

“I didn’t know that Tesco used the railways to supply its stores – I forget they can be used for cargo as well.”*

Since 1995 rail freight has grown by 50 per cent with a further 140 per cent increase predicted by 2030.

*Passenger comment, December 2010



Network Rail is making it easier to transport freight by rail.

For example, work near Southampton means bigger deep-sea containers can now be moved by rail from its freight terminal allowing all sorts of companies to get trucks off the roads and get their goods to consumers by safer, greener means.

Contents

- 01 Foreword
- 03 CP4 outputs
- 07 CP4 plans
- 14 Planning for CP5 and beyond
- 15 Appendices

Foreword

Britain relies on rail. It drives and enables economic growth, is the most environmentally sustainable form of mass transport for people and goods, and is a key link between communities the length and breadth of the country.

It is clear that the contribution rail makes to the economy was fundamental to the new Government's continued support for investment during the recent Comprehensive Spending Review, and why the Scottish Executive has restated its commitment to investing in Scotland's railway. This support reflects the genuine successes of the last decade, successes of which the industry can be proud. Passenger numbers are higher than they have been in decades. The railway is safer and more reliable than ever before. Passenger satisfaction is at an all-time high.

At the same time, however, there is a recognition that costs across the industry as a whole are at an unsustainable level. Network Rail has already committed to reducing its annual costs by 23 per cent or £800 million each year by 2014, but there is more to do. In December 2010, Sir Roy McNulty published the interim findings of his value for money study. These highlighted the potential for the industry to deliver significant efficiency savings over and above those savings to which Network Rail has already committed.

It is clear that, in return for continued support for investment from the Government and other funders, the industry must commit itself to the reforms necessary to deliver a railway that costs a lot less. If we are to deliver a 21st Century railway that more and more people and companies choose to use – safer and more reliable than ever before, but at a price the nation can afford – the industry must look at everything it does, and be willing to change. Network Rail is wholly committed to reform.

“It's very expensive to travel by train and it doesn't really feel like good value for money.”*

There are some great deals to be had and just under half (48 per cent) of the revenue from a rail ticket goes to Network Rail, both to run the existing railway and to invest in improvements – this is where the majority of funds are used. Our aim, for the five years to 2014, is to reduce the cost of running our railway by 23 per cent or £4bn.

*Passenger comment, December 2010



Updating the CP4 delivery plan

Against the background of these challenges for the industry as a whole, it remains imperative that Network Rail delivers what we have agreed to deliver with the money that has been made available and that we will strive to outperform these challenging targets where possible.

This update reconfirms our commitment to deliver sustainable improvements in safety and train performance in the remaining years of CP4 and an investment programme to increase the capacity of the railway. We also outline further developments in our underlying capabilities, thereby enabling additional improvements beyond existing commitments.

We have made **solid progress** towards delivering both outputs and efficiency objectives over the last year, although we will not achieve many of the 2010/11 interim train performance targets following difficult autumn and early winter periods. The actions that we took over the past year not only enabled delivery during 2010/11, but also increase our confidence that we will deliver our commitments for the rest of the control period. While there remain some significant future challenges, we are now confident that our **CP4 financial performance will be at least £471 million better** than our original plan and therefore the ORR

*“I feel much safer on the train than I do in a bus.”**

Travelling on the railways is the safest way to travel in the country with safety levels continuing to improve. That's not to say that accidents can't happen, but there is nothing more important to Network Rail than the safety of the people that use, and work on, the railway.

*Passenger comment, December 2010



determination. This will allow us to pay rebates to governments. This outperformance is largely achieved through increases in income, continued reduction in operating and maintenance costs, a sustainable reduction in the cost of renewals, and lower interest costs.

This progress provides the platform for further improvements that we are now making to work more effectively in partnership with train operators. These improvements are the precursors to changes that will further reduce the risk to delivery of our CP4 commitments as well as **creating the potential for even better performance**. We will dramatically improve the interface with our customers so that we can together offer better services at a lower cost. We will devolve decision making and accountability away from the centre, as close to passenger and freight customers as possible. We will create even greater transparency of our costs to help benchmark and drive efficiencies. This transparency should bring much greater clarity to what each part of the railway costs to operate, maintain and renew. We will work to develop much deeper levels of partnership between all parties, supported by organisations and people working together and sharing the benefits of success and the risks of failure.

In parallel, we are also **developing plans for the next control period** and beyond. Together with the Association of Train Operating Companies and the Rail Freight Operators' Association, we published a long term planning framework in August last year, outlining our aspirations for the longer term. We are now working together to develop an initial plan to inform the governments' high level output specifications for the period from 2014 to 2019. This plan will be published in September 2010. While developing proposals for the future, it is essential we remain focussed on delivering the committed outputs and cost savings in CP4.

This update comprises three main sections. The first restates our commitment to achieving the top level outputs to be delivered in CP4, as well as describing the current position concerning disaggregated outputs and forecasts. The second outlines the changes in our plans since last year to deliver those outputs, including an update on our transformation programme and a summary of the critical actions that we need to deliver in 2011/12 if we are to maintain our progress for the next year. Finally, the plan contains some details of the work we are doing with the rest of the industry to plan for the next control period and beyond.

1. CP4 outputs

We are committed to achieving the top level outputs specified in ORR's final determinations. This chapter provides an update on progress to date, and the implications of this for the remainder of CP4. We will publish an update of the disaggregated performance projections for individual train operators around the end of 2010/11 and we will provide more detail of this year's progress when we publish our annual report.

Safety

Safety is our number one priority and decision making in Network Rail reflects this. The industry target is to achieve a three per cent reduction in the risk of death or injury from accidents on the railway for passengers and rail workers. This is measured using the Rail Safety and Standards Board's Safety Risk Model. An update will be published later this year and at the end of the control period.

Our own safety performance is reported every period and Network Rail's input to achieving the above industry target is principally measured by the Passenger Safety Indicator and the Fatalities and Weighted Injuries measure. The Passenger Safety Indicator is currently well ahead of target and we are on course to meet our CP4 target. The Fatalities and Weighted Injuries measure, which measures workforce safety, is currently behind target, although it is now improving and we expect to meet our CP4 target.

Since publication of our plan update last year, we have been working with ORR to develop a joint understanding of the improvements we need to make to achieve excellence in safety management. We are developing a safety leadership and culture change programme, which will be led by a cross-industry team. Our aim is to develop an environment of zero harm, developing a safety culture through focussing on the psychological, behavioural and situational aspects of safety.

Performance

A difficult autumn and early winter means that we are currently underperforming and are now very unlikely to achieve many of the 2010/11 top level regulatory output targets for delay minutes and cancellations and significant lateness as well as a number of the stretch targets agreed with individual train operators in the Joint Performance Improvement Plans. We are working on a wide range of initiatives to address these issues.

We remain committed to achieving the annual top-level regulatory outputs, set out in Figures 1, 2 and 3, over the rest of the control period. This will require a greater improvement next year than was originally planned. As a result of the significant improvements that have been achieved in underlying performance, we feel confident that this will be realistic.

We are currently developing Joint Performance Improvement Plans with operators for 2011/12. Many of these are expected to exceed the trajectories included in the original delivery plan. We will publish an update to the individual train operator trajectories when Joint Performance Improvement Plans have been agreed. This is expected to be around the end of the financial year.

Figure 1 Passenger train punctuality targets

Per cent	E&W	Long distance	London and SE	Regional	Scotland
2009/10	91.0	88.6	91.5	90.5	90.9
2010/11	91.5	89.8	92.0	91.0	91.3
2011/12	92.0	90.9	92.4	91.5	91.7
2012/13	92.3	91.5	92.7	91.9	91.9
2013/14	92.6	92.0	93.0	92.0	92.0

Figure 2 Cancellations and significant lateness targets

Per cent	Long distance	London and SE	Regional	Scotland
2009/10	4.9	2.3	2.6	2.0
2010/11	4.5	2.2	2.5	1.9
2011/12	4.2	2.1	2.4	1.8
2012/13	4.0	2.0	2.3	1.8
2013/14	3.9	2.0	2.3	1.7

Note: Scotland figures are not regulatory targets.

Figure 3 Network Rail delay minutes targets

	Passenger train services		Freight services GB (delay mins per 100 train km)
	E&W (’000 delay minutes)	Scotland	
2009/10	6,270	436	3.68
2010/11	5,790	410	3.41
2011/12	5,430	391	3.18
2012/13	5,190	386	3.05
2013/14	4,980	382	2.94

Figure 4 Network availability targets

	Passenger disruption index	Freight disruption index
2009/10	1.02	1.00
2010/11	0.91	1.00
2011/12	0.83	1.00
2012/13	0.68	1.00
2013/14	0.63	1.00

Network availability

We continue to focus on delivering maintenance, renewal and enhancement of the network while minimising the disruption to passengers and freight users. The availability of the network to run train services is measured using the possession disruption indices (PDIs) for passenger and freight services. The trajectories are shown in Figure 4. We are currently outperforming the annual regulatory output trajectories and, while we remain on course to meet the output trajectories for the rest of CP4, we continue to seek ways of improving further given the impact on our customers and rail users. We recognise that there will be some impact on the availability metrics as a result of the deferral of activity to later years of CP4. We are also committed to making the railway available when its users want and need it to be.

We have recently developed a new tool, the Network Rail Availability Reporting System (NARS), for reporting and forecasting the availability metrics. While we are still assessing the accuracy of the initial output from NARS, we expect it will enable us to report and forecast more accurately and manage more effectively at both a national and local level.

As part of our route prioritisation initiative to reduce the need for rail replacement buses on twenty key routes, we are currently assessing the extent to which our plans for 2012 would require rail replacement buses to be used on these routes. Where this is the case, we are working with our customers to find the best solutions. We will provide more detailed updates in the Joint Network Availability Plans which will be published in March 2011. At the same time, we will publish an update of our Network Availability Implementation Plan, which describes the work we are doing, and its contribution to the delivery of the network availability outputs.

Capability

Our obligation is to maintain network capability at the level as at 1 April 2009, in terms of track characteristics such as mileage and layout, linespeed, gauge, route availability, and electrification type and mileage.

Network capability is primarily defined by the data contained within the Sectional Appendix and associated system, the National Electronic Sectional Appendix (NESA). At the start of this control period we provided ORR with a statement of the capability of the network at 1 April 2009 for the above characteristics and this baseline data is also published on our website. At that point there were discrepancies between the actual and published capability of the network.

We have since addressed this unsatisfactory position by developing a plan to address all the discrepancies between actual capability and the published baseline, either by physical restoration of the network or, where there is no demand for that capability, agreeing a change to the published capability through the industry Network Change process. Where it is assessed that there will be demand in the future, or the restoration works require longer term planning, the agreed reduction in capability is temporary, and the longer-term restoration works are largely planned to be completed during this control period. As a result customers can therefore have greater confidence in using our capability information when planning and delivering their services.

Meanwhile we have been developing other initiatives for improving capability information. We are developing an approach for information on the capability of power supply. We have recently consulted stakeholders on their requirements and a representative group is developing a way forward for better expressing power supply system utilisation and capacity. We have also implemented a programme to

improve gauging data information and our engagement with stakeholders. This will help the introduction of new vehicles and new services. We are also working with the industry to improve the way the industry defines and manages the gauge of rolling stock and infrastructure.

Capacity

We have committed to deliver the projects specified in the governments' high level output specifications for England and Wales, and Scotland. We will also deliver other projects which will provide the infrastructure required to meet the disaggregated England and Wales capacity specifications. The scope, outputs and milestones for each enhancement programme are summarised in the separate supporting document 'CP4 enhancements programme', which is updated on a quarterly basis.

As part of the Comprehensive Spending Review, DfT has confirmed its continued support for Thameslink, Reading, Birmingham New Street, London King's Cross and Gatwick Airport projects, amongst others.

Decisions on the Intercity Express Programme and further Great Western electrification will be announced in early 2011. The scope, outputs and milestones for these projects remain unchanged.

also included additional projects in the Enhancement Programme, including work to support the introduction of Class 380 trains on routes in Scotland, the reconstruction of the steps at the entrance to Edinburgh Waverley station, and the Edinburgh to Glasgow improvement programme.

We have also informed ORR that we will not update our plans for a number of projects until we have greater clarity on DfT's rolling stock strategy and the impacts of the spending review on third party funding. However, we have updated our expenditure forecasts for a number of these projects as it is clear we will not be able to deliver the original delivery plan. These projects include Bromsgrove electrification, the Northern Urban Centres projects in Yorkshire and Manchester, the Midland improvement programme, and the Maidenhead and Twyford relief lines project. We have not updated the plan to reflect the impact of the DfT's expected announcement of its plans for the Intercity Express Programme.

We expect to propose a number of further changes to our plan over the next few months to reflect better the more precise scope and milestones as projects are progressed. These projects include Waterloo International, Southern power supply upgrade, the East Coast Main Line projects and the Barry-Cardiff Queen Street corridor project. We will also propose changes to Key Output 2 of Thameslink programme, reflecting the implications of the Government's announcement last November, taking into account the rolling stock procurement programme.

Our plans have also included a significant number of schemes that governments are funding separately from the 2008 Periodic Review or are funded by train operators or other third parties. Since last year, the plans for a number of schemes have been revised, reflecting the current economic climate and the impact of Comprehensive Spending Review. These include the Crossrail 'on-network works', the new electrification projects and a number of third party funded projects.

Stations and depots

There has been continued focus across the industry on stations, with alternative options for stations management being considered by DfT, ORR and the industry in seeking ways of delivering better stations and services to passengers. Developments in this area include:

- building on the progress of the local delivery groups to make decisions about each station portfolio at a local level
- working with train operators to determine a more cost effective delivery model
- working with DfT on defining a new responsibility matrix and contract framework for the forthcoming Greater Anglia franchise

"I think train travel's good value, and it's so much more punctual than the bus."*

Network Rail is aiming to make rail even better value by working more in collaboration with our customers and suppliers to cut costs and provide better service to rail users. The railway is also running at historically high levels of punctuality with almost 91 per cent of services over the last year arriving on time.

**Passenger comment, December 2010*

Since publication last March, there have been a number of changes to our delivery plan. These have been set out in our supporting document Enhancements Programme (statement of scope, outputs and milestones), which has been updated on a quarterly basis in the past year, and formally agreed with ORR. The changes to projects funded through the 2008 Periodic Review largely reflect detailed changes to the scope and milestones for specific projects as their development has progressed. The most significant change is the deferral of part of the work for the Stafford-Colwich project. We have



Figure 5 Station stewardship measure targets

Category	Minimum average score at 1 April 2014
A	2.48
B	2.60
C	2.65
D	2.69
E	2.74
F	2.71
Scotland (all stations)	2.39

- developing further proposals for our managed stations
- continuing the review of responsibilities for maintenance, renewals and repair of franchised stations
- creating and sustaining more responsive regional property teams.

We are required as a minimum to maintain average condition scores within each station category (A to F), across the network and across all categories in Scotland, as set out in Figure 5. The categories reflect the different sizes and passenger throughput of each station. We are currently on course to meet the CP4 target.

Our plan is to maintain the condition of our light maintenance depots over the control period at the average level at the start of CP4. We are currently achieving this target.

Other measures

Although there are no regulatory targets related to our asset stewardship, we have internal targets which are also reviewed by ORR. We expect to meet our asset

stewardship targets for 2010/11. During this year track performance has been below target, but this position is now improving principally due to the improvement in serious rail defects. Our forecasts for the asset stewardship measures are consistent with delivering the required outputs in a way that is both sustainable and consistent with good long-term stewardship of our assets. We have developed a joint understanding with ORR of what is required to achieve excellence in asset management, and are now delivering a programme of improvement with key milestones linked to the development of our plan for CP5.

While our regulatory outputs largely focus on capacity, performance and availability, we are also focused on other value for money improvements in service to rail users. There is increasing attention on understanding how we can improve passenger satisfaction as measured by Passenger Focus. This is reflected, for example, in consideration of opportunities for improvement in journey times where this is appropriate and on work with operators to improve information to passengers especially at times of disruption.



2. CP4 plans

Our commitment is to deliver the outputs required by the Periodic Review 2008 and to seek to exceed these requirements. During this review, assumptions were made about the activity volumes and costs required to deliver these outputs. We recognise the benefits to our suppliers of understanding the activity levels that we are planning to deliver and that we need to demonstrate to ORR that our plans are sustainable, although we are not required to deliver a defined level of activity volumes. This chapter summarises our activity and expenditure plans for CP4, focussing on the principal changes since we published our original delivery plan in 2009.

The appendices to this document include the updated projections of income and expenditure at both network level and disaggregated between England and Wales, and Scotland. In the following sections, we explain the major changes in our plans. All financial information in this plan is presented in constant 2011/12 prices based on our latest forecast of inflation for 2011/12.

Overview

Since the publication of the 2010 Delivery Plan update, there have been some key developments that impact the rail industry. The most significant are the election of the new Government and the Railway Industry Value for Money study being undertaken by Sir Roy McNulty. These have reinforced the importance of driving down our costs and delivering the efficiency savings that we have described in our delivery plans.

We have continued to make progress delivering the early phases of the transformation programme. We are ahead of schedule and as a result we are more confident that we will achieve the required cost savings. We are now forecasting that we will outperform our original delivery plan over CP4 as a whole by £471 million, and the key sources of this outperformance are summarised in Figure 6. The main sources of past and projected outperformance are:

- income, reflecting increased projections across several categories of income partly offset by reductions in freight charges
- controllable operating and maintenance costs, where we have been driving down the costs of running the railway
- renewals, where we have achieved significant savings through a wide of range of initiatives as well as tight budgetary control resulting from conservative inflation assumptions
- interest and tax costs, where we have reduced the cost of borrowing and have included the rebate of previous overpayments.

Figure 6 Comparison to CP4 delivery plan

£m	Outperformance in 2011 Plan
Outperformance brought forward from 2009/10	+101
Income	+58
Controllable opex & maintenance	+64
Non controllable	Nil
Renewals	+111
PR08 Enhancements	-15
Financing and tax	+152
Additional outperformance in 2011 update	+370
Total outperformance	+471

Other changes include conversion of the plan into 2011/12 prices, the deferral of expenditure, principally enhancements such as the Stafford-Colwich remodelling project, Northern Urban Centres projects, and an overspend on enhancements in Scotland principally relating to the Airdrie-Bathgate scheme.

The planned outperformance is being achieved despite higher than anticipated inflationary pressures on our costs, which we have countered through tight sustainable management by setting each function challenging targets. For operating and maintenance costs, the impact of pay awards and other risks has been offset by reducing headcount. For renewals, we have achieved cost savings in most asset categories and these are expected to have a positive impact through the rest of CP4. We are also achieving savings on enhancements, although there remains uncertainty about the scope and cost of a number of projects that will deliver capacity increases. As a result we are not yet assuming that we will be able to outperform the enhancements plan in aggregate. We are continuing to develop plans that we believe will lead to further savings but we consider it is too early to assume that we are able to deliver further savings in this control period on a sustainable basis.

“I don’t understand why some trains seem to go so slowly when others zip along.”*

Train punctuality is generally very good – it’s currently at record high levels. Over the last year an average of almost 91 per cent of trains across Great Britain arrived on time. This overall picture does mask pockets where train punctuality isn’t up to our high standards. We, and the train operators, are working hard to continue to deliver good train punctuality.

**Passenger comment, December 2010*



Income

Our projections for property income (including sales and developments) reflect growth assumptions based on an improving market. This has resulted in an increase of £32 million. However, the economic climate continues to have an adverse impact on freight income and we have assumed a reduction of £28 million compared to last year’s plan for the control period. We are also forecasting improved income for the control period across several categories of income reflecting the results in the first two years of the control period.

The overall income projections are £58 million higher over the plan period than the estimates included in the 2009 delivery plan. However, as a result of the outperformance achieved in the first year of CP4, we have agreed to pay rebates on our access charges of £100 million to DfT and £12.5 million to Transport Scotland, subject to approval from ORR. These rebates are reflected in our updated plan. We have not reflected any further rebates in the plan.

Overview of our expenditure plans

In overall terms, our expenditure plans remain broadly consistent with the delivery plan. In updating our delivery plan, we have reviewed the phasing of our investment expenditure for the rest of the control period. We are now planning a smoother profile of activity volumes over the next three years, as illustrated in Figure 7. The reduction in expenditure for the whole control period since last year’s plan is largely driven by a reduction in enhancements, particularly where proposed projects were incremental to the periodic review.

Since we published last year’s plan update, we have agreed a single measure of long run efficiency that will be used by Network Rail and ORR. We used this measure as the basis for reporting efficiency savings in our interim results for 2010/11. Using this new measure, we plan to achieve efficiency savings of over 23 per cent by the end of CP4 and as a result expect to outperform the expenditure forecasts in the original delivery plan by nearly £160 million, largely as a result of accelerated savings in renewals expenditure. Our overall progress since the start of CP3 is illustrated in Figure 8.

Operating and maintaining the network

We are forecasting that we will outperform this year’s plan by £64 million. Given the significant challenge to achieve further cost savings we are currently assuming that operating and maintenance costs over the remainder of CP4 are consistent with the 2009 delivery plan. We are planning that by 2013/14 the aggregate of these costs should be at the least consistent with the level assumed in ORR’s final determinations.

Figure 7 CP4 expenditure trend

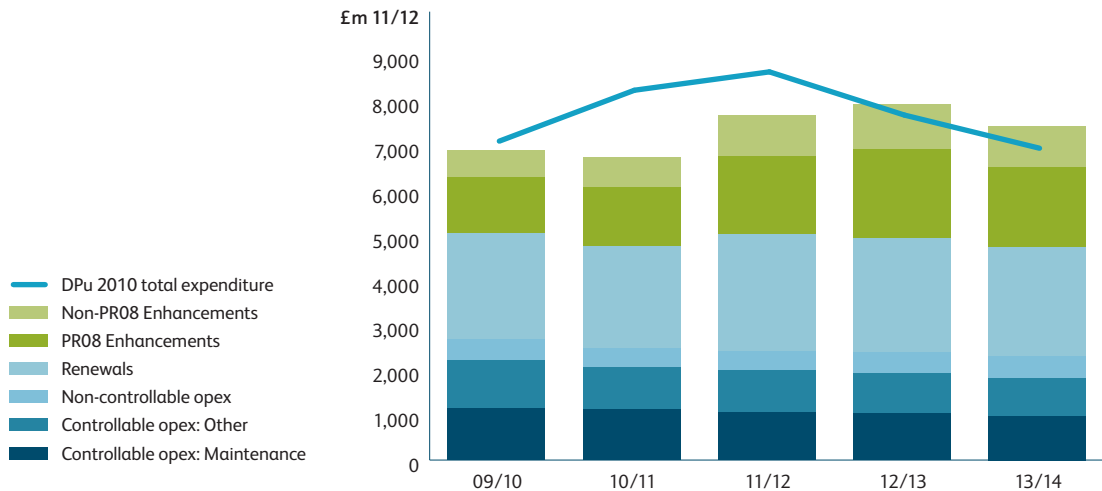
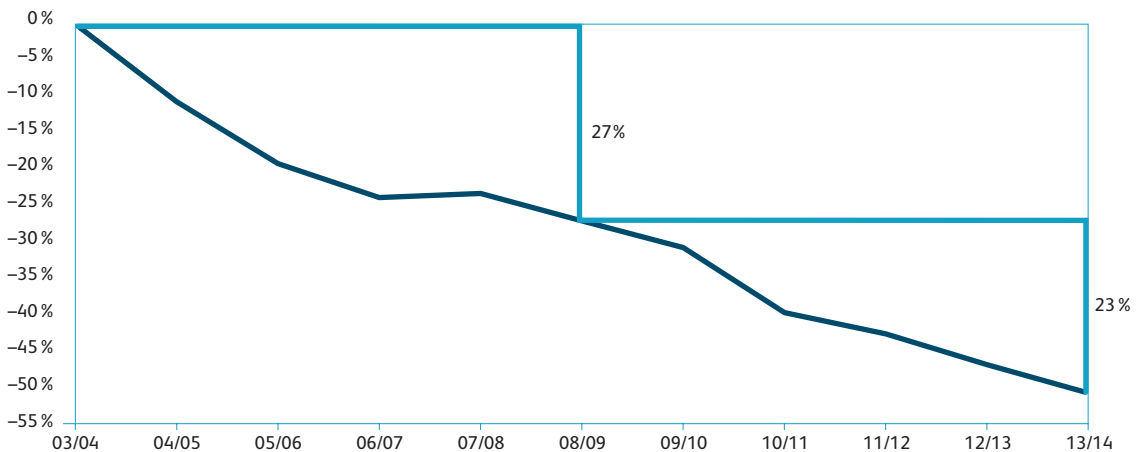


Figure 8 CP3 and CP4 efficiency savings



Expenditure in Scotland is forecast to be marginally lower than ORR’s final determinations, while expenditure in England and Wales is forecast to be marginally higher. We plan to reduce maintenance costs by around 25 per cent, which includes the benefit of the recent reorganisation, and we plan to reduce operating costs by 15 per cent. Achieving cost reductions for operations is significantly more challenging given the relatively fixed costs of operating the network. In aggregate we will reduce operating and maintenance costs by 21 per cent over CP4. The maintenance costs resulting from the National Stations Improvement Programme and the performance and seven day railway funds have been rephased since last year’s plan.

Renewing the network

Since we published last year’s delivery plan update ORR has confirmed its acceptance that our revised asset policies underpin the reduced activity volumes that are reflected in our delivery plan. The only exception to this relates to civils, where we are working with ORR to develop further our asset policy. We expect to have developed an updated asset policy before we publish the Initial Industry Plan in September. We have reviewed the profile of spend through the rest of the control period, taking into account the slippage in expenditure from this year into later years of CP4. As a result we have reprofiled renewals activity to create a smoother profile through the remainder of CP4. We are not planning any further deferral of renewals activity into CP5.

While the overall volumes of renewal activity remain broadly consistent with last year's plan update, we have been achieving sustainable cost reductions in the first two years of CP4. We are forecasting that we will reduce aggregate control period renewals expenditure by £111 million compared to last year's plan. We are achieving savings in most categories of renewals, most significantly in track and signalling, reflecting a range of initiatives to drive savings and tight budgetary control. As a result of these improvements, we are forecasting renewals efficiency savings of 25 per cent, both in Scotland and in England and Wales.

Enhancing the network

In Chapter 1, we confirmed our commitment to deliver capacity outputs during CP4, identifying the deferral of enhancements such as part of the Stafford-Colwich project as the principal change since we published the delivery plan update in March 2010. We described a number of other changes in Chapter 1, including deferral of work relating to Bromsgrove electrification, the Northern Urban Centres projects in Yorkshire and Manchester, the Midland Mainline improvement programme, and the East Coast Main Line improvement programme. As a result, expenditure of around £300 million has been deferred into CP5.

“We use the train a lot, but we’re not big fans of train travel after dark as our station is quite remote.”*

Research by Passenger Focus tells us that personal safety is very important for passengers. Network Rail and the train operators are investing many hundreds of £millions over the next three years into improving our stations, the environment around them including car parks with specific investment in lighting, CCTV and information systems.

**Passenger comment, December 2010*



We continue to manage the major challenges of reducing the cost of many of the enhancement programmes, through a concerted drive to improve our procurement and contracting strategies and to challenge the costs of individual projects with the expectation that this will deliver significant cost improvements. We are currently forecasting that the aggregate cost of these projects over the whole control period will be consistent with the original delivery plan, except for the Airdrie to Bathgate scheme. As a result we are expecting overspend of £16 million in Scotland.

There continues to be a major challenge to reduce the costs of the power supply upgrade, which is currently £150 million higher than we had planned. However, there are a number of projects where we are expecting to achieve significant cost reductions and these are expected to at least offset these increases. This plan does not reflect any changes that may be required as a result of changes that will be proposed for Thameslink Key Output 2. As a result of the acceleration of Access for All work from CP5, as outlined in Chapter 1, we have increased planned expenditure by £51 million.

We have reduced expenditure on RAB funded projects that were not funded through the final determinations by around £700 million, reflecting the current economic climate and the impact of the Comprehensive Spending Review on third party funders. The principal reductions have been in Crossrail ‘on-network works’, new electrification schemes and a number of third party funded schemes, including deferral of the Swindon-Kemble project. There have been some increases in planned expenditure, including an increase in the CP4 cost of the Edinburgh Glasgow Improvement Programme (which has been agreed with Transport Scotland) and some additional investments to generate additional property income. We have also reduced forecast expenditure on projects that are cash funded directly by third parties by a further £400 million.

As a result of these changes, overall enhancement expenditure is forecast to be around £1 billion less than we assumed last year. We have also reviewed the profile of expenditure for the remainder of the control period. Consistent with the approach for renewals, we have planned for a smoother profile of expenditure that is consistent with delivery of the key milestones.

Financing

We have updated our forecast financing requirements for the remainder of the control period. In the final three years of CP4 we are forecasting to raise £7 billion through new debt issuance to finance investment and the refinancing of around £5 billion of bonds which mature during CP4. We continue to raise all debt through the debt issuance programme, and the debt will continue to be financed by a mix of nominal and inflation linked bond issues in a variety of currencies and tenors.

During 2011/12 we will need to raise around £4 billion of further debt which includes £2 billion of debt to be refinanced. We expect to continue with our existing policy of hedging all exposure to exchange rate changes on any foreign currency debt, and at least 80 per cent of forecast interest rate exposure.

As a result of this financing strategy, we are forecasting that adjusted interest cover will be 1.68 at the end of CP4, which is broadly consistent with last year's plan. We are also forecasting that the net debt to RAB ratio will rise to 66 per cent by the end of the control period, which is less than the restriction in the licence condition and broadly in line with last year's plan. We are now forecasting outperformance for our financing and tax costs of £152 million over the whole period, which includes a rebate of previous overpayments.

We continue to explore options for moving away from relying on debt supported by the Government financial indemnity and have been discussing these with ORR and DfT.

Improving business performance

The success of the next stage of transformation, as well as the opportunity to exit the control period at a higher performance trajectory than is currently reflected in this delivery plan update, will crucially depend on a shift to a more collaborative and devolved structure.

During 2010/11, we have continued to drive fundamental changes through our transformation programme. As a result of the progress made in the last year, we are now much more confident that we will deliver the required savings, which is reflected in the outperformance that we are now forecasting. The changes being delivered through the transformation programme are increasingly being embedded into our delivery functions as "business as usual". The improvements that we have made over the past year not only enabled delivery during 2010/11, but also created a stronger platform that increases our confidence that we will deliver our commitments for the rest of the control period.

Over the last year we have improved the way we operate, maintain and renew the network. We have introduced major changes in delivery methods being used, including new work methods for standard plain line track renewals, improved use of high output plant, and standardised approaches for modular switches and crossings and signalling renewals. These new work methods have been focused on delivering sustainable cost savings and enabling a reduction in the required

level of engineering access with a continued focus on delivering safely. We have also changed our procedures to enable faster network access for the track workforce. We have further reduced the number of signalling locations by modifying resignalling schemes. We have continued to improve the use of information to refine renewal and maintenance budgets to more effectively deliver the required outputs. This has been based on revised asset policies and an increasing focus on strategic route sections.

We are endeavouring to drive a service culture throughout the business. We have sought to streamline interfaces with our key stakeholders to enable clearer communication and faster decision-making. We have continued to refine the organisational structure, enabling a more strategic focus on asset management. The new standardised maintenance organisation has been introduced which is enabling increased productivity and reduced costs.

We will continue to drive improvement over the remainder of CP4. There will be continuing improvements in planning maintenance and renewals work, further reduction in unit costs together with continuing challenge to the volumes of renewals and maintenance. This will be achieved by improving asset management decisions through use of remote condition monitoring, greater stability in activity as a result of locking down our workbanks, and ongoing implementation of the new delivery methods that have been initiated this year. There will be more empowerment of section managers to use the improved information and tools to improve decision making at a local level. We will complete the first tranche of modular signalling renewals that will enable the closure of rural signalling locations. In 2012, many activities will be relocated to our new National Centre in Milton Keynes. Co-location of these activities will enable further savings while also increasing organisational effectiveness.

The transformation programme underpins delivery of the efficiency savings that we need to achieve during CP4 as well as delivering improvements to support delivery of the key investment milestones in our plan. Over recent months we have also been working with ORR to develop a trajectory for improving the maturity of our safety culture and our asset management process. We are also developing proposals for improvement in train operator and passenger/user satisfaction, including implementation of further improvements in train planning systems.

Figure 9 Key deliverables in 2011/12

Deliverable	Description
1. Safety culture	Delivery of the trajectory for improvements in safety maturity as agreed with ORR.
2. Customer and passenger/user focus	Improvement in train operator and passenger/user satisfaction and the process for engagement to deliver improved satisfaction and revenue growth, including implementation of further improvement in train planning systems.
3. Devolution within Network Rail	Development of detailed plans for increased local devolution of accountability within Network Rail and early implementation in two key routes.
4. Partnerships with customers	Development of new working arrangements for the next round of franchises and detailed plans for working in collaboration with existing operators not due for refranchising in the short term.
5. Supplier engagement	Identification and development of projects for early engagement and collaboration with suppliers.
6. Asset management maturity	Delivery of trajectory for improvements in process maturity model as agreed with ORR.
7. CP4 efficiency programme	Delivery of key milestones for the transformation programme and other key efficiency initiatives, in particular delivery of the benefits of the maintenance reorganisation.
8. Longer term efficiency	Engagement with the rest of the industry on cross industry-efficiency opportunities, including development of operating strategy and benchmarking to inform our efficiency assumptions.
9. Investment delivery	Delivery of key investment milestones in our delivery plan, particularly delivering the provision of infrastructure to enable 12 car operation from Bedford to Brighton by December 2011 with the overall completion of the infrastructure work to support the Key Output 1 timetable by Summer 2012.
10. CP5 plans	Publication of Initial Industry plan in collaboration with the rest of the industry and progress key inputs for the Strategic Business Plan.

As part of the next stage of our transformation programme, we are developing further improvements to work more effectively in partnership with train operators. This includes the development of detailed plans for increased local devolution of accountability within Network Rail, with early implementation in two key routes. We are also developing new partnership working arrangements for the next round of franchises and detailed plans for working in collaboration with existing operators not due for refranchising in the short term. We are also identifying projects where we can

develop earlier engagement and collaboration with our suppliers. These further developments are the precursors to changes that will further reduce the risk to delivery of our CP4 commitments as well as creating the potential for even better performance. These improvements are reflected in the top ten critical actions that we need to deliver in 2011/12 if we are to maintain our progress. The actions form part of our regular progress monitoring and are summarised in Figure 9.

Figure 10 CP4 risks

Risk	Description
Inflation	Continued fluctuations in inflation will mean that current business assumptions are affected, leading to variations in our forecasts. This will impact both costs and income, although these will not necessarily offset each other. Potential variations include, for example, the level of actual pay awards compared to our planning assumptions.
Economic climate	Continued volatility in the economy will have an impact on our freight and property revenue. Also, the currently depressed market conditions could lead to favourable contract prices.
Transformation programme	Our Transformation Programme is already delivering significant benefits and cost reductions. Our targets to achieve future benefits are challenging and, whilst we still expect to achieve them, there may be a risk that the actual benefits delivered are lower than assumed in our plan.
Pension	The next pension valuation will be received in Summer 2011. There is a risk that there will be an increased deficit and this would require us to provide additional funding.
Investment programme	We have already reflected changes to the renewals and enhancements programme in this update. There is a risk that further variations (either through internal or external causes) could lead to non-delivery of planned efficiency savings, sustainable activity volumes or key enhancement milestones. This includes, for example, the work relating to the 2012 Olympic Games.

While we are increasingly confident that we will be able to deliver the required cost savings and the required outputs, there continue to be a number of significant challenges that we must manage over the remainder of CP4. In updating our business plan, we have identified the key risks that need to be managed over the next three years. These are summarised in Figure 10. We continue to monitor and manage these risks as part of our overall delivery of CP4.

Sharing in our success

In its final determinations, ORR introduced an efficiency sharing mechanism through which we are required to share with train operators outperformance of operations, maintenance and renewals expenditure compared to the assumptions in the final determinations. Based on this plan, we have assessed that there will be around £13 million payable in Scotland under this mechanism over CP4 as a whole.

As outlined above, we have agreed to pay rebates to DfT and Transport Scotland totalling £112.5 million, reflecting outperformance in the first year of CP4. As we are now forecasting further outperformance for the remainder of CP4, we have recently confirmed to government that we expect to be able to pay further rebates of £150 million for England and Wales and £18 million for Scotland. In paying these rebates we will deduct any payments to franchised train operators under the efficiency sharing mechanism described above. In each case any rebates remain subject to approval from ORR.

Further plan updates and change control

We will publish further annual updates of our plan throughout CP4, identifying any major changes to our plan, as well as updates of our enhancement programme on a quarterly basis, reflecting changes agreed through the formal change control process.

3. Planning for CP5 and beyond

Over the last 12 months there has been increasing focus on the need for the railway to deliver better value for money and affordability to users and funders in the context of the budget deficit and economic recovery. The new Government, the comprehensive spending review and the review of industry value for money, led by Sir Roy McNulty, have all asked challenging questions of the industry.

The rail industry recognises it must respond to these challenges and deliver greater value for less cost to its customers and funders. This will mean change for the industry, with a far greater focus on a shared set of goals and incentives, and more effective processes and ways of working. But it also means the industry having greater freedom to determine the most efficient way of delivering for passengers, freight customers and funders of the rail industry.

Britain's railways already make a significant contribution to national economic wellbeing and with continued investment the railway can make a bigger contribution to sustainable economic development. The announcements over the last six months by Government, confirming its commitment to Thameslink, Crossrail and electrification are recognition of this.

“They seem to keep up with the maintenance but I’m not sure we actually have enough track and routes.”*

Over the five years to 2014 Network Rail will have invested almost £12bn on adding capacity to Britain’s rail network. For example, the opening of a new line between Airdrie and Bathgate has reconnected communities and towns to Scotland’s two biggest cities, acting as a massive economic generator for the area.

*Passenger comment, December 2010

Working together the industry can manage demand, grow revenue and reduce costs, making Britain's railway more financially self-sufficient to the benefit of the nation as a whole. Achieving this requires a clear strategy. The industry set out its vision and priorities for the railway in the Long Term Planning Framework, published in August 2010. The key challenges are clear.

In the short term we must address the challenge of value for money. In the longer term we aspire to deliver:

- passenger satisfaction levels of at least 90 per cent
- capacity to accommodate approximately twice as many passengers as today, with reduced journey times, as well as better connectivity between services and between modes
- improvements in the product offer for freight customers resulting in higher user satisfaction and a significant increase in rail modal share
- levels of reliability and safety that are among the best in Europe
- a financially sustainable railway through improved efficiency and revenue generation
- a reduction in carbon dioxide emissions.

The Long Term Planning Framework also set out what the industry believes are the priorities for CP5 (2014 to 2019), including:

- improving levels of passenger and freight user satisfaction
- making the railway more attractive to current non-users
- maintaining the high levels of safety and performance
- providing further capacity in a cost-effective and affordable way
- improving the efficiency of the whole industry.

The industry is continuing to develop its plans for the longer term. Planning Oversight Group is the co-ordinating group responsible for developing the industry's input to governments' decisions about the outputs they want from the railway. This group includes Network Rail, owning groups, the Association of Train Operating Companies, the Rail Freight Operators' Association and the Rail Industry Association. This group will provide advice to governments and ORR on the High Level Output Specifications for CP5. It will do this by setting out its views on the choices and trade offs in outputs and expenditure for CP5 in the Initial Industry Plan, which will be published in September 2011.

At the same time Network Rail will provide analysis of its initial forecasts of activity and expenditure for CP5 in support of these industry proposals. In setting out these forecasts Network Rail will also provide analysis of its costs and activities disaggregated to route level in order that funders and customers can understand how our plans could impact them.



Appendices

No	Title
1	Public Performance Measure
2	Cancellations and Significant Lateness
3	Network Rail total delay minutes – passenger services
4	Freight delay minutes per 100 train km
5	Network availability
6	Passenger safety indicator
7	Workforce safety indicator
8	Station condition
9	Depot condition
10	Condition and reliability forecasts
11	Environmental sustainability
12	Income (network)
13	Expenditure (network)
14	Operating expenditure (network)
15	Renewals expenditure by asset (network)
16	CP4 track expenditure
17	CP4 track renewal volumes
18	CP4 signalling expenditure
19	CP4 signalling renewal volumes
20	CP4 civils expenditure
21	CP4 operational property expenditure
22	Franchised stations maintenance and renewals expenditure by station facility owner
23	CP4 telecoms expenditure
24	CP4 telecoms renewal volumes
25	CP4 electrification expenditure
26	CP4 electrification renewal volumes
27	CP4 plant and machinery expenditure
28	CP4 IT and other expenditure
29	Enhancements expenditure
30	Income (England and Wales)
31	Expenditure (England and Wales)
32	Operating expenditure (England and Wales)
33	Renewals expenditure by asset (England and Wales)
34	Income (Scotland)
35	Expenditure (Scotland)
36	Operating expenditure (Scotland)
37	Renewals expenditure by asset (Scotland)

Note: All 2009/10 figures are actual results and 2010/11 figures reflect the latest full year forecasts.
2011/12 inflation is assumed to be 3.0 per cent.

Appendix 1 Public Performance Measure (per cent annual average)

Sector	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14
Long distance	88.7	87.7	90.9	91.5	92.0
London and South East	91.5	91.0	92.4	92.7	93.0
Regional	92.5	91.6	91.5	91.9	92.0
Total England and Wales	91.6	90.9	92.0	92.3	92.6
Scotland	90.6	90.5	91.7	91.9	92.0

Appendix 2 Cancellations and Significant Lateness (per cent of services affected)

Sector	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14
Long distance	4.6	5.0	4.2	4.0	3.9
London and South East	2.5	2.6	2.1	2.0	2.0
Regional	2.1	2.3	2.4	2.3	2.3
Total England and Wales	2.6	2.7	2.5	2.4	2.3

Appendix 3 Network Rail total delay minutes – passenger services (000s)

Sector	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14
England and Wales	6,152	6,726	5,430	5,190	4,980
Scotland	548	535	391	386	382

Appendix 4 Freight delay minutes per 100 train km

Sector	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14
Network total	4.02	4.15	3.18	3.05	2.94

Appendix 5 Network availability

	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14
Possessions disruption index					
Passenger	0.63	0.65	0.83	0.68	0.63
Freight	0.82	0.85	1.00	1.00	1.00

Appendix 6 Passenger safety indicator (annual average)

	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14
Network	0.215	0.200	0.244	0.242	0.240

Appendix 7 Workforce safety indicator (annual average)

	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14
Workforce fatalities and weighted injuries	0.134	0.120	0.110	0.100	0.090

Appendix 8 Station condition

Station category	Station stewardship measure minimum average score at end of CP4
All network	
A	2.48
B	2.60
C	2.65
D	2.69
E	2.74
F	2.71
Scotland	
All stations	2.39

Appendix 9 Depot condition

Light maintenance depots (LMDs)	LMD stewardship measure minimum average score at end of CP4
England and Wales	2.52
Scotland	2.56
All LMDs	2.52

Appendix 10 Condition and reliability forecasts

	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14
Track					
Good track geometry	137.7 %	137.3 %	137.4 %	137.5 %	137.6 %
Poor track geometry	2.38 %	2.40 %	2.38 %	2.36 %	2.34 %
Intervention/immediate action geometry faults per 100km	40.3	39.0	38.0	37.0	35.9
Rail breaks and immediate action defects per 100km	6.0	5.9	5.8	5.7	5.6
Civils					
Assets subject to additional inspections (no.)	844	840	840	820	809
Operational Property					
Station stewardship measure	2.47	2.48	2.48	2.48	2.48
LMD stewardship measure	2.50	2.52	2.52	2.52	2.52
Signalling					
Signalling condition	2.39	2.39	2.39	2.39	2.39
Electrification					
AC traction feeder station track sectioning point condition	2.70	2.78	2.78	2.78	2.78
DC traction substation condition	2.32	2.53	2.53	2.53	2.53
AC traction contact system condition	1.6	1.6	1.6	1.6	1.6
DC traction contact system condition	1.9	1.9	1.9	1.9	1.9
Telecoms					
Telecoms condition	0.92	0.89	0.89	0.89	0.89
Reliability forecasts					
Signalling failures causing train delays of more than 10 minutes	18,301	17,058	16,168	14,608	13,614
Points failures	7,521	5,570	4,420	3,388	2,871
Track circuit failures	6,171	5,570	4,973	4,180	3,857
Track failures	6,818	6,656	6,504	6,353	6,238
Power incidents causing train delays of more than 300 minutes	75	87	87	78	77
Telecom failures causing train delays of more than 10 minutes	770	742	721	656	644

Appendix 11 Environmental sustainability

Indicator	Description	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14
Operational Recycling	Stations, office and depot waste mass recycled or re-used	16 %	31 %	39 %	50 %	62 %
Network Rail CO ₂ Emissions ⁽ⁱ⁾	Carbon emissions within Network Rail's control relating to managed stations, offices and depots (expressed in a change on 06/07 estimated base year)	-13 %	-10 %	-9 %	-9 %	-20 %
Infrastructure Recycling	Infrastructure waste mass managed by National Delivery Service recycled, recovered or re-used	92 %	95 %	95 %	95 %	95 %
Environmental Incidents	Number of SEAR reportable environmental incidents (e.g. spillages)	2	6	6	6	6
Land Management	Network Rail owned SSSI's (for 21 priority sites) rated favourable or recovering status	82 %	100 %	100 %	100 %	100 %
Water Recovered	Volume of ground or spring water recovered and sold on or used from tunnels as a % of total (deployable) water removed from tunnel	17 %	17 %	17 %	17 %	17 %

(i) Emissions factors from DECC forecasts at www.decc.gov.uk/en/content/cms/statistics/analysts_group/analysts_group.aspx

Appendix 12 Income (network)

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Incentive regimes						
Schedule 8	2	(51)	0	0	0	(49)
Schedule 8 access charge supplement	3	3	3	2	2	13
Schedule 4	(162)	(162)	(180)	(159)	(160)	(823)
Schedule 4 access charge supplement	203	172	178	142	134	829
Total	45	(39)	0	(14)	(23)	(31)
Franchised access charges						
Variable track access	148	141	145	145	146	726
Electric asset usage	9	9	9	9	9	43
Electric traction income	245	233	201	222	232	1,132
Capacity charge	168	161	163	164	165	821
Station income (incl. QX)	92	90	89	89	88	448
Station long-term charge	165	161	164	164	164	818
Depots income	58	56	57	57	57	285
Total	885	851	828	850	861	4,275
Other single till						
Freight income	56	44	53	53	53	260
Open access income	25	22	23	23	23	116
Property income	223	242	209	217	212	1,103
Property sales	0	10	39	50	46	145
Other income	15	17	13	14	15	74
Total	319	335	338	357	350	1,699
Fixed track access	843	826	882	1,044	1,345	4,941
Network grant	4,023	3,867	4,006	3,812	3,493	19,201
PR08 income	6,116	5,840	6,054	6,048	6,025	30,084
Non PR08 income	10	32	58	94	132	326
Total income	6,126	5,873	6,112	6,143	6,157	30,410

Appendix 13 Expenditure (network)

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Operating expenditure						
Controllable opex	1,069	942	941	905	830	4,687
Non-controllable opex	469	433	426	466	492	2,286
Total	1,537	1,375	1,367	1,371	1,323	6,972
Maintenance	1,155	1,120	1,056	1,034	982	5,347
Renewals	2,365	2,276	2,621	2,530	2,450	12,243
Enhancements	1,050	1,217	1,662	1,990	1,774	7,692
Total PR08 funded expenditure	6,107	5,987	6,707	6,925	6,529	32,255
Expenditure deferred from 2008/09	204	87	77	0	3	371
Non PR08 funded enhancements	582	686	904	1,009	918	4,100
Total expenditure	6,893	6,761	7,688	7,934	7,450	36,726

Appendix 14 Operating expenditure (network)

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Controllable opex						
Operations	416	445	438	404	391	2,093
Support	653	497	503	501	440	2,594
Total	1,069	942	941	905	830	4,687
Non-controllable opex						
Electric traction	277	231	219	242	255	1,223
Cumulo rates	80	94	105	124	139	541
British Transport Police	82	76	73	71	70	372
Railway safety charge	9	9	9	9	9	45
ORR fee	21	23	20	20	20	103
CIRAS fee	0	0	0	0	0	2
Total	469	433	426	466	492	2,286
Total opex	1,537	1,375	1,367	1,371	1,323	6,972

Appendix 15 Renewals expenditure by asset (network)

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Track	752	668	728	758	708	3,615
Signalling	430	401	446	485	394	2,156
Civils	381	374	377	333	284	1,748
Operational property	244	279	301	260	210	1,295
Electrification	83	71	108	165	168	595
Telecoms	226	248	262	203	142	1,081
Plant and machinery	65	61	98	91	70	386
IT and other	184	173	302	234	474	1,368
Total	2,365	2,276	2,621	2,530	2,450	12,243
Expenditure deferred from 2008/09	121	92	77	0	3	293
Total	2,486	2,368	2,698	2,530	2,453	12,535

Appendix 16 CP4 track expenditure

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Plain line	528	449	491	459	428	2,356
Conventional	393	318	299	246	222	1,478
High output	99	118	149	179	172	718
Reactive	36	0	15	18	18	87
Refurbishment	0	13	28	16	16	73
Switches and crossings	176	171	170	177	174	868
S&C delivered	176	166	158	170	167	837
Refurbishment	0	5	12	7	7	31
Drainage	5	8	26	26	26	92
Other off-track	41	28	24	52	50	194
National gauging	2	9	15	42	28	96
Engineering improvement schemes	0	1	3	2	2	9
Total	752	668	728	758	708	3,615

Appendix 17 CP4 track renewal volumes

	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	CP4 total
Rail (km)	810	712	850	864	832	4,067
Sleeper (km)	438	457	578	536	516	2,525
Ballast (km)	509	556	646	587	565	2,863
S&C (equivalent units)	319	341	361	383	377	1,781

Appendix 18 CP4 signalling expenditure

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	CP4 total
Conventional resignalling	263	243	244	244	129	1,124
ERTMS resignalling	1	5	13	26	48	93
ERTMS development costs	4	8	16	21	41	90
Level crossings	18	24	42	49	35	167
Minor works / life extension	98	80	73	92	65	409
Control centres	7	0	0	1	0	9
Modular signalling	7	5	28	6	0	47
National projects	19	21	15	14	10	79
Other	12	15	14	32	65	139
Total	430	401	446	485	394	2,156

Appendix 19 CP4 signalling renewal volumes

	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	CP4 total
Conventional (SEU)	813	963	1,243	1,885	1,618	6,522
ERTMS (SEU)	0	199	764	285	252	1,500
Level crossings (no.)	20	21	75	71	76	263

Appendix 20 CP4 civils expenditure

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	CP4 total
Underbridges	163	141	152	141	125	722
Overbridges	18	20	19	17	14	88
Bridgeguard 3	8	11	13	8	9	49
Earthworks	97	73	89	82	74	415
Major structures	52	71	56	46	26	250
Tunnels	16	20	18	16	17	87
Other assets	27	28	29	24	17	125
Culverts	9	9	8	5	6	37
Footbridges	8	7	6	11	6	37
Coastal and estuarine defences	4	4	7	4	3	22
Retaining walls	6	7	8	5	3	29
Other	0	10	1	1	0	12
Total	381	374	377	333	284	1,748

Appendix 21 CP4 operational property expenditure

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	CP4 total
Managed stations	56	69	82	73	48	327
Franchised stations	139	159	163	144	126	731
Platforms	44	53	56	49	36	238
Roofs and roof drainage	27	36	37	25	24	149
Footbridges	17	21	23	23	15	99
Lifts and escalators	7	7	7	8	8	38
Electrical CCTs	15	17	18	15	15	79
Car parks	13	11	10	11	13	59
Facilities and accommodation	6	5	5	4	6	25
Inspections	6	5	5	5	6	27
Other	4	4	4	4	3	19
Light maintenance depots	14	20	15	11	8	69
Depot plant	3	3	11	7	4	28
Lineside buildings	20	18	16	15	15	84
MDU buildings	10	9	12	10	10	51
NDS depots	1	1	1	1	1	4
Total	244	279	301	260	210	1,295

Appendix 22 Franchised stations maintenance and renewals expenditure by station facility owner

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Arriva Trains Wales	5	10	12	7	7	41
c2c	3	3	5	1	1	13
Chiltern	1	7	5	4	1	17
East Coast	3	3	1	3	7	17
East Midlands Trains	4	8	7	2	2	22
First Capital Connect	5	6	4	9	5	29
First Great Western	9	10	16	12	12	59
First ScotRail	13	21	18	15	16	83
First/Keolis TransPennine Express	1	3	2	6	1	14
GMPTE	0	0	0	0	0	0
London Midland	9	7	10	11	8	45
London Overground	1	4	0	0	1	6
London Underground	3	2	0	0	0	6
Merseyrail	3	4	8	7	3	26
National Express East Anglia	9	10	9	13	14	55
Northern Rail	18	13	14	14	9	68
Southeastern	17	15	10	12	13	67
South West Trains	17	14	19	15	13	78
Southern	13	14	9	8	9	53
West Coast Trains	4	5	11	5	3	29
Total	139	159	163	144	126	731

Appendix 23 CP4 telecoms expenditure

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	CP4 total
FTN / GSM-R	178	220	215	143	78	835
Infrastructure	173	196	171	84	41	664
Cab mobile	5	24	35	50	27	142
Freight-only branch lines	0	0	9	9	10	28
Station Information and Surveillance Systems	17	15	23	23	25	103
CIS	9	4	12	10	14	49
Public address	6	10	9	11	7	42
Other	2	1	2	3	4	12
Other operational	30	14	24	37	39	143
Concentrators	5	4	14	9	5	37
Driver-only operation CCTV	11	3	2	2	2	20
Cable and cable routes	3	3	7	14	16	43
Other	11	4	1	13	16	44
Total	226	248	262	203	142	1,081

Appendix 24 CP4 telecoms renewal volumes

	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Station Information and Surveillance Systems						
CIS (monitors)	113	1,318	301	55	157	1,944
Public address (speakers)	1,096	3,315	2,025	3,064	2,047	11,547
CCTV (cameras)	89	780	176	423	290	1,758
Clocks (no.)	3	147	72	0	1	223
Operational telecoms						
Large concentrators (no.)	2	5	9	4	2	22
Small concentrators (no.)	28	21	36	45	12	142
DOO CCTV (systems)	247	123	119	135	0	624
PETS (no.)	5	72	1	45	47	170
Voice recorders (no.)	8	13	1	37	20	79

Appendix 25 CP4 electrification expenditure

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Overhead line	36	25	44	48	64	217
GE project	21	19	23	33	34	130
Rewires	4	0	0	1	13	19
Campaign changes	8	2	12	5	11	38
Structures	3	2	8	7	3	22
Other	1	2	1	1	3	7
Conductor rail	1	2	6	10	2	20
AC distribution	8	8	14	14	9	53
DC distribution	34	30	40	70	60	234
HV switchgear	7	8	10	11	13	50
HV cables	12	5	9	28	13	68
Transformer rectifiers	11	8	5	6	10	41
LV switchgear	0	1	4	9	14	28
Other	3	7	13	16	10	48
SCADA	2	1	2	19	21	45
Other	2	4	2	5	13	25
Total	83	71	108	165	168	595

Appendix 26 CP4 electrification renewal volumes

	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Overhead line						
Campaign changes (wire runs)	693	978	1,483	841	1,529	5,524
Re-wiring (wire runs)	63	90	79	65	119	416
Conductor rail (km)	0	11	25	52	0	88
AC distribution						
HV switchgear (no.)	123	0	69	97	27	316
GSP transformer (no.)	2	0	1	0	0	3
GSP cable (km)	0	0	4	0	0	4
Booster transformers (no.)	48	35	26	23	0	132
DC distribution						
HV switchgear (no.)	69	190	47	64	65	435
HV cabling (km)	58	33	23	122	39	275
LV switchgear (no.)	58	0	66	120	210	454
LV cabling (km)	0	29	63	167	118	377
Transformer rectifiers (no.)	33	41	39	16	16	145

Appendix 27 CP4 plant and machinery expenditure

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Fixed plant	14	19	33	36	40	142
Points heaters	2	4	7	2	3	17
Signalling power distribution	1	5	6	13	18	43
Signalling supply point	2	1	6	10	8	26
Other fixed plant	8	9	15	11	12	55
High output plant	38	20	26	4	1	90
Intelligent infrastructure	1	7	8	6	3	25
Fleet and machinery (NDS)	7	11	10	4	5	37
Rail fleet	1	3	12	30	10	55
Other	5	1	9	10	11	36
Total	65	61	98	91	70	386

Appendix 28 CP4 IT and other expenditure

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
IT	94	88	82	74	75	414
Corporate offices	18	15	26	5	5	70
WCML engineering access	46	17	21	0	0	85
Other renewals	26	52	172	156	394	800
Total	184	173	302	234	474	1,368

Appendix 29 Enhancements expenditure

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	CP4 total
England & Wales						
Network Rail Discretionary Fund	78	32	38	65	56	269
National Stations Improvement Programme	19	21	19	22	19	100
Intercity Express Programme	4	6	16	70	199	295
Strategic Freight Network	2	7	20	105	114	248
Performance Fund	16	49	50	2	1	117
Seven day railway	2	8	53	86	81	229
Safety and environment rollover	34	24	40	12	6	116
CP5 development fund	8	0	14	20	11	53
Access for All	57	44	71	70	62	303
King's Cross	92	112	117	37	8	366
Thameslink Programme	424	531	652	574	311	2,492
Birmingham New Street Gateway Project	0	11	44	1	47	103
East Coast Main Line overhead line electrification	5	8	13	9	0	34
St Pancras – Sheffield linespeed improvements	1	3	3	35	30	71
Nottingham resignalling	0	1	2	9	0	12
North London Line capacity enhancement	44	33	4	0	0	81
Station security	2	1	3	1	2	9
Reading	32	61	127	193	219	633
Platform lengthening – southern	10	27	98	126	100	361
Power supply upgrade	0	23	55	71	68	217
Southern capacity	1	2	2	14	27	47
East Coast Main Line improvements	9	17	38	264	184	512
Western improvements programme	12	17	41	13	5	89
West Coast Main Line committed schemes	8	20	54	111	142	334
Midlands improvements programme	1	2	12	25	15	56
Northern urban centres – Yorkshire	1	1	4	7	4	17
Northern urban centres – Manchester	0	1	1	10	20	33
Liverpool – Leeds linespeed improvements	0	0	1	3	27	32
Unallocated overheads	5	5	0	0	0	9
Total	867	1,066	1,591	1,953	1,757	7,235
Scotland						
Airdrie – Bathgate	145	92	0	0	0	237
Paisley Corridor Improvements	23	53	61	3	0	141
Borders Rail	0	0	1	2	1	5
Glasgow to Kilmarnock	14	2	0	0	0	17
Tier 3 Development Fund	0	1	5	12	4	21
Small Projects Fund	1	2	4	19	12	37
Total	183	151	71	36	17	458
Total PR08	1,050	1,217	1,662	1,990	1,774	7,692
Expenditure deferred from 2008/09	83	(4)	0	0	0	79
DfT sponsored RAB funded	42	65	223	341	431	1,103
TS sponsored RAB funded	3	47	53	181	208	491
Third party RAB funded	136	135	142	94	21	527
Third party funded	355	288	323	266	189	1,421
Network Rail sponsored (Income generating)	44	135	76	60	54	368
Network Rail sponsored (Cost saving)	3	16	87	68	14	188
Non PR08 enhancements	665	682	904	1,009	918	4,179
Grand total	1,716	1,899	2,566	2,999	2,692	11,871

Appendix 30 Income (England and Wales)

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Incentive regimes						
Schedule 8	0	(49)	0	0	0	(49)
Schedule 8 access charge supplement	3	3	3	2	2	13
Schedule 4	(152)	(155)	(172)	(152)	(152)	(782)
Schedule 4 access charge supplement	194	160	165	132	125	776
Total	45	(41)	(4)	(17)	(25)	(42)
Franchised access charges						
Variable track access	137	130	133	134	134	668
Electric asset usage	8	8	8	8	8	40
Electric traction income	230	221	190	209	219	1,069
Capacity charge	163	155	158	159	160	795
Station income (incl. QX)	86	84	83	82	82	417
Station long-term charge	148	145	147	147	147	736
Depots income	52	50	50	49	49	250
Total	824	794	769	789	799	3,975
Other single till						
Freight income	50	38	47	47	47	227
Open access income	25	22	23	23	23	116
Property income	209	227	197	205	200	1,039
Property sales	(4)	8	37	45	43	130
Other income	15	16	13	14	14	73
Total	295	311	317	333	328	1,585
Fixed track access	725	718	750	784	1,048	4,024
Network grant	3,630	3,497	3,582	3,515	3,225	17,449
PR08 income	5,520	5,279	5,413	5,405	5,375	26,992
Investment framework income	10	30	54	85	112	291
Total income	5,530	5,309	5,467	5,489	5,487	27,283

Appendix 31 Expenditure (England and Wales)

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Operating expenditure						
Controllable opex	965	858	856	822	749	4,250
Non-controllable opex	433	399	392	428	454	2,106
Total	1,398	1,257	1,247	1,251	1,203	6,356
Maintenance	1,055	1,024	966	947	900	4,892
Renewals	2,111	1,998	2,296	2,212	2,154	10,769
Enhancements	867	1,066	1,591	1,953	1,757	7,235
Total PR08-funded expenditure	4,033	4,088	4,853	5,112	4,811	22,896
Expenditure deferred from 2008/09	204	87	77	0	3	371
Non PR08 funded enhancements	579	639	851	829	709	3,606
Total expenditure	6,214	6,071	7,028	7,191	6,726	33,230

Appendix 32 Operating expenditure (England and Wales)

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Controllable opex						
Operations	378	405	399	366	353	1,902
Support	587	453	457	456	395	2,348
Total	965	858	856	822	749	4,250
Non-controllable opex						
Electric traction	260	218	206	228	240	1,153
Cumulo rates	72	83	93	109	124	481
British Transport Police	74	69	66	65	63	337
Railway safety charge	8	8	8	8	8	41
ORR fee	19	21	18	18	18	93
CIRAS fee	0	0	0	0	0	1
Total	433	399	392	428	454	2,106
Total opex	1,398	1,257	1,247	1,251	1,203	6,356

Appendix 33 Renewals expenditure by asset (England and Wales)

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Track	691	607	660	694	649	3,301
Signalling	401	384	408	443	365	2,000
Civils	299	291	294	270	224	1,378
Operational property	219	226	233	204	172	1,054
Electrification	79	68	104	160	164	576
Telecoms	189	206	222	178	127	921
Plant and machinery	57	53	87	83	60	340
IT and other	175	163	288	179	393	1,199
Total PR08 funded expenditure	2,111	1,998	2,296	2,212	2,154	10,769
Expenditure deferred from 2008/09	121	92	77	0	3	293
Total expenditure	2,231	2,089	2,373	2,212	2,157	11,062

Appendix 34 Income (Scotland)

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Incentive regimes						
Schedule 8	1.5	(2.3)	0.0	0.0	0.0	(0.7)
Schedule 8 access charge supplement	0.0	0.0	0.0	0.0	0.0	0.0
Schedule 4	(10.6)	(7.7)	(8.3)	(7.3)	(7.3)	(41.1)
Schedule 4 access charge supplement	8.7	12.6	12.7	9.8	9.0	52.8
Total	(0.4)	2.7	4.4	2.6	1.7	11.0
Franchised access charges						
Variable track access	11.4	11.0	11.7	11.7	11.8	57.6
Electric asset usage	0.6	0.6	0.6	0.6	0.6	3.1
Electric traction income	14.7	11.6	11.3	12.5	13.0	63.1
Capacity charge	5.3	5.2	5.3	5.3	5.3	26.4
Station income (incl. QX)	6.4	6.3	6.4	6.4	6.4	31.7
Station long-term charge	16.1	15.8	17.0	17.0	17.0	82.9
Depots income	6.4	6.5	7.4	7.4	7.4	35.2
Total	60.8	57.0	59.7	60.9	61.6	300.0
Other single till						
Freight income	5.8	6.7	6.7	6.6	6.6	32.4
Property income	13.4	14.9	11.9	12.2	11.9	64.2
Property sales	4.5	1.9	2.0	4.5	2.9	15.9
Other income	0.1	0.3	0.0	0.3	0.3	1.0
Total	23.9	23.7	20.6	23.6	21.8	113.5
Fixed track access	118.5	108.5	131.7	260.0	297.6	916.3
Network grant	392.9	369.5	424.3	296.8	267.8	1,751.3
PR08 income	595.6	561.3	640.6	643.9	650.6	3,092.0
Investment framework income	(0.0)	2.2	4.2	9.6	19.3	35.3
Total income	595.6	563.5	644.8	653.5	669.8	3,127.3

Appendix 35 Expenditure (Scotland)

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Operating expenditure						
Controllable opex	103	84	86	83	82	437
Non-controllable opex	35	34	34	38	38	179
Total	139	117	120	120	120	616
Maintenance	100	96	91	87	82	455
Renewals	254	278	326	318	296	1,473
Enhancements	183	151	71	36	17	458
Total PR08 funded expenditure	537	525	487	442	395	2,386
Expenditure deferred from 2008/09	0	0	0	0	0	0
Non PR08 funded enhancements	4	47	53	181	208	494
Total expenditure	680	690	660	743	724	3,496

Appendix 36 Operating expenditure (Scotland)

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Controllable opex						
Operations	38	40	39	38	37	192
Support	66	44	46	45	44	245
Total	103	84	86	83	82	437
Non-controllable opex						
Electric traction	17	13	12	14	14	70
Cumulo rates	8	10	12	14	14	60
British Transport Police	8	7	7	7	7	35
Railway safety charge	1	1	1	1	1	4
ORR fee	2	2	2	2	2	10
CIRAS fee	0	0	0	0	0	0
Total	35	34	34	38	38	179
Total opex	139	117	120	120	120	616

Appendix 37 Renewals expenditure by asset (Scotland)

£m (2011/12 prices)	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14	Total
Track	62	61	67	64	59	314
Signalling	29	17	38	43	29	156
Civils	82	83	83	63	59	370
Operational property	25	53	68	56	39	241
Electrification	3	3	4	5	5	19
Telecoms	37	43	41	25	15	159
Plant and machinery	8	8	11	8	10	46
IT and other	9	10	14	55	81	169
Total PR08 funded expenditure	254	278	326	318	296	1,473
Expenditure deferred from 2008/09	0	0	0	0	0	0
Total expenditure	254	278	326	318	296	1,473

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