ORR's annual assessment of Network Rail's North West & Central region 2024 to 2025

Letter

17 July 2025

Dear Jake,

Subject: ORR's annual assessment of Network Rail's North West & Central region

I am writing to you, separately to our 2024-25 Annual Assessment of Network Rail to summarise our assessment of North West & Central's performance in 2024-25 and also look ahead to delivery in the remainder of the control period. As you take on the leadership of this region, I look forward to working with you in the year ahead.

As set out in our final determination, due to constrained funding in CP7 Network Rail will be relying on life-extending repairs and maintenance over renewals over the course of CP7 as compared to CP6. We are therefore increasing our focus on these activities.

Delivering a reliable and punctual service for passengers

The region's passenger train punctuality has been broadly stable over the past year. On Time performance improved by 0.4 percentage points in the year, ending at 63.8%. The region did better than the target set for the first year (Year 1) of control period 7 (CP7) by 0.9 percentage points. However, passenger experience has varied at route level with continued improvement on the Central route, a halting of deterioration on West Coast South and slow decline in the North West. There has been an increase in external delay, particularly due to fires, vandalism, theft, trespass and fatalities and a large increase in track related delay on the West Coast South route. We

welcome the review that Network Rail is conducting into current route performance strategies to ensure they are delivering on a whole system basis, evidenced and prioritised based on robust root cause analysis.

Passenger train reliability has declined, with passenger cancellations increasing by 0.6 percentage points to end the year at 5.1%. Passenger cancellations ended 1.4 percentage points adrift of the target set. We note that traincrew shortages among train operators have had a significant impact on passenger cancellations. North West & Central has assessed its own contribution to cancellations and is focused on improving both reliability and punctuality, particularly on the West Coast South route through its First 60 miles plan. We will continue to monitor passenger cancellations and engage with the region on the effectiveness of its actions to improve reliability.

Delivering for freight

Freight cancellations have remained stable at around 1.1% to 1.3% during 2024-25. At the end of Year 1, cancellations stood at 1.2%, which was worse than the target of 1.0% set for the region. We note the impact that severe weather, particularly flooding, has had on freight cancellations in the last year.

There has been freight growth in North West & Central of 3.6%, exceeding the year-end target set of 1.7%. HS2 construction sites continue to be a significant factor in construction volumes. We note the creation of a regional freight growth plan and the planned initiatives to support further freight growth during CP7.

Improving asset reliability

The region has had mixed success in delivering its asset renewals plan for the year. It achieved 106% of its overall effective volumes plan, exceeding its target for conductor rail, earthworks, overhead line and signalling renewals. However, it has under-delivered plain line track and significantly under-delivered on switches & crossings and structures.

We are concerned with the region's plan for asset renewals in Year 2 and the remainder of CP7. The region has made significant reductions to its originally planned volumes of renewals, particularly for earthworks renewals which were already constrained and identified as such as part of our most recent periodic review. The volatility and level of change this early in CP7 gives us cause for concern. The region must make sure it carefully manages its asset renewals and risks to future asset reliability with the funding it has available.

We have also focused our monitoring on the efficiency and deliverability of the West Coast North Modernisation programme – a strategically important renewal programme. The region has concluded its review into the scope of renewals for CP7, access requirements and planning assumptions and we expect it to further clarify what it expects to deliver. The time taken to determine the outline scope and milestones has resulted in funds being held back from other Network Rail priority areas. We will continue to scrutinise this programme and the impact of any changes to cost, outputs, interfacing projects and the wider digital signalling portfolio.

At Christmas, the region successfully delivered signalling, drainage and track upgrades for Crewe Basford Hall Independent Lines. The region has confirmed that the remaining projects at Crewe will be standard renewals but will take into account the potential scope of HS2. The region worked well with the Government and HS2 Ltd to identify the impact on interfacing projects of the decision to cancel HS2 Phase 2.

The region has not delivered structures and buildings examinations and assessments in line with Network Rail's standards. If not addressed, this risks undetected faults, safety hazards and operational disruptions, with the potential for significant effect on passengers, members of the public and Network Rail's workforce. We have received the proposed recovery plan to address non-compliance; we are currently reviewing this and engaging an independent reporter on the matter.

We investigated the derailment of a freight train while crossing a bridge in Audenshaw on 6 September 2024 and uncovered significant systemic failings by Network Rail. We issued Network Rail with an improvement notice and have required it to take corrective action to ensure that it complies with its duties and ensure the safety of train passengers and others.

The region has progressed several enhancements schemes during the year and has made positive progress in the construction of three new lifts at Barnt Green to provide step free access to all station platforms for the first time. In the last year, the region has made good progress with the TransPennine Route Upgrade against a number of milestones and achieved entry into service of the Manchester to Stalybridge electrification, with Northern and TransPennine Express trains now running at increased line speed. The programme governance and management has now transferred to the Eastern region and we will monitor delivery of the programme with them.

Delivering better environmental outcomes

North West & Central reported a 2.0% reduction in its scope 1 and 2 carbon emissions, substantially under-achieving its plan of 4.2%. We expect the region to improve its carbon emissions reductions

programme. Nevertheless, we recognise it has taken steps to accelerate decarbonisation as demonstrated by the £5.8 million project to decarbonise Manchester Piccadilly Station and Allerton Depot with funding from the Public Sector Decarbonisation Scheme. This aims to deliver the first fully decarbonised managed station in the region.

We have seen that the region is taking steps to meet its objective for net gain in biodiversity by the end of CP7 with positive progress in the development of detailed habitat management plans. We expect the region to maintain this momentum with regular progress reporting on the plans' continued development

Delivering value for money

North West & Central has done well in the efficiency of the work it has delivered in the first year of the control period but its financial performance can be improved.

The region made a strong start to CP7 and delivered £86 million of efficiencies in Year 1 (based on draft financial information), outperforming its target of £49 million. These efficiencies were achieved from workforce reform benefits and savings from modernising maintenance initiatives.

However, we have some concerns with Year 2 efficiency and renewals planning. A large portion of forecasted efficiency (circa 28%) lacks delivery plans and renewals remits issued and accepted by the supply chain are below the national average. Our independent reporter has assessed that the efficiency planning gap could be resolved with minimal additional effort. The region should focus on assuring its Year 2 efficiency plans and work with suppliers to avoid delays or slippage within the renewals workbank.

North West & Central reported £40 million of financial underperformance for Year 1 with a large portion of this underperformance due to Schedule 8 compensation payments to train operating companies for poor performance and due to delays and cancellations to renewals work. This highlights the additional focus required on risk management and operational planning to minimise cost increases.

Looking forward to Year 2 of CP7

We will closely monitor the high levels of passenger cancellations and the action the region is taking to reduce its own contribution to cancellations in the year ahead. Careful management of asset renewals, particularly earthworks, should be a key area of focus for the region in order to

manage risks to asset reliability. We expect the region to take steps to address non-compliance with structural examinations and assessments. The region is working collaboratively with ORR to address the risks we identified in our investigation into the Audenshaw derailment and we will assess compliance with our improvement notice in due course. We expect the region to meet its plan for reducing scope 1 & 2 carbon emissions and complete the development of habitat management plans for its estate.

Yours sincerely

[signed]

Steve Fletcher

Deputy Director, Railways Engineering and Investments