Network Rail Monitor Scotland

Quarters 1-2 of Year 2 of CP5
1 April 2015 to 17 October 2015

1 December 2015

OFFICE OF **RAIL AND ROAD**

Contents

Overview

This Monitor provides ORR's assessment of Network Rail's performance in Scotland over period 1-7 of 2015-16, the second year of Control Period 5 (CP5).

Health and safety

Britain's railways are currently the safest in Europe, a significant achievement for Network Rail and the industry. While safety performance has generally been good, with improvements in asset condition in some key areas, such as track quality and drainage compared with the end of Control Period 4 (CP4), Network Rail needs to be vigilant on its management of risks and in some areas needs to ensure it complies more robustly with its own standards.

Routine Basic Visual Inspection (BVI) of track is a key element of Network Rail's arrangements for ensuring that the infrastructure remains safe for the passage of trains. In Scotland, previous inspections revealed various deficiencies in delivery of BVI of track. We have carried out a small number of unannounced inspections and accompanied patrols. We found minor failures but no significant concerns.

Increased vegetation clearance was carried out during 2014-15. This gave the route increased confidence in its capacity to deliver a safe and reliable network. However, despite the increased vegetation clearance Scotland Route is still expecting to take around 20 years to become compliant with Network Rail's asset policy in this area.

Train service performance

Unlike in England and Wales, in Scotland we are holding Network Rail to account for delivery of its regulated performance targets throughout CP5. Scotland's Public Performance Measure (PPM) Moving Annual Average (MAA) was 90.8% at the end of period 7 2015-16. This is short of the year end regulatory target of 92.0%.

We undertook an investigation into the reasons for the shortfall against the PPM target in Scotland in 2014-15 to determine if there was any evidence of any systemic performance issues. We concluded that a past breach of licence had occurred (within timetable planning), but that everything reasonably practicable was being done to address performance issues. A penalty was not imposed.

Asset management

Asset performance has continued to improve this year. At period 7 the Composite Reliability Index (CRI) reached 10.8% in Scotland, well above target (9.0%). The improvement is across most asset areas except points, where there has been no improvement since the end of CP4, and telecoms, which has deteriorated.

Delivery of renewals has improved this year with track and civils close to or ahead of plan. Delivery of maintenance continues to be variable compared to plan, reflecting weaknesses in the maintenance plans themselves. To address this, the routes are working with their maintenance delivery units to develop asset management plans at delivery unit level, so that plans better reflect local knowledge of maintenance needs.

We received Network Rail's CAM submission at the end of March 2015, and found the bottom-up workbank to be broadly consistent with the asset policy targets for achieving sustainability during CP5. However, Network Rail was unable to provide sufficient certainty about costs, which appear to be significantly higher than expected during the periodic review. This has prevented us deciding the efficient level of funding.

Developing the network

Progress on enhancement projects in Scotland under construction remains generally good, with the opening of Borders Railway on 9 September 2015 a particular highlight. Construction work continued as planned on the Edinburgh to Glasgow Improvement Programme (EGIP) and the Aberdeen to Inverness development is now well advanced. However, concerns remain regarding the sustainability of the enhancements portfolio in relation to the borrowing limit. Current analysis suggests that there is some risk around affordability in the remainder of the control period as described further in the efficiency and expenditure section.

We continue to see examples where Network Rail does not make adequate programme and funding provision for identifying and complying with its obligations under European technical specifications. This adds a risk of slippage to project milestones and possible delays to the introduction of improved train services for Scotland's passengers.

Efficiency and expenditure

For the year to date Network Rail's financial performance is in line with its own budget, but for the full year it is £10m worse than its budget as Network Rail is overspending on renewals and delivering lower efficiencies than it forecast. Compared to our determination it is forecasting to underperform the regulatory financial performance measure by around £29m in 2015-16 largely because of the overspend on renewals, the efficiency challenges it faces and an overspend on the Rolling Programme of Electrification project.

Following the company's classification to the public sector by the Office of National Statistics (ONS), Network Rail agreed to borrow from DfT instead of issuing bonds. The amount of new borrowing available from DfT is limited to £30.2 billion across CP5 for Great Britain. As part of this agreement there is a separate limit on borrowing for Scotland of £3.3bn.

Health and safety

ORR inspects, investigates and where necessary, takes enforcement action to ensure compliance by Network Rail, train operating companies (TOCs) and freight operating companies (FOCs) with health and safety law. Network Rail sets key performance indicators as part of its health and safety management system.

Infrastructure safety

Track

During 2013, in response to concerns about the management of track geometry in the Scotland Route, an Improvement Notice was served on Network Rail. The company complied with the notice (which, amongst other things, resulted in the production of an action plan). ORR has continued to monitor the route's delivery of that plan.

Routine Basic Visual Inspection (BVI) of track is a key element of Network Rail's arrangements for ensuring that the infrastructure remains safe. Previous inspections have revealed various deficiencies in delivery of BVI of track.

During the first half of 2015-16, Scotland route has:

- increased the frequency at which managers will accompany patrollers carrying out BVI from once per year to four times per year; and

- undertaken to carry out a review of the effectiveness of the revised regime during January 2016.

We carried out a small number of unannounced inspections and accompanied patrollers. We found minor failures but no significant concerns.

Vegetation

The presence and growth of vegetation can impact upon the safe maintenance and operation of the railway in a variety of ways. For example, signals and signs may become obscured, users of level crossings may not have sufficient sighting of approaching trains, Overhead Line Equipment (OLE) may be contacted, trackworkers may not have a position of safety when trains are running.

Increased vegetation clearance was carried out during 2014-15 partly as extra funding had been made available. This gave the route increased confidence in its capacity to deliver a safe and reliable network. Despite increased vegetation clearance Scotland route is still expecting to take around 20 years to become compliant with asset policy. We will continue to monitor delivery of the risk-based recovery plan to ensure that high risk areas such as signal and level crossing sighting are addressed and maintained appropriately.

Boundary measures

Boundary measures (fences, walls, etc.) form part of NR's means of controlling risk arising from trespass, vandalism and livestock incursion. Our inspection activity during recent years has revealed poorly maintained fences, poor fencing repairs and significant volumes of fencing renewals being carried out which did not meet Network Rail's specifications. Over the last six months Scotland route has used contractors to carry out a physical inspection of all boundary measures within the route. The will be used to inform the fencing renewals programme for 2016-17 and beyond.

Lineside materials

Some types of materials, if left at the lineside may be placed on the railway by vandals and this could potentially result in the derailment of a train. In 2011 we issued an Improvement Notice on Network Rail regarding its management of the risk of trains being derailed in this way. The following year a train was derailed at Inverkeilor when it struck railway materials that had been placed on the line. We have reported a case to the Crown Office and Procurator Fiscal Service following our investigation of this incident.

The arrangements introduced in the route following the issue of the notice, resulted in a very significant reduction in the amount of such material left at the lineside. Whilst, over the long term, we have noted significant improvement, we are concerned that we continue to find non-compliant materials.

Level crossings

Some years ago Network Rail upgraded two crossings in Scotland (Ardrossan Princes Street and Dingwall Middle) to "AOCL+ B" in the knowledge that the addition of barriers secured a reduction in risk, although it was not a fully appropriate solution for the location. At the time we told Network Rail that a crossing solution appropriate to the locations must be developed within agreed timescales. Network Rail has now issued remits to the local team for conversion of both crossings to a bespoke full barrier solution and we will be following this up with the company to ensure timely implementation.

ScotRail Alliance

Network Rail Scotland and Abellio ScotRail have put in place arrangements for a phased introduction of closer working through an alliance model. They have identified "safety" as one of the areas for integration and are currently applying safety validation to their proposals.

Worker health and safety

In 2014-15 we raised concerns with Network Rail that line blockages were not covering the entire area of a patrol. Along with our ongoing programme of unannounced inspections, this has increased the route's focus on how BVI is planned and delivered.
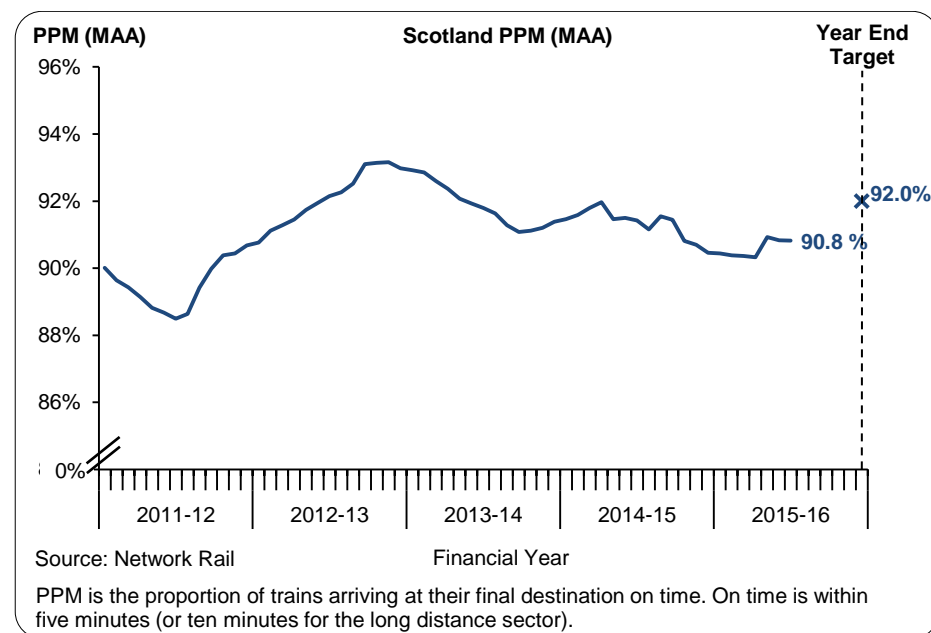
We note that the current "go live" date for introducing the new *Planning and Delivery of Safe Work (PDSW)* process in the route is now December 2015. We will press the route to ensure that the appropriate safety arrangements are in place before "go live".

Train Service Performance

Scotland level performance

We are holding Network Rail in Scotland to account for delivery of its regulated performance targets throughout CP5. The Public Performance Measure (PPM) Moving Annual Average (MAA) for the franchises let by the Scottish Government (ScotRail and Caledonian Sleeper) was 90.8% at the end of period 7 2015-16. This is currently short of the year end regulatory target of 92.0%. The impact of the Commonwealth Games (estimated at 0.6pp PPM) has now "fallen out" – causing a jump in the PPM MAA.

Scotland PPM (MAA)

PPM (MAA) — Year End Target

92.0%
90.8 %

Source: Network Rail — Financial Year

PPM is the proportion of trains arriving at their final destination on time. On time is within five minutes (or ten minutes for the long distance sector).

We undertook an investigation into the reasons for the shortfall against the regulatory PPM (MAA) target (there is no CaSL target in Scotland) in Scotland in 2014-15 to determine if there was any evidence of any systemic performance issues. This concluded that a past breach had occurred (within timetable planning), but that everything reasonably practicable was being done to address performance issues. A penalty was not imposed.
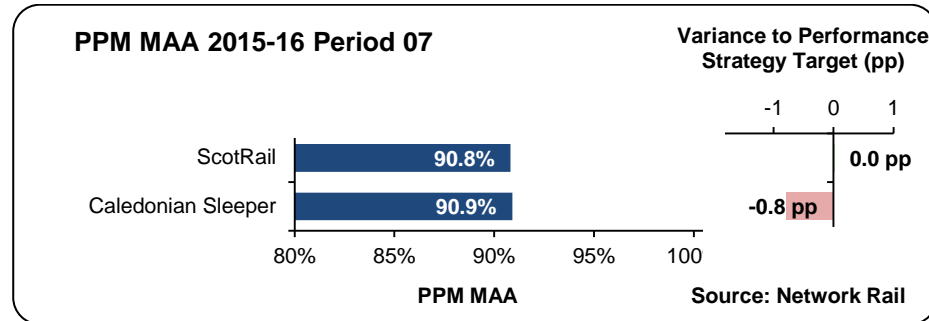
Network Rail has committed to providing quarterly reports on delivery of the CP5 Performance Plan. These reports show that at the end of Quarter 2, 2015-16, of the 24 activity milestones completed in Scotland, 11 were completed on time or early whilst 13 were completed late. Of the 29 milestones yet to be delivered in Scotland, 13 are expected to be delivered on schedule whilst 11 are forecast to be delivered late. Five milestones have either been abandoned or are on hold. The proportion of schemes either completed late or running late is a concern, which we will continue to monitor.

We have analysed the numbers of trains failing PPM and the amount by which the time by which they failed. In 2014-15 the regulatory target would have been achieved if an extra 12,000 trains (around 1.5% of the total) had arrived within the PPM threshold (5 minutes). On average, these trains missed target by 47 seconds, so if punctuality of these services could be improved by this amount the regulatory target would have been achieved.
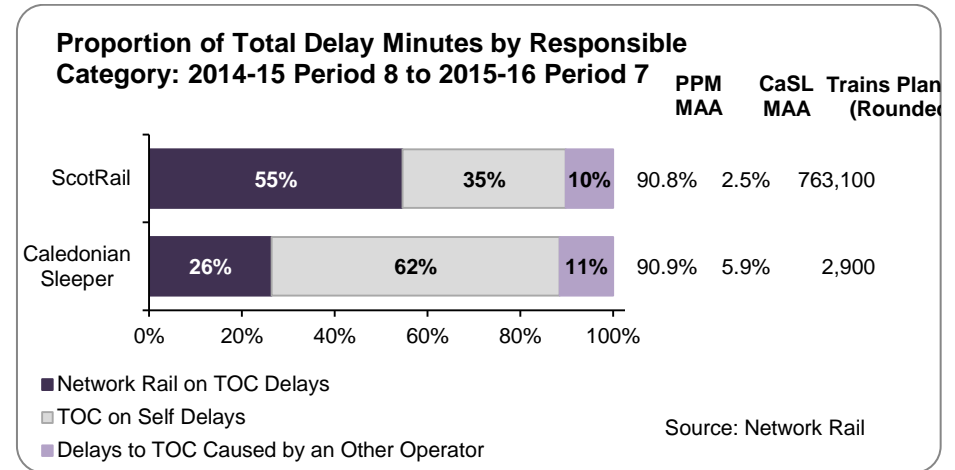
Performance at TOC level

ScotRail has continued to perform slightly above target. Caledonian Sleeper remains below target.

PPM MAA 2015-16 Period 07

	Variance to Performance Strategy Target (pp)
ScotRail	0.0 pp
Caledonian Sleeper	-0.8 pp

Source: Network Rail

Delay minutes

Network Rail was responsible for 55% of ScotRail delay minutes and 26% of Caledonian Sleeper delay minutes. The percentage of delay minutes caused by other operators for both these operators was similar. The remaining delay minutes were caused by the operators themselves.

Proportion of Total Delay Minutes by Responsible Category: 2014-15 Period 8 to 2015-16 Period 7

				PPM MAA	CaSL MAA	Trains Plan (Rounde
ScotRail	55%	35%	10%	90.8%	2.5%	763,100
Caledonian Sleeper	26%	62%	11%	90.9%	5.9%	2,900

- Network Rail on TOC Delays
- TOC on Self Delays
- Delays to TOC Caused by an Other Operator

Source: Network Rail

Freight performance

The regulatory performance measure for freight is the Freight Delivery Metric (FDM). This measures the percentage of freight trains arriving at their destination within 15 minutes of scheduled time. FDM covers delays for which Network Rail is responsible i.e. not those caused by other train operators. FDM MAA at the end of period 7 for the Scotland Strategic Freight Corridor is 96.4%, 3.9pp ahead of the national annual target of 92.5%.

Customer service

Passenger satisfaction

Transport Focus published the results of its Spring 2015 National Rail Passengers' Satisfaction survey (NRPS) on 25 June 2015.
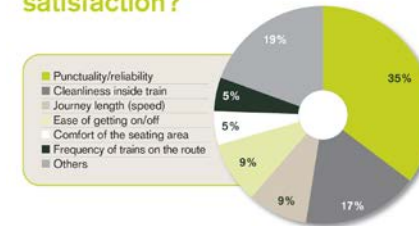
Although passenger satisfaction depends on TOC as well as Network Rail performance, these results reflect our concerns about Network Rail's non-delivery of some regulated outputs. The Spring 2015 NRPS showed that 87% of ScotRail passengers were satisfied with their journey. This is three percentage points lower than the Spring 2014 survey.

84% of ScotRail passengers were satisfied with the punctuality/reliability of their journeys. This is also three percentage points below the Spring 2014 survey.
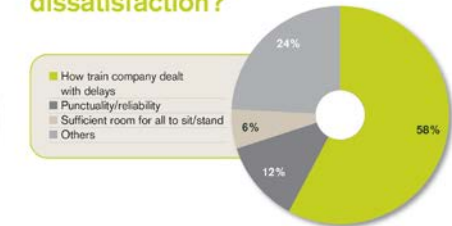
Drivers of satisfaction and dissatisfaction

Analysis of which station and train factors correlate most highly with overall journey satisfaction shows that punctuality/reliability remains the biggest single influence on satisfaction. The way delays are handled by TOCs has a strong influence on dissatisfaction.

What has the biggest impact on overall satisfaction?

- Punctuality/reliability
- Cleanliness inside train
- Journey length (speed)
- Ease of getting on/off
- Comfort of the seating area
- Frequency of trains on the route
- Others

35%, 17%, 9%, 9%, 5%, 5%, 19%

What has the biggest impact on overall dissatisfaction?

- How train company dealt with delays
- Punctuality/reliability
- Sufficient room for all to sit/stand
- Others

58%, 12%, 6%, 24%

Customer service maturity

Network Rail continued to make progress in embedding its Customer Service Maturity model, as we specified in our CP5 Final Determination. This will provide a much fuller picture of the level of service delivered to its customers than the annual Customer Satisfaction survey.

For the first half of 2015-16 Network Rail has reported that in Scotland the mean score using this new model remained unchanged from the March 2015 score of 3.57. This is above the result of 2.96 for all Network Rail routes and leaves the route in a strong position to achieve its end of CP5 target of 4.57.

Asset management

Maintenance and renewals volumes

Maintaining and renewing the network is fundamental to Network Rail's responsibilities. Regular maintenance counters the effects of wear and aging to keep the assets safe and performing as intended. But eventually they have to be renewed when it becomes uneconomical or impractical to maintain them any longer.

Network Rail's approach to maintaining and renewing the network sustainably and at least whole life cost is set out in its asset policies. The volume of work required during CP5 in accordance with these policies was set out by Network Rail in its 2014 delivery plan, so we monitor the actual volume of work delivered, and compare against the delivery plan to understand whether Network Rail is doing enough to sustain the network. During the first year of CP5 the volume of renewals delivered by Network Rail was less than planned, so in most areas there is more work to do to catch up during the rest of CP5.

So far this year Network Rail has done better at delivering the renewals work required. Plain line track renewals are 19% ahead of plan, including delivery of work deferred from last year, and renewal of switches and crossings is 2% ahead of plan. Civils renewals are 31% ahead of plan for underbridges, and 3% ahead of plan for earthworks. No signalling renewals

were planned so far this year. In electrification, planned renewal of overhead line has been deferred to later in the year.

Overall expenditure on renewals in Scotland is 7% below budget. The cost of the work delivered is 2% more than budgeted. As set out below Network Rail's forecast financial performance for the full year compared to its budget is £10m unfavourable.

Maintenance delivery continues to be variable compared to plan. For plain line track, less tamping, stoneblowing, wet bed removal, manual correction of plain line geometry, and replacement of pads and insulators has been delivered than planned, but switches and crossings have had more maintenance, including tamping. Similarly, more manual vegetation management has been delivered, but less mechanised, and less removal of boundary trees. Maintenance of overhead line components is ahead of plan.

Variances between planned and actual maintenance volumes can arise where part of the work is reactive, but the overall picture suggests weaknesses in the maintenance plans themselves. To address this, the routes are working with their maintenance delivery units to develop asset management plans at delivery unit level, so that plans better reflect local knowledge of maintenance needs. Network Rail is also deploying "lean" management methods to improve

accountability, and to provide a line of sight from the centre down to delivery unit level. These are best practice approaches that should result in more realistic and robust plans that are better delivered in future.

For this control period we required Network Rail to report in more detail on the work delivered, and this has revealed shortcomings with the quality of Network Rail's systems for capturing and reporting work done. Problems in this area also impair Network Rail's ability to plan and estimate the cost of future work. To improve the situation Network Rail has set up an Activity Based Planning project. The initial focus of the project is to simplify and standardise reporting in both maintenance and renewals, so that improved arrangements are in place before the beginning of the next financial year.

Network Rail's maintenance delivery units have been carrying a significant level of vacancies, which has the potential to impair maintenance delivery and create a maintenance backlog. The situation has improved this year so that at the end of August the vacancy level for Scotland had fallen to 5.6%, and was set to fall further taking new starters into account.
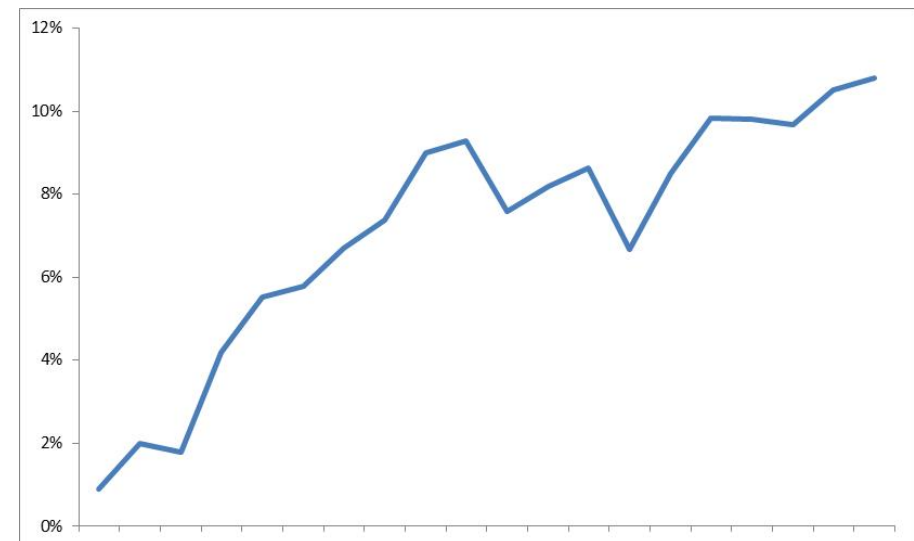
Asset performance

So far this year Network Rail has succeeded in reducing service-affecting asset failures in most areas. The Composite Reliability Index (CRI) is a measure of how much asset performance has improved since the end of CP4, weighted by the cost of disruption depending on where on the network the incident occurs. At the end of last year CRI showed an overall improvement of 8.6% for Scotland, exceeding target (2.4%).
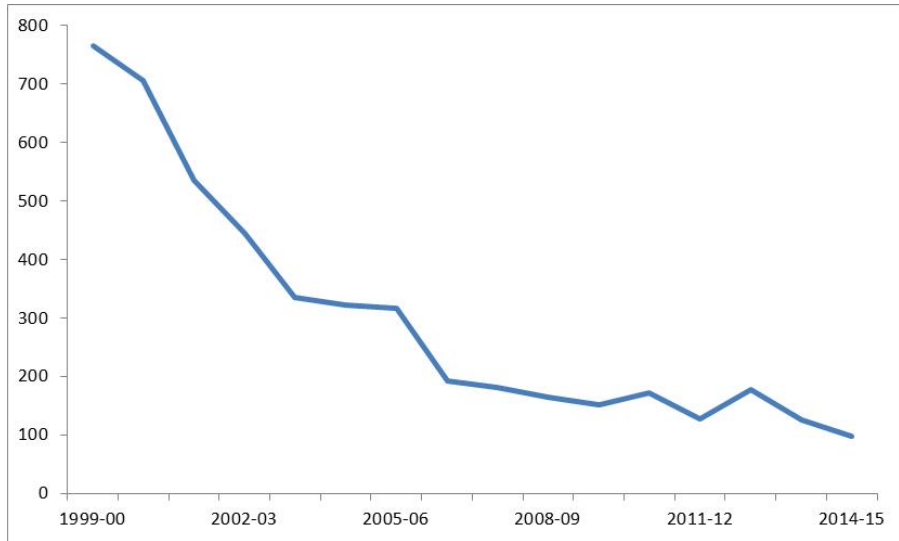
So far this year CRI has improved further, reaching 10.8% in Scotland at period 7, ahead of target (9.0%). The improvement is across most asset areas except points, where there has been no improvement since end CP4, and telecoms, which has deteriorated.

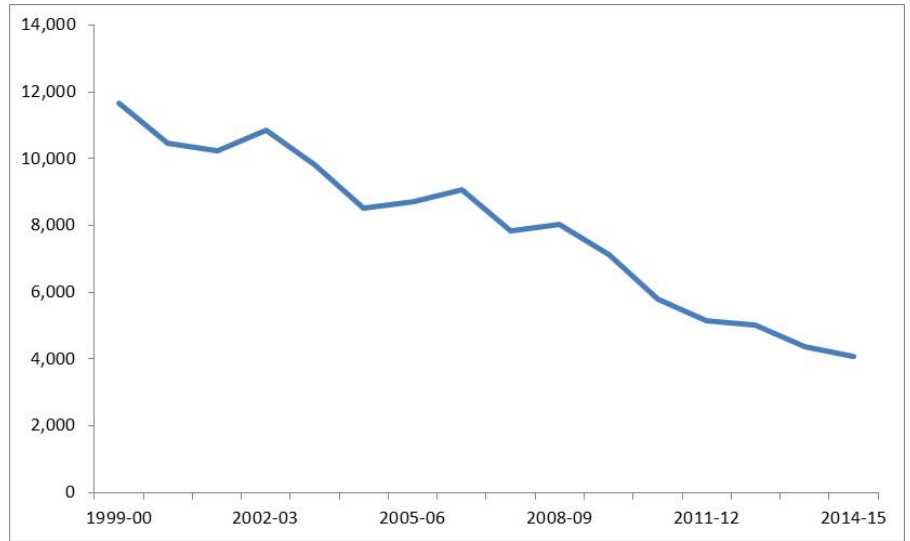**CRI period 1 2014-15 to period 7 2015-16 (Scotland)**

The general improvement continues the long-term trend of improving asset performance in most areas.
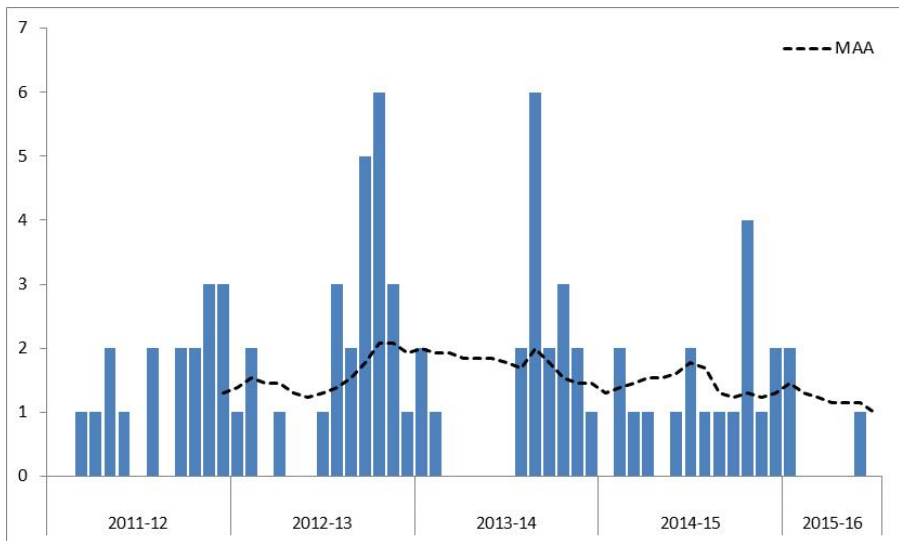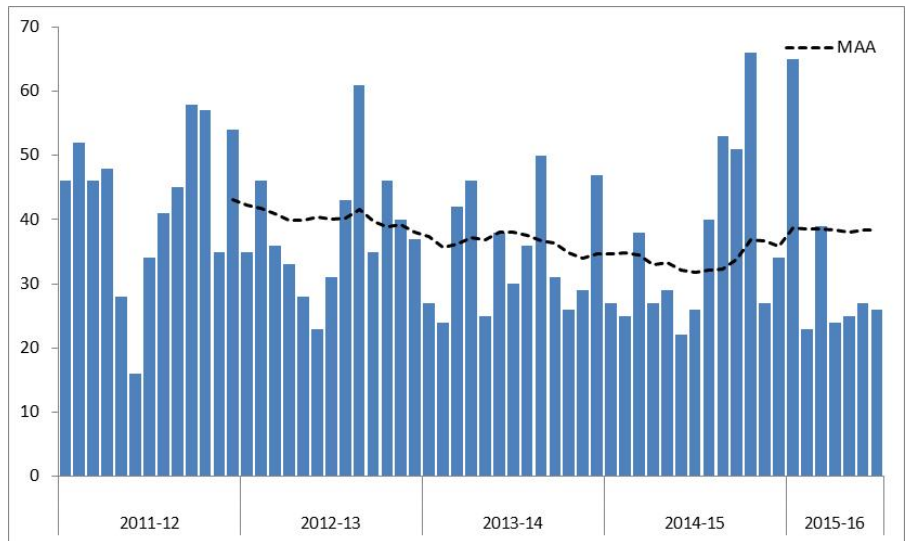
Broken Rails GB (annual total)

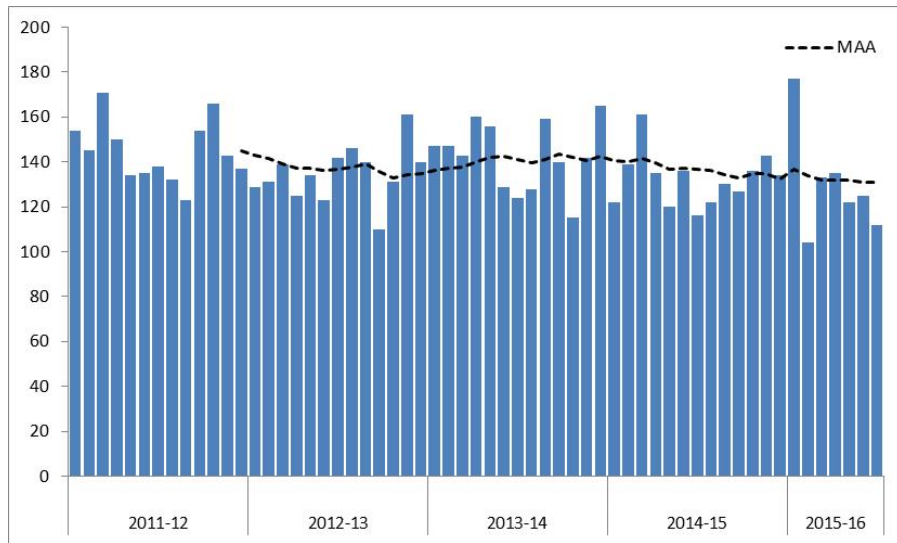

Points Failures GB (annual total)

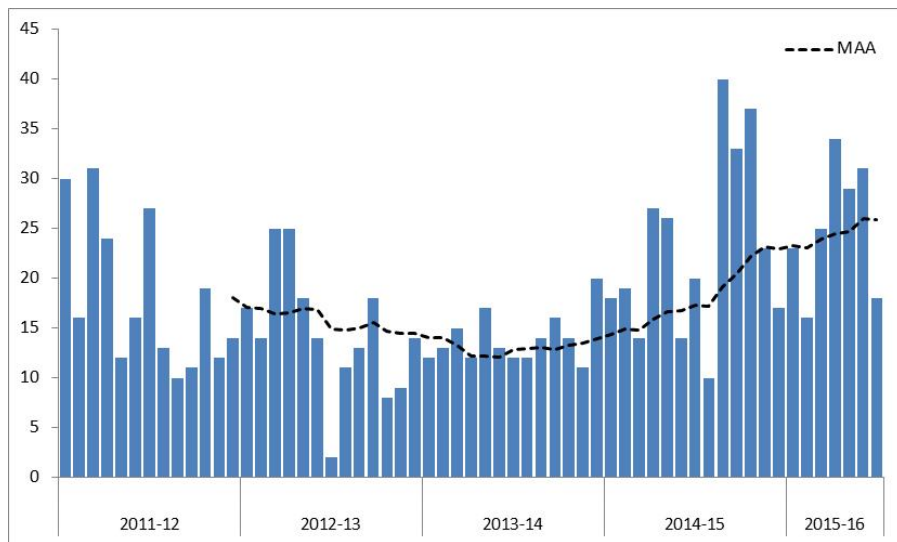## Broken Rails Scotland (period total)

Points Failures Scotland (period total)

Signalling Failures Scotland (period total)

Telecoms Failures Scotland (period total)

The rise in service-affecting telecoms failures reflects the migration to GSM-R. We are expecting this to improve with the roll-out of software updates to in-cab mobiles.

Civils Adjustment Mechanism (CAM)

At the end of March Network Rail submitted a bottom-up workbank for years 3-5 of CP5, as required by CAM. We have reviewed the submission and the planning approach followed by the routes, and concluded that the workbank proposed is broadly consistent with achieving the asset policy targets for CP5, given the current condition of the civils assets. However, Network Rail was unable to provide sufficient certainty about the costs of the work, which appear to be significantly higher than expected during PR13. This has prevented us deciding the efficient level of funding. Network Rail is working to improve its understanding of civils costs, and funding is now being considered in parallel with the Hendy review.

ORBIS milestones

ORBIS stands for Offering Rail Better Information Systems. It is an ambitious programme aimed at improving asset management capability through improved information management. It involves adopting consistent data specifications, providing simpler mobile data capture tools, replacing out-dated asset information systems, and providing improved decision support tools. For CP5 we set specific milestones to help ensure it delivers all the benefits expected.

To date all milestones have been achieved, including the national rollout of the Signalling Decision Support tool in September. The next milestone is the national roll-out of the Electrical Power Decision Support tool, due in December 2015.

Developing the network

Network Rail is responsible for completing over £1bn of enhancement projects in Scotland in CP5. In general terms progress on the ground with Scotland projects has been good (for example Borders Railway) but there have also been some missed regulatory milestones for which we are holding Network Rail to account. Additionally some significant affordability risks are emerging over projects which are at an earlier stage of development (e.g. the Rolling Programme of Electrification – see below).

Enhancement project progress

Borders Railway

Network Rail achieved its milestone to commission the Borders railway by the end of June, meaning ScotRail could start driver training on the new line. This was successfully followed by the start of passenger services in September, after the line was officially opened by the Queen on 9 September. There were over 125,000 passenger journeys on the line in the first month.

One of the few issues with the Borders project was the design of the new station platforms that did not meet modern European specifications for distance between the platform edge and the track. Although a relatively small issue for this project, it is symptomatic of wider issues where Network Rail's own standards and designs do not reflect modern legislation

and specifications. This is one of the key concerns we have raised with Network Rail in our investigation into its planning, management and delivery of enhancements and the company has now started an improvement plan to address it.

Enhancements investigation

Our investigation into Network Rail's planning, management and delivery of enhancements has found Network Rail is in current breach of its licence and will continue to be in breach until it improves its capability to plan and deliver enhancements. We have published the key documents from our investigation on our website.

Although we found Network Rail in breach of its network licence, we have determined that the company is taking all necessary steps to meet its obligations, principally by committing to delivery of its *Enhancements Improvement Plan (EIP).* The company finalised the plan at the end of October. The plan addresses a wide range of issues related to Network Rail's management and delivery of enhancements. We will be monitoring delivery of the actions and benefits set out in the plan and expect to see this improve the management of the Scotland portfolio of projects. Further information on the workstreams included in the EIP can be found in our England and Wales monitor.

Motherwell stabling

Network Rail has confirmed that the planned new stabling facilities at Motherwell are not required and we have agreed that this project can be removed from the organisation's obligations for CP5. As reported in the last Scotland monitor, the company has been working with ScotRail to determine the optimum location for stabling facilities to meet future needs.

Edinburgh to Glasgow Improvements Programme

The Edinburgh to Glasgow Improvements Programme (EGIP) is continuing to progress to plan. Installation of electrification on the line from Edinburgh to Glasgow via Falkirk High is underway. However the interface with the Buchanan Galleries shopping centre extension at Glasgow Queen Street stations remains a risk.

Scotland rolling programme of electrification

This programme includes the following three projects:

- Rutherglen and Coatbridge electrification (Whifflet line);
- Stirling to Dunblane and Alloa electrification: and
- Shotts line electrification.

Network Rail has completed the Rutherglen and Coatbridge project, with electric services now running on the line. The other two projects are currently progressing design development and planning. However, estimates for the Rolling Programme of Electrification have increased by £113m, the bulk of this due to Network Rail identifying additional work required to ensure the railway complies with European Specifications. This was completed relatively late in the development cycle and as a result costs have risen beyond the ORR's determination of an efficient cost for the project. Network Rail will need to monitor this in light of the Borrowing Limit and strive to achieve efficiencies on this Programme and elsewhere in the Enhancements Portfolio.

Aberdeen to Inverness

The team managing the Aberdeen to Inverness Improvements project recently announced the award of a framework contract to deliver the works to BAM. Planning and design work is progressing well and the estimate currently sits within the CP5 Funding Cap.

Highland mainline

Network Rail is continuing to explore the infrastructure interventions and timetabling arrangements that would deliver the required journey time improvement of around 10 minutes for the Highland mainline project.

Efficiency and expenditure

Overall financial performance

We consider Network Rail's financial performance in two different ways; firstly by providing in the tables below a simple comparison of spend against its own budget and second by considering our regulatory performance measure. This measure is broader as it takes account of issues such as the delivery of regulated outputs and the effectiveness of Network Rail's asset management, in order to assess how the company is performing in relation to our CP5 Final Determination. It does not allow any benefit from where work has simply been delayed. The baseline is our CP5 Final Determination.

Financial performance against budget

Financial performance in Scotland for the year to date is in line with Network Rail's own budget. This is because of:

- higher expenditure on operations and renewals, and
- higher expenditure on the enhancements for electrification,

offset by:

- additional income from operators under the schedule 8 performance regime.

Overall regulatory financial performance

We currently expect Network Rail to underperform the regulatory financial performance measure in Scotland by around £29m in 2015-16. This is because:

- Network Rail's forecast financial performance for the full year compared to its budget is £10m unfavourable. Compared to Network Rail's budget forecast income is higher (£1m). Expenditure is higher on support costs (£1m), maintenance (£2m) and renewals & enhancements (£8m) in part because of difficulties in achieving efficiency savings, overspends on renewals and a significant increase in the anticipated final cost of the Rolling Programme of Electrification project;
- Network Rail's 2015-16 budget is itself £19m higher than our PR13 financial assumptions. This is due to lower planned cumulative efficiencies and higher unit costs than previously assumed across most core business activities; and
- Network Rail has estimated that we will make no adjustments for forecast underdelivery of the PPM train performance regulatory output requirements in 2015-16. We will review this at the end of the year.

Network Rail's borrowing in Scotland

Following the company's classification to the public sector by the Office of National Statistics (ONS), Network Rail agreed to borrow from DfT instead of issuing bonds. The amount of new borrowing available from DfT is limited to £30.2 billion across CP5 for Great Britain. As part of this agreement there is a separate limit on borrowing for Scotland of £3.3bn.

Network Rail's financial performance

Comparison of income and expenditure (excluding financing costs)

£m	2015-16 year to date			2015-16 full year forecast		
	Budget	Actual	Variance	Budget	Actual	Variance
Turnover	361	357	-4	671	672	1
Schedule 4	-14	-11	3	-21	-20	1
Schedule 8	1	5	4	-3	-3	0
Operations, support & maintenance	-139	-137	2	-252	-252	0
Capex - Renewals	-168	-157	11	-326	-318	8
Capex - Enhancements	-144	-147	-3	-261	-279	-18
Total	**-103**	**-90**	**13**	**-192**	**-200**	**-8**

Total regulatory financial performance

£m	Year to date					Full year forecast				
	Budget	Actual	Variance b/(w)	Timing b/(w)	(Under)/out performance	Budget	Full Year Forecast	Variance b/(w)	Timing b/(w)	(Under)/out performance
Turnover	62	58	-4	-4	0	114	114	0	0	0
Schedule 4	-14	-11	3	2	2	-21	-20	1	0	0
Schedule 8	1	5	4	0	4	-3	-3	0	0	0
Operations	-24	-26	-2	0	-2	-45	-43	2	2	0
Support	-49	-48	1	1	1	-90	-90	0	1	-1
Maintenance	-66	-63	3	3	-1	-117	-119	-2	0	-2
Capex - Renewals	-168	-157	11	14	-3	-326	-318	8	20	-13
Capex - Enhancements	-144	-147	-3	8	-11	-261	-279	-18	-2	-17
Capex adjustment - Renewals					2					9
Capex adjustment - Enhancements					9					13
Capex					**-3**					**-8**
Financial Performance Measure (FPM) compared to Network Rail budget					**0**					**-10**
Less: Network Rail budget compared to PR13					-10					-19
Less: Adjustments for missed regulatory outputs					0					0
Total financial performance measure (FPM)					**-10**					**-29**

Notes to Total Regulatory Financial Performance table:

1. Categories of income and expenditure excluded from the financial performance measure include for Turnover – Network Grant, Fixed Track access charges, Traction Electricity and for Operations – Depreciation, Traction electricity costs, and business rates.

2. Types of variance that do not count for financial out/underperformance are mainly items such as renewals that have been deferred to later in CP5.

3. In simple terms, capex renewals financial performance is measured as 25% of the renewals under/overspend, e.g. for the full year the forecast adjustment of £9m = £13m x (100%-25%). This aligns with Network Rail's financial reward/penalty for renewals and enhancements expenditure through the RAB roll forward mechanism. The same process is used for the capex adjustment - enhancements.

4. Network Rail has estimated that we will make no adjustments for forecast underdelivery of the PPM train performance regulatory output requirements in 2015-16. We will review this at the end of the year.

5. This information is from the Network Rail Period 7 Finance Pack.

We publish the Network Rail Monitor every six months, focusing on Network Rail's delivery of its obligations to its customers and funders, for which it is mainly accountable under its network licence.

We welcome your feedback on this publication. Please send your comments or queries to:

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