5m) and reflects more HS1 assets reaching life-expiry for the first time.
- Overall, asset performance was good this year. However there have been issues in the asset groups which we identified in PR24 as the lowest maturity. On the HS1 route, this included signalling, where there were multiple points failures late in the year which had a high impact on services, some of which was avoidable. In stations, the overall availability of lifts, escalators and travelators improved this year and is now above London St. Pancras Highspeed's target of 98%. However there continue to be specific assets of this type with repeat faults, missing functionality and prolonged down-time, which have a direct impact on passengers and running special events where downtime becomes critical.
- For operations and maintenance, we determined an annual fixed charge for CP4 at a level which we calculated to be efficient, ambitious and deliverable. This was 2.5% lower than the level London St. Pancras Highspeed and its suppliers had proposed. As a result, we have seen more urgency to deliver efficiencies and adopt new technology than in CP3, which is positive. But we recognise that this has been a rapid change for London St. Pancras Highspeed and its suppliers in CP4, and there have been challenges in accelerating change

within the first year. Actual operations and maintenance spend this year was £102.8m, which represents an overspend of around £1.6m compared to the annual fixed charge. London St. Pancras Highspeed and its main supplier report that they are confident they can deliver their planned efficiencies in future years.

Finance and efficiency

This year London St. Pancras Highspeed reported £96.4m of operating and maintenance income, around £1.0m below the PR24 baseline. This reflects minor variances across income streams, with overall revenue recovery broadly in line with PR24 expectations.

In terms of spending, London St. Pancras Highspeed's supply chain incurred £102.8m of operating and maintenance costs, £1.6m above the PR24 baseline. London St. Pancras Highspeed's own costs were higher than planned, primarily driven by higher costs within its control, particularly internal expenditure including staff and consultancy costs, while pass-through costs remained broadly in line with plan.

At PR24, we highlighted the issue of low returns on investment of escrow funds as lower returns generally mean that users of the rail network need to pay more. It is encouraging this year to see London St. Pancras Highspeed taking steps to improve returns. This included placing £200m on deposit across multiple banks, securing improved interest rates, and exploring further diversification of investment deposits. These actions demonstrated a proactive approach, within the constraints of the Concession Agreement.

Train service performance

Traffic volume on the HS1 network increased by around 1.5% in the period 1 April 2025 to 31 March 2026, compared to the previous year.

London St. Pancras Highspeed performed better than its contractual target for percentage of train delays caused by the infrastructure (achieving 0.5%, which is significantly better than its target of 13%). London St. Pancras Highspeed also sets itself more stretching performance targets. This year it had been performing better than its internal target for the first half of the year. However, several incidents in the later part of the year (in particular, points failures, described above) caused London St. Pancras Highspeed to miss its internal target, achieving 9.49 seconds average delay per train (up from 4.2 seconds the previous year), versus a target of 6.98 seconds. This level of delay is still significantly lower than the mainline rail network.

There were nine significant route asset incidents i.e. those causing a delay of 200 minutes or more, this year. This is an increase compared to the five in the previous year. This year did however see good progress on managing trespass and weather-related incidents, which have been a major challenge in previous years.

Background

London St. Pancras Highspeed (LSPH) has a 30-year Concession Agreement from the Secretary of State for Transport to operate and manage the HS1 route, and concurrent leases for the four stations on the network.

LSPH is responsible for the overall management and operation of the HS1 network. However, it subcontracts delivery of operations, maintenance and renewals to NR(HS) for all its assets, apart from Ashford International station which is subcontracted to ABM Technical Solutions (ABM). NR(HS) and ABM are therefore the safety dutyholders for the HS1 network, responsible for compliance with regulatory requirements relating to the management of safety on the network.

We are the health and safety regulator for the HS1 network under the conventional suite of legislation. LSPH has economic regulatory responsibilities through the terms of the Concession Agreement and the Railways (Access, Management and Licensing of Railway Undertakings) Regulations 2016 ("the Regulations"), as amended.

Under the terms of the Concession Agreement and leases, we have a role in ensuring the long-term sustainability of the assets, while making sure LSPH is incentivised to ensure infrastructure costs and access charges are efficient.

The Concession Agreement requires LSPH to secure the operation, maintenance, renewal, replacement, planning and carrying out of upgrades in accordance with best practice and in a timely, efficient and economical manner, to the greatest extent reasonably practicable, having regard to all circumstances. The station leases require that LSPH acts in accordance with industry good practice and undertakes such works of renewals and replacement which, in its reasonable opinion, are necessary for each station to be in good and substantial repair until 1 April 2061.

We undertook our periodic review of LSPH for the control period covered by this report in 2024 (PR24), assessing its Five-Year Asset Management Statement. We published our final determination on PR24 on 6 January 2025. Further to our final determination, we monitor

performance annually through data provided by LSPH against key metrics in the following areas:

- a. asset management capability, including the increased requirement for renewals as the asset ages;
- b. financial reporting, including the calculation of efficiency;
- c. the measurement of outperformance on route funding;
- d. use of risk and contingency provisions;
- e. investment decisions for renewals and development; and
- f. the delivery of efficiencies set out in its final asset management statements.

More information on our approach to monitoring and reporting on LSPH can be found on our website. We have held discussions with the company and its stakeholders to understand its performance last year. During these discussions we asked for any feedback on the costs of regulation to the infrastructure manager and its operators; all responded (as they had to our consultation on holding to account last year) that these were currently appropriate, and our oversight still helpful.

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