



Second Regulatory Statement in respect of the HS1 network

Purpose

This statement has been requested by HS1 Limited and sets out our approach to carrying out our duties under the HS1 Leases of land for the permanent way and stations of the railway known as High Speed 1 (“the HS1 Stations Leases”).

Regulatory framework

1. This statement outlines our functions under:
 - the Railways (Access, Management and Licensing of Railway Undertakings) Regulations 2016;
 - the Concession Agreement between HS1 Ltd and the Secretary of State for Transport; and
 - the HS1 Stations Leases between HS1 Ltd and the Secretary of State for Transport.
2. A key function established by these documents is the undertaking of a periodic review of funding for HS1 stations, including setting of the long-term charge for operators.

Periodic review

3. The process for periodic review of renewals funding for HS1 stations is set out in Schedule 10 of the stations leases, and provides for adequate funding to ensure good and substantial repair and condition of the asset until 1 April 2061. At each periodic review, we would therefore assess HS1 Ltd’s life cycle report for each station to ensure that the level of long-term charge is set so that it is able to meet this requirement.

Long-term charge

4. HS1 Ltd is required to submit to us a Life Cycle Report for each station no later than 13 months prior to the end of each Review Period.

5. We would expect each Life Cycle Report to clearly set out the Life Cycle Works Saving, against Deferred Life Cycle Works Saving from the previous cost period. This should enable us to identify reductions in the long-term charge for future control periods (equivalent to 70% of Life Cycle Works Saving achieved by HS1 Ltd).

When setting the long-term charge, we will also consider whether HS1 Ltd's Asset Management Strategy and Life Cycle Reports enable it to meet the Life Cycle Purpose for each station.

Inferior leases

6. The stations leases list a number of inferior leases held between HS1 Ltd and other parties. Those leases do not fall within the scope of a periodic review of HS1 stations.