

 Regulatory Policy Committee	Opinion	
Impact Assessment (IA)	Railway matters and regulations –HS2 Hybrid Bill	
Lead Department/Agency	Department for Transport	
Stage	Final	
IA number	DFT00248	
Origin	Domestic	
Expected date of implementation (and SNR number)	May 2015 SNR9	
Date submitted to RPC	25/09/2013	
RPC Opinion date and reference	10/10/2013	RPC13-DFT-1912
Overall Assessment	GREEN	
<p>RPC comments</p> <p>The IA is fit for purpose. The One-in, Two-out position appears to be robust. The IA would have benefitted from providing some further explanation as to why it has not been possible to monetise costs, as indicated below.</p>		
<p>Background (extracts from IA)</p> <p>What is the problem under consideration? Why is government intervention necessary?</p> <p>There are a number of provisions in the current regulatory framework for UK railways (governed by the Railways Act 1993 as amended by the 2005 Railways Act). The focus on the existing railways could potentially cause considerable cost and delay to HS2 Phase One. The Hybrid Bill to bring forward HS2 Phase 1 therefore includes provisions to support the delivery of the project, including some additions, modifications and disapplications of current legislation similar to legislation passed for Crossrail. For example, the closures process specified in the 2005 act requires proving disuse or underutilisation which would effectively duplicate the parliamentary debates on closures in the case of the Hybrid Bill.</p> <p>What are the policy objectives and the intended effects?</p> <p>The policy objectives are to:</p> <ul style="list-style-type: none"> - remove obstacles that might cause delay to the HS2 project, some of which arise due to existing legislation. These deregulatory ambitions can be achieved without any adverse impact on competitors or the public; and <p>set up a mechanism for the developer of HS2 to reach agreements with other operators where respective economic interests have an impact on the development of the project</p> <p>What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)</p> <p>Option 0 (Do nothing) – In this scenario, the current legislative regime for railways would remain in place. The HS2 project would be at risk from delays arising from the normal development of the existing network, from other operators seeking</p>		

opportunistic profits from HS2's urgency, and from conflicts between the existing process for closing railway assets and the planned route once approved by Parliament.

Option 1 (Preferred) – Legislation is brought forward within the HS2 Phase One hybrid bill to address requirements set out in earlier, primary legislation, which would remove some of the possible causes of delay without damaging the interests of the public and other operators.

Comments on the robustness of the OITO assessment

The IA states (page 9) "*As this measure concerns the regulatory impacts associated with a significant spending decision it is out of scope of One-In, Two-out.*" Although this has yet to be reflected in the Better Regulation Framework Manual, we understand this assessment is in accordance with recently agreed OITO methodology and has been signed off at Ministerial Level.

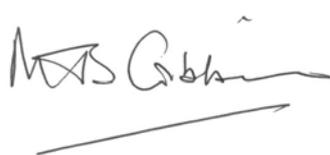
Comments on the robustness of the Small & Micro Business Assessment (SMBA)

The proposals appear to regulate business and come into force after 1 April 2014 and therefore the SMBA is applicable. However, the IA explains that the proposals only affect large organisations (Network Rail, the ORR, the Nominated Undertaker for HS2 and Train Operating Companies).

Quality of the analysis and evidence presented in the IA

The IA explains clearly (page 6) why it has not been possible to monetise benefits. The explanation for why it has not been possible to monetise costs (page 7) is less detailed and the IA would benefit from additional information there

Signed



Michael Gibbons, Chairman