

31 October 2023

Dear Stakeholder,

Final determination for PR23

Today we published our [final determination](#) on Network Rail's £43.1bn plans (£38.5bn in England & Wales and £4.6bn in Scotland) to deliver a safe and customer focused railway.

Our priority throughout the 2023 periodic review (PR23) has remained on the four objectives we outlined in our launch letter in June 2021: **safety, performance, asset sustainability** and **efficiency**. Our final determination also takes account of responses we received from stakeholders to our draft determination, which we have published.

Since our draft determination, published in June, Network Rail has responded positively to ORR's challenge in a number of areas and has revised its plans for the five year period from 1 April 2024, known as control period 7 (CP7). This includes increased spend on core railway assets to bolster asset sustainability, safety and performance.

Our final decisions are set out in a suite of documents which are described in Annex A to this letter. Our final determination requires train performance that protects the interests of passengers and freight, and for Network Rail to work with operators to ensure that cancellations are reduced and that punctuality is maintained, even as passenger numbers increase.

The business planning and budgeting cycles for Network Rail and the publicly contracted train operators in England & Wales are currently different which makes setting whole-industry expectations challenging. In our final determination, we call for greater coherence in these planning processes. A joined-up approach to longer-term business planning is vital to ensure that the network, and those running services over it, deliver for passengers.

Whole industry performance is also affected by factors such as changes in passenger demand following the pandemic. Therefore, our final determination commits to reset passenger train performance trajectories for England & Wales in advance of year three of CP7. This two year window provides an opportunity for Network Rail to work with operators and funders to improve industry processes for aligning longer term performance expectations.

This mid-control reset for train performance measures will only apply to passenger measures and not to freight train performance or other outcome measures from our final determination. We will also reset passenger performance benchmarks in the financial incentive regime.

We will engage with industry stakeholders during the first year of CP7 regarding the reset of train performance trajectories and the relevant benchmarks and incentive rates.

Stakeholder events

We are holding a number of stakeholder events throughout November on our final determination and will send out invitations with instructions on how to join shortly.

Next steps

Implementing PR23

We will now move to implementing PR23, which – in line with the process outlined in Schedule 4A of the Railways Act 1993 – requires us to serve ‘review notices’ setting out the changes to relevant access contracts needed to give effect to our decisions in our final determination.

We must serve hard copies of review notices to affected parties on or around 20 December 2023. Recipients will be expected to sign to acknowledge receipt of these from 21 December. Redacted electronic copies will also be made available on our website in December 2023. Price lists will be published by Network Rail around the same time as review notices are served.

The key milestones in the implementation process are set out in Annex B to this letter.

Network Rail's delivery plan

Next year, Network Rail will publish 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. We have published [a notice](#) alongside our final determination which sets out expectations for the scope and timing of the delivery plan.

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 implementation phase of PR23.

Yours faithfully

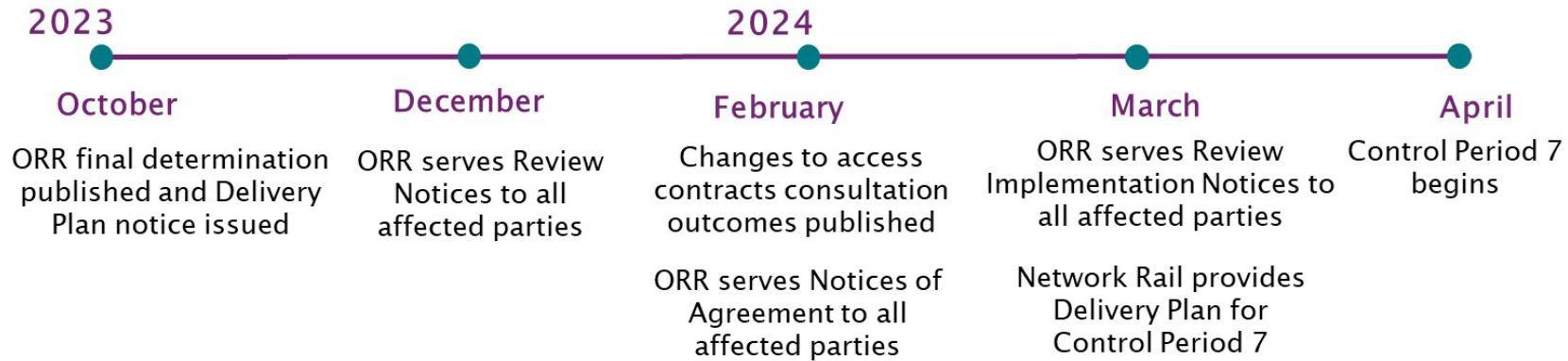
Will Godfrey

Annex A – Structure and content of the PR23 final determination

Document type	Details
Summary of conclusions & 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
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>Detailed final decisions for the System Operator 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 & 8 incentives regimes • Managing Change • Holding to Account
Impact assessments	A consolidated set of assessments of the impact of our final policies on access charges and contractual incentives on affected parties

With the exceptions of our Managing Change Policy and approach to 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.

Annex B – PR23 summary timeline



Schedule 4A of the Railways Act 1993 sets out the formal process we are following. In summary, following service of review notices, Network Rail has a six week period to decide whether it objects to the determination for the next control period. If no objection is received, we will serve a notice of agreement in February 2024, which formally informs those affected by the proposed changes to access contracts.

Operators have 28 days, from the time the notice of agreement is served, to decide if they wish to terminate their access agreement. Review implementation notices are served on any operator that does not indicate that it wishes to terminate its agreement. These notices confirm that the changes set out in our review notices will be implemented giving effect to the decisions made in time for CP7 to commence from 1 April 2024. Separate termination notices are served to any operator that does not wish to continue operating at this point.