Annual assessment of Network Rail 2024 to 2025

Capital investments

Improving communication and transparency of capital investments

We remain committed to working with Network Rail in England & Wales and in Scotland to support it in promoting greater transparency of enhancements schemes. In Year 1, Network Rail continued to publish its Enhancements Delivery Plan for England & Wales. It did not publish its Enhancements Delivery Plan in Scotland and we are working with Scotland's Railway to progress publication to support transparency for the supply chain, users and stakeholders.

During Year 1, we were approached by several stakeholders in the supply chain who were concerned about how transparent Network Rail was in terms of the delivery of its renewals workbanks in England and Wales. In contrast, feedback from the supply chain about transparency of Network Rail Scotland's renewal workbanks has been positive . We have discussed with Network Rail the importance of communicating effectively and consistently with the supply chain during the control period. We are working with Network Rail to support it in providing the appropriate level of detail to the supply chain and wider industry, allowing the businesses to plan with a reasonable degree of certainty and invest in railway infrastructure.

We published our capital investment capability framework assessment

In June 2024, we published our capital investment capability framework assessment. The assessment found improved levels of maturity in all Network Rail regions in planning and

delivering major capital programmes (enhancements and renewals) since the previous assessment in 2020.

We have worked closely with Network Rail to establish clear ownership of the recommendations made in the assessment, whether at a regional or national level, and we continue to monitor progress against these. Network Rail responded positively, accepting all recommendations, and making promising developments in capability areas aligned with the recommendations. For example, Network Rail is taking forward work to develop an approach for defining and monitoring whole-system value on renewals projects.

We will hold Network Rail to account for its delivery of strategic renewals which includes digital signalling renewals programmes

In CP7 there is significant spend allocated to strategic renewals programmes. These are programmes that could involve numerous asset types, span multiple control periods and are of significant strategic importance. In CP7, all the currently identified strategic renewals programmes are part of the wider digital signalling portfolio.

Network Rail's digital signalling portfolio includes infrastructure renewals, fleet fitment, enabling projects, research, development and innovation projects, and CP6 legacy projects. The deployment of digital signalling is complex and requires industry-wide engagement to be successful.

Network Rail has engaged positively in establishing communication and reporting on its digital signalling portfolio. We welcome its approach during Year 1.

Our PR23 final determination allocated £1,506m of funding for the continued deployment of digital signalling in Year 1. In its February 2025 financial reforecast, Network Rail was forecasting to spend £1,269m (a reduction of £236m from its original plan) due to deferring certain elements of the West Coast North Modernisation programme (previously called Trilink) following a detailed review of its scope and schedule.

Eastern region continued its work on the East Coast Digital Programme with elements of it being partially renewals funded. North West & Central region continued to refine and further develop its plans for West Coast North Modernisation, including separating renewals at Crewe from the programme and deferring some digital signalling works into control period 8.

We appointed an Independent Reporter to assess Network Rail's delivery of its digital signalling

portfolio and consolidate Network Rail's financial reporting for Year 1. The review noted the progress Network Rail had made in mobilising a team to oversee digital signalling related activities. Most initiatives are still in the early phases – other than the East Coast Digital Programme (ECDP), with Network Rail continuing to mature its portfolio governance. The review found that:

- programme delivery reporting lacks the necessary granularity to enable identification and impact assessments of trends and outputs;
- significant risks exist within schemes the portfolio linked to requirements management and system integration which could lead to scope creep and a failure to achieve the outcomes which underpin the business case for digital signalling;
- wider industry and stakeholders are actively engaged in the deployment of digital signalling. However, the portfolio is heavily reliant on stakeholders to work collaboratively to achieve its goals. There is not a clear strategy for risk ownership which has the potential to lead to confusion over accountability. This may result in programme delays and difficulty in delivery outputs; and
- significant estimating uncertainty exists across programmes due to an absence of comparable benchmarks. The assumptions made on unit rates for both signalling equivalent units (SEUs) and fleet fitment need to be validated to ensure confidence in delivery of initiatives.

We will report on this work later in the year and we continue to hold Network Rail to account for the delivery and efficiency of its digital signalling portfolio.

- ← Previous Asset management
- → Next Finance and efficiency