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Director Economics, Finance and Markets
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Ben Llewellyn, Director Rail Performance and
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Sam Turner, Group Finance Director, Network
Rail
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Dear Ben and Sam,

9 December 2025

ORR's review of Network Rail's RF6 delivery plan update for the financial year ending 31 March 2026

This letter provides our findings based on Network Rail's RF6 submission. The focus of this letter is the plans for England & Wales regions. We have written separately to Transport Scotland on our review of the plan for Scotland.

We consider that Network Rail's RF6 plans are consistent with DfT's financial limits for drawdown of the network grant as set out in the Network Grant agreement for 2025-26. The plans also remain financially aligned with the Secretary of State's approved Delivery Plan (DP24), published at the start of FY25. This is consistent with our findings at RF11, as set out in [my letter](#) to DfT and Network Rail on 7 April 2025.

We recognise the financial pressures that Network Rail has experienced in CP7 and that tough choices need to be made within the company's funding envelope. Network Rail has continued to work constructively to prioritise delivery in this context.

Network Rail continues to make progress on closing the funding gap and the efficiency programme is on track. However, continued pressure on budgets – notably from headwinds such as inflation and efforts to closing the funding gap – has put pressure on renewals delivery. We have concerns that Network Rail is likely to miss its CP7 target for asset sustainability as measured by the Composite Sustainability Index (CSI), primarily due to the cuts it is making to its core renewals plan, and the

potential consequences of this. We are actively working with Network Rail to better understand the consequences and implications from this change in asset condition.

Since RF6, Network Rail has explained that it is progressing consideration of further efficiencies and reprioritisation of national programmes in response to the continued pressures. We welcome these actions and will engage further through RF9.

In summary, at RF6, our findings are that:

1. **Network Rail's RF6 forecast remains in line with overall funding** and we acknowledge the financial pressures it has experienced in CP7 to date.
2. **We remain confident in Network Rail's progress against its efficiency target** of £589 million for FY26. Targets for later years are more challenging given the profiling of the overall £3.9 billion efficiency target over CP7.
3. Nevertheless, **financial pressures remain** (e.g. higher than expected inflation compared to that assumed at DP24 and, more recently, possible industrial action). **Network Rail's ability to manage that risk is also increasingly limited** because unallocated risk funding for England & Wales is now £254 million (just 17% of the £1.5 billion at DP24). Network Rail's funding gap also persists – albeit now £235 million (down from £928 million at DP24) and we welcome that the company plans to close the gap by the end of this financial year. Network Rail has also taken up nearly all the options we proposed in PR23 to address the funding gap and while the company should seek its own options, there remains a difference of view between us and Network Rail on the scope and value of what more could be delivered before any further reduction in core renewals.
4. Network Rail has made **reductions to core renewals plans for CP7** to manage the cost pressures that it has experienced. Latest forecasts indicate that asset condition is likely to deteriorate by more than expected at DP24 and that the CSI target is unlikely to be achieved. A revised forecast of the CSI outcome for CP7 will be calculated and reported by Network Rail at the end of year 2. Given the importance of long-term asset condition and a credible risk of additional cuts to core renewals, we are working jointly with Network Rail to understand the drivers and mitigations. We continue to challenge the company to explain and evidence how it will mitigate the impacts of reduced core renewals. Following this review, we will work with Network Rail to identify opportunities to mitigate the extent of the CSI shortfall. We will also assess the lessons that can be learned from the strategic decisions Network Rail has taken in CP7 to date.
5. **Risk exposure on assets is increasing with implications for asset reliability and future performance**, which will be a key consideration for CP8 planning. Assurance undertaken by Network Rail's Technical Authority by region and asset type, identified the areas of highest risk at RF6. Network Rail plans to manage safety risks through increases in maintenance, improved insight tools and enhanced operational controls and Network Rail is confident that it is managing

safety risk as low as reasonably practicable (ALARP). Given the exposure to be managed, we are increasing our focus and engagement on Network Rail's mitigations (including around maintenance), ensuring that this remains proportionate, effective and focused on the most critical areas.

6. **Passenger train service punctuality is forecast to miss the target for year 2 except in North West & Central and Wales & Western.** Passenger train cancellations are improving, led by Wales & Western and North West & Central. Freight train cancellations are also improving and are on track to meet year-end targets except in Wales & Western. Looking ahead to the rest of CP7, we will be holding Network Rail to account against the new passenger train performance targets being set through the CP7 reset which we are publishing shortly.

We will publish this letter and the supporting report on our website. I am happy to discuss any of the points in this letter or our report with you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'W Godfrey', with a stylized flourish at the end.

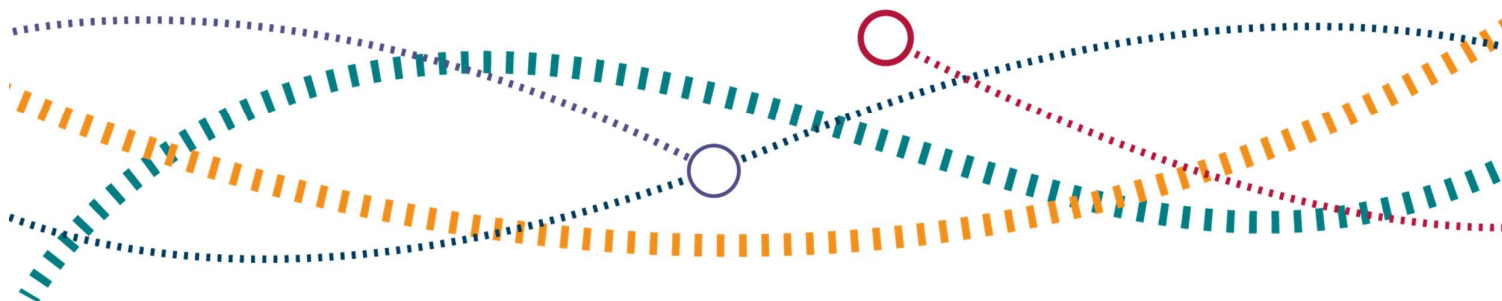
Will Godfrey



Review of Network Rail's Delivery Plan update (RF6)

FY 2026

09 December 2025



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About this document

This report provides our assessment of Network Rail's delivery plan reforecast in period 6 of year 2 of control period 7 (CP7), known as 'RF6'. The RF update to the plan sets out what Network Rail is forecasting to deliver for its operating, support, maintenance, and renewals (OSMR) activities, and its income and expenditure forecasts for 2025-26 (FY26) and the subsequent years of CP7.

ORR reviews the reforecast as part of how we monitor Network Rail's delivery against the Periodic Review 2023 (PR23) final determination, as well as to provide assurance to funders about Network Rail's delivery. Specifically, we focus on:

- Network Rail's progress against its 2024 Delivery Plan (DP24), which sets out how Network Rail intends to deliver our PR23 final determination, and is approved by the Secretary of State; and
- changes since the last iteration of the plan (the RF11 plan). We provided the findings of our review to the Department for Transport (DfT) [on 7 April 2025](#).

Our review focuses on the key areas agreed with DfT prior to the start of CP7 and highlights material changes for DfT's attention. Annex A provides supporting charts and tables.

The figures in this note are presented in cash prices.

Financial update at RF6

Network Rail's RF6 forecast remains in line with overall funding and we acknowledge the financial pressures it has experienced in CP7 to date.

We remain confident in Network Rail's progress against its efficiency target for FY26. Targets for later years are more challenging given the profiling over CP7.

Nevertheless, financial pressures remain (e.g. higher than expected inflation compared to that assumed at DP24, and, more recently, possible industrial action). Network Rail's ability to manage that risk is also increasingly limited.

CP7 efficiencies

- 1.1 Despite the cost pressures Network Rail has experienced in CP7 to date, at RF6, we are confident of Network Rail's ability to deliver its efficiency programme target of £589 million for FY26. At RF6, Network Rail's BRAG (blue, red, amber, green) rating of its efficiency forecast, has 95% of efficiency schemes rated Blue/Green for FY26, where either enabling activity has been delivered or is in place with a plan, and there is confidence in delivery. 67% of efficiency schemes are Blue/Green rated for CP7 as a whole.
- 1.2 The required scale of efficiency delivery increases in the later years of the control period and is therefore more challenging for Network Rail to deliver. While most regions have overlays on their CP7 forecasts to mitigate any change or slippage, Southern still needs to identify £72 million of additional efficiencies to meet its CP7 target.
- 1.3 A significant proportion (63% or £2.1 billion as set out in our Final Determination) of Network Rail's CP7 efficiencies relate to renewals. Network Rail's renewals delivery has, as noted in the Asset Management section below, reduced at RF6.
- 1.4 Network Rail has not lowered its forecast of associated renewals efficiencies, which we might expect to reduce given the reduction in volumes. If the renewals efficiency forecast reduces then Network Rail will need to deliver other efficiencies

(i.e. across operations, support or maintenance) to achieve its overall £3.9 billion efficiencies target in CP7.

Risk funding and financial risks

- 1.5 There are potential financial risks (e.g. inflation and possible industrial action) for Network Rail to manage over CP7 and Network Rail's ability to manage that risk is increasingly limited.
- 1.6 Network Rail began the control period with £1.5 billion of risk and input price funding for England & Wales. At RF6, the unallocated risk fund is £254 million (17% of the five-year risk fund, noting that 70% of the control period remains at RF6) and the remaining input price funding is £515 million. At the same point in CP6, 23% of the risk fund remained unallocated.
- 1.7 Inflation remains a risk and Network Rail's RF6 plan is based on the forecasts at the time of the March 2025 Office of Budget Responsibility (OBR) forecast. The Bank of England forecasts since then have trended higher, and we expect increases in Network Rail's RF9 CP7 forecast. Applying the OBR release from November, Network Rail considers that the net inflation impact would be £140 million higher.
- 1.8 The 2025 Spending Review funding reduced available resource funding (RDEL) by £165 million over years 3-5 of CP7. This is now incorporated into Network Rail's group plan, and Network Rail expects to deliver these savings through the options it outlined as part of its spending review submission – for example, reducing the amount of funding held in its subsidiary to insure its own risks. Network Rail has said that it is not expecting that its regions will be required to take on a share of this reduction.
- 1.9 Network Rail has highlighted the risk of industrial action following the RMT announcement that it is in dispute with Network Rail. Network Rail is planning for CPI based pay deals, whereas the RMT are asking for above CPI pay deals. Any agreed above-inflation pay deal would have an impact on the overall CP7 plan unless this can be mitigated by savings elsewhere. Network Rail estimates that every percentage point that pay deals are increased above CPI adds an additional £17 million per annum to its pay costs for the remainder of the control period, whereas the cost of industrial action would be around £20 million per day.

England & Wales funding gap

- 1.10 At RF6 Network Rail has made progress in closing the funding gap but has further to go for it to be fully closed by the end of this financial year.
- 1.11 Network Rail started the control period with a funding gap of £928 million. Since then, this gap has reduced by £693 million through savings identified by the regions. Network Rail's plan remains to close the funding gap by the end of this financial year, which is reflected in regions' budgets.
- 1.12 Network Rail's funding gap has reduced from £277 million at RF3 to £235 million at RF6. This net £42 million decrease is made up of £191 million savings but also a £149 million increase in renewals costs in the Southern region, which largely offsets the savings (see Figure A.1 on page 26).
- 1.13 Wales & Western is the only region to have closed its portion of the funding gap to date. Southern had closed its initial target but this has increased to £149 million as set out above. North West & Central has £64 million and Eastern £21 million remaining.
- 1.14 We remain concerned that Network Rail has reduced the funding gap through cutting projected core renewals delivery over the remainder of CP7. Network Rail has reported for the first time that is likely to miss its regulatory targets for asset condition (for more detail see the Asset Management section).

Asset Management

Network Rail has made reductions to its core renewals plans for CP7 to manage the cost pressures that it has experienced. Latest forecasts indicate that asset condition is likely to deteriorate by more than expected at DP24 and that the CSI target is unlikely to be achieved. A revised forecast of the CSI outcome for CP7 will be calculated and reported by Network Rail at the end of year 2.

Risk exposure on assets is increasing with implications for asset reliability and future performance, which will be a key consideration for CP8 planning.

- 2.1 RF6 has seen further decreases in projected asset effective volumes (which is an indicator of the life added by asset by renewals work) above those already observed through CP7 across the England & Wales regions. This is driven by affordability and the pressures to reduce the funding gap.
- 2.2 Effective volume reductions are the result of descopeing of renewals work to refurbishment activity, deferment of renewals work into CP8, and a shift in spend from volume related renewals to other, non-volume, renewals. Some CP7 work was also accelerated and delivered in CP6. We are aware of the application of Network Rail's asset policy; however, we have not been sufficiently assured that spreading reductions across core assets is the right approach. Network Rail has not done enough to target critical sustainability issues across the network such as Metallic Structures or Earthworks in North West & Central. As an example, North West & Central has re-prioritised funds from the West Coast Main Line (North) WCML(N) to deliver lower priority renewals rather than fully reinstating effective volumes in the assets most in need of intervention. This appears to us to be sub-optimal expenditure, and we are not convinced that these renewals are necessary in the context of other deferrals across the network or as important as Earthworks activity in the region. We will be looking for Network Rail to demonstrate how it is addressing the key risk areas as part of its RF9 submission.
- 2.3 Network Rail's maintenance teams are currently performing well, but they are already facing significant pressures around funding, recruitment of competent resource and limited track access. These issues constrain the opportunities for

- maintenance teams to take on the additional pressure as a result of reducing core renewals.
- 2.4 Since PR23 we have challenged Network Rail to provide a clear explanation and evidence of how maintenance will adapt to deal with these pressures (or alternative mitigations, such as an increase in minor capital works). We recognise the work Network Rail has done to date, but we have still not been provided with a clear explanation, the evidence provided in RF6 was inconsistent with periodic returns, and it did not demonstrate an increase in capacity in maintenance. We recognise that regions and Central Functions are engaging with us on this and starting to provide more information, but this remains a priority for us.
- 2.5 Network Rail is likely to miss its Tier 1 measure for asset sustainability namely the composite sustainability index (CSI) for CP7. Network Rail's Technical Authority (TA) has also said that Network Rail will miss its CSI target, and its analysis has highlighted that both Wales & Western and North West & Central are adverse to their respective targets.
- 2.6 Noting the ongoing funding gap and the limited risk funding to deal with extreme weather or other pressures, our assessment is that the TA's review does not reflect the future risk to delivery. We expect further pressure on core renewals spend and hence on CSI. As noted above, Network Rail is likely to miss its England & Wales CSI target (which is a -2.5 percentage points change in CSI over the control period). Based on our broad-brush calculation, drawing on the changes made between draft and final determination for PR23, the reduction in effective volumes at RF6 could imply CSI being missed by approximately -0.5 percentage points. A revised forecast of the CSI outcome for CP7 will be calculated and reported by Network Rail at the end of year 2. Missing CSI increases the risk of asset failure from CP7 onwards and will also increase the cost and delivery pressure on CP8.
- 2.7 We know Network Rail is aiming to close out the funding gap this financial year, which we welcome. Our PR23 determination set out options for reducing the funding gap and Network Rail has taken up nearly all of these. However, Network Rail should also be seeking its own options to reduce expenditure that would minimise the impact on core renewals spend; and this challenge remains. We will work with Network Rail to explore all available options further.
- 2.8 Decisions haven't always been made by Network Rail in a timely manner (for example the slippage of the WCML(N) programme occurred after sub-optimal project spend had occurred) and options have also not been maximised (for

example the challenge we suggested in our PR23 determination on aligning WCML(N) digital signalling unit rates to rates that have been achieved elsewhere – see Strategic Renewals section below). On Operation and Support costs it is not clear that Network Rail has fully exhausted options to improve efficiency. In PR23 ORR identified an additional £150 million of costs reductions across Network Rail's support and operations activities. This represents 1.6% of support and operations expenditure. Network Rail considers that its 10% end of period opex efficiency challenge already captures the opportunities in operation and support costs. Based on the range of areas identified in the Steer/Amberside/Civity benchmarking undertaken in PR23, there remain opportunities for Network Rail to further explore which could reduce pressure on core renewals expenditure.

- 2.9 Network Rail must also explore options of its own and adopt best practice between regions e.g. realignment of work packages and optimising access. Network Rail should also demonstrate better alignment between renewals cuts and maintenance plans. Following this RF6 review, we will work with Network Rail to agree key opportunities to mitigate the extent of CSI shortfall. A key enabler for this will be Network Rail closing its funding gap.
- 2.10 Mitigating effective volume cuts will require parts of Network Rail's business to perform better than ever before, notably Maintenance and Central Functions (e.g. Route Services enabling efficiencies through plant, data, technology etc). Over the last 18 months, Network Rail has struggled to provide us with clear, quality-controlled data, strategies or explanations in these areas. As an example, On Track Machinery/Plant (OTM/OTP) is a key enabler for delivering activity such as Track refurbishment which will mitigate the impact of fewer renewals. As we have highlighted in previous reviews, Network Rail is unable to demonstrate a strategy for OTM/OTP, limiting its own effectiveness in planning asset interventions. Improvement is needed by Network Rail to protect rail users against increasing infrastructure related delays in CP7 and increased costs in later control periods.
- 2.11 Risk exposure on assets is increasing with implications for asset reliability and future performance, which will be a key consideration for CP8 planning. Assurance undertaken by Network Rail's Technical Authority identified the areas of highest risk at RF6 (see Figure 2.1 below). Network Rail plans to manage safety risks through increases in maintenance, improved insight tools and enhanced operational controls and Network Rail is confident that it is managing safety risk as low as reasonably practicable (ALARP). Given the exposure to be managed, we are increasing our focus and engagement on Network Rail's mitigations (including around maintenance), ensuring that this remains proportionate, effective and focused on the most critical areas.

Figure 2.1 TA Assessment of Assurance and Safety Risk

[Table Redacted]

Commentary by asset type

Track

- 2.12 Track was in a relatively sustainable position in terms of its asset condition entering CP7. To manage within the determined level of funding, Network Rail set a level of track spend that was 23% lower in CP7 than it was in CP6. This freed up budget for other asset areas which had a more pressing need for renewals in CP7. That said, our PR23 final determination identified additional spend of £55 million (FY24 prices) was required for track assets in Eastern.
- 2.13 In CP7 year 1 (RF11), Network Rail delivered more effective volumes than planned for track, however, effective volumes were due to be down over the whole of CP7 by 6% against the delivery plan (DP24). This was predominantly driven by a decrease in effective volumes across the control period in Eastern of 13%; eliminating the additional spend added in the final determination.

- 2.14 At RF6, the track effective volumes have reduced in all England & Wales regions. A review of the detailed data indicates that there may be a change in intervention strategy employed in Eastern, with a move to more low-level interventions. However, Network Rail has not been able to confirm this through its submission. Track remains a critical asset, but its condition is generally better than most other assets. However, we observe local issues, such as an increase in Temporary Speed Restrictions (TSRs) in North West & Central to deal with track defects, with an associated impact (such as more delays) for rail users.

Forecast for Track – Total for CP7 at RF6 vs DP24

	Eastern	NW&C	Southern	W&W	E&W	Scotland	GB
Effective volumes	-13%	-24%	-4%	-8%	-13%	0%	-11%
Spend	-6%	-24%	+3%	-4%	-8%	+2%	-7%

Forecast for Track – Plain Line for CP7 at RF6 vs DP24

	Eastern	NW&C	Southern	W&W	E&W	Scotland	GB
Effective volumes	-16%	-23%	-2%	-9%	-13%	0%	-12%
Spend	-8%	-23%	+8%	+12%	-5%	+3%	-4%

Forecast for Track – Switches & Crossings for CP7 at RF6 vs DP24

	Eastern	NW&C	Southern	W&W	E&W	Scotland	GB
Effective volumes	-7%	-28%	-8%	-4%	-12%	0%	-11%
Spend	-4%	-22%	-7%	-11%	-11%	+2%	-10%

Signalling

- 2.15 Signalling effective volumes are down in all England & Wales regions with the exception of North West & Central, where there is an increase of 5%. This increase is due to over-delivery in year 1 in the HS2/Crewe scheme and a reappraisal of the region's signalling renewals works.
- 2.16 There is a pattern of large signalling scheme delays in CP7 due to issues with access and obtaining suitable unit rates from the supply chain. One example is the Swinderby resignalling scheme in the Eastern region which has been deferred until later in the control period due to unit rate issues leading to a slower than anticipated pace of contract award.
- 2.17 As well as the impact on future sustainability, we have more immediate concerns about signalling in the Southern region. The region is currently underperforming against its Tier 2 metric for this asset, the composite reliability index (CRI), and we

have seen issues throughout CP7 of signalling assets impacting train performance.

- 2.18 Digital signalling will become the default signalling methodology in future control periods. Until then, we are seeing short-term solutions to manage issues such as obsolescence and life-expired conventional signalling through the transition period.

Forecast for Signalling for CP7 at RF6 vs DP24

	Eastern	NW&C	Southern	W&W	E&W	Scotland	GB
Effective volumes	-21%	+5%	-17%	-7%	-13%	0%	-11%
Spend	-5%	-25%	-4%	-16%	-13%	+3%	-29%

Note: The GB total includes National Functions where £900 million of spend attributed to signalling in the delivery plan has been removed/reallocated.

Structures (bridges)

- 2.19 We have ongoing concerns about inspections and assessments in Structures as detailed in our [letter](#) dated 11 February 2025. The renewal of aging metallic structures is also an ongoing concern. Effective volumes across CP7 are significantly down for all England & Wales regions but of particular concern is Wales & Western where we have the least visibility of asset inspection plans; our concerns are compounded by the 26% forecast reduction in effective volumes in that region. Some spend has been moved to tunnels work (which does not have an effective volume measure); however, both these assets require attention.
- 2.20 Network Rail's Technical Authority shares our concerns and has raised the issue in each of the regions.

Forecast for Structures (bridges) for CP7 at RF6 vs DP24

	Eastern	NW&C	Southern	W&W	E&W	Scotland	GB
Effective volumes	-18%	-29%	-13%	-26%	-21%	0%	-17%
Spend	-14%	+2%	+12%	-1%	-1%	0%	+1%

Earthworks

- 2.21 Earthworks remains a priority for CP7 noting ageing assets, weather and climate change and recent major issues, it is one of the primary areas where we have concerns. There have been cuts in both volumes and effective volumes in this asset, with North West & Central standing out in particular. Our concerns are shared by the Network Rail's Technical Authority. Last winter was relatively benign, however, a prevalence of winter storms in any of the coming years of CP7 will likely have a further impact on this already depleted asset.

Forecast for Earthworks for CP7 at RF6 vs DP24

	Eastern	NW&C	Southern	W&W	E&W	Scotland	GB
Effective volumes	-11%	-34%	-7%	-30%	-22%	0%	-18%
Spend	-5%	-2%	-2%	-20%	-7%	+1%	-1%

Drainage

- 2.22 The management of drainage is less mature than for other assets and Network Rail did not know the location and condition of all its assets at the start of CP7. As a consequence, there is volatility in the plan, and it is likely that the plan will need to continue to adapt to changing priorities as more assets are catalogued and assessed. This is a key asset in terms of increasing the network's weather resilience and minor reductions in volumes will likely impact the ability of the network to operate through/after winter storms and other extreme weather events.

Buildings

- 2.23 Spend is down in three out of the four England & Wales regions for Buildings, with only Southern increasing its spend on this asset. There is an associated reduction in volumes in all regions with the exception of North West & Central. At the national level, renewal volumes will fall short of the DP25 delivery plan. The revised year 2 delivery targets are challenging and non-achievement is possible. The reduction occurs in all types of building models and types. There is a shift to deliver works at Managed Stations from Franchised Stations.
- 2.24 There are significant electrical re-wiring and lighting deferrals across the England & Wales regions. Given historical underspend in this area this is concerning and will be a key area for monitoring over the remainder of the control period.
- 2.25 There are performance issues for lifts and escalators. The decision to centralise support for this asset in Route Services is welcome as it is needed to address performance issues in all regions. This is a high-profile customer facing asset and is vital for the provision of accessibility on the network. We expected that all the Lift & Escalator costs and volumes should have transferred to Route Services as the new asset owner, however, the majority are still sitting within regional plans at RF6. The reduction in volumes in the FY26 RF6 plan indicates a decline in asset stewardship and performance over the remainder of CP7.

Electrification & Fixed Plant

- 2.26 In general, this is an ageing asset requiring increasing attentiveness, but it is performing well.
- 2.27 Effective volumes are down across CP7 for Eastern, North West & Central and Southern, but there is no change in Wales & Western. Spend is down in all the regions, except North West & Central; this is due to funding released from HS2 as no more work was needed on scheme development.
- 2.28 Despite the reduction in spend and effective volumes, we have seen evidence that maintenance activities are well balanced and that, outside of the localised issues, the asset is performing well.

Forecast for E&FP for CP7 at RF6 vs DP24

	Eastern	NW&C	Southern	W&W	E&W	Scotland	GB
Effective volumes	-12%	-5%	-6%	0%	-8%	0%	-8%
Spend	-12%	+7%	-24%	-5%	-11%	0%	-7%

Telecoms

- 2.29 Maintenance interventions for Telecoms systems are generally benign (such as battery changes and card swaps) and are unlikely to increase asset sustainability in the absence of renewals.
- 2.30 Across CP7, spend is down on this asset across all England & Wales regions, with the exception of North West & Central where there has been a marginal increase. There has been a significant shift in volumes planned for CP7, however, volume information is not always representative of asset sustainability.
- 2.31 Overall, this asset is performing well, however, long-term issues such as obsolescence mean that it is important that technological changes are planned and introduced in a timely manner.

Maintenance

- 2.32 Amongst other things, Network Rail will need to deliver more maintenance in order to mitigate the increase in life-expired assets introduced by fewer renewals being conducted. We have challenged Network Rail on its plans in this area, but Network Rail has not yet provided clear, regional explanations about changes it is making to address potential additional work arising, for example from increased inspections and reactive maintenance.

- 2.33 There are opportunities through new technology (e.g. access planning software) and approaches (e.g. shifting from contract staff to multi-skilled, in-house teams), but these initiatives have not yet been delivered. These improvements may be offset by increasing challenges around access and delivering certain activities at night. We understand that Network Rail maintenance plans are expected to mature for RF9/RF11.
- 2.34 It is important to note that not all assets benefit from maintenance (for example there are limited options for maintenance in Telecoms) and that additional maintenance does not materially improve asset condition, it simply slows the rate of decline, or inspects the assets more frequently while they decline.
- 2.35 Furthermore, there are issues with the availability of On Track Machinery/Plant (OTM/OTP). The stoneblowing fleet (used to maintain track condition in complex sites such as major station entry points) is nearing end-of-life and the contract to replace them has been problematic with timely delivery at risk. Without this capability, Network Rail will have trouble maintaining track condition which will lead to an increase in passenger and freight delays. Route Services is working to improve the reliability of the current fleet; however, a long-term strategy is required for OTM/OTP.

Environmental sustainability

- 2.36 Weather Resilience and Climate Change Adaptation (WRCCA) plans have remained stable at RF6 but remain at risk from funding pressures. Next year is a key year for WRCCA plans and Adaptation Pathways. We will be monitoring Network Rail's performance in these areas closely.
- 2.37 Three regions are now presenting decarbonisation forecasts that are less ambitious than in the PR23 final determination (only Southern is more ambitious). We are pushing Network Rail to increase its targets in this area.
- 2.38 In October 2025 we approved new Tier 2 measures for Air Quality, Circular Economy and Whole Life Infrastructure Carbon and we will hold Network Rail to account on these measures.

Strategic renewals

- 2.39 We are seeing a trend in slippage to strategic renewals projects, primarily driven by affordability and unit rate pressures.

- 2.40 At DP24, East Coast Digital Programme (ECDP) spend forecast was £233 million. Network Rail is reporting a revised spend forecast of £243 million at RF6 due to scope revisions. To accommodate these changes, ECDP is allocating increased spend in years 4 and 5 of CP7.
- 2.41 We are expecting future significant changes to both the cost and schedule of ECDP at future re-forecasts. This is primarily due to increased inflationary pressures, scope revisions and reduced efficiencies. This will impact the tranche four milestone (Biggleswade to Fletton Junction) which is due to be delivered in CP8. The West Coast Main Line (North) programme (as described in our PR23 determination) has since been superseded by two programmes; West Coast North Modernisation Programme (WCNMP) and Crewe. There has been a minor (£3 million) increase in costs for WCNMP since RF3. We are expecting further slippage in this programme as there is a high risk of disputes around the access plan in year 3.
- 2.42 Furthermore, Network Rail has changed its digital signalling programme in North West & Central to minor enabling works, with the majority of work being deferred into CP8. Network Rail should continue to find opportunities to decrease unit rates in line with our PR23 determination where we challenged Network Rail to mirror the reductions it had achieved on ECDP. While rates may be in line with ECDP at a similar stage of planning, digital signalling programmes such as WCNMP should benefit from the lessons being learnt on ECDP and therefore Network Rail should update its baselines taking on these lessons to achieve a lower unit rate. As less digital signalling work is being delivered in CP7 we accept the level of savings may not reflect the original opportunity that we identified in PR23. This challenge was (and remains) separate to the PR23 efficiency challenges.
- 2.43 Also in North West & Central, costs for Crewe have risen from £196 million at RF3 to £280 million at RF6. This is driven primarily by the Basford Hall Independent lines project. We continue to monitor these schemes.
- 2.44 Our review of projects across the wider renewals portfolio suggests that projects deferred from CP6 into CP7 are not as robustly planned as they could be. This is an important insight for Network Rail as schemes in CP7 continue to slip to the right and into future control periods.

Passenger and freight performance

Overview of Network Rail's passenger and freight performance

Passenger train service punctuality is forecast to miss the target for year 2 except in North West & Central and Wales & Western. Passenger train cancellations are improving, led by Wales & Western and North West & Central.

Freight train cancellations are also improving and are on track to meet year-end targets except in Wales & Western.

Looking ahead to the rest of CP7, we will be holding Network Rail to account on the new targets being set through the CP7 reset which we are publishing on 11 December.

- 3.1 In CP7 we are using combined track and train measurements for passenger services. This is to encourage all parties to collaborate for the benefit of rail users. For passenger train service punctuality, we are using arrival at the station within three minutes, also known as Time to 3. For passenger train service reliability, we are using whole industry cancellations. For freight, we focus on Network Rail-caused cancellations.
- 3.2 Performance by metric is variable across the network at period 7. Passenger train punctuality is lower than expected, while reliability as measured by both freight and passenger train cancellations is improving. Figures A.2 to A.5 on pages 27-28 show the performance against each metric by region.
- 3.3 Eastern performance is showing signs of improvement in most routes, and we are working closely with the region to gain assurance that it has an effective improvement plan which is being delivered. We are reducing the frequency of detailed oversight in Wales & Western, as its recovery plan (developed following our licence enforcement intervention) continues to deliver improvements.

CP7 performance reset

- 3.4 In our PR23 final determination, we committed to reset passenger train performance measures and targets for years 3 to 5 of CP7. We are also carrying out a full recalibration of the Schedule 8 financial incentives regime as part of the CP7 performance reset.
- 3.5 We consulted, from July to September 2025, on draft passenger train performance targets. We have now assessed Network Rail's updated train performance forecasts (in response to our consultation), with expert support from the Independent Reporter (Jacobs). We have also analysed responses from other industry stakeholders. The most complex and contentious part of our review has been the forecast impact of the East Coast Main Line (ECML) December 2025 timetable change on punctuality of passenger trains. We convened a senior level meeting in November 2025 to discuss this issue and to further understand differences of opinion across the industry.
- 3.6 We are concluding our assessment and will publish the final targets in mid-December 2025. Network Rail's contractual performance benchmarks will then be set to be consistent with the targets we determine for Network Rail.

Eastern

Since August 2024, passenger performance in Eastern region has been variable. Time to 3 has declined, while passenger train cancellations and Network Rail attributable delay have been stable. Freight train cancellations have improved markedly. But this masks different trends within metrics and between the region's four routes.

- 3.7 Between period 3 and period 7 in FY26, Eastern's moving annual average (MAA) for Time to 3 punctuality (the proportion of station calls made within three minutes of schedule) has reduced by 0.3 percentage points to 84.4%, which is 1.7 percentage points worse than its own internal target for the end of year 2.
- 3.8 The main challenge for punctuality has been on the Anglia route, most notably on the North London Line. We estimate the decline in punctuality on this line of route has led to half of the decline in the region's punctuality in the last year. However, it should be noted that the train operator and its funder (London Overground and Transport for London respectively) are focused on different performance metrics,

which better reflect service frequency in line with the funder's preference. We are working with Network Rail to explore ways to improve alignment. Eastern has provided evidence of effective engagement with operators on this route to improve performance. Moisture Deficit in the Anglia route, where the extended dry spells during the summer caused clay embankments to shrink, distorting track and leading to speed restrictions, has also affected the punctuality of c2c and Greater Anglia, the best two performing TOCs in GB.

- 3.9 External delay (delay outside Network Rail's direct control) remains historically high across the region, but we have seen evidence of extensive work including investment in key hot spots to address the issue.
- 3.10 Passenger train cancellations in Eastern have fallen slightly but remain at historically high levels. At period 7, 3.7% of passenger services were cancelled in the last 12 months, a fall of 0.2 percentage points since period 3. This is against the year 2 regulatory target of 3.3%. Both Network Rail and train operators are responsible for the high level of cancellations, but this varies by route. On North and East, TOC caused cancellations are improving rapidly, while on East Midlands they are increasing. On Anglia, Network Rail is the biggest cause of cancellations.
- 3.11 Freight train cancellations have reduced in the last 12 months, from 1.8% to 1.4%. This is marginally worse than the regulatory target of 1.3% but we consider the region on track to deliver the target for year 2. All four routes have reduced their freight train cancellation levels.
- 3.12 At ORR's request, the Eastern region produced a detailed performance recovery plan in late 2024. Throughout 2025, we have closely monitored this plan. We have undertaken a structured programme of 'holding to account' meetings with the region's leadership team and have undertaken several site visits to test the region's performance improvement work. The evidence indicates good commitment and some progress so far in delivering these plans, but further improvements are required, as well as an agile approach to ensure that emerging issues, such as the North London Line, are accounted for.

North West & Central

North West & Central region has seen variable train performance. Passenger train cancellations are rapidly improving, while Time to 3 punctuality is stable.

Network Rail's attributable delay minutes per 1,000 miles is slightly worse than it was at the start of the year.

The improvement in passenger train cancellations is due to lower TOC cancellations, with West Midlands Trains, Northern and Avanti West Coast all improving.

- 3.13 North West & Central's MAA for Time to 3 at period 7 is unchanged at 82.3% compared to Period 3. The region is forecasting it will end the year at 82.5%, in line with its internal target. Passenger train cancellations are improving in the region, falling from 4.8% at period 3 to 4.3% at period 7. This is worse than the regulatory target of 3.5%. This is mainly driven by a rapid reduction in train operator cancellations, particularly on Avanti West Coast, Northern, and West Midlands Trains.
- 3.14 In the last 12 months, passengers in the region have experienced more delay minutes. This is mainly driven by significant increases in Track and External delay, mainly in North Western and West Coast South routes.
- 3.15 The region has worked proactively to tackle performance issues. West Coast South introduced a plan concentrated on reducing the number and impact of infrastructure failures in the first 60 miles from Euston. Meanwhile, fleet issues with the introduction of a new Merseyrail fleet are being addressed by the TOC, with the expectation that reliability will return to pre-Covid levels by 2027.
- 3.16 Freight train cancellations are slightly higher (i.e. worse) than the regulatory target for the region. The MAA is at 1.1% while the region's target is 1.0%. However, the region is forecasting it will meet its target by the end of the year.

Southern

Southern region is underperforming all its passenger metrics for this year. Both passenger train cancellations (0.5 percentage points higher) and Time to 3 punctuality (1.0 percentage point lower) are markedly worse than 12 months ago. Network Rail attributable delay has improved slightly in recent periods but remains worse than target. A mixture of TOC and Network Rail issues are affecting outcomes in the region.

Freight train cancellations have improved, and the region is on target for this measure.

- 3.17 Southern's MAA for Time to 3 has worsened, from 85.0% at period 3 to 84.8% at period 7. This is part of a longer-term trajectory; this metric has worsened by 1.0 percentage point over the last 12 months. This decline is driven by Wessex and Kent routes.
- 3.18 Passenger train cancellations are 0.6 percentage points worse than the end of year 2 target. This metric has worsened by 0.5 percentage points over the last 12 months. This increase is common across the three routes (i.e. Kent, Sussex and Wessex).
- 3.19 Network Rail delay per 1,000 miles is slightly worse than the end of year 2 target. This masks variation, Sussex has reduced, i.e. improved, its delay. Wessex and Kent have seen their delay increase i.e. worsen. Overall, this metric is at the same level it was 12 months ago.
- 3.20 In contrast, the region is delivering substantially better than target freight performance. Since period 3, the region's freight train cancellations have improved by 0.3 percentage points, falling to 1.0%. This is compared to the region's target of 2.1%. This improvement is consistent across all three routes and is driven by reductions in weather related delays, and fewer external cancellations.
- 3.21 We are working closely with the Southern region to better understand its performance improvement activity. Non-Track Asset delay has been a particular issue, especially the delay caused by points failures and we are actively testing whether its plans to tackle this and other emerging trends are appropriate.

- 3.22 Soil Moisture Deficit, where the extended dry spells during the summer caused clay embankments to shrink, distorting track and leading to speed restrictions, has led to service reductions on the London Waterloo to Exeter line this year. While punctuality improved because of fewer trains, this has been at the expense of journey times and the number of services provided for users.

Wales & Western

All metrics on Wales & Western have improved substantially since the start of the control period. Time to 3 has levelled off in more recent periods, while passenger train cancellations and Network Rail attributable delay continue to improve.

We continue to closely scrutinise the region's performance improvement work through regular engagement with route teams and review of performance data.

- 3.23 Wales & Western's MAA for Time to 3 has improved marginally from 78.8% at period 3 to 78.9% at period 7 (with a year 2 target of 78.6%). This is better than NR's internal T3 target of 78.6%. This builds on a longer-term improvement, which has been mostly driven by increases in punctuality on the Wales and Borders route.
- 3.24 Passenger train cancellations are improving in the region, falling from 4.6% at period 3 to 4.2% at period 7, although this is worse than the year 2 regulatory target of 3.8%. This improvement is mainly driven by lower TOC cancellations in both the Western route and Wales and Borders routes.
- 3.25 Freight train cancellations are higher (i.e. worse than) the regulatory target for the region. They are at 1.9% (target 1.6%), the same level as at period 3. This has been driven by the Wales route. The Western route has reduced its cancellations. The biggest cause of freight train cancellations has been in the Severe weather, Autumn and Structures category.
- 3.26 ORR's second formal, six-monthly review of the region's performance recovery plan has recently taken place. We are still confident that the region has a good plan and is delivering it effectively. We will produce a full assessment of the region's recovery plan in the first half of 2026, separate from our RF11 assessment.

Freight growth

- 3.27 There is a risk that England & Wales will not meet its year-end target for freight growth. Freight growth to period 7 in England & Wales was 0.6% compared to Network Rail's year-end target of 3%. Freight growth in Eastern and Southern has been particularly strong since the start of CP7, and these regions were exceeding their year-end targets at period 7. North West & Central and Wales & Western are not on track to meet their year-end targets, and this is particularly stark in Wales & Western.
- 3.28 In Wales & Western, freight moved shrank by 8.4% to period 7, meaning that the region is significantly adrift of its year-end target of 2.8% growth. The region advised that it has been impacted by the downturn in the UK construction market, which is the biggest commodity moved on the Western route, and that the Wales and Borders route has struggled with the drop off in the steel market. Our view is that these are factors outside of the region's control and illustrate how macroeconomic conditions mean Network Rail may miss targets despite delivering on reasonable growth plans.
- 3.29 As freight growth is not wholly under Network Rail's control, we continue to focus on its delivery of System Operator and regional freight growth action plans. We also attend its regional freight growth boards. All England & Wales regions are on track with delivering the milestones in their plans. We have, however, asked Network Rail to come up with a plan to include external stakeholders on its freight growth boards, to ensure their views are included.

The Industry Performance Improvement Fund (IPIF)

- 3.30 11 projects are reported as complete, 28 are in progress, and further projects have been approved, with others in the pipeline. Network Rail has confirmed a spend profile of £7 million of the £8 million allocated for year 2. While behind the budget, at this time we anticipate that the fund will be fully and appropriately spent.

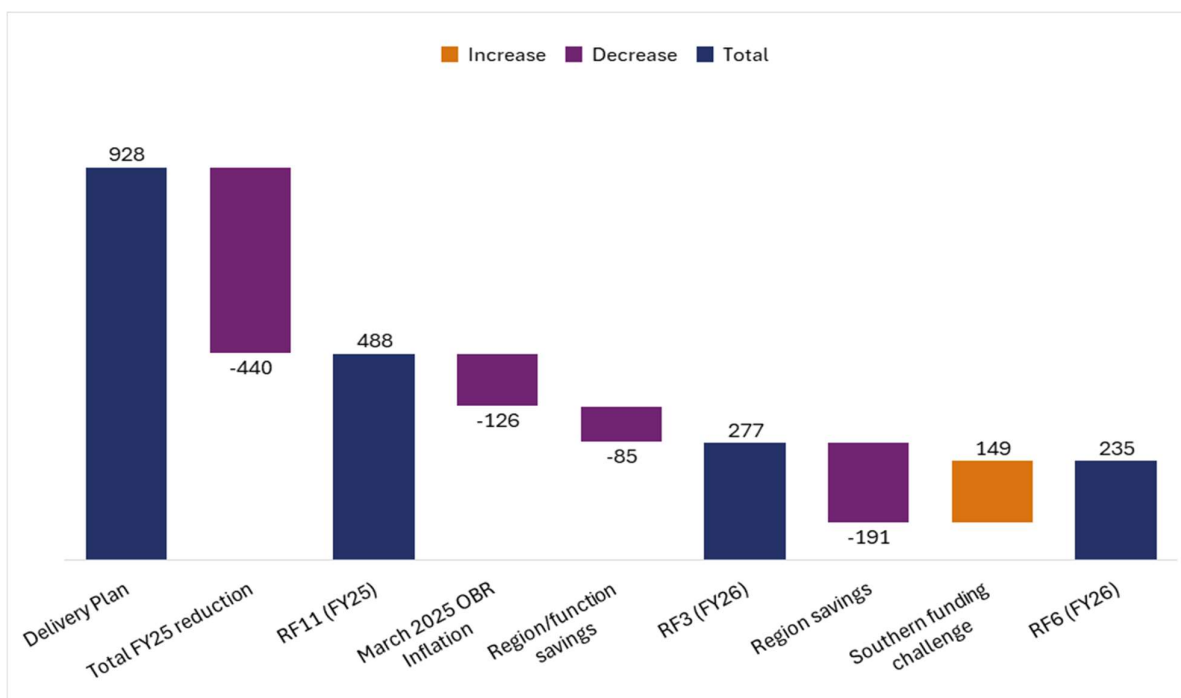
Health and safety

- 4.1 Network Rail's published delivery plan for CP7 provides our key reference point regarding the expectations placed on Network Rail for delivering against its health and safety commitments.
- 4.2 The primary purpose of Network Rail's RF process is financial reforecasting not safety assurance, and the RF6 submissions from Network Rail regions do not refer specifically to the impact of any changes to the plan on health and safety. This has made it difficult to provide judgement of the adequacy of risk-based decision making associated with the information provided.
- 4.3 As noted earlier, we have received an RF6 assurance report from the Technical Authority which has allowed some analysis of the network risk picture based on the RF6 position. (see Figure 2.1 above for the overall assurance findings by region). In our PR23 final determination we set out that reduced renewals would increase risk exposure, and at that time, this was in part mitigated by the core renewals included within the final determination baseline. Cuts beyond this level, as seen at RF6, heighten the need for robust assurance mechanisms such as the Safety Risk Bowtie Framework, to ensure that strategic decisions continue to account for safety risk in a structured and consistent way.
- 4.4 Ahead of RF6, we requested that Network Rail provide an update on progress with the Safety Risk Bowtie Framework which had been an important part of accepting the original delivery plan submissions. This update was provided by the Technical Authority and described the focus as being on improving the sufficiency and depth of information provided by the regions into Network Rail's assurance processes.
- 4.5 The stated aim is for the regions to consider the strategic decisions they are making against a set of specified safety assurance questions which have been developed using the framework. Network Rail is confident that this will ensure that decisions are made with due consideration of safety risks, although this is predicated on further development and increased embedding of the approach.
- 4.6 It is therefore understood that reference to a 'Safety Risk Bowtie' will not hold the same meaning as originally anticipated at the time of our PR23 final determination. However, the process has provided additional areas of focus and challenge to the assurance undertaken for infrastructure which is a positive development. We will continue to monitor progress in this area.

- 4.7 Based on its assurance work, Network Rail is strongly of the belief that, as a network, it is someway from breaching a notional safety limit related to asset condition. It has pointed to the additional assurance and planning undertaken in response to the initial RF6 position as being sufficient to reduce the likely safety risks associated with reduced renewals and constrained expenditure.
- 4.8 We expect Network Rail to be able to demonstrate that it is managing the potential risk of human error and fatigue arising from the increased pressure and workload of the staff, and contractors, who will be carrying out the activities which are intended to prevent safety risk increasing. Performance in these areas will be assessed through discussion at existing liaison meetings and safety interventions on an ongoing basis.
- 4.9 Given the primary outcome of the bowtie framework being one of assurance and the observed trend of declining renewals, we plan to review the suitability and sufficiency of the decision-making processes utilised by the regions for their renewal strategies. This is to seek verification that, for safety risk, they are both robust and consistently followed as well as taking account of the viability of proposed mitigation schemes.
- 4.10 We plan to focus our strategic attention on the progress with, and focus of, the safety related mitigation schemes being developed by the regions generally and with particular emphasis on earthworks, drainage, structures and track.
- 4.11 Although ORR's most recent Annual Safety Risk Profiling exercise was completed prior to this RF6 submission, the areas of focus highlighted above, among others, had already been identified as being of sufficient concern to be included in our priorities for the 2026-27 work year.
- 4.12 Our PR23 determination also included a range of other priority Health & Safety topics such as Electrical Safety Delivery, Track Worker Safety and Speed Management Progress on these programmes is assessed through ORR's routine engagement with Network Rail and there are some areas for which we received limited assurance that all aspects are on track. We have recognised this so are undertaking a review of our liaison strategy to ensure Network Rail is providing the required evidence across all relevant CP7 topics.
- 4.13 We plan to report on our assessment of progress with these wider topic areas and programmes as part of our RF11 review output.

Annex A: Supporting charts and tables

Figure A.1 Funding gap movements from Network Rail's delivery plan to RF6 FY26



Note that in our [control period 7 delivery plan and holding Network Rail to account: letter to Network Rail dated 28 March 2024](#), we referenced a £400 million funding gap. The funding gap in DP24, reflecting planned activity committed to in Network Rail's plans, was approximately £900 million (as shown on the left-hand side of Figure A.1). This was £400 million after reductions in expenditure that Network Rail identified as opportunities, but which were not ultimately embedded in the final published delivery plan.

Table A.2 Network Rail's drawdown of the England & Wales Network Grant (Note: FY25 and FY26 reflect actual drawdown figures)

	FY25	FY26	FY27	FY28	FY29	CP7
Net expenditure	5,803	6,117	6,133	6,076	6,038	30,168
Network Grant	-5,803	-6,117	-6,133	-6,076	-6,038	-30,168
Net funding	0	0	0	0	0	0

Figure A.2 England & Wales – Time to 3 MAA up to 2025-26 P7 (increase means improving performance)

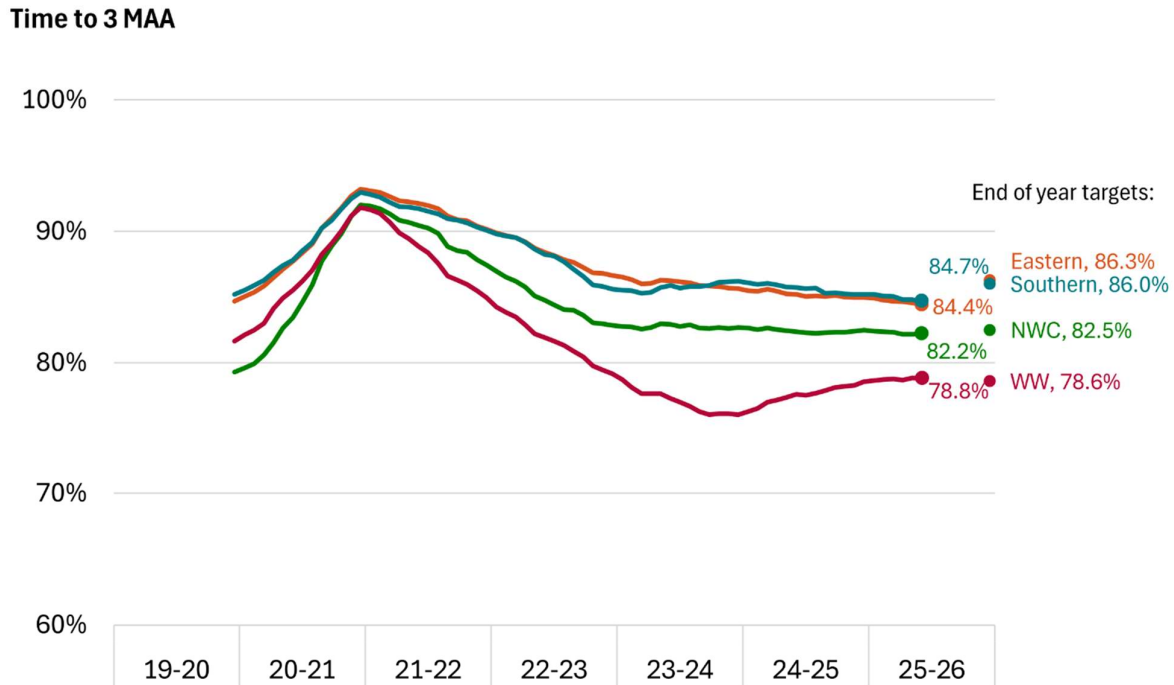


Figure A.3 GB – Passenger train cancellations MAA up to 2025-26 P7 (increase means worsening performance)

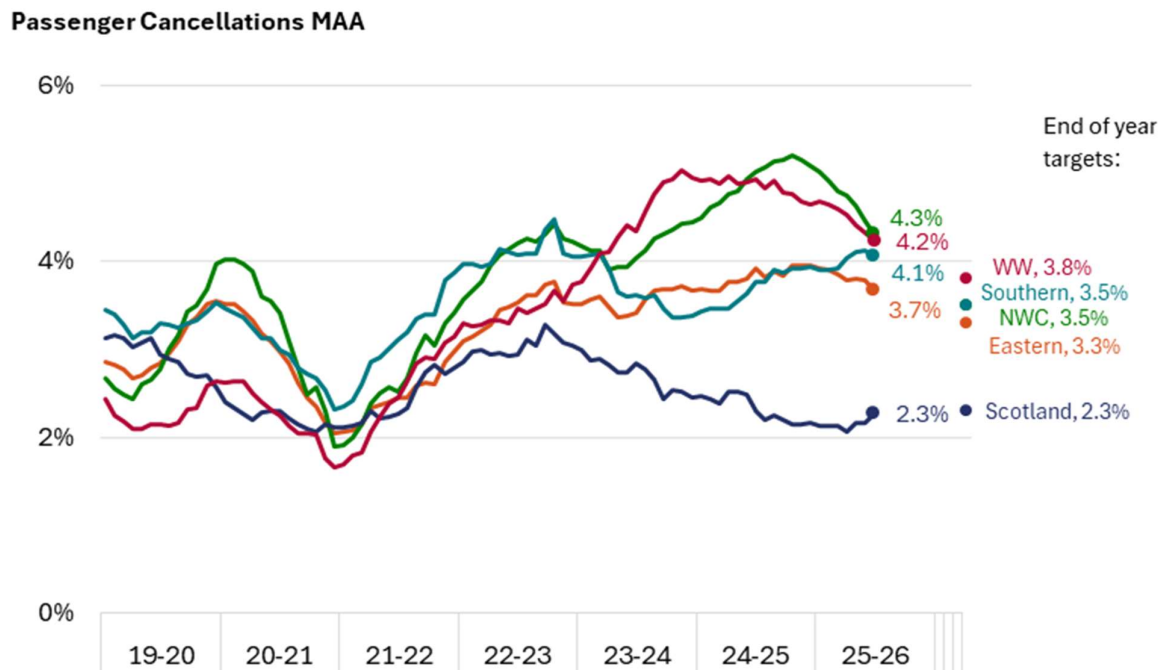
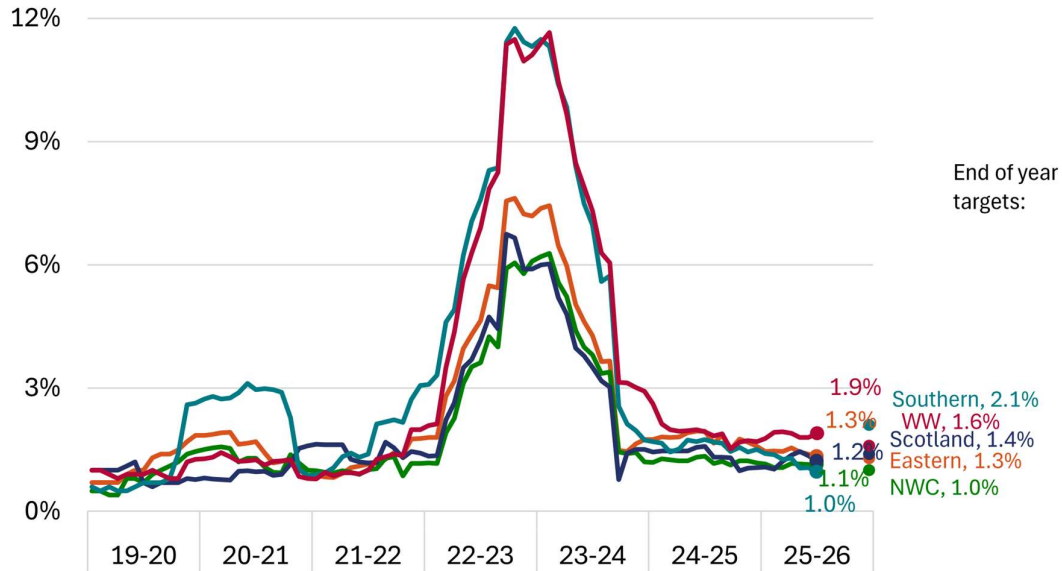


Figure A.4 GB – Freight train cancellations MAA up to 2025-26 P7 (increase means worsening performance)

Freight Cancellations MAA



Note: Industrial action caused huge increases in cancellations from 2022-23 P3 to 2023-24 P11.

Figure A.5 GB – Network Rail attributable delay per 1,000 miles MAA up to 2025-26 P7 (increase means worsening performance)

All regions delay per 1,000 miles (NR attributable only)

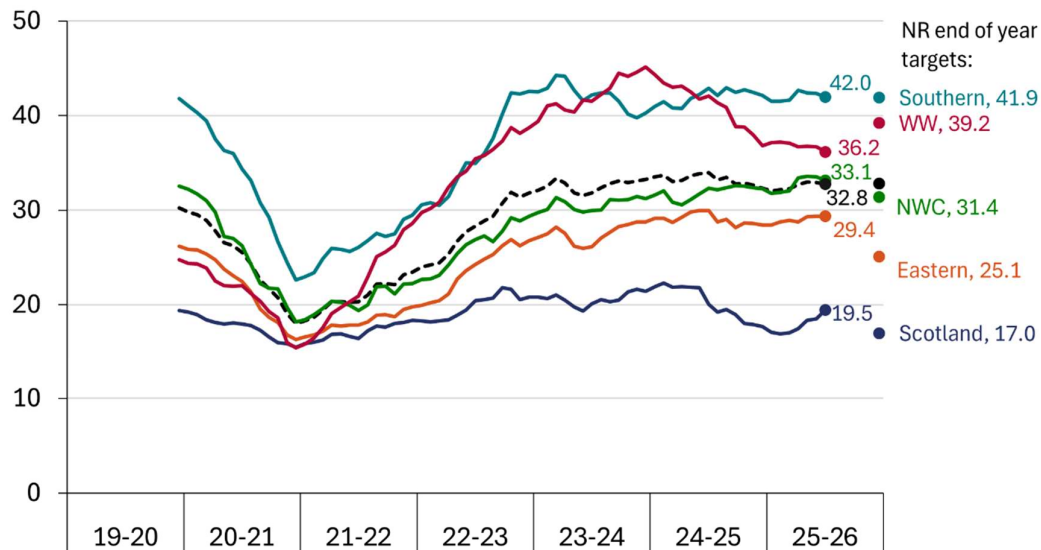


Table A.3 Forecast delivery of effective volumes of each asset group for CP7 vs Network Rail's delivery plan (DP24)

	Eastern	NW&C	Southern	W&W	E&W	Scotland	GB
Track – PL	-16%	-23%	-2%	-9%	-13%	0%	-12%
Track – S&C	-7%	-28%	-8%	-4%	-12%	0%	-11%
Signalling	-21%	+5%	-17%	-7%	-13%	0%	-11%
Structures	-18%	-29%	-13%	-26%	-21%	0%	-17%
Earthworks	-11%	-34%	-7%	-30%	-22%	0%	-18%
E&FP	-12%	-5%	-6%	0%	-8%	0%	-8%

Table A.4 Percentage movements in RF6 effective volumes relative to DP24 (by year)

	FY25	FY26	FY27	FY28	FY29	Total CP7
Track – PL	+3%	-12%	-10%	-11%	-28%	-12%
Track – S&C	+7%	-18%	-2%	-12%	-27%	-11%
Signalling	+2%	-55%	+72%	-30%	+4%	-11%
Structures	+6%	-38%	-5%	-25%	-13%	-17%
Earthworks	+28%	-14%	-26%	-14%	-48%	-18%
E&FP	+27%	-12%	-9%	-19%	-13%	-8%

Table A.5 Percentage movements in RF6 core renewals spend relative to DP24 (by year)

	FY25	FY26	FY27	FY28	FY29	Total CP7
Track	+2%	-2%	-11%	-11%	-15%	-7%
Signalling	-24%	-26%	-23%	-35%	-34%	-29%
Structures	+2%	-1%	+3%	-2%	+5%	+1%
Earthworks	+17%	+3%	-9%	+6%	-19%	-1%
Drainage	-18%	-3%	+7%	-5%	+16%	-2%
Buildings	+20%	0%	+22%	+32%	+54%	+22%
E&FP	-1%	-8%	-8%	-13%	-5%	-7%
Telecoms	-27%	-22%	+12%	+16%	0%	-7%
Total	-4%	-9%	-7%	-12%	-12%	-9%



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