

# OPTIMISING THE TRANSITION FROM ASSET CREATION TO ASSET OPERATION MEETS INVESTMENT OBJECTIVES



High Speed 1 (HS1), formerly known as the Channel Tunnel Rail Link, is a 67 mile high-speed railway line. It runs from St Pancras International in central London, through to the British end of the Channel Tunnel. HS1 forms part of Europe's expanding high-speed rail network and significantly reduces journey times to destinations across Kent, via high speed domestic services, and across Europe via Eurostar and onward connecting international high speed services.

*“The transition plan, and the support in mitigating risks, enabled HS1 Ltd to be set up on time to lead and direct operations from the day the line began operation. This ensured the client met their investment objectives and benefits case, as outlined in the business case, but most critically helped passenger services to commence as planned.”*

As construction of HS1 and associated stations came to completion, there was a need to create an entity within London & Continental Railways, the company behind the construction, to be the custodian and asset owner of the stations and the track itself. The entity would manage the operator of the asset and have a variety of train operator clients, such as Eurostar and Southeastern.

EC Harris was appointed by the Managing Director of HS1 to work with them to define and create the new asset owner organisation and put this in place, fully functioning prior to the commencement of passenger operations.

The transition needed to be managed so that Britain's first high speed railway could open on time and on budget. Not doing so would have had significant financial implications.

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### Creating solutions

Over an initial seven week period EC Harris worked with key individuals within the client organisation and created a vision and strategy for the new asset owning entity. This entity was to be ‘an informed intelligent owner of HS1, creating enterprise value from the infrastructure and other assets by achieving excellence in operational activity and proactive commercial stewardship.’

In developing the vision and five strategic drivers, it was essential to take into account the complexity of the relationships between the asset owner, operator and train operating companies. We had to balance the competing stakeholder demands and priorities in order to achieve a positive outcome.

To deliver the vision and create the new organisation EC Harris designed four critical elements; an organisational design that reflected the business nature and an effective organisation structure to meet delivery requirements; a financial map which brought together a consensus view of the financial levers, volatilities and flows; a detailed transition plan for the mobilisation of HS1 and a high level road map. So, High Speed 1 Limited (HS1 Ltd) was formed.

Due to the success achieved in the first part of the project we were then asked to continue to support HS1 Ltd in implementing the transition from construction to operations. This included:

- Working with the Managing Director and other stakeholders in actively managing the risks associated with transition from capital project to asset operation
- Developing and implementing the facilities management strategy
- Preparing job descriptions for recruitment to the new organisational design.

### Adding value

EC Harris initially delivered a plan for the entity’s creation which highlighted areas of risk, requirements for successful integration and the cost for transition from construction organisation to asset owner. This led to our appointment being extended for a further nine months where we continued to support the client in delivering the successful transition from construction to operations. We also managed any risks that were identified.

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