Annual assessment of Network Rail 2024 to 2025

Environment and resilience

Key message

Network Rail fell short of the national target set for reducing carbon emissions and needs to improve its reporting. It has made positive progress on biodiversity activity and on weather resilience.

Network Rail's delivery of carbon emission (scope 1 and 2) reductions varied by region. Network Rail has committed to reducing its carbon emissions over the control period, with targeted reductions for scope 1 and 2 emissions. Scope 1 relates to direct emissions from Network Rail's activities, for example from diesel generators. Scope 2 relates to emissions from the production of energy Network Rail purchases, such as electricity from the National Grid.

Our PR23 final determination identified issues with Network Rail's forecast of its scope 1 and 2 emissions, with inconsistent application across regions, and issues associated with assumed grid decarbonisation and the transition of its fleet to Zero Emissions Vehicles (to meet milestone dates set by DfT). In Year 1, we sought to focus Network Rail on developing more robust reporting for use in the remainder of CP7. Its progress in Year 1 was slow, but it is now close to producing a suite of environmental measures which should improve reporting from Year 2. The following commentary is based on Network Rail's current quality of reporting and figures may be revised as it is improved.

In Year 1, Network Rail reduced (improved) its network-wide scope 1 and 2 carbon emissions by 3.2 percentage points, relative to a baseline at the end of CP5. While it achieved a reduction, it

delivered less than the target reduction set for the year of 4.1 percentage points.

Reductions in scope 1 and 2 carbon emissions varied by region. Based on Network Rail's data, Eastern delivered its planned reductions in emissions and Southern was slightly adrift of its plans. Three regions, Wales & Western, North West & Central and Network Rail Scotland significantly underachieved against their plans.

We are in ongoing discussions with Network Rail about the quality of its scope 1 and 2 data from Year 1 and we expect this to be corrected, but this is unlikely to alter the underlying need for improvements by the regions. We expect these regions to address performance in Year 2, with a view to achieving the carbon reductions they had proposed.

Given the available data for Scotland shows a significant variance to the forecast, we have written to the region to better understand the data issues and what steps it is taking to reduce carbon emissions. We are seeking to understand whether, even though the forecast has not been delivered, Network Rail Scotland is doing all it can to deliver carbon emission reductions.

Regions achieved the reported carbon reductions through decreases in electricity, gas, and fuel consumption. Most of the reduction in scope 1 emissions is expected to come from the transition to Zero Emission Vehicles. Southern performed best in this area, recording the highest proportion of electric vehicles in its fleet at 7%. The most significant contributor to reduced electricity use has been targeted work at high-consuming sites. For example, Eastern produced its CP7 decarbonisation strategy and commenced work at its 20 highest energy-consuming sites.

Network Rail must improve reporting of wider carbon emissions

Network Rail must also manage its carbon emissions associated with its wider activity (such as infrastructure delivered through its supply chain).

In Scotland, Network Rail has developed scope 3 reporting (as required by Scottish Ministers' HLOS and our PR23 final determination). We expect Network Rail to improve its measurement and reporting in Year 2 and we will monitor its progress.

In England and Wales, Network Rail is required to develop reporting on infrastructure carbon (as required by the Secretary of State's HLOS and our PR23 final determination). Whilst Network Rail has developed a regional baseline and forecasts for CP7, its progress has been too slow and the measure and forecasts need further development. We have escalated this with Network Rail and

agreed for an enhanced measure to be developed by the start of Year 3.

Network Rail has an encouraging foundation for biodiversity net gain in CP7 but must now prioritise completion of habitat management plans

Network Rail reports numbers for the biodiversity units measure annually and 18 months in arrears, because of the time period required to complete large scale biodiversity surveys. In Year 1, we have seen reasonable evidence that Network Rail is meeting its short-term objective for no net loss in biodiversity units by the end of the previous control period. This bodes well for net gain in biodiversity units by the end of the current control period.

Network Rail's key activity in Year 1 has been the development of detailed habitat management plans within the regions. We have seen evidence of some progress on these plans, particularly for North West & Central region. However, we expect to see plans for full coverage accelerated and for clearer reporting of progress by Network Rail.

Network Rail's progress in other areas of environmental delivery

In our PR23 final determination, we jointly agreed with Network Rail a circular economy measure of waste reuse. Network Rail has made good progress on network-wide reuse and recycling of waste.

In Year 1, Network Rail reused over one million tonnes of waste, accounting for 70.4% of total waste produced. Material reuse was the largest contributor to landfill diversion and plays a key role in delivering circular economy outcomes. A further 27.2% of waste was recycled, and only 0.3% was disposed. In total, 99.7% of waste was diverted from landfill.

In Year 1, Network Rail produced air quality improvement plans and milestones for priority managed stations. We will review delivery in this important area over the remainder of the control period.

Good progress in delivery of weather resilience and climate change adaptation plans

Network Rail has established regional Weather Resilience and Climate Change Adaptation (WRCCA) plans. It made a positive start to their delivery in Year 1, with all actions for the year completed. The majority of the remaining actions are in either the planning or delivery stages, indicating that

implementation is well underway.

North West & Central region was the most impacted by weather-related events during the year. Several storms caused significant disruption, highlighting the importance of asset-related WRCCA actions – for example, proactive route closures were put in place ahead of Storm Eowyn's high winds.

Although current investment levels and planning activity show early commitment to the WRCCA plans, ongoing funding pressures present a risk to sustained delivery over the remainder of the control period. We will keep this under review.

- ← Previous Finance and efficiency
- → Next Network Rail's System Operator and national functions