Investing in the rail network: a guide for investors

Introduction

This guidance document has been developed to support investors considering opportunities across different asset areas of the UK rail network. It has been developed following engagement with the supply chain, which highlighted the need for more accessible information on how investment might be structured and delivered. The purpose of this document is to provide a high-level, illustrative overview of how investment in depots, stations, signalling, power infrastructure and place-based projects around stations could be undertaken under the Rail Network Investment Framework.

The information presented here is indicative, not prescriptive. Actual approaches, requirements and timelines will vary significantly depending on the scope and complexity of each investment project. Similarly, the roles of stakeholders and the application of contractual arrangements will differ in practice. This document therefore offers investors an outline of what to expect, the range of options that may be available and the types of considerations that typically arise.

The guidance includes:

- an overview of the investment process;
- clarity on stakeholder roles and responsibilities;
- a summary of contractual options for investors;
- investor checklists and key considerations; and
- examples illustrating how investments have been approached in practice.

This guidance should be read in conjunction with the Rail Network Investment Framework, which

sets out the formal processes and requirements in more detail.

1. Understanding the investment opportunity

1.1 This document provides an overview of the types of infrastructure investment opportunities available on the rail network and outlines key considerations for prospective investors. It is intended to help third-party investors, developers and delivery partners better understand how and where they can invest in the rail network and what to expect during project development.

1.2 The document covers a range of asset types (including track, stations, depots, power systems and place-based development) and sets out:

a. why these assets present opportunities for investment;
b. roles and responsibilities of key stakeholders;
c. the regulatory, technical and commercial considerations involved;
d. typical delivery pathways and agreements; and
e. relevant guidance on risk, approvals and long-term operation and maintenance.

1.3 This content complements ORR's wider guidance on access and licensing, safety and authorisations. It also aligns with the principles of the Railways Act 1993 and the Railways (Access, Management and Licensing of Railway Undertakings) Regulations 2016.

1.4 This document is intended to support informed, early-stage engagement and help third-parties structure commercially viable projects that meet operational, technical and regulatory expectations. Further information on the content found within this document can be found in our Rail Network Investment Framework.

What are Third-Party Promoted Schemes?

1.5 Third-party promoted schemes involve infrastructure investments funded by entities other than Government or Network Rail. These investors may include local authorities, private developers, rolling stock companies, independent investors or privately-owned train operators.

1.6 Network Rail can facilitate investment from third-parties via its suite of template contractual agreements, or via bespoke contractual agreements (typically used for projects valued over £50m). Please see chapter 3 of the Rail Network Investment Framework for further information.

1.7 The majority of third-party or privately promoted schemes that affect NR's operational railway often interact through two key mechanisms:

Development Services Agreement (DSA)

a. A DSA is normally entered into early in the project lifecycle.
b. It sets out the scope, roles, responsibilities and cost recovery for NR's involvement in development activities (e.g. feasibility, option selection, outline design).
c. It allows NR to provide assurance that a proposal is technically feasible, compliant with standards and can integrate safely with the operational railway.
d. It helps manage risk for both the promoter and NR before large sums are spent on detailed design or construction.

Asset Protection Agreement (APA)

a. An APA comes later in the project lifecycle, typically when the scheme is progressing to detailed design and delivery.
b. Its purpose is to govern works that directly interface with or impact NR's infrastructure (construction, possessions, safety, temporary works).
c. The APA focuses on protecting NR's assets, operational railway and safety obligations under the law.

1.8 Our guidance in the following sections shows how third-party investment projects commonly use these types of agreements, including via process flow maps.

Government-sponsored schemes

In contrast to third-party promoted schemes, Government-sponsored infrastructure schemes are those which are promoted by the Department for Transport, Transport for Wales or Transport Scotland. These are not required by their high-level output specifications and are separate from enhancements.

Indicative High-Level Timeline

1.9 The development and delivery of third-party or privately funded projects on the UK rail network typically follow a structured series of steps, from early engagement and feasibility

through to construction and handover. The timeline below provides a high-level, indicative overview of the key stages that are commonly undertaken.

Stage	Typical Duration	Key activities
1. Early Engagement	1-3 months	Initial discussions with Network Rail and other stakeholders to understand constraints, opportunities and requirements.
2. Feasibility / Option Identification	3-6 months	Assessment of technical feasibility, land ownership, access, operational impacts and funding models.
3. Development Services Agreement (DSA)	Typically entered into during this phase	Formal agreement with Network Rail for development support (design assurance, standards checks, access planning, cost estimates).
4. Option Selection / Single Option Development	6-12 months	Refinement of preferred option, technical studies, stakeholder engagement and planning consents.
5. Detailed Design & Consents	6-12 months	Detailed engineering design, safety assurance, completion of land and statutory consents.

Stage	Typical Duration	Key activities
6. Asset Protection Agreement (APA)	Typically entered into before construction	Agreement with Network Rail covering works that interface with or may impact railway assets, setting out safety, assurance and cost recovery arrangements.
7. Construction & Delivery	12-36 months (varies widely)	Construction of the scheme, NR oversight and asset protection during works, commissioning and handover.
8. Handover & Close-Out	3-6 months	Final assurance, as-built information, and financial close-out.

2. Investing in track infrastructure and new connections

Why it's an opportunity

2.1 Track infrastructure and new connections, including sidings and new junctions, are often key enablers of wider economic, freight and resilience benefits. Common benefits include:

a. **Freight Growth and Modal Shift**
    i. New rail connections to terminals, quarries, ports or industrial estates can reduce HGV use;
    ii. Investors may benefit from access charge recovery or property value uplift.
b. **Network Resilience and Diversionary Routes**

i. Additional track capacity can support operational resilience and contingency planning;
ii. Strategic projects may attract public funding support (for example, from local authorities).

c. **Unlocking Development Land**
    i. New links can make brownfield or underused land viable for mixed-use or regeneration;
    ii. Landowners or developers may co-invest in connection infrastructure.

2.2 These projects are typically capital-intensive and can offer stable returns over the long-term (primarily via access charges to users). They may also align well with local and regional growth agendas, making them a potential opportunity for co-funding from both public and private sources.

Key Stakeholders – Roles and Responsibilities

2.3 Below are examples of some of the common responsibilities of key stakeholders when investing in track infrastructure, although this may vary depending on the scope of the investment scheme:

ORR	• Approves new or amended track access agreements under Sections 17/22A of the Railways Act 1993; • Ensures transparency, fair access and compliance with interoperability and safety standards; • Oversees infrastructure entry into service under ROGs and TSIs.
Network Rail	• Leads on engineering feasbility, design assurance and integration with the existing network; • Conducts capacity and performance assessments; • Advises on signalling, traction power and system protection requirements; • Enters into template agreement, or bespoke agreement for projects over £50m, with the investor.
Investors/ Third-Parties	• Funds the works, including design, construction, testing and commissioning; • Ensure compliance with safety law, Network Rail standards and statuatory approvals; • Manage agreed risks and liabilities.
Operators/ Freight Users	• Define timetable and operational requirements; • Engage in early planning to ensure compatibility with services; • May enter into commercial or collaborative agreements with investors (where track infrastructure is tied to other investments, such as the introduction of new rolling stock).

Key Considerations for Investors

Theme	Details
Capacity &	Network Rail will need to assess capacity impact, signalling changes,

Theme	Details
Integration	power supply capability and timetabling feasibility.
Safety & Compliance	Projects must comply with ROGS (Railways and Other Guided Transport Systems (Safety) Regulations 2006) and TSIs (Technical Specifications for Interoperability); derogations may be required for non-standard infrastructure.
Land & Interfaces	Third-parties typically secure land and planning; interface risk must be addressed contractually.
Cost Recovery & Revenue	Options may include track access charges, cost sharing with operators, or wider land development returns.
Risk Allocation	Clarify responsibilities for cost overruns, project delays and operational performance. This will typically be set out in the contractual agreement between NR and the investor.

Regulatory and contractual considerations

2.4 Below is an example of how investment in track infrastructure and new connections can be facilitated, along with some of the common regulatory requirements in this area:

2.5 **Early development and feasibility**

Network Rail may be engaged under a Development Services Agreement (DSA) to explore technical feasibility, network capacity, operational constraints and access rights at an early stage.

2.6 Delivery arrangements

If the scheme is feasible, it typically progresses to a delivery-phase agreement, either an Asset Protection Agreement (APA) where works interface with operational assets, or an Implementation Agreement (IA) where Network Rail delivers works on behalf of the investor. The choice depends on project complexity and scope.

2.7 Regulatory approvals

The investor and Network Rail must engage with ORR to secure required track access approvals and authorisation for entry into service, ensuring compliance with statutory, operational and safety requirements.

Investor checklist

2.8 Investors should consider the following when developing a track infrastructure project:

a. Has a clear operational or commercial need been identified (e.g. freight access)?
b. Has capacity on the mainline been assessed and confirmed by Network Rail?
c. Have land and planning risks been accounted for?
d. Are risk liabilities and delivery milestones clearly defined in the contract?
e. Are access rights, revenues and long-term responsibilities agreed and documented?
f. Have ORR agreed the regulatory pathway for bringing the scheme into use?

3. Investing in station enhancements and new stations

Why it's an opportunity

3.1 Stations serve as gateways to communities and are drivers of local economic development. Commons areas of benefit from investing in stations include:

a. Passenger Experience and Revenue Growth
    i. Retail and service upgrades can drive footfall and spend;
    ii. Advertising and lease revenues create commercial return.
b. Urban Regeneration and Mixed-Use Development

i. Air rights or adjacent land can support residential, office or civic uses;
ii. Stations serve as anchors for wider regeneration schemes.

c. Network Efficiency and Access to Growth
    i. New stations or platform extensions improve capacity and resilience;
    ii. Align with wider service planning and demand management.

3.2 Public-private partnerships at major stations (for example, at King's Cross and Birmingham New Street) have demonstrated how coordinated investment can deliver both commercial returns and public value. For smaller stations, targeted enhancements can also improve service quality, customer experience and stimulate local growth.

Key Stakeholders – Roles and responsibilities

3.3 Below are examples of some of the common responsibilities of key stakeholders, although this may vary depending on the scope of the investment scheme:

ORR	• Approves new or amended Station Access Agreements; • Ensures infrastructure complies with safety and access obligations; • Monitors the fairness and transparency of access and charging arrangements.
Network Rail	• Owns most station infrastructure, and operates several key stations on the network; • Manages operational integration of upgrades; • Coordinates delivery under contractual agreement with the investor (APA, BAPA).
Investors/ Third-Parties	• Fund enhancements, often linked to retail or property opportunities; • May assume ongoing lease or maintenance obligations for enhanced areas; • Typically seek returns from commercial lettings, advertising or land value uplift.
Operators	• Operate many of the stations on the network; • Manage day-to-day station use and passenger flows; • Provide input on design, accessibility and operational integration.
Local Authorities	• May provide planning support where required, co-funding or regeneration partnerships; • May help align station investment with local transport and development plans.

Key considerations for investors

Theme	Detail
Planning & Permissions	Must align with local planning rules where required and NR's operational requirements.
Operational Boundaries	Clear separation between public realm enhancements and safety-critical operational zones is required.
Accessibility & Safety	All works must comply with PRM-TSI (Persons with Reduced Mobility – Technical Specification for Interoperability), fire safety and station design standards.
Stakeholder Coordination	Projects must be co-developed with TOCs, NR and, in some cases, developers or local authorities.

Regulatory and contractual considerations

3.4 Below is an example of some of the common contractual and regulatory requirements in this area:

3.5 **Early engagement and feasibility**

An investor will usually enter into a Development Services Agreement (DSA) with Network Rail to explore feasibility, capacity, access and operational constraints. The DSA provides a formal framework for Network Rail to support technical development and confirm whether the proposal can be safely integrated into the network.

3.6 **Delivery arrangements**

If the scheme is viable, it progresses to an appropriate delivery-phase agreement:

- an Asset Protection Agreement (APA) where the investor delivers works that interface with operational railway assets; or
- an Implementation Agreement (IA) where Network Rail delivers works on behalf of the investor.

Larger schemes (valued over £50 million) may use bespoke contractual terms to reflect project scale and risk.

3.7 Regulatory approvals

The investor and Network Rail will engage with ORR to obtain required consents, including:

- Access rights and station access agreements under the Railways Act 1993;
- Safety authorisation under ROGS for operational integration; and
- Authorisation for placing into service under the Interoperability Regulations, where relevant.

Planning and statutory consents (e.g. planning permission or Transport and Works Act Orders) may also be required depending on the scheme's nature.

3.8 Assurance and governance

Network Rail will maintain oversight through its assurance and acceptance processes to ensure safety, standards compliance and operational integrity. Governance and cost recovery arrangements are typically managed through the agreed contractual framework.

Checklist for station investors

3.9 Investors should consider the following when developing a station investment project:

a. Is there a clear commercial or regeneration rationale?
b. Are roles and responsibilities defined across Network Rail, operators and other stakeholders?
c. Are operational and non-operational areas clearly identified and agreed?
d. Have ORR requirements for access and safety been engaged with early?
e. Is the commercial model robust and aligned with station user needs?

4. Investing in depots

Why it's an opportunity

4.1 Depots represent a good entry point for private investment in rail infrastructure. Unlike rail lines or signalling systems, depots are:

a. Clearly bounded and self-contained, limiting interface complexity;
b. Associated with defined revenue streams from operator facility access or train servicing;
c. Essential for traction modernisation and decarbonisation, supporting electric rolling stock and alternative traction power capabilities; and
d. Integral to combined rolling stock and infrastructure investment deals, often initiated by private investors.

4.2 Depot investments are generally seen as commercially viable ventures with manageable delivery interfaces, making them an ideal starting point for expanding private sector capital in rail.

Key Stakeholders – Roles and responsibilities

4.3 Below are examples of some of the common responsibilities of key stakeholders, although this may vary depending on the scope of the investment scheme:

ORR	• Approves new or amended Depot Access Agreements; • Ensures agreements meet fair, non-discriminatory, safety-compliant and interoperability standards; • Regulates the interface between depot operations and mainline network access.
Network Rail	• Typically owns depot land and infrastructure; • Negotiates commercial access agreements with investors or operators; • Defines standard terms within template Depot Access Agreements (DAAs), similar to station or track access agreements.
Investors/ Third-Parties	• Finance depot upgrades and construction; • Secure revenue through lease agreements or service contracts with train operators; • Fund any incremental operating, maintenance or renewals (OMR) costs exceeding NR baseline during each control period.
Operators/ Depot Users	• May lead depot investment as part of wider fleet procurement (e.g., depot & trains packages); • Often manage the operator interface and depot handover, easing delivery complexity; • Provide operational specifications and co-funding.

Key considerations for investors

Theme	Detail
Compliance and Interoperability	Infrastructure must meet TSIs or obtain derogations if depot modifications affect train entry into service. ORR will be able to provide guidance on this.

Theme	Detail
Risk Allocation & OMR Charging	Investment costs, depreciation and maintenance charges (>£50k p.a.) must be clearly identified and borne by investors, with revisits each control period.
Revenue Mechanisms	Examine lease duration, access charge structure, performance incentives and commercial return on investment.

Regulatory and contractual considerations

4.4 Below is an example of how investment in depot infrastructure can be facilitated, along with some of the common regulatory requirements in this area:

4.5 **Access and regulatory approvals**

Depot projects that interface with the operational railway require an ORR-approved Depot Access Agreement under the Railways Act 1993. Where a new or modified network connection is proposed, corresponding track access rights or connection agreements may also be needed.

4.6 **Contractual frameworks**

The form of agreement with Network Rail depends on project scale and complexity:

- Smaller schemes (typically under £50 million) may use standard Development Services and Asset Protection Agreements;
- Larger or more complex projects may require bespoke terms or an Implementation Agreement.

Network Rail will advise on the most appropriate contractual route.

4.7 **Assurance**

All depot schemes must meet Network Rail's technical and safety assurance requirements to ensure safe integration with the wider network.
Early engagement with Network Rail is strongly recommended to confirm the appropriate approvals and delivery pathway.

Checklist for depot investors

4.8 Investors should consider the following when developing a depot investment project:

a. Have TSIs, approvals and interoperability implications been reviewed with ORR?
b. Have all interfaces with Network Rail and the operating network been mapped and agreed?
c. Are risk allocations and liabilities clear?
d. Does the financial model have a strong basis (e.g., long-term lease)?

5. Investing in signalling

Why it's an opportunity

5.1 Modern signalling and train control systems are critical to the delivery of a higher-capacity, safer and more resilient railway. With much of the UK network still reliant on legacy infrastructure, investment in digital signalling offers various potential opportunities:

a. Digital Railway Implementation
    i. Investment aligns with national and industry policy priorities;
    ii. Helps unlock long-term network capacity and reliability improvements.
b. Asset Modernisation and Resilience
    i. Replacing life-expired signalling reduces maintenance costs and disruption;
    ii. Increase line capacity and reduce headways;
    iii. Improve operational resilience and service recovery;
    iv. Enhances safety through automation and reduced potential for human error.
c. Innovation and Private Sector Delivery Models
    i. Long-term partnerships or joint ventures can deliver significant outcomes.

5.2 For investors, these systems offer scope to develop, deliver or finance upgrades in

partnership with Network Rail or operators.

Key Stakeholders – Roles and responsibilities

5.3 Below are examples of some of the common responsibilities of key stakeholders, although this may vary depending on the scope of the investment scheme:

ORR	• Approves entry into service for safety-critical systems under ROGS; • Ensures interoperability with rolling stock and network infrastructure; • Provides early regulatory advice on system certification and safety cases.
Network Rail	• Leads system specification, integration and procurement; • Conducts testing, commissioning and operational handover; • Manages interface risk with legacy infrastructure.
Investors/ Third-Parties	• May fund, deliver or co-develop new systems; • Carry certain interface, technology and delivery risks (as agreed contractually with Network Rail); • Participate in performance-based or availability-linked commercial models.
Operators/ Rolling Stock Owners	• Provide input on operational functionality and integration with rolling stock; • Support staff training, operational readiness, and system validation.

Key considerations for investors

Theme	Detail
Interoperability	New systems must work with existing trains and infrastructure; overlay running may be required.
Safety & Assurance	Projects require robust documentation, staged testing, and ORR engagement at each gateway.
Commercial Structures	May involve availability payments, lifecycle cost models or outcome-based incentives.
Delivery Risk	Interface complexity and phased commissioning introduce risk to cost and schedule.

Regulatory and contractual considerations

5.4 Below is an example of how investment in signalling infrastructure can be facilitated, along with some of the common regulatory requirements in this area:

5.5 **Early engagement**

Early engagement with NR and ORR is essential to establish technical feasibility, integration requirements and the applicable regulatory approval pathway.

5.6 **Development and feasibility**

A Development Services Agreement (DSA) is typically used to assess system feasibility, interface design, capacity implications, and regulatory compliance. This stage helps define assurance requirements and confirm how the new or modified signalling system will integrate with existing

control, communications and safety systems.

5.7 Delivery arrangements

Delivery generally proceeds under an Asset Protection Agreement (APA) or bespoke contract, depending on the project's scale and complexity. High-value or complex schemes (usually over £50 million) often adopt bespoke contractual terms with defined phased assurance milestones for design, testing, commissioning and entry into service.

5.8 Technical and operational integration

Close collaboration with Network Rail is required to scope system interfaces, testing regimes, commissioning plans and future asset ownership arrangements. Engagement with train operators and rolling stock owners should begin early to ensure compatibility and minimise operational disruption.

Checklist for signalling investors

5.9 Investors should consider the following when developing a signalling investment project:

a. Has the system's operational impact been defined and modelled?
b. Have rolling stock requirements for digital signalling been identified?
c. Are ORR and NR safety assurance processes clearly understood?
d. Are technical and commercial interfaces with existing infrastructure mapped?

6. Investing in traction power and electrification

Why it's an opportunity

6.1 Electrification and traction power infrastructure are central to achieving the UK's Net Zero targets and decarbonising the railway. Key drivers and benefits may include:

a. Net Zero and Decarbonisation Commitments
    i. Direct alignment with wider transport decarbonisation targets;
    ii. Strong public support and potential co-funding from devolved or local authorities.
b. Growing Market Demand
    i. Battery-electric and bi-mode fleets require new charging assets;

ii. Operators seek partners to deliver clean infrastructure at pace.

c. **Integrated Delivery Models**

i. Infrastructure can be bundled with new depots or rolling stock;

ii. Offers potential for long-term, availability-based revenue models.

6.2 Investment in these areas can be a vital enabler of new low-emission fleets and future rail growth. For private investors, this offers an opportunity to support green infrastructure with strong policy alignment and growing market demand from train operators and devolved authorities.

6.3 Traction power investments also complement rolling stock procurement and depot upgrades, making them well-suited to integrated project models.

Key Stakeholders – Roles and responsibilities

ORR	• Ensures compliance with ROGS, energy interface standards and entry into service requirements
Network Rail	• Manages the rail energy supply network and system integration; • Defines standards for power system compatibility and fault protection; • Supports early feasibility through Network Rail's Traction Decarbonisation National Strategy and traction power strategy.
Investors/ Third-Parties	• Lead on design, provide funding and deliver electrifed infrastructure or OLE systems; • May own and maintain systems under lease or concession models; • May take on delivery, interface and asset risk (defined contractually with Network Rail).
Operators/ Rolling Stock Owners	• Define charging demand profiles and timetabling requirements; • May co-fund infrastructure as part of fleet procurement or retrofit strategies; • Often act as delivery partners or customer interface leads.

Key considerations for investors

Theme	Detail
Electrical Safety &	High-voltage works must comply with safety regulations and

Theme	Detail
Assurance	require staged assurance reviews.
System Compatibility	Infrastructure must integrate with NR's power network.
Operational Risk	Failure of energy assets can affect train operation — backup systems may be needed.
Maintenance & OMR	Investors may be liable for long-term operation, inspection, and asset resilience.
Commercial Model	Leasing, availability payments or capacity-based charging can be used to structure returns.
DNO Supply	Have Distribution Network Operators been engaged to identify any supply constraints?

Regulatory and contractual considerations

6.4 Below is an example of how investment in track infrastructure and new connections can be facilitated, along with some of the common regulatory requirements in this area:

6.5 **Development and feasibility**

A Development Services Agreement (DSA) may be used to assess power demand, network capacity, system integration and asset feasibility. This stage identifies existing supply constraints, required upgrades and compliance with Network Rail's electrical safety and design standards.

6.6 Delivery arrangements

Projects progressing to construction usually do so under an Asset Protection Agreement (APA), which governs safety, assurance and delivery where works interface with operational infrastructure.

6.7 Contractual frameworks

Integrated fleet and infrastructure schemes or major electrification programmes often require bespoke contractual terms, particularly where shared assets or interfaces with rolling stock are involved. Such projects commonly exceed the £50 million threshold, above which standard template agreements are not generally used.

6.8 Regulatory and safety approvals

Safety and technical approval routes should be defined early with ORR and Network Rail, including compliance with the Railway Interoperability Regulations, Electrical Safety Management Standards, and ROGS requirements for authorisation into service.

Checklist for traction power investors

6.9 Investors should consider the following:

a. Is the investment aligned with a defined decarbonisation strategy or fleet order?
b. Has grid and timetable compatibility been confirmed with NR and operators?
c. Are interface risks and OMR responsibilities contractually defined?
d. Has safety assurance and testing been factored into the timeline?
e. Is the commercial return model clearly structured?

7. Place-based investment and regeneration

Why it's an opportunity

7.1 Place-based investment integrates rail infrastructure with wider development and regeneration, supporting sustainable communities and long-term economic growth. These schemes often combine residential, commercial, civic and retail development centred around upgraded or new rail infrastructure.

7.2 This model allows private capital to participate in both transport delivery and surrounding development. Key drivers and benefits can include:

a. Land Value Capture and Commercial Uplift
    i. Development around transport hubs can substantially increase land and property values;
    ii. Long-term leasing and development rights can offer revenue for investors.
b. Alignment with Levelling Up and Housing Policy
    i. Place-based regeneration supports national and local objectives for housing and jobs;
c. Integration of Transport and Urban Design
    i. Transport oriented design principles create high-density, walkable communities centred on reliable rail access;
    ii. Supports climate resilience and modal shift from cars to public transport.

7.3 Examples of successful projects include:

a. King's Cross: A major regeneration scheme anchored by rail infrastructure improvements.
b. Brent Cross West: A new station forming the focal point of a large-scale housing and commercial masterplan.
c. Stratford (London): Integrated transport and development hub supporting the Olympic Park and East London growth.

7.4 These schemes demonstrate how infrastructure investment, when aligned with commercial development, can deliver substantial long-term returns and public benefit.

Key Stakeholders – Roles and responsibilities

ORR	• Reviews railway operational impact and access rights; • Ensures fair access is maintained throughout development phases; • Provides authorisations for works that impact operational infrastructure.
Network Rail	• Manages rail infrastructure interfaces and defines asset boundaries; • Oversees operational protection and ensures safe, uninterrupted service; • Advises on technical approvals, land ownership and asset handover arrangements.
Investors/ Third-Parties	• Lead on land, financing and delivery of integrated schemes; • Balance commercial objectives with operational constraints and stakeholder coordination; • May structure joint ventures, long leases or development corporations with public bodies.
Operators	• Manage passenger flows, interface with station improvements and may partner in co-funding.
Local Authorities	• Align schemes with local/regional/national plans, targets and strategies; • Provide statutory consents and may contribute public land or funding; • Facilitate community engagement and multi-agency coordination.

Key considerations for investors

Theme	Detail
Planning and Statutory Risk	Complex land assembly, approvals, and consultation processes can extend delivery timelines
Operational Interfaces	Boundaries between operational rail and commercial assets must be legally and physically defined
Value Realisation Timeline	Land value capture and rental income may be long-term; upfront capital is often required
Joint Governance Models	Shared ownership or risk-sharing may be needed to manage interfaces and long project lifecycles
Regulatory Pathway	Early regulatory dialogue reduces risk of rework and delays in access, safety, or commissioning

Regulatory and contractual considerations

7.5 Below is an example of how investment in regeneration can be facilitated, along with some of the common regulatory requirements in this area:

7.6 **Early development and feasibility**

A Development Services Agreement (DSA) may be used to assess phasing, land use viability and interface requirements with the operational railway. This stage helps determine the extent of

Network Rail's involvement and any required protection or assurance activities.

7.7 Delivery arrangements

Where works affect operational assets, an Asset Protection Agreement (APA) or bespoke delivery agreement may be required to govern safety, access and asset assurance.

7.8 Regulatory and planning engagement

Early engagement with Network Rail, ORR and local planning authorities is essential to define regulatory pathways and align planning consents with rail operational requirements.

7.9 Access and interface agreements

Depending on the nature of the scheme, Station Access Agreement variations or new station/ depot interface agreements may be required to support integration of commercial, transport and operational elements.

Checklist for place-based investors

7.10 Investors should consider the following when developing a place-based investment project:

a. Is there a clear value proposition rooted in transport oriented design or mixed-use growth?
b. Have planning, rail and access risks been scoped and phased?
c. Are legal boundaries between railway and non-railway assets defined?
d. Is there a viable delivery model (e.g. joint venture, special purpose vehicle, co-investment)?
e. Are all stakeholders aligned on objectives and governance?

8. Rebate mechanism

8.1 The rebate mechanism is designed to allow third-party investors in large-scale enhancements to recover a fair proportion of the costs incurred in funding an investment scheme where other parties benefit from the use of the enhancement.

8.2 Once an enhancement to the network is operational, any train operator can apply to Network Rail for access to it. If granted, the charge for access is payable to Network Rail, and as a general principle reflects the marginal cost of providing access. Under current arrangements, therefore, a third-party funder cannot charge operators directly for access to an enhancement in which it has

invested. Consequently, operators may be able to 'free ride' on the investment of others.

8.3 This means that the investor could be at a competitive disadvantage, reducing the incentive to invest and ultimately meaning that beneficial investments may not go ahead.

8.4 Third-parties investing in large-scale track infrastructure enhancements to the network can apply to Network Rail for a rebate charge to be put in place. This charge will be levied on operators that access and benefit from the enhancement. Government-funded schemes are outside the scope of this mechanism.

8.5 Investors will only be eligible for the rebate mechanism if they can demonstrate to Network Rail (and us) that they satisfy one of two criteria:

- The funder is a private sector third-party funder and:
    - there is a stand-alone business case for the investment in the absence of the rebate and free riding; and
    - there is a real likelihood of free riding on the investment by competitors, which would mean that the project could not be undertaken without the prospect of such higher charges.

Or

- The funder is a public sector third-party funder and:
    - the scheme represents value for money in the absence of the rebate;
    - funding constraints mean that the scheme could not proceed, or would be delayed with significant adverse effects, without the prospect of recovering higher charges via the rebate, due to a lack of available funding; and
    - the prospect of recovering higher charges via the rebate would ease the funding constraint.

8.6 In either case, the project should not be being funded through other mechanisms, such as franchise arrangements, grants or innovation funds; and the funder should have explored thoroughly the possibility of joint-funding arrangements before applying for the rebate mechanism.

The rebate charge

8.7 The rebate charge is an (index-linked) tariff levied per benefiting path, and will be payable to Network Rail as a premium to the access charge. Network Rail will then have responsibility for distributing the tariff received to the appropriate investing party(/ies), the rights to which will be set out in the relevant access contract or access option.

8.8 The level of the charge should be calculated by Network Rail and be based on the average annual cost of the investment per relevant path available. The charge will be applicable only for the ex-ante payback period of the investment, as set out in the access rights or options of the investing entity. If the original investor loses its access rights with respect to the enhancement, the mechanism for paying a rebate charge to the investor will survive, unless the investor has been appropriately compensated for its investment.

8.9 The mechanism will be implemented through applications under section 17 to 22A of the Railways Act 1993. The level of the rebate charge and the expiry date of the charge should be set out in schedule 7 of the track access contract.