



# Conclusions on holding London St. Pancras Highspeed to account

1. We have duties to regulate London St. Pancras Highspeed in accordance with the terms of contracts between the company and the Secretary of State dated [14 August 2009](#) for the route, and the 2010 HS1 Stations Leases, as amended.
2. In addition, we have responsibilities under the [Railways \(Access, Management and Licensing of Railway Undertakings\) Regulations 2016](#).
3. To ensure transparency of how we carry out our functions in relation to London St. Pancras Highspeed, we produced a draft holding to account policy in May 2025 and issued a public consultation, to allow stakeholders an opportunity to comment.
4. Our consultation also asked stakeholders to consider how we could achieve a reduction in administrative costs of regulation for business by 25% by July 2029, in line with HM Treasury's March 2025 [Action Plan setting out the government's approach to regulators and regulation](#).
5. We received six responses to our consultation, from government, train operators, London St. Pancras Highspeed and its supply chain. The following sections outline the different areas of our draft policy and summarise the feedback provided by stakeholders, and our response. Our final policy can be found alongside this document on our website.

## Aim and objectives

### Our proposals

6. Our approach sought to strengthen or create incentives to:

- (a) identify opportunities for innovation or research and development which support London St. Pancras Highspeed in its achievement of its Asset Stewardship Purpose, and the Life Cycle Purpose for each of its four stations;
- (b) take timely action to address poor train performance attributable to the infrastructure;
- (c) encourage effective, transparent, inclusive and well-governed stakeholder engagement; and
- (d) if necessary, take direct regulatory action to resolve concerns as early as possible to minimise the impact on operators, passengers and freight customers.

7. Our approach was informed by principles of regulatory best practice, as follows:

- (a) risk-based – this meant that we would focus our resources where we considered the risks are greatest;
- (b) targeted – we would target our detailed monitoring and escalation activities at those areas where an issue, such as a potential non-compliance, had been identified and was material. This was with a view to reinforcing accountability and appropriate incentives on London St. Pancras Highspeed;
- (c) proportionate – so that any actions we took reflected the scale and nature of the problems we were seeking to address and the likely costs and benefits to different parties of taking action;
- (d) transparent – so that we were clear with stakeholders about our view of London St. Pancras Highspeed’s performance, we would state where we have any concerns and what action we were taking; and
- (e) predictable – we would provide a stable and objective regulatory environment enabling affected stakeholders to understand our approach to making decisions.

8. We sought to take a proportionate approach to monitoring the increased asset management and efficiency challenges set for London St. Pancras Highspeed through our periodic review, expecting to focus monitoring and reporting on:

- (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 R&D; and
  - (f) the delivery of efficiencies set out in the final 5YAMS and LCRs.
9. We proposed that the scope of our reporting would vary depending on the coverage, quality, accessibility and timeliness of London St. Pancras Highspeed's own reporting through its quarterly updates to stakeholders and annual Asset Management Annual Statement (AMAS) process. Where this reporting was strong, we would have the scope to reduce our reporting and vice versa. As a minimum, we would expect to always publish an annual report of London St. Pancras Highspeed's performance.
10. Where appropriate, we had harmonised the language on the scope of our reporting to ensure that it covers outputs expected from London St. Pancras Highspeed under both its Concession Agreement and station leases, as well as those arising from our periodic review of the company.

### *Stakeholder responses*

11. Respondents broadly supported our aim, objectives and approach in holding London St. Pancras Highspeed to account, but noted that our draft policy listed some outputs as priorities and other outputs which we are not explicitly listing, such as the minimum operational requirements stated in the Concession Agreement.

### *Our conclusion*

12. As we have previously done after each periodic review, we intend to work with London St. Pancras Highspeed to specify reporting against commitments in our final determination, and the defined outputs of the Concession Agreement and station leases, to ensure that it is meeting its duties. As part of this work, we will ensure that all outputs are covered and we will engage at least annually with other stakeholders to ensure that their priorities are reflected.

## Monitoring and assessment

### Asset Stewardship

#### Our proposals

13. We proposed to assess London St. Pancras Highspeed against its duties using performance specifications and asset activities planned and undertaken. We would also need London St. Pancras Highspeed to demonstrate that it was taking a proactive approach in assuring operations, maintenance and renewals activities.
14. We would require London St. Pancras Highspeed to report on its R&D programme and against the recommendations we set out in our Final Determination, on how it could further improve its capability and effectiveness.
15. We expected London St. Pancras Highspeed to report information to us in line with the specification and frequency which will have been agreed at a working level. These reporting requirements may be subject to change depending on current priorities and to ensure we are taking a proportionate approach.

#### Stakeholder responses

16. Stakeholders emphasised the importance to them of our ability to understand and act on poor operational or asset management performance.
17. Operators responded to our proposals to say that they are keen to engage with us on their views of London St. Pancras Highspeed's performance against agreed metrics, even in areas which are not specified at periodic review (including operations and maintenance at HS1 stations).

#### Our conclusions

18. We welcome operators' engagement on performance, and look forward to hearing their views regularly as offered, and particularly during the compilation of our annual report on London St. Pancras Highspeed.

## Financial performance and efficiency

#### Our proposals

19. We would monitor London St. Pancras Highspeed's financial performance using a range of qualitative and quantitative information, from sources including a combined Asset Management Annual Statement (AMAS) for route and stations. We expect the AMAS to provide transparent narrative on:

- (a) whether London St. Pancras Highspeed had achieved financial outperformance against forecasts of operations, maintenance and renewals spend, and therefore if any resultant payments are due to funders under its contractual obligations:
- (b) efficiency: a comparison of expenditure on activities undertaken by London St. Pancras Highspeed (operations, maintenance, renewals and supporting functions) against the value of the outputs on a like-for-like basis over time; and how this compared to the targets set at periodic review, as well as contemporary indicators/benchmarks from within (and outside) the industry; and
- (c) a quantitative and qualitative assessment of risks, both what they were and how funding had been used efficiently to meet the risks.

20. We expected London St. Pancras Highspeed to provide the following information for our monitoring of the escrow accounts:

- (a) timely and transparent information on its investment decisions during the control period for stakeholders; and
- (b) analysis to illustrate its approach to investment decisions made over the year.

### **Stakeholder responses**

21. Stakeholders noted that much of the raw reporting that informs our monitoring of London St. Pancras Highspeed's financial performance would be coming from its supply chain, and asked that we provide transparency on these sources, wherever possible.

22. Operators also highlighted their concerns about the operator agreement between London St. Pancras Highspeed and its main contractor Network Rail (High Speed). Operators were concerned that this contract incentivised deferral of work (and therefore funding) to the last three years of a control period when outperformance on operations and maintenance spend must be shared with train operators.

### **Our conclusions**

23. Network Rail (High Speed)'s operations and maintenance is the largest cost item within the regulated charges, so it is proportionate for us to seek additional assurance that it is efficient. In earlier control periods we have requested information from London St. Pancras Highspeed and it has asked its supplier NR(HS) to provide the information

directly to us. NR(HS) has agreed to do this but noted that the information is commercially sensitive, so could not share the breakdown of efficiencies, headwinds and tailwinds, with London St. Pancras Highspeed or publicly. Our annual reports are intended to provide stakeholders with assurance that these costs have been reviewed in detail.

24. We are aware of the terms of the operator agreement not requiring sharing of outperformance in the early years of the control period. We will hold London St. Pancras Highspeed to account to ensure that asset management decisions are made on the basis of asset management best practice and efficiency. St. For example, we expect the timing of efficiency initiatives in the control period to be based on when they provide the most benefit, rather than based on contractual incentives. We will keep a close eye on this throughout the control period.

## **Risk-based approach**

### **Our proposals**

25. We proposed that the scope and extent of our routine monitoring could vary over time as different issues become more pressing for London St. Pancras Highspeed. We would make decisions on our approach to monitoring based on factors such as performance against commitments, ability of stakeholders to challenge and hold London St. Pancras Highspeed to account, and the strength of its own governance and assurance arrangements.

### **Stakeholder responses**

26. Stakeholders supported the principles of regulatory best practice that we intend to use in our holding of London St. Pancras Highspeed to account, but asked for further details of our approach to applying these principles.

### **Our conclusions**

27. As per the four factors listed above, we intend to use regular engagement with stakeholders to inform the focus of our monitoring of the company. In doing so, we expect to give priority to matters which affect London St. Pancras Highspeed's ability to meet its asset stewardship purpose for the route and life cycle purpose for each station.

## Escalation

### Our proposals

28. We proposed that if we identified areas for improvement or concern with London St. Pancras Highspeed's performance through our monitoring, we would use a staged escalation approach. The aim of this approach would be to resolve issues before they result in enforcement action under the stations leases and the Concession Agreement. However, if early resolution was not possible or if there was sufficient evidence that London St. Pancras Highspeed was not meeting or likely not to meet its obligations, we would consider taking enforcement action as set out in the stations leases and the Concession Agreement.

29. We proposed that if we identified an issue, we may:

- (a) request further information - in order to investigate and resolve concerns as promptly as possible it is likely we would request further information from London St. Pancras Highspeed and stakeholders, where appropriate. Collecting this information was likely to be in addition to our regular monitoring requirements;
- (b) set London St. Pancras Highspeed-focussed action to resolve - upon identifying an issue and our expectations for resolution, we would set out and publish our concerns and the actions required to London St. Pancras Highspeed. This may provide London St. Pancras Highspeed the opportunity to de-escalate our concerns by achieving the desired outcomes quickly. However, we expected London St. Pancras Highspeed to act promptly to cascade the relevant actions to those responsible for delivery and ensure that relevant stakeholders were briefed and progress was reported back on;
- (c) provide public commentary and hearings - the next stage of escalation was that we may decide that the results of our investigation could be published to provide public accountability of the issue. By producing a commentary, and/or correspondence with London St. Pancras Highspeed, we planned to make any issues and necessary actions clear and transparent for those affected.

We may choose to hold a hearing between London St. Pancras Highspeed and stakeholder affected parties to gather evidence and explore the issues further to enable swift resolution where possible. Hearings would be 'on the



record’ and we expected to publish a written record of proceedings on our website (respecting commercial confidentiality).

- (d) require a formal improvement plan - to resolve concerns in a reasonable timeframe, we may during or in conclusion to an investigation write to London St. Pancras Highspeed calling on it to establish a formal improvement plan. This was a further escalation, which recognised new processes are required to fill gaps. This approach may facilitate stronger stakeholder engagement and could help to address performance problems without the need for further escalation.

30. Possible outcomes from progression through escalation stages were:

- (a) close down – deciding no further action is needed and reverting to routine monitoring;
- (b) secure early action and monitor progress – London St. Pancras Highspeed provides evidence it is doing everything reasonably practicable to resolve and address the issue(s), but we require further work to be completed, for example through an improvement plan. This is then monitored based on our targeted and risk-based monitoring. The investigation could be restarted if additional and/or new concerns are raised.
- (c) contravention or likely contravention of provisions within the Concession Agreement or stations leases – we conclude there is a “case to answer” so issue a letter to London St. Pancras Highspeed to confirm this. This sets out the evidence and next steps in the escalation of the issue that is steps leading to enforcement. This provides London St. Pancras Highspeed an opportunity to formally respond to our findings, prior to ORR’s Board considering the matter.

### **Stakeholder responses**

31. Stakeholders welcomed transparency on the steps that would be taken to address areas of concern ahead of potential enforcement action on London St. Pancras Highspeed, but noted that the process could be unnecessarily time-consuming. They asked that our communications on these matters set out our observations of what had gone wrong, taking into account how long an issue had gone on for; and tailor each stage of escalation to reflect the total period of time that poor performance has been experienced by stakeholders. In addition, they asked that we clearly set out the consequences of non-action at each stage.



## **Our conclusions**

32. In escalating an issue with London St. Pancras Highspeed's performance, we would expect to set out all evidence that we had gathered to date, and detail necessary next steps and timeline to address the issues at hand. Depending on the seriousness and customer impact of an issue, we may choose to accelerate through the steps outlined above.

## **Other stakeholder comments – including reducing the administrative burden of regulation**

### **Stakeholder responses**

33. Stakeholders welcomed our commitment to reducing the administrative burden of regulation on the HS1 network in line with governmental priorities, but could not identify any specific areas where this could be done in relation to our monitoring and reporting on the network.
34. Operators noted that their businesses are reliant on robust regulation of the HS1 system and further that reduction of our oversight could have adverse consequences in terms of outcomes for them, which would ultimately adversely affect passengers.
35. DfT pointed out the efficiencies already realised in our taking on regulation of HS1 stations from government. In its response, London St. Pancras Highspeed did not see any areas of regulation that could be reduced in relation to monitoring and reporting at this time, but said that it would work with us and DfT to look for further opportunities to make the periodic review process more efficient.
36. Stakeholders also asked whether we would consider taking on responsibilities relating to the regulation of station enhancements.

## **Our conclusions**

37. We welcome the commitment from London St. Pancras Highspeed to work with us and DfT to look for opportunities to streamline the periodic review process.
38. We currently have no role in assessing costs or charges for the enhancement of stations on the network, though as a concurrent competition authority, we would be able to assess any reasoned complaint raised by stakeholders in relation to London St. Pancras Highspeed's obligations under UK competition law. If a further role for us in station enhancements were seen as desirable by stakeholders, and would enable the delivery of benefits to passengers, we would be very happy to discuss with stakeholders how we could best support investment and growth. Any change in our

role would require changes to the Concession Agreement and station leases, which would need to be made by the signatories, with our approval.



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