



Submission to the House of Commons Public Bill Committee

3rd February 2026

1 Executive Summary

- 1.1 Heathrow Southern Railway Ltd. (HSRL) welcomes the opportunity to submit its views on the Railways Bill (the Bill) to the Public Bill Committee.
- 1.2 HSRL is a private company promoting a largely privately financed section of new railway infrastructure, enabling train services which will significantly improve connectivity between Heathrow Airport and the South and South East of England, enable new journey opportunities for non-airport passengers and increase the resilience of the rail network.
- 1.3 In order to attract private investment into the railway, there are a number of considerations, including:
 - 1.3.1 predictability of revenue streams to service the financing raised to deliver the railway project;
 - 1.3.2 certainty of the framework within which those revenue streams are generated (including stability of the legal and regulatory framework); and
 - 1.3.3 appropriate and balanced transfer of risk.
- 1.4 As currently drafted, clause 72 of the Bill gives the Secretary of State incredibly, and we believe unprecedentedly broad powers to make regulations affecting non-GBR infrastructure, the persons operating non-GBR infrastructure, and to amend the Railways (Access, Management and Licensing of Railway Undertakings) Regulations 2016 (known as the 2016 regulations). The 2016 regulations provide the framework within which access charges are established across the railway. These broad powers to make regulations therefore go to the very heart of predictability of revenue streams to service financing, and to the stability of the legal and regulatory framework within which revenue streams are generated. An unintended consequence of clause 72 of the Bill is that it risks undermining the confidence of private investors in the railway industry as regulations could change the framework within which investments are made.
- 1.5 HSR is therefore concerned that these broad powers risk shattering opportunities for private investment in the railway industry, and therefore undermining the positive outcomes the wider Bill is intended to deliver. HSRL's view is that either these broad powers should be removed altogether or significantly narrowed.

2 Heathrow Southern Railway

- 2.1 HSRL, backed by Aecom, the world's premier infrastructure firm as investor and delivery partner, has developed and promoted a new, largely privately financed, railway between Heathrow Airport and the existing railway network to the South. When built, the new railway will open up access to Heathrow airport from the South and South east of England, will drive growth, support Heathrow expansion and help mitigate the airport's adverse impact. The scheme is widely supported by stakeholders and by Heathrow Airport Ltd.
- 2.2 Train services operating over the new infrastructure will connect Heathrow with London Waterloo via Clapham Junction and with Woking, Farnborough, Guildford, Basingstoke and beyond. This improved connectivity will directly connect communities, increase the number of passengers using the railway network, increase rail's mode share of airport passengers and have a positive environmental impact.
- 2.3 The new railway will be largely privately financed, owned and operated by HSRL. The upfront investment cost will be recovered over time through the access charges payable by train operators using the new railway infrastructure, as will the ongoing operation and maintenance costs. Certainty is therefore needed both that trains will use the new railway infrastructure, and that the access charges will be payable – and continue to be payable – within an established and stable regulatory framework.
- 2.4 Forecasts clearly show the new railway is viable and capable of being progressed even in the absence of a third runway and additional terminal facilities at Heathrow Airport. However it becomes even more of an imperative that the new railway progresses if Heathrow Airport expansion proceeds, a key Government priority. This will ensure public transport mode share meets the likely conditions imposed by a Development Consent Order.
- 2.5 This submission necessarily relates to the new railway promoted by HSRL and to matters relating to the potential impact of the Bill on the appetite for private investment in the railway as a result of the broad powers included in clause 72 of the Bill. Clearly however, the issues raised in this submission have wider implications for private investment in the railway. With public finances under competing pressures, there have recently been increasing calls for private investment and financing of railway projects. The HSR scheme, serving what even today is the UK's – and possibly Europe's – largest unserved rail market is recognised as a pathfinder project for private investment. HSRL would not want the well-intended outcomes of the Bill to have an inadvertent impact on the willingness of the private sector to invest in the railway at a time when that private investment is increasingly important.

3 Clause 72 of the Bill

- 3.1 Clause 72 of the Bill gives the Secretary of State very broad powers to make regulations, including about:
 - 3.1.1 how non-GBR infrastructure (which will include the new railway owned by HSRL) is managed and operated;
 - 3.1.2 the rights of trains to operate between places using non-GBR infrastructure;

- 3.1.3 the provision and supply of facilities and services facilitating the operation of trains.
- 3.2 Any such regulations may in particular (i.e. this is not exhaustive) be made to include the following:
 - 3.2.1 make provision relating to non-GBR infrastructure corresponding or consequential to provisions relating to GBR infrastructure;
 - 3.2.2 allow the functions of the person managing the infrastructure (in this case HSRL) to be performed by the train operator;
 - 3.2.3 make provision about terms, conditions and charges for the use of non-GBR infrastructure (as well as the supply of facilities and services);
 - 3.2.4 restate or replace the 2016 regulations.
- 3.3 HSRL therefore has a number of significant concerns with the broad nature of this power to make regulations:
 - 3.3.1 regulations could be made which have the effect of undermining the basis upon which a particular non-GBR infrastructure project is undertaken, and which could therefore undermine the foundations of the HSR scheme. For example, the basis on which the new railway is operated and maintained (and the capital costs recovered) or the terms of or charging for access, could be changed;
 - 3.3.2 the power to alter the basis and rights (for example origin/destination points) on which trains access the new railway and the connecting GBR network means that the business case for the new railway could be undermined. This could include, for example, if access rights are removed or if services are only allowed to serve a more limited number of communities (which would reduce fare revenues benefiting the train operators (assumed to be GBR and TfL) and Treasury);
 - 3.3.3 the functions of HSRL in managing and operating the new railway (and receiving access charges for so doing) could be taken over by a train operator, in principle completely removing HSRL and its investors from the picture;
 - 3.3.4 the amount of charges, and the terms and conditions on which access is granted to the new railway, could be amended by regulation without the consent of HSRL, which could fundamentally change the basis on which the project proceeded;
 - 3.3.5 the 2016 regulations establish the present legal and regulatory framework for access to the railway network and broad powers to amend or restate these creates uncertainty about whether private investments would be recoverable at all due to the unpredictability about the use of such powers. For example, the 2016 regulations:
 - (a) set out the legal and regulatory basis for charging for access to the railway – for example, the ability to recover the capital costs of a railway project by way of an “Investment Recovery Charge” and how the costs of

operating, maintaining and renewing the railway should form the basis of access charges;

- (b) include principles relating to the provision of fair and non-discriminatory access to the railway;
- (c) set out a framework within access rights to the railway network are granted so that services can operate;
- (d) facilitate transparency about railway networks and how access is granted to those railway networks;
- (e) promote good performance of railway networks and the operation of trains on those networks through performance schemes; and
- (f) requires cooperation between infrastructure managers (such as GBR and HSR) in relation to allocating cross-network capacity for service operation.

The 2016 regulations cover significant areas for the operation of railway networks and services across those networks. Having predictability in these areas impacts how the railway will be used by trains, and how the significant upfront investment will be recovered. It therefore goes to the heart of the decision to invest.

- 3.4 Even if there are assurances that these broad powers will only be used in particular circumstances, the existence of these powers is likely to create difficulties for private investors. There is a material risk that the basis on which their investment is made, and the ability to recover their investment in the manner or quantity anticipated, could be changed by regulation within the investment recovery period. This creates uncertainty and unpredictability and therefore will reduce or remove private investors' willingness to invest in the rail industry in the first place.
- 3.5 HSRL therefore considers that this broad power should be removed from the Bill, or at the very least significantly narrowed. It is not clear that it is needed and risks unintended consequences for private investment in the rail industry, and as a result the ability of the railway to be a catalyst for growth.
- 3.6 Furthermore, in the specific context of Heathrow expansion, which Government prioritises as a critical strategic objective, the £49bn (2025 prices) capital cost estimate for a third runway and its associated facilities excludes the new railway infrastructure essential to meeting the conditions imposed by a Development Consent Order. The economic case for Heathrow expansion is therefore dependent on private investment to deliver the necessary rail infrastructure.