

Will Godrey
Director of Economics, Finance and Markets
(REDACTED)



Paul McMahon
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31 October 2023

Dear Paul,

CP7 delivery plan notice

This notice sets out ORR's requirements for Network Rail's control period (CP7) delivery plan. The delivery plan is a suite of documents that sets out what Network Rail will deliver for its customers and funders over the five-year control period which runs from 1 April 2024 to 31 March 2029.

The delivery plan has two key functions; it:

- allows Network Rail's stakeholders to plan their business with a reasonable degree of assurance; and
- provides a transparent baseline against which Network Rail will report its progress and we will monitor delivery and hold Network Rail to account.

Summary of your CP7 delivery plan proposal

We have engaged with you on your proposal for your delivery plan. You told us that you propose to produce and publish the following key components:

- a. An overview of Network Rail's plans for Great Britain as a whole. You will refresh this annually.
- b. Delivery plans for Scotland, each of Network Rail's regions within England & Wales and the System Operator which reflect our final determination for CP7. You will refresh these annually.
- c. Overviews of agreed outcomes delivery, activities and expenditure during CP7 across Network Rail's regions and functions. You will report annually on your delivery against these measures and provide commentary to explain your progress and any agreed changes to CP7 baselines or outputs.
- d. A change log which will reconcile Network Rail's first CP7 delivery plan with our CP7 final determination. We expect the change log to be updated annually with relevant changes.

In addition to the key components listed above, you propose to produce supporting material which will be made available to ORR alongside your delivery plan. These documents will not be published and will be updated in line with your business planning process, with some of these documents being provided to us on an annual basis throughout CP7. This supporting information will be determined through further discussions following this notice.

We have in place from CP6 a data protocol with you that details the regular data and reports you will supply to us to support our monitoring processes. We expect you to continue to provide us with information in line with that protocol in CP7, which is being updated between us to reflect the CP7 outcomes framework and our additional information requirements.

Additional requirements for your CP7 delivery plan proposal

We have consulted key stakeholders – the Department for Transport, Transport Scotland and Transport for Wales - on your proposal. Consequently, we accept your proposal subject to the following additional requirements, which we have discussed with you:

- a. The delivery plans for your National Functions (Route Services, Technical Authority and Corporate Services) should be published alongside those for the regions and System Operator.
- b. The delivery plans should include point values (where numeric) at a region level (and where relevant the System Operator) for each success and supporting measure in the CP7 outcomes framework, in line with what is set out in our final determination.
- c. The change log should provide us with clarity on the material cost movements that have taken place across the key milestones in the CP7 planning process. This will ensure we start CP7 with a single version of the truth and a common understanding of how the final determination has been reflected.

Further to the requirements listed above, as part of our PR23 final determination process, we set out our expectations for Network Rail's delivery plan and its activities during CP7. Annex A of this notice sets out the core actions relevant for the delivery plan. We expect Network



Rail to take account of these expectations when drafting its delivery plan, alongside the more detailed requirements set out within the suite of final determination documents. We will continue to engage with Network Rail during the remainder of CP6, and subsequently during CP7, to follow up on progress against our expectations for its delivery plan and our expectations for CP7.

We are required to provide assurance of the delivery plan to the Department for Transport (which will also consider the views of Scottish Ministers) ahead of the Secretary of State signing off your delivery plan by the end of March 2024. We have agreed to provide the Department for Transport with our draft assurance by the end of February 2024. To allow sufficient time for these steps, we expect the latest iteration of the delivery plan to be provided to us by 31 January 2024. This submission should demonstrate how Network Rail has addressed the actions in Annex A to this document. Where possible you have agreed to provide us with information before this submission.

You have agreed to provide 'executive packs' which set out the information in the final delivery plan in mid-February followed by the final delivery plan in early March 2024. We expect that these submissions will be consistent with the earlier information provided and with our final determination, and where any changes have been made for these to be clearly set out and explained.

We will continue to discuss and agree with Network Rail the structure and level of detail of the information provided to us following the issuing of this notice.

Next steps

We will not require you to carry out a separate additional consultation on your delivery plan given you have committed to engaging with stakeholders on your delivery plan in a manner which is consistent with requirements set out in the High-Level Output Specifications (HLOSs).

We will continue to engage with Network Rail on the production of the delivery plan through our existing Business Planning and Progressive Assurance forum.

We expect Network Rail to have produced and published its CP7 delivery plan by 31 March 2024 or to have published its delivery plan as soon as reasonably practicable following 31 March 2024, but in agreement with ORR and subject to ministerial sign-off.

I am copying this letter to Dan Moore at the Department for Transport, Bill Reeve at Transport Scotland, Jodye Kershaw at the Welsh Government and Gordon Wales at Network Rail Scotland.



Yours sincerely

Will Godfrey

Annex A: Actions for Network Rail's delivery plan

No.	Delivery plan action	Anticipated date or period for delivery of latest position
1	Network Rail to include forecasts for each success and supporting measure (as described in the Outcomes framework).	<ul style="list-style-type: none"> ▪ Success measures: 31 January 2024 ▪ Supporting measures: 8 March 2024
2	Confirm how the circa £541 million of additional core renewals and an increase in risk funding will be funded and profiled in England & Wales, with reference to the priority changes, strategic choices and future opportunities set out in our final determination.	Updates across January 2024 and latest position by 31 January 2024
3	Provide clearer evidence around aligned renewals and maintenance plans.	31 January 2024
4	Further refinement of the deliverability of maintenance plans including identifying all the necessary resources are available for assets that will require additional inspection, refurbishment, and maintenance.	31 January 2024
5	Factor into the delivery plan changes in approach in CP7 that will affect deliverability of maintenance, including changes to rules around staff working in close proximity to moving trains; modernising management and maintenance; and decreasing renewals.	31 January 2024
6	Demonstrate the sufficiency of arrangements to improve competency management and provide a detailed competency development plan that contains a time bound plan with key milestones and ensures the competence of staff to carry out all the tasks (including asset management, operations, capital delivery and maintenance) on which the control of risk relies.	31 January 2024
7	Provide a clear scope and milestones for all programmes highlighted in the final determination including Electrical Safety Delivery (ESD) (and how Traction Power Centralised Management System (TPCMS) fits within it); Infrastructure Monitoring; Route Service projects; Research, Development and Innovation (RD&I); and other critical safety programmes.	31 January 2024

8	Demonstrate firm evidence that lessons learned from previous project delivery are being applied to planning of the programmes for infrastructure monitoring, electrical safety and speed management systems.	31 January 2024
9	Network Rail is required to outline the governance arrangements for the performance funds (for England & Wales, and for Scotland).	31 January 2024
10	Ahead of publishing its delivery plan, we expect Network Rail Scotland to work with us and Transport Scotland on developing strong governance arrangements for risk and financial reporting.	31 January 2024
11	Provide greater clarity around how the proposed transformational efficiencies in Scotland will be achieved.	31 January 2024
12	More complete details of how the bow tie framework has been used to assess the changing nature of risks on the network due to the balance of activities planned for CP7. Relevant regions to describe clearer mitigating actions and include a means to assess changing risk exposure.	Updates across January 2024
13	Regions, especially Wales & Western and North West & Central, to complete the review around their projected increases in Service Affecting Failures (SAFs), and as a result a decrease in Composite Reliability Index (CRI), in advance of the delivery plan submission.	Initial view by 31 January 2024
14	Provide a funded plan for train protection and speed management improvements with milestones to deliver outcomes focused on addressing gaps in current provision, obsolescence challenges, and securing value for money technology that complements or replaces existing train control systems.	31 January 2024
15	Provide further details on all expenditure and activities requested in relation to environmental sustainability, including additional information regarding weather resilience and climate change adaption, carbon reduction and biodiversity.	31 January 2024
16	Provide an overview for how it will finalise and implement its obsolescence management policies in the regions and National Functions during CP7.	31 January 2024
17	Regions and Route Services technology programmes for CP7 need to provide clear commitments on improvements to asset data quality	31 January 2024

(the plans need to be a combination of key delivery milestones and their associated data quality measures). We will discuss with Network Rail the potential to broaden and evolve the current asset data accuracy measures to enable more effective measurement of asset data quality as Network Rail work towards its delivery plan. We note that Network Rail offered this as part of the draft determination response.

18	Confirm alignment of the CP7 fleet fitment programme with the CP7 infrastructure renewals programme in advance of the delivery plan, ensuring minimal viable product is represented in the baseline plan.	31 January 2024
19	Confirmation should be provided on the specific benefits Network Rail will deliver in CP7 from the funding allocated to the digital signalling portfolio. This should include but is not limited to the specific milestones Network Rail needs to achieve in each year of CP7 to realise the benefits associated with the portfolio. A plan should be produced which shows clear alignment between portfolio activities, spend across programmes, milestone delivery and benefits realisation.	31 January 2024
20	Network Rail to update us on its provision of the High Output service in CP7.	31 December 2023
21	Initial System Operator capital projects should be specified with clear spend, milestones and defined benefits.	31 January 2024
22	System Operator to develop specific network capability measures covering the areas recommended by the independent reporter review.	31 January 2024
23	System Operator to clarify what actions it will take to support delivery of trajectories for Caledonian Sleeper and CrossCountry.	31 January 2024
24	System Operator and the regions to produce a CP7 freight growth plan to identify what Network Rail will do across operation, support, maintenance and renewals (OSMR), to include but not limited to how capacity will be used; evidence of how these plans have been developed in collaboration with the freight industry; and for System Operator to set out how it will achieve targets for freight performance.	31 January 2024
25	System Operator to set out how it will effectively manage stakeholder engagement and improve	31 January 2024

stakeholder outcomes, particularly for operators who work across multiple regions.

26	Technical Authority and regions to provide an update on fire safety in tunnels.	31 January 2024
27	Provide details of the intervention plan for Victoria Station roof, to satisfy our concerns in relation to this structure.	31 January 2024
28	Provide further detail on Wales & Western's approach (rather than just principles) to the £69 million of additional spend, identified in response to our draft determination, that should be sufficient to mitigate the high-risk structures and tunnels items.	31 January 2024