

CP6 settlement document for the Freight & National Passenger Operator route

Purpose and PR18 context

This document sets out our final decisions regarding the Freight and National Passenger Operator (FNPO's) settlement for CP6, including its commitments to its customers and what it will be funded to deliver this. The FNPO's settlement forms part of our overall determination for Network Rail. This document has taken into account the [stakeholder responses](#) to our [draft settlement for the FNPO](#).

The [2018 periodic review](#) is the process through which we determine what Network Rail¹ should deliver in respect of its role in operating, maintaining and renewing its network in control period 6 (CP6)² and how the funding available should be best used to support this. This feeds through into the:

- service that passengers and freight customers receive and, together with taxpayers, ultimately pay for; and
- the charges that Network Rail's customers, including passenger, freight and charter train operators, will pay for access to its track and stations during CP6.

This document forms part of our [final determination](#), which sets out our overall decisions on PR18 for consultation. We have also published an [overview document](#), setting out:

- our proposed decisions in all the main areas of PR18 and next steps;
- a summary of how we will regulate Network Rail's delivery in CP6; and
- next steps in PR18.

In addition, there are high-level summaries of our main decisions for each of [England & Wales](#) and [Scotland](#). The full set of documents that form the final determination is set out in the diagram on the following page.

A map of our earlier consultations and conclusions that have led up to our final determination is available [here](#).

¹ All references to Network Rail in this document are to Network Rail Infrastructure Limited.

² CP6 will run from 1 April 2019 to 31 March 2024.

Our final determination documents (includes weblinks)

PR18 final determination overview document			
England & Wales summary	PR18 draft determination consultation – summary of comments and our response		
Scotland summary (and settlement details)	Supplementary documents		
Settlement documents	SBP assessment		
FNPO route			
System Operator	Scorecards and requirements		
England & Wales	Anglia route	Health & safety	
	LNE & EM route	Review of NR's proposed costs	
	LNW route	Other single till income	
	South East route	Stakeholder engagement	
	Wales route	Policy	
	Wessex route		Financial framework
	Western route		Review of network licence: conclusions from consultation
	Overview of charges & incentives decisions		
Other documents			
Glossary	Managing Change Policy		
Consultancy & reporter studies	Grading of Network Rail's route and System Operator strategic plans for CP6		

Summary

1. The FNPO differs from the geographic routes, as it is not responsible for managing any operational assets, nor does it control the movement of trains. Instead, its role is to represent the interests of freight and national passenger operators (including charter train operators and operators with plans to run open access passenger services) and their customers. These operators run services across a number (and, in some cases, the majority) of Network Rail's geographic routes.

2. The FNPO has its own settlement document as part of Network Rail's determination and will separately report on its delivery to its wide range of customers (both in the form of FNPO scorecards and other reporting measures) and will have its own budget to finance these activities.
3. In our 2018 FNPO draft settlement document, we provided background to Network Rail's proposals for its FNPO route strategic plan and set out our draft decisions on the route's settlement for CP6. More details can be found [here](#).
4. We received a significant number of responses from FNPO stakeholders in response to our proposals, potentially reflecting the wide range of issues contained in the FNPO route plan. These broadly related to:
 - our requirements for the FNPO to improve its governance, accountability and transparency;
 - the performance measures against which the FNPO and geographic routes will be held to account for delivery to charter, freight and franchised passenger operators in CP6;
 - our proposals to apply a cap to the variable usage charge (VUC) and to do so in a way that caps and phases in increases to the charge over time;
 - our proposals to introduce a new infrastructure costs charge (ICC) to recover the fixed costs of operating the network; and
 - our inclusion of funding to address and mitigate safety risks for FNPO customers through the FNPO Safety Improvement Programme.
5. There was broad support for our proposals to improve the governance for the FNPO. Several stakeholders expressed their concerns that the FNPO has still to demonstrate sufficient ability to understand their stakeholders' needs in order to protect adequately the needs of national operators when faced with competing priorities from geographic routes. Some stakeholders expressed the need for stronger assurance such as the introduction of specific obligations added to the company's network licence in order to protect FNPO stakeholder interests.
6. The complete set of stakeholders' responses can be found [here](#). We have taken account of these responses in reaching our final decisions for the FNPO.
7. In general, we have confirmed our draft decisions in respect of the FNPO. This includes the requirements we set out for the FNPO to improve the transparency of its governance arrangements and put arrangements in place to engage with stakeholders and report on its progress and achievements. It also includes confirming that the additional safety spend within the FNPO is required (rather than

contingent) spend, something with which Network Rail and the FNPO agreed to in their responses.

8. We have however, made one change since our draft determination. We have determined that the FNPO must work with us to improve its modelling and analytical capabilities and we expect the FNPO to implement the recommendations from the independent reporter work which can be found on our website [here](#).
9. In response to our consultation on proposals to revise Network Rail's network licence, we received many responses that specifically commented on the protection of freight and national passenger operator interests. Whilst there was strong support for our proposal to reflect the interests of freight and national passenger operators within the licence, respondents argued that the proposed licence changes should be further strengthened to protect the interests of freight and national passenger operators.
10. We agree that it is appropriate that the licence provides strong protection for the interests of all operators, including freight and national passenger operators and their customers. However, our view remains that it is not appropriate to introduce a specific requirement for an FNPO route, but instead we will ensure the licence places strong obligations on Network Rail to consider the interests of these operators and their customers, without being prescriptive in how this must be achieved. We have set out a number of steps to strengthen further the protection for the interests of freight and passenger operators whose services cross more than one route. These are set out more fully in our [conclusions on the Network Rail licence review](#).
11. We confirmed the overall funding for the FNPO that was set out in our draft settlement, where we made one change. This was to include an additional £22m of renewals expenditure to address and mitigate safety risks for FNPO customers through the FNPO Safety Improvement Programme.
12. The remainder of this document is structured to cover:
 - Background;
 - Our assessment of the FNPO's stakeholder engagement;
 - Our assessment of the FNPO's scorecards and performance trajectories and our decisions in relation to performance for freight and national passenger operators (including charters);
 - Our decisions relating to other commitments made in the FNPO RSP;
 - Our decisions on the FNPO's funding and regulatory settlement for CP6; and
 - Our decisions for holding the FNPO to account.

Background

13. The FNPO route is a small business unit (about 75 staff) within Network Rail. It was established in autumn 2016, differing from the geographical routes in that it does not own or manage any assets or control train operations.
14. Its stakeholders and customer base comprise train operators that operate nationally across multiple geographic routes and includes Caledonian Sleeper, XC Trains Ltd (CrossCountry (referred to hereafter as CrossCountry)), freight operators, charter train and aspirant open access operators. It also includes funders, passengers and freight customers such as port and terminal operators. FNPO proposes to operate as a 'one stop shop' and centre of expertise for its wide and diverse range of customers.
15. A significant aspect of the FNPO's role is to liaise and coordinate with other parts of Network Rail, notably with the System Operator and geographic routes, to support the company's delivery for the FNPO stakeholders.

Our requirements of the FNPO in CP6

Stakeholder engagement

Scope and methods of engagement: Which stakeholders did the route engage with and how well did it do so?

16. The FNPO route engaged with a good range of stakeholders, including freight and passenger operators, end users, charter operators and prospective open-access operators.
17. The FNPO route used a reasonably good range of approaches to engage its stakeholders, hosting six CP6 stakeholder workshops as well as engaging through a range of other forums. Each workshop was aimed at either freight or passenger operators (including prospective open access operators). The workshops appear to have been well run and to have given stakeholders adequate opportunity to provide input. However, the FNPO RSP did not explain in detail what engagement processes it undertook.
18. Stakeholders reported receiving the relevant drafts of the FNPO's RSP during 2017, but raised concerns that the governance arrangements for making changes to drafts needed improvement, together with the process for agreeing and proposing changes to customer scorecard requirements.
19. The Rail Delivery Group (RDG) and some freight operators wrote to the FNPO route expressing general support (albeit with some qualifications) for its strategic plan. These respondents said that they understood the reasons for the route's difficulty in engaging with freight operators in autumn 2017 (citing the later than envisaged

delivery of the SoFAs and the need to ensure internal alignment and consistency across a suite of devolved SBPs).

20. The FNPO route's engagement was inclusive. However, it should have been more transparent in setting out its engagement activities in its plan, which could have given greater confidence that the process was well governed.

Recording and analysis of priorities: How well has the route recorded, analysed and reflected on its stakeholders' priorities?

21. The FNPO RSP included long and detailed discussions of the needs of each of its customers or customer groups. However, it did not clearly summarise what the route saw as the key needs of its stakeholders, or demonstrate a link between the outputs of its engagement activities and its understanding of customer needs as set out in the plan.
22. The FNPO made good use of research evidence to inform its understanding of its stakeholders' needs, including presentations at workshops, consultancy research on the freight market and Transport Focus research on passengers' priorities.
23. While the FNPO route's use of evidence was strong, it could have been more transparent in setting out how its engagement activities have influenced its understanding of stakeholders' needs.

Trade-offs and line-of-sight: Has the route demonstrated a robust process for deciding between competing stakeholder priorities? Has it demonstrated a line-of-sight between stakeholder priorities and the actions it has committed to in its RSP?

24. The FNPO RSP included little discussion on how the route traded off competing priorities. The plan could also have offered more explanation of what the route intended to do to ensure that the geographic routes act to meet its stakeholders' needs.
25. The FNPO could have done more to demonstrate a line-of-sight between its understanding of its stakeholders' priorities and the actions it has committed to for CP6.
26. In general, the FNPO RSP could have made it clearer how the FNPO's engagement has been effective in influencing its plans for CP6.

Scorecards and performance trajectories

27. In common with other routes, FNPO has established a series of route scorecards that include a range of measures that relate to safety, train performance, finance, investment and asset management measures, people measures and locally agreed customer measures. Network Rail confirmed that it will continue to update its route

scorecards as part of its annual business planning process. It will seek the views of customers, through regular engagement and the use of customer satisfaction surveys as a means of evidencing the views of its customers to understand the quality of its engagement.

Freight performance

Freight Delivery Metric (FDM)

28. In its RSP, FNPO proposed a FDM trajectory. This is consistent with its forecast for its CP5 exit point and represents a flat trajectory of 94.0% for each year of CP6. This is higher than the regulatory target we set for Network Rail in CP5 of 92.5%.
29. In our draft determination, we concluded that Network Rail's proposal for the FDM trajectory of 94.0% is reasonable because it is consistent with the forecast for the CP5 exit point, and our review indicated that this forecast has been given appropriate consideration to the main factors affecting forecast performance levels.
30. There was broad support for our decision to accept the FNPO's proposals for FDM. However, some stakeholders argued that the level of 94.0% was not sufficiently challenging and the process for reaching agreement with freight operators was unclear.
31. There have been no material changes since our draft determination, except as regards the impact of recent performance on the freight industry. Network Rail has not however proposed any changes to its FDM trajectory since it submitted its SBP.
32. Our determination is that the FDM CP6 baseline trajectory will be 94.0% for each year of the control period.

FDM-R (Freight Delivery Metric - Route)

33. All geographic RSPs included a trajectory for FDM-R (an indication of the route level contribution to overall FDM), as was our requirement. Network Rail advised us that if all FDM-R trajectories are delivered, this should be sufficient to deliver the national FDM trajectory³.
34. We reviewed all the geographic routes FDM-R proposals and as Network Rail had confirmed that the route level FDM-R would deliver national FDM, we considered that the FDM-R targets included in the RSPs looked reasonable. However, we said that in

³ FDM-R targets for CP6 were developed using the balance of freight traffic across the routes to estimate the contribution of each route to achieve the national FDM. As the balance of freight traffic across the routes may change over time, it is possible that the FDM-R targets for CP6 will not equate exactly to the overall FDM target.

the event that they are not, we would require Network Rail to adjust these so that they do deliver the national FDM.

35. As we noted in our draft determination, Network Rail had refined the FDM-R measure so that it better reflected freight customers' needs. The FDM-R trajectories had been set using the original methodology, whereas FDM-R is now being reported against the revised methodology. This would mean that throughout CP6 there would be an inconsistency between the CP6 baseline trajectories set and the actual values reported.
36. Our determination accepts Network Rail's proposals for FDM-R using the revised methodology. Further details can be found in our [scorecards supplementary document](#).

Regulatory minimum floors

37. We have calculated regulatory minimum floors for both FDM and FDM-R and determined that the freight regulatory minimum floors should be as follows:
 - national FDM regulatory minimum floor of 92.5%; and
 - route level FDM-R regulatory minimum floors should be as per the methodology set out by Network Rail (i.e. reflecting 30% of FDM-R failures).

National passenger operator performance

38. National passenger operators face challenges that the geographical routes in which they operate must provide sufficient focus on their requirements and that FNPO provides adequate support to them.
39. Network Rail has continued to develop its FNPO scorecards. These contain key requirements for its delivery to national passenger operators. These are specified through route performance measures, customer specific measures on the FNPO route scorecard and locally agreed customer measures contained within geographic route scorecards.
40. On 20 September 2018, the Department for Transport (DfT) announced it would undertake a review of Britain's railways, and that the CrossCountry franchise competition would not proceed and services would continue to be operated by the existing franchisee with options beyond this to be considered in due course.
41. In light of the change in circumstances for the CrossCountry franchise, Network Rail will need to work closely with the current franchise holder to develop targets and metrics for CP6 to support its franchise commitments and work closely with DfT in the development of future franchise requirements. In particular, the FNPO must address

the difficulties encountered by CrossCountry Trains in getting its performance requirements included in all the geographic route scorecards within which it operates. We note that FNPO acknowledges its current performance delivery to CrossCountry Trains is not where it needs to be and will work with each geographic route to identify their glide path to reduce delays to CrossCountry.

42. Network Rail has confirmed that the Caledonian Sleeper right-time performance target is 80% for 2018-19 and for every year within CP6. The FNPO has worked with them to undertake a range of activities in order to achieve this target.
43. Network Rail's performance delivery to charter operators is measured by locally-agreed customer measures which takes account of their operation on any part of the network, subject to the network's current capability and capacity. Network Rail has outlined its commitment within its RSP to secure more business certainty for charter operators through the development of a strategic capacity strategy. This will require Network Rail to develop solutions to secure paths for charter train operators, which can only be offered once other operators' firm rights have been planned. It has also set out plans to eradicate effluent discharge across the network.
44. More details on our decisions relating to our requirements for Network Rail's performance delivery for CP6 can be found [here](#).

Capacity and capability of the network.

45. The FNPO RSP sets out proposals for maintaining the published and physical operational capability of the network for its customers, working with the geographic routes and SO to develop and provide clear statements of network capability and capacity. This is particularly important to the FNPO route's customers' operation across multiple geographic routes.
46. Understanding the capability of the network is important for Network Rail, its customers and for funders. It is important that the published and physical state of the network match and essential that should any discrepancies arise, they are addressed as soon as possible so customers and stakeholders can plan their businesses with a reasonable degree of assurance. Network Rail's geographic routes are responsible for ensuring details relating to network capability are maintained and kept to the published and physically operational levels. More details on our proposals for holding Network Rail to account for its obligations in respect of network capability can be found in [our recommendations on the monitoring and assessment of network capability in CP6](#).

Freight and national passenger operators in Scotland

47. Transport Scotland set out requirements in its High Level Output Specification (HLOS) relating to a number of areas of the FNPO's responsibilities, notably:
- targets for the growth of rail freight in Scotland;
 - ensuring that the network in Scotland is appropriately gauged-cleared with diversionary options at times of disruption on the network⁴; and
 - proposals to improve journey times, capacity and timetables.
48. The FNPO needs to provide more details on the specific steps it will undertake to meet the specified requirements of the Transport Scotland HLOS and provide assurance of its delivery. These specific requirements are set out in more detail within the [Scotland summary](#).

Safety

49. Network Rail identified a £22m funding requirement to address and mitigate safety risks for the FNPO's customers that operate on Network Rail's infrastructure. The FNPO plan described this work as being contingent on funding being secured.
50. There was support from FNPO stakeholders for our decision to include this funding with the FNPO baseline, with comments also received that expenditure should be on the right areas, where sustainable safety benefits could be clearly demonstrated. Network Rail agreed that this expenditure should be included in the baseline plans.
51. This work is not discretionary and is needed in order to meet the requirements of health and safety legislation for the benefit of FNPO operators and their customers. Reflecting this, we confirm that the funding of this work should be included in the FNPO's baseline plan (and should not be contingent on risks not crystallising within the FNPO or elsewhere in the business).

Other commitments proposed in the FNPO plan

Supporting freight and passenger growth

52. The FNPO plan made the case for applying charges to freight operators at a level that would support growth.

⁴ The Scotland HLOS included a requirement for freight gauging to "be maintained to at least the capability in the most recently published issue of the Freight Gauge Database Map, or the Sectional Appendix, or the full suite of RT3973 forms for Scottish routes, whichever is most capable at the time of publication of the HLOS". More information is included in the [Scotland summary document](#).

Capping/phasing-in of variable charges in CP6

53. In our June 2018 consultation document ‘the variable usage charge in CP6’, we provided an update on the ongoing recalibration of the charge and outlined our policy proposal for capping/phasing-in the increase in the VUC for freight and charter operators.
54. Both Network Rail and the Department for Transport (DfT) were supportive of our capping/phasing-in proposal. Network Rail commented that the proposal struck a reasonable balance between maintaining a stable ‘package’ of charges for freight and charter operators, whilst continuing to move towards operators paying cost-reflective VUCs. The DfT was pleased that the short term impact of increases in charges would be limited through the phasing-in of the increases over two control periods but noted that the capped operators should move towards paying an appropriate share of their costs over time.
55. However, rail freight stakeholders generally argued that the capping and phasing-in needed to go further as the proposed increase in charges risks a loss of traffic to road and may negatively affect investment decisions made by customers, freight operators and other parts of the supply chain.
56. The various issues raised by respondents on both the recalibration of the charge and our capping/phasing in policy are summarised along with our comments and conclusions within our Consultation on the draft determination – Summary of comments and our response document, available [here](#).
57. After careful consideration of all responses to our consultation, we have decided that we will retain the recalibration approach and capping/phasing-in policy that we proposed in our June 2018 consultation document.
58. The increase in wear-and-tear costs will be reflected in the VUC for freight and charter operators in CP6 based on a transition to cost-reflectivity over a 10 year period (i.e. over CP6 and CP7) to keep charges at sustainable and predictable levels. In years 1 and 2 of CP6, total variable charges for the freight and charter operator sectors will be held constant in real terms (i.e. equal to the final year of CP5). In the following three years of CP6, the VUC for each individual vehicle will be based on a straight-line transition to full cost reflectivity by the end of CP7 (i.e. reaching the current estimates of the uncapped charges level).
59. Capped operators will retain the forecast benefit of the change in indexation from RPI to CPI to provide them with further stability over time. By the final year of CP6, capped operators are forecast (in nominal terms) to pay rates which will be approximately 5% lower under CPI than RPI.

60. Further information on our variable charges capping policy is detailed in our [October 2018 Variable usage charge conclusions document](#).

ICC charges for freight

61. Few stakeholders responded to our draft determination ICC proposals for freight. Network Rail remained supportive of our proposals. However, electricity supply industry (ESI) biomass stakeholders remained unsupportive of allowing Network Rail to levy charges on freight services carrying ESI biomass. Drax suggested that the ICC on ESI biomass (if it were to be introduced) be phased-in similarly to when the FSC was introduced for ESI coal, iron ore and spent nuclear fuel in CP5. The responses to our June 2018 consultation are explored in more detail in our responses document⁵.

62. We conclude on many aspects of our ICC policy in our supplementary conclusions document⁶. The key conclusions we set out with respect to freight are to:

- continue to allow Network Rail to levy ICCs on freight services carrying ESI coal, iron ore and spent nuclear fuel in CP6. Charges for these market segments will be set to maintain the overall level of charges constant (per thousand gross tonne miles (kgtm)) between CP5 and CP6;
- confirm ESI biomass as a market segment able to bear ICCs in CP6, given the limited impact an increase in rail charges would have on the volume of electricity generated from biomass, or on the volume of biomass transported by rail. ICCs for biomass in CP6 will be set at a conservative level and phased-in over CP6. The final ICC will be published in Network Rail's price list;

Asset sustainability

63. In its response to our draft determination, Network Rail explained that it was continuing to develop a measure for the performance of network assets along primary freight corridors and expected to propose a target based on improvement from the position in CP5. This followed from its review of freight only lines and infrastructure set out in its February 2018 FNPO route plan submission.

64. We note this work is currently under development and therefore Network Rail needs to engage with its stakeholders to develop and agree a measure with freight operators with which they can hold Network Rail to account.

⁵ 2018 periodic review final determination: Consultation on the draft determination – Summary of comments and our response, Office of Rail and Road, October 2018. This may be accessed [here](#).

⁶ 2018 periodic review final determination: Supplementary document – Charges and incentives: Conclusions to consultation on infrastructure cost charges, Office of Rail and Road, October 2018. This may be accessed [here](#).

Governance and encouraging delivery by the FNPO

65. In our draft determination, we identified a number of actions following our assessment of the route's proposals. These included that the FNPO should:
- publish and maintain its governance and reporting framework, so that its stakeholders understand the interfaces between the FNPO, geographic routes, the SO and other parts of Network Rail;
 - provide greater clarity on the role of the FNPO Route Supervisory Board⁷ and how this provides assurance to its customers around delivery;
 - publish annually a report on its activities and achievements, clearly setting out how these relate to each customer group (freight, national passenger operators, charter and aspirant open access);
 - continue with its annual stakeholder survey (and supporting 'pulse checks') to directly capture evidence on the quality of its stakeholder engagement;
 - roll-out its proposals for end-customer scorecards; and
 - identify and publish milestones on those aspects of the RSP that were not sufficiently well-progressed to have clear milestones attached at the time of publication (and reflect these in the route's annual business plans).
66. We also set out proposals to amend Network Rail's licence to place obligations on the company to put in place arrangements that protect the interests of freight operators, charter operators and passenger operators when they are operating services across route boundaries.
67. In response, Network Rail engaged with its stakeholders to identify the work required to ensure that its governance, reporting arrangements and handling of issues raised by its customers and funders are addressed.
68. It agreed to undertake the following actions:
- detail the governance and framework arrangements which it would share with ORR and stakeholders during September 2018;
 - establish the FNPO Route Supervisory Board with terms of reference that are consistent with other route boards. It would engage with customers to agree how meetings were arranged to meet the specific needs of their customers;
 - collate the activities undertaken by the FNPO as part of its annual reporting to stakeholders for each key customer group it manages;

⁷ since consulting on PR18 draft determination, Network Rail has now redefined these as railway boards.

- continue its stakeholder surveys and pulse checks, providing improvements to these and acting on the information received from stakeholders;
 - develop end user scorecards in which drafts had already been shared with a number of stakeholders and for which feedback would be incorporated in finalised versions;
 - clarify of all the milestones in the FNPO RSP with all 'TBC' references removed and an updated iteration shared with stakeholders.
69. We welcome Network Rail's commitments to improve the FNPO's governance arrangements and to improve transparency and the provide clarity about where accountabilities lie. This is particularly important to ensure the geographic routes provide sufficient attention for FNPO's multi-route operators and that the FNPO provides sufficient focus on their requirements.
70. However, Network Rail has yet to provide sufficient detail and clarity, on some aspects of its governance arrangements, with plans to roll these out later on the autumn. Reflecting this, we require the FNPO to publish (and maintain) a document that explains how Network Rail's wider governance interfaces with the FNPO and provides stakeholders with the opportunity to comment on aspects of Network Rail's governance and to hold the FNPO to account as part of its regular engagement, stakeholder surveys and publication of annual reports on its delivery.
71. In this respect, we are mindful of the role that our proposed licence conditions will play in providing additional assurance that appropriate arrangements are put in place to protect the interests of the FNPO's stakeholders.

Our decisions on the regulatory settlement for the FNPO in CP6

72. The route's RSP sets out what the route proposed to deliver in CP6. It included a scorecard containing measures developed with customers/stakeholders, including:
- particular train operator performance measures, including CrossCountry Public Performance Measure (PPM) and charter operator measures;
 - measures which reflected freight operational considerations including national freight trajectories;
 - measures which reflected the specific requirements of the Scotland HLOS;
 - safety, investment & asset management, financial and people measures.
73. Our decisions about passenger and freight performance are discussed in full in our [scorecards supplementary document](#). We have set a CP6 baseline trajectory for Great Britain FDM. We have also set CP6 baseline trajectories for three geographic

route-level measures including route-level FDM (FDM-R) and a consistent route measure for passenger performance (CRM-P). CRM-P reflects national passenger operator performance.

74. The CP6 baseline trajectories will act as a baseline against which we will measure Network Rail's delivery to current and future passengers and freight end users over the control period in our monitoring and reporting. Through its business planning process and agreement of annual scorecards, Network Rail's annual targets may vary from this CP6 baseline trajectory, which we will take into account in our monitoring and reporting, particularly where these are agreed with customers (where appropriate).
75. For each measure for which we have set a CP6 baseline trajectory, we have also set a regulatory minimum floor. We have updated table 1 below to reflect our decisions on FDM (in bold).

Table 1: Summary of what the route proposed to deliver in CP6

Metric	CP6				
	2019-20	2020-21	2021-22	2022-23	2023-24
Freight Delivery Metric (FDM)	94.0%	94.0%	94.0%	94.0%	94.0%
FDM regulatory minimum floor	92.5%	92.5%	92.5%	92.5%	92.5%
Charter Train Operator Public Performance Measure (PPM)	88.0%	88.0%	88.0%	88.0%	88.0%

*National passenger operators are included in the Consistent Route Measure – Performance (CRM-P) in geographic route summary documents.

76. Table 2 below sets out our assumptions on the route's funding for CP6 and Table 2 sets out our assumptions for the route's efficiency in CP6.

Table 2: Summary of our expenditure and income assumptions for CP6⁸

£m (2017-18 prices)	CP5		CP6					Total
	2018-19	Total	2019-20	2020-21	2021-22	2022-23	2023-24	
Operations	6	22	6	6	5	5	5	28
Support	0	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0	0
Renewals	0	0	4	4	4	4	4	22
Schedule 4 & 8	15	71	18	20	21	20	17	96

⁸ In the CP5 total column, all of the numbers represent actual income and expenditure (including a forecast for the rest of the control period). This includes income for expenditure that in CP6 is outside of the Statement of funds available (SoFA) and therefore not shown in the CP6 columns.

£m (2017-18 prices)	CP5		CP6					
	2018-19	Total	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Traction electricity, industry costs and rates	0	0	9	10	10	11	11	51
System Operator	0	0	7	8	9	9	8	41
Route-controlled risk funding	n/a	n/a	0	0	0	0	0	1
Contingent asset management funding	n/a	n/a	0	0	0	0	0	0
Route contribution to group portfolio fund	n/a	n/a	0	0	0	0	0	1
RPI/CPI differential adjustment ⁹	0	(1)	0	1	1	1	2	5
Gross revenue requirement	21	93	45	49	52	51	48	245
Other single till income	(4)	(20)	(4)	(4)	(4)	(4)	(4)	(20)
FNPO Recharge	n/a	n/a	921	997	1,015	1,028	941	4,901
Net revenue requirement	17	73	962	1,042	1,063	1,074	986	5,126
Variable charges	0	0	(67)	(68)	(73)	(80)	(90)	(378)
EC4T	0	0	(8)	(9)	(9)	(10)	(10)	(47)
Schedule 4 ACS	0	0	0	0	0	0	0	0
FTAC ¹⁰	0	0	0	0	0	0	0	0
Network Grant	0	0	(887)	(964)	(979)	(984)	(885)	(4,700)
RPI/CPI differential adjustment	0	0	(0)	(0)	(0)	(0)	(1)	(2)
Total SoFA related income	0	0	(962)	(1,042)	(1,063)	(1,074)	(986)	(5,126)
Closing RAB balance	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

⁹ The RPI/CPI differential takes account of lower expected indexation increases during CP6 as a result of the move from RPI to CPI, for more detail see 'Supplementary document – Financial Framework'.

¹⁰ In CP6, national passenger operators will pay FTAC. However, as FTAC for each train operator will not be finalised until after the final determination, we have not shown this income in the FNPO route breakdown of income. Once CP6 FTAC for each operator has been confirmed, Network Rail will include the FTAC income for national passenger operators in the FNPO route as part of its CP6 delivery plans. The FTAC income from national passenger operators will not be additional funding for the FNPO route (compared to the table in our final determination) as there will be an offsetting reduction in network grants. For Network Rail in total, given the way the balance between FTACs and network grants is calculated, the FTACs for national passenger operators are included in the FTACs included in the route settlement tables. For these reasons, there is also no impact on our affordability assessments.

Table 3: Summary of our efficiency assumptions for CP6

%, exit to exit basis ¹¹	CP6				
	2019-20	2020-21	2021-22	2022-23	2023-24
Operations	0.0%	-1.8%	3.6%	3.6%	2.7%
Support	0.0%	0.0%	0.0%	0.0%	0.0%
Maintenance	0.0%	0.0%	0.0%	0.0%	0.0%
Renewals	0.0%	0.0%	0.0%	0.0%	0.0%
Total	0.0%	-1.0%	2.0%	2.0%	1.5%

¹¹ The measurement of efficiency compares spending in the last year of CP6 with the last year of CP5 (i.e. exit to exit). A positive number equals efficiency, a negative number equals inefficiency



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