

**Will Godfrey**

Director Economics, Finance and Markets  
[Redacted]



Bill Reeve, Director of Rail, Transport Scotland

cc:

Kerry Twyman, Director of Finance and  
Corporate Service, Transport Scotland;

Liam Sumpter, Managing Director, Network Rail  
Scotland

(by email)

10 April 2025

Dear Bill

**ORR's review of Network Rail Scotland's RF11 delivery plan update  
for the financial year ending 31 March 2025**

This letter provides our findings based on Network Rail Scotland's final RF11 submission. This follows up on our draft key findings letter provided to you on 7 March 2025, to support agreement from the Cabinet Secretary for Network Rail Scotland's delivery plan for 2025 (DP25) to be published. I also respond to the questions in your letter to ORR sent on 19 March 2025.

Where appropriate, this letter also includes our latest views on delivery based on our ongoing monitoring of the CP7 HLOS requirements.

Based on the subsequent delivery plan detail provided by Network Rail Scotland, the points set out in our 7 March 2025 letter remain unchanged. We have not identified any material changes in the RF11 plans when compared to Network Rail Scotland's CP7 delivery plan (DP24). The plan also remains financially aligned with DP24, which we welcome.

Further, the overall forecast for effective renewal volumes delivery in CP7 remains unchanged. As I set out in my earlier letter, this is a more stable position than in England and Wales.

Expenditure on core renewals for CP7 also remains consistent with DP24. This covers assets such as track, signalling, structures, earthworks, drainage, buildings, electrification and fixed plant and telecoms.

We are aware of continuing financial pressures and the challenges these could present to Network Rail Scotland and will continue to monitor this closely in our future RF reviews.

In your letter of 19 March 2025, you give credit to Network Rail Scotland for its delivery in the first year of CP7, including in relation to delivery in effective renewal volumes and exceeding its efficiency target. We welcome this acknowledgement and recognise that greater stability in year 1 of CP7 means that there have been limited changes to the plan for years 2-5.

While you recognise that Network Rail Scotland has delivered in certain areas, you note concerns on delivery of three aspects of the plan, each a requirement of the CP7 Scottish Ministers' High Level Output Specification. This includes the Scotland Train Performance Measure (STPM); infrastructure readiness for the introduction of new rolling stock; and journey time improvements.

You wrote to Network Rail Scotland to ask it to revise its DP25 to address these points and asked ORR to consider each in our assessment of the next iteration of the plan. You and I discussed these points at our meeting of 1<sup>st</sup> April.

The remainder of this letter summarises our assessment of each of the three areas.

## **Performance**

The Scottish Ministers' HLOS includes a focus on performance and requires Network Rail Scotland to maintain the network in such a manner as to enable ScotRail to achieve a performance target of 92.5% in each year of CP7. At the time of the PR23 final determination, we said that we would set the baseline at 92.5% for each year of CP7 and hold the company to account for its contribution towards delivering this level of performance in CP7. In its DP24, Network Rail Scotland set out a trajectory of how the alliance with ScotRail ('the Alliance') would deliver the target by year 4 of CP7.

The Alliance has not achieved its year 1 target. As the year 1 exit is worse than forecast, the Alliance has changed its year 2 target from 91.2% to 90.7% (the 'recovery target'). At Period 12, the STPM (moving annual average) was 89.63%.

Prior to the CP7 business plan being agreed last year, Transport Scotland asked ORR to explain how we would know if Network Rail Scotland was delivering (or under-delivering) on train performance. We said that we would use other key performance indicators such as Network Rail Scotland delay per 1,000 miles of train distance travelled. At Period 12, Network Rail Scotland is slightly better than its year 1 target on this measure (a moving annual average of 17.8 mins vs a target of 18.0 mins). This also represents a 17% improvement compared to the same time a year ago, which is proportionately the greatest improvement of any Network Rail region over that time.

To deliver the original year 2 STPM target of 91.2% (as set in Delivery Plan 2024), Network Rail Scotland had committed to reducing the number of STPM failures it caused by 5.5%. Through the most recent target setting and forecasting it has committed to a 6.8% target reduction. This data further supports that Network Rail Scotland is delivering against its plan.

Conversely ScotRail has had a more challenging year with industrial action, shortages of traincrew and issues with fleet reliability and its level of delay has increased.

Performance needs to improve to get back on track to the trajectory towards delivering 92.5% STPM. Since my letter to you of 7 March, we met with ScotRail, Scottish Rail Holdings and Network Rail Scotland (on 28 March 2025) to understand and validate the year 2 target. We thought that the performance assumptions which underpin the year 2 target were both credible and stretching. Future forecasts also included benefits from approved Targeted Performance Fund (TPF) schemes.

We expect Network Rail and ScotRail to shortly deliver a joint whole industry performance plan, with greater transparency and a more regular regime of reporting against milestones and measuring benefits and see this as a key enabler to getting to 92.5% STPM. We note that the Alliance will shortly provide its joint plan as committed to in the March 2025 meeting of the Portfolio Board. We will work with Scottish Rail Holdings (SRH) to monitor and assess delivery of the Alliance's joint plan.

In addition to a clear performance improvement plan, it is vital that the Alliance continues to strengthen how it works together and embeds a proactive culture within both organisations to support delivery of the STPM target. The Alliance should actively seek opportunities beyond those that are planned. The recent track and train reviews to seek initiatives from front line staff, to help identify both performance and journey time improvements, is a good example of this. In terms of technology, the deployment of the Luminate traffic management system in Scotland has been very successful and the Alliance needs to continue to maximise similar opportunities - for example by making best use of Trainserv (which is being funded through the TPF) - to expediently drive timetable enhancements.

We will continue to hold Network Rail Scotland to account for its contribution to improving performance and will work closely with SRH as it holds ScotRail to account.

### **Infrastructure readiness for the introduction of new rolling stock**

In your letter, you highlight the critical importance of reducing the extent of known infrastructure incompatibilities for the successful introduction of new train fleets. Accurate infrastructure data is essential to ensure that the procurement of new fleet is based on the most up to date information. This should reduce the risk of

retrospective changes later on – an issue that we highlighted in our recent review of the [costs and benefits of health and safety interventions](#).

When we met on 1 April, you spoke about the pressing timescales for Network Rail Scotland to provide data on network capability given the procurement for replacing suburban fleet planned for later this year.

Network Rail Scotland has updated its Delivery Plan to include details of improved governance for the suburban fleet introduction which should ensure that any infrastructure changes that may be necessary are completed in time for the introduction of the new fleet. Separately, Network Rail Scotland has assured us that it is working with ScotRail to make sure that the Train Infrastructure Interface Specification provides ScotRail with network capability data to allow ScotRail to procure the new fleet with confidence. At the Senior HLOS delivery group on 7 April 2025, ScotRail confirmed that Network Rail was now providing what it needed for fleet procurement.

We recognise and share your concerns around Network Rail Scotland's delivery of the Scottish Gauge (which establishes SG1 and SG2 composite vehicle gauges). When we met, we both agreed that Network Rail Scotland needs to be more transparent on how it is progressing the 13 actions from its gauging strategy (which delivers the Scottish Gauge).

We raised this at the recent Senior HLOS delivery group meeting. Network Rail Scotland recognises that there has been a gap in its reporting of progress. It has committed to provide detail of the steps that are being taken to deliver the Scottish Gauge and has said it will arrange a meeting to talk through delivery of its plan. It recognises the urgency and has committed to doing this in April 2025.

### **Improving journey times**

Prior to the start of CP7, Network Rail Scotland provided a plan (*'Our plan to make journey times faster'*, dated 27 February 2024) setting out its commitment to improve journey times across Scotland – this included eight specific commitments. We attend meetings of the monthly journey time working group, the group responsible for delivering the eight commitments in the plan.

We have seen that this group continues to proactively identify opportunities to reduce journey times on Scotland's Railway. We see strong collaboration between ScotRail and Network Rail Scotland in identifying both the challenges and possible solutions. Examples of some of the improvements identified from this group, to be implemented for the December 2025 timetable were discussed at the Strategic Timetabling Steering Group in March 2025.

I recognise that the most recent minutes per mile metric is forecast to be worse than target for the May 2025 timetable change. This is because of changes made at

Leven (two trains per hour) with the extension of services from Glenrothes to Leven and the extension section being slower than the overall average minutes per mile.

Network Rail Scotland has been clear that the impact of delivering its eight commitments will not start to show until the 2025 timetable onwards due to the length of time it will take to develop and implement a timetable change (in line with the Network Code).

As well as implementing changes via the timetable, you have sought assurance that Network Rail Scotland is taking account of opportunities to improve journey times through infrastructure renewals. In the most recent update of the HLOS mapper, Network Rail Scotland's senior team confirmed that it works closely its asset management specialists to balance whole industry cost with timetable outputs, with the aim of maintaining or improving timetable outputs for the lowest industry cost. This includes for key renewal investments such as Wemyss Bay switches and crossings renewal, Dalwhinnie resignalling and Kilmarnock switches and crossings renewal.

Further, at the recent Senior HLOS delivery group meeting, Network Rail Scotland's Managing Director confirmed that he is now proactively challenging his team at the Investment Panel on whether they have considered opportunities to improve journey times (for example on track renewals). Network Rail Scotland has also brought in a specialist to review line speeds across the network, to help identify where there could be improvements.

### **Future reporting**

You conclude your letter by highlighting the importance of ORR's scrutiny of all of the CP7 HLOS requirements. I want to provide assurance that we continue to monitor delivery of all 87 requirements and for this year's Annual Assessment we will include further detail on our assessment of Network Rail Scotland's delivery of the HLOS requirements.

We will publish this letter on our website in due course. I am also attaching for reference a report we have provided to DfT in support of our RF11 assurance for the wider network (primarily focussed on England & Wales). I am happy to discuss any of the points in this letter with you.

Yours sincerely

**Will Godfrey**