Annual assessment of Network Rail 2025 to 2026

Network Rail's National Functions

Network Rail's National Functions support delivery across its regions, underpinning network-wide operations and providing services on a centralised basis. National Functions consist of Corporate Services, Route Services and Technical Authority.

Route Services improved efficiency delivery but faces ongoing cost and delivery pressures.

Wider financial pressures across Network Rail have also extended to Route Services, increasing the importance of ensuring that its activities deliver strong efficiency and value. In our ongoing engagement, we have challenged Route Services to maximise the efficiency gains from its collaboration with the regions, particularly by ensuring that centrally led projects translate into tangible and deliverable efficiencies at a regional level.

Route Services has responded constructively in control period 7 (CP7) by increasing the level of efficiencies delivered and recognised by the regions, thereby supporting regional delivery. This has been achieved by improving how centrally developed solutions are implemented and embedded in regional delivery, providing stronger definition of initiatives and better articulating delivery plans and efficiencies. This progress is important given the regions' increasing reliance on Route Services led technology, such as infrastructure monitoring, to support maintenance modernisation. Route Services has recognised this dependency and is taking steps to provide clearer commitments and increased transparency on delivery, enabling regions to plan with greater confidence. ORR will continue to engage with Route Services to ensure improvements are sustained and technology solutions deliver tangible efficiency and cost benefits, to allow for more efficient investment in renewals in CP7 and beyond.

Performance has broadly been positive for Route Services, particularly in areas such as the resilience and stability of national IT, telecoms services and cyber security, all of which support safe and dependable railway operations. However, weather related disruption was the primary driver of reduced delivery volumes in activities such as tamping, alongside some additional operational and resource related factors. These issues reflect a combination of external and operational pressures, rather than systemic failures. This will require Route Services' focused attention and management to ensure reliable and consistent network performance.

Route Services met its Year 2 efficiency target and improved the robustness of its Year 3 efficiency position. Sustained performance is dependent on maintaining a clear focus on future asset reliability, supply chain capability and effective prioritisation, particularly as Route Services continues to manage cost pressures and make rephasing decisions within the available funding, alongside managing wider delivery constraints including supply chain capacity and increasing programme complexity.

Route Services is progressing work to strengthen its approach to on track machinery and plant, with ongoing commercial negotiations forming part of this work. It is imperative that Route Services maintains the appropriate capability to support future delivery, avoiding higher costs or more disruptive interventions.

New accountability in place for the management of lifts and escalators.

Since April 2026, Route Services holds national accountability for the management of lifts and escalators, which has provided greater strategic oversight of a historically fragmented asset portfolio. We consider this to be a positive and important step forward. This change has improved the visibility of asset condition, performance and future requirements, and has supported earlier, more targeted intervention at several high footfall stations.

However, the consolidation exercise highlighted a number of long-standing structural challenges, including significant variation in asset condition and a growing backlog of assets at some key locations. In some cases, these issues were not fully reflected in existing plans. Route Services has started to respond through reprioritisation, targeted investment and closer regional engagement, but sustained focus and effective execution will be required to ensure this momentum is maintained.

Route Services should look to strengthen its alignment between funding, asset condition and passenger needs to ensure lift and escalator performance is both sustainable and affordable in future years.

Delivery of Project Reach has begun.

Project Reach, a public-private partnership to deploy new telecommunications cabling around the rail network, moved into the delivery phase in Year 2. Route Services has secured the relevant contracts and developed a clearer understanding of the volumes of fibre to be installed during CP7. This has been accompanied by increased confidence in delivery and governance arrangements, which are intended to support sustained deployment and completion in CP7 and beyond. The delayed start to delivery reflected the time required to put appropriate contractual arrangements in place. While this has reduced the volume of fibre to be delivered in CP7 compared to original plans, the delay has enabled Route Services to release some funding back into Network Rail centrally, helping to ease cash flow pressures within Network Rail.

Looking ahead, Route Services should remain focused on maintaining delivery momentum. Effective management of contractual and supplier dependencies will remain important in ensuring that the new telecoms infrastructure delivers clear benefits for railway operations and the passenger experience.

National Functions exceeded its efficiency target.

National functions (including the System Operator and GBRx) delivered £125 million of efficiencies in Year 2, 13% above its revised delivery plan target of £111 million (excluding a £101 million adjustment for regionally reported efficiencies that have not yet been assured). Route Services and Technical Authority continued to work closely with the regions to identify additional savings.

Route Services achieved £95 million of efficiencies, 7% above its revised delivery plan target. These were largely achieved through improved contracts negotiated with suppliers and utilising innovations in technology, such as the automation of processes and improved data driven asset decision making. Over CP7, Route Services is forecasting to deliver £442 million of efficiencies, including £59 million from Project Reach.

Technical Authority delivered £11 million of efficiencies during the year, 57% above its revised delivery plan. This was achieved through better resource management and improved contracts negotiated with suppliers. Technical Authority remains on track to deliver its CP7 target of £53 million of efficiencies.

The System Operator made good progress in its efficiency delivery in Year 2, achieving £10 million of efficiencies, 100% above its revised delivery plan. This was achieved through effective resource management.

GBRx, Network Rail's transformation programme, delivered £7 million of efficiencies in the year, exceeding its revised delivery plan by 17%. This was achieved through commercial procurement strategies and effective resource management.

Corporate services delivered £2 million of efficiencies, driven by better resource management. This is 50% below its revised delivery plan target but it remains on track to deliver its CP7 target of £30 million.

- ← Previous Environment