

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.

- → Next Health and safety

Health and safety

London St. Pancras Highspeed (LSPH) contracts much of its operating, maintenance and renewal functions to Network Rail High Speed (NR(HS)) and ABM. We consider that all three of these organisations have obligations under health and safety legislation.

Both NR(HS) and ABM hold safety authorisations as infrastructure managers under the Railways and Other Guided Transport Systems (Safety) Regulations 2006. NR(HS) is responsible for the operation of the HS1 railway infrastructure from London St. Pancras to the Channel Tunnel, as well as three stations: London St. Pancras International, Stratford International and Ebbsfleet International. ABM is the infrastructure manager for the fourth railway station on the HS1 network, Ashford International.

LSPH retains its own health and safety responsibilities, having an important role as both the asset steward and client for works on its network, stations and associated infrastructure.

The HS1 network has historically seen relatively low levels of incidents and accidents involving

members of the public and the workforce and continues to achieve a level of safety performance above other GB infrastructure managers, potentially reflecting the relatively modern nature of the infrastructure. There were no fatalities or serious injuries during the reporting year.

Safety Performance

Last year our annual report noted that LSPH had missed key safety targets and that improvements needed to be made. This year, safety performance improved significantly, with the moving annual average of workforce fatalities and weighted injuries reducing to 0.054, below the threshold of 0.070. This improvement was achieved despite the year commencing above the threshold, reflecting the impact of workforce safety incidents in the previous year. Three accidents were reported under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013) during the year, compared with four in the previous year.

The System Workplace Violence Reduction Strategy

This year LSPH led the introduction of a joint strategy in collaboration with NR(HS) and BTP. This was developed in response to increasing staff assaults in previous years, which remain the leading cause of workplace injuries. The strategy focuses on reducing workplace violence through data-led analysis, innovation, strengthened governance, improved processes and targeted training. Early results are encouraging showing:

- an 11% reduction in reports of verbal and physical assault this year, compared with an industry-wide increase of 24% over the same period;
- a 75% reduction in lost time injuries; and
- a 50% reduction in shock/trauma events resulting in more than seven days in lost time.

These results provide an early indication of the strategy's effectiveness. The key challenge for LSPH in the coming year will be to sustain and build upon this improvement.

Recommendation management

Improvements in recommendation management and the embedding of learning from significant incidents are evident. While five engineering and safety actions remain overdue, all have been assessed as low risk and are subject to appropriate mitigations. Continued focus is required on

risk-based prioritisation, timely action closure, and the embedding of best practice through effective Assurance Board oversight.

Stranded trains

Three trains became stranded on the HS1 network (or its interfaces) on 30 December 2025, following a significant dewirement in the North running tunnel of the Channel Tunnel. The incident caused significant disruption during one of the busiest times of the year. Following major incidents in previous years, the HS1 Stranded Trains Protocol has been continuously developed through stakeholder desktop exercises and a live test event. The protocol was applied in the management of the December 2025 incident and supported the recovery of the stranded trains.

Contractor management

Its Assurance Board has held LSPH's stakeholders to account, ensuring safety plans are in place and a best practice framework has been established to support continuous improvement and provide assurance. Audit activity has demonstrated that NR(HS) has made measurable improvements in this area.

LSPH and its contractors continue to maintain suitable arrangements for managing the health and safety risks associated with operations on the HS1 network.

Further information on health and safety performance on all of Britain's railways can be found in our Annual Health and Safety Report , and the Rail Safety and Standards Board (RSSB) Annual Safety Performance Report. Information on our approach to regulating health and safety risks can be found in the strategic risk priorities section of our website.

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Traffic volume and train service performance

Traffic volume

The total number of trains timetabled on HS1 from 1 April 2025 to 31 March 2026 was 65,734. This is

a 1.5% increase compared to the 64,776 in the previous year, and still 10% lower than the 73,076 in the period 1 April 2019 to 31 March 2020 (the year before the COVID-19 pandemic).

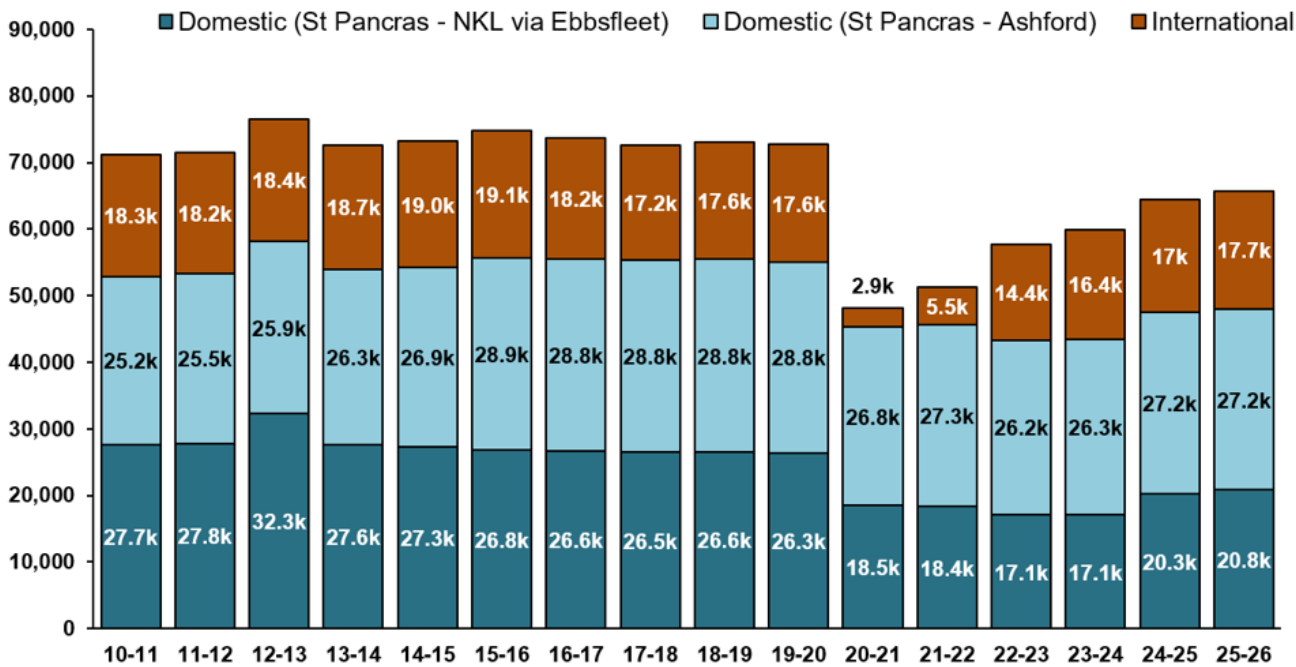
International services increased by 4% in the latest year (to 17,746) compared to the previous year (17,017), bringing them to 1% above the number of services operated in the year before the pandemic (17,594). However, the domestic Southeastern North Kent Line (NKL) services in the latest year (20,837) were 21% below the number operated in the year before the pandemic (26,324).

London St. Pancras Highspeed's (LSPH's) Concession Agreement requires it to report on disruption as a percentage of the trains timetabled, rather than a percentage of actual trains run, which is reflected in our reporting below.

Please note that some of the figures for train delays in this chapter may be subject to revision due to the normal, ongoing process of delay attribution.

Figure 2.1 Number of passenger train services timetabled on HS1, 1 April 2010 to 31 March 2026

Number of passenger services operated on HS1



Source: London St. Pancras Highspeed Performance Floor Report

Freight trains ceased running on HS1 in July 2024 and as a result, the number of freight train services run on HS1 in the latest year was zero.

Train service performance

We monitor two measures of train service performance. Firstly, LSPH submits to us quarterly and annual performance floor reports demonstrating its operational performance against minimum thresholds set out in its Concession Agreement. These state that the proportion of services delayed by LSPH in a quarter should not exceed 15%, and in a year must not exceed 13%.

However, both LSPH and its users expect much higher levels of performance than this. As a result, LSPH sets itself and its subcontractor Network Rail High Speed a separate, more stretching, target, which we also monitor.

Performance against minimum threshold

Table 2.1 shows a breakdown of performance for the year ending 31 March 2026.

Table 2.1 HS1 train service performance: 1 April 2025 – 31 March 2026

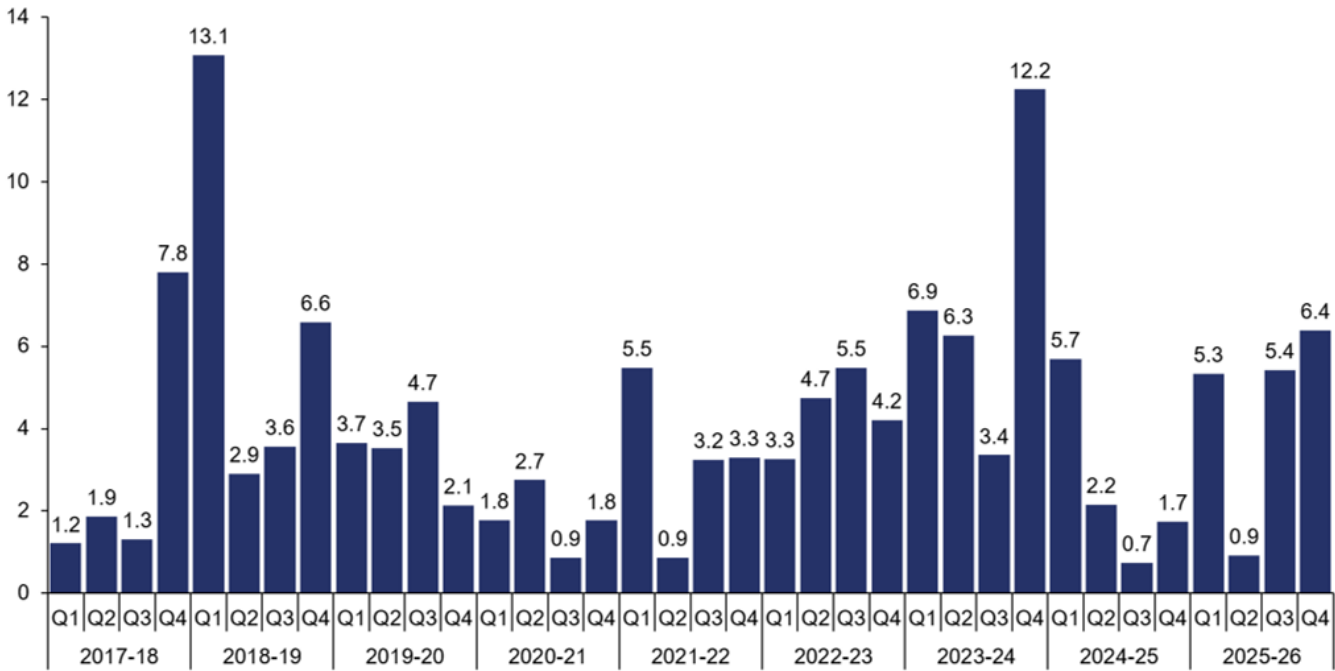
Service type	Total number of trains timetabled	Total number of delayed trains (attributed to HS1)	Delayed trains (attributed to HS1) as a percentage of timetabled trains	Total number of delayed trains (unknown cause)
Domestic (London St. Pancras – North Kent Line via Ebbsfleet International)	20,837	70	0.34%	11

Service type	Total number of trains timetabled	Total number of delayed trains (attributed to HS1)	Delayed trains (attributed to HS1) as a percentage of timetabled trains	Total number of delayed trains (unknown cause)
Domestic (London St. Pancras – Ashford International)	27,151	140	0.52%	24
International	17,746	95	0.54%	24
Freight	0	0	0.00%	0
Total	65,734	305	0.46%	59

Source: London St. Pancras Highspeed Performance Floor Report

The proportion of trains delayed by LSPH-attributable incidents in the latest year was well within the allowable standards set out in the Concession Agreement (13%), at 0.46%. The 305 delayed services attributable to LSPH (for example, due to trespass on the network, or points failures) in the latest year was an 87% increase on the 163 services delayed in the previous year. Additionally, the number of delayed trains for the latest year represents a 22% increase on the 249 services delayed five years ago before the pandemic. The quarterly breakdown of these delays is shown in Figure 2.2.

Figure 2.2 Delayed train services per 1,000 trains operated attributed to London St. Pancras Highspeed by quarter, 1 April 2017 to 31 March 2026



Source: London St. Pancras Highspeed Performance Floor Report

Performance against stretch target

In terms of the stretch target for the latest year (6.98 seconds delay per train), the average delay per train due to LSPH-attributable incidents was worse than the target, at 9.49 seconds. There has been a deterioration in performance since the previous year, when the average delay per train was 4.2 seconds. Figure 2.3 shows the year-on-year average delay per train service attributed to LSPH.

Figure 2.3 Moving annual average delay per train service attributed to London St. Pancras Highspeed by period, 1 April 2019 – 31 March 2026



Source: London St. Pancras Highspeed Asset Management Annual Statement (AMAS), 1 April 2025 to 31 March 2026.

In summary, there has been a trend of increasing delays over this year, with a large increase in delay in rail period 13 leading to the moving annual average rising above the annual target. Causes of these delays (in particular points failures) are discussed in the next chapter of this report.

We have seen LSPH focus on returning to achieving the level of train service provision it set itself as a stretch target, and we will continue to challenge LSPH to ensure that it is minimising delays through best practice asset management, as discussed in the following chapter.

- ← Previous Health and safety
- → Next Asset management

Asset management

Asset performance, condition and data

Overall asset performance remained strong this reporting year, with London St. Pancras Highspeed (LSPH) continuing to meet its operational requirements across both route and station

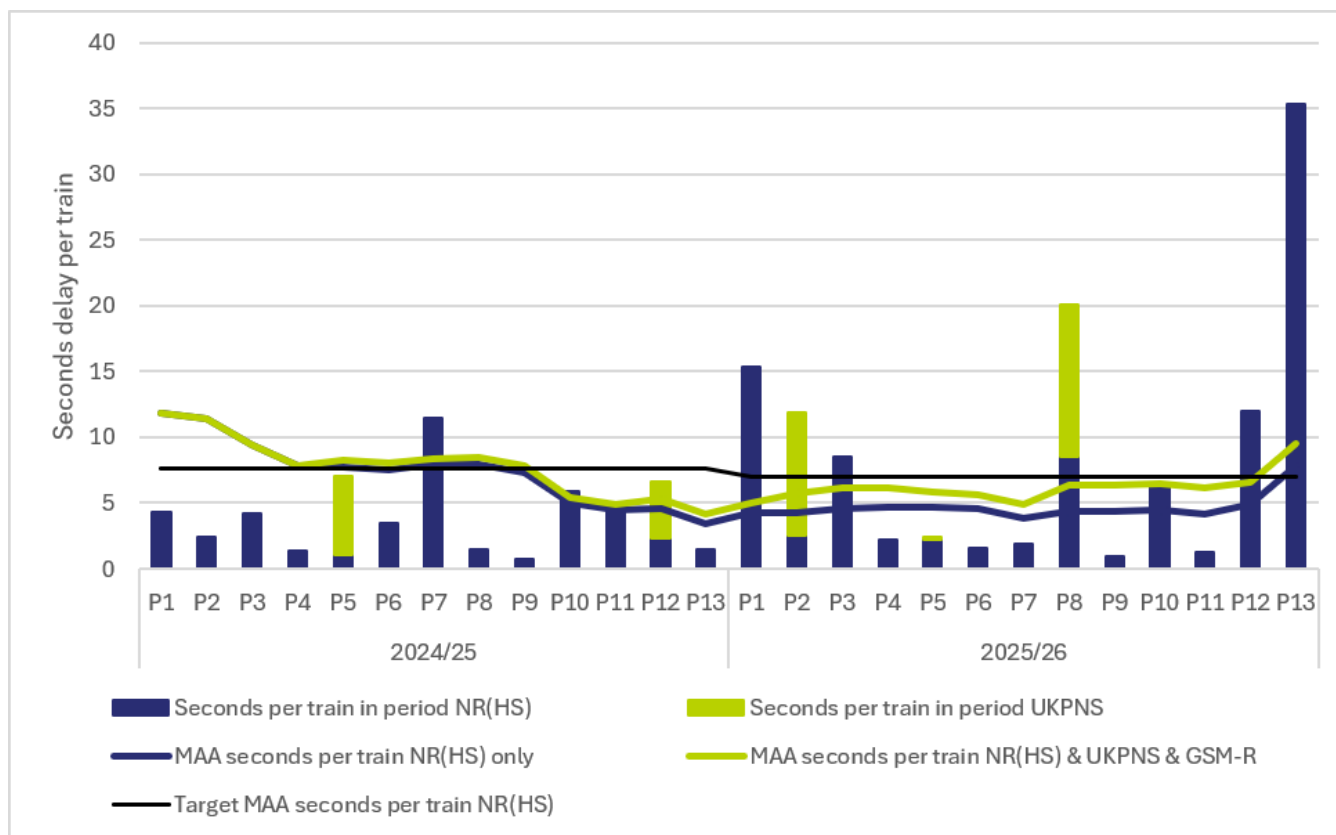
assets. Asset capability remains unchanged, with the infrastructure supporting high-speed passenger services without constraint.

Station asset performance met target this year. Lifts, escalators and travelators (LETs) achieved 98.4% availability against a 98.0% target, and all four stations delivered average asset availability of 99% or better. This represents an improvement compared with the previous three years (when we reported that LSPH had been missing its target for these assets) and reflects targeted operational and maintenance interventions.

However, while there has been an overall improvement, a few specific LET assets have caused significant disruption to stakeholders. At Stratford, there have been escalator availability issues during high-demand periods. There were planned outages for renewals, but then faults occurred after renewal, resulting in reduced capacity at critical times. Train operators expressed concern that these issues required additional operational resource to manage passenger flows and that this should be considered when looking at the headline availability metrics.

Route performance remained strong this year, with an average delay of around 9.5 seconds per train and most periods delivered as expected, supported by improving asset reliability and reduction in underlying infrastructure faults. Figure 3.1 shows delays for each four-week period and the moving annual average (MAA).

Figure 3.1 Summary of asset-related performance impact



Source: London St. Pancras Highspeed AMAS, 1 April 2025 to 31 March 2026

Over the last two years the number of frequent, low-impact faults is decreasing, and performance impacts are dominated by a small number of high-impact events. This year there were nine significant asset incidents causing more than 200 delay minutes, compared with five in the previous year. These events are listed in Table 3.1. In the first half of the year the largest incidents related to the power supply network (managed by UK Power Networks Services) and were largely outside of LSPH's control. However later in the year there were track circuit and points issues, which were within LSPH's control.

Table 3.1 Causes of Significant Asset Performance Incidents

Period	Date	Delay (minutes)	Cause
P1	18/04/	1,126	Lineside fire under underbridge

Period	Date	Delay (minutes)	Cause
	2025		
P2	15/05/ 2025	807	Power outage
P3	16/06/ 2025	430	Track circuit failure
P8	14/10/ 2025	1,027	Autotransformer failure
P8	08/11/ 2025	601	Trespass
P10	30/12/ 2025	395	OHLE trip
P12	12/02/ 2026	620	Points failure
P12	28/02/ 2026	296	Vandalism

Period	Date	Delay (minutes)	Cause
P13	02/03/ 2026	3,101	Multiple track circuit and points failures

Source: London St. Pancras Highspeed AMAS, 1 April 2025 to 31 March 2026

The most significant of these, in period 13, was a complex signalling-related failure involving multiple track circuit faults followed by a loss of detection at a set of points. This resulted in a significant degradation of signalling capability. Recovery was extended by reliance on specialist signalling support resources, highlighting a dependency within LSPH's current response model. LSPH has informed us of a post-incident review. While it is important to predict and prevent faults, we see the greatest opportunities to learn from this event relate to the time taken to fix faults and manage the operational recovery.

Asset condition remains broadly stable overall. However, the HS1 network was opened in 2007 and a large number of the original assets will be approaching life expiry soon, so monitoring and understanding asset condition will be critical in CP4. This year we have seen LSPH's understanding of condition improving, as enhanced inspection, monitoring and data collection provide greater visibility of asset performance and failure risk.

However, there is increasing evidence of differentiation between asset groups. Higher-maturity assets such as track continue to demonstrate stable condition profiles, whereas in other the lower-maturity asset groups, inspections were more likely to identify unexpected issues. This included LETs assets with worse than expected condition and signalling and communications equipment with obsolescent components.

Asset data capability continues to improve. The rollout of the Enterprise Asset Management System (EAMS2) has progressed, with asset groups including mechanical and electrical, and overhead line equipment now live with further deployment due later in 2026 through to full deployment in 2027. This improves defect visibility and data reliability.

We can see this improved visibility of risks impacting both operational performance and renewals

delivery. For example, train-mounted cameras are now providing data to allow risk-based maintenance of overhead line assets, reducing the frequency of regular inspections and freeing up those resources to react quickly when data shows unusual patterns of behaviour. Another example this year is that changes in scope and cost of renewals were increasingly driven by better understanding of asset condition.

Renewals delivery

A key development this year has been the introduction of new, portfolio-based governance for renewals, in both route and stations. This has strengthened the link between asset knowledge and efficient delivery of the renewals portfolio. We have seen a more dynamic approach to the renewals programme, with clearer information to explain any changes and good examples of work being brought forward or deferred, based on asset condition or delivery opportunities. This is reflected in delivery outcomes, with higher volumes of renewals delivered than planned in several portfolios, whereas in previous years we had seen repeated underspends on renewals and long processes to agree changes.

This year, 12 out of 12 strategic milestones for route renewals were achieved. For stations four out of six milestones were achieved with the missed milestones relating to lifts, escalators and travelators, where projects have been delayed due to LSPH's ongoing challenges with its delivery contracts.

Route renewals expenditure this year was £19m against a plan of £13m. This increase reflects a combination of higher delivery volumes and changes to scope, rather than cost inefficiency. Volumes delivered were 146 against 120 planned, with some closeout of CP3 schemes and work brought forward from later years, including enabling activities for major ballast renewals later in CP4.

In contrast, while stations renewals expenditure was also above plan (£4m against £3m), there is less evidence that this reflects additional outputs. The cost increase is attributed mainly to higher unit rates and market pressures, particularly in lifts, escalators and travelators.

Delivery in the first year of CP4 has seen a positive step change and is on a good glidepath to develop a delivery organisation capable of handling higher volumes at the end of CP4 and in future control periods. For example, this year we have seen good examples of delivering large volumes of work in possessions, integrating multiple teams and handing back on time.

Asset management maturity

This year, LSPH has continued to build on the foundation of the industry standard ISO55001 certification with surveillance audits completed successfully during the year. There has also been progress in defining and implementing asset data improvements with the completion of an asset information strategy and defining the associated data improvement initiatives, alongside the phased implementation of EAMS2, a software system to record asset data and make it easily available for analysis and decision making.

Our PR24 final determination highlighted material differences in LSPH's asset management maturity, between different asset groups. In particular, we noted that asset management maturity needed to improve the most in signalling on the route and lifts, escalators and travelators in stations. As described above, this year the biggest challenges for asset performance and renewals delivery have all been in these lower-maturity asset groups.

The introduction of EAMS2 on some asset groups (mechanical and electrical, overhead line and track so far) is a positive step to improve the capture and use of data. However, the lower-maturity asset groups are currently later in the programme to roll out the system. We maintain our position from PR24, that the greatest opportunities for efficiencies and improving performance are in these lower-maturity asset groups, and so should be prioritised for changes. This will be a key area of focus for our monitoring in the coming year.

Operations and maintenance

LSPH has delivered its expected operations and maintenance activities this year. Several improvements to asset maintenance have been made possible by the ongoing delivery of PR24 asset management commitments. The main benefits have been driven in overhead line and mechanical and electrical assets through the progressive roll out of EAMS2 improving defect visibility, maintenance planning and asset data quality. There has also been good adoption of automated inspection and risk-based maintenance. This is creating opportunities to reduce manual inspection activity and target maintenance more effectively and efficiently.

Performance improvement plans for specific repeating failures (such as points operating equipment) have reduced the number of infrastructure faults, helping maintain strong operational performance overall. However, as discussed above, there remain challenges around the time taken

to repair assets and recover operationally when faults do occur.

In PR24 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 LSPH and its suppliers had proposed. We have seen a noticeable increase in commercial tension on these costs. This has driven 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 LSPH and its suppliers at the start of CP4, and there have been challenges in accelerating change within the first year. This year there was an overspend of £1.6m compared to the annual fixed charge. However, LSPH and its main supplier Network Rail Highspeed (NR(HS)) report that they are confident they can deliver their planned efficiencies in future years.

The overspend was partly driven by additional activities on assets which are approaching life expiry sooner than expected. This included additional tamping and welding as an interim measure on sites due for ballast renewal later in CP4. The need for these focused interventions has triggered important conversations about options for maintaining, life extending or bringing forward renewals. We have engaged with LSPH and NR(HS) throughout the year and encouraged them to consider capital interventions where appropriate, to ensure optimum whole-life cost and avoid a bow wave of renewals in future control periods. This is to ensure continued high standards of performance and to aim for lowest whole-life cost. We anticipate more of these discussions in the coming years, as the original HS1 assets approach their first end-of-life renewals.

LSPH's focus is now shifting from implementation of new initiatives to benefit realisation, evaluating how this work supports more efficient access planning and delivering measurable efficiencies.

Research and development

This year LSPH and NR(HS) introduced new governance and financial arrangements, to enable more agile decision making on research and development projects. There is now a more structured approach, including evidence-based proposals, clearer alignment to efficiencies and system benefits, and better engagement with stakeholders. We are already seeing benefits from this new approach. For example, a project to fit cameras to passenger trains had faced challenges in previous years, but the new governance allowed issues to be discussed and resolved. Cameras have now been fitted allowing continuous monitoring of the overhead line and pantograph contact; spotting issues early to prevent dewirements; and providing valuable images in the event

of major incidents.

There is also evidence that research and development activity is beginning to align more closely with the needs of the maintenance and renewals programmes. For example, drone-based monitoring is being developed which aligns with wider improvements to asset data usage, such as the rollout of EAMS2, and this in turn will feed into decisions about whether to renew assets earlier or later than forecast. However, the programme remains at a relatively early stage in terms of delivery and benefit realisation. Several dependencies and risks are still evident, including management of high volumes of complex datasets, and that realising value depends on the development of supporting data architecture, analytics and integration with business as usual. Progress this year has prioritised concept development and readiness rather than rapid rollout.

Table 3.2 Summary of areas of focus in the R&D plan and examples of progress

Area	Planned / intended outcome	Examples
Automated Inspections	Improve inspection quality and reduce manual intervention	Pantograph cameras to monitor overhead line and train contact. Project has shown the technology is workable on HS1 and fitted to some trains. Successful trials of drones to inspect civil engineering assets like tall viaducts and tunnel shafts. Has shown benefit in efficient data gathering with accuracy and repeatability.
Data and analytics capability	Enable use of high-volume inspection data	A recurring theme is that automated inspection only creates value if the resulting data can be

Area	Planned / intended outcome	Examples
		stored, analysed and integrated into decision-making processes. The programme has focused on and delivered against the following areas: • new asset information strategy; • asset data quality improvements; • analytics capability to handle large inspection datasets; • transition of R&D outputs into business-as-usual asset management processes
EAMS2 asset system	Integrated asset data platform supporting risk-based maintenance	EAMS2 rolled out and now live for mechanical and electrical and overhead line asset groups, followed by track at the start of year 2, improving defect visibility and data reliability.

Environmental sustainability

LSPH continues to make good progress in embedding sustainability within its asset management approach. This year, the company progressed several PR24 commitments, including stakeholder workshops on depot charging infrastructure; developing alternative solar technologies; and the integration of sustainability considerations into future renewals and procurement activities. There

is increasing evidence that environmental objectives are being incorporated into asset planning decisions, for example through consideration of lower-carbon plant solutions and climate resilience measures. While delivery remains at an early stage, the direction of travel is positive. The focus for the remainder of CP4 should be on translating these commitments into measurable environmental outcomes, particularly in relation to carbon reduction, climate adaptation and resource efficiency.

Progress against asset management commitments

LSPH continues to report progress against the 19 asset management commitments established at PR24, with quarterly updates provided to us. Many of these commitments relate to the changes discussed above, around improvements to governance, new data strategies and the need to improve asset management maturity.

This year LSPH has made good progress in delivering its PR24 commitments, successfully closing out several related to asset management including: a roadmap for asset data systems; station mechanical, electrical and plumbing data monitoring review; updated train recovery contingency plans; and developing solar energy and zero-emission vehicle initiatives. These are key enablers to unlock other commitments and efficiencies later in the control period. A full list of the PR24 commitments and their status is available in LSPH's published Asset Management Annual Statement (AMAS) for the year.

Other commitments relating to asset management maturity remain in progress. In particular, the full rollout of EAMS2; the delivery of maintenance efficiencies; and the establishment of a consistent line of sight between asset data, decision-making and renewals outcomes are ongoing. But we have seen positive evidence of progress in the reporting year, and a clear roadmap to delivering all committed benefits in future years.

As noted above, this year saw escalator availability issues during high-demand periods, where faults occurred after planned renewals, resulting in reduced capacity at critical times. For example, escalators at Stratford having had recent renewal were unable to operate as required at the station causing significant disruption for passengers, as well as costs and reputational damage for the train operator to bear. This should be addressed by Commitment 9 which directly addresses underlying causes of such issues through improved fault monitoring, asset data quality and visibility of performance. When completed, it will enable better identification of recurring faults and ensure that maintenance and renewal interventions are more effectively targeted,

particularly at times of high operational risk such as major events.

- ← Previous Traffic volume and train service performance
- → Next Finance and efficiency

Finance and efficiency

Table 4.1 provides a summary of London St. Pancras Highspeed's (LSPH's) route income and expenditure for the period 1 April 2025 – 31 March 2026, compared with the PR24 forecast and the previous year. The following sections provide further analysis of the key movements in income and expenditure. Please note that some figures in this chapter may not sum due to rounding.

Table 4.1 Summary of London St. Pancras Highspeed's route operations and maintenance income and expenditure 1 April 2025 to 31 March 2026, compared to PR24 forecast and previous reporting year

<i>£million, 2025-26 prices</i>	Actual	PR24 forecast	Difference better / (worse)	2024-25
Income				
Operating and maintenance O&M	70.0	70.9	(0.8)	89.5
Pass-through income	26.4	26.5	(0.1)	25.9

<i>£million, 2025-26 prices</i>	Actual	PR24 forecast	Difference better / (worse)	2024-25
Total income	96.4	97.4	(1.0)	115.3
Controlled track costs				
Network Rail (High Speed)	57.9	57.9	0.0	56.2
London St. Pancras Highspeed	13.9	12.1	(1.8)	13.2
Network Rail Infrastructure Ltd	2.2	2.1	(0.1)	2.2
Other	2.2	2.5	0.3	2.6

<i>£million, 2025-26 prices</i>	Actual	PR24 forecast	Difference better / (worse)	2024-25
Total controlled track costs	76.2	74.6	(1.6)	74.3
Pass through costs				
Rates	11.6	11.7	0.2	11.6
UK Power Network fees and renewals	7.9	7.9	0.0	8.0
Insurance	3.8	4.1	0.2	4.1
Power-non traction	3.1	2.7	(0.4)	3.7

<i>£million, 2025-26 prices</i>	Actual	PR24 forecast	Difference better / (worse)	2024-25
Total pass-through costs	26.4	26.5	0.1	27.4
Freight costs				
Network Rail (High Speed)	0.0	0.0	0.0	0.1
Network Rail Infrastructure Ltd	0.1	0.2	0.1	0.2
London St. Pancras Highspeed	0.0	0.0	0.0	0.1
Total freight costs	0.1	0.2	0.1	0.4

<i>£million, 2025-26 prices</i>	Actual	PR24 forecast	Difference better / (worse)	2024-25
Upgrades (cost of ERTMS early works specified upgrade)	0.1	0	(0.1)	0.4
Total O&M costs	102.8	101.2	(1.6)	102.6
Performance related payments	0	0	0	0.0
Total costs	102.8	101.2	(1.6)	102.6
Net income / (expenditure)	(6.4)	(3.8)	(2.6)	12.8

Source: London St. Pancras Highspeed AMAS, 1 April 2025 to 31 March 2026 and 1 April 2024 to 31 March 2025

Route Income

LSPH received £96.4m of route O&M and pass-through (that is, to recover certain costs such as

electricity, business rates and insurance) income this reporting year, £1.0m lower than assumed in its PR24 forecast and £18.9m less than received the last reporting year.

LSPH generates most of its income through charges to train operators for the operation and maintenance of its network, with £70.0m derived from these operating and maintenance charges. Revenues are determined using agreed chargeable journey times and distances for each service group, alongside a rate per minute or kilometre per train, meaning income is largely driven by train volumes and service patterns agreed under framework track access agreements for the network.

Table 4.2 Summary of London St. Pancras Highspeed's route income 1 April 2025 to 31 March 2026, broken down by operator category

		£m, 2025-26 prices	Actual	PR24	Difference better / (worse)
International	O&M		23.9	24.9	-1.0
International	Pass-through		7.8	8.0	-0.3
International	Total		31.7	33.0	-1.3
Domestic	O&M		46.1	46.0	0.1

	£m, 2025-26 prices	Actual	PR24	Difference better / (worse)
Domestic	Pass-through	18.6	18.5	0.2
Domestic	Total	64.8	64.4	0.3
Freight	O&M	0.0	0.0	0.0
Freight	Pass-through	0.0	0.0	0.0
Freight	Total	0.0	0.0	0.0
Total O&M income		96.4	97.4	-1.0

Source: London St. Pancras Highspeed AMAS, 1 April 2025 to 31 March 2026

The operating, maintenance and renewals charges (OMRCs) for CP4 were established through the

PR24 process to allow LSPH to recover its costs relating to these activities over the control period. Charges are expected to remain broadly stable until March 2030, subject to RPI indexation, and are designed to adjust only in limited circumstances, such as where forecast volumes deviate materially from baseline assumptions.

This reporting year, operating and maintenance income (excluding pass-through) underperformed the CP4 forecast by £0.8m, primarily driven by Eurostar running fewer trains than had been assumed. Pass-through income was £0.1m lower than expected, with these costs subject to annual reconciliation.

Route Expenditure

Overall operating and maintenance route expenditure was £102.8m, £1.6m higher than PR24 assumptions.

Controlled track costs

Controlled track costs were £76.2m, £1.6m higher than the target set at PR24. The majority of LSPH's controlled track costs were incurred in operating and maintaining its network through a long-term, fixed price contract with Network Rail (High Speed) (NR(HS)). Table 4.3 provides a breakdown of NR(HS)'s costs. NR(HS) costs increased by £2.2m overall year on year with operating costs increasing by £2.7m, partly driven by an increase in staff costs of £1.8m (2025-26 prices).

Table 4.3 Network Rail High Speed costs 1 April 2025 to 31 March 2026, compared to PR24 forecast

<i>£million, 2025-26 prices</i>	Actual	PR24	Difference better / (worse)
Staff costs	29.8	28.8	(1.1)

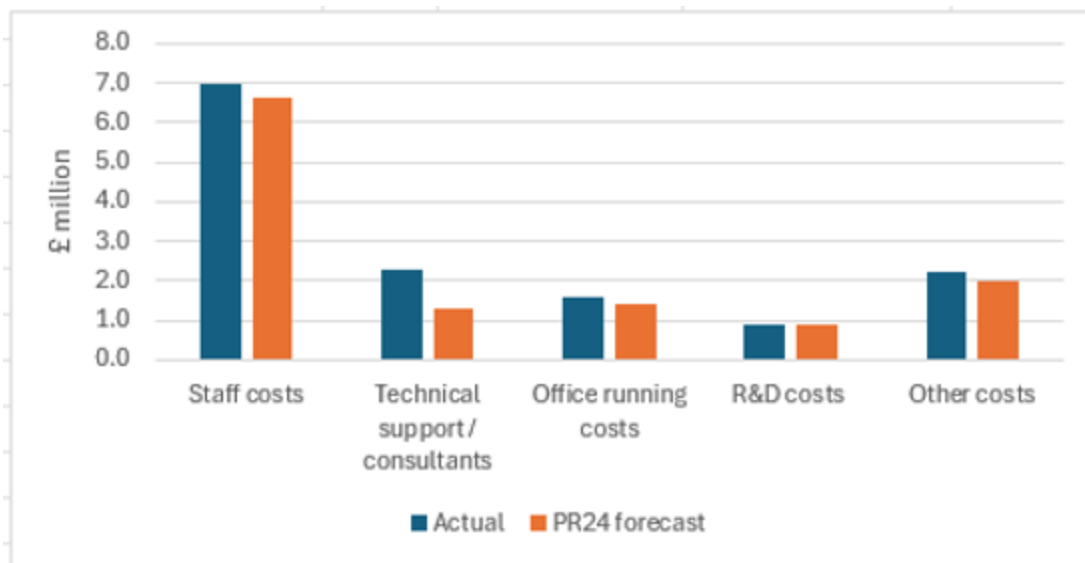
<i>£million, 2025-26 prices</i>	Actual	PR24	Difference better / (worse)
Network Rail Infrastructure Ltd	3.9	4.0	0.1
Consultancy costs	1.7	1.7	0.0
Plant and materials	6.8	6.6	(0.2)
Sub-contractors	6.9	6.4	(0.5)
Other/overheads	7.2	6.4	(0.8)
Stretch Efficiency	0.0	(1.5)	(1.5)
Operating costs	56.3	52.4	(3.9)

<i>£million, 2025-26 prices</i>	Actual	PR24	Difference better / (worse)
Risk premium	2.7	1.1	(1.6)
Total NR(HS) costs	59	53.5	(5.5)

Source: NR(HS) Outturn statements, 1 April 2025 to 31 March 2026

The remainder of controlled track costs are related to LSPH's internal costs which are shown in Figure 4.1. LSPH internal costs were £13.9m for the year, £1.8m higher than forecast at PR24 and higher than last reporting year by £0.7m. The overspend was driven by higher staff and consultancy costs. Staff costs were £0.3m above the PR24 baseline, while technical consultancy exceeded assumptions by £1.1m due to residual PR24 close-out costs, asset management work (including handbook development), and tax advisory support. Office costs were £0.2m higher than target, reflecting increased spend on software licences; IT equipment; and business continuity. Other costs were also £0.2m above budget, primarily due to additional recruitment and higher audit fees.

Figure 4.1 London St. Pancras Highspeed's internal costs 1 April 2025 to 31 March 2026, compared to PR24 forecast



Source: London St. Pancras Highspeed AMAS, 1 April 2025 to 31 March 2026

Pass-through costs

Some of LSPH's costs are passed through directly to train operators, with revenue collected during the year and a wash-up adjustment applied at year-end to align income with actual spend. These costs are largely outside LSPH's control and include items such as electricity, business rates and insurance. In the reporting year, pass-through costs were £26.4m, broadly in line with the PR24 assumption of £26.5m. Variances within this reflect higher non-traction electricity costs, offset by underspends on business rates, insurance, and other energy-related costs.

Looking ahead, there is a risk of increased cost pressure, with business rates expected to rise significantly from April 2026 following the latest revaluation. LSPH and operators are considering next steps in response to these pressures.

Freight costs

Although no freight services currently operate on the HS1 route, LSPH remains obligated to maintain freight-related infrastructure (including sidings at Ripple Lane), resulting in ongoing costs that are no longer directly allocated to freight users. Freight costs were broadly in line with the PR24 forecast.

Upgrades

The European Rail Traffic Management System (ERTMS) is a significant signalling programme that LSPH anticipates delivering in CP5 (the control period from 1 April 2030 to 31 March 2035) as a 'Specified Upgrade'. The Concession Agreement categorises certain investments as Specified Upgrades or upgrades to the route, which may be funded through government grant, an Additional Investment Recovery Charge (AIRC), or a mix of both. In the year £0.1m was spent on work associated with the ERTMS upgrade and was recovered by an AIRC on current operators.

Efficiency

For PR24, we assessed an efficient level of expenditure for the operation, maintenance and renewal of the route infrastructure. A significant proportion of LSPH's costs relates to its contractual arrangements with NR(HS). To evidence performance, NR(HS) reports against a "fishbone" framework, which categorises movements into:

- efficiencies;
- headwinds (unplanned cost increases due to external factors such as the pandemic);
- tailwinds (unplanned cost decreases due to external factors);
- scope changes (planned changes to levels of work undertaken); and
- input prices (inflationary effects from increases or decreases in costs above general CPI inflation).

NR(HS)'s efficiency target for CP4 is £35m (at February 2025 prices). This reporting year, NR(HS) has reported net efficiencies of £2.2m against a target of £5.5m indicating a £3.3m shortfall in efficiency delivery. The contributing factors are discussed in the Asset Management chapter of this report and include delays to technology projects; worse than expected asset condition; and the timing of additional efficiencies to meet the stretching targets from our PR24 determination. These pressures were partially offset by £2.2m of underspend on enabling activities, which have been reprofiled into later years of the control period to support future delivery of efficiencies. LSPH and NR(HS) report that they remain committed to delivering these efficiencies in the later years of the control period.

Station charges

We set stations renewals charges, referred to as the Long-Term Charge for each station, for the first time at PR24. These are set per station so do not vary by traffic volume; income therefore matched forecasts for each station: £5.75m for St. Pancras, £1.5m for Ebbsfleet; £1.3m at Stratford International and £0.6m at Ashford International. These charges are paid into an escrow account for each station, the movements of which are illustrated below.

We do not regulate LSPH's operating and maintenance spend for stations, which is set on an annual basis in a process run by the infrastructure manager with the train operators that use its stations. We understand that LSPH spent around £43.6m on these costs in the year, against a budget of £44.2m.

Escrow accounts

Some of LSPH's access charges are paid escrow accounts to fund current and future renewals of the route and stations. The funds collected are paid into separate ring-fenced bank accounts (one for route and one for each of the four stations) each quarter. This fulfils a similar function to the Regulatory Asset Base in other regulated utilities by spreading these costs over the long term to ensure that users of the railway pay their fair share.

Route escrow account

The total funding balance held within the route escrow fund at 31 March 2026 was £212.3m, comprising £86.6m held in the route escrow account and £125.7m held in investments. The movement in the escrow balances during the year comprised:

- £29.8m of payments into the escrow account, £0.6m less than the PR24 forecast;
- £19.2m was withdrawn to pay for renewals delivery;
- £5.1m of interest paid in the year. A further £1.7m of interest was accrued but will not be paid until the maturity of the respective deposits. At PR24 interest was estimated at £6.0m for this year.

Of the total escrow balance £125.7m was held in investments to generate additional returns. Funds were diversified across multiple banks to reduce reliance on any one institution and limit exposure

to counterparty credit risk.

Stations escrow accounts

Stations renewals charges are paid into escrow accounts to fund current and future renewals at the four stations: London St. Pancras International, Stratford International, Ebbsfleet international and Ashford International.

The total funding balance held across the stations escrow accounts at 31 March 2026 was £94.8m, comprising £20.5m held in stations escrow accounts and £74.3m held in investments. The movement in the escrow balances during the year comprised:

- £9.5m income received through long term charges for each station;
- £7.1m withdrawn to fund renewals delivery; and
- £2.2m of interest paid in the year. A further £1m of interest was accrued but will not be paid until the maturity of the respective deposits. At PR24 interest was estimated at £2.7m for this year.

Of the total stations escrow balance £74.3m was held in investments to generate additional returns.

We highlighted the issue of low returns on escrow balances at PR24. It is encouraging to see LSPH taking steps to improve returns. This includes placing £200m on deposit across multiple banks, securing improved interest rates, and exploring further diversification of investment deposits. As of March 2026, LSPH is close to finalising arrangements with an additional bank, which would allow up to £240m to be held in investments. These actions demonstrate a proactive approach, within the constraints of the Concession Agreement.

Overview of LSPH's statutory financial statements

The operating company of LSPH made a profit after tax of £115.3m this reporting year (set against £121.7m in the previous year) with earnings before interest, tax, depreciation, and amortisation of £91.4m (£107.3m in the previous year). Net assets increased by £91.0m, primarily reflecting the profit reported during the year. Debt levels also reduced over the period. The ratio of cashflow to debt interest and principal payments for 1 April 2025 - 31 March 2026 was 1.51x (noting this was 1.47x in the previous reporting year). This demonstrates that LSPH comfortably generated

sufficient funding to meet its debt costs and make scheduled repayments of principal. The operating business remained above its debt-service cover ratio (referred to as DSCR) covenant lock-up threshold of 1.20 - below this level, the company would not be permitted to make distributions to its shareholders and would instead be retained for debt service until the ratio recovers.

- ← Previous Asset management
- ← Previous Asset management