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Dear Stakeholder,

## **Update on control period 7 passenger train performance reset**

This letter updates on the control period 7 (CP7) passenger train performance reset (CP7 performance reset) and the work we will undertake with Network Rail and train operators in 2025 and early 2026.

The performance of Great Britain's railways is a priority for passengers and freight users who want reliable and punctual services. A railway that works well also supports the economy by, for example, keeping people connected to jobs and freight moving.

The industry must work together to deliver train performance improvements; the railway operates as a system and no single party can deliver good punctuality and reliability in isolation. The Government's plans to reform the railway – as set out in [A railway fit for Britain's future](#) – are, in significant part, aimed at improving these outcomes. We are committed to supporting rail reform and to refining our approach, as industry changes, in ways that support all users of the network.

Network Rail is developing the first set of proposed performance targets for the final three years of CP7 and we expect the company to work with passenger train operators in doing so. This letter invites all affected train operators to look out for this engagement and to note the timeline, with key milestones, shown in **Annex A**.

### ***Scope of CP7 performance reset***

As summarised in our [letter concluding PR23](#), for passenger train services in England & Wales, we set measures and targets for the first two years of CP7 – 1 April 2024 to 31 March 2026 – in our Periodic Review (PR23) final determination. We set indicative targets for the final three years of CP7 and included a process to reset passenger train performance measures and targets, and recalibrate associated financial incentives after the second year. This was due to the challenges of forecasting whole-industry performance in the medium term.

The reset excludes the Scotland train performance measure, which Scottish Ministers specified targets for in the Scotland High Level Output Specification (HLOS) for CP7. It also does not apply to freight train performance or other measures in our final determination.

### ***Review of train performance measures in 2024***

On 12 December 2024 we completed the first phase of the CP7 performance reset, [concluding on the measures](#) we will use to monitor and hold Network Rail to account for passenger train performance from 1 April 2026 to 31 March 2029.

Our conclusions included replacing On Time with Time to 3 as the success measure for whole-industry punctuality in England & Wales. Industry stakeholders placed significant weight on the operational benefits and alignment with the wider industry that Time to 3 provides over On Time. Our final decision was augmented by findings from [passenger research](#) and international comparisons supporting the change.

We also promoted a measure of Network Rail attributed delay as an additional success measure. This was to strengthen clarity about what Network Rail, as the infrastructure manager, needs to contribute to the success of the railway for passengers.

### ***Resetting train performance targets in 2025***

In 2025 we will be setting passenger train performance targets for the last three years of CP7. To help us do this, we will assess the performance plans that Network Rail will submit to us in May, followed by an industry consultation on passenger train performance targets that will run from July to early September. We will publish final targets by the end of November.

Jointly with Network Rail, we have commissioned an [Independent Reporter](#) to provide assurance on the train performance plans and proposed targets developed by Network Rail. Passenger train operators should be aware of potential engagement from the Independent Reporter, in addition to engagement from Network Rail in the preparation of plans and targets.

### ***Incentives recalibration in 2025 and early 2026***

In 2025 we will also progress the substantive work required to use Network Rail's updated train performance targets in setting performance benchmarks in the Schedule 8 financial incentive regime. This Schedule 8 recalibration will update parameters for years 3 to 5 of CP7, including train performance benchmarks and payment rates, to better

reflect industry conditions. We are also reviewing the evidence with respect to how passengers respond to service disruption which underpins Network Rail payment rates.

We have appointed consultants to undertake the Schedule 8 recalibration calculations. We will also commission an independent audit of the recalibration calculations. We will be working with stakeholders to finalise key aspects of the recalibration methodology, before the updated parameters are released to stakeholders for review (according to the timeline outlined in Annex A). The updated parameters will then be finalised for implementation, to take effect on 1 April 2026.

### ***Current activity and next steps***

From February 2025 the Independent Reporter will begin engaging with Network Rail on the development of performance plans to gather information and provide initial advice to both Network Rail and ORR. The Independent Reporter will also engage with other stakeholders, such as funders and passenger train operators, in advance of Network Rail's submission of train performance plans in May.

Network Rail will continue to work closely with passenger operators in the development of train performance plans.

Our recalibration consultants recently commenced work on the Schedule 8 recalibration calculations. We are liaising with Network Rail and affected train operators to finalise the recalibration methodology.

If you have any immediate questions, please email [prm@orr.gov.uk](mailto:prm@orr.gov.uk) with 'CP7 performance reset' in the subject line. We look forward to working with you over the year ahead.

Yours faithfully

**Will Godfrey**

## Annex A - CP7 performance reset 2025 and early 2026 timeline

Workstream	Milestone	Planned date(s)
Incentives recalibration	Release of draft Schedule 8 Network Rail payment rates	May 2025
Train performance targets	Network Rail submits to ORR its performance plans and proposed passenger train performance trajectories for success measures	May 2025
Incentives recalibration	Release of near-final Schedule 8 Network Rail payment rates	July 2025
Train performance targets	Consultation on passenger train performance baseline trajectories	July 2025 to September 2025
Incentives recalibration	Release of draft Schedule 8 benchmarks and TOC (Train Operating Companies) payment rates	July 2025
Incentives recalibration	Release of draft Schedule 4 Access Charge Supplements (ACSs) and other Schedule 4 parameters	August 2025
Train performance targets	Network Rail submits to ORR its final performance plans and proposed passenger train performance trajectories for success measures	September 2025
Train performance targets	Publication of final passenger train performance baseline trajectories	November 2025
Incentives recalibration	Release of near-final Schedule 8 benchmarks and TOC payment rates	November 2025
Incentives recalibration	Release of near-final Schedule 4 ACSs and other Schedule 4 parameters	December 2025
Incentives recalibration	Implementation of final Schedule 4 & 8 parameters	Early 2026, to take effect on 1 April 2026