

PR23 final determination:

Settlement document for the System Operator

31 October 2023



About this document

This is the settlement document for the System Operator (SO). It describes our final control period (CP7) decisions.

PR23 determines what the infrastructure manager for the national rail network, Network Rail, is expected to deliver with respect to its operation, support, maintenance and renewal (OSMR) of the network during control period 7 (CP7), which will run from 1 April 2024 to 31 March 2029, and how the available funding should be best used to support this.

This strongly influences:

- the service that passengers and freight customers receive and, together with taxpayers, ultimately pay for; and
- the charges that Network Rail's passenger, freight and charter train operator customers pay to access its track and stations during CP7.

Our final determination sets out:

- our decisions on Network Rail's outcome delivery and its planned expenditure to secure the condition and reliability of the network;
- changes to access charges and the incentives framework; and
- relevant policies on the financial framework, managing change and holding to account.

In addition to **this document**, we have also published as part of our final determination:

Document type	Details
Summary of conclusions and overviews	<p>Our decisions on what Network Rail will need to deliver and how funding should be allocated:</p> <ul style="list-style-type: none">• Summary of conclusions and overview for England & Wales• Summary of conclusions and settlement for Scotland

Document type	Details
Consolidated decisions	A summary of our final decisions across Great Britain
Introduction	An overview of PR23 and background to our final determination
Settlement documents	<p><u>Detailed final decisions for the System Operator</u> and each of Network Rail’s regions in England & Wales:</p> <ul style="list-style-type: none">• Eastern region• North West & Central region• Southern region• Wales & Western region <p>See our summary of conclusions and settlement document for detailed information for Scotland.</p>
Supporting documents	<p>Technical assessments of:</p> <ul style="list-style-type: none">• Health and safety• Outcomes• Sustainable and efficient costs• National Functions• Other income
Policy positions	<p>How we intend to regulate Network Rail during CP7 in relation to:</p> <ul style="list-style-type: none">• Financial framework• Access charges• Schedules 4 and 8 incentives regimes• Managing change• Holding to account <p>With the exceptions of managing change and holding to account, our policy position documents include our assessment of stakeholder views on our proposals. Stakeholder views for managing change and holding to account are published in a separate document.</p>

Document type	Details
Impact assessments	A consolidated set of assessments of the impact of our final policies on access charges and contractual incentives on affected parties

Next steps

We will now implement our final determination. Implementation is the process through which we amend operators' track and station access contracts to give effect to new access charges and incentives (such as Schedule 8 benchmarks and payment rates) determined through the periodic review. We expect to issue our review notices in December 2023 and, subject to Network Rail's acceptance, issue notices of agreement and review implementation notices in time for CP7 to commence from of 1 April 2024.

We expect Network Rail to publish a delivery plan for CP7 that is consistent with our final determination. We have published [a notice](#) alongside our final determination which sets out expectations for the scope and timing of the delivery plan.

1. Overview

- 1.1 For CP7, which will run from 1 April 2024 to 31 March 2029, the SO has its own settlement as part of Network Rail's overall determination. The SO will report separately on what it is delivering and will have its own budget to fund its activities. The purpose of this document is to set out what the SO is required to deliver throughout CP7 as well as its income and expenditure.
- 1.2 The SO is projected to spend £518 million in CP7, 20% lower than in CP6 (Consumer Price Index inflation adjusted, 2023/24 prices). The SO delivers specific licence responsibilities for:
- (a) strategic planning (the SO is accountable for Network Rail's long-term planning process);
 - (b) providing information about network capacity to train operators and funders;
 - (c) managing operator access to the network via the sale of access rights process; and
 - (d) producing the timetable.
- 1.3 The SO also collaborates with each of Network Rail's regions and the rail industry to carry out functions including:
- (a) providing technical expertise and co-ordinated management to deliver performance and safety improvements in network operations;
 - (b) improving customer experience at managed stations;
 - (c) securing performance of the network for freight and national passenger operators (including specific requirements in Scotland such as improving freight journey times and freight growth in control period 6 (CP6), which runs from 1 April 2019 to 31 March 2024); and
 - (d) managing Network Rail's customer relationships with freight operators, national passenger operators, charter operators and potential future open access operators.

2. Our decisions for the System Operator

- 2.1 We set out in our PR23 launch letter of June 2021 that our focus would remain on the four objectives of safety; performance; asset sustainability and efficiency.
- 2.2 Where relevant to the SO, our CP7 decisions are set out below. Within each section, we summarise key decisions while more detailed information is available across supporting documents.
- 2.3 Within this document, we set baseline trajectories for each of the success measures listed in Table 2.1 below. We will use these measures to publicly hold the SO to account in CP7. These baseline trajectories quantify the performance levels that we expect the SO to deliver, in line with the England & Wales and Scotland high level output specifications (HLOSs) and available funding.
- 2.4 Where relevant, we also set out other measures or specific reporting requirements that we will use in our monitoring of the SO's overall performance throughout CP7.

Table 2.1 Success measures – CP7 outcomes framework

Outcome area	Success measures
Train performance: National Passenger Operators	On Time Cancellations
Train performance: freight	Freight cancellations
Freight growth	Freight net tonne kilometres moved
Efficiency and financial performance	Financial performance measure (FPM) (opex/capex split) Efficiency (£)

Safety

- 2.5 The SO's strategic business plan (SBP) commits to maturing its approach to supporting safety management; knowledge and awareness of safety risks and how to best mitigate them. In CP7, the SO will have a safety strategy for all involved in planning, to support safer operation of the network.

- 2.6 The SO is continuing to implement plans to respond to the threat of climate change and weather patterns based on the recommendations of reports from Sir Robert Mair and Dame Julia Slingo. In CP7, the SO commits to complete work on the weather risk task force (WRTF) and embed improved practices for handling the operational risk of rainfall to its infrastructure into business as usual. We support the £20 million allocated to WRTF.
- 2.7 The SO's plan also includes £17 million for the freight safety improvement portfolio (FSIP) and we also support this allocation of funding. While the CP7 FSIP fund is smaller than it was in CP6, we recognise that the SO's focus is on more strategic projects which address freight safety risks, such as those emerging from investigations.
- 2.8 During CP7, we expect the SO and the regions to work together to ensure funding for WRTF and FSIP is spent effectively and efficiently.

Performance

National Passenger Operators' performance

- 2.9 We require the SO to develop and include updated point forecasts, by year, for On Time and cancellations measures for each national passenger operator (NPO) in its delivery plan for CP7. Within this, we require the SO to set out more detail on the impact of its actions on NPO stakeholders (Caledonian Sleeper and CrossCountry) and to consider specific actions to support them.
- 2.10 We expect Network Rail to engage effectively with these operators to set forecasts that are aligned with and support corresponding regional baseline trajectories we have set.

Freight performance

- 2.11 We expect Network Rail to deliver a high-quality service to freight operators and their customers. This is an essential enabler for the growth in freight on rail targeted in CP7 and stakeholders support our draft decision to monitor freight cancellations as a Tier 1 success measure for freight train performance.
- 2.12 At the same time, we require focus on delays caused to freight services. Our monitoring in this area will use our supporting measures (freight cancellations and lateness (FCaL) and arrival to fifteen) to ensure that levels of delays to freight services are tracked alongside cancellations.

2.13 The SO has committed to deliver a 30-year freight strategy, in conjunction with the Great British Railways Transition Team (GBRTT, the team set up to implement the government’s Plan for Rail) and the industry. We will monitor this process and hold the SO to account for the GB-level outcomes for freight performance. We also require the SO to set out more detail how it will achieve outcomes for freight in its delivery plan for CP7.

Table 2.2 Freight train performance outcomes

Tier	Measure
1: Success measures	<ul style="list-style-type: none"> Freight cancellations
2: Supporting measures	<ul style="list-style-type: none"> Freight cancellations and lateness Arrivals to fifteen (A2F)

2.14 An explanation of our approach for freight cancellations is set out in the PR23 [final determination: supporting document on outcomes](#).

Freight growth

2.15 Freight growth is an important outcome area and the HLOSs for England & Wales and Scotland both set out a requirement for a freight growth target in CP7. We are content with the methodologies used to develop freight growth forecasts and consider they provide a sound basis for developing our CP7 baseline trajectories.

2.16 To maintain the use of heavier freight trains, the SO refers in its SBP to the importance of maintaining heavy axle weight capability. Across the regional plans, Network Rail has identified a list of high priority structures where capability to carry heavy axle weight traffic has already degraded or is likely to degrade over the control period. To address this, £72 million has been included in regional plans for these highest-priority structures across the country. We strongly support this work and expect the SO to monitor the overall delivery of this programme while the regions monitor specific delivery elements in their areas.

2.17 We recognise that delivery of freight growth is not wholly under Network Rail’s control but we require Network Rail to do everything reasonably practicable to deliver the conditions for growth. We support Network Rail’s view on the growth opportunity and its assessment of the growth trajectory but consider that current plans lack specificity on how freight growth will be delivered, beyond the heavy axle weight programme. We require the SO to produce a CP7 freight growth plan

as part of its delivery plan. This should be developed in consultation with the regions, freight operators and stakeholders and be consistent with wider freight strategies.

Table 2.3 Freight growth outcomes

Tier	Measure
1: Success measures	<ul style="list-style-type: none"> • Growth of 7.5% in freight net tonne kilometres moved in England & Wales. • Growth of 8.7% in freight net tonne kilometres moved in Scotland.
2: Supporting measures	<ul style="list-style-type: none"> • Implementation of the plan to deliver freight growth: <ul style="list-style-type: none"> – We require Network Rail’s delivery plan to clarify how it will deliver freight growth and the targeted actions that it plans to take to support freight growth across Great Britain, including using capacity planning. – This plan should co-ordinate with Scotland’s Industry Rail Freight Growth Plan published in March 2019 and any subsequent changes to that plan. • Delivery of the heavy axle weight project.

2.18 We will monitor the delivery of Network Rail’s freight growth plan. We will also monitor other important enablers of growth such as providing capacity and improving freight performance through the range of measures in Annex A.

Performance innovation

2.19 In our draft determination, we proposed a dedicated performance improvement and innovation fund (PIIF) to support innovative initiatives aimed at improving performance in England & Wales. Our proposal was supported by multiple consultation responses. We originally proposed a level of £40 million; Network Rail proposed a ringfenced fund of £20 million for projects in England & Wales. Given the strong stakeholder support, we are confirming our original funding of £40 million for the England & Wales PIIF, with the funding source detailed in our [PR23 final determination: supporting document on sustainable and efficient costs](#). We will monitor this fund to assess its benefits.

2.20 There is separate performance improvement provision in Scotland. This will be managed by Network Rail Scotland (see the [PR23 final determination: Summary of conclusions and settlement for Scotland](#) for details).

Table 2.4 Performance improvement and innovation fund

Area	Requirement
Performance improvement and innovation fund	The SO to operate a performance improvement and innovation fund which allocates £40 million of funding for performance improvement and innovation schemes, in England & Wales.

Delivering an effective timetable

2.21 Effective timetabling is critically important to operators, customers and funders. Currently, the timetable development process is not operating in compliance with Network Code timescales, and we welcome the SO's commitment and plans to recover this process.

Table 2.5 Requirement to return to Network Code compliance

Area	Requirement
Delivering an effective timetable	The SO to return the timetable process to Network Code compliance by December 2024.

2.22 Network Rail has confirmed that the industry timetable technical strategy programme (ITTS) has been formally closed – this was developed to identify areas where IT systems could support more effective work. From the SO's SBP, the programme had allocated capital expenditure of £56 million. In the context of constrained funding, the SO has since scrutinised the ITTS delivery programme and concluded that better value for money can be achieved with reduced expenditure.

2.23 The SO intends to replace the programme with a range of smaller projects with shorter delivery periods which will be scoped and approved throughout the control period. This will result in a reduction in planned spend of circa £18 million in CP7 which will be used to fund other priorities. The SO has confirmed the decision to proceed with a new access planning system aimed at improving possession planning.

2.24 While we were content with the SO's original SBP proposal, we recognise that this new approach gives flexibility to respond to specific operational needs. This flexibility means we require the SO to notify us of new projects and be transparent

over how they were selected. We expect to see projects selected based on their anticipated benefits (in terms of better performance, improved safety and/or efficiency) and taking into account stakeholder input.

2.25 It is important in a constrained funding envelope that the SO can demonstrate tangible delivery of benefits. Given some of the challenges with past project delivery, in CP7 we will monitor project delivery in more detail. We will focus this monitoring on projects that we identify as being of strategic importance.

Table 2.6 Requirements for delivery of CP7 capital projects

Area	Requirement
Delivery of capital projects	<ul style="list-style-type: none"> • Initial capital projects should be specified in the delivery plan, with clear spend, milestones and defined benefits. • ORR will determine whether a project is to be considered strategic, based on its impact on performance outcomes set out in our final determination. • For those deemed non-strategic, we will monitor against progress and benefit delivery.
Delivery of strategic projects	<ul style="list-style-type: none"> • For strategic projects, specific monitoring will be determined based on the nature of the project. We have decided to monitor the delivery of strategic projects as supporting measures, which requires SO to forecast progress and report publicly. This will allow us to monitor these projects at a greater level of detail appropriate to the project, including detailed project milestones, spend and benefit delivery. Current strategic projects identified: <ul style="list-style-type: none"> – the heavy axle weight project (£72 million) as delivery of these targeted renewals is critical for safety and supporting freight growth; and – the access planning system as the intended outcome is increased capacity (including for freight) and improved safety by better planning of possessions.

Management of capacity allocation process

2.26 Effectively managing access to the network is critical to enabling both passenger and freight operators to plan and develop their businesses. An [Independent Reporter review on capacity allocation](#), published in September 2023, reviewed how Network Rail discharges its duties in relation to the capacity allocation

process set out in its network licence and the Railways (Access, Management and Licensing of Railway Undertakings) Regulations 2016.

- 2.27 The review identified a series of recommendations for improvement and we expect Network Rail to set out how it will implement these recommendations and secure improvements to the capacity allocation process. We will assess its delivery in this area by measuring the handling of applications for network capacity (Annex A).

Table 2.7 Requirements for capacity allocation

Area	Requirement
Management of the capacity allocation process	No later than the end of year 1 of CP7, we require a plan to be implemented to minimise the number of track access applications processed later than established industry norms.

Network capability

- 2.28 Network Rail's network licence includes requirements for it to secure the capability of the rail network, and to provide reliable and accurate information about network capability to operators. Network capability includes the speed, gauge, route availability and electrification capability of the railway network. Network Rail reports network capability annually by region and network-wide in its annual return. An [independent reporter review published in June 2023](#) reviewed two areas (i) Network Rail's delivery of its licence requirement and (ii) Network Rail's progress in the development of its network capability management governance processes and systems.
- 2.29 This review made recommendations around the need for additional governance and measures for network capability to be put in place. The SO has accepted these recommendations and must now co-ordinate and manage Network Rail's network capability information, recognising that regions and routes have operational accountability for data accuracy.

Table 2.8 Network capability

Area	Requirement
Network Capability	<ul style="list-style-type: none"> We will monitor performance of the management of network capability information via the SO. In its delivery plan, the SO will develop specific additional measures covering the areas recommended by the independent reporter review (Annex A).

Efficiency

2.30 The SO has reassessed its required income and is now projecting to spend £518 million, a reduction of £13 million from the SBP. Its planned efficiency target remains £34 million. This forms part of Network Rail's overall efficiency delivery of £3.2 billion in England & Wales and £0.4 billion in Scotland. The regional efficiency trajectories, which are included in our [PR23 final determination: supporting document on outcomes](#), include an allocation of the £34 million efficiencies to be delivered by the SO.

2.31 In the draft determination, we asked for clarity on how £5 million of unidentified planned efficiencies would be secured. The SO was not able to provide this clarification but provided assurance that the £34 million would be delivered. At this stage in the planning process and given the sums involved, we are content to accept this for our final determination.

Table 2.9 Efficiency and financial performance outcomes

Tier	Measure
1: Success measures	<ul style="list-style-type: none"> Financial performance measure (FPM) (opex/capex split) The SO to contribute £34 million of efficiency towards the regional efficiency success measure requirements
2: Supporting measures	<ul style="list-style-type: none"> Analysis of cost drivers Leading indicators of efficient delivery <ul style="list-style-type: none"> Booking of disruptive access Workbank planning Efficiency plan quality

Project support fund

- 2.32 The SO's plan identified improvement projects for year 1 of CP7 that are proceeding through Network Rail's investment appraisal process, with others at an earlier stage.
- 2.33 In our draft determination, we required the SO to justify its need for the unallocated £24 million for project support. Since publication of the draft determination, the SO has explained that its intention was to use this funding, requested by the regions, to support delivery of projects improving data management, with the flexibility to adjust priorities throughout CP7. Because these projects are at an early stage of evaluation, the SO has not provided further cost/benefit information about those projects.
- 2.34 As set out in the draft determination we recognise that the SO has demonstrated that it has challenged itself to reduce costs both over the course of CP6 and during the development process for CP7. However, reflecting wider fiscal conditions, funding for Network Rail's CP7 plan as a whole is constrained relative to the needs of the asset renewal cycle. This means that Network Rail has had to make choices about how expenditure should be prioritised to deliver best value for the railway now and in the future. In light of this, we consider a further unspecified fund is not a priority in a fiscally constrained settlement.
- 2.35 As described in our [PR23 final determination: supporting document on sustainable and efficient costs](#), we have provided Network Rail with a suite of options to fund core renewals and increase the risk fund. We have identified that the £24 million allocated in the SO's SBP for "strategic project support" should form part of the options to free-up spend with Network Rail's plans without directly impacting outputs. If Network Rail reallocates the £24 million in its delivery plan, it should be clear on any implications for Network Rail Scotland.

Table 2.10 Strategic project support fund

Area	Requirement
Strategic project support fund	<ul style="list-style-type: none">The unallocated £24 million should be considered as strategic project support funding (as an option to support the required expenditure on core renewals).

System Operator CP7 success measures

Table 2.11 NPO success measures

Area of measurement	CP6 forecast exit position	For control period
NPO On Time	Not provided	To be provided in SO delivery plan
NPO cancellations	Not provided	To be provided in SO delivery plan

Table 2.12 Freight train performance success measure (freight cancellations)

Region	2023-24 P5 MAA	2023-24 (CP6 exit)	2024-25 (year 1)	2025-26 (year 2)	2026-27 (year 3)	2027-28 (year 4)	2028-29 (year 5)
Great Britain	1.4%	1.6%	1.3%	1.3%	1.3%	1.3%	1.3%

Note: The data for 2023-24 P5 moving annual average (MAA) has been adjusted to remove the estimated impact of industrial action.

We are determining CP7 years 1 to 5 only. The 2023-24 (CP6 exit) figure is included in the table above for reference. We have used England & Wales regions and Scotland figures to estimate 2023-24 CP6 exit total for Great Britain.

Table 2.13 Freight growth success measure

Area of measurement	CP6 forecast exit position	2024-25	2025-26	2026-27	2027-28	2028-29
Freight growth baseline trajectories England & Wales	GB 15.6% Revised 2022/23 7.6%	1.5%	3.0%	4.5%	6.0%	7.5%
Freight growth baseline trajectory Scotland	Scotland 7.5%	3.8%	4.3%	5.7%	8.7%	8.7%

Network Rail's proposed CP7 income and expenditure System Operator

Table 2.14 Income and expenditure

£ million (2023-24 prices)	CP6		CP7						
	2023-24	CP6 total	2024-25	2025-26	2026-27	2027-28	2028-29	CP7 total	% vs CP6
Operations	0	0	0	0	0	0	0	0	n/a
Support	101	449	92	88	87	83	81	431	- 4%
Maintenance	0	0	0	0	0	0	0	0	n/a
Renewals	44	195	25	28	17	10	6	87	- 55%
Industry costs, rates	0	0	0	0	0	0	0	0	n/a
Electricity for Traction (EC4T)	0	0	0	0	0	0	0	0	n/a
<i>Adjustment to OSMR expenditure*</i>	<i>n/a</i>	<i>n/a</i>	<i>- 1</i>	<i>- 1</i>	<i>- 1</i>	<i>- 1</i>	<i>0</i>	<i>- 4</i>	<i>n/a</i>
Risk provision	0	0	1	1	1	1	0	4	n/a
Gross revenue requirement	144	645	117	116	104	94	87	518	- 20%
Other income	0	- 2	0	0	0	0	0	0	n/a
Net revenue requirement	144	643	117	116	104	94	87	518	- 19%
Fixed Track Access	- 57	- 301	- 57	- 57	- 57	- 57	- 57	- 287	-5%
Variable Charges	0	- 2	0	0	0	0	0	0	n/a
Electricity for Traction (EC4T)	0	0	0	0	0	0	0	0	n/a
Schedule 4 and 8	0	1	0	0	0	0	0	0	n/a
Schedule 4 access charge supplement	- 62	- 342	0	0	0	0	0	0	n/a
Network grant	- 24	0	- 60	- 59	- 47	- 37	- 29	- 231	n/a
Total regulated income	- 144	- 643	- 117	- 116	- 104	- 94	- 87	- 518	- 19%
Gross revenue requirement less EC4T	144	645	117	116	104	94	87	518	- 20%

*Note that Network Rail has proposed adjustments to its OSMR plans to enable an increase in the England & Wales risk provision. This is to help offset higher input prices.

3. Reporting and governance arrangements for CP7

- 3.1 In our July 2022 consultation on our proposals for the CP7 outcomes framework (a consultation on the outcome requirements that Network Rail needs to deliver for the funding it receives from 1 April 2024 to 31 March 2029), we sought feedback on the potential to increase the scope of our CP7 monitoring and reporting of the SO's activity.
- 3.2 In addition to the Tier 1 and 2 measures, we have identified specific areas which will be the focus of monitoring in CP7. These metrics have been developed with the SO and provide transparency on the full scope of the SO's activities and accountabilities. We recognise that not all elements of some measures are under the SO's full control and will reflect this in our reporting on the SO's delivery.
- 3.3 We have worked with the SO to identify outcomes which we will monitor, shown in Annex A. We will continue to work with the SO to finalise these as it produces its delivery plan.

Stakeholder engagement

- 3.4 We expect Network Rail to set out how it will effectively manage stakeholder engagement in its delivery plan and improve stakeholder outcomes. For the SO, we require particular focus on how it will do this for:
- freight operators and NPOs who operate across multiple regions; and
 - Network Rail's regions and other internal stakeholders where the SO is providing a service such as setting best practice.

Annex A: Holding the System Operator to account

The outcomes and the form of measurement we will use to hold the SO to account in CP7 are set out below.

Table A.1 Outcomes and forms of measurement

Areas in licence	Form of measurement
<p>Long-term planning</p>	<p>Annual narrative report, produced in quarter 1 of each year of the control period, covering how the licence condition was addressed in the previous year.</p>
<p>Providing information about network capability to train operators and funders</p>	<p>A.2 We will work with the SO to develop specific measures to cover the areas recommended from the 2023 Independent Reporter review:</p> <ul style="list-style-type: none"> • Incident reports (completed and outstanding) • Priority structures with reduced capability • Sections which are critical freight routes • TSRs > 6 months • Network changes date raised < 3 months before date implemented • Capability non-conformance reports from operators
<p>Managing operator access to the network</p>	<ul style="list-style-type: none"> • Applications handled by key dates, showing numbers at national and regional level – % processed • Applications by date of receipt and time to process at regional and national level
<p>Producing the timetable</p>	<ul style="list-style-type: none"> • Timetable delivery metric • Timetable delay minutes

Areas in licence	Form of measurement
<p>Providing technical expertise and co-ordinated management to deliver performance and safety improvements in network operations</p>	<p>A.3 Measure strategic projects as supporting measures in our outcomes framework:</p> <ul style="list-style-type: none"> • heavy axle weight programme • access planning system <p>A.4 Measuring other projects:</p> <ul style="list-style-type: none"> • progress against spend and project milestones - weather risk task force, freight safety improvement programme • performance improvement and innovation fund <p>A.5 New projects will be assessed and monitoring agreed as developed</p>
<p>Improving customer experience at managed stations</p>	<p>A.6 Satisfaction measure</p>
<p>Performance of freight and national passenger operators (including specific requirements in Scotland such as improving freight journey times and freight growth)</p>	<ul style="list-style-type: none"> • Freight cancellations • Freight growth – net tonne km • FCaL • NPO On Time • NPO cancellations

Annex B: Delivery of the High Level Output Specifications

The SO has a role in delivering or contributing to the delivery of both the England & Wales HLOS and the Scottish HLOS; outcomes for both are set out below.

England & Wales

Table B.1 England & Wales HLOS requirements

HLOS requirement for CP7 (paragraph reference)	The SO's delivery of requirement in CP7
<p>6 - 7. Developing a long-term strategy for rail:</p>	<ul style="list-style-type: none"> • Preparation of 30-year freight strategy • Work with GBRTT on customer strategy • Contribution to long-term plan for rail
<p>9. Strong and effective analytical capability linking to other forms of transport, considering inclusion</p>	<ul style="list-style-type: none"> • Capacity Planning Timetable Performance and Simulation team established June 2022 • Targeted projects to improve the SO's efficiency
<p>10. Support for those with protected characteristics in asset decisions</p>	<ul style="list-style-type: none"> • Best practice for managed stations • Working with partners on connectivity and 'last mile' • Secretariat for Built Environment Accessibility Panel
<p>11. A clear and effective stakeholder engagement process between Network Rail and its customers and stakeholders</p>	<ul style="list-style-type: none"> • Stakeholder engagement plan
<p>12. Resolute focus on value for money and a strong contribution by rail to national and local growth priorities</p>	<ul style="list-style-type: none"> • Freight growth target • Targeted projects to improve the SO's efficiency
<p>13 – 16. Safety and security, including weather response</p>	<ul style="list-style-type: none"> • Work of weather risk task force

HLOS requirement for CP7 (paragraph reference)	The SO's delivery of requirement in CP7
17 – 18. Cost efficiency in project delivery	<ul style="list-style-type: none"> • £34 million of efficiencies planned • More efficient working through targeted projects • Challenge panel for headcount
19. Contracting risk management	<ul style="list-style-type: none"> • SBP identifies planned saving of £5.2 million from contract negotiation
20 – 21. Achieving performance and use of metrics to track delivery	<ul style="list-style-type: none"> • Developing new metrics to track performance, including for freight corridors • New governance boards to consolidate work with regions
22. An efficient approach to system operation. Strong train service planning expertise; more accurate and timely performance modelling to support an allocation of network capacity that best underpins reliability and to enable more informed decision making relating to timetable specification	<ul style="list-style-type: none"> • The SO's strategic priorities set out its approach to achieving efficient system operation • Requested clarification on how capacity planning will support reliability, especially for freight
22. More accurate performance measurement techniques to support continuous operational performance improvements	<ul style="list-style-type: none"> • Developing new metrics to monitor performance, including for freight corridors • New governance boards to consolidate work with regions
22. Strong and effective timetabling capability for executing changes without disrupting customers	<ul style="list-style-type: none"> • Timetabling function supported by implementation of targeted projects
23. Approach to asset management and incident management to support performance	<ul style="list-style-type: none"> • Use of incident management reviews in freight
24. Considering local needs	<ul style="list-style-type: none"> • Secretariat for Built Environment Accessibility Panel • Work with freight lineside neighbours
25. Work closely with freight operators	<ul style="list-style-type: none"> • Objective of FNPO team through forums/groups
25. Improve capacity allocation for freight	<ul style="list-style-type: none"> • Requested clarification in delivery plan

HLOS requirement for CP7 (paragraph reference)	The SO's delivery of requirement in CP7
26. Set a stretching but realistic freight growth target	<ul style="list-style-type: none"> Target set: England & Wales at 7.5%
27. Maintain reliability for freight	<ul style="list-style-type: none"> Heavy axle weight programme to maintain key assets Focus through freight corridors
28 – 33. Improve weather resilience and environmental performance	<ul style="list-style-type: none"> Work of weather risk task force
29. / 34. Asset management and digital signalling	<ul style="list-style-type: none"> The SO does not operate assets but will be accountable for the management of network capability
35. Research, development and adoption of technology	<ul style="list-style-type: none"> Targeted projects to support efficiency ORR decision to maintain performance improvement and innovation fund
36 – 38. Rail supply chain	<ul style="list-style-type: none"> The SO owns the supplier partner framework: further clarification required on how this will meet the HLOS requirements
39 – 40. Financial risk	<ul style="list-style-type: none"> Risk assessment completed and included in business plan

Scotland

The SO has a role in relation to specific responsibilities in the HLOS for Scotland. The overall approach is contained in our [PR23 final determination: Summary of conclusions and settlement for Scotland](#).

Table B.2 Scottish HLOS requirements

HLOS requirement for CP7	Delivery of requirement in CP7
<p>3.4 To establish and operate (with ScotRail Trains Ltd) a joint Scotland-based timetabling team to deliver all activity on the Scottish Network. The team should be operational by the start of CP7 and co-located, with one management structure responsible for the delivery of the timetable product, with a demonstrable understanding of Scotland’s geography, economy, and network operating characteristics.</p>	<p>After publication of the draft determination, Network Rail Scotland held two industry workshops to discuss this requirement. We attended as observers.</p> <p>At the workshops, operators voiced concerns around impartiality, disjointed decision making and inefficiencies. Some of these points were reiterated in responses to our draft determination.</p> <p>Taking account of these views, Network Rail Scotland provided more information to us on how it intends to deliver on this requirement during CP7. Network Rail Scotland intends to consult on its proposal to deliver on this requirement with the rail industry in Scotland, including Transport Scotland.</p> <p>Network Rail Scotland explained that any further changes it makes through CP7 must be of benefit to its customers and more efficient than the current approach.</p> <p>It is important that Network Rail maintain sufficient dedicated resources to deliver timetabling activity on the Scottish network, and that these resources are familiar with its geographical, market and operating characteristics. But it is also important that any future changes are consistent with the framework set out under Network Rail’s Licence and the Network Code. We are satisfied that these proposals are consistent with those obligations and will involve the System Operator.</p>

HLOS requirement for CP7	Delivery of requirement in CP7
<p>3.4 To demonstrate at all levels, but in particular in its leadership, a clear understanding of the priorities of the Scottish Ministers and how this translates into railway outcomes and outputs. This applies not only at Scotland Route level, but also at a central level for Freight and National Passenger Operations and Systems Operator functions.</p>	<p>The SO will support Network Rail Scotland in delivery of the commitments that it has made, which include:</p> <ul style="list-style-type: none"> • Creating a Scotland-specific functional business plans, with shared ownership of objectives. These will include an executive Senior Responsible Officer and named business owner for each function. • Establishing quarterly governance forum to track and collaboratively manage outcomes, outputs, costs, efficiencies, and other benefits; and • Developing a reporting system that can help Transport Scotland to understand how well Network Rail is delivering against the priorities of the Scottish Ministers.
<p>3.9 Network maintained to allow Caledonian Sleeper to meet performance expectations</p>	<p>The SO will support delivery of Caledonian Sleeper Right Time targets and/or any other performance measures defined for Sleeper services prior to the start of CP7.</p> <p>Network Rail Scotland has assumed retention of the Right Time target of 80%.</p>
<p>3.11 FCaL measure for Scotland to not exceed 5.5%</p>	<ul style="list-style-type: none"> • FCaL is a supporting measure in our outcomes framework so we will require Network Rail to include a forecast for this in its delivery plan
<p>3.24 Making freight attractive to business across Scotland, including safely increasing speed</p>	<ul style="list-style-type: none"> • Freight safety improvement portfolio to improve safety • Regional freight safety boards • The SO to work with Network Rail Scotland and use reasonable endeavours to continue existing workstreams established in CP6 to increase the average speed of freight trains, reporting progress via Freight Joint Board, recognising the trade-off between capacity/journey time/resilience/passenger operator requirements.
<p>3.24 Making freight attractive to business across Scotland, including facilitating access</p>	<ul style="list-style-type: none"> • Monitoring of access management

HLOS requirement for CP7	Delivery of requirement in CP7
<p>3.26 Facilitate freight growth of 8.7% (freight net tonne kilometres moved).</p>	<ul style="list-style-type: none"> We have set a trajectory in our draft determination for Network Rail to deliver 8.7% freight growth in Scotland and requested specificity on how the growth will be delivered
<p>3.26 To develop collaboratively and consult on a longer-term rail freight growth strategy by halfway point of CP7.</p>	<ul style="list-style-type: none"> Delivery of Scotland’s freight growth strategy and standalone freight growth plan for GB
<p>3.30 Scottish Ministers require Network Rail to ensure that at least one cross-border route is available for passenger and freight services at all times other than in unforeseen or exceptional circumstances. Where that is not possible, Scottish Ministers should be notified in advance and would expect to be assured that all options had been thoroughly investigated.</p>	<ul style="list-style-type: none"> Review of requirement in the Scotland settlement
<p>3.37 Continue to improve weather resilience</p>	<ul style="list-style-type: none"> Work of the SO’s weather risk task force can support delivery of this requirement.
<p>3.43 Derive maximum utility from the network with whole industry measures</p>	<ul style="list-style-type: none"> Network Rail Scotland has said it will use reasonable endeavours to work with ScotRail, other operators, freight operators, Transport Scotland and Scottish Rail Holdings to gather market insights to enable whole industry evidence-based decisions. The SO should support Network Rail Scotland in delivery of this requirement.



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