

HS1 Station Enhancements Policy



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1. Introduction

1.1 *The need for a station enhancements policy*

Passenger growth on HS1, both on the route and at our stations – London St. Pancras International, Stratford, Ebbsfleet International and Ashford International – is a major success story, generating substantial benefits for customers, businesses, the regions we serve and the wider UK economy.

Even with the impact of COVID-19, forecast medium-longer term growth remains strong. There is also a need to respond to changing passenger travel behaviours and expectations, which may require enhancements to physical station infrastructure. For example, a significant increase in domestic UK leisure travel may require increased provision for passengers with luggage at our stations.

With this growth comes the need to invest in future capacity, amenity and facilities at our stations. As custodian of the HS1 assets, we are determined to facilitate and deliver this investment to ensure the quality of our stations, and passengers' experience of them, remains outstanding. This ambition is supported by HS1's key stakeholders, including train operators and the ultimate owner and landlord of HS1's stations, the Department for Transport (DfT).

However, HS1's legal and regulatory framework does not explicitly provide for station enhancements. The HS1 Concession Agreement (CA) and HS1 Lease (Lease) sets out a framework for stations operations, maintenance and renewals investment. This ensures we can continue to invest in the stations 'as built'. However, there is no provision in the CA or Lease for station enhancements, potentially limiting investment in new capacity or station functionality.

This is also inconsistent with the treatment of enhancements to the HS1 route (e.g. track and signalling infrastructure), which HS1 can develop and deliver under the Specific Upgrade process in the CA, overseen by the Office of Rail and Road (ORR).

Notwithstanding this issue, HS1 has worked closely with key partners (e.g. train operating companies) to deliver smaller-scale station enhancements, for example improving passenger waiting areas and ticketing facilities at St Pancras. These projects were subject to bespoke project agreements between the parties, covering key issues such as scope, project risk allocation and charging arrangements.

Schemes have been successfully delivered under this model, but HS1 considers improvements are necessary to support investment in stations enhancements over the course of the Concession.

The first improvement is making the stations enhancements commercial framework and process more transparent to potential funders and financiers, thereby better facilitating investment. This policy seeks to achieve that goal.

The second improvement is a series of potential changes to the HS1 CA and Lease to realise the full spectrum of potential station enhancements that may be needed. For example, where HS1 invests in a long-lived station asset and payback is not possible within the term of the HS1 Concession (which expires in 2040), a residual value mechanism would need to be included in the CA or Lease in order to unlock investment.

HS1 is strongly supportive of such a residual value mechanism, and welcomes further constructive engagement with the DfT to implement this change, in order to deliver the required level of investment at our stations.

Equally, there may be value for potential investors if the key elements of this policy are codified in the HS1 CA and Lease.

As part of the development of HS1's plans in Periodic Review 19 (PR19), we consulted with train operators, the Department for Transport (DfT), the Office of Rail and Road, and other key stakeholders on a proposed approach to station enhancements.

In general, stakeholders endorsed adoption of a 'beneficiary pays' approach to stations enhancements,¹ which is the basis of this policy. There was support for our proposal to publish this policy, so that stakeholders had greater clarity on our approach, and then assess the nature of any future changes required to the HS1 CA and Lease in view of experience in delivering projects in the coming years.

1.2 Planning for station enhancements

HS1 conducts masterplanning activities for each of its stations, in order to assess the potential impact of increasing passenger demand, ensure alignment with development in the surrounding areas, and to identify opportunities for complimentary development on land in HS1 ownership. We will continue to work closely with affected stakeholders, including train operators, local authorities, retailers and residents in development of these plans. While these masterplanning exercises will identify opportunities for station enhancements from HS1's perspective, we welcome additional project ideas from stakeholders to be progressed under this policy.

1.3 About this policy

The intent of this policy is to provide transparency on HS1's approach to stations enhancements. We do this by setting out key principles and considerations, and the way we expect to address these in given projects. However, we recognise the need to be flexible and treat each project on a case-by-case basis, informed by this policy.

The policy is structured as follows:

- **Section 2** sets out our definition of an enhancement and the threshold for applying the policy.
- **Section 3** explains the different types of enhancements and applying the 'beneficiary pays' principle in practice.
- **Section 4** outlines our approach to assessing the benefits and costs of a station enhancements for each of the parties involved in the project.
- **Section 5** describes the different funding, financing and charging options that may be used.
- **Section 6** summarises our approach to key commercial issues and risk allocation.
- **Section 7** details the process, approvals and dispute resolution arrangements.

Throughout this document, HS1 presents worked examples to illustrate how the policy will work in practice. These examples are meant as a guide only, and should not be read as HS1's upfront commitment to fund or finance projects in a particular way. Each project will be considered on its merits, based on a benefits and costs assessment.

2. Defining an enhancement and applying the policy

2.1 Definitions

At the outset, it is important that a clear distinction is drawn between stations renewals and enhancements.

¹ This consultation was specific to stations enhancements. For the avoidance of doubt, route enhancements ('Specified Upgrades') will be progressed subject to the criteria established in the CA.

Under the Lease, HS1 is required to plan for and deliver stations renewals projects, in order that each station remains in 'good and substantial repair' over the course of the Concession.

This is supported by a requirement to take a longer-term view of asset requirements out to 2050 in developing renewals plans, and charging arrangements which ensure operators today are paying towards the eventual costs of renewing key assets. The resulting Long Term Charge annuity is collected by HS1, put into escrow, and drawn down to fund renewals projects as required, following approval by the Secretary of State.

Having a clear distinction between renewals and enhancements will ensure:

- Appropriate use of the renewals funds held in escrow, which complies with the requirements of the CA and Lease, so that the long-term renewals needs at each station can continue to be met (i.e. avoiding the potential for use of escrow funds for what are essentially enhancement projects, either promoted by HS1 or train operators); and
- Only the beneficiaries of stations enhancements projects pay for those enhancements, rather than, for example, all contributors to the station escrow accounts.

Hence, stations enhancements need to be funded separately to renewals – **section 5** describes the potential charging enhancement funding, financing and charging options.

In order to maintain this separation, we have determined the following definitions of stations renewals and enhancements. The renewals definition builds on the concept of 'repair and renewal' in the Lease, whereas the enhancement definition is based on commonly-accepted concepts used in the railway industry. The definitions are:

- **Renewal:**
 - Replacement of an existing asset with a like-for-like equivalent; or
 - Where technology has developed or the asset has become obsolete (i.e. where the asset is no longer available), replacement of an existing asset with the modern equivalent asset – including when the modern equivalent results in increased functionality relative to the asset being replaced.
- **Enhancement:**
 - Replacement of existing assets performed earlier in the lifecycle than strictly necessary (i.e. where the asset continues to perform but there are identified benefits in replacing it early);
 - Replacement of existing or life-expired assets with new assets that provide significantly greater functionality than the modern equivalent (e.g. where the modern equivalent is available but not used); or
 - Introduction of new assets which results in a significant increase in functionality (e.g. capacity / output).

For projects that involve elements of asset renewal and enhancements (such as larger capacity enhancement projects), there will need to be a clear distinction between the two types of investment, for the reasons outlined above. We will assess such projects individually, but expect the definitions above, the existing renewals governance arrangements under the Lease, and this policy, provide a robust basis on which to determine clear boundaries between renewal and enhancement elements for funding and approval purposes.

Finally, the policy does not apply to core commitments made by train operators under their national rail contracts with the DfT (the interim contracts replacing franchise agreements until

the GBR's passenger service contracts are implemented). These are funded and delivered directly by the train operator.

2.2 *Threshold for applying the policy*

HS1 recognises that it will not always be appropriate to apply this policy, particularly where proposed enhancements are low in complexity, value or risk. We will therefore seek to agree with operators the non-application of this policy to such projects.

Our intent is to review this aspect of the policy and make adjustments in future as necessary (for example, including a financial or risk threshold below which the policy would not apply, which would need to be carefully considered in view of the staged nature of some enhancement projects).

3. Enhancement types and applying beneficiary pays

The key principle informing the HS1 stations enhancements policy is that the beneficiary of an enhancement should pay for it. The rationale for this principle is it:

- Ensures a fair allocation of costs, so that funding contributions for an enhancement are clearly linked to tangible benefits received (and intangible benefits where these are explicitly recognised and agreed by the parties to an enhancement); and
- Provides discipline in project selection, as proponents of projects are exposed to a share of the relevant costs and hence will be incentivised to pursue projects with clear discernible value that they are prepared to pay for.

Determining the specific benefits and costs of a station enhancement will require analysis on a project-by-project basis – further detail is provided in **section 4**.

This assessment needs to be informed by high-level principles relevant to the wide range of station enhancement projects that may be pursued. That is, the approach to applying the beneficiary pays principle will be different for a retail-based station scheme and one providing additional capacity and amenity for rail passengers. The table below sets out HS1's view of which parties are likely to be the main beneficiaries for each identified station enhancement type, and hence who we consider should be a contributor to funding.

In general, HS1's funding model is based on no direct public subsidy being provided, but we recognise that governments – both local and national – may wish to see station enhancements which support their policy objectives (e.g. supporting economic regeneration by expanding train service capacity in the regions HS1 serves). For this reason, public funders are included in the table below.

Table 1: station enhancement types and beneficiaries

#	Enhancement type	Detail	Who benefits / pays in principle
1	Commercial	To bring new or more profitable commercial opportunities, specifically new or changed retail outlets.	HS1 Ltd / retailer
2	Customer requirements / satisfaction	Changes or additional facilities required to meet changing customer requirements (e.g. improved accessibility, increased numbers of passengers with luggage, ticketing technology improvements).	Train operator / DfT / HS1 Ltd
3	Capacity	To facilitate an increase in the number of passengers (e.g. lifts/escalators, waiting areas)	Train operator / DfT / HS1 Ltd
4	Safety / security	Driven by new or increased government regulation or to maintain or improve safety/security standards (e.g. non-slip floor covering, improved CCTV).	Train operator / DfT / HS1 Ltd
5	New train operator	Any changes required to facilitate the entry of a new operator in the station (e.g. a new business lounge / extra security scanning requirements).	New train operator / train operator (where also benefitting) / DfT / HS1 Ltd
6	Efficiency or accelerated renewal	Where upfront capex spend on an asset will yield future cost savings (e.g. more efficient boiler that reduces ongoing maintenance costs/Qx).	Train operator
7	Public realm / station interface / regeneration	To improve the public realm and interface between HS1 stations and surrounding areas, improving local connectivity	Local authority / DfT / Train operator / HS1 Ltd
8	Multi-purpose	A project combining elements of the above.	Train operator / New train operator / DfT / HS1 Ltd / retailer (case-by-case)

As can be seen, for most types of enhancements, we anticipate there will be an in-principle case for a shared funding package, with both HS1 and train operator contributions. The exact split of contributions, however, needs to be determined based on a detailed analysis of project-specific benefits and costs, as explained in **section 4**.

4. Assessing benefits and costs

4.1 *Overview of benefits and costs assessment*

Each station enhancement project will require a benefits and costs assessment aimed at establishing a fair funding split between the parties. This will consider key categories of benefits and costs, including:

- The initial capital costs of new assets or construction;
- The impact of the new assets on future station renewals and maintenance costs, acknowledging that these will generally be felt through changes to Long Term Charge (LTC) and Qualifying Expenditure (Qx);
- The costs associated with disruption, including for loss of income associated with installation of new assets or construction;
- The benefits brought by the new assets, including the financial impacts of new capacity or station throughput, higher service quality, or more efficient operations;

The basic approach to calculating funding splits between the project partners will be to assess net benefits – that is the benefits to each partner less any loss. The proportion of these net benefits will then be applied to the total capital cost. Train operators and other parties with ongoing requirements to fund renewal and maintenance of the assets will also need to agree to the projected changes to LTC and Qx.

4.2 *Methodology*

In general, the analysis will be based on core financial considerations – the monetary value of benefits and costs associated with the project. However, HS1 recognises some projects may bring more intangible and less difficult to quantify benefits (e.g. maintaining the status of St Pancras as a leading international transport hub) and is open to adopting methods to include these benefits in the assessment.

Equally, we recognise that parties other than HS1, train operating companies and retailers may wish to see particular enhancements at our stations, and may have funding criteria based on wider social or environmental benefits.

For example, a local authority may wish to work with HS1 to develop improved interfaces between our stations and their surrounds, such as new station entrances which support adjacent development. To the extent a project of this kind drives costs within the station that would not ordinarily be borne by rail industry funders, HS1 would work with that local authority to establish a suitable funding arrangement based on the benefits and costs flowing to the local community.

As we develop projects under this policy, we will look to put in place standard methodology for assessing benefits and costs, and update the policy accordingly. While there may be some application of key concepts and approaches in rail industry guidance such as the DfT's WebTAG, this may not be suitable in all cases and may overcomplicate analysis where the project can be assessed based on purely commercial or financial criteria.

4.3 *Protecting commercial confidentiality*

HS1 recognises that commercial partners may have concerns with sharing all the financial information necessary to conduct the assessment. Hence, we will put in place necessary arrangements to protect commercially confidential information, including Non-Disclosure Agreements, and we may look to appoint independent assessors who conduct the analysis and provide a summary report while protecting each party's confidential information, where that is appropriate.

4.4 *Timing of the assessment*

As noted in **section 7**, HS1 expects the benefits and costs assessment would be conducted in the early development stages of the project, as the business case and design options are being produced. The final funding split would then be re-confirmed once anticipated final costs are known through the procurement stage. Following this stage, we would not further re-evaluate the benefits split, save for where a new operator wishes to use the relevant infrastructure (see **section 6** for further details).

4.5 *Worked example – redevelopment at St Pancras*

To illustrate the benefits and costs assessment in practice, and the resulting funding split, a worked example is provided below.

In this hypothetical example, a joint redevelopment proposal is planned at St Pancras station. Following a re-timetabling exercise, HS1 has determined that capacity exists for new paths into St Pancras at peak times and through the day, and an existing domestic train operator seeks to expand its timetabled services. In order to support this expansion, it has worked with HS1 and the local authority to develop a station enhancement project which includes:

- 2 additional platforms and expansion of current concourse capacity on level 1 of the station;
- Introduction of 10 new retail outlets, made possible by the introduction of increased concourse space; and
- Public realm improvements and new station entrances, supported by the local authority, which improve pedestrian access to and from the station and support regeneration
- Agreement that project should be completed and open for passengers in 2025, and will be paid back over 15 years, within the current HS1 concession.

The benefits and costs assessment finds that:

- The domestic train operator expects to earn an additional £2.5m in revenue p.a. in the first year of operation, increasing by £2.5m each year to £10m p.a. after 4 years. This £10m level is maintained for a further 11 years, bringing total financial benefits to the train operator to £137.5m over 15 years;
- HS1 expects to earn £2m p.a. in increase rental income over 15 years, to a total of £30m;
- The local authority values the public realm, pedestrian connectivity and regeneration benefits of the project at £10m over 15 years;
- The costs of construction are estimated to be £25m, and a 3% increase on ongoing LTC and Qx is forecast to renew and maintain the assets. The domestic train operator agrees in principle to this uplift in ongoing charges;
- During construction, the train operator will need to reduce services periodically over an 18 month period, to facilitate access to the site. This results in revenue impact of £3m;
- HS1 needs to have tenants vacate 5 retail outlets during the construction period, resulting in a loss of £1.5m; and
- Overall, the agreed split in benefits and costs is as follows.

Table 2: Split of benefits and costs in worked example

Party	Benefits (£)	Less costs (£)	Net benefits (£)	Net benefits (%)	Cost allocation (based on capital cost of £25m)
Domestic operator	£137.5m	£3m	£134.5m	78%	£19.5m
HS1	£30m	£1.5m	£28.5m	16%	£4m
Local authority	£10m	-	£10m	6%	£1.5m
Total	£177.5m	£4.5m	£173m	100%	£25m

In **section 5**, we show how the above allocations translate into potential funding, financing and charging options.

5. Funding, financing and charging options

5.1 Funding vs financing

HS1's overall approach to stations enhancements is informed by the beneficiary pays principle.

When applying this to particular projects, it is important to make a distinction between who *funds* station enhancements (i.e. pays for the resulting works, whether upfront, as incurred, on completion or through a charge over time) and who *finances* the projects.

HS1 anticipates acting as a funder and potentially a financier of stations enhancement projects, subject to board and other approvals.

Where HS1 provides finance, it will include creating a charging mechanism to provide for payback by the beneficiary party or parties. For train operators, this charge would be in addition to the station LTC and Qx charges currently paid.

Depending on the scale of the station enhancement and other factors as preferred payback periods among the project partners, the finance could be either short- or long-term (potentially to the end of the current HS1 Concession, or where a residual value mechanism can be agreed with the Department for Transport, beyond the Concession).

While the simplified charging options below presuppose HS1 provides finance and recovers costs from beneficiary parties, there may be alternate models to relevant to station enhancements. This includes public funding /financing where DfT and other public sector funders / financiers wish to achieve a policy objective that can be unlocked through a station enhancement project. We welcome proposals of this kind and will assess them on a case-by-case basis.

5.2 Charging options

In general, HS1 considers there are three main charging options for stations enhancements. These are shown below, alongside description of how the charge could work in practice. For charges to be paid back over a longer time horizon, examples of how those charges may be tailored to particular projects are shown.

Table 3: charging options for station enhancements

Charging option	Description		
Beneficiary pays upfront or as incurred	HS1 oversees delivery of the enhancement, and the beneficiary / beneficiaries pay back upfront or as costs are incurred .		
Beneficiary pays on completion	HS1 oversees delivery of the enhancement, and the beneficiary / beneficiaries pay back upon project completion . HS1 includes a small financing charge between project start and completion, where appropriate.		
Beneficiary pays over time	HS1 oversees delivery of the enhancement, and the beneficiary / beneficiaries pay back based on an agreed charging method – see side.	Example ‘capacity’ project charge A charge is agreed which relates to the volume of new capacity – e.g. a per train or per passenger charge . This would require robust forecasts and treatment of volume risk (i.e. where the forecast volume does not materialise).	Example ‘efficiency’ project charge A charge is agreed which relates to efficiencies realised in e.g. bringing forward a renewal to save on Qx – e.g. a per month or per annum charge akin to LTC .

A key factor in the setting of a capacity project charge is the treatment of volume risk – this is discussed further in **section 6**.

The development of these charging options would occur in parallel with the benefits and costs assessment, as explained in **section 7**.

5.3 Worked example continued – redevelopment at St Pancras

Returning to the worked example in **section 4**, the following section shows how charging could apply in practice.

The agreed split in benefits and costs is as follows.

Table 4: Split of benefits and costs in worked example

Party	Benefits (£)	Less costs (£)	Net benefits (£)	Net benefits (%)	Cost allocation (based on capital cost of £25m)
Domestic operator	£137.5m	£3m	£134.5m	78%	£19.5m
HS1	£30m	£1.5m	£28.5m	16%	£4m
Local authority	£10m	-	£10m	6%	£1.5m
Total	£177.5m	£4.5m	£173m	100%	£25m

In this project, HS1 makes its contribution through its own financing arrangements. The local authority provides HS1 a grant for its contribution. To smooth out the costs associated with the station enhancement, the domestic train operator asks HS1 to provide it with finance over the proposed 15 year term. As the domestic operator's national rail contract with DfT has only a further 7 years remaining, the DfT needs to authorise this arrangement, as it will insert cost into the subsequent operator that takes on the contract with DfT (see **section 6** for further details).

HS1 prepares two charging options – a per train charge (using either the total number of trains operated, or the incremental number brought about by the station enhancement) and a per month charge.

The train operator currently operates 50,000 trains per annum, and with the station enhancement, projects being able to run an additional 10,000 trains per annum.

Assuming a loan value of £19.5m repaid monthly over 15 years (180 months) at 4% interest, the charges would be as follows.

Table 5: Charges in worked example

Option A – monthly charge	Option B – per total train charge	Option C – per incremental train charge
£144.2k	£34.62	£173.09

Note: we have assumed for this exercise that financing begins to be repaid upon completion. In practice, there would need to be repayments during the construction phase and a monthly or annual charge may be more appropriate during this stage. The 4% interest rate is an assumption for the purpose of this calculation; HS1 would need to establish its cost of debt for an actual enhancement based on the project particulars.

6. Key commercial issues and risk allocation

6.1 Scope of costs

The relevant costs of a station enhancement project include: 1. the development and design costs in the early stage of the project; 2. construction costs; and 3, adjustments to LTC and Ox costs brought about by the project.

HS1 will seek to capitalise project-specific development and design costs and, where applicable, relevant internal HS1 internal costs. These will be added to the capital costs of the project to form the total costs, which will then be split between beneficiaries, as explained in **section 4**. As part of the benefits and costs assessment, HS1 will provide a forecast of incremental LTC and Qx, to be agreed with project partners. This will ensure investment decisions are made on the basis of whole-life costs.

6.2 Payback period

In general, HS1 will seek to align payback periods to either the lives of key assets in the station enhancement project, the expected timing of benefits resulting from the project, or the end of the HS1 Concession, which expires in December 2040.

This concession end date places a hard limit on setting the payback period for stations enhancement investments, where HS1 is providing the finance (as beyond December 2040, HS1 would have no charging mechanism in place to recover costs).

However, it may be possible to institute a residual value mechanism in the CA and Lease, so that, for example, a lump sum final payment can be made to HS1 at the end of the concession to pay off any remaining debt at that time. We are working with DfT to put such a mechanism in place and will update this policy accordingly as changes are made.

6.3 DfT authorisation

As noted in the worked example, there is the potential for a misalignment between the payback period of a station enhancement and the term of a relevant national rail/passenger service contract. Where a train operator has, for example, 5 years remaining on its contract with the DfT and an asset such as a stations communications system is to be paid back over 7 years, the train operator would be unable to make any commitment to fund the full extent of project costs it was allocated.

This should not, in HS1's view, prevent the investment from occurring. Instead, it will be for the DfT to determine whether it authorises the investment, given the impact on the cost base of the subsequent train operator with the contract. As explained in **section 7**, this authorisation would need to occur by the procurement stage (i.e. before Gate 4, in HS1's project governance process).

6.4 Risk allocation

Each project will be subject to an agreed allocation of project risks, codified in the legal agreements which are explained in **section 7**.

The key main areas of project risk are:

- **Construction cost risk** – typically, HS1 would be best placed to manage this risk, and will seek to manage such risk through contracts with the supply chain.
- **Volume risk** – in capacity-improvement projects that HS1 finances, there is a risk that incremental capacity (e.g. train paths) do not materialise.

In practice, this risk is particularly relevant where a volume-based charge is agreed with a train operator (see **section 5**).

As noted below, our preference is to avoid re-opening charges in the eventuality that forecast growth used to forecast station enhancement charges does not arrive. This will ensure the charging arrangements are stable and predictable for all parties.

However, the volume risk would still need to be addressed, and HS1 would likely require certain higher-risk capacity projects with volume-based charges to include a 'take-or-pay'-type arrangement, to mitigate volume risk. Effective mitigation of this risk will ensure that the overall risk profile of HS1 remains consistent with that established by Government at the outset of the concession, and that financing costs are kept as low as possible.

In addition, HS1 will require mitigation for the risk that an open access train operator (e.g. a new entrant) ceases to trade during an agreed payback period. This could take the form of a contractual guarantee, but will be assessed on a case-by-case basis.

6.5 Re-opener provisions

HS1 anticipates there will be a need to re-open the agreed charges for station enhancements only in very specific circumstances. These are:

- Where the costs of delivering the station enhancement are lower than forecast, in order to reduce the charge (or where HS1 has not assumed construction cost risk and the costs are higher than forecast, to increase the charge); and
- Where a new train operator enters the market, or has a need to access a station on an ongoing basis, and needs to utilise the enhanced station assets.

By way of illustration, a new international operator may need to access platform and concourse capacity created by a station enhancement project completed 5 years earlier. In this scenario, and assuming HS1 provided finance for the project, HS1 would work with the

incumbent operator(s) and the new entrant to re-base the charges from that point forward in view of the level of outstanding debt and the traffic forecasts of all operators.

7. Process, approvals and dispute resolution

7.1 *Overview of the process*

HS1's existing project governance process, typically used for renewals projects, will be adapted for stations enhancement projects, to include additional process steps and approvals. These are:

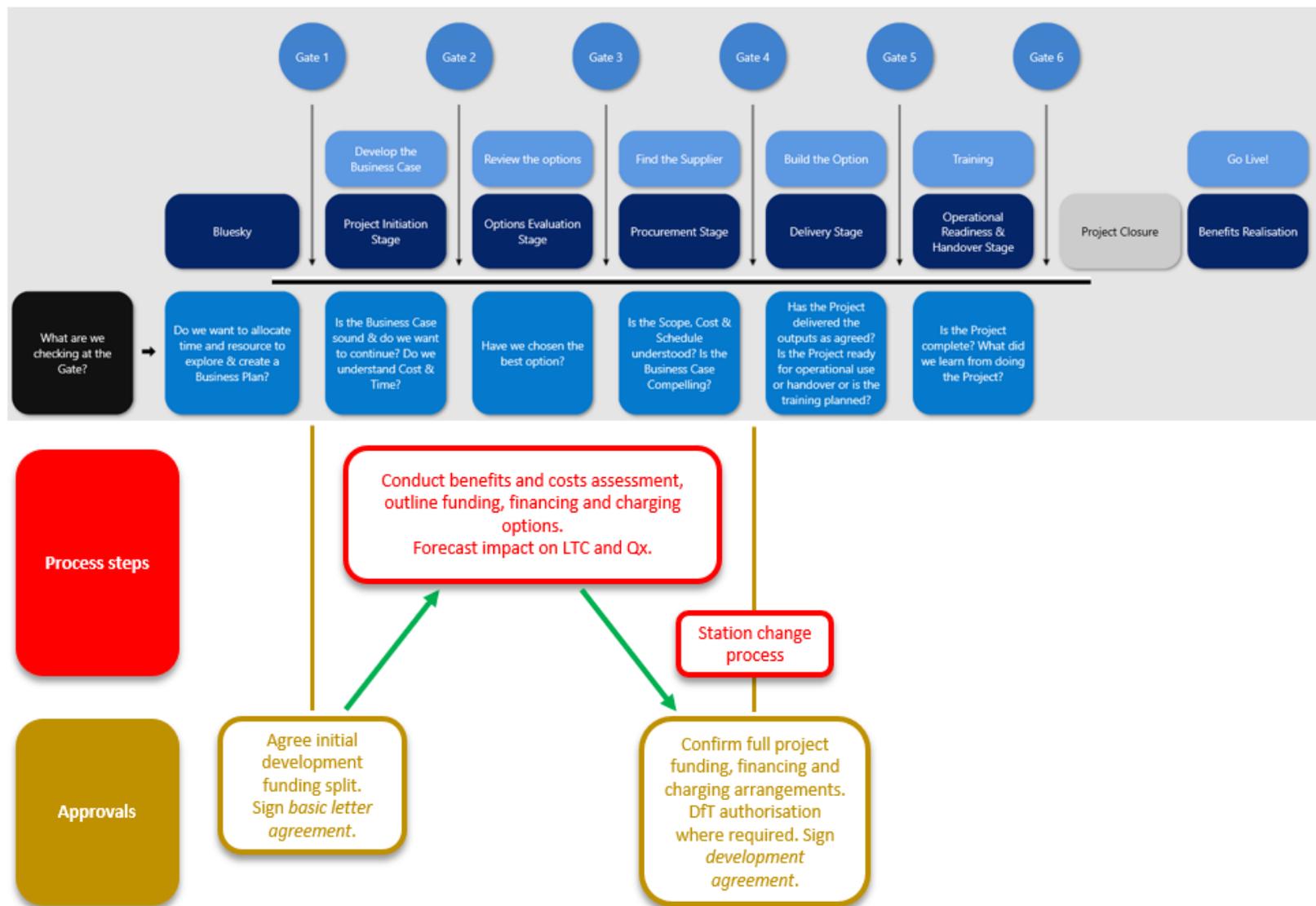
- Agreement of initial development-stage funding, set out in a basic letter agreement between the parties;
- Conduct of the benefits and costs assessment and outline of the funding, financing and charging options;
- Finalisation of a development agreement at the procurement stage, reflecting: the benefits and costs assessment; expected project costs; and agreed funding, financing and charging agreements. At this stage, any DfT authorisation would also be required.

The relationship between the existing project governance process (shown in blue) and the additional elements specific to station enhancement projects (shown in red and gold), are shown in the table below.

HS1 notes this approach is consistent with the DfT's Rail Network Enhancements Pipeline (RNEP) process. While HS1 is not covered by the RNEP process, we will look to ensure ongoing consistency.

HS1 will seek to introduced standardised letter agreements and development agreements, and will update this policy accordingly, to illustrate the detail covered in these agreements.

Table 6: Overview of stations enhancement project governance process



7.2 Project management

Day-to-day management of the project, and project-level approvals, will be overseen by a project board consisting of representatives from each of the project partners, and the DfT. The board will be supported by a dedicated project manager, appointed by HS1.

7.3 Dispute resolution

Disputes between project partners may arise at different stages of a station enhancement project – for example, where the results of the benefits and costs assessment cannot be agreed, or as a result of construction impacts in the station).

To address the potential for such disputes, HS1 will seek to agree with project partners dispute resolution provisions in the letter agreement and development agreement, aligned with HS1's Disputes Resolution Agreement and the Dispute Resolution Rules. HS1 intends that the dispute procedure is proportionate to the project, so will adopt a case-by-case approach.

In future, we will investigate the option of including station enhancements disputes in the HS1 Disputes Resolution Agreement and Dispute Resolution Rules, based on the experience in managing any disputes that arise under this policy. This change would likely require modification to a series of contractual and regulatory documents, including track access agreements, the HS1 Network Code and the Disputes Resolution Agreement and Dispute Resolution Rules. We will update this policy to reflect any change in this area.

7.4 Publication of charges

Once charges for a station enhancement are agreed, they will be published in HS1's Network Statement, consistent with our obligations under the Railway (Access and Management Regulations 2016 (as amended)).