

**John Larkinson**  
**Chief Executive**



David Lunn  
HM Treasury  
1 Horse Guards Road,  
London,  
SW1A 2HQ

26 June 2025

Dear David,

## **Deep dive review of the Rail Network Investment Framework**

On 17 March 2025 the Chancellor asked us to conduct a deep dive into the Rail Network Investment Framework (RNIF) with the rail supply chain to encourage direct private investment into railway infrastructure. This was part of the Chancellor's new approach to ensure regulators and regulation support economic growth. We have now completed phase one of our review which builds on our existing role in supporting third-party and private investment in the rail network. This letter provides an overview of our findings and recommendations.

Our review assessed the awareness, accessibility and effectiveness of the RNIF, and, as per our discussions with your team, identified wider barriers to private investment in rail infrastructure. We have engaged widely with the supply chain and investment community. Further details on our approach and engagement can be found in appendix A.

### **Key Findings:**

1. There is strong appetite for investment in railway infrastructure, but confidence has been affected when previous attempts to unlock investment have failed to deliver the expected investment opportunities. Greater clarity is required from Government on the strategic direction for private investment in railway infrastructure. Investors want a clear, long-term investment prospectus showing where capital is welcome and which models will apply to specific schemes. Short-term funding does not provide investors with the necessary confidence that projects will progress as planned. Long-term consensus is essential. Previous proposals such as market-led initiatives have damaged investor confidence in final outputs.
2. The private sector considered opportunities for investment exist where works can be packaged and matched to investment models. Some examples were provided such as electrification and train depots linked to rolling stock. There was agreement across the sector that models should consider both the long-term operation and financial integration of new assets into the existing network i.e. the maintenance as well as the construction costs.

3. Clearer guidance is required to establish who is accountable and responsible across industry for each stage of the investment process. The private sector wants to understand who it should approach and how projects are managed through the investment process. At present, confusion exists across the various roles of HM Treasury, Department for Transport (DfT) and Network Rail and it is not obvious where the 'front-door' is for investors.
4. The private sector considers that it can provide innovation and enable investment as an alternative to public sector investment. There is a sentiment that Government should recognise the role that the private sector can play in terms of increasing investment in railway infrastructure and its ability to provide value for money, as well as capital, particularly when the whole life cost of an asset is considered.
5. The private sector has been clear throughout our engagement about how it can support Government's ambitious plans for growth in the rail sector and wants clear agreements regarding risk treatment. These agreements should remove the ambiguity that exists currently and should set out what risks Government retains, what risks are transferred to the private sector and importantly how both Government and the private sector can work together to manage risks.
6. Previous attempts to unlock private investment have highlighted the challenges associated with balance-sheet treatment of infrastructure schemes. In recent history there have been examples of schemes which were thought to be treated as off-balance sheet but were then found to be on-balance sheet and then the schemes have halted. This has deterred the private sector from getting involved at an early stage as there is a lack of certainty in scheme progression. While balance sheet treatment is not the main barrier, it is a known issue and one that stakeholders broadly agree must be addressed to create increased investment opportunities.
7. The Rail Network Investment Framework (RNIF) should be strengthened and updated to support third parties who are trying to navigate the investment pathway from scheme development to scheme close. Currently the framework supports third parties who are part way through the investment pathway and does not account for processes or engagement during the early phases of investment.

The above findings have shaped our recommendations which we consider, when taken together, can support greater private investment in railway infrastructure. This should improve outcomes for rail users and the wider UK economy.

## **Recommendations:**

### **Technical update of the Rail Network Investment Framework (RNIF) and future alignment with industry and investment models**

ORR should undertake a technical update of the Rail Network Investment Framework (RNIF) that reflects findings from phase one of our review. A further review should be carried out in the future, aligned with any post-rail reform changes or shifts in fiscal policy, once Government has concluded on developing the wider enabling conditions needed to support growth.

### **Develop an infrastructure investment pipeline**

Government and industry should jointly develop a stable, long-term pipeline of investment opportunities. These opportunities should be paired with specific investment models, co-developed with investors, which should increase visibility, planning certainty and investor confidence.

### **Create a clear, credible investment model for Rail**

Investment models should be informed by successful approaches in other sectors and adapted to suit railway infrastructure. The models should support appropriate risk allocation, delivery responsibilities and investor returns, while delivering value for money for the taxpayer. The models should also allow for repeatable and scalable processes that can be linked to specific delivery projects.

### **Establish a Meaningful Process for Private Sector Engagement**

Government and industry should develop a process that enables early, structured engagement with the private sector — clarifying roles, responsibilities and entry points for investment.

We would welcome the opportunity to discuss these findings and recommendations further with you and your team, and to continue working collaboratively in support of the government's infrastructure investment and growth objectives.

In the meantime, we will commence the technical update of the RNIF and complete this by November 2025 as per our recommendation above.

Yours sincerely,

**John Larkinson**  
Chief Executive

## **Appendix A: Approach and engagement**

### **1. Desktop analysis:**

- We carried out an internal review of the current RNIF to identify potential areas for improvement, including process clarity, template contractual agreements and roles and responsibilities.

### **2. Stakeholder engagement**

- **Webpage launch and communications**

A dedicated review webpage was launched, accompanied by a targeted social media and communications campaign to raise awareness and encourage participation.

- **Directed stakeholder communications**

Letters were issued to approximately 200 organisations across the rail and infrastructure investment community; including developers, financiers, operators and suppliers asking for feedback.

- **Online survey**

A public survey was launched to gather views on:

- awareness, use and relevance of the RNIF;
- broader barriers to investment in UK rail infrastructure; and
- views on process, risk, delivery and the investment environment.

### **3. Industry events and roundtables**

- **RIA Investment Conference – May 2025**

We delivered a dedicated session to promote the review and invite stakeholder feedback, with engagement across the event.

- **Investor roundtable (facilitated by RIA)**

A facilitated discussion with senior figures from across the supply chain and investment community to test hypotheses and gather deeper insights.

(Attended by Bechtel, Jacobs, SLC Investments, Equitix, Costain, Centrus Advisors)

### **4. Bilateral engagement**

We conducted a series of in-depth meetings with key stakeholders to gather insights and feedback. These included:

- Amey
- Equitix
- Global Infrastructure Investor Association (GIIA)
- London St. Pancras High Speed
- Network Rail
- Porterbrook
- Rail Industry Association (RIA)
- Rail Strategy and Economics Ltd



- Rock Rail
- Siemens Mobility