

15 June 2023

Dear Stakeholder,

Publication of draft determination for PR23

Today we published our draft determination for the 2023 periodic review (PR23). We are consulting with stakeholders on our assessment of Network Rail's plans with respect to its operation, support, maintenance and renewal (OSMR) of the national rail network for the five-year period from 1 April 2024, known as control period 7 (CP7).

ORR's periodic review is one of the principal mechanisms by which we hold Network Rail to account and secure value for money for users and funders of the railway. Our focus, during PR23 has remained on the four objectives we outlined in our launch letter in June 2021: safety, performance, asset sustainability and efficiency.

Network Rail's plans for CP7 involve expenditure of £44.8 billion for the railway infrastructure in Great Britain (£40 billion for England & Wales and £4.8 billion for Scotland). Our assessment identifies that while Network Rail's plans largely deliver against government priorities, a greater focus is needed on train performance and renewing core assets. Better train performance will benefit passengers and freight customers, while core assets like track, structures and earthworks need to be resilient - especially with the challenges presented by climate change.

Our assessment of the above along with our draft decisions on all areas of the periodic review are set out in a suite of documents as follows:

- Executive summaries of our determinations for England & Wales and for Scotland.
- Overviews of our draft decisions for England & Wales and for Scotland.
- A consolidated table of decisions for England & Wales and Scotland.
- An introduction document which provides an overview of the PR23 process, our approach to assessing Network Rail's plans and next steps.
- Settlement documents for each of the England & Wales regions, Scotland and the System Operator detailing 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.
- Supporting documents which set out our technical assessments in the areas of health and safety, outcomes, sustainable and efficient costs, National Functions and other income.



- Policy positions covering access charges, the performance and possessions incentive regimes (including supporting impact assessments), our intended approach for the financial framework and for Managing Change during CP7.

We welcome responses to our draft determination by 31 August 2023, using the [consultation response proforma](#).

Stakeholder events

We also invite stakeholders to hear more about our draft decisions and discuss them with us during events planned for July. We will send an invitation with instructions on how to book shortly.

Next steps

We will also be issuing a consultation in July on drafting changes to access contracts and an update on open access airport services. Network Rail will also publish its CP7 draft price list in July.

We will consider responses to our draft determination ahead of our final determination which is due by the end of October 2023. This will set out our decisions on what Network Rail needs to deliver for CP7.

Following publication of our final determination, we will move to implementing PR23. This will involve issuing Review Notices in December 2023 and subsequently Notices of Agreement and Review Implementation Notices which will give effect to the decisions made in time for CP7 to commence from 1 April 2024.

Next year, Network Rail will issue a Delivery Plan for CP7 that is consistent with our final determination. The Secretary of State signs off the final version of the Delivery Plan, having considered the views of Scottish Ministers.

Information on PR23, our publications and timeline is available [on our website](#). If you have any views on the information set out in this letter, please contact us via pr23@orr.gov.uk.

We look forward to continuing to work with you over the next phase of PR23.

Yours faithfully

A handwritten signature in black ink, appearing to read 'W Godfrey', written over a light blue horizontal line.

Will Godfrey

Annex A – Structure and content of the PR23 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
Overviews of our determinations	What Network Rail will need to deliver and how funding will be allocated in: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • Scotland • Eastern region • North West & Central region • Southern region • Wales & Western region • System Operator
Supporting documents	Technical assessments of: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • Financial framework • Access charges • Schedules 4 & 8 incentives regimes • Managing change

Annex B – PR23 summary timeline

