

Company Secretary
Network Rail Infrastructure Limited
Waterloo General Office
London
SE1 8SW

27 March 2024

Network Rail’s network licence, Condition 16 (Financial ring-fence): Euston Station Development Agreement

1. In a notice to Network Rail dated 15 January 2018, the Office of Rail and Road (“ORR”) gave its consent, under the financial ring-fence condition of Network Rail’s network licence, to the company entering into a development agreement with other parties to allow the development of parts of the Euston estate for commercial and residential purposes¹.
2. Paragraph 10 of that notice provided that the consent was valid from 15 January 2018 to 31 March 2019, or such longer period as ORR may specify in a notice given to Network Rail. On 14 March 2019, following our consideration of Network Rail’s request for extension, dated 23 January 2019, we extended the duration of the consent until 31 March 2024².
3. On 26 March 2024, Network Rail requested formally, under Condition 16.1(c) of its network licence, further extension to the consent in order to enable the activity to continue. The letter is attached at Annex A.
4. Network Rail has confirmed to us that the terms of the development agreement are unchanged materially: that it would not contribute towards costs of the development – all further costs are to be met by the master development partner – and Network Rail is not liable for any costs. We therefore consider that the duration of the consent should be extended.
5. We note Network Rail’s confirmation that if it were to be likely to face any other liabilities arising from development activity at Euston which were outside the scope of the development agreement, Network Rail would apply to ORR for a separate consent for those liabilities under Condition 16.1(c).

¹ The notice is on ORR’s [website](#).

² The notice of 14 March 2019 is on ORR’s [website](#).

6. ORR hereby gives notice, for the purposes of paragraph 10 of our consent dated 15 January 2018, that the consent shall remain valid until 31 March 2029, or such longer period as we may specify in any further notice given in writing to Network Rail.

7. All other terms and conditions set out in the notice of 15 January 2018 remain unchanged.

27/03/2024

X

Les Waters

Head of Licensing

Signed by: S-1-12-1-966673442-1316586399-15867803-3367161311/6cf3732f-04be-44fd-8530-4edcf25f862

Duly authorised by the Office of Rail and Road



Les Waters
Head of Licensing
Office and Rail and Road
25 Cabot Square
London

(Sent by email)

26 March 2024

Network Rail Infrastructure Limited
The Quadrant
Elder Gate
Milton Keynes

Email:
[redacted]

Dear Les,

Euston Station Development Agreement

In a notice dated 15 January 2018 and subsequent [letter dated 14 March 2019](#), ORR consented under condition 4 (now condition 16) of the Network Licence to Network Rail entering into a development agreement with Department for Transport (DfT) and a development partner to allow the development of parts of the Euston estate for commercial and residential purposes. This consent is valid until 31 March 2024 or such longer period as ORR may specify in writing.

Pursuant to ORR's consent, Lendlease Europe Holdings Limited (the "Master Development Partner") signed the Development Agreement and associated documents with the Secretary of State for Transport and Network Rail Infrastructure Limited on 15 March 2018. The Development Agreement was novated to Lendlease Euston Development LLP on 5 December 2018.

Given that the Development Agreement has a duration of at least 25 years, we request that ORR grants further consent under condition 16.1(c) of the Network Licence until the end of Control Period 7 (31 March 2029) to enable activity to continue.

It should be noted that:

- There have been no material changes to the terms of the Development Agreement as outlined in our letter dated 9 October 2017, beyond adjustments to contractual milestones to reflect the

delay to wider transport infrastructure delivery at Euston.

- The activities required of Network Rail in fulfilling its obligations under the contract will not cause any significant management distraction nor have an adverse impact on Network Rail's ability to undertake its permitted business.
- The attached letter from DfT updates their previous correspondence letter dated 27 November 2017 and should therefore be taken to support this letter. For the avoidance of doubt, in regard to the reference to 'further liabilities' stated in the letter, any new liabilities not covered by the existing Development Agreement would be subject to a separate consent application.
- It is not expected that land will be drawn down for development for at least five years therefore no consent under condition 17 is being sought at this time.

If you have any questions with regard to this matter, please do not hesitate to contact me.

I am copying this letter to Jessica Jones, Principal Development Manager at Network Rail, and to Steven Howell, Deputy Director, High Speed Rail Group and Daniel Gascoigne, Euston Development Sponsor, both at DfT.

Yours sincerely,

Michael Chu

Head of Regulatory Compliance & Reporting

On behalf of Network Rail Infrastructure Limited



Department
for Transport

Jessica Jones
Network Rail, Principal Development Manager

Sent via email

Gidon Wider
Euston OSD Sponsor
Department for Transport
Great Minster House
33 Horseferry Road
London
SW1P 4DR

Tel: [redacted]

Web Site: www.gov.uk/dft

28/11/2023

Dear Jessica,

Euston sits in an internationally significant commercial district close to a world-leading cluster of scientific, research and development institutions and the site has increased value as a result of the improved connectivity which HS2 infrastructure and a redeveloped conventional station will bring. The Network North paper published in October outlines the Government's intention to considerably enhance the ambition of the Euston redevelopment, where we will be looking to create a transformed 'Euston Quarter'.

In 2018 Lendlease were appointed as the Master Development Partner (MDP) for Euston, covering both the Secretary of State (SoS) and Network Rail (NR) owned land. Both landowners are signatories to this contract. In relation to the funding liabilities, the principle upfront payments are currently capped at £33.4m and this will be met entirely by DfT. Further liabilities will either be netted off any income generated by the development or incurred as a result of MDP services called upon at the discretion of the commissioning organisation. NR are not obliged to incur liabilities that will not be met through income from the development.

There will be ongoing work regarding the business case for a potential redevelopment of the NR concourse and station at Euston alongside associated development that is likely to require some element of development funding. This is an independent piece of work that is driven by the need to replace life-expired transport elements and improve performance.

In parallel to this contract, DfT and NR have entered into Collaboration Agreement to govern how wh as landowners manage the contract between us. It sets out principles for the pooling of land, obligations and decision making.

If you wish to discuss any of this in more detail please let me know.

Yours sincerely,

[redacted]

Gidon Wieder

Department for Transport