Investing in the rail network: a guide for investors

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

Theme	Detail
	provide guidance on this. Any proposal should also take account of changes to the mainline network (the depot/mainline connection) which could arise from depot improvements.
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 **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

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

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

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