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Telephone: [REDACTED]

16 September 2019

[REDACTED]
Government Representative
Department for Transport

RE: Consultation: 13 to 24 September 2019 - HS1 Stations Periodic Review 2019

Dear [REDACTED]

We refer to your letter dated 13 September 2019 in relation to a further consultation with stakeholders for the HS1 Stations Periodic Review 2019. HS1 has serious concerns regarding this new process adopted by the Department for Transport ("DfT") and, for the following reasons, considers it is inconsistent with the Government's Consultation Principles and the requirements of procedural fairness.

DfT issued its draft decision consultation document for the CP3 Stations Review on 1 July 2019 ("the Draft Decision"). DfT was due to publish its final decision on 30 August 2019. However, on 29 August 2019 HS1 was notified that publication would be delayed until 9 October 2019 in order to provide for this further consultation with stakeholders.

HS1 received DfT's letter after 4pm on Friday 13 September 2019. The consultation concludes on Tuesday 24 September. This provides stakeholders with only seven clear business days in which to respond to DfT's new proposals. The Government's Consultation Principles require that consultation should last for a proportionate amount of time; based on previous guidance, we would expect this to be for an absolute minimum of two weeks or, more usually, twelve weeks. HS1 considers that a seven day consultation window is inadequate given the need to analyse new data and obtain input from HS1's expert economists and regulatory advisers.

DfT's letter of 13 September 2019 sets out, for the first time, particulars of the matters that are the subject of this new consultation. These matters include retention of the existing 40-year look ahead and pay ahead for the annuity calculation (as opposed to the "buffer" approach) and inclusion of an efficiency target of 2.0% per annum (increased from the proposed 0.6%). These represent significant changes to DfT's Draft Decision. However, DfT's letter provides only very limited technical analysis (in the form of Annexes A and B) for these changes, whereas HS1 had been led to believe in conversations with senior DfT officials that a detailed technical paper supporting the change would be provided.

The Government's Consultation Principles require that there be enough information, including validated assessments, to ensure that those consulted understand the issues and can give informed responses. We are aware DfT has not released technical papers in the past until they have been requested by stakeholders. Can DfT confirm urgently if it will be publishing the technical analysis that supports the change in approach in order that HS1 fully understand the time required to respond? If there is a technical evidenced based

decision to support the proposed change HS1 will require a longer timeframe in which to respond.

Notwithstanding our concerns around the procedural fairness of DfT's approach, your letter of 13 September contains several omissions and errors in fact that should be made clear to stakeholders as they consider their response.

In Annex A, paragraph A10 DfT note HS1 applied a risk allowance of 20% to 30% as recommended by specialist consultants in its May submission. This is not correct. As noted on page 49 of our Stations LTC submission in May, HS1 applied differing levels of contingency between 5% and 20% for each 10-year period in the workbank, for each station. GHD subsequently concluded this led to a weighted average contingency of 13.9% and endorsed the approach.

In Annex B, paragraph B8 DfT state there has been a lack of evidence provided to demonstrate HS1 delivered efficiencies in CP2. As DfT would be aware HS1 has delivered the 0.6% efficiency target set for it in CP2. Furthermore, DfT has attended quarterly meetings (with supporting paperwork) throughout CP2 to assess delivery of the renewals portfolio which includes detailed discussion of projects, deferrals and work that is brought forward. DfT has signed off withdrawals from the escrow account during CP2 and has had ample opportunity to request further information at that time if it had concerns regarding efficiency.

HS1 fully reserves its legal rights with respect to the changed procedure and amendments to the Draft Decision. HS1 will provide a separate, substantive response to the matters raised in the consultation to the extent it is able to do so on the basis of the limited time and information provided by DfT. We ask that DfT copy this letter to Eurostar, LSER, EMR and NRHS.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Dyan Crowther', with a stylized flourish at the end.

Dyan Crowther
Chief Executive Officer