



ORR's annual assessment of Network Rail Scotland 2025 to 2026

Letter

14 July 2026

Dear Liam,

Subject: ORR's annual assessment of Network Rail Scotland

In Year 2 of Control Period 7 (2025–26), we continued working with your team to assess Network Rail Scotland's progress against its delivery plan. This letter summarises our assessment of performance during this period. We have also produced a separate report for Transport Scotland setting out in more detail our assessment of Network Rail's delivery of the CP7 High Level Output Specification.

Summary of delivery in Year 2 of CP7, 2025-26

Network Rail Scotland is broadly delivering to its CP7 plan and, unlike England & Wales, has had no funding gap. This stability puts it in a reasonable position to meet or exceed asset management outcomes and efficiency targets.

Despite a stable plan, some of Network Rail Scotland's CP7 commitments are at risk, notably delivery of train service punctuality and reliability (as measured by the Scottish Train Performance Measure) and freight growth.

On 8 March 2026, Glasgow Central Station was forced to close after a major fire in an adjacent building, one of Network Rail Scotland's most significant recent challenges. Your team responded

exceptionally, with clear and consistent passenger communication and strong collaboration with operators and industry partners. Quick, passenger-focused decisions, such as partially reopening the station and starting Avanti services from Motherwell, minimised disruption. Your team's professionalism and dedication throughout deserve special recognition.

Delivering a reliable service for passengers

Network Rail Scotland is required to maintain its infrastructure to support ScotRail in achieving the Scotland Train Performance Measure (STPM) target of 92.5% in each year of CP7. The CP7 delivery plan outlines a phased trajectory towards this target, recognising that the necessary performance improvements could not be delivered immediately at the start of the control period.

At the end of Year 2 STPM was 89.8%, 0.9 percentage points lower than the Alliance's agreed 90.7% recovery target. The required improvement to achieve 92.5% STPM by Year 4 is substantial, and we consider achievement to be at risk.

Notably, cancellations fell to 2.1%, better than the 2.3% target. Delivery to passengers in Scotland compared favourably with England & Wales on this important measure.

Caledonian Sleeper punctuality remains better than target but has declined since Year 1. We engaged with the operator and Network Rail, finding established relationships and proactive support for the operator where needed across Scotland and England.

The most significant causes of Network Rail delay that contributed to the STPM target being missed were fatalities, trespass and weather. In Year 2, there were also challenges with the reliability of signalling and overhead line assets, with delay associated with these assets also increasing. Performance during autumn improved, in part due to collaboration with ScotRail on better planning and the introduction of further sanding enhancements on some trains.

Throughout the year, we have seen evidence of the steps that your team is taking to increase reliability for passengers and freight operators, including:

- **A programme of interventions to deliver immediate and sustained improvements in non-track assets.** In response to rising delays, your team implemented an action plan to identify and progress performance-enhancing infrastructure interventions on signalling and overhead line assets, accelerate training to address competence issues, and strengthen assurance processes.
- **A joint Network Rail and ScotRail review to improve performance management beyond**

focusing on individual incidents or easily measurable asset impacts. Realising benefit from the 51 commitments made will require a strong culture of continuous learning and improvement, ensuring all staff understand their role in providing a reliable passenger service.

- **Continued use of the Targeted Performance Fund.** 28 projects have been approved to date, costing £40 million. The largest scheme, North Clyde Integration (over £10 million), was delivered in Year 2, and benefits are expected in the coming year.

We have discussed the risk of initiative overload; Network Rail Scotland and ScotRail have committed to establishing a programme management office to better coordinate activity and improve efficiency, which we recognise is an important enabler for the magnitude of changes being targeted.

Delivering for freight

In Year 2, 0.8% of freight trains were cancelled in Scotland due to Network Rail or a passenger train operating company. This was significantly better than target (1.4%).

Freight growth underperformed, with a 1.6% contraction in volumes (missing the growth target by 36.6 million net tonne kilometres). We recognise this was mainly due to wider economic challenges and the loss of around 87 million net tonne kilometres following the Petroineos Grangemouth refinery closure, alongside Royal Mail and Stobart traffic losses.

Your team continues to engage with Scotland's freight sector to optimise operations and support new opportunities. This includes work with West Fraser to develop a freight terminal at Dalcross, with the first services starting in May 2026. Infrastructure upgrades at Mossend have improved reliability and increased loop line speeds from 5mph to 15mph. The team also recently partnered with the Rail Freight Group at the All Energy Conference in Glasgow to promote rail freight to Scotland's energy sector.

While rail freight growth is currently below target, your team has identified opportunities to recover. However, many of those opportunities remain uncertain due to the early stage of development, and external factors such as planning decisions and third party investment. A focus on converting potential traffic will maximise Network Rail's opportunity to meet the freight growth target for CP7.

Improving asset reliability

In Year 2, Network Rail Scotland exceeded planned renewal delivery by 17%, with over-delivery in all effective volume categories. This is, in part, due to the delivery of performance related schemes which were not in the baseline plan. However, there were also some deferred renewals: signalling volumes relating to Radio Electronic Token Block equipment were deferred to Year 3 due to issues surrounding BT's plan to retire its 2G network. Your team has provided progress updates throughout Year 2 and recently assured that BT has now resolved the issue, and the deferred signalling volumes will be delivered in Year 3.

Your team's review of all asset classes for the remaining years of CP7 has provided greater confidence in deliverability of planned work. It resulted in some changes to the scheduling of renewals through a better understanding of how asset disciplines could integrate and, for example, optimise the use of planned possessions. This exercise should increase resilience and stability of the plan for the remainder of CP7.

Enhancing the network

Enhancement activity in Scotland also progressed well this year. The most significant milestone was delivery of the East Kilbride Enhancement Project in December 2025. This delivered route electrification between Glasgow and East Kilbride, associated accessibility improvements, a new East Kilbride station, and a new accessible two-platform station at Hairmyres. Enabling works were then delivered successfully in January 2026 between Haymarket and Dalmeny as part of the Fife Electrification project. This work supports the Scottish Government's £342 million programme to introduce battery-electric trains and electrify key sections of the Fife and Borders routes.

Delivering better environmental outcomes

Last year, we raised concerns regarding Network Rail Scotland's delivery against its Scope 1 and 2 emissions reduction targets, with performance significantly below expectations. At the end of year 2, reductions are better than target (a 9.5 percentage point reduction against an 8.6 percentage point target). We await further evidence to understand the relative contributions from operational changes, and from grid decarbonisation due to changes to UK electricity conversion factors.

As grid decarbonisation was not included in the baseline emissions forecast for CP7, we expect all Network Rail regions to develop updated forecasts that reflect all factors likely to affect Scope 1 and 2 emissions. We will continue to engage closely with Network Rail to ensure that these provide a realistic but stretching basis for monitoring emissions reduction performance over the

remainder of CP7.

Your team has advised that it needs to deliver in two important areas to secure delivery of future carbon emission reductions, specifically building energy efficiency upgrades (within Network Rail-owned buildings and managed stations) and decarbonising road fleet.

In Year 2, LED lighting was installed in signal boxes but there are complex building upgrades still to be delivered - with significant investment later in CP7 (including a large lighting replacement project at Edinburgh Waverley station). At the end of Year 2, electric vehicles make up just 6.3% of the Scottish fleet: while this is lower than some of the other Network Rail regions, we are encouraged that Network Rail Scotland's plans are forecasting a significant increase in electric vehicles by the end of Year 3.

Network Rail Scotland has outperformed its Year 2 Scope 3 carbon emission reduction target, achieving a 7.5% reduction against a target of 6%. Network Rail might now look to incorporate progress with infrastructure carbon reporting into its Scope 3 forecasting for the remainder of CP7, identify opportunities to reduce Scope 3 emissions associated with capital goods, and identify ways to report Scope 3 emissions for each pound spent or unit/volume of material procured to demonstrate reducing carbon intensity.

We note good progress in nature and biodiversity, including peatland restoration near Dunblane and improved data for Habitat Management Plans. Significant new ecology resources have been recruited in Year 2. We recently commenced a targeted assurance review to identify any improvements needed to strengthen delivery and will engage with your team on the findings.

Delivering value for money

Your team has made good progress delivering efficiencies in Year 2, achieving £79 million of savings, 27% more than the target of £62 million. Delivery benefited from strong workbank planning, improved contract negotiations with suppliers and more efficient use of access – underpinned by the relative stability of the delivery plan. While over 70% (£276 million) of the £389 million efficiency target remains to be delivered in the final three years, current progress indicates the target is on track.

Leading indicators suggest that your team is well prepared for delivery in Year 3. Efficiency plans are 95% developed, renewals remits issued and accepted by the supply chain are at 95%, above the national average, and 127% of required access has been secured to deliver the planned work.

Your team also managed broader financial challenges well during Year 2, spending £1 million more on Year 2 deliverables than anticipated. Strong performance under the Schedule 8 performance regime was offset by adverse performance under the Schedule 4 possession regime. Network Rail Scotland continues to face pressure in its maintenance and renewals activities due to high inflation, which is impacting costs, along with challenges associated with access constraints, but we consider that both are currently being managed well.

At the start of CP7, Network Rail Scotland set aside £234 million (cash prices) of ring-fenced risk funding to manage input price inflation and unplanned costs. A significant portion of the funding was allocated in Year 1, leaving £102 million available at the start of Year 2. Additional funding was then drawn down during Year 2 to manage cost pressures and to cover costs identified for Year 3. Network Rail Scotland enters Year 3 with £82 million of risk funding remaining. This will need to be carefully managed over the remainder of the control period to manage future risks and unplanned costs.

I look forward to continuing to work with you and your team in Year 3. We will continue to be transparent and give early sight of any concerns to allow early resolution of issues where possible.

Yours sincerely,

[signed]

Steve Helfet

Deputy Director, Railway Operations

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