

PR23 draft determination:

Settlement document for the North West & Central region

15 June 2023



About this document

This is one of six settlement documents of our draft determination for the 2023 periodic review (PR23).

PR23 will determine 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 draft determination sets out:

- our review of Network Rail's strategic business plan (SBP); and
- decisions on its proposed 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 managing change and the financial framework.

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

Document type	Details
Executive summaries of our determination	Our key proposals from our draft determination for: <ul style="list-style-type: none">• England & Wales• Scotland

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Overviews of our determinations What Network Rail will need to deliver and how funding will be allocated in:

- England & Wales
 - Scotland
-

Consolidated decisions A summary of our draft decisions across Great Britain

Introduction An overview of PR23 and background to our draft determination

Settlement documents Detailed draft decisions for each of:

- Scotland
 - Eastern region
 - **North West & Central region**
 - Southern region
 - Wales & Western region
 - System Operator
-

Supporting documents Technical assessments of:

- Health and safety
 - Outcomes
 - Sustainable and efficient costs
 - National Functions
 - Other income
-

Policy positions How we intend to regulate Network Rail during CP7 in relation to:

- Financial framework
- Access charges
- Schedules 4 & 8 incentives regimes
- Managing change

Responding to the consultation on our draft determination

We are consulting on our draft determination and welcome comments from stakeholders on any of our documents which form the draft determination on or before 31 August 2023.

Responses should be submitted in electronic form to our inbox: PR23@ORR.gov.uk. We request stakeholders provide their response using [this proforma](#).

We intend to publish all responses on our website alongside our final determination in October 2023. Annex A to our proforma document sets out how we will treat any information provided to us, including that which is marked confidential.

Next steps

After taking account of stakeholder responses, we expect to issue our final determination on Network Rail's delivery and funding for CP7 by 31 October 2023.

We expect to issue our Review Notice by December 2023 and, subject to Network Rail's acceptance, issue Notices of Agreement and Review Implementation Notices. These will give effect to the decisions made during PR23 in time for CP7 to commence from 1 April 2024 and for Network Rail to develop its plans for delivery.

Executive summary

Our determination includes separate settlements for each region and the System Operator in Network Rail. Settlements set out our expectations about the funding that will be allocated to each region and the System Operator and the outputs that will be delivered by them.

This regional settlement document provides a summary of the key proposals in the North West & Central region's strategic plan for Control Period 7 (CP7) and our review of this, as part of our 2023 periodic review (PR23). For our more detailed assessment of Network Rail's CP7 plans, please see our PR23 draft determination: supporting document on [Health and Safety](#); [Outcomes](#); [Sustainable and Efficient costs](#); [National Functions](#); and [Other income](#).

Network Rail is funded by the UK and Scottish Governments for its activities in England & Wales and Scotland respectively. Each respective government also sets out a High-Level Output Specification (HLOS) detailing what it expects the available funding to deliver.

Expenditure on operations, support, maintenance and renewals (OSMR) for England & Wales in the [UK Government's SoFA](#) is proposed to be £40 billion for CP7 (excluding charges for electricity traction), which compares to approximately £38 billion in CP6. Planned expenditure on OSMR (excluding charges for electricity traction) for North West & Central is £10.8 billion, an increase of £1.3 billion when compared to CP6.

Reflecting wider fiscal conditions, Network Rail's funding for CP7 is constrained relative to the needs of the asset renewal cycle. This requires Network Rail to make choices about how expenditure should be prioritised to deliver best value for the railway now and in the future. Decisions pertinent to the North West & Central region are detailed in this document.

The England & Wales plan includes two scenarios for expenditure. The first assumes that a £0.50 billion centrally managed fund is used to manage risks that emerge during CP7. The second is a 'risk-adjusted' plan which is supported by identifying up to £1.50 billion of expenditure (largely renewals) across the England & Wales regions and National Functions that can be descoped if risk materialises. Our assessment and draft determination considers Network Rail's risk-adjusted plan only. This is because our monitoring during CP6 suggests that more than £0.50 billion will be needed to manage unanticipated risks.

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In CP7, the region plans to take a market led approach to renewing its assets, prioritising renewals on higher revenue lines. The region does not anticipate being able to maintain a steady state for its rail infrastructure and has forecast that asset sustainability will decline. The region plans to spend circa £1.2 billion on a collection of initiatives to prepare the region for the introduction of HS2 services. The region plans to maintain safety. It expects to deliver good levels of train performance. The region plans to deliver £890 million of efficiencies.

We have assessed the region's strategic plan and identified that it can achieve more in its train performance delivery and we have set ambitious but realistic trajectories for it to meet. We have also identified that it can reprofile discretionary work to prepare for HS2 services by circa £300 million to increase expenditure on the protection of core asset renewals in other regions in CP7.

1. Summary of Network Rail's key proposals for the North West & Central region

Overview

- 1.1 Network Rail's North West & Central region runs from London Euston and Marylebone in the south to Gretna near the Scotland and England border. It represents 22% of Network Rail's railway infrastructure. It provides key intercity links for Birmingham, Manchester and Liverpool, as well as supporting commuter and rural connections. The region contains three routes, North West, Central and West Coast Mainline South.
- 1.2 The West Coast Main Line is one of the busiest freight routes in Europe, carrying 40% of all UK rail freight traffic. The region's infrastructure will need to be able to support freight growth demands.
- 1.3 The region has an aging and heavily used railway infrastructure. Sections of the West Coast Main Line are at capacity for traction power supply.
- 1.4 The region's network will need to be ready for HS2 services. When HS2 begins to operate, its services will spend significant portions of their journeys on the existing West Coast Main Line, running alongside and interacting with conventional services.
- 1.5 Severe weather is having an increasing impact on the region's infrastructure, in particular flooding.



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1.6 In its strategic business plan (SBP), the North West & Central region outlined five key objectives or strategic 'musts' for CP7:

- everyone home safe every day and fit for the future;
- a transport service of choice;
- a value for money railway;
- a cleaner, greener railway fit for the future; and
- one team where everyone plays their part.

1.7 The main features of North West & Central's CP7 SBP are set out below.

Safety

1.8 The region plans to maintain safety on key routes. It plans to manage safety risk from longer asset life through operational restrictions. It intends to apply a risk-based approach to management of vegetation, overhead line equipment dewirement risks, geotech plans, trespass, suicide and vandalism. It plans to increase headcount to address recommendations made following the derailment at Carmont (in Mair/Slingo reviews). It forecasts maintaining its Train Accident Risk Reduction score at the CP6 exit level, while reducing Fatalities and Weighted Injuries. It plans to further reduce red zone working (work that is either on or near the line, while trains are running) and improve level crossing safety through a £25 million improvement fund.

Performance

1.9 The region states that it plans to deliver good levels of train performance. Passenger train performance (On Time) is forecast to decline in the first two years of CP7, but following the introduction of the May 2025 timetable it is forecast to increase through to the final year of CP7.

Freight growth

1.10 The region plans to support a freight growth forecast of 8.6% through accelerating structures renewals for heavy axle weight traffic, backed by circa £25 million in funding.

Asset sustainability

- 1.11 The region plans higher expenditure on core renewals than CP6, even when excluding the West Coast Mainline North Programme. However, this would remain below what the region has assessed as necessary to maintain a steady state for the region's rail infrastructure. North West & Central was not able to sustain the condition of assets with its funding in CP6. The region plans to follow a market led, value of service framework to optimise spend on high value, high use lines in CP7.
- 1.12 The region plans to spend circa £1.2 billion on a collection of initiatives to prepare for the introduction of HS2 services. This includes spending £470 million on Crewe Hub, £590 million on the West Coast Mainline North Programme and £150 million for the North West route's domestic workbanks to address life-expired assets on the West Coast Mainline North.
- 1.13 In the region's plans, operational expenditure is constrained to CP6 levels but will target increased vegetation management, drainage management, ash die back, and the maintenance of new infrastructure. The effective age of the rail infrastructure will increase during the control period. Asset sustainability as measured by the Composite Sustainability Index (CSI) is forecast to decline to -3.5 percentage points during the control period under the region's risk-adjusted plan.
- 1.14 The region expects to rely on high output ballast cleaning and track renewal plant to support delivery of its West Coast Mainline North Programme and for critical track renewals on the West Coast Mainline South in CP7.

Accessibility

- 1.15 The region has planned targeted accessibility improvements through renewals of lifts and escalators, alongside improved lighting and wayfinding. The region has planned expenditure of around £20 million to address accessibility issues for stations that HS2 will call at.

Efficiency

- 1.16 North West & Central is planning to deliver £890 million of efficiency in CP7 (including the region's share of efficiencies in the network wide cost allocation) under its risk-adjusted plan. This represents 15% capex and 10% opex efficiencies on a CP6 to CP7 exit basis. Opex efficiencies include: pay awards to staff using the CPI rather than RPI inflation index; standardisation of delivery unit tasks;

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improved commercial savings; reviewing operational roles; and improved vehicle management. Capex efficiencies include a capital delivery transformation programme; access strategy deployment; and adopting a value of service approach to asset renewals.

- 1.17 The region has identified £129 million of headwinds at a high level (£70 million opex and £59 million capex) and will provide more detailed analysis in future planning rounds.

Financial risk

- 1.18 The region's plan for managing financial risk is to hold back around 5% of its planned expenditure (largely renewals) that could be deprioritised. If this funding were used for risk, the region states that asset reliability, asset sustainability and train service performance would likely decline.

Stakeholder engagement

- 1.19 The region has used a mix of pre-existing approaches and new engagement channels to understand what its stakeholders will need in CP7. This has included roundtables to identify industry-wide requirements, one-to-one sessions to explore issues in detail and questionnaires to solidify its understanding of critical priorities.
- 1.20 The region phased its engagement to support the development of its CP7 planning and to explain its plans to its stakeholders:
- Phase 1 (March 2021 to March 2022) sought to identify, listen to and understand stakeholder priorities so as to shape the development of strategic themes.
 - Phase 2 (April 2021 to May 2022) focused on the sharing of emerging CP7 plans and sought support for the region's strategic themes and priorities. This included CP7 challenge panels chaired by Transport Focus, which met three times in 2022.
 - Phase 3 (June 2022 to December 2023) was used to develop an aligned business plan and to agree common performance goals along with understanding the supply chain perspective on its CP7 plans.
- 1.21 The region stated that the following stakeholder priorities emerged from its engagement, which are reflected in its five strategic 'musts':

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- reliability: passengers and freight users want a reliable and punctual service (their most important priority);
- stations: stakeholders want better information at stations and during delay; safe, clean and accessible stations; good customer experience; and better use of stations for community and commercial value;
- network capability: freight customers want the region to maintain or improve capability to support growth;
- HS2: stakeholders want the region to integrate HS2 services without disrupting existing services;
- access: stakeholders want the region to consider their needs when taking possessions to carry out works;
- whole industry opportunities: delivery partners support the opportunities identified by the region to consolidate facilities and teams across the industry;
- technology: stakeholders want the region to make greater use of technology to deliver works effectively and efficiently;
- weather resilience: stakeholders want the region to focus on improving resilience to severe weather incidents;
- decarbonisation: government wants Network Rail to support freight growth and net zero, and delivery partners want the region to develop whole industry approaches;
- social value: stakeholders want the region to work closely with communities to provide additional social value;
- level crossings: stakeholders would like the region to take a broader view of level crossing risk, working with local authorities;
- workforce safety: employees told the region that it needs to provide the right tools, equipment and competencies for them to do their jobs and that workplaces are not always fit for purpose; and
- people: stakeholders want the region's workforce to be equipped to be high performing and effective.

Delivery of funder requirements

1.22 In December 2022, the Secretary of State for Transport published his [High Level Output Specification](#) (HLOS) for England and Wales. This set out what the government wants the railway to achieve during CP7. The region's plan includes an explanation of how it has sought to meet the requirements of the HLOS in its SBP. Specific examples provided by the region include:

- Overall approach – a 'value of service' approach to optimising asset renewals. Effective stakeholder engagement with clear line of sight from stakeholder priorities to its CP7 plan.
- Safety and security – investing £25 million in level crossing risk reduction. Targeted improvement in reducing Fatalities and Weighted Injuries.
- Efficiency and financial sustainability – in its plan, North West & Central commits to deliver £890 million of efficiencies, including the region's share of efficiencies in the network wide cost allocation.
- Performance, reliability and use of the network – targeted renewals to minimise the impact of declining asset condition on train performance. Implementation of its Performance Improvement Management System.
- Resilience and reducing environmental impacts – risk-based vegetation management. Dedicated resources for drainage to meet Mair/Slingo recommendations. Transition of the road fleet to zero emissions vehicles (ZEV) by December 2027 and £15 million of investment in EV charging points.
- Supporting growth, levelling up and deployment of technology – a new approach to contracting as part of capital delivery transformation.
- Financial management and risk – contingent risk expenditure identified to mitigate risks that materialise during CP7.

2. Our findings and draft decisions on North West & Central's strategic business plan

- 2.1 We have assessed Network Rail's plan against [guidance](#) which we issued to it in July 2022. We provide a detailed assessment of key elements of North West & Central's plan in our PR23 draft determination: supporting documents on health and safety, outcomes, and sustainable and efficient costs.
- 2.2 The main issues from our assessment and corresponding draft decisions for North West & Central are set out below. Our assessment has focused on the delivery of four key objectives, including:
- (a) **safety**: the rail network must be maintained in a safe condition for all of its users, workers and the public;
 - (b) **performance**: the railway must be customer focused, making effective use of its capacity to deliver passenger and freight services that are punctual and reliable;
 - (c) **asset sustainability**: assets must be planned and managed to deliver their greatest value over the course of their operational lives; and
 - (d) **efficiency**: Network Rail must be subject to stretching but realistic efficiency targets.

Safety

- 2.3 The central safety challenge for North West & Central, as with other regions, will be to make sure that safety is maintained so far as is reasonably practicable as assets get older and asset reliability declines. Given the 'value of service' approach to renewals the region is proposing to follow, it will need to ensure that safety is not compromised on lines it has deemed as lower value, since operational restrictions, proposed as mitigations, are lower down the hierarchy of risk controls. The region will need to complete its operational delivery risk assessment to enable ORR to understand and assess the risks of reduced renewal levels and declining infrastructure condition through CP7.

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- 2.4 The region's maintenance function will need to be able to deliver increased levels of maintenance work. The region will also rely on a greater use of operational measures to manage risks from aging assets. The SBP provides limited detail on these planned measures. The region needs to assure ORR that the proposed increase in maintenance and operational controls meet the legal requirement for control so far as is reasonably practicable. It will need to demonstrate that the maintenance function is sufficient to deliver increased maintenance work that is aligned to any reduction in renewals. The success of which is heavily reliant on implementing the 'Modernising Maintenance' programme with effective implementation and preparedness for CP7. The region will need to demonstrate it can deliver the required efficiencies and sustain capability to maintain the assets.
- 2.5 We welcome the region's commitment to controlling workforce fatigue, its continuing improvements in track worker safety, improving walkways and lighting in freight depots, removal of PCBs and asbestos, and reduction in silica exposure. However, we would welcome more details on how the region will deliver these commitments, including on fatigue, where the region has temporary variations in place against Network Rail's fatigue standard.
- 2.6 The reduction in earthworks renewals expenditure by £9 million compared to CP6 is of concern given changing weather patterns and recent earthwork incidents. Renewals are being prioritised according to value of service on the North West route and it is not clear how they are being prioritised in the region's other two routes. As the North West route is the most exposed to stormy weather, the region will need to ensure that earthworks and tunnel portals do not suffer failure through lack of renewal, particularly in relation to drainage. The region needs to explain how its approach to drainage renewals will manage the risks of earthworks and tunnel portals failing through lack of renewal.
- 2.7 We also have other areas of concern. We require clarity on how track condition decline will be managed on the lowest value lines, in particular, how the minimum acceptable safe level will be determined and how the impact on delivery units' workloads will be accommodated if track assets require more maintenance work instead of renewals or heavy refurbishment.
- 2.8 We are concerned that the reduction in structures renewals work on low criticality routes will increase reliance on staff making safety critical decisions through assessment and inspections. The proposal to prioritise fencing renewals on higher value of service lines, with only reactive work on lower value of service lines does not appear compatible with the requirement to prevent access so far as is reasonably practicable. Lastly, we are concerned that work to manage vegetation

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on lower value of service lines will be reduced, increasing risks on those lines. The region should provide more details on its plans in these areas in its delivery plan and keep these areas under review during CP7 to ensure that safety is maintained.

- 2.9 It is positive that that expenditure on level crossings has increased when compared to other regions, however, given the region's record in CP6, deliverability may be a challenge.

Performance

- 2.10 The region has used ranges rather than point estimates to forecast performance outcomes for passenger On Time, passenger cancellations and freight cancellations.
- 2.11 We consider that the region's On Time forecast does not provide an ambitious but realistic trajectory. We have set a trajectory above the range provided by the region. Our baseline trajectory takes account of:
- (a) levels of performance in CP5 prior to the start of a series of general performance problems in 2017-18. The region's forecast is less challenging relative to historical performance;
 - (b) performance upside from assumed lower passenger numbers and service levels;
 - (c) performance upside from central performance initiatives such as timetable improvements;
 - (d) the region's targeted CP6 performance improvement;
 - (e) comparison to the level of ambition applied to other region's forecasts. The region's forecast is less challenging compared to the stretch applied in the other regions;
 - (f) an initial Independent Reporter review which suggests that the range chosen was not ambitious compared to the most probable modelled forecast by the region; and
 - (g) making sure that the On Time trajectory at least retains CP6 performance levels and that there is no decline from one year to the next during CP7.

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2.12 We have based our draft CP7 trajectory for North West & Central on the level of improvement that other regions have forecast in CP7 above their CP5 moving annual average for On Time.

- **Draft decision:** We have set a point (not range) trajectory for On Time. The On Time trajectory is set at 63.2% for the first three years, rising to 63.8% in year 4 and ending CP7 at 63.9%.

2.13 We have assessed that the region's passenger cancellation forecast provides insufficient stretch compared to historical levels. We have reviewed passenger cancellations since 2014-15, excluding 2020-21 (COVID-19) and 2022-23 (industrial action) and have set a trajectory based on what was achieved by the best performing region using a historical average.

- **Draft decision:** We have set a point (not range) trajectory for passenger cancellations. The passenger cancellations trajectory is set at 2.3% for each year of CP7.

2.14 For freight cancellations, we have assessed that the bottom of the region's forecast range provides an ambitious but realistic trajectory. Our trajectory removes a methodology change Network Rail was planning in CP7 to include some significantly retimed freight services which are not counted in the existing measure. However, this adjustment has not materially impacted the forecast put forward by the region. We have made this adjustment to Network Rail's planned changes following engagement with freight operators who did not support retimed services being counted as cancellations.

- **Draft decision:** We have set a point (not range) trajectory for freight cancellations. The freight cancellations trajectory is set at the bottom of the region's SBP forecast range for each year of CP7, ending CP7 at 1.0%.

Freight growth

2.15 We have reviewed the evidence and methodologies relied on by Network Rail to determine its freight growth forecasts and we are satisfied that they provide a robust basis for us to set freight growth trajectories.

- **Draft decision:** We have set the region's freight growth trajectory at 8.6% by the end of CP7.

Asset sustainability

- 2.16 We consider that the planned expenditure on core asset renewals in the region is reasonable given the overall funding available to Network Rail (but the region will need to keep this under review).
- 2.17 We have assessed that there are deliverability risks unaccounted for in the proposals for renewals on the West Coast Mainline (North) between Crewe and Carlisle. Network Rail has stated that approximately £1.2 billion is needed for this renewals programme in CP7 (continuing into CP8). Our analysis of the delivery of previous complex programmes in the North West & Central region shows an average of 12-18 months slippage. We estimate that circa 25% of the proposed West Coast Mainline (North) work is likely to slip into CP8 and as a result, expenditure can be reprofiled by approximately £300 million.
- **Draft decision:** We recommend reprofiling discretionary work on West Coast Mainline (North) by approximately £300 million (i.e. this expenditure will move into CP8) to enable Network Rail to increase expenditure on the protection of core asset renewals in other regions in CP7.
- 2.18 Network Rail was unable to submit maintenance plans in time for our review for this draft determination. We therefore do not have sufficient information to form a full and robust opinion on maintenance, a view shared by Network Rail's Technical Authority. We will review the details of the region's maintenance plans following the draft determination. These maintenance plans must align with plans for core asset renewals and include how staff competencies will be addressed.
- 2.19 We have reviewed Network Rail's forecasts for asset sustainability and environmental sustainability.
- **Draft decision:** We have assured ourselves of the methodologies relied on by Network Rail for its Composite Sustainability Index forecast and agree with the forecast of -3.5 percentage points change in CP7 proposed by the region.
 - **Draft decision:** We agree with the success measure trajectories proposed by the region for carbon emissions scope 1 & 2 (21 percentage points reduction by end of CP7) and biodiversity (4 percentage points improvement by the end of CP7).

Accessibility

- 2.20 While the region has identified renewals to address accessibility requirements, we are concerned that the proposed renewal plan would not be able to address all lifts and escalators that are beyond design life. Aging lifts and escalators could lead to failures or outages of these assets resulting in accessibility and performance impacts. The region should keep renewals in this area under review during CP7 to maximise accessibility outcomes.

Efficiency

- 2.21 Like most other regions, North West & Central has set itself an efficiency target of 10% in operating expenditure (operations, support and maintenance) and 15% in capital (renewals) expenditure in CP7. In its plan, North West & Central commits to deliver £890 million of efficiencies, including the region's share of efficiencies in the network wide cost allocation.
- 2.22 We have set the efficiency requirements at the same level as Network Rail proposed in its SBP for the risk-adjusted plan for each England & Wales region.
- 2.23 We expect Network Rail to include regional efficiency forecasts in its CP7 delivery plan, which are aligned with our baseline trajectories. We will monitor Network Rail's regions' delivery of efficiencies against these baselines in its CP7 delivery plan.

Financial risk

- 2.24 Network Rail produced two scenarios for its Strategic Business Plan: 'the full plan' and the 'risk-adjusted plan'. Network Rail's 'risk-adjusted plan' reduces renewals spend in the regions by identifying renewals that can be deprioritised to increase the CP7 cash risk fund.
- 2.25 The England & Wales 'full plan' has a cash risk funding of £0.50 billion which is held centrally. We have considered this funding in the context of the current fiscal environment and experience from CP6. As we set out in our PR23 draft determination: supporting document on sustainable and efficient costs, we do not consider a cash risk provision of £0.50 billion is sufficient to manage the risks to Network Rail's plan over the full five-year period, e.g. to manage unexpected events and inflation. So, we have based our determination on the risk-adjusted plan and treated the deprioritised renewals as cash risk funding in the regions. This is £1.50 billion in total and £422 million in North West & Central. We will

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review for our final determination whether the levels of risk funding in each region are appropriate.

Stakeholder engagement

- 2.26 We consider that the region has provided strong evidence to indicate that stakeholder engagement has been embedded in its business planning processes. It has demonstrated a phased approach to engagement which was initiated well in advance of CP7. This allowed the region to take onboard feedback as the plan was developed. The engagement has been well-governed with a robust stakeholder engagement tracker providing evidence of proactive information sharing and identification of stakeholder priorities through a range of engagement methods.
- 2.27 To complement our assessment, as part of our 2023 annual stakeholder engagement survey (an online survey of Network Rail's stakeholders) we asked stakeholders what they thought of Network Rail's engagement with them on its CP7 Strategic Business Planning. For North West & Central, 50 stakeholders participated in the survey. Their responses revealed that 44% thought that the region had engaged either well or very well, however 16% thought that the region's engagement was poor or very poor. 40% did not have a view.
- 2.28 It is vital that North West & Central continues to engage with its stakeholders in refining its plans – which extends to the annual updates that Network Rail will make to its delivery plan throughout CP7. In doing so, we expect Network Rail's engagement to meet the four overarching principles of good stakeholder engagement – which are inclusive, transparent, well-governed and effective.

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Table 2.1 Draft ORR success measure baseline trajectories for North West & Central region

	2024-25 (year 1)	2025-26 (year 2)	2026-27 (year 3)	2027-28 (year 4)	2028-29 (year 5)
Passenger On Time	63.2%	63.2%	63.2%	63.8%	63.9%
Passenger Cancellations	2.3%	2.3%	2.3%	2.3%	2.3%
Freight Cancellations	1.0%	1.0%	1.0%	1.0%	1.0%
Composite Sustainability Index (CSI)	Measured only at CP7 exit. CP7 Difference in CSI from CP6 exit to CP7 exit.				-3.5pp
Financial Performance Measure (FPM)	£0	£0	£0	£0	£0
Efficiency (£ million, 2023-24 prices)	77	126	199	221	266
Biodiversity Units	0.0%	1.0%	2.0%	3.0%	4.0%
Carbon emissions scope 1 and 2	-4.2%	-8.4%	-12.6%	-16.8%	-21.0%
Freight growth (Freight net tonne kilometres moved)	1.7%	3.4%	5.1%	6.8%	8.6%

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Table 2.2 Summary of success measure forecasts proposed by the region

	2024-25 (year 1)	2025-26 (year 2)	2026-27 (year 3)	2027-28 (year 4)	2028-29 (year 5)
Passenger On Time	59.4% to 61.1%	59.2% to 61.0%	59.6% to 61.7%	59.8% to 62.4%	60.0% to 62.5%
Passenger Cancellations	3.2% to 4.5%	3.2% to 4.5%	3.2% to 4.5%	3.2% to 4.5%	3.2% to 4.5%
Freight Cancellations	1.0% to 1.9%	1.0% to 1.9%	1.0% to 1.9%	1.0% to 1.9%	1.0% to 1.9%
Composite Sustainability Index (CSI)	Measured only at CP7 exit. Difference in CSI from CP6 exit to CP7 exit.				-3.5pp
Financial Performance Measure (FPM)	£0	£0	£0	£0	£0
Efficiency (£ million, 2023-24 prices)	77	126	199	221	266
Biodiversity Units	0.0pp	1.0pp	2.0pp	3.0pp	4.0pp
Carbon emissions scope 1 and 2	-4.2pp	-8.4pp	-12.6pp	-16.8pp	-21.0pp
Freight growth (Freight net tonne kilometres moved)	1.7%	3.4%	5.1%	6.8%	8.6%

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Table 2.3 North West & Central region financial summary as proposed by region prior to ORR adjustments

£m (2023-24 prices)	CP6		CP7						% vs CP6
	2023-24	CP6 Total	2024-25	2025-26	2026-27	2027-28	2028-29	CP7 Total	
Operations	162	848	183	182	180	178	176	899	6%
Support	261	1,523	259	288	273	276	280	1,376	- 10%
Maintenance	467	2,277	479	480	483	479	480	2,401	5%
Renewals	944	4,464	972	961	1,084	1,084	1,009	5,110	14%
Industry costs, rates, & traction electricity	209	945	333	319	296	263	258	1,468	55%
Risk provisions	-	-	113	104	128	60	132	537	n/a
Gross Revenue requirement	2,042	10,057	2,339	2,333	2,444	2,340	2,335	11,791	17%
Other income	(178)	(803)	(207)	(172)	(174)	(175)	(176)	(904)	13%
Net revenue requirement	1,864	9,254	2,132	2,161	2,270	2,165	2,159	10,887	18%
Fixed Track Access Charge income	(338)	(1,673)	(317)	(317)	(317)	(317)	(317)	(1,586)	- 5%
Variable Charges	(180)	(841)	(177)	(178)	(178)	(179)	(179)	(891)	6%
Electricity for Traction (EC4T) income	(131)	(568)	(249)	(235)	(202)	(169)	(165)	(1,021)	80%
Schedule 4 and 8	129	662	119	120	134	134	131	638	- 4%
Schedule 4 access charge supplement	(99)	(498)	(113)	(115)	(129)	(128)	(125)	(609)	22%
Network grant	(1,245)	(6,337)	(1,393)	(1,437)	(1,578)	(1,505)	(1,504)	(7,418)	17%
Total SoFA related income	(1,864)	(9,254)	(2,132)	(2,161)	(2,270)	(2,165)	(2,159)	(10,887)	18%
Gross revenue requirement less EC4T	1,911	9,489	2,089	2,098	2,242	2,170	2,170	10,770	13%



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