ORR's annual assessment of Network Rail's North West & Central region 2025 to 2026

Letter

14 July 2026

Dear Jake,

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

I am writing to you separately to our 2025-26 Annual Assessment of Network Rail to summarise our assessment of North West & Central's performance in 2025-26 and to look ahead at the region's priorities. The region has achieved improved reliability for passengers and maintained stability for freight customers. However, passenger train punctuality has worsened. While mitigating asset sustainability decline will be a key challenge for the region in the remainder of the control period, its delivery of asset renewals this year was in line with its revised plan. The region made good progress in delivering its efficiency plans.

Delivering a reliable and punctual service for passengers

The region's passenger train performance has been variable over the past year with deteriorating punctuality but improvement in reliability. Passenger train cancellations improved substantially, reducing from 5.1% at the end of 2024-25 to 3.8% at the end of 2025-26, driven by lower train operating company cancellations. Conversely, Time to 3 worsened, ending the year at 82.0%, a fall of 0.5 percentage points over the year.

Network Rail's contribution to delay has increased across all categories, except for severe weather, autumn leaf fall and structures. Individual incidents are having a higher impact, particularly track, non-track and external delay incidents. While the total number of incidents for these three categories only increased by 1.7%, the corresponding delay increased by 17%. We expect Network Rail to review and put in place plans to address this growing trend.

Delivering for freight

During 2025-26, freight cancellations remained broadly stable, ending the year at 1.1%, slightly worse than the target of 1.0%.

The region achieved freight growth of 2.2% in the past year, which was less than the target of 3.4%. Growth was lower due to a decline in construction traffic (including reduced HS2-related flows) and cessation of several petroleum movements, partially offset by modest increases in intermodal. We expect the region to focus on return to stronger growth through the delivery of its growth initiatives, new and reinstated flows, and continued expansion of intermodal, where market conditions allow.

Improving asset reliability

Delivery of asset renewals was broadly in line with the region's revised plan, achieving 116% of its effective volumes. However, it underdelivered its earthworks and overhead line equipment renewals. The region reduced its renewals plans for control period 7 (CP7) due to cost pressures. This increases risk to asset reliability and asset sustainability in both CP7 and beyond. Reductions across refurbishment and renewal of soil and rock cuttings are of particular concern, as this deferral will drive deterioration in asset condition and create a greater risk of reactive emergency works at higher cost.

The region must better demonstrate how it will mitigate the effects of declining asset condition and its impact on safety and performance outcomes in the short and long term.

The region has taken some action on structural asset assessments and eliminating visual and detailed examination backlogs for operational property but has not yet achieved compliance. We have commissioned an independent review to identify the root causes for non-compliance which will report in autumn 2026.

The region took action to comply with the improvement notice we issued following the derailment of a freight train while crossing a bridge in Audenshaw in September 2024. Our investigation uncovered significant management failings and safety contraventions by Network Rail. The region has made substantial improvements to its management. We expect it to continue to monitor and review its maintenance and assurance arrangements which we will monitor through follow-up inspections.

Enhancing the network

We note that the region successfully delivered several significant renewals schemes such as Kingmoor re-signalling, Greek Street overbridge replacement, Manchester Piccadilly track works and Clifton Bridge replacement. It also brought into service three new lifts at Barnt Green to provide step free access to all station platforms.

We continue to monitor the efficiency and deliverability of the West Coast North Modernisation Programme (WCNMP) – a strategically important asset renewal. The region successfully delivered approximately 80 single track kilometres of overhead line equipment in January 2026 despite weather challenges and applied lessons learned to improve its access planning of a nine-day blockade in April 2026.

Digital signalling elements within WCNMP have been deferred to future funding periods and could lead to increased costs. The WCNMP digital signalling impact assessment and the rolling stock fleet fitment programme re-baseline will conclude in summer 2026. The region must continue to keep its stakeholders informed of its plans. Our Targeted Assurance Review will assess whether it is effectively managing the fleet fitment programme and will inform our advice to funders.

At Crewe, the Basford Hall and Independent Lines project was commissioned in 2025, and the region made progress in its development and access integration. However, several projects have been deferred to future funding periods which we consider is likely to introduce inefficiencies and create significant delivery challenges.

Delivering better environmental outcomes

North West & Central reduced its scope 1 and 2 carbon emissions by 12.2 percentage points (pp), against a target of 8.4pp. Given changes to UK electricity conversion factors, we anticipate that a significant proportion of the reported emissions reductions are attributable to grid decarbonisation. We are awaiting further evidence from Network Rail to quantify this effect and distinguish it from reductions resulting from operational changes. We also re-affirm our periodic review 2023 expectation that the region should develop a more ambitious forecast.

There has been limited progress in the transition to zero emission vehicles (ZEV), with the proportion of fleet that is electric at 1.9%, lower than most regions. We expect the region to accelerate its ZEV transition.

We expect the region to quickly incorporate whole life carbon reporting into its renewals and maintenance work bank, focussing on carbon intensive materials and priority asset areas. We also expect the region to set itself an ambitious target.

We have already seen encouraging work by the region to increase the reuse of materials through better stock control. It should continue to build on these early initiatives and develop more realistic forecasting for waste reuse from capital projects.

The region is making progress with developing habitat management plans. We expect it to adopt the recommendations from our targeted assurance review of its biodiversity and habitat management plans.

The region fell slightly short on its air quality improvement (AQIP) milestones for Year 2 of CP7 at its managed stations. The region will need to prioritise the delivery of its AQIP milestones in Year 3, including addressing milestones it did not meet in Year 2. Ventilation improvements at Birmingham New Street will be particularly important.

Delivering efficiently

North West & Central has done well in its efficiency delivery but continued financial pressure poses a risk to future efficiency and renewals delivery. It delivered £158 million of efficiency savings, 7% above its revised delivery plan and 39% above the original Year 2 target of £113 million. Savings were achieved through minimal viable product efficiencies and improved contracts with suppliers.

The region increased its overall CP7 efficiency target by £56 million from £774 million to £829 million to address ongoing cost pressures. While this stretch may be achievable, increasing cost pressures pose a risk to delivery.

North West & Central reported a £93 million financial underperformance due to higher than planned possession costs, additional compensation payments from trespass and a derailment, and unforeseen maintenance and renewal costs. It will need to focus on risk management and operational planning to mitigate these pressures and reduce risks to overall delivery and future efficiency opportunities.

Leading indicators for Year 3 delivery suggest the region is lagging the national average. Efficiency plans are 73% developed, around 16 percentage points behind the regional average. Renewals indicators show that 84% of its renewals remits have been issued but only 67% have been accepted by the supply chain, both below the national average. However, the region has also secured 98% of the required access to deliver planned work.

Looking forward to Year 3 of CP7

We expect North West & Central to continue to focus on providing the level of train performance it has committed to and that its passengers and freight customers expect. We particularly urge the region to address the growth in delay per incident. We recognise that the region faces cost pressures, but it needs to better demonstrate how it will mitigate a decline in asset condition and minimise the impact on future network reliability. Securing further efficiencies will be essential to North West & Central achieving value for money with its existing funding.

Over the coming year, it will be important that the region progresses its preparations for Great British Railways, including developing ever closer integration with train operations, implementing planned operational and structural changes, and developing its integrated plans for Funding Period 1. It will also be vital that the region retains its focus on safety during this period of change.

Yours sincerely,

[signed]

Steve Fletcher

Deputy Director, Railways Engineering and Investments