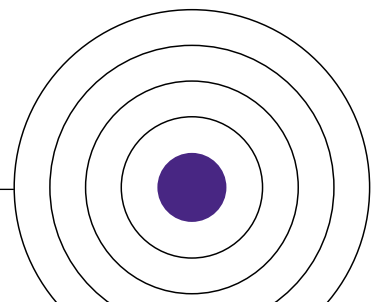
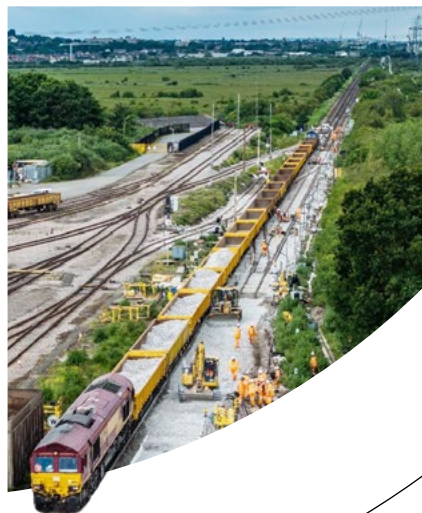


Network Rail Limited

# Annual report and accounts 2025







# Network Rail Limited's Annual Report and Accounts 2025

Presented to Parliament by The Secretary of State for Transport  
by Command of His Majesty  
July 2025



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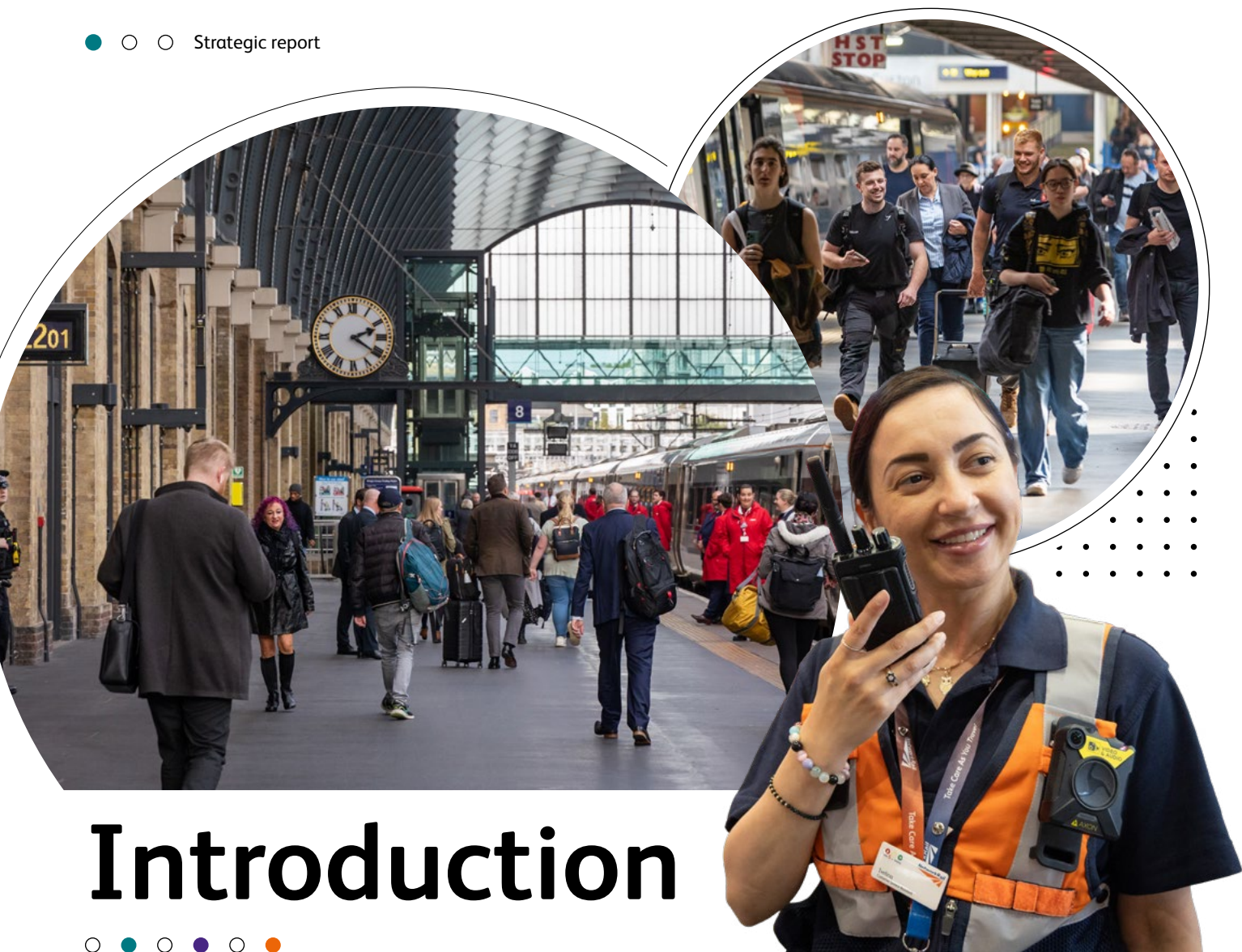
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Commentary in this Annual Report and Accounts is also designed to satisfy the Annual Return requirements as defined within our network licence. The Annual Return data tables are available on our website at:

<https://www.networkrail.co.uk/who-we-are/publications-and-resources/regulatory-and-licensing/annual-return/>



# Introduction



**There can be few businesses which hold deeds signed by the architect of St Paul's Cathedral and plans drawn up by the father of the railways, George Stephenson. But then, there are few businesses quite like Network Rail.**

This year marks the 200th anniversary of the railway, not just in Great Britain but in the world. It also marks the first year of Control Period 7 (CP7), with its £45bn investment in England and Wales and £4.8bn in Scotland. Meanwhile, we will continue our transition into a new body - Great British Railways.

The endurance and strength of the railway is shown by the fact it is still relevant, and still evolving, after two centuries in business.

Every day hundreds of thousands of commuters travel to work, families and friends head off to see each other, business people go to face to face

meetings - knowing that they are still the best way to make deals - and freight trains carry materials for building, consumer goods, cars and more. It has been that way for 200 years.

We should be mindful, though, that the heritage of success will not guarantee us a bright future. For that we have to offer the country a reliable service for a reasonable price and retain our relentless focus on safety.

The rail industry works hard every day to make the railway safe for everyone, and collisions between passenger trains are rare. Tragically, in October 2024, two Transport for Wales passenger trains, travelling

in opposite directions, crashed near the village of Talerddig on the Cambrian line. The Rail Accident Investigation Branch (RAIB) is investigating the cause of the incident. I know my colleagues in Wales & Western Region will do everything they can to support the RAIB investigation and to learn from recommendations by RAIB to prevent future incidents or to reduce their consequences.

At the end of March 2025, the moving annual average for on-time arrivals stood at 67 per cent in England and Wales, while cancellations stood at 4.1 per cent. We know this is simply not good enough and you will see our strategies for improving our part of that performance in this report.

Rather than waiting for GBR to arrive, we are already working together as an industry to make things better, looking holistically at everything from track to trains, to crews and climate change. In our Southern Region we have begun standing up integrated track and train business units. We have started with Southeastern and Kent route under the leadership of Steve White, and will follow this with South Western and Wessex route under the leadership of Lawrence Bowman. The geography of those routes makes integration simpler on the surface, but I know a huge amount of work is going on culturally to help ease the transition to a single railway.

It is climate change that poses the most existential threat, not just to a reliable railway but to all of us. In the long term we know we may not be able to build our way out of all the effects of climate change. However by protecting our railway from extreme weather in the short term we can play a major role in transitioning to net zero and cutting transport carbon emissions.

On the rails themselves, the CP7 budget provides more than £2bn to make our railway more resilient to extreme weather in England and Wales, and over £400m in Scotland. Great Britain has already endured seven named storms since April 2024 – all of which have brought disruption to the railway and beyond. Through protecting the railway and using technology to keep trains running, we are doing our best to keep Great Britain moving through the wind and rain.

In doing that, we can take inspiration from the last 200 years. Through the centuries, the railway has constantly adapted to meet whatever challenges it

has faced. This is a network whose colleagues served in the Great War, ran trains through the Blitz, faced Spanish Flu and COVID, travelled from private hands to nationalisation and will soon be part of a new organisation altogether.

Network Rail and its people are about to embark on that new start by stepping forward to show we can adapt to build a better railway for the people and companies who rely on us. I'm confident we will show the same adaptability and strength our predecessors demonstrated.

On behalf of the Board, thank you to all those people who have worked so hard to keep the railway running this year – with one eye on the future - across our central functions, nations, regions and routes.

And finally, on behalf of the Board and everyone at Network Rail, we extend our grateful thanks to chief executive Andrew Haines, who will retire from leading the company this October following a record-breaking seven years at the helm. His guidance and leadership has been invaluable, not just for Network Rail but for the industry. His experience and dedication helped us navigate the COVID pandemic, set us on our journey towards becoming Great British Railways and he leaves the industry in a positive position with passenger numbers growing. In those seven years our business has transformed itself to better reflect the needs of its customer, and it is thanks to Andrew that we are so well prepared for the changes to come. We wish him well in his retirement.



**Mike Putnam** ○ ● ○ ● ○ ●  
Acting chair and senior independent  
non-executive director  
**18 July 2025**



# A message from our chief executive



**We are always moving forward. Even in a year when people are celebrating our fantastic railway history, trains, technology and society, and the railway's place in it, will all keep moving.**

No sooner had our new Control Period got underway in April 2024, than there was a change of government and plans for creating Great British Railways (GBR) accelerated. By November, the Passenger Services Act had received Royal Assent and by February 2025, consultation was underway for what people expect from GBR.

As the chair explained in his introduction, the railway has endured for 200 years because it offers advantages that no other transport mode is able to. Those advantages endure but we have to work hard every day to make them count. I began my career at British Rail, before managing a franchise under privatisation, and I'm lucky enough to be here to help the railway prepare to evolve again. Throughout my time on the

railway, the basics of providing a reliable service haven't changed but the nature of the railway has.

We have come a long way since COVID, with passenger numbers and revenue rising, but the bedrock of commuting no longer provides the financial foundation it did. Now, people are travelling with us because they choose to.

For that reason, we are not waiting for a new start to make the changes we need to.

We are working even more closely as an industry, to improve performance for passengers and lay the foundations for what GBR will build. We've seen failures of assets such as signals and track drop by

50 per cent over the last 15 years, which is a huge achievement, but climate change and the associated extreme weather have brought new challenges for us, along with a growing problem with trespassers.

I wrote in these pages last year that we had faced 12 months of extreme weather. Since then, we have seen that the disruption caused by a single trespasser can dwarf almost anything outside a major storm or a power failure. A person on a bridge outside Manchester in November 2024 resulted in more than 10,000 minutes of delay and cost Network Rail over £1.2m in compensation to train operators. In some ways those metrics undersell the nature of the problem and show the limitations of how we measure ourselves. Delay minutes don't tell the story of how many people were affected. Following a similar incident at New Malden in August 2024, which saw a man jailed for eight months, 921 trains were either delayed or cancelled. That is a picture of hundreds of thousands of people whose journeys were ruined, and many more who simply chose not to travel at all and whom we may lose from travelling on the railway.

To help us and our customers understand how we are doing, you may have seen we are now displaying performance data at our managed stations to give a real-time view of reliability.

The truth is that passengers will tell us how we are doing through their choices.

If we continue to improve our offering to them, we will give them good reasons to choose rail, and we're making progress. As I write this, the latest published statistics show a total of 446 million journeys were made by passengers in Great Britain between 1 October and 31 December, a seven per cent increase on the 417 million journeys in the same quarter in the previous year. Similarly, revenue for that quarter was £2.9bn, an eight per cent increase on the £2.7bn in the same quarter in the previous year (when adjusted for inflation).

While that is below the peaks of rail travel pre-COVID – at around 97 per cent of the passenger journeys in 2019 – the types of ticket people are buying reveal a distinctive story. Season tickets made up 31 per cent of all tickets sold pre-COVID. That number is now just 12 per cent.

Rebuilding the railway's funding means giving people a reason to choose to travel by train, not relying on

those who have to. We have to grow revenue, find efficiencies and provide a more reliable railway. The good news is that people believe in us to deliver.

The TransPennine Route Upgrade is on time, on budget and on its way to delivering growth. At the end of March, the Prime Minister announced a further £415m investment in the programme, taking the total approved funding for the project to £7.3bn. It's not an easy job: there are 70 miles of railway to electrify and rebuild, with 23 stations and nearly 30 level crossings, dozens of bridges and viaducts, and six miles of tunnels. But what a prize – a higher-capacity electric railway linking some of the biggest cities across the North. This year saw the first electric trains between Manchester and Stalybridge, the first electric test trains between York and Church Fenton, and the reconstruction of Huddersfield station well underway.

I'm delighted to see the focus metro mayors are bringing to the railway too. Our partnership in Manchester to develop land around stations builds on work our property team has been driving across the country this year.

In March, the Treasury announced the creation of a Network Rail property company to develop over 40,000 homes in the next ten years. Even before that, July 2024 saw permission granted for a six-storey, 195,000 sq ft government hub as part of the massive £1.1bn York Central development. Meanwhile, in London, Bow Goods Yard is the final parcel of London 2012 Olympic and Paralympic legacy land to be unlocked and has become Network Rail Property's first independent planning submission.

This year also saw the government give their commitment to bringing HS2 to Euston, unlocking the capacity for many thousands more journeys and freight trips.

We are continuing to work as an industry with HS2 Limited to create a new station at Old Oak Common, to drive growth in a previously unsung part of West London and provide many new journey opportunities. This year saw Great Western Railway trains diverted to Euston during Christmas engineering work on the site, showing what we can achieve when we work together to put passengers first.

Support for the railway remains strong because it can deliver growth. As we see more devolution of power

across the country, I expect to see more enthusiasm for what our network can deliver to local communities.

As this year gave us cause to celebrate, it also gave us pause to reflect.

In addition to the tragic accident at Talerddig in 2024, in February this year, Network Rail was prosecuted for the deaths of Michael Lewis and Gareth Delbridge at Margam and Tyler Byrne, at Surbiton, five and four years ago respectively. We know that money will not make up for the loss that their families and friends feel every day. What I can say is that the railway is a much safer place today. The £300m that we have invested in trackworker safety has brought us to a place where almost no work takes place on “live” lines.

This has, in turn, driven Network Rail and our suppliers to research how we can use technology to provide the same levels of assurance our people achieved with “boots on ballast”. Our Digital Lineside Inspection programme is already using images filmed from the front of trains, combined with aerial images and the data from our fleet of test trains, to tell us about signal sighting and more. In future, we may even see satellite images joining the programme. We are also working with suppliers to gain approval for Beyond Visual Line of Sight drones, while our helicopter continues to provide priceless help to Scotland and other parts of the network.

Our investment in research and development relies heavily on suppliers in the SME world, who are vital to

Network Rail and the railway as a whole. In fact, 70 per cent of our 4,000 active suppliers are SMEs and we have a consistent 33 per cent spend (direct and indirect) with them each year.

Having said that, I realise this is a difficult time for the railway construction sector, as inflation continues to squeeze how much we can get for every pound of investment. In addition, we’ve seen our spend on traction power rise by 40 per cent, squeezing what we have left further. Our CP7 plans reflected that, setting out that we are expecting to focus more on refurbishment than renewals, but with a continued focus on safety and performance.

This year, then, is a step towards a new future as much as a chance to look back, but it is also a perfect example of how all of us who work on the railway have to keep our focus on the here and now. Every year builds on the knowledge of the past and there are always new challenges.

Our 40,000 colleagues at Network Rail and the many thousands more in our supply chain get up every day to make the railway better and I’m proud to work with them.



“After seven years as Network Rail chief executive, and many more on the railway, this will be my final annual report. It has been a long journey from my first job at London Victoria’s left luggage office to writing these words, but some things don’t change and I’m pleased to see the railway moving forward today just as it did then.”

**Sir Andrew Haines OBE**  
Chief executive and accounting officer  
18 July 2025

# Our year in numbers

The numbers below are important to show our financial and non-financial performance. We report numbers for both 2023/24 and 2024/25.

○ ● ○ ● ○ ●

## Revenue in the year

2024/2025	2023/2024
<b>£11,345m</b>	<b>£11,580m</b>

## Operating costs (before depreciation and amortisation and HS2 impairment)

2024/2025	2023/2024
<b>£5,801m</b>	<b>£5,257m</b>

## Operating profit

2024/2025	2023/2024
<b>£3,242m</b>	<b>£4,056m</b>

## Profit before tax

2024/2025	2023/2024
<b>£725m</b>	<b>£1,503m</b>

## Net debt

2024/2025	2023/2024
<b>£60,923m</b>	<b>£60,145m</b>

## Capital expenditure

2024/2025	2023/2024
<b>£6,204m</b>	<b>£6,769m</b>

## Sustainability

2024/2025	2023/2024
<b>28.2%</b>	<b>27.7%*</b>

\*A revised 2023/2024 figure has been provided due to an update in energy data from Network Rail's suppliers.

As last year, this is a reduction in our scope 1 and 2 carbon emissions against our 2018/2019 baseline. Numbers do not include traction carbon reduction as this is not part of Network Rail's direct emissions.

## Passenger km travelled (bn)

2024/2025	2023/2024
<b>64.6km</b>	<b>60.2km*</b>

\*The Our year in numbers section in the Annual Report 2023/24 reported this figure as £60.1km but this was subsequently revised to £60.2km.

## Passenger trains on time On Time Measure

2024/2025	2023/2024
<b>67.0%</b>	<b>67.6%</b>

The percentage of recorded station stops called at early, on time, or less than one minute late.

## Freight moved Net tonne kilometres

2024/2025	2023/2024
<b>16.5bn</b>	<b>15.8bn</b>

## Freight cancellations

2024/2025	2023/2024
<b>1.5%</b>	<b>1.7%</b>

For CP7 the freight metric changed from the freight delivery metric to freight cancellations. The metric change was driven by the Office of Rail and Road, which the freight operating companies endorsed after consultation.

## Fatalities and weighted injuries (FWI)

2024/2025	2023/2024
<b>0.067</b>	<b>0.064</b>

## Network Rail's employee engagement index

May 2025 full survey	May 2024 full survey
<b>57%</b>	<b>51%</b>

## Average number of Network Rail employees

2024/2025	2023/2024
<b>41,331</b>	<b>40,966</b>



# A look back over 2024/25



**As the whistle sounds on our first year of Control Period 7, we're in a pivotal chapter of Britain's railway story: we're celebrating 200 years of our modern railway and looking to the future, by preparing for the industry's evolution into Great British Railways. At the same time, we've worked hard to deliver a simpler, better, greener service for our passengers and freight customers, today.**

## **We've connected communities across Great Britain**

We've opened and improved lines across the country, making it easier for more people to choose rail. In our Wales and Western region, we created four more local railway initiatives, to empower integrated teams – including train operators and Network Rail – to use their local knowledge and expertise to deliver better outcomes for our customers. We also launched a two-station passenger service between Newcastle

and Ashington for the first time in 60 years, and we reopened the Levenmouth line in Scotland, restoring rail links after half a century. Elsewhere, we launched our Kettering to Wigston electrification project ahead of schedule which will allow trains to run on electricity at up to 125mph between London St Pancras and South Leicester, building connections across Great Britain and supporting our journey towards net zero.



Waterloo station manager Emily Haggard and Laura Kopelciw, project manager for stations, with the Autism Friendly Accreditation certificate.

Passengers and local communities are at the heart of our work. This year, we've collaborated with train operators to assist over 700,000 passengers and completed accessibility projects at stations across the country, making rail travel an option for even more people. Our commitment to accessibility was recognised when our Built Environment Accessibility Panel (BEAP) was shortlisted for the National Rail Awards and when London Waterloo station received the autism friendly award from the National Autistic Society. We've also supported passengers by launching our visual disruption maps, making it easier to navigate changes to journeys, with 93 per cent of our passengers rating the information as useful. Outside of our stations, we've helped to deliver 4,319 homes, 54 per cent more than last year, transforming land across the country. And we've rolled out digital notifications for our lineside neighbours, making it easier for them to find out about work to the railway near their homes and benefiting the environment by reducing our use of paper.

## We've worked to deliver better services in challenging times

Day-to-day performance remains a key focus. In 2024/25, 67.0 per cent of our trains were on time, compared with our target of 67.8 per cent, so we've taken clear actions. These include rolling out state-of-the-art monitoring systems to improve our performance during extreme weather and working across the industry to improve services for passengers and freight customers. At the same time, we've had successes, including fewer problems with our assets than we predicted. We've also seen a 4.1 per cent increase in the amount of goods moved by rail, significantly exceeding our target of 1.5

per cent. And we're working with freight operators to run longer trains, reducing carbon emissions and taking lorries off the roads. One key freight route, running North to South London, is removing 90,000 HGVs from the road network each year.

As we face more extreme weather, we're adapting to the changing climate and acting to reduce our environmental impact. Last year, we upgraded our technology to reduce delays and disruptions during extreme weather, so we can connect more people to where they need to be, safely. We're also on track to achieve net zero by 2045 in Scotland and by 2050 in England and Wales. As part of our net zero goals, we have introduced rail made with near zero emissions, saving around 421 tonnes of carbon dioxide, increased our number of electric vehicles to 273 and developed carbon reduction plans across all regions. We'll continue our ambitious plans to reduce our carbon emissions and make our network more resilient over the rest of the Control Period, playing our part in creating a greener future for Great Britain.

In a tight economic environment, we're making our funding go further to deliver the best services for our passengers. This year, we invested £3.7bn on renewals to make sure our railway endures into the future. We've also funded new safety schemes through the Freight Safety Improvement Programme and achieved our best periodic result for the safety of our colleagues.

## We're making Network Rail a better place to work

We know that colleagues can deliver better services when they feel valued, so we've introduced several initiatives to support our people. These include our new reasonable adjustments team, who have helped hundreds of colleagues to remove barriers at work. Meanwhile, our eight thriving employee networks now have over 7,500 members and we've connected colleagues across the railway through a social mobility network we've set up with industry partners.

As we journey through rail reform, we're working with partners across the industry. Our role in Shadow Great British Railways (see page 74) is helping us to prepare for Great British Railways and improve the industry now. Entering the next year of CP7, we'll continue to deliver for passengers and customers today and get ready for the future.

# About Network Rail



## Our vision

### Simpler, better, greener railway

The railway is part of the fabric of our everyday lives, and this has been the case for generations. To keep it that way, our vision for the future is a simpler, better, greener railway.

**Simpler** - We'll play our part in unifying the railway to make it easier for people to choose rail, improving customer service and growing passenger numbers and freight. We'll root out waste and duplication and stop doing things that don't add value.

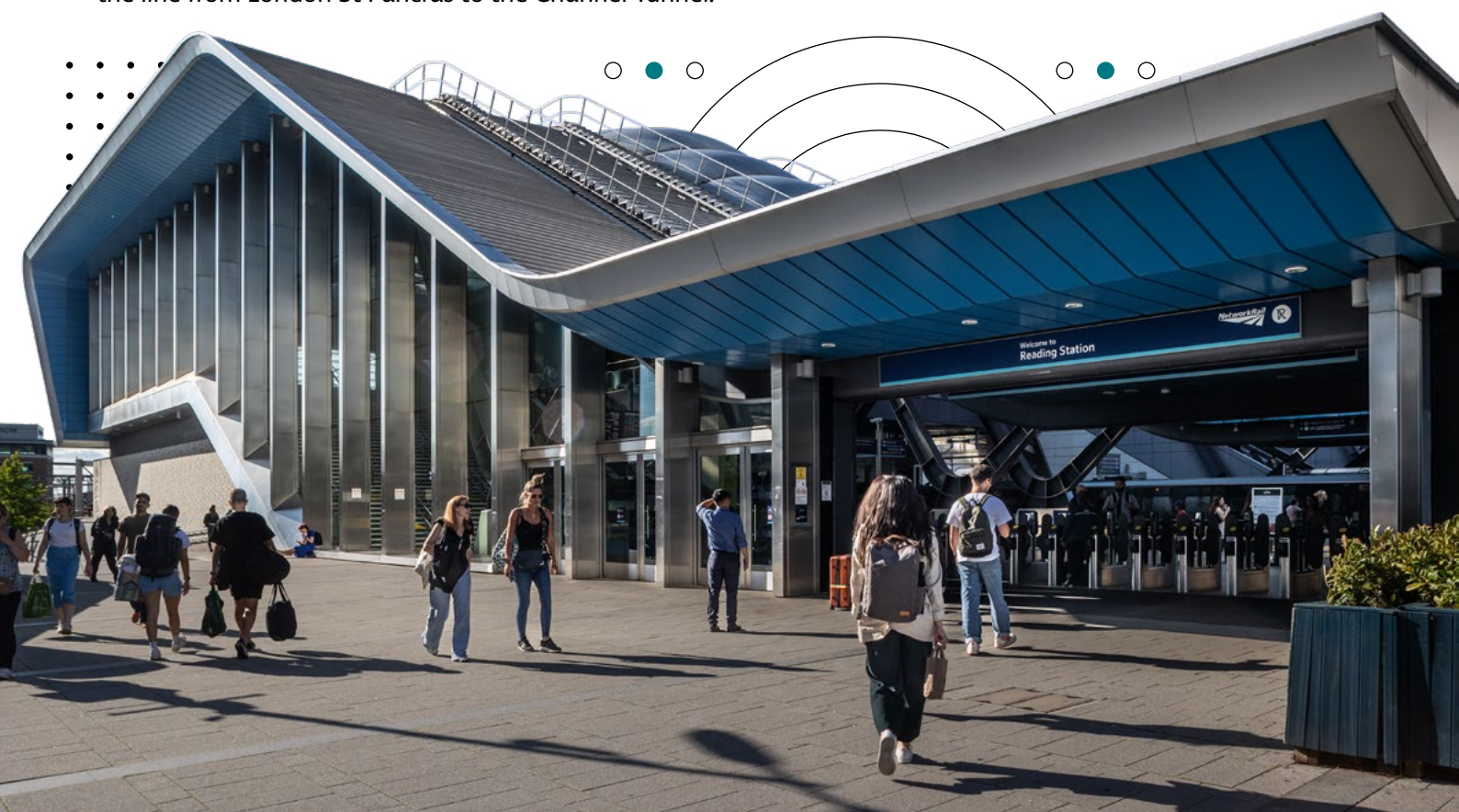
**Better** - We'll continue putting passengers first and shifting more goods by rail; encourage local accountability and be more commercially minded. We'll create a new type of rail leader, invest in the skills and safety of our colleagues, and help rebuild the railway with our partners.

**Greener** - And by making rail simpler and better, we'll attract more people to the cleanest, greenest form of mass transport, while reducing our own carbon footprint. Building those foundations is up to all of us. We are the heart of the railway.

## What we do and who we are

We own, operate and develop railway infrastructure in England, Scotland and Wales. This covers approximately 20,000 miles of track; 30,000 bridges, tunnels and viaducts; and thousands of signals, level crossings and stations. We manage 20 of the country's largest stations. The rest – over 2,500 – are run by the train operating companies.

Our rail network spans the country, providing a service for passengers and freight users that underpins daily life and economic growth. The rail network consists of five high-speed main lines (the West Coast, East Coast, Midland, Great Western and Great Eastern), which radiate from London to the rest of the country, plus regional rail lines and dense commuter networks within the major cities. We also operate the network for High Speed 1, the line from London St Pancras to the Channel Tunnel.



Our purpose is to get people and goods to where they need to be, and in turn to support the UK's economic prosperity. Our role is to run a safe, reliable and efficient railway, serving our customers and communities. We oversee the running of the railway as an entire system. We work closely with train operators to deliver train services as safely, reliably and punctually as possible. We lead the industry's planning for the future of the railway and we are committed to a sustainability agenda.

We own land throughout Great Britain, the vast majority of which is used for operational purposes. Where possible, we make land that is no longer required for operational purposes available for housing and commercial development. In addition, we consider ourselves to be Britain's biggest neighbour and we take care to be considerate to our lineside neighbours.

## Our operating model – how we're organised

We're organised into five geographical regions, each with its own managing director who is a member of the executive leadership team: see the map on page 31. Those regions are sub-divided into a total of 14 routes. The five Network Rail regions are Eastern, North West & Central, Scotland's Railway, Southern and Wales & Western. The routes are responsible for operations, maintenance and minor renewals, including the day-to-day delivery of train performance and the relationship with their local train operating companies. The people making the decisions are closer to their passengers and freight users and have a better understanding of what they need. This enables us to deliver any changes more effectively.

We're continuing to work to establish integrated train and track business units in readiness for GBR alongside the public ownership transfer of train operating companies.

### Regions

The five regional teams maintain and operate the routes and other railway infrastructure. They lead on local resourcing strategy and planning activities, bringing together engineering capability and management of our assets: these include track, bridges, signals, cuttings, embankments and tunnels. The regions are also accountable for renewing and improving the rail network within their areas, and

are responsible for aspects of longer-term planning, including timetables and project business case development. Our structure brings us closer to the regions we serve, enabling us to have greater focus on local communities and their needs.

For more information on each region, please see their individual reports:

Eastern on page 32

North West & Central on page 38

Scotland's Railway on page 44

Southern on page 50

Wales & Western on page 56

### Network-wide directorates

#### System Operator

System Operator supports the routes, regions and passenger and freight operators to help the railway operate as a single, integrated system. The directorate provides a combination of services, assurance and leadership to Network Rail, industry and funders including:

- strategic and long-term planning
- operational delivery, capability and resilience
- development and delivery of the timetable
- supporting rail reform with cross-industry thinking and alignment
- growing and supporting rail freight
- overseeing Network Rail's managed stations

#### Technical Authority

This directorate has network-wide accountability – in accordance with our Licence to Operate and Safety Authorisation – for setting and monitoring compliance with the policy, strategy and control frameworks relating to the following:

- safety
- engineering
- asset management
- security
- environment and sustainability.

### Route Services

Route Services supports our routes, regions and functions. This is achieved by providing over 130 services such as managing lifts and escalators, procuring and delivering essential materials to the telecoms systems that support our signalling, and rolling out greener technology that reduces our carbon footprint. Route Services includes: digital, data and technology services, supply chain operations, business services, engineering services, commercial

and procurement as well as delivering of a number of national programmes and initiatives.

## Core professional functions

### CFO directorate

This directorate is made up of eight functions:

- Group Finance
- Property
- Legal and corporate service including corporate commercial services
- Audit and risk
- Planning and regulation
- Corporate finance and business development
- Rail Investment Centre of Excellence
- Quality and business improvement

These functions drive effective financial management and deliver the company's legal reporting and compliance requirements with our independent regulator, the Office of Rail and Road (ORR) and with third parties. They also lead the development and delivery of the network strategy and our business plan.

In addition, the CFO directorate provides professional leadership and assurance on capital delivery affordability and holds the business to account for delivering its efficiency targets.

### Human Resources (HR)

Human Resources leads the development and delivery of our people strategy and policies across the business. It works with the regions and functions, according to need and demand, to provide professional HR leadership and services. The team also delivers strategic transformation initiatives.

During this reporting period our HR function has played a key role in industrial relations, workforce engagement and in the implementation of workforce reforms. We explain this further in the People section on pages 84 to 89 and in How we engage with our stakeholders report on pages 109 to 111.

### Communications

Communications is responsible for ensuring Network Rail presents a consistent narrative which places passengers and freight customers at the heart of everything we do. The national Communications team's primary purpose is to build trust and confidence in rail by influencing views and changing behaviours in a way that helps the business achieve its goals.

## Measuring our progress

We assess how well we're doing in delivering our vision through our scorecard measures. Our progress measurements align with the strategic priorities described above. See How we performed 2024/25 on pages 20 to 25 for more information on our scorecard and the ways we measure progress.

## Our funding

Network Rail is a public sector arm's-length body and the Board is accountable to the Secretary of State for Transport. Our framework agreement with the Department for Transport sets out how we work together in terms of corporate governance and financial management.

### Income

Our income is a mix of grants from the UK and Scottish Governments, payments from train and freight operators that use the railway and income from our real estate portfolio, e.g., rental income from shops at stations. We also work closely with organisations willing to pay for projects that benefit them, our passengers and our freight users.

### Funding cycles

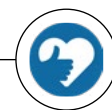
We work in five-year funding cycles called control periods. The UK and Scottish Governments let us know what they need from the rail network in each control period and how much they can afford to pay for it. The 2024/25 financial period was the first year of Control Period 7, which runs from 1 April 2024 to 31 March 2029. The Office of Rail and Road (ORR), the independent regulator, determines how much we can charge train operating companies for using the rail network. The amount charged to train operating companies is reduced by grants received from the UK and Scottish Governments. In return for this funding, it is our responsibility, overseen by the ORR, to deliver a railway which is efficient, reliable and safe. We must deliver reliable train performance daily and we're held to account for this throughout each control period.

## Our strategic priorities

Our strategy describes what we want to deliver for our passengers and freight users, taxpayers and our people, and how we will achieve it. It brings together our objectives and the activities that are important to all our regions and functions, across all of our work.

We've identified six strategic priorities to help us deliver our simpler, better, greener railway vision and established key performance indicators (KPIs) which show how we performed against these strategic priorities. See How we performed on pages 20 to 25 for more information on our KPIs. Our strategic priorities are set out below:

## ● Safety



Our safety vision is Everyone Home Safe Every Day. Running a safe railway is at the heart of everything we do, and we will continue to invest in keeping passengers, the public and our workforce safe. Our safety vision applies to passengers, other members of the public (for example, those living and working near the railway), our employees and our contractors. Safety

is a vital factor in the decisions we make during our works on the railway. We have designated community safety managers in each of our regional areas, whose role it is to work with local communities to promote safety on and around the railway. We regularly measure our safety performance to help us to continually improve and work towards achieving our safety vision.

## ● Train service delivery



We understand that passengers want a punctual and reliable train service. We're focused on reducing delays and disruption for passengers and freight users by seeking to stop faults occurring. Improving both how we work and the technology we use to quickly find and fix faults means that we can return service levels to normal as promptly as possible. Providing services that get people and goods to where they need to be is vital to supporting communities and economic growth across Great Britain.

To deliver improved train performance we are working collaboratively across industry and are aligned across five priority areas which are being delivered through the Network Performance Board. Our plans aim for 92.5 per cent for the Scotland train performance measure by March 2029, and for England and Wales on time performance of 67.4 per cent and cancellations of 3.3 per cent by March 2026.

We're making improvements to Great Britain's railway that will relieve congestion and provide better facilities.

## ● Sustainable growth



Caring for our planet is important to passengers and it is important to us. We want to ensure that our railway is green, resilient to climate change and able to provide an excellent service for years as a benefit to future generations.

We reported on our 30-year environmental sustainability strategy 2020-2050 in 2021/22. It

commits us to delivering a low emission railway (we've set ourselves a reduction in carbon emissions target to be met by the end of the current control period); a reliable railway service that's resilient to climate change, with improved biodiversity of plants and wildlife; and minimal waste and sustainable use of materials. See Environment, sustainability and communities section on pages 75 to 79.

## ● Customer and communities



We're continuing to improve the service we provide to our customers and communities by listening to what they need and responding appropriately. We

regularly review feedback and carry out engagement to ensure that we're a collaborative partner that puts our passengers first. We work with our train operator

## Customer and communities continued

partners to develop local plans for improvements at the stations we manage, focusing in particular on how we make them accessible to our customers and communities with their diverse range of needs.

We have plans to improve accessibility at stations which includes training and better collaboration with operators to improve our 'turn up and go' passenger assistance service. We have set ourselves a target to action at least 95 per cent of all passenger assists,

including unbooked, requests at our managed stations successfully by March 2029.

We continue to work closely with lineside neighbours – the people and businesses who live and work next to the railway – to minimise the impact our track works may have on them. We've also continued to reduce the time it takes us to respond to any complaints we receive.

## ● Efficiency



The delivery of an affordable, reliable and efficient railway is a key priority. A substantial proportion of our funding comes from taxpayers. We understand our responsibility to spend this money wisely and to work as efficiently as possible to deliver value to our customers. The greater our efficiency, the more money we have to invest in providing an improved service for passengers.

We're continuing to use the latest technology and practices to speed up our work safely, both on and off the track. Completing improvement work quickly means we're saving money and reducing delay and disruption for passengers and freight users.

We also set efficiency targets both annually and for the Control Period, which cover the operational maintenance and renewal activities aspects of our business as well as projects to enhance or develop the railway. In 2024/25 we have delivered efficiencies across operations, maintenance, support and renewals of £325m against a delivery plan target of £263m. The total CP7 target remains at £3.9bn. Enhancements based on the current workbank have a planned CP7 efficiency of £2.5bn which equates to 17 per cent and is higher than the 15 per cent efficiency ambition. Within FY25, £482m of efficiency has been reported against these schemes.

## ● People



Network Rail is reliant on our people to ensure that we can implement our vision to put passengers first. We aim to become an industry leader in inclusion and will transform into a service-led organisation. We will continue to move away from a top-down command and control operating model and towards a model that better responds to customers' needs and has the capability to continue to evolve in readiness for reform.

We regularly communicate with Network Rail employees to ensure that they are all aware of our vision and to encourage them to think about how best they can serve users of the railway.

We empower our people to always be safe, to care about the railway, its users and each other, and to put teamwork at the heart of all we do. Our corporate

behaviours include accountability, challenge, collaboration and customer focus.

We recognise the importance of having a diverse workforce and of providing an environment in which everyone feels content, achieves their best and, we hope, is proud to work for us. We're very supportive of mental health initiatives and have set a target to reduce work-related mental health absences.

We strive to ensure our people feel safe without fear of discrimination. A diverse workforce will reflect the diversity of our passengers and of the communities we serve and operate in. We believe this will enable us to understand and address what our stakeholders need from us.

# Operating model

**Our focus is on delivering a safe and reliable service for all passengers and freight users.**

Our operating model aligns track and train, to enable our people to serve and meet the changing needs of passengers and freight users and quickly respond to external changes.

## Our funding comes from:

- UK Government
- Transport Scotland
- charging train operators to use our track
- income from our property assets.

## We are held to account by:

- The Office of Rail and Road - our economic and safety regulator
- UK Government: Department for Transport, HM Treasury
- Transport Scotland.

Our key stakeholders include (in no particular order): passengers, lineside neighbours, passenger representative bodies, freight operating companies, train operating companies, national and local funders, Government, our supply chain, industry partners, trade unions, British Transport Police, Transport Focus, Office of Rail and Road, Rail Accident Investigation Branch.

**Eastern; North West & Central; Scotland's Railway; Southern; Wales & Western** - make sure services and decisions will meet the needs of their passengers, customers and communities.

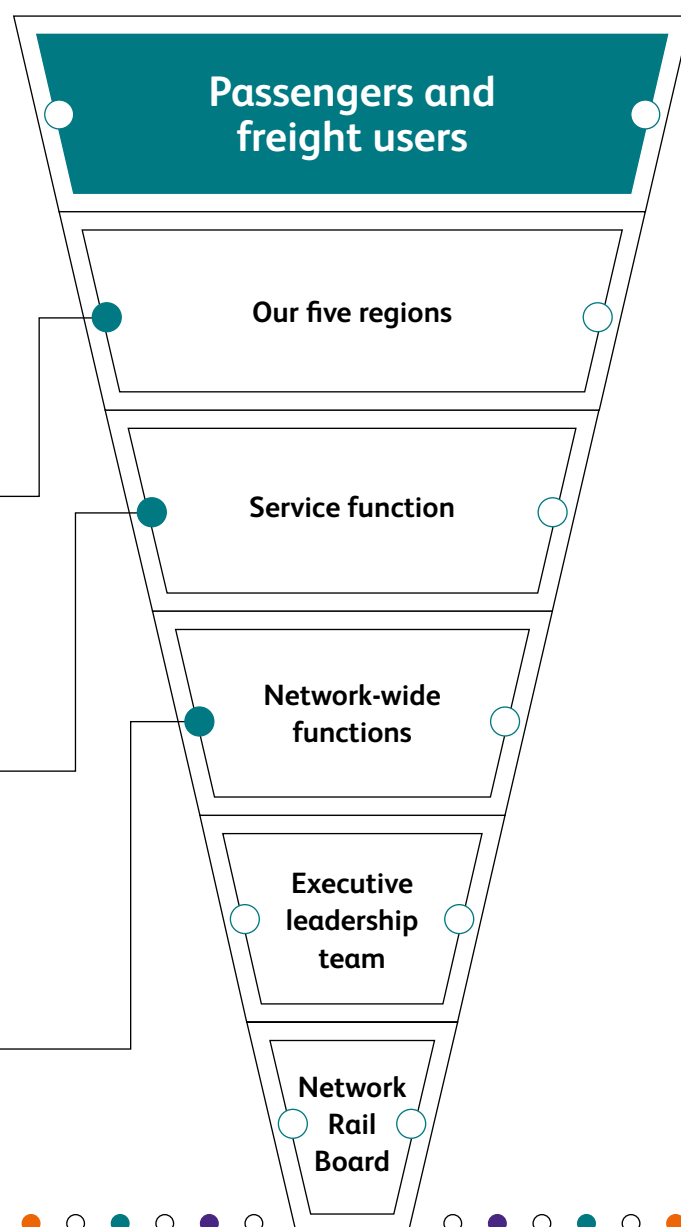
These regions are sub-divided into 14 routes, the focus of which is on running services and maintaining the railway infrastructure.

**Route Services** - leads network operations and strategy, and provides essential operational and business services.

**System Operator** - brings together timetables, network and industry strategies and plans.

**Technical Authority** - provides technical leadership and specialist expertise.

**Finance, HR, Communications** - provides financial management and professional support to our regions and functions.



# How we performed

2024/2025 ○ ● ○ ● ○ ●

The national scorecard is a balanced set of performance metrics which are aligned across our strategic themes. They measure how we are progressing towards the Network Rail vision of ‘Simpler, Better, Greener’. National scorecard metrics can vary each year depending on key priorities.

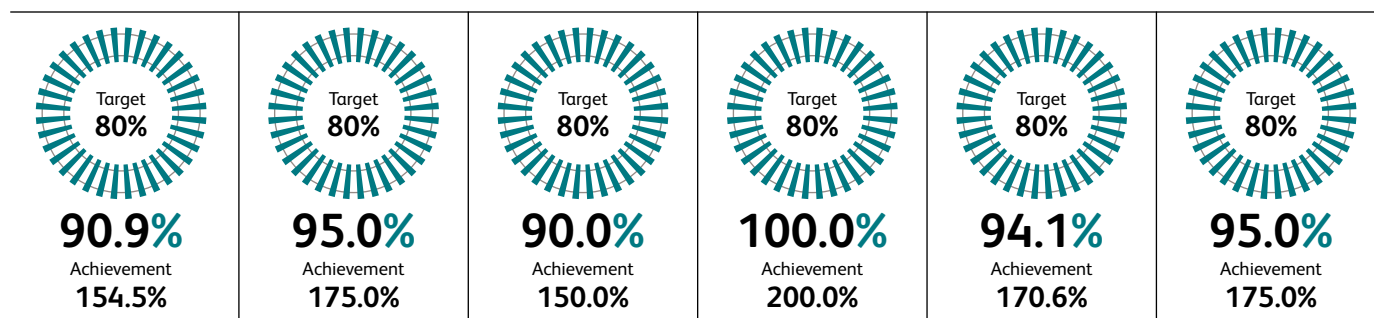
The annual targets are shown in the centre of each circle. The figure below is the actual performance we achieved by the end of the year. The achievement figure shows where actual performance sits within a taper range (a range of acceptable performance). Where we achieve below our lower taper, we get an achievement score of zero per cent. Performing to target will get us an achievement score of 100 per cent. Outperformance (above target) means we’re achieving above 100 per cent, up to a maximum of 200 per cent. Generally, an achievement above zero per cent is demonstrating performance has improved over the previous year. The coloured tracks are a visual representation of this number with a full circle representing 100 per cent on target achievement.

Both national and regional scorecard achievements contribute, in part, to the Network Rail performance-related payments. Our national scorecard outturn for financial year 2024/25 was 79.6 per cent (2023/24: 62.8 per cent).

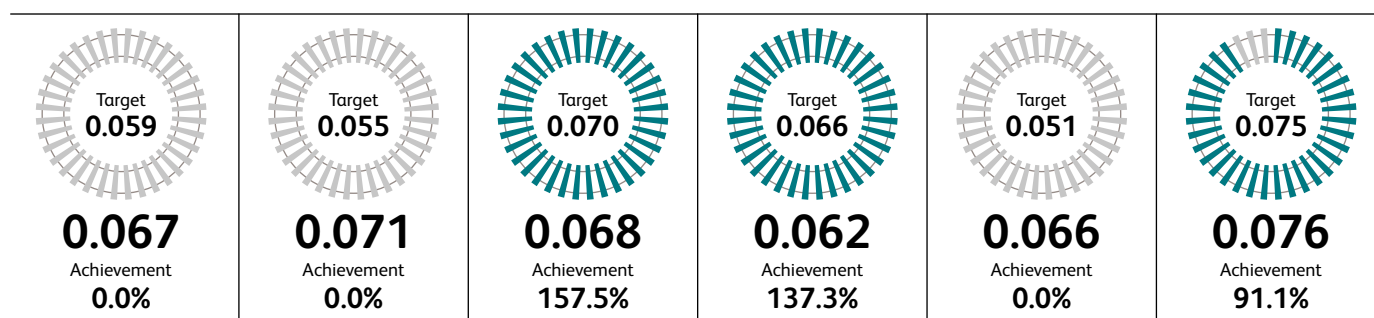
## ● Safety

National	Eastern	North West & Central	Scotland's Railway	Southern	Wales & Western
●	●	●	●	●	●

### Passenger safety milestones



### Workforce fatalities and weighted injuries (FWI)



**Passenger safety milestones:** We measure the improvement of public and passenger safety against agreed milestones. Nationally we had 121 milestones that we monitor. We measure the percentage of milestones completed on time or early within the year. A higher figure represents a better performance against target. This is a new metric in 2024/25.

The target was to achieve 80 per cent completion over the year. We completed the year at 90.9 per cent, meaning that we implemented over 100 initiatives to enhance passenger safety.

In October 2024, a Transport for Wales passenger service on the Cambrian Line heading from Shrewsbury to Aberystwyth (Wales & Western Region) collided with another train travelling in the opposite direction. Sadly, a passenger died following the incident, and fifteen people were injured in the crash. The Rail Accident Investigation Branch is investigating the cause of the incident and a Coroner's inquest

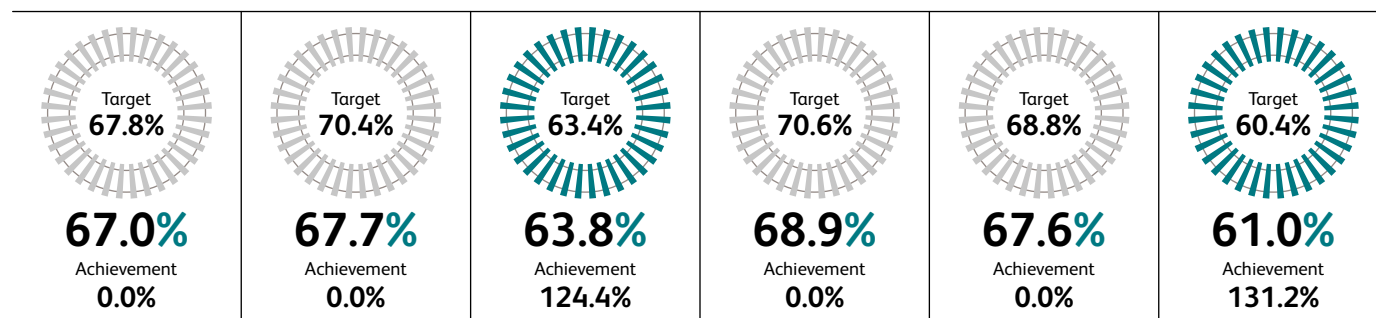
has opened to establish the cause of death of the passenger who died.

**Workforce fatalities and weighted injuries (FWI):** This is a measure of the safety of our people, including Network Rail employees, contractors and our supply chain. The measure is based on how many injuries our people suffer while at work. Each incident is weighted depending on the severity and the measure is calculated per million hours worked. A lower figure represents a better performance against target. We ended the year having achieved 0.067 against a target of 0.059. This year we have had no workforce fatalities. We have continued to run roadshows to increase staff awareness of the key causes of accidents for our people; slips trips and falls and keep our people safer. We had a good start to the year. However, whilst there were fewer injuries overall, performance over the winter was disappointing with several severe injuries to colleagues.

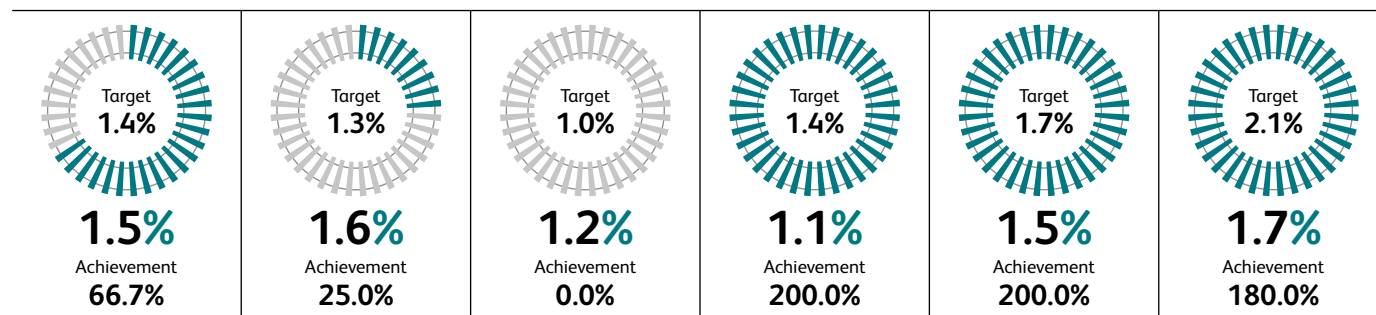
## ● Train performance and passenger satisfaction

National	Eastern	North West & Central	Scotland's Railway	Southern	Wales & Western
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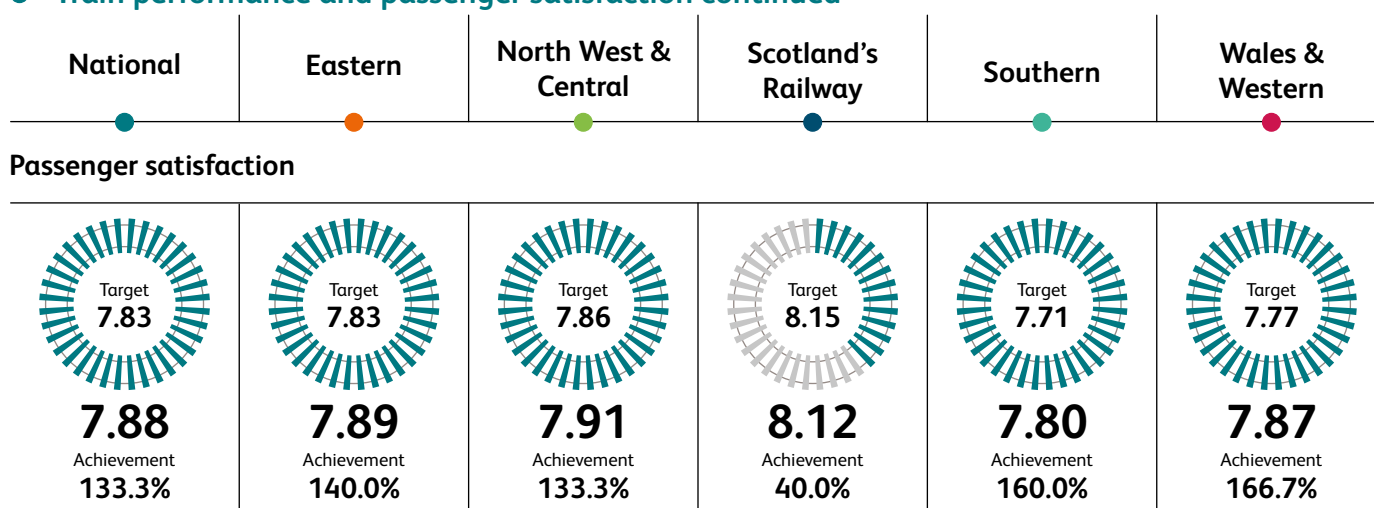
### On time



### Freight cancellations



## ● Train performance and passenger satisfaction continued



**On Time:** This is a measure of the percentage of recorded station stops at which a train called early, on time or less than one minute late. A higher figure represents a better performance against target. The measure is impacted by passenger numbers, timetable, station dwell times, infrastructure, fleet asset failure rates and train crew availability, external events, extreme weather conditions and seasonal weather such as autumn leaf fall.

On Time performance ended the year at 67.0 per cent against our target of 67.8 per cent.

External incidents such as trespass and vandalism were one of the key challenges for the year, with the number of incidents rising by four per cent, and the resulting delays increased by 20 per cent on last year. Severe weather has had less of an impact this year, with fewer named storms although two significant storms in winter (Storm Darragh and Storm Éowyn), brought a lot of disruption. In general, weather has been more benign this year resulting in actual on time failures relating to weather reducing by seven per cent compared to last year. Other causes of performance loss such as asset performance, traincrew and fleet availability have seen increases in on time failures this year.

Our industry partners, the train operating companies, use a similar measure, “Time to 3”. This measure is the percentage of recorded station stops called at early, on time, or less than three minutes late. “Time to 3” was 86.2 per cent and we will align with the industry to focus on this measure next year.

**Freight cancellations:** This is the number of Network Rail and other operator-caused cancellations, as a

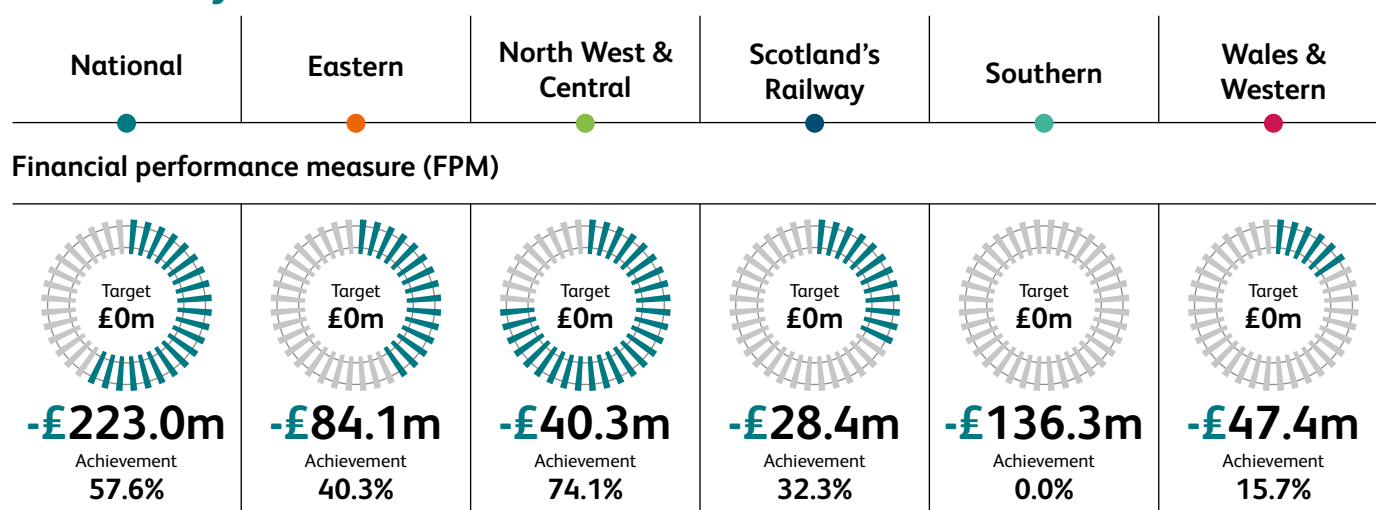
percentage of freight trains planned. A lower figure represents a better performance against target. We ended the year at 1.5 per cent against our overall target of 1.4 per cent. Flooding and high winds have had the biggest impact on our freight cancellations, accounting for 37 per cent of them. Other influences have been asset performance and externals such as trespassing and vandalism.

**Passenger satisfaction:** Passengers are asked to rate how satisfied they are with their journey from 1-10 (1 being poor, and 10 excellent) and satisfaction is reported as an average of all responses. It’s based on outputs from the Rail Delivery Group (RDG) funded ‘Wavelength’ survey, which is completed by recent train passengers who opted to participate via the website. The contributing question is ‘Overall, how satisfied were you with this particular journey on a scale of 1-10?’

Passenger journey satisfaction finished the year with a score of 7.88 against a target of 7.83. Satisfaction in the final periods improved significantly, primarily driven by better on-time performance towards the end of the year.

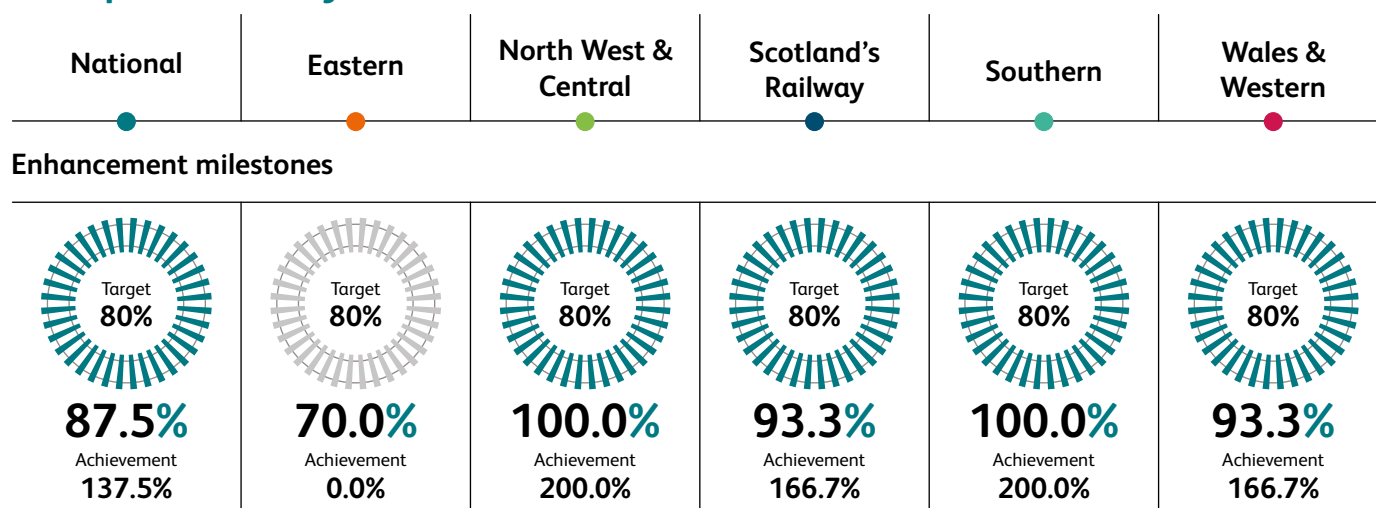
The top two areas with the biggest impact on journey satisfaction are “My train arrives on time” and “The pre-booked element of my journey met my expectations (e.g. assistance and seating).” Additionally, passenger satisfaction is affected by trains departing on time, being able to sit or stand comfortably during the journey, and the overall sense of ease while traveling. Factors such as cleanliness, safety, the simplicity of finding information, and the availability of assistance when needed also play a significant role in influencing satisfaction.

## ● Efficiency

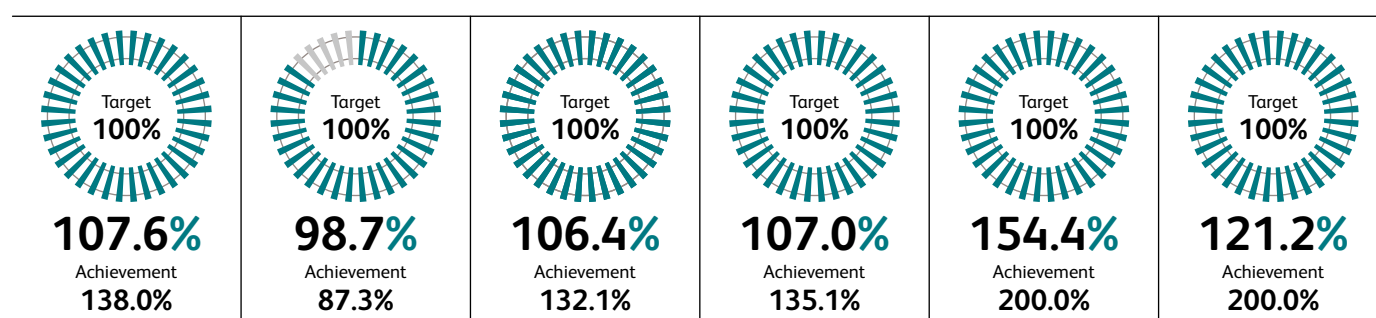


**Financial performance measure (FPM):** This measure is an assessment of how Network Rail have performed compared to the challenging financial targets set out in the year's business plan (2024/25). The measure is an aggregation of the three individual FPM measures: profit and loss, renewals and enhancements (both seek to measure the level of underspend or overspend on a project compared to targets). We finished the year behind our target for FPM by minus £223m. Financial underperformance was primarily driven by renewals. This is due to signalling, supplier and access issues, schemes which were due to be finished in Control Period 6 but have been delayed/deferred and require completion in Control Period 7 and funding reprioritisation leading to paused or cancelled projects.

## ● Capital delivery



### Effective volumes



**Enhancement milestones:** This measure tracks the number of milestones on enhancement projects completed ahead of or to plan, as a percentage of all milestones planned for the year. The enhancements are designed to improve the network for our passengers by increasing access, capacity and resilience. We have delivered 21 of our 24 national milestones either ahead of or according to our planned delivery dates. A notable delivery has been the Manchester Northwest transformation programme platform extensions which has delivered greater capacity for passengers by allowing longer trains to run. One of the missed milestones was the programme to replace Botley Bridge in Oxford,

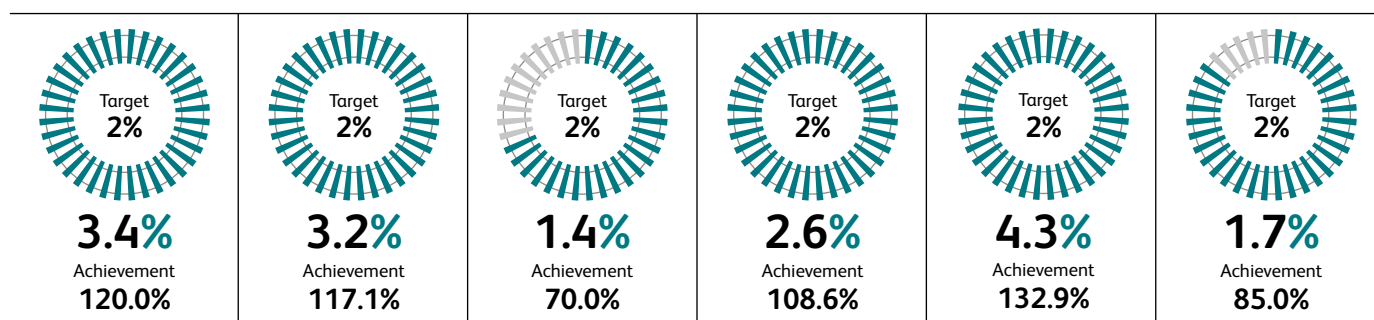
which has encountered several challenges, and the subsequent delays have impacted the delivery. The Access for All Programme which makes stations and platforms more accessible, has had one of the best years ever in terms of projects delivered, including the delivery of five national milestones.

**Effective volumes:** This measures the amount of renewal work that we do – the higher the score, the greater the benefit to the railway (for example, for track, a full renewal would have a higher score than renewing one individual element). National full year forecast actual is 107.6 per cent and we have outperformed in all asset groups.

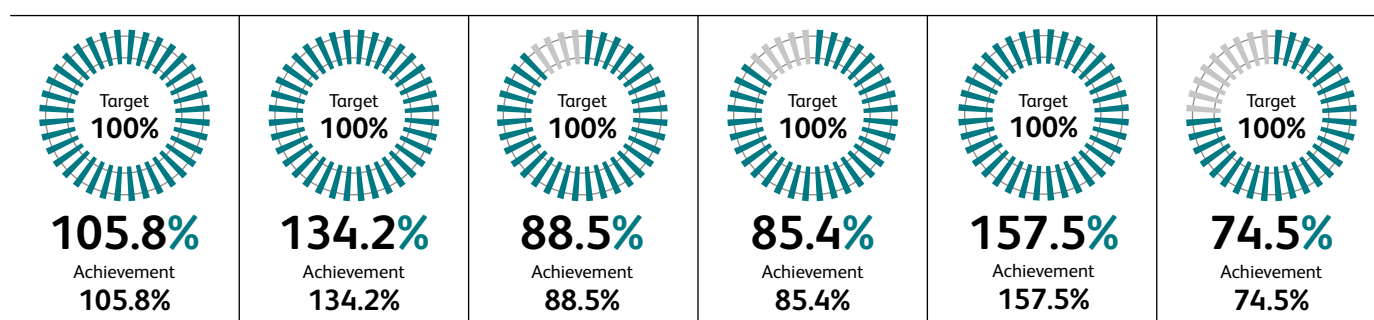
## ● Environment, sustainability and communities



### Route to net zero (RTNZ)



### Customer contact

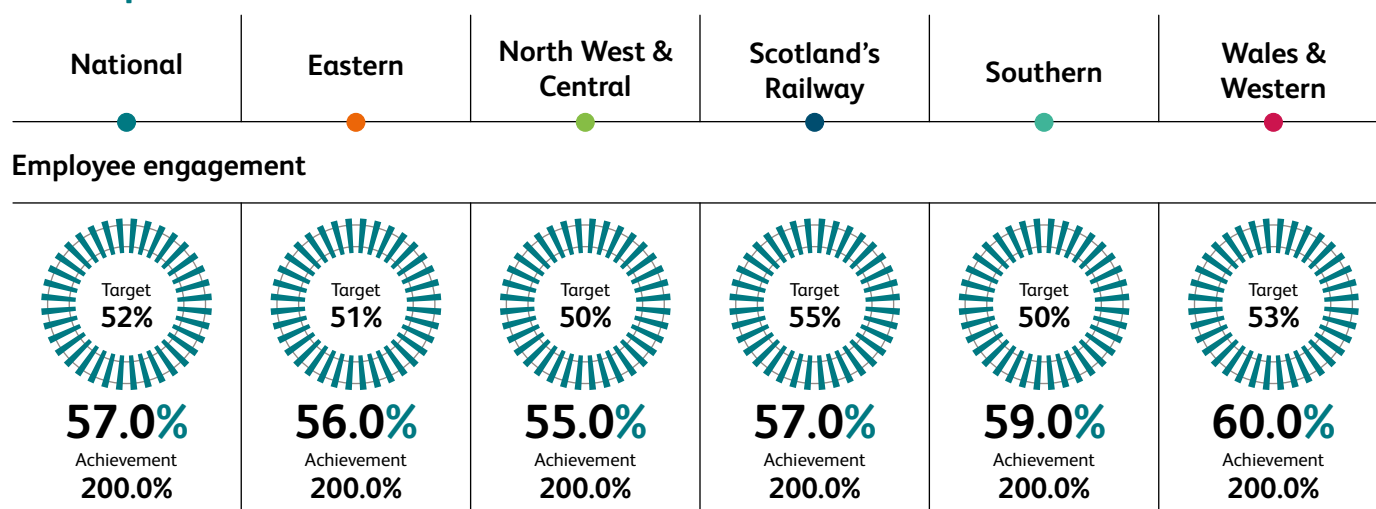


**Route to net zero:** This measures Network Rail's percentage reduction in carbon emissions from energy, fuel, staff travel (road/rail/air) and waste (including depots, signal boxes, offices, and managed stations) in comparison to a baseline year. It is a new metric in 2024/25, with a higher figure representing a better performance against target. It helps our colleagues to understand how they are supporting Network Rail's contribution to the delivery of the United Kingdom's commitment to net zero. For 2024/25, we reduced our relative carbon emissions by 3.4 per cent. Our performance against our sustainability ambitions can be found in the Environment, sustainability and communities section on pages 75 to 79.

**Customer contact:** We measure this based on the number of complaints from our lineside neighbours and at our managed stations, the average age of open service requests, and average scores from our customer surveys and internal case monitoring (related to Network Rail's activities and not train services). We achieved 105.8 per cent.

In 2024/25, we received 27 per cent fewer complaints than last year. Complaints received were mainly about noisy engineering work, no advance notice of work, and the helpfulness/attitude of staff at our managed stations. Customer satisfaction has stayed pretty much the same compared to 2023/24. However, our regional community relations teams have done a better job managing casework, staying in touch with customers, and keeping them updated on progress.

## ● People



**Employee engagement:** This is a measure representing the proportion of employees surveyed who responded favourably to key questions on engagement. The questions measure if employees are speaking positively about the organisation, have a desire to be a member of the organisation and are motivated to spend extra effort to contribute to Network Rail's success. Following the 2023/24 survey, five priority areas of focus were identified: senior leadership, continuous improvement, collaboration, reward and recognition, and resources. During the year a range of activity has been deployed to drive improvements across these priority areas. The survey results for this year (57 per cent) were an improvement of six percentage points from 2023/24.



**Jeremy Westlake** ○ ● ○ ● ○ ●  
Chief financial officer  
18 July 2025

**This financial year (2024/25) is the first year of Network Rail's five-year spending plan, covering the period from 1 April 2024 to 31 March 2025, otherwise known as Control Period 7 or CP7. This review will look back over the last year, in which Network Rail made sound progress against our delivery plan and the efficiency targets it contains.**

Our focus is on further increasing productivity by reducing our cost base by £3.9bn over the period 2024-2029, whilst maintaining our performance. We have made a solid start to delivering cost efficiencies and we are on target with our delivery plan for 2024-2029.

Network Rail uses its revenue (received from governments, train operators and other customers) to operate, maintain and renew the rail network.

Renewing our infrastructure means replacing worn-out assets with new equipment. This provides benefits long into the future because these new assets benefit users of the railway over many years. Therefore, renewals costs are not included in the profit for the year but are reported separately as investments.

Any profit that we make is reinvested, as planned, in funding the renewals programme to keep the railway operating in the future.

## Key financial highlights

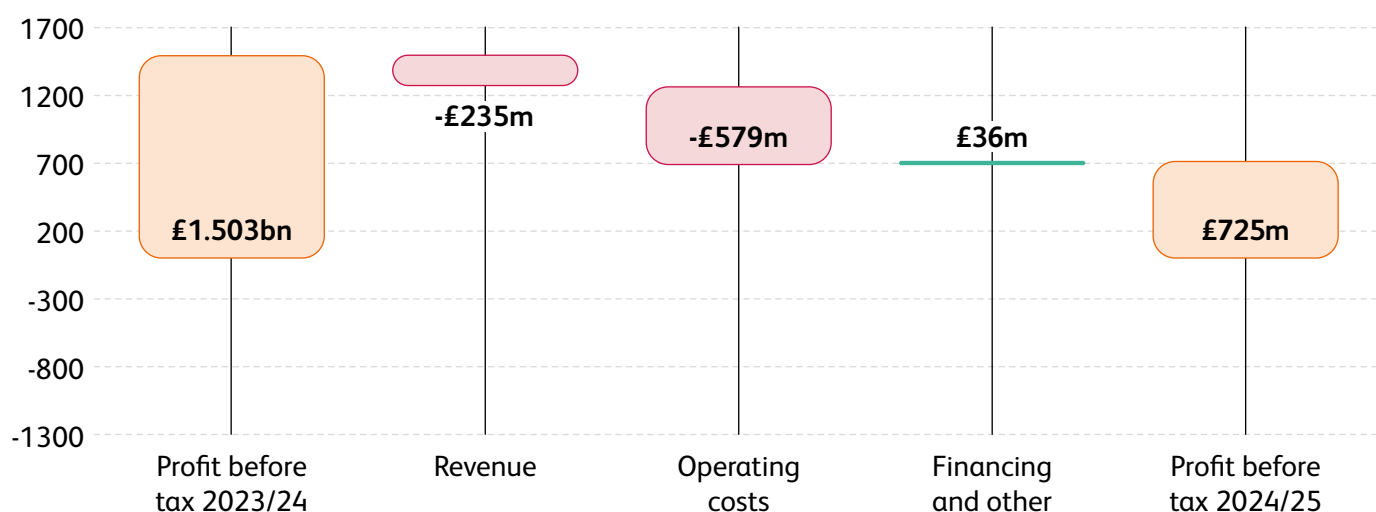
(The financial statements start on page 179)

- Revenue reduced to £11.3bn from £11.6bn last year. This was caused by reductions in revenue grants from governments. However, these reductions were partially offset by increased regulated charges from train operators, as well as increased freight income and retail income at stations.
- Operating costs increased from £7.5bn last year to £8.1bn. This is as a result of delivering more maintenance, inflation and increased depreciation (which is the accounting charge relating to the wearing out of infrastructure assets).
- Profit before tax was £0.7bn, reduced from £1.5bn last year.
- Investment decreased to £6.2bn, compared with £6.8bn last year. This reduction is due to a decrease of £0.4bn in the amount we spend on renewals (replacing worn-out infrastructure) and a decrease in the amount we spend on enhancements (upgrading the railway beyond its previous design) of £0.2bn, in line with our business plans
- Net debt increased to £60.9bn from £60.1bn due to increases in the value of RPI-linked bonds in line with inflation.

## Financial summary

This year we made a profit before tax of £0.7bn (2023/24: £1.5bn) The reduction, compared to last year, was because our operating costs increased whilst revenue reduced.

### Profit movements since last year



The graph above shows how profit changed from this year to last showing a £235m decrease in income, an increase in operating costs by £579m and financing and other costs decreasing by £36m. The result being profit before tax decreasing from a profit of £1.503bn to a profit of £725m.

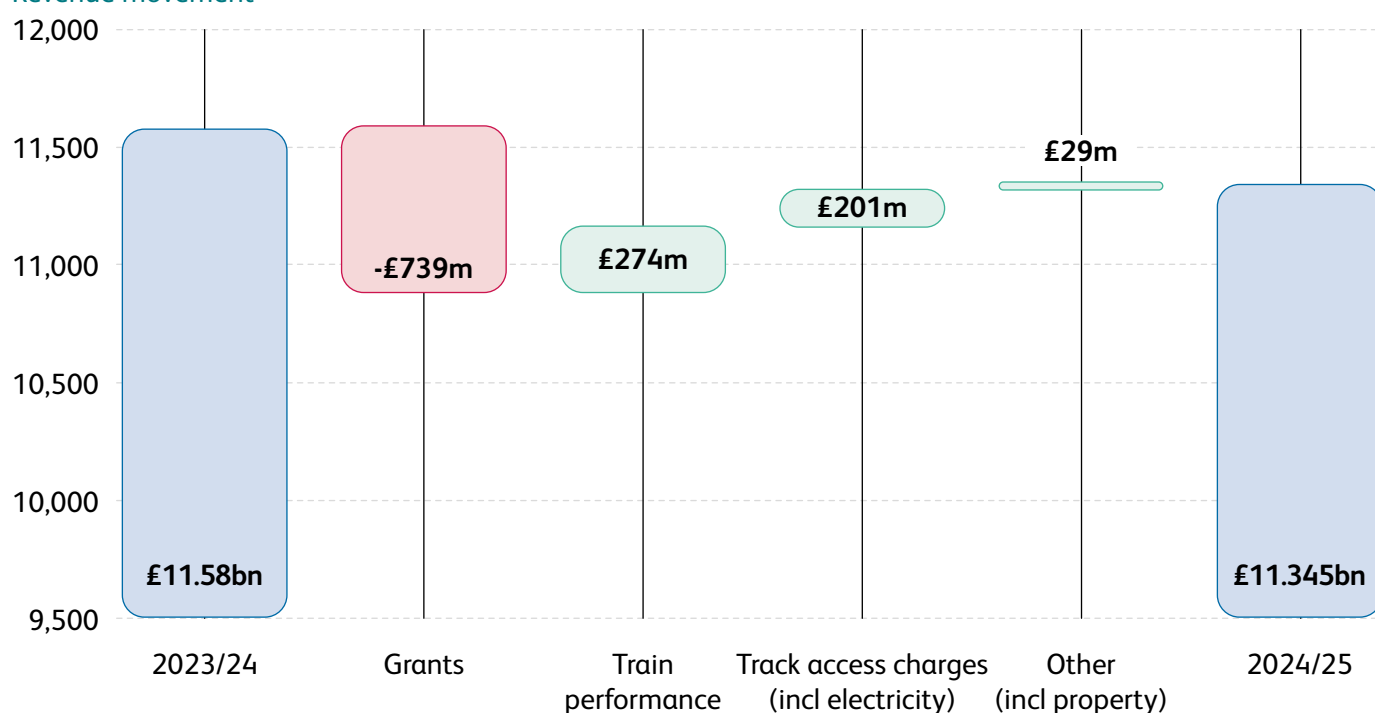
### Revenue

Revenue decreased to £11,345m compared to 2023/24 (£11,580m), a decrease of £235m. Grants decreased by £739m, in line with our delivery plan and grant agreements. For further details, see Grants recognition policy on page 186.

Our net revenue increased because compensation to train operators, (for delays caused by engineering works and by unplanned incidents), reduced by £274m. Train performance benchmarks and rates are re-set at the start of each control period to align to the performance trajectories agreed with the Office of Rail and Road (ORR).

Track access rates are re-set at the start of each control period through the regulatory settlement, and increased electricity costs are recovered from train operators and this further increased revenue by £201m.

## Revenue movement



Our other income increased by £29m because of the recovery in freight revenue and in retail income from shopping units at stations as the number of people visiting our stations increased.

The graph above shows a decrease in grant income of £739m, an increase in revenue through less train performance compensation of £274m and increase in track access charges including electricity charges to train operators of £201m and an increase on other income (including property) of £29m. As a result, revenue decreased from £11.58bn last year to £11.345bn this year.

### Operating costs

Net operating costs this year were £8.103bn. This increased by £579m compared with last year's expenditure of £7.524bn, including efficiencies. The year-on-year increase was because:

- increases in maintenance, net of recoveries to capital of £194m, due to a change of asset management policy for CP7 towards greater maintenance activity, material price increases (including framework contracts for CP6 expiring, and includes a step change in costs to reflect market prices)
- employee costs £159m (see below)
- energy costs of £49m, reflecting higher market prices as a result of moving away from previously fixed deals
- the cost of depreciation and amortisation,

which relate to the wearing out of the railway infrastructure assets, increased by £123m. The depreciation charge increased in line with the increased value of our railway infrastructure assets, caused by inflation

- other costs including business rates increased by £53m.

### Employee costs

Employee costs increased by £159m. This increase was due to a 0.9 per cent increase in staff numbers and a 4.6 per cent increase in average cost per employee.

### Financing costs

Finance costs for the year were £2.521bn. This is lower than last year (£2.619bn), largely because of the impact of lower prevailing interest rates.

### Investment

This year we delivered £6.2bn of railway investment (2023/24: £6.8bn). Spend on enhancements that will increase the capacity of the network totalled £2.5bn (2023/24 £2.7bn). This included £1.9bn from Department for Transport, £200m from Transport Scotland and £500m from other grant-funded projects.

Major schemes included the TransPennine Route Upgrade, East West Rail and improvements to the Midland Main Line and the East Coast Main Line. In Scotland, enhancements included electrification projects to decarbonise the network and

improvements at Levenmouth, where 19km of railway was reinstated and electrified, along with two new stations which were officially opened earlier in the financial year.

These schemes will improve connectivity, reduce rail's environmental impact and drive the economy.

We have also invested £3.7bn (2023/24: £4.1bn) on renewals this year. This included £900m of track renewals, including 900km of new track and six hundred replacement switches and crossings. In addition, we spent £600m on signalling renewals, £500m on structures (including around 40,000 square meters of bridges), £300m on earthworks, £300m on electrification assets, £300m on buildings and property, including improving stations for passengers and £800m on other renewals including telecoms, IT, drainage, intelligent infrastructure and faster electrical isolation equipment. We delivered 100 per cent of our seven key renewal volumes (2023/24: 99 per cent).

## Efficiency

Network Rail has been set a five-year (2024-2029) efficiency target of £3.9bn. Efficiency is measured as the amounts we spent this Control Period versus how much we were spending at the end of the previous Control Period to achieve the same outcomes.

Efficiency reporting is focussed on the costs of running the railway such as operating expenditure, maintenance and renewals and on the costs of investing in new infrastructure enhancements to increase the outputs of the network.

Looking at our five-year efficiency programme for operations, maintenance and renewals (OMR), we have a first-year saving £325m, ahead of the glide path set out in the delivery plan. So, it costs £325m less, on a like-for-like basis, to run and maintain the railway in 2024/5 than the amount it would have cost us to do the same at the end of the prior control period in 2023/4.

Enhancement efficiencies achieved £406m in cost reductions, which is £33m ahead of our delivery plan.

## Financial performance measure

Our key performance indicator, the financial performance measure (FPM), measures our

performance against the challenging annual targets we set our business. These targets challenge our business to go further than the efficiency challenge and include revenue as well as costs. The tough FPM targets are an example of how we are constantly driving to reduce the cost of the work that we deliver.

Overall, FPM finished £223m behind our target (2023/24: £479m behind our target). This was the net position as we underperformed the profit and loss target by £8m, the renewal target costs by £255m, whilst outperforming on the enhancement programme by £40m.

Renewals' underperformance of £255m on expenditure of £3.7bn was due to signalling, supplier and access challenges; the deferral of schemes originally scheduled for completion in Control Period 6, now requiring delivery in Control Period 7; and the reprioritisation of funding, which has led to some projects being paused or cancelled. We have ensured that we remain on track with the renewal of all critical key assets.

The outperformance in enhancements of £40m was due to initiatives using better contracting strategies, including early contractor involvement as well as early scope definition.

## Financial framework

The rail network that we own and have a licence to operate is included in the accounts at a value that represents the estimate of what a third-party purchaser would pay for it. After considering the changes in valuation, depreciation, additions and disposals, the year-end valuation of the rail network was £88,916bn (2023/24: £86.883bn).

### Financing arrangements

Since being classified as a public sector body in September 2014, Network Rail has borrowed directly from government and no longer issues debt in the capital markets. All new borrowing is limited to refinancing existing debt as it matures. We do not plan to undertake any net new borrowing during this control period, nor do we anticipate doing so in the coming year. Our operations are instead funded through grants from the Department for Transport (DfT) and Transport Scotland (TS), as well as revenue generated from passenger and freight train operators.

During the year ending 31 March 2025, we used the DfT loan facility to refinance loans that were due to be repaid to DfT of £15.7bn. No borrowing issued in the capital markets matured during the year, but RPI-linked bonds increased in line with the RPI index. As a result, net debt rose to £60.9bn from £60.1bn.

### Grant agreements with the Department for Transport and Transport Scotland

Separate grants are in place between Network Rail and the Department for Transport and Transport Scotland. These reflect the amounts agreed in the financial settlement for Control Period 7, as well as funding enhancements to the rail network. These grants are:

- with DfT: network grant; enhancements grant; GBRTT grant; British Transport Police grant; financing costs grant for DfT interest; financing costs grant for external interest (bonds and swaps); and corporation tax grant; and
- with TS: network grant and enhancements grant.

### Risk management: interest rates and currency

We manage the interest and foreign exchange risk of debt issued in the capital markets by using derivative financial instruments allowing us to pay an agreed amount, with another party taking the risk on foreign exchange or interest rates. These ways to protect against financial losses by using another investment are called hedges. All these arrangements were entered into before we became a public sector body and will eventually end once our external debt is paid off.

We measure our hedges at their market value, as required by International Financial Reporting Standards (IFRS). A market value is calculated by comparing the original value of the hedges against the current market rate. We do not intend to trade these hedges but use them to minimise our financial risks.

### Pensions

Network Rail uses two defined benefit pension schemes. Costs are shared with pension scheme members on a 60:40 basis. As of 31 March 2025 our pension schemes were a net asset of £923m (2023/24: £140m liability) with one scheme recording a net asset of £1.075bn whilst the other recorded a net liability of £152m. This increase in £1.063bn was due to changes in interest rates on low-risk corporate bonds, making pension obligations easier to fund, increased by gains on assets held by the pension schemes (e.g. stocks, shares, properties, bonds, cash).

The schemes have seen the value of their assets increase in the year and they are fully funded, meaning that the value of pensions assets is expected to grow to meet pension obligations as they fall due. Both Network Rail and members continue to contribute to the schemes.

### Deferred Tax

The tax expense in the income statement of £210m represents an accounting provision for deferred taxation (2023/24: £362m).

The deferred tax provision relates to the difference between how profits and gains arise in accounts and when the associated corporation tax may become payable in the future. Network Rail's deferred tax liability now stands at £7.631bn (2023/24: £6.996bn). Whilst this is a significant liability it is unlikely to require settling in the foreseeable future.

## Post balance sheet events

Since the year-end, Network Rail has acquired London & Continental Railways Limited from the Secretary of State for Transport.

## Outlook

Network Rail has built on £4bn of efficiencies made in the period 2019-2024. We have a target of £3.9bn of efficiencies to achieve in CP7 and we have made a good start, one that is ahead of our delivery plans.

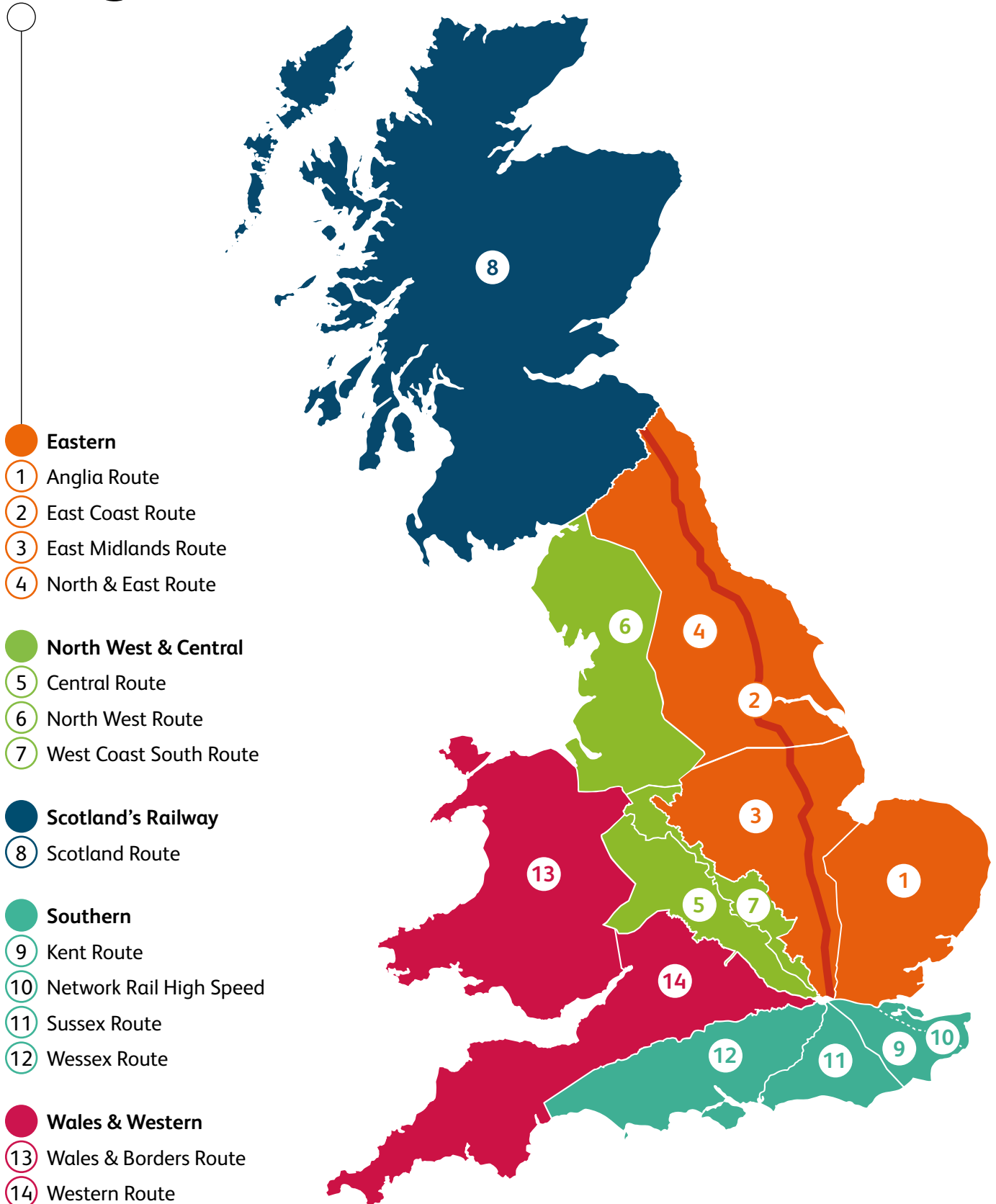
Earlier in the financial year we developed a detailed CP7 delivery plan, which we refreshed in March 2025. The impact of inflation, tight public finances and the need to invest more to manage the impact of more frequent extreme weather on the infrastructure means that we are having to make our funding go further than ever before.

Alongside delivering cost efficiencies, we continue to deliver extensive investments across the length and breadth of the network. In addition to improvements to safety, we will work to boost train performance, usher in modern technologies and invest significantly more funds to tackle climate change.

Rail has a critical role as part of our national infrastructure and is key driver of clean, green and safe economic growth.

Network Rail ○ ● ○ ● ○ ●

# Regions and routes





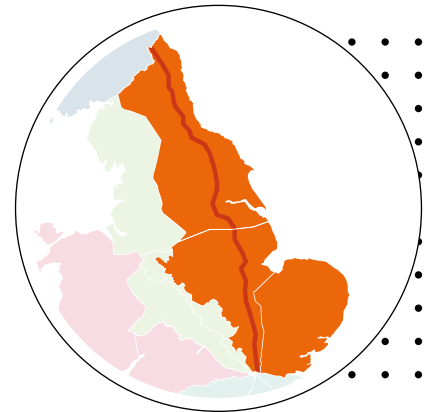
# Eastern



**Ellie Burrows**




Managing director, Eastern

18 July 2025



Eastern is formed of four routes: Anglia, East Coast, East Midlands and North & East. Together, they cover around one-third of Great Britain's rail network, from the Essex coast to the Scottish border. Eastern serves major population centres such as London, Leeds, Newcastle, Cambridge, Derby, Norwich, and Sheffield. The Region features a diverse mix of commuter routes and long-distance high-speed services on the East Coast Main Line (ECML), connecting England and Scotland's capital cities. Additionally, Eastern forms the backbone of the UK freight rail network, linking UK cities to key ports at Felixstowe, Immingham, Harwich, Tilbury, and London Gateway.

In 2024/25 we focused on three primary objectives:

- 1  Operate a safe railway, enhancing public and passenger safety
- 2  Deliver a reliable train service that meets customer needs
- 3  Demonstrate financial sustainability through the delivery of our ambitious efficiency programme.

## Safety

In 2024/25 Eastern delivered 95 per cent of milestones to enhance public and passenger safety, including improved compliance against structures, drainage, and earthworks asset management standards. We reviewed crowd safety and passenger flows at all managed stations and updated station safety plans. Additionally, approaches for managing dead, dying and dangerous trees were improved.

Our workforce safety performance in 2024/25 showed improvement with a 20 per cent reduction in the frequency of injuries causing employees to take time off work. However, there was an increase in the severity of injuries, causing our fatalities and weighted injuries (FWI) score to increase from 0.058 to 0.071. This was driven by slips, trips and falls (47 per cent of injuries), and incidents involving moving, lifting, or transporting materials (35 per cent).

Significant events involving train accidents, although rare, still occur, such as the Redcar level crossing collision which resulted in injuries to the car driver involved. There were no reported injuries to passengers and staff on the train.

In 2024/25 we improved driver safety and road fleet compliance through better pre-use checks for vehicles. Track worker safety was enhanced with additional protection measures and safer methods to access infrastructure. We have also made substantial progress in reaching compliance with our structures examinations, achieving zero overdue visual exams on site in 2024/25.

We are enhancing regional safety maturity by implementing safety improvement plans with aligned areas of focus and promoting best practice across routes. Additionally, we are collaborating with passenger and freight operators to further improve safety, for example jointly reviewing and identifying improvements to reduce the risk of trains overrunning signals set at danger.

## Train performance and passenger satisfaction

Eastern's On Time performance has deteriorated from 69.4 per cent in 2023/24 to 67.7 per cent in 2024/25, which falls short of our 70.4 per cent target.

We've made considerable efforts to improve performance this year, although external incidents such as trespass and fatalities have continued to rise, particularly on routes near London. This heavily impacts On Time performance, as does the number of severe weather events that we have experienced.

We have continued our improving trend in the number of asset failures that impact train services, driven by a 7 per cent reduction in track incidents. This is due to our proactive management of assets, including targeted renewals and maintenance activities to minimise the impacts of hot weather, and a continued emphasis on removing temporary speed restrictions.

By assessing the contributing factors to Eastern's current train performance, we have developed an evidence-based performance improvement plan that targets the areas of our network which will have the biggest impact, delivering improvements that offer value for money. This includes investing in preventing failure of assets that have the greatest impact on train performance, improving our operational plan and approaches to service recovery, and delivering a trespass, fatalities and vandalism reduction programme.

Freight services have seen similar challenges in 2024/25, with 1.6 per cent of services cancelled against a target of 1.3 per cent. However, this represents a 0.3 per cent improvement from 2023/24. Performance has been heavily impacted by flooding at key freight locations, such as Immingham and Rotherham, and external incidents such as trespass and route crime.

In 2024/25, Eastern's freight growth was 9.3 per cent, far surpassing the 1.5 per cent committed

target for this year, driven by biomass, construction, and intermodal growth. We are enabling further freight growth across CP7 by working with freight operators and industry stakeholders on specific development schemes, including enhancing routes to the Sizewell C construction site, and signalling interventions to unlock capacity for freight traffic in the North and East.

Passenger Satisfaction scored 7.89 out of a maximum of 10 for 2024/25, an improvement from 7.80 in 2023/24, following increased proactive passenger messaging at stations during major disruption, poor weather, and major events. We're aiming to continue improving passenger satisfaction by introducing new screens at King's Cross and additional ticket barriers to reduce congestion at Liverpool Street.

## Financial performance and efficiency

This year Eastern has invested £3.1bn to operate, maintain, renew, and enhance our network. Our financial performance measure (FPM) saw us overspend by £84m in 2024/25. Whilst negative, this represents a significant improvement from last year, which was £196m over budget. Our FPM this year has been heavily influenced by compensation payments we have made to train operators, as a result of train service disruption. As a result, we have had to reduce our renewals expenditure to remain within our funding envelope.

Eastern has delivered £119m of efficiencies across our operating, maintenance, support and renewals (OMSR) funding in 2024/25, outperforming our target by £53m. Key initiatives include applying minimal viable product principles during the design phase of renewals projects, delivering cost-effective contracts, optimising access, and efficiencies related to our modernisation and pay reform programmes, with £15.3m of efficiencies linked to our Modernising Maintenance programme. We are aiming to build on this with a further £802m of efficiencies in the remaining years of the control period to deliver our CP7 Delivery Plan commitments.

Our enhancements efficiencies programme achieved £124m in 2024/25, building on the delivery of £1bn of efficiencies across CP6. One key enabler of this is Project SPEED (Swift, Pragmatic

and Efficient Enhancement Delivery), which seeks to optimise processes to cut the cost and duration of our capital projects.

We have a strong CP7 efficiencies pipeline, with significant engagement across the region and industry to maximise our opportunities. This is essential to deliver financial sustainability and support the challenges we face across the rail industry.

## Capital delivery (renewals and enhancements)

Eastern invested £830m into renewals in 2024/25 and we delivered 98.7 per cent of our renewals volumes annual budget, with overperformance achieved across structures, overhead line equipment (OLE), and track. Signalling volumes were below target at 73 per cent, mainly because of the rephasing of volumes for the Cambridge re-signalling programme and the Ferrybridge to Goole signalling renewal commissioning into future years.



Eastern has invested £844m in network enhancements in 2024/25. Whilst we underperformed slightly by delivering 70 per cent of our enhancement milestones against an 80 per cent target, significant works have been delivered this year.

Christmas 2024 saw the delivery of several major milestones, including a key stage of the south of Bedford electrification project, and the final major possession for the Beaulieu Park new station. The Christmas closure also saw the East Midlands route coordinate passenger travel arrangements for over 50 worksites, minimising disruption.



The Kettering to Wigston electrification project was delivered ahead of schedule in July 2024. Along with the South of Bedford project this will enable new bi-mode trains to run electrically up to 125mph between London St Pancras and South Leicester later in 2025.

On the North and East Route, signalling between Benton Junction and Bedlington was commissioned in August to support the Northumberland Line project. This launched a two-station passenger service in December 2024, between Newcastle and Ashington for the first time in 60 years.

Following the December 2024 commissioning of the ECML Power Supply Upgrade 2 programme, there is now sufficient power to operate the increased services planned in the December 2025 ECML timetable change.

The East Coast digital programme has made significant progress in upgrading one of our major

railway lines with in-cab signalling. This will improve service reliability and punctuality, while also making rail journeys more environmentally friendly. Nearly all trains on the Northern City Line now use level two European Train Control System (ETCS), following completion of driver training in September. Following the February infrastructure upgrade, ETCS is being tested on the ECML between Welwyn and Hitchin. Additionally, substantial progress has been made in retrofitting vehicles with more signalling, with the first Class 66 train tested in ETCS and several other fleet types close to approval for service.

## Environment, sustainability and communities

We have delivered a 3.2 per cent reduction in carbon emissions in 2024/25, compared to our two per cent target. Strong 2024/25 performance is largely attributed to reduced diesel consumption across all routes.

We've developed a regional decarbonisation plan that identifies energy saving opportunities, including the transition of our road fleet to zero emission vehicles, which will account for the majority of our operational carbon savings.

We are embedding biodiversity net gain into our project processes, to ensure our activities have a positive impact on biodiversity. Route biodiversity and habitat management plans have been developed to enhance biodiversity without compromising the resilience of our railway.

Eastern invested £99m in weather resilience asset renewals in 2024/25 to help manage climate risks and the impact of extreme weather events on our assets, with a focus on drainage, earthworks, signalling and electrification.

In 2024/25 we outperformed our customer complaints target by 40 per cent and have seen a reduction in complaints during disruption following increased service delay information at managed stations. We were slightly behind our response time targets, with an average of 20 days against a target of 19, but feedback shows customers are pleased with the quality of our correspondence, with a feedback score of 10.2 out of a maximum of 12.

## People

Our people strategy is built around six core pillars: leadership capability, talent and succession, strategic workforce planning, equity, diversity and inclusion (EDI), better work, and industrial relations. These pillars ensure we can attract, develop and retain people with the right skills and behaviours to deliver our strategic objectives. Recruiting, retaining, and developing a highly skilled, engaged, and motivated workforce is key to delivering for passengers. This is acutely important as we move towards Great British Railways. We are delivering targeted support for leaders to improve our short-term workforce plans and embed strategic planning skills.

Your Voice, our internal colleague survey, remains a significant opportunity to engage with our people. Our engagement score of 50 per cent in 2023/24 was returned against a backdrop of budget restraint and following the national Modernising Maintenance and Modernising Management programmes – these are now mostly complete and

following the national pay award and investment in detailed and colleague focused action plans, employee engagement improved by 6 per cent in 2024/25 to 56 per cent.

We have made further progress on the delivery of our Modernising Maintenance programme in 2024/25 and currently have a 7.7 per cent vacancy gap against our maintenance headcount target of 2,387, compared to 12.2 per cent at the end of 2023/24. We will reduce this further in 2025/26 through further investment in our Fast-Track Technician training programme.

In 2024/25 we increased the proportion of female employees by 0.3 per cent to 16.9 per cent and those from Black, Asian, and minority ethnic groups by 0.5 per cent to 8.6 per cent. To ensure we are representative of our communities we have strengthened our inclusive recruitment practices, piloted within initiatives such as the Fast-Track Technician programme, which recruited 29 employees in 2024/25. Leadership capability and development has undergone a full review and refresh through 2024/25. Working with the national leadership and development team, an updated leadership skills and behaviour framework has been deployed.

## Our focus for 2025/26

Our focus remains to deliver a high-performing railway that is fit for the future. We are committed to stabilising and recovering train performance to a level that our passengers and freight users expect. We will work closer than ever with train operators to deliver performance improvement plans to improve industry train performance.

Safety remains a key focus. Our 2025/26 activities are designed to sustain improvements that reduce safety risks for passengers, the public, and our workforce.

We are also enhancing our efficiencies programme to ensure we demonstrate value for money. Following a strong start to the control period, we are targeting a further £137m of efficiencies in 2025/26.

Significant investments throughout the remainder of CP7 include ETCS deployment on the ECML, the Cambridge re-signalling renewal in Anglia, and major interventions at Liverpool Street to improve the service we offer to passengers and freight users.



## East Midlands: ‘Speed Up Sunday’

In our March 2024 Delivery Plan, we committed to working with industry partners to deliver efficiencies across the entire rail industry and minimise disruption for passengers. In the East Midlands, we have established a strong collaborative relationship with East Midlands Railway (EMR).

‘Speed Up Sunday’ emerged from a collaborative effort between EMR and Network Rail to explore commercially viable timetable improvements, that make railway access more efficient for maintenance work, whilst best meeting customer needs. By streamlining Sunday timetables, we’re removing two southbound and two northbound services and starting these services 51 minutes later. This adjustment shortens journey times by 20–34 minutes for up to eight southbound and six northbound EMR services.

The adjustment also increases vital railway maintenance access by up to an hour in the Leicester/ Derby/ Nottingham areas, allowing teams to perform specific activities in a single shift, as opposed to the two shifts that would have been required previously. This not only boosts efficiency but also enables more essential maintenance work, which is crucial for ensuring the safe and reliable operation of the railway.

‘Speed Up Sunday’ has delivered a forecast annual industry benefit of £2.1m per year, contributing £1.2m in additional revenue for EMR and a £0.9m cost reduction for Network Rail. This supports the delivery of Eastern’ region’s £921m CP7 efficiency target and contributes towards wider industry savings.

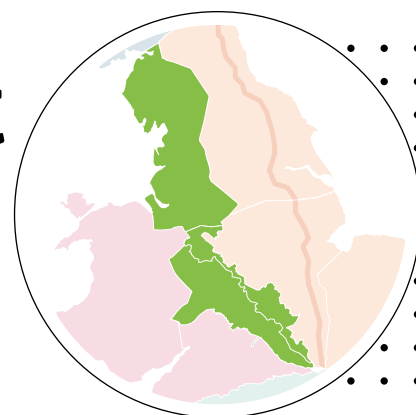


# North West & Central



**Jake Kelly**

Managing director, North West & Central  
18 July 2025



North West & Central (NW&C) is formed of three routes: North West, Central and West Coast South, which together form the economic spine connecting London, Birmingham, Liverpool and Manchester, representing 24 per cent of Great Britain's railway infrastructure. The Region includes one of Europe's busiest mixed-use railways, which carries a combination of passenger and freight trains such as the West Coast Main Line (WCML).

## Safety

Our colleague safety performance in 2024/25 showed improvement with a seven per cent reduction in fatality weighted index (workforce injury measure). We continue to see consistent trends in our more serious accidents associated with slip, trip and falls (40 per cent of our injuries) and incidents involving moving, lifting and transporting materials and equipment (14 per cent of injuries). However, we have reduced the overall number of accidents in these areas throughout the year.

We have continued our focus on track workers safety improvement initiatives, for example, increasing the use of protection to prevent signallers inadvertently signalling trains into line blockages. Our near miss statistics are the lowest levels recorded to date and our operational close call incidents (incidents that require an immediate operational response) involving track workers are trending downwards.

In addition, the North West Route is the first route nationally to successfully implement a new way of undertaking electrical risk assessments and isolating overhead line equipment, known as the “Single Approach to Isolations”. This represents a significant step forward in electrical safety for our workforce, standardising isolation procedures for overhead lines and enhancing our ability to assess and mitigate electrical risks.

To improve passenger safety, we’ve delivered 18 of the 20 milestones across several infrastructure assets. We have also made significant progress in reducing the track loss of detailed examination from over 13 per cent of assets to under six per cent. We will return to a stable and largely compliant position on this measure in 2025/26.

We achieved our level crossing risk reduction target, delivering several mini traffic light system upgrades to indicate to road users when it’s safe to cross the railway, along with many minor improvements at our passive crossings. We also reduced passenger accidents at our managed stations, against a backdrop of more passengers returning to the rail network, through targeted interventions, including on our escalators.

## Train service delivery

Our regional on time performance was 63.8 per cent. This was better than target and last year’s

performance, of 63.4 per cent. Passenger cancellations were worse than target, at 5.1 per cent against a target of 3.7 per cent.

We know train performance has been challenging for our passengers, particularly the impact of cancellations. The major causes of cancellations and delays were traincrew shortages, rolling stock and isolated infrastructure faults, trespass and vandalism, and the impact of severe weather. In autumn and winter, several named storms resulted in significant damage to our infrastructure, including the flooding of sites not impacted before.

To address these challenges, we embedded a whole system approach with train operators to create joint performance plans to keep passengers moving. We have targeted aspects of performance management within our control, including tackling isolated infrastructure faults that impact journeys, as well as improving asset reliability, weather resilience and the speed of service recovery following disruption. “Overall Service Affecting Failures” – the measure of the number of occasions our assets cause delay was three per cent better than our target and consistent with 2023/24.

In response to the Avanti West Coast (AWC) train and West Coast South infrastructure poor performance we created our “first 60 miles plan” from Euston to Hanslope, a section of the WCML that is critical to the success of delivering sustainable and dependable performance across the region.

Our regional freight cancellations measure was over target at 1.2 per cent against a target of one per cent but represents an improvement on 2023/24 performance of 1.3 per cent.

Overall passenger satisfaction, as measured by the Wavelength survey, was slightly better than target at 7.91 out of a maximum of 10, against a target of 7.86 out of 10 for 2024/25, with trains departing and leaving on time the most influential driver of satisfaction. Our proactive communications work with national and regional media outlets helped ensure passengers were aware of their journey options in advance, particularly during named storms, which also helped maintain our passenger satisfaction scores.

We have made improvements to our managed stations to enhance the passenger experience. At



London Euston station, we developed a “five-point plan” to address poor passenger experience (further details provided below). At Birmingham New Street, we increased staffing levels to provide more customer support and deployed additional anti-social behaviour teams and new seating.

At Manchester Piccadilly, satisfaction was impacted by emergency works on the station roof, which recovered when works completed in October 2024. New concourse seating was also provided, along with improvements to passenger flows. At Liverpool Lime Street, satisfaction levels fell slightly below our target - improvement works at this station included the refurbishment of the station’s escalators in October 2024.

## Financial performance and efficiency

This year, we invested £2.1bn to operate, maintain, renew and enhance our network. Our “Financial Performance Measure” was £40m over budget this

year. This was driven by late notice possessions required to address asset failures, reprioritised work banks, and adverse train performance that resulted in higher compensation payments due to delays, paid to train operators. This was partly offset by cost reductions on our enhancements portfolio including East West Rail (EWR) and the TransPennine Route Upgrade (TRU).

We set ourselves ambitious efficiency targets throughout CP7 to deliver value for money. Throughout 2024/25, we delivered £86m of efficiencies across operating expenditure and renewals, outperforming our target by £37m. Contributing initiatives included: redesigning our regional organisation to streamline activities and reduce headcount; modernising our maintenance function to reduce staff costs; reducing spend on subcontractors and overtime; and delivering the same outputs for less using minimum viable product principles in our renewals portfolio.

Our enhancement programmes delivered £125m (£288m when including TRU) of efficiencies over

2024/25. Contributing initiatives were the EWR project, due to efficient delivery through strong management and control, and Manchester Oxford Road remodelling, which used early industry collaboration leading to a minimum viable product solution.

## Capital delivery

This year we invested £743m to renew our infrastructure. Key projects to improve reliability and resilience of the network for freight and passengers were delivered at Basford Hall, Garrison Street and Northchurch tunnel.

We invested £300m to enhance our network in 2024/25, with an extremely successful year, achieving all 15 scorecard enhancement milestones, three of which were enhancement delivery plan milestones. East West Rail infrastructure was completed to support the start of passenger services between Oxford and Milton Keynes in late 2024. We also delivered the Manchester and North West transformation programme to allow longer six-car trains to be introduced.

The TransPennine Route Upgrade achieved several key programme milestones, including the main contract section awards for both West and East integrated track and train business units. Overhead line, track and junction work in this area will enable more trains to run by electricity between Manchester and Stalybridge. From April 2025, the delivery of the TRU enhancement programme will be overseen within Eastern Region, having previously been included in the NW&C delivery plan for 2024/25.

Further, we delivered platform extensions at Southport station which allows the Liverpool City Region Combined Authority to operate longer and upgraded trains to increase capacity. The Wigan to Bolton line was also electrified over the 2024 Christmas period, allowing entry into service from summer 2025.

## Environment, sustainability and communities

We reduced carbon emissions by 1.4 per cent against a target of two per cent. Investment this year includes the modernisation of our building estate at the Bletchley Super depot, LED lighting renewals, £4.975m from the public sector decarbonisation

scheme to decarbonise Manchester Piccadilly and using less diesel in our road fleet.

Due to the onset of more frequent and intense weather events, we are carrying out climate change adaptation strategies to deepen our understanding of where our infrastructure is most at risk to changing weather patterns and to identify future required interventions. These areas involve the Cumbrian Coast line, Carlisle and Euston.

At flood prone areas in the North West, we delivered several water storage schemes and created biodiversity sites in Liverpool, and Manchester.

In 2024/25, we reduced the number of complaints and met our 19-day average age response and customer survey feedback targets. Yet, we missed our national quality assessment target due to staff shortages.

We supported Greater Manchester Combined Authority (GMCA) on their plans to integrate rail and stations into the Bee Network. We also partnered with the GMCA on initial plans to regenerate seven major stations and explore vacant railway land to tackle housing targets.



We've also focused on good passenger assistance across our managed stations. Birmingham New Street handled over 12 per cent of all passenger assistance across Network Rail's managed stations portfolio. We have secured funding for a passenger assist lounge

at Liverpool Lime Street in 2026. We also have plans to deliver enhancements to our escalators which will improve overall customer experience.

## People

We have continued to modernise our maintenance organisation, improving the effectiveness and efficiency of our rosters to better allocate resources, reduce duplication and replanning, and improve productivity. In April 2024, following constructive consultation with our union representatives, the Region reorientated its operating model. This was to enable the better delivery of safety and train service performance within our fiscal means. It involved devolving more accountability and resources to our three route businesses and creating leaner supporting functions.

Our employee engagement score in 2024/25 improved by six per cent to 55 per cent against a 50 per cent target. The information we obtain from this survey will help us to target improvements.

The number of women in our workforce increased by 2.29 per cent over the year. Women now

represent 17.62 percent of the regional workforce. Colleagues from ethnic minorities increased to 10.93 per cent signifying an overall progress of 1.03 per cent over the last year. However, NW&C remains unrepresentative of the UK population, highlighting there is more work to do.

## Our key focus for 2025/26

Delivering a safe and reliable service for passengers and freight users remains our top priority. We will focus on improving safety leadership to ensure our leaders lead in the way we expect. We will work more closely with our train and freight operating companies to implement whole industry plans that deliver better services for passengers and reduce financial and safety risks.

We will focus on strategic challenges that we face for the rest of the control period. These include reviewing renewal volumes for some asset disciplines and transitioning our road fleet to zero emissions electric vehicles. These issues are likely to affect how we allocate and prioritise funds in the remaining years as our understanding of risk matures.



## Case Study ○ ● ○ ● ○ ●



## Improving passenger experience at London Euston station

**Context:** During autumn 2024, passengers' experience at London Euston station was not acceptable.

**Initiative:** In response, we worked with industry partners Avanti West Coast, London Northwestern Trains, London Overground, Transport for London, the British Transport Police, Transport Focus and London Travelwatch to set out a five-point plan. Together, we set out to improve passenger flows and enable earlier boarding times. Our five-point plan was delivered in time to support the busy festive period where Euston welcomed extra passengers from the Great Western mainline and the Midland mainline.

**Outcomes and Impact:** The physical changes made to the station to create more space and welfare facilities for passengers included the removal of retail

outlets. Passenger messaging has been improved, repurposing the former advertising board for customer information. Clearer wayfinding has been installed to guide passenger movements. Throughout, we delivered timely updates to passengers on the works to improve their experience, with positive feedback received from customer surveys.

**Next Steps:** With the announcement that HS2 will stop at Euston, the focus is now also on a long-term plan to ensure Euston is fit for HS2 and the passengers it will bring. Until the long-term solution is finalised, the rail industry must relentlessly focus on driving further passenger experience improvements within the existing station footprint. Network Rail will continue to lead this collaboration across the industry.



# Scotland's Railway



**Liam Sumpter**

Managing director, Scotland's Railway  
14 July 2025



Scotland's Railway connects people, businesses and communities from the Borders in the south of the country to Wick and Thurso in the north, by managing a network of busy intercity lines and rural routes, while overseeing Scotland's two busiest stations: Glasgow Central and Edinburgh Waverley. Our railway makes a significant contribution to the economy and provides sustainable transport for passengers and freight customers alike.

Scotland's Railway is dedicated to improving train performance, ensuring resilience against weather challenges and net zero goals by working together with train and freight operators and delivering for our passengers and customers. In the first year of Control Period 7 (CP7), we faced a number of financial pressures due to inflation, but the impact of weather was generally better than expected, except for Storm Éowyn. Despite financial pressures in the year, performance and safety trends remained positive. We have made progress in modernising maintenance practices and improving operational efficiency, leading to significant reductions in frontline vacancies and improving service reliability. Efforts to prepare for extreme weather and develop strategic workforce planning tools are helping to build resilience and achieve long-term transformation goals.

We're working with train operators to attract more passengers to the railway, despite challenges such as the train driver industrial dispute in summer 2024. ScotRail and Network Rail have signed an integrated track and train agreement, committing to greater integration to deliver a safe, reliable and greener railway. This new agreement builds on the initial agreement signed in 2015, aiming to enhance collaboration for better service to passengers.

## Safety

Our reporting continues to highlight positive trends in safety with reductions in injury-related accidents. We're seeing improvements across all areas of Scotland's Railway, which is great news for our colleagues and teams. Our key colleague safety target is the fatalities and weighted injuries (FWI) measure. The year-end position of 0.062 is better than our target of 0.066. Our commitment to our priority 'Everyone Home Safe Every Day' remains strong and our CP7 plans are focused on actions to help us achieve it.

We've made good progress in addressing areas such as level crossing misuse, near misses and trespassing incidents. Near misses at level crossings have decreased overall. Our moving annual average for signals passed at danger (SPADs) is 1.7 events per period. This is the best SPADs performance since 2022/23.

We've successfully delivered all our passenger safety milestones for 2024/25. We've also met our

target for the delivery of volumes for drainage, vegetation management, boundary measures and scour mitigation.

## Train service delivery and customer experience

Our key train performance metric on Scotland's Railway is the Scotland train performance measure (STPM), which is the percentage of our trains that arrive at their destination within five minutes of the advertised time, other than when impacted by severe weather or intermodal connections, and measures train performance for our main operator, ScotRail. It's a jointly owned measure between ScotRail and Network Rail Scotland and for 2024/25, our agreed target with Transport Scotland was 90.7 per cent. We fell short of this target at 89.72 per cent for the year. This was primarily due to ScotRail driver shortages associated with a pay dispute and fleet resilience being more fragile than assumed when setting the 2024/25 target. Our autumn and winter months were favourable from a weather perspective as seven named storms hit Scotland, in comparison to 12 in the previous year.



However, Storm Éowyn brought considerable impact to our infrastructure. This was the biggest storm for over 10 years, with gusts over 100 mph impacting the busiest and most congested parts of our network. Overhead line equipment, property, stations and lineside assets were particularly affected. Some of



these asset groups saw more incidents in one day than would typically be experienced in a whole year.

Network Rail performance has generally been strong, meeting the target for delay categories within our control. Strong asset reliability and our strategies to manage the impact of external trespass and vandalism have also allowed us to maintain performance at a more consistent level despite increases experienced across the country. The reduced impact of weather this year and this strong asset performance has also benefited cross-border operators using mainline routes into Scotland in both the east and west of the country.

During the year we've also continued our drive for performance improvement and innovation, recognising the performance challenge we still have ahead of us for the remainder of CP7. We've commissioned our new traffic management system in the Edinburgh Signalling Centre and have also introduced new techniques to manage and limit the impact of extreme weather on our customers.

The impact of severe weather events on freight performance throughout 2024/25 was not as

significant as previous years and this contributed to the positive result of only 1.1 per cent of freight trains being cancelled, against a target of 1.4 per cent.

Passenger satisfaction is measured through surveys and this scored 8.12 out of 10 for the year, slightly below the target of 8.15, with varied results due to a low sample size. Key issues include train cleanliness and staff visibility, while passengers reported higher satisfaction with arriving and parking compared to waiting at the station. Due to the small sample size and lack of detailed travel data, actionable insights are limited. To address this, a collaborative working group with industry stakeholders has been established, aiming to share data and insights to improve passenger satisfaction and promote train travel. An enhanced industry-wide survey is being developed by this working group to better represent passenger views and support broader industry initiatives.

## Efficiencies

Our financial performance measure had a £28.4m deficit, primarily driven by renewals, which was mainly because of increased design costs and delays

in commissioning, increased scope within signalling and increases in costs within track renewals projects. As a result of Storm Éowyn, some projects have been deferred to 2025/26, which also impacts the financial performance measure.

Our income position was favourable by £9.3m because of the reasonably benign weather during the year, notwithstanding Storm Éowyn, resulting in less compensation to train operators for track closure compared to previous years and strong underlying Network Rail performance.

We delivered £33m of efficiencies over the year, exceeding our target by £7m. Key contributors included £3m additional delivery efficiencies through better use of existing blockade access opportunities to get more work done and coordinating delivery alongside enhancements works; £2m relating to additional supply chain efficiencies; £1m relating to pay reform changes; with the remainder delivered through other maintenance improvements and energy efficiency savings initiatives identified at energy working groups. Overall, the CP7 efficiencies programme remains in line with our Delivery Plan.

During 2024/25, we maintained a balanced financial plan over the course of the five-year control period and addressed new financial pressures by reducing non-volume related renewals and diverting funding set aside for specific business case initiatives. Due to the inflationary environment for goods and services, the impact of employers' National Insurance on both our internal workforce and our supply chain, and pay awards exceeding inflation, we expect this additional expenditure to be funded from our risk fund. Inflation specifically continues to be challenging to forecast across our CP7 plan, representing a key risk area, particularly considering the uncertainty caused by recent global trade tariffs. Conversely, due to less severe weather than in previous years and issues with ScotRail train crew, the financial impact of our performance regimes (through Schedule 8 compensation) has been lower than anticipated.

## Capital delivery

Delivery of (effective) renewal volumes outperformed our target this year. Additional volumes have been delivered across most asset classes, due to a combination of emerging works, scope changes and acceleration of sites from later in the control





period, where that has proved possible. Examples of additional volumes include earthworks projects at Pinwherry and Falls of Cruachan, and structures work at Glenfinnan Viaduct and Awe Viaduct. The effective volumes measure has been expanded for 2025/26 and will include new categories of drainage, operational property, power systems and tunnels.

We exceeded our enhancement milestones target this year with the achievement of 14 milestones, of which seven were delivered earlier than originally planned. These included notable projects such as Troon station rebuild, improving accessibility at Anniesland and works relating to the Aberdeen Route upgrade. Our portfolio delivery progressed well over the second half of the year, with the commencement of the main electrification works on the East Kilbride Electrification project with the line re-opening on target on 18 May 2025. The project is a £140m initiative aimed at electrifying the railway line between East Kilbride and Glasgow, improving accessibility, and enhancing passenger facilities at stations like Hairmyres and East Kilbride. This project is part of a broader effort to decarbonise Scotland's Railway, introducing quieter, greener and cleaner trains by December 2025 on the line.

## Environment, sustainability and communities

We've made significant progress on our climate action priority, achieving 90 per cent of our milestones on time. We achieved a 2.6 per cent reduction in carbon emissions against the 2 per cent target. Network Rail Scotland is committed to reducing its carbon emissions further by continuing to invest in electrification. Significant progress has also been made in developing our long-term climate resilience strategy, including the delivery of new projected weather and climate-related hazard mapping. We've commenced our Adaptation Pathways programme, a flagship deliverable of our Climate Ready Plan. We're also helping establish a multi-sector Climate Ready Infrastructure forum for owners and operators of infrastructure in Scotland, aimed at fostering closer collaboration in addressing the shared impacts of climate change.

The freight growth metric finished the year 0.6 points behind target at 3.2 per cent against a target of 3.8 per cent. Although the target wasn't met, 2024/25 was our second strongest year for net tonne-kilometres since 2020/21. The shortfall was due to the final period of the year recording the

lowest net tonne-kilometres since 2020/21, which was unexpected, given the strong performance since mid-year. In 2024/25, we moved 4.9 per cent more goods than in 2023/24.

We carried out essential freight infrastructure renewals at locations such as Grangemouth and enhanced gauging between Carstairs and Grangemouth. We've been actively collaborating with the rail freight sector to support and develop new opportunities anticipated to be realised in the next 12 to 18 months. We provided five pre-feasibility studies for potential new freight terminals and granted heavy axle weight dispensation on the West Highland Line to support an existing freight user that invested in new wagons.

Customer complaints decreased by 10 per cent, with 684 received against a target of 688 for the year. The most frequent complaints included noisy engineering work, lack of advance notice and driver and vehicle issues. However, complaints in relation to lineside neighbours not receiving notification in advance of lineside works decreased by 12 per cent. A digital lineside notification system will be implemented at the start of 2025/26, with 1,218 of our neighbours signing up in 2024/25.

## People

Our employee engagement survey result was 57 per cent which is equal to the Network Rail average and an increase of three per cent compared to our score last year. With the highest regional participation level in the business at 66 per cent, this suggests we're improving. Our attrition rates have also improved, declining from 8.48 per cent employee turnover in April last year to 6.32 per cent in March this year. Increased focus from our HR business partnering team has contributed to a 41 per cent reduction in employee grievances, a 38 per cent reduction in disciplinary cases and a decrease in sickness absence levels from 0.77 to 0.67 sick days per employee. Additionally, we're addressing two major long-term sickness absence factors, achieving a 26 per cent reduction in mental health-related absences and a 38 per cent reduction in musculoskeletal-related absences. We believe the key to unlocking a high-performance culture lies in our leadership development programme 'Leader in Me', targeting those closest to our people on the front line. Currently, 48 frontline managers have graduated from the

programme. Our executive team also engages in ongoing leadership development and is focused on a 'servant leadership' model. This includes externally facilitated coaching and 360-degree feedback for all executive and other senior leadership group members.

The Modernising Maintenance changes to our structure and practices went live in November 2023. Over the past year, we've dedicated significant time and resources to implementing these changes, reducing the frontline vacancy gap from 12.61 per cent in March last year to 2.57 per cent in March this year. We're also working to address our signaller vacancy gap, which has been reduced to 3.56 per cent at the end of the financial year. To support industry efficiency challenges and transition through CP7 and into CP8, we've established a permanent transformation team, providing a coordinated approach to change while leveraging opportunities to drive transformation.

## Our key focus for 2025/26

Our key focus for the year ahead is to continue to deliver for our passengers and freight customers. Our five strategic priorities are (i) everyone home safe every day; (ii) reduce net cost of the railway; (iii) taking climate action; (iv) run a reliable railway; and (v) track and train working together, which underpin everything we do.

The new year is the second year of CP7 and we'll continue to build on the positive progress made in 2024/25. Despite the challenges of the financial environment, we aim to provide safe, punctual and reliable services to the people of Scotland by delivering on our STPM targets, achieving our passenger safety milestones and fulfilling our obligations to deliver our effective volume and financial targets.

Extreme weather remains our single biggest risk throughout CP7. Our business plan looks to address this through maturing our operational response to the challenge it poses. We'll look to complete a number of projects during the year such as the East Kilbride electrification project and continue with Fife electrification. The Fife Decarbonisation Project is a major infrastructure initiative aimed at reducing carbon emissions across the Fife rail network and forms part of the Scottish Government's broader strategy to decarbonise the passenger railway by 2035.

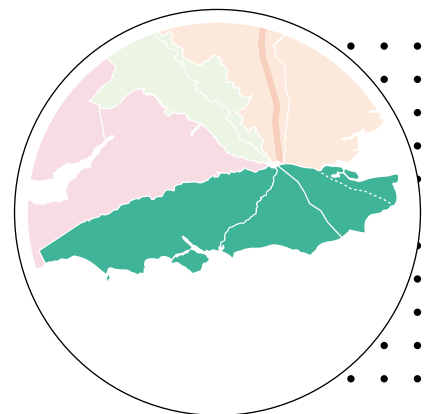


# Southern



**Dave Hooper**

Managing director, Southern  
18 July 2025



Southern comprises the Wessex, Sussex and Kent routes, operating some of the busiest rail lines in the country. We link major towns and cities, including Bournemouth, Southampton, Portsmouth, Brighton, Canterbury, Ashford and Dover, to each other and to London. Our priorities for 2024/25 were to deliver: a great place to work, everyone home safe every day, delighted passengers and freight customers and a railway that pays for itself.

## Safety

Our priority is ‘safely improving performance,’ so that we improve punctuality across the Region for our passengers and freight customers, whilst making sure that everyone who works for us, uses or interacts with our railway gets home safe every day.

This year, our accident numbers have reduced with 318 accidents this year compared to 340 last year. Our fatalities and weighted injuries (FWI) score which measures the severity and frequency of colleague injury, was 0.066 which was worse than our target of 0.051. This means that during the year we experienced 71 lost time injuries (a work-related injury which leaves a colleague unable to work as normal for at least one day). Nine of these were classified as more severe injuries, which we reported to the Health and Safety Executive. While it is disappointing that our FWI has worsened, because more severe injuries have occurred, we have taken action and progressed our programmes to keep track workers safe, including the increased application of additional protection measures and the further deployment of home safe coaching.

We continue to deliver improvements as part of our safety strategy. This year, highlights included delivering safety roadshows to over 2,000 frontline colleagues, commissioning the first miniature stop light as part of our Control Period 7 (CP7) level crossing programme, and rolling out a metabolic health campaign to support our colleagues to manage their health and wellbeing more effectively.

We delivered 16 of our 17 passenger safety milestones on time, exceeding our full year target of 80 per cent (14 milestones). A key milestone achieved was a 10 per cent reduction in high-risk trees in each of the routes.

## Train service delivery

We entered CP7 in a strong position, with performance improving. However, this year has been challenging, because of worsening antisocial behaviour and increased trespass, reduced traincrew availability and significant asset failures at key locations. To address this, we are working alongside our train operators to accelerate how we deal with disruption and safely recover train services, so that we can keep trains safely moving. This year we also introduced the Big Performance Conversation giving our people a platform to share their ideas and learn from one another.



Our train performance during autumn didn't go as planned which significantly reduced our on time performance for the year. The restoration plans we have implemented since autumn have increased our performance levels to almost meet target and delivered on time performance of 67.6 per cent by the end of the year (annual average). However, this was still worse than our scorecard target of 68.8 per cent and our regulatory target of 68.2 per cent.

Positively, our freight performance has been strong this year and our scorecard freight cancellations metric finished the year at 1.5 per cent. This is better than our scorecard target of 1.7 per cent and significantly better than our regulatory target of 2.1 per cent. We exceeded our freight growth target last year with a 7.4 per cent increase against a regulatory target of a 0.7 per cent increase in freight growth (net tonne km). This growth has been underpinned by the World Modal Shift Programme (MSP), which has incentivised shipping lines to put their containers on rail rather than road, particularly intermodal volumes out of Southampton docks.

We are committed to improving performance for passengers and freight next year and beyond, working collaboratively with our freight and train operator partners and integrated business units.

We have also exceeded our passenger satisfaction scorecard target of 7.71, achieving 7.80. We are consistently outperforming the passenger assist metric achieving a score of 4.3 out of five for our stations, against a target of 4.2. This year, we have focused on key contributors to customer satisfaction in our managed stations. For example, customers told us they were dissatisfied with the number and condition of toilet facilities at stations and so, in response, we have opened new and refurbished toilets at Waterloo, Clapham Junction and London Bridge stations.

## Financial performance and efficiencies

This year, we delivered our efficiency target and remain on track to spend within our CP7 funding. Our plan makes trade-offs to provide our passengers and customers with the best value, while protecting safety and delivering strong train performance. Our overall 2024/25 efficiency target was to save £42m, which we have achieved.

In CP7, at the start of the 2024/25 financial year, we moved to a new capital delivery model, the Southern Renewals Enterprise, which is a fundamentally different way of delivering renewals. This new model is a collaborative partnership with our supply chain partners, rather than a traditional client-contractor arrangement. This innovative approach has been crucial to delivering renewals savings of £17m this year.

Our operating cost efficiencies totalled £26m. This year we have implemented new ways of working in our maintenance operations which has resulted in savings of £21m per annum due to smarter workforce deployment such as introducing individual rostering, so maintenance teams are deployed to address the most significant needs. We have also expanded the use of remote monitoring technology, which picks up faults on our infrastructure. In time, this will help maintenance colleagues to shift from routine inspections to proactive interventions, in line with our data driven decision making strategy, to reduce disruption and improve reliability for train services.

Our financial performance measure (FPM) finished at £136m worse than target this year. This negative result was caused by overspend on renewals due to, prolongation of CP6 schemes, the stretching renewals cost targets that we set ourselves for 2024/25, and challenges with signalling scheme delivery, all of which have resulted in higher costs than planned.



## Capital delivery

Following the launch of the Southern Renewals Enterprise in April 2024, we're now working in partnership with four supply chain partners to deliver our whole renewals portfolio for CP7. This year, the Enterprise spent £522m to deliver our planned key renewals volumes across the region, which consist of asset renewals of plain line, switches and crossings, structures, earthworks, signalling and electrification and plant. Critical renewals which we have been delivering include works at Lymington and Sherrington Viaducts, Horley Subway and Kingsferry bridge, as well as responding to emergency embankment slips at Honiton and Clandon.

This year has seen the creation of a new regional enhancements team. The team delivered all 11 of the Region's access for all schemes in the year, improving accessibility at our stations. This is the largest number ever delivered by a region in a single year and has contributed to us exceeding our enhancement milestones scorecard target of 80 per cent, achieving 100 per cent. The enhancement team has made strong progress towards achieving the region's ambitious target of doubling external investment in enhancements. Our Year One target was £33m and we have exceeded this, delivering £87m.

## Environment, sustainability and communities

We have exceeded our scorecard target to reduce carbon emissions by two per cent this year with a year-end position of 4.3 per cent reduction.

We have reduced carbon emissions by implementing energy efficiencies at our buildings and continuing to roll out electric vehicles, with nearly 10 per cent of our standard road fleet now electrified. We have also remained focused on increasing biodiversity on our land, by continuing



to manage our dedicated railway nature sites. We continue to identify new ways of improving habitat management, ensure vegetation compliance with our integrated vegetation and habitat management plans and create opportunities to improve asset performance through nature-based solutions.

We are on track to deliver the milestones in our weather resilience and climate change adaptation plan and have delivered the first in a series of climate adaptation pathways for Folkestone to Dover. The climate adaptation pathways are a range of options to manage the most vulnerable parts of our network that will be impacted by climate change. We are now developing our route climate resilience plans in partnership with our train operators and are delivering rapid climate adaptation pathways across all routes over the next five years.

We are delighted that a strong focus on stakeholder engagement means that we exceeded our customer contact scorecard target by 58 per cent this year. This reflects the speed and quality of our responses to customers, despite a high volume of contact, including work and information requests and complaints. We're working hard to reduce complaints, which predominantly come from line-side neighbours and include concerns around disruptive works (e.g. vegetation removal). For example, our community relations team work very closely with project teams to ensure our neighbours are notified ahead of planned work. We have analysed the complaints we have received and their outcomes to guide our complaint reduction measures for the year ahead.

Together with our train operating colleagues we have created a joint customer experience programme aimed at addressing passenger feedback. As part of this, we invested in service development days, at London Bridge and Waterloo stations, for frontline leaders from across Network Rail, South Eastern Trains, South Western Railway and GTR.

To improve communications with our lineside neighbours we introduced the Digital Lineside Notification system to provide instant, cost-effective and paperless email updates to neighbours for planned and unplanned works. Our work also seeks to improve the communities we serve. This year we have installed over 35 murals outside our stations in areas which have high levels of graffiti, these were delivered hand-in-hand with community groups.

## People

We are committed to being a great place to work, for our employees and industry partners.

Giving our people the chance to share their views is a cornerstone of our strategy to drive employee engagement. Following the 2024 colleague survey, we have worked to translate feedback into action. 95 per cent of required action plans were developed and were uploaded to the Your Voice portal, a testament to our collective focus on progress. Our "You Said, We Did" campaign is central to our approach, highlighting tangible changes implemented across teams and reinforcing our commitment to responding to employee input.

In the 2025 Your Voice survey we achieved a commendable response rate of 63 per cent, consistent with last year. The results of the survey show that we have made significant progress, increasing engagement by 10 points to 59 per cent, we are proud of this improvement but also recognise that there is more to do. Key to future improvement is our EDI strategy, to create a more equitable working environment.

## Our key focus for 2025/26

Running a safe and reliable train service is key to attracting passengers back to the railway and securing our financial success. Improving performance safely will continue to be our central focus next year.

We are proud of the significant progress made in driving closer integration with our lead train operators. Southeastern and our Kent route will operate as an integrated business unit from June 2025, with an integrated executive team. South Western Railway (SWR) came into public ownership in May, and we are establishing relationships for further integration. Steve White will be the MD for our integrated South Eastern Railway, and Lawrence Bowman, currently MD for SWR, will be the MD for the future South Western integrated track and train business unit. Planning for the South Western integrated business unit will be informed by the model developed for the South Eastern Railway business unit.



## Efficiency savings from daytime maintenance work

This year we started closer integration between our region and our lead operators to deliver benefits for passengers and maximise efficiencies and revenue. Below we include a case study from Kent Route in collaboration with Southeastern, about innovative trials for day-time access to the railway. Day-time access enabled us to keep running the rail network whilst undertaking essential structures examinations:

- This trial enables maintenance work to be undertaken during the day (rather than overnight) which has efficiency, quality and cost benefits.
- Work that took place in July on the Medway Valley line in Kent allowed important structures work to be completed faster, at a lower cost, in daylight hours, with a minimal impact on passengers and revenue.
- Structural inspections on the Kent route were completed faster than expected, with 121 successful pieces of work undertaken in line blockages taken over three weeks.
- For this trial the annual saving in Kent will be around £0.7m.

We expect to share more examples of savings made through collaboration as we progress track and train integration across the Southern region.

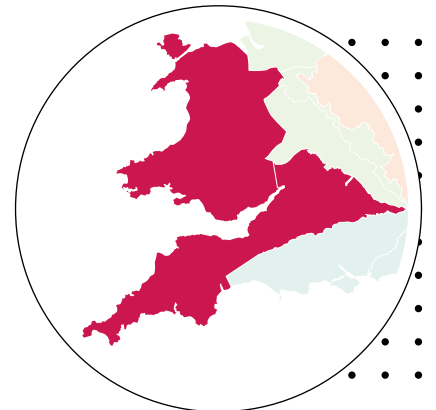


# Wales & Western



**Rob Cairns**

interim managing director, Wales & Western  
18 July 2025



We are made of two routes, Wales and Borders, and Western. We connect two nations and two capital cities, Cardiff and London. We serve people, businesses and communities, the length and breadth of Wales and its borders, Oxfordshire and the Thames Valley, the west of England and the South West Peninsula. We connect people and freight to international airports and ports, including Heathrow. Our priorities for 2024/25 were clear: to run our trains on time, get everyone home safe every day and stay within our available funding.

## Safety

On 21 October 2024, two passenger trains collided at Talerddig in central Wales. Sadly, a passenger died following the incident and fifteen people were injured in the crash. The Rail Accident Investigation Branch is investigating the cause of the incident and a Coroner's inquest has opened to establish the cause of death of the passenger who died.

2024 marked the fifth anniversary of a tragic rail incident at Margam, Wales, where two of our colleagues, Gareth Delbridge and Michael Lewis, sadly lost their lives. This incident has led to significant improvements in railway safety, and we've almost eliminated the need for workers to be on the tracks while trains are running. The court hearing for this incident was held on February 14 2025, and Network Rail were fined £3.75m.

We've continued to invest in safety improvements, including developing a remote disconnection device. This allows the signals alongside the tracks to be remotely turned to red so that trains do not enter worksites and provides additional protection alongside the signaller keeping the line free of trains. Wales and Borders route were recognised for this device at the Railway Innovation Awards in June 2024 and have rolled out 23, with a further 80 progressing through the design, installation and testing process. Trials are also underway to adopt the device in Western.

While the number of accidents at work continues to decrease each year, we're not achieving the reduction we want in the more severe accidents. We narrowly missed our scorecard target of 0.075 for the fatalities and weighted injuries (FWI) score, highlighting that there's more to be done to improve workforce safety. Slips, trips and falls remain the most common cause of injuries. Our CP7 safety strategy was launched in June 2024, setting out the key behaviours and activities we need to deliver to ensure everyone gets home safe every day. The strategy, which will be implemented throughout CP7, focuses on effective leadership, communications and a strong safety culture.

We delivered 19 milestones to improve passenger safety (against a target of 16). This included fencing renewals, an earthworks renewal at Long Ashton in Somerset, lighting improvements at Shirehampton

and Redland stations in Bristol and vegetation management at high-risk locations.

## Train service delivery

Performance across the Region has shown an upward trajectory, ending the year with an On Time to 1 minute achievement of 61.0 per cent against a target of 60.4 per cent. This is the result of considerable planning and hard work. Regrettably, the number of passenger train cancellations ended the year higher than our target of 3.8 per cent at 4.7 per cent. This was largely due to bad weather and train crew shortages.

Following the Office of Rail and Road (ORR) investigation into our train service performance, we published a detailed improvement plan that was accepted by the ORR in September 2024. Our plan contains over 50 activities that we will undertake between now and 2029 to improve passenger and freight performance.

During the past year, we've grown our incident response team in the Thames Valley to improve train service recovery. In Wales and Borders, after collaboration with Transport for Wales, we've improved the timetable to reduce the amount of delays and cancellations. We're also upgrading areas of the track most susceptible to closure because of extreme weather and we've cut back lineside vegetation to prevent delays and improve safety.

In recognition of the challenges we faced, particularly in the Thames Valley, a measure was included on our scorecard for passenger delay minutes caused by Network Rail. Due to targeted interventions, we have reduced these delay minutes by 110,448 (21 per cent) in the past year. The greatest improvement has come from fewer overhead wire failures and fewer failures to sensors used to determine whether a section of track is occupied by a train.

We've also delivered an improvement in the number of freight cancellations, achieving 1.7 per cent against a target of 2.1 per cent. Performance wasn't as strong towards the end of the year, with freight services heavily impacted by flooding, caused by named storms.

At Frome, in Somerset, we refurbished a section of track alongside the main line to provide greater flexibility to move aggregate traffic from the Mendip

quarries, supporting freight growth. We also held our first Regional Freight Growth Board and have run test trains to explore freight growth options at Port Talbot.

We delivered 14 passenger and freight improvement milestones (against a target of 12). We missed our milestone target of 80 per cent On Time to 3 performance on the Cambrian Local Railway. This was driven by significant fleet availability challenges and an operating plan that lacked sufficient resilience. We're creating improvement actions with our stakeholders to resolve this. We successfully delivered our milestone targeting 81 per cent On Time to 3 performance on the Devon and Cornwall Local Railway, achieving 82 per cent.

Our passenger satisfaction score exceeded our target of 7.77 out of 10 for the year, achieving 7.87 out of 10. This is reflective of our improved train service delivery as we know that passenger satisfaction is heavily linked to running trains on time.

## Financial performance and efficiency

We remain on track to deliver our core CP7 delivery plan commitments and stay within our CP7 funding. Our CP7 plan currently ensures our routes are funded to deliver their train performance improvements.

2024/25 financial performance measure (FPM) has been challenging with some projects costing more than we originally planned. £15m of this cost increase relates to Port Talbot re-signalling. Following project delays late in Control Period Six (CP6), the anticipated financial cost (AFC) increased. To mitigate these increased costs, we assumed enhanced levels of railway access would be available in CP7, providing an efficiency. This access would be longer and uninterrupted allowing more work to be done at once and less site set-up time required. These assumptions have proven unrealistic, causing too much disruption to passengers and users of freight through reduced services.

We delivered £77m of efficiencies in Year One of CP7, against a £35m target. Our CP7 forecast remains equal to our £494m target. Our focus is on developing the maturity of our plans for years three to five and identifying further industry-wide cost-saving opportunities.

Frontline recruitment to support our maintenance modernisation programme is ahead of plan. This advanced recruitment will enable our new people to be trained earlier than planned, reducing our reliance on temporary resources and achieving our full modernisation benefits in year three of CP7.

Enabling wider industry reform and reducing the net subsidy is a key priority. We can deliver significant improvements by collaborating with train operating companies. Our CP7 delivery plan is already targeting a minimum £207m of efficiencies through industry reform, including working with train operating companies, equating to 42 per cent of our £494m efficiency plan. While we have plans in place, we want to go even further which includes a focus on passenger revenue growth opportunities with our stakeholders.

## Capital delivery

Our new intelligent client delivery model went live at the start of CP7, initially focused on buildings and civils, and electrification and plant work packages. The new model involves working collaboratively with a small group of trusted supply chain to design, develop and deliver great outcomes for passengers, freight and funders.



We completed nine of our enhancement milestones early, including enabling works for HS2 at Old Oak Common and the eastern passenger entrance at Bristol Temple Meads. In Bristol, we also completed the construction of a new station, Ashley Down. The station opened in September 2024 and gives local residents another choice of sustainable travel into the city centre.

We made further accessibility improvements at our stations. These improvements were focused on Wales and Borders route, with new lifts installed at Cwmbran, Llanelli, Ludlow, Newtown and Abergavenny stations.

We missed our milestone to replace the Botley Road bridge in Oxford, and we anticipate it will face significant delays. The project has encountered several challenges, including the discovery of additional utilities requiring diversion and heritage brick work that was a great deal larger than previously realised. The new programme will see Botley Road reopen in August 2026, while improved access for pedestrians and cyclists will be introduced in summer 2025. The delivery of this project has let down residents,

businesses and passengers in Oxford. We have strengthened our delivery teams to ensure we deliver the construction and mitigations we have promised.

HS2 Limited is delivering a new high-speed station at Old Oak Common which will serve as the terminus for the new HS2 railway until the new Euston station is constructed. Network Rail are delivering the track, signalling and power works on existing infrastructure. All lines were closed into Paddington for four days in December 2024, with limited Great Western Railways services running into London Euston. Works at Old Oak Common included overhead line equipment changes, drainage improvements, signalling equipment modifications and installation of track points.



Delivery of our core renewals started the year strongly and we didn't experience the levels of planned slippage we have seen in previous years. We delivered more renewal volumes than planned, outperforming our scorecard target. In Westbury, we completed the largest switches and crossings remodel in Western route in 20 years. This was to a crucial section of track that allows trains to change from one line to another. Challenges remain with the delivery of some other projects, particularly the Port Talbot West Phase 2 re-signalling project. This will now be delivered in November 2025 due to delays to the delivery of Phase 1, increased costs identified in the design phase, and additional coordination required with stakeholders to secure the necessary access to the railway to implement the re-signalling.

## Environment, sustainability and communities

We've continued to offer excellent facilities and services to passengers and communities at our managed stations. Station staff at Reading opened their doors to those in need for four days in January 2025 as part of a Winter Warmer campaign. The campaign saw Network Rail join forces with train operators GWR and CrossCountry, alongside community rail partnerships, to open a retail unit in the station stacked with donations of clothing.

Carbon emissions from our energy use have reduced six per cent since 2023/24. We know that climate change presents an ever-increasing risk to our network, so we've continued to use our dedicated resilience funding to protect our network against adverse weather. In Chipping Sodbury, we cleaned the drainage system removing all debris and blockages in advance of refurbishment work in 2025/26. The line at Chipping Sodbury frequently experiences flooding causing delays and cancellations for services between Swindon and Bristol Parkway. We also installed remote condition monitoring that shows how deep water is relative to the railhead. This prevents unnecessary speed restrictions and closures of the railway.

Our Local Railways strategy brings Network Rail, the train operators, and our stakeholders together at a local level and empowers integrated teams to do the right thing for customers and taxpayers. In 2024/25 we launched four more Local Railways; West Wales, North Wales, Gloucestershire to Somerset and Swansea to Piling. Evidence shows that the Local Railways approach is helping to deliver real improvements in performance.

Our Customer Contact score is formed of four measures, and we fell short of our overall scorecard

target. Our customer survey score has achieved consistently high levels, but it's taken us longer to close out requests from public complaints (25 days against our target of 19 days). Most complaints require our frontline teams to undertake work and we have had to balance these with activities to improve train performance. We will be placing a strong focus on improving this measure in the year ahead.

## People

We have gone through an organisational change which has devolved more responsibility into our routes. The change has brought management and maintenance of our assets closer together and will enable quicker local decisions.

Our employee engagement survey for March 2024 resulted in an engagement score of 52 per cent. All teams discussed the results and developed and delivered improvement actions. The result of our March 2025 survey was a promising 60 per cent, reflecting our continued efforts and progress. Though the results are improving, we are committed to further improving our workplace environment to achieve even higher levels of employee satisfaction.

Our teams were recognised at the inaugural National Performance Awards in November. The GUSTO tool which supports people making decisions on train speed restrictions during gales won the Eureka Award for the most innovative new way of working to improve train performance safely. Project Brunel, which is working to improve performance in the Thames Valley, was also recognised as highly commended in the "Common Goal Award" for excellent collaboration and team work to deliver train performance.



Leadership and culture are critical to delivering performance improvement outcomes. In the past year, we've launched Line Manager Induction training and have continued to run our Great People Managers (GPM) course to support our managers and leaders to build and maintain high performing teams. Our employee engagement survey illustrated the success of these courses, showing an improved employee perception of line managers and senior leaders.

## Our key focus for 2025/26

Delivering our performance improvement plans will ensure even more trains run on time, achieving the levels of service our passengers and users of freight deserve. This is a whole industry approach and one we are committed to supporting, whether it be infrastructure improvements, introducing new rolling stock or bringing new colleagues into the industry.

We must also continue to deliver our safety improvements. Our results in 2024/25 did not reach the levels we aspire to. That's why in 2025/26 we have set ourselves more challenging workforce safety targets.

### Case Study ○ ● ○ ● ○ ●



## Local railway delivers performance improvements

By devolving decision making to local teams who understand their railway best, we're beginning to see real improvements to our train performance. In Devon and Cornwall, sea spray has historically caused trains to suffer on-board technical faults, meaning heavy disruption and cancellations. The Local Railway team led in bringing all train operators together to create a single plan for how to operate the timetable during these periods.

On average, six events are experienced each year. Each event averages around 1,000 delay minutes and 15 train cancellations. The last event prior to the new protocol going live was on 29 September 2024, which cost £400k in the compensation payments Network Rail makes to operators for delayed trains. 44 services were cancelled. Since then, we've had four extreme weather events which would traditionally generate delays or cancellations but have resulted in zero delay minutes and a 90 per cent reduction in cancellations.

# Route Services



**We work closely with our customers in the routes and regions, as well as our supply chain, to deliver better outcomes for passengers and freight users.**

Route Services comprises of:

- **Supply Chain Operations (SCO)** keeps the railway moving by delivering the materials, machinery and components to our customers where and when they need it. The team also deliver national programmes on behalf of Network Rail, including Electrical Safety Delivery and Infrastructure Monitoring.
- **Digital, Data and Technology Services (DDaT)** provides the IT infrastructure, digital services and the connectivity that support safe and secure running of the operational railway and the corporate estate.
- **Commercial and Procurement (C&P)** delivers economic, efficient and effective commercial solutions, working with our supply chain.
- **Engineering Services (ES)** improves performance and reduces risk through efficient and effective delivery of multi-disciplinary design and engineering services.
- **Business Services (BS)** manages the support systems needed to keep Network Rail operating effectively. This includes training, recruitment and administrative services such as payroll.
- **Human Resources (HR), Finance and Business Support (F&BS), Health Safety and Sustainability (HSS) and Communications** provide specialist support to our activities.

Our scorecard shows that we have made a strong start to the control period with our performance for the year at 102 per cent against a target of 100 per cent, as we continue to deliver for our customers, passengers and freight users.

## Safety

Managing risks in fatigue, depot and site safety were key focus areas for 2024/25. One of the ways that we have done this is through rolling out a new rostering tool, which will help us improve how we roster our people and manage fatigue across our operations.

We evaluate our safety performance using the fatalities and weighted injuries (FWI) measure, an index which reports the number of incidents of fatalities and non-fatal injuries. During the financial year, we have had no fatalities, but seven severe injuries and 71 non-severe injuries which has increased our FWI measure to 0.052, significantly worse than our target of 0.030. We continue to strive to do better by improving machine safety, such as by fitting anti-collision technology, and making sure colleagues are kept separate from tracks where trains are running.

Our information technology (IT) security metric measures how well our computer systems, data and information are protected, including how well cyber attacks are prevented and how well we protect against theft. We have exceeded our target of 99.95 per cent for 2024/25. During the year we had one incident of a malicious attack on our plain line pattern recognition data, which was resolved without data loss. This did not impact our IT security performance because the affected software was a third-party system.

## Train service delivery and customer experience

We provide services that directly and indirectly support our route and regional colleagues by focussing on the operation of a safe and reliable railway. During 2024/25 supply chain operations (SCO) have delivered over one million tonnes of track ballast, over 375,000 sleepers and 89,800 tonnes of rail to our customers to undertake maintenance and renewals works. We delivered 99.4 per cent of our planned delivery volumes during the year, consistent with 2023/24 but slightly behind our target of 99.5 per cent.

When our services go wrong, they can adversely impact train service delivery by causing disruption

to freight and passenger services. We mitigate this as much as possible and measure any delays, in terms of minutes, that we cause directly. This year we have exceeded our target by 29 per cent, with only 40,297 minutes of delays against our target of 56,678 minutes, helping to keep the railway running on time.

Each year we support regional customers by providing seasonal treatment through autumn and winter. For autumn, we undertook over one million miles of treatment using high pressure water jets to remove leaves and debris from the rail and slightly outperforming our targeted number of treatments. In winter we delivered over 191,000 miles of treatment, using de-icers to reduce ice and improve adhesion on the rail head.

We collect asset information and data on the track and supporting infrastructure by using monitoring equipment on trains. This is safer for our people compared to undertaking inspections on foot, and provides valuable information to support our customers in managing their infrastructure. In 2024/25 we captured over 256,500 miles of data.

## Financial performance and efficiencies

At the start of the control period, we committed to deliver £456m of efficiencies within our services, with a target of £43m during 2024/25, which we have outperformed by delivering £58m of efficiencies. We have done this through initiatives like changing how we renew laptop and tablet devices for our people, unlocking nearly £43m across CP7.

This year we have:

- Improved our energy consumption and driven decarbonisation through the continued rollout of electric vehicles and use of energy performance contracts, using cost savings from energy saving projects and renewable efficiencies to pay for the project itself.
- Delivered several enhancements to improve predictive maintenance across our assets, allowing us to better predict and prioritise maintenance requirements.
- Worked closely with our supply chain to deliver better and more cost-effective services.

We've also identified £32m of efficiencies that can be reported as direct operational or capital savings within our regional customers' plans and expect to enable £222m across the Control Period. Our focus this year has been to grow our relationships with our customers. To do this we have introduced formal periodic reviews which allow us to address region specific queries and help close the gap between the level of opportunity identified and how much can be realised.

We measure our financial performance by comparing our actual spend against what we had budgeted to spend during the year, using the financial performance measure (FPM). For 2024/25 we have slightly exceeded this measure, delivering £5.5m more than target.

## Capital delivery

This control period we will spend £1.6bn on capital projects to support renewal of our assets, including leading the delivery of several national programmes, on which £330m has been spent during 2024/25.

The infrastructure monitoring (IM) programme is delivering the next generation of digital monitoring and inspection services, providing insights on the condition of our infrastructure to our route and regional customers. In 2024/25 we have delivered on our work to define the delivery model for the future of this service and are preparing to launch the tender process with the market.

Our digital, data and technology (DDaT) team are leading on Project Reach to upgrade Network Rail's telecoms infrastructure which will deliver high count fibre and mobile connectivity. Our expected start has been delayed, reducing the quantity of fibre connections that we will deliver during this Control Period. However, our overall commitment to deliver 4,500km of telecoms cables with high count fibre optic cables by the end of Control Period 8 (CP8) remains unchanged.

Through the intelligent infrastructure programme, we are using data-driven insights to improve our asset management, including through predictive maintenance. This ensures a more reliable, efficient and future-ready railway, as well as providing new ways to capture and store asset data. In 2024/25 we delivered several enhancements to improve our maintenance across assets, ranging from track, structures and tunnels to lifts and escalators.

## Environment, sustainability and communities

Our commitment to becoming an environmentally sustainable, socially responsible and low carbon business is embedded within our organisational vision to be simpler, better and greener. We are continuing to push to reduce our carbon footprint through rolling out electric vehicles across our fleet, alongside the charging infrastructure to support these vehicles.

New contracts, due to come into effect later this year, will give access to 'green steel', rail track produced using lower carbon production methods, with all major rail manufacturers continuing their journey to lower-carbon steel production using electric arc furnace production methods. A trial for a first-in-class renewal using green steel rails is set to take place in 2025/26.

In Supply Chain Operations (SCO) we have a significant reuse and recycling operation, with our lineside recovery team helping to clear up the railway by collecting railway waste and recycling this through our internal and external supply chain. This year we have reused 766,000 tonnes of track ballast, 300,000 sleepers and 5,000 feet of rail.

Within our Commercial and Procurement (C&P) team we have commenced work on a sustainable supply chain programme focussed on delivering improved social, ethical, environmental and economic outcomes by embedding sustainability principles across the procurement lifecycle. This will help to ensure that wherever we are sourcing materials, goods and services, we are doing so in a sustainable way.

Lifts and escalators are a key customer-facing asset that impacts directly on our passenger experience of the railway. We have invested in maintaining, renewing and upgrading these assets during 2024/25, to improve lift availability and make sure that our railway remains accessible to all.

## People

Our high output track renewal teams use a specialist fleet of vehicles to renew track and clean and recycle ballast. This financial year we have re-focussed and reorganised these teams to reflect the available funding and work demand from our customers for this service. An organisational restructure of the team associated with the planning and delivery of high

output track renewals has been completed, with the new structure going live on 4 November 2024.

The annual Your Voice survey helps us to demonstrate how we have responded to the feedback we have received and create an environment in which our people feel engaged, motivated and empowered in their roles. During 2024/25 we took positive steps, such as publishing commitments from our senior leadership team. Our people responded with an increased score from 48 per cent in 2023/24 to 56 per cent in 2024/25

Every year we set ourselves targets to improve diversity and inclusion in Route Services. This year we aimed to increase the proportion of female staff to 30.1 per cent and we have exceeded this target by 1.3 per cent. For Black, Asian and minority ethnic employees our target was an increase to 12.7 per cent in 2024/25, which we have again exceeded. Black, Asian and minority ethnic employees now represent 13.4 per cent of our workforce.

We know that there is still more that we can do to enable equity, diversity and inclusion (EDI) across the function. This year we have embedded our 'Everyone Belongs' equity, diversity and inclusion corporate strategy to continue the progress that we have made.

## Key focus for 2025/26

This year, our focus has been on strengthening relationships with our route and regional customers to make sure that we continue to offer relevant and sustainable services with our core product offering. We will build on this by utilising technology and tools to provide insights to guide data-based decision making throughout 2025/26. We will continue to focus on our people and safety, re-vitalising our Safe Service programme to drive a focus on injury prevention and empowering our people with professional development, such as our "what it takes" programme, which equips them with the skills they need to drive positive change.

Route Services will have a key role in shaping the future of the industry as we prepare for transition into Great British Railways. We will continue to work collaboratively with customers and industry stakeholders to provide a simpler, better, greener railway.



## Repurposing our wagons to save £4m per year.

When the way we move materials, such as ballast, became more efficient, this left our 'sidetipper' wagons under-utilised. At the same time, there was increased demand on our fleet of open-top wagons, which were coming to the end of their lifespan and leasing new wagons would cost an estimated £4m per year.

To address this, Supply Chain Operations converted 300 unused wagons into open-top wagons, stripping the old sidetippers down to their frame and adding

a new casing on top. In September 2024 our 300th newly converted wagon entered service.

The newly converted wagons should last another 20 years. Within five years we will have saved more than the cost of leasing new wagons, saving £4m each year after.

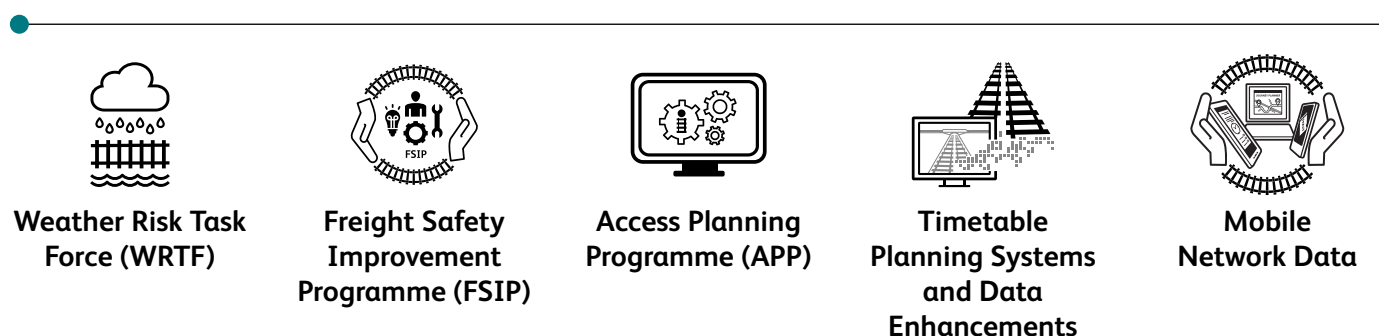
By opting to convert existing wagons instead of producing new, we have saved around 20 tonnes of steel production per wagon, 6,000 tonnes in total, equating to around 10,000 tonnes of carbon impact.

# System Operator



We are the glue that binds and enables a decentralised organisation to operate as one, from long-term planning through to daily operational excellence. We provide a combination of services, assurance and leadership to Network Rail and the industry. We're a conscientious guiding mind, balancing trade-offs, driving up performance, preparing for rail reform and, crucially, delivering a better-performing railway for Great Britain. Railfreight, which is an integral part of System Operator, is responsible for the management of freight. We have included all key achievements in the freight-specific section.

In addition to our core activities, we have five key programmes:



## Safety

System Operator manages the national operating centre (NOC), which oversees the overall operation of the network. To tackle the increasing trend in trespass across the railway, the NOC has implemented an improved process to reduce fatalities for infrastructure in and around London. We continue to assist our regions and industry partners by coordinating activities and working with emergency services to develop strategic and tactical response agreements. The NOC also provides large-scale incident support and coordination, establishing an on-call capability to assist in the event of a crisis or a developing major incident.

The access planning programme led by System Operator will also have a key safety benefit in making working in possessions safer, as it provides improved data and system integration support through the RailHub platform.

## Train service delivery

System Operator is responsible for monitoring train performance, providing data and insights to stakeholders that will lead to improvements. We lead several key pillars of the performance restoration framework (PRF) that drives the Network Performance Board (NPB) plan to see the industry achieve 90 per cent time-to-3 performance. The operating plan pillar (an element of the PRF) focuses on minimising sub-threshold delay and applying best practices from across the industry. Traits include timetable simplification (i.e. reducing train crossing and overtaking moves), refreshed timetable planning rules and sectional running times that reflect true current driving techniques, infrastructure capability and rolling stock.

Analysis of performance data reveals that fixed infrastructure and external delays, such as weather, trespass and route crime, are the main drivers of delay. Within the fixed structure category of the

top 10 largest causes of delay, the impact of points failures and track defects has increased at a network level over the past year.

System Operator also co-sponsors the train service delivery national strategy committee. This is where Network Rail's train service delivery strategy is reviewed alongside national delivery and shared industry priorities. Our goal is to improve performance outcomes for our customers. We are working closely with ORR to establish ambitious yet realistic train performance targets for the remainder of Control Period 7 (CP7).

Timetable production teams have successfully completed the informed traveller recovery plan, which returned the industry to 'TW12' timescales for the December 2024 new working timetable, meaning journey information and ticket sales are available 12 weeks prior to trains running, bringing commercial benefits to operators as well as regulatory compliance for System Operator. The recovery plan was completed in August 2024 and this is the first time since before COVID that timescales have aligned with the Network Code which is a set of contractual rules incorporated into each track access agreement between Network Rail and all train operators.

## Financial performance and efficiencies

Overall efficiencies are forecast to meet the CP7 target of £36.5m. In the first year of CP7 we have set up a new portfolio office to provide additional assurance across our project portfolio and have set up communities of best practice to improve shared learning and guidance. One key objective for next year is to review and improve our collective cost-forecasting processes.

We have achieved our efficiencies in Year One of CP7 which equates to four per cent on our operating expenditure and seven per cent on capital expenditure. We remain committed to our overall target to deliver a 10 per cent efficiency on operational expenditure and a 15 per cent efficiency on capital expenditure for the rest of the Control Period.

There have been some cost increases identified on programmes such as global system for mobile communications-railway (GSM-R) and access planning, which we will manage through the rest of

the control period, as there are significant benefits of delivering these programmes for the industry.

Capital expenditure efficiencies have been achieved by increasing the use of internal resources and reducing consultants. There has also been a reduction in project management spending by combining project management and using roles for multiple projects at once. This has been especially effective for the timetable planning system and data enhancement programme, as well as the freight safety improvement programme. The 21st Century Operations portfolio is designed to rebuild Network Rail's operations capability, helping us to become a company that is on the side of passengers and freight customers, and that colleagues are proud to work for. The programme has been consolidated into business as usual, removing duplication and enabling more efficient delivery.

Efficiency targets for operational expenditure have been achieved by managing recruitment across various functions, resulting in consistent outputs but with a reduced headcount. Further efficiencies have been realised through the delivery of the National Exercise: a series of simulations conducted to improve major incident planning across the railway. We have seen improved capabilities across regions, enabling more exercises in-house, reducing our reliance on external support.

## Capital delivery

During the discovery phase of the access planning programme, a programme that will replace the outdated possession planning system with a modern system designed for today's railway, a significant cost risk was identified, driven by scheduling challenges and data complexities. We learned from our experience with RailHub that the programme will require a longer rollout than initially anticipated and that our financial assumptions were incorrect. Despite these challenges, the benefits case remains strong and continues to receive support from routes. Key benefits include the replacement of the existing possession planning system with a new access planning system which will address safety risks associated with the current setup.

The weather risk task force remains focused on the delivery of tangible outputs to better manage routes' and regions' response to adverse and extreme weather. This includes the successful trial of the "proportionate responses when implementing mitigations to assets"

(PRIMA), a tool that enables a more risk-based approach to speed restrictions in two regions to improve train performance without compromising safety. PRIMA calculates and assesses the safety risk of extreme rainfall on our lines and recommends speed restrictions accordingly. We can even safely increase the speed of trains in some instances thanks to PRIMA. PRIMA works alongside other tools such as GUSTO, an offline planning tool, developed by Wales and Western, to assess the immediate risk of wind, so mitigations can be targeted according to the risk.

The mobile network data programme continues to collect data on behalf of the rail industry to gain insight into passenger movements. We are using this data to better understand our market share, increase revenue, and plan possessions at the right time to minimise the impact on passengers. Using mobile data for possession planning and advanced fares generated approximately £14m in commercial value versus £2.1m in annual project costs in 2024/25.

## Environment, sustainability and communities

By working collaboratively across the industry, System Operator and Rail Delivery Group's smarter information, smarter journey programme team won the 'Best Use of Technology – Passenger Impact' award at the Spotlight Rail Awards in March 2024, where they were recognised for the 'best application of digital technology'. This initiative ensures customers who purchase their rail tickets digitally are consistently notified when there are changes to the timetable which will affect their journey. To date, we have sent 4.5 million customer notifications using the capability which is now used by all rail retailers.

We have implemented new technology, such as visual disruption maps and a best practice guide, to simplify and standardise customer communication during disruptions. We have also used industry and consumer research to create guidance on improving visual information on board trains. This guidance has been submitted to the Rail Safety and Standards Board and will contribute to future on-train passenger information systems standards and guidance, ensuring consistent and effective implementation across the network.

We have improved our station toolkit, which contains station standards, policies, and guidance, and led improvement workstreams in areas like escalator safety,

platform train interface, wayfinding, and enabling Google street view in London stations. We have focused on improving passenger assistance delivery at stations, introducing new metrics, and developing localised action plans. We have also refreshed accessible station guides, implemented inclusive behaviour training for front-line teams and enabled third-party investment to enable delivery for new changing places at managed stations.

We have used the publication of Network Rail's greener strategy to create a System Operator environment and sustainability strategy group which will meet and share progress. Focus areas include delivery of net zero and identifying network capacity benefits of electric traction for Railfreight and faster freight. We're promoting community rail through local groups and Railway200 involvement, and our economic analysis team has assisted the Technical Authority's social value team in reviewing the economic methodology of the rail social value tool.

## People

In the 2025 Your Voice employee engagement survey our overall participation level was high, at 80 per cent and our overall engagement score was average at 59 per cent (compared to a 54 per cent engagement score in our previous year). Following the 2024 results, our leadership team focused on four cross-cutting themes: listening, line management support, communication through change, and cohesive and aligned leadership. To gain a greater understanding of our people, we implemented several initiatives, including, but not limited to, leadership listening sessions. Our group director also meets with new starters to exchange learnings and experiences and we have begun exit interviews which will support with implementation of tangible change.

The function has restructured areas to improve efficiency, particularly within our network operations team. This aims to both support strategic thinking and continued leadership for one of our key functions. The delivery model for programmes has also been changed, with accountability shifting from the programme and business management directorate to sponsoring teams. The 21st century operations programme has been transitioned to a more incremental, subject matter-led delivery approach within network operations team.

In August, a refreshed equality, diversity and inclusion (EDI) delivery plan was agreed for System Operator, maintaining our focus and commitment

to positive change. The implementation of this plan is now underway, with the biggest success to date being that over 90 per cent of System Operator employees have now taken part in allies for inclusion gender equity discussions.

On World Mental Health Day, Network Rail colleagues participated in a session recognising the importance of mental health. Leaders from System Operator shared their personal journeys, demonstrating their vulnerability in leadership. The call encouraged openness and support for each other. As a result, System Operator aims to foster a culture where individuals feel comfortable both sharing their struggles and seeking support from others. This year we have focused on improving line management competency and consistency, launching a starter pack for line managers alongside embedding a process for those new to line management, where they can attend a national induction day which includes manager essential skill sessions.

## Our key focus for 2025/26

An integral part of our plan to prepare for rail reform, is to better articulate System Operator's role within

a devolved Network Rail business. System Operator has created a service, assurance and leadership framework detailing what the function does, and why it does it.

We seek to drive improved performance with our routes, regions, and industry partners through better analysis, with a focus on specific areas such as trespass, incident response, and operational resilience. A stronger strategic planning team and a unified rail freight team will boost freight usage and prepare for a more robust network. We will also improve our weather services and provide clear assessments of timetable changes to support industry decisions.

The UK government's publication of "A railway fit for Britain's future", is a significant step towards reform and the creation of GBR. System Operator will work to take this forward towards the Bill, contributing to define the access and usage policy, the design of GBR, the development of a long-term strategy for rail, and other key elements of reform such as a funding and accountability framework over the year ahead.

### Case Study ○ ● ○ ● ○ ●

## PRIMA - delivering a safer, better service for passengers during extreme rainfall

Since 2020, weather forecasting tools have improved passenger safety, but disproportionate safety risk mitigations have negatively impacted passenger performance outcomes. The "proportionate responses when implementing mitigations to assets" (PRIMA) tool aims to address this issue, making sure optimal responses are made during adverse and extreme rainfall.

PRIMA is a truly collaborative effort between, System Operator (who have been responsible for gaining operations input into the development of the tool, and overall project management), Technical Authority (responsible for data/ understanding asset risk), Rail Safety Standards Board (responsible for modelling and building the tool) and North West Route and Scotland's Railway (responsible for delivering two concurrent live trials on key routes).

The PRIMA tool offers crucial insights that were previously unavailable to route controls and frontline operations, balancing primary risks against potential risks. It displays the economic impact of decisions and highlights associated safety benefits, allowing an objective assessment of proportionality. Furthermore, the tool offers comprehensive information across different speed profiles, providing a balanced perspective rather than a limited view.

When used in live trials the tool delivered significant performance benefits whilst keeping passengers safe. For example, during Storm Bert (November 2024), North West route applied a PRIMA speed profile in the trial area, running trains at 60mph (where they would previously have run at 50mph). This delivered a c.30 per cent reduction in delays (roughly 40 minutes per train) with a valued benefit of £412k.

# Technical Authority



**The Technical Authority is responsible for establishing technical guidelines for Network Rail and the railway system. Our scope includes safety, health and wellbeing, environmental and sustainable development, security, engineering, technology, competence and capability, compliance, and incident investigations. We serve as an independent centre of excellence, providing cross-industry technical leadership and assurance.**

## Safety performance

Safety performance is at the heart of Network Rail. Keeping our people, passengers, and the public safe drives the work across the Technical Authority. We are continuing to monitor the safety of the rail network. We look for events such as train derailments, incidents, trespass, and ill health. These are monitored through measures such as through the pre-cursor indicators, and the fatalities and weighted injuries index.

### Workforce safety

The railway in the UK is governed by a rule book. Technical Authority has successfully challenged these rules to make it easier for colleagues to be safer and more efficient while engineering work is being carried out by using signal and circuit protection systems. We are seeing a steady increase in the use of this way of working, which is delivering a safety benefit for our people, reducing the cost of possessions, and an increase in time spent working.

A 'near miss' is the term that describes an unsafe event or act specifically involving a train, on track machinery or on track plant. Over the past six years Network Rail track workers have seen a 67 per cent reduction in near misses. To continue to keep our workforce safe Technical Authority has re-evaluated the geo-fencing equipment and through further testing, we have developed a product specification that means we can start implementing this technology in a manner that will enhance workforce safety, reduce costs, and improve the working time available.

We have seen that the track worker safety improvements introduced through Control Period 6 (CP6) have limited the amount of track access for our workforce. To support improving our track

access, while maintaining safety levels, we have worked with the Rail Safety and Standards Board (RSSB) to update the rules around walking alongside the railway, and we have introduced a new way to cross the railway called "planned crossing point." RailHub was introduced in CP6 as a Network Rail system that is used to plan and carry out work on the infrastructure. This system has been developed through Technical Authority to deliver the digital incident response pack which gives users all required information at the touch of a button before accessing the infrastructure.

In 2024, we held a slip, trip, and fall roadshow, with the aim of reducing the most common safety incidents on the railway. So far this year, we have seen a reduction in injuries causing time off work of 30 per cent. We will continue to maintain this engagement through Control Period 7 (CP7) to sustain the improvements seen and use this opportunity to hear the voice of our frontline teams.

### Security

During 2024/25, there has been a focus on improving the safety of Network Rail's frontline staff in stations and other customer-facing roles. Following several stabbings and violent assaults, and building on the success of the CP6 deployment of body worn video cameras, Network Rail has been testing puncture protective t-shirts that resist knife and needle attacks and protect the vital organs without the weight and bulk of heavier types of body armour.

### Passenger safety

Technical Authority has made substantial progress toward overseeing the implementation of the recommendations following the Carmont tragedy in

August 2020, including updated national policies, a new drainage technical strategy providing regional asset engineering teams clearer guidance and support for managing their earthworks, drainage systems and lineside assets.

Throughout the year some key measures of rail safety have either reduced or remained static, for example trespass events have reduced from 19,390 incidents to 18,902 and high potential rail accidents falling from 34 to 29. Slips, trips and falls remains the most common accident passengers suffer in Network Rail stations, making up 83 per cent of incidents. The overall number of accidents which occurred in Network Rail stations has reduced slightly from 1,289 in 2023/24 to 1,278 in 2024/25.

## Train service delivery

In CP7, Technical Authority worked closely with System Operator to manage the Industry Performance Improvement Fund (IPIF) programme and funding. This initiative brings together a benefits-driven governance structure aligned with the research, development, and innovation (RD&I) governance, successfully implemented in CP6 to deliver value for

industry performance, benefiting passengers and freight customers.

In IPIF to date, 21 out of 28 schemes have been approved, with two completed and nine in progress. The remainder are now progressing through investment authority and are at various stages of development. Schemes delivered help improve train performance for passengers and freight users. For example, IPIF has supported Northern trains in putting new double variable rate sanders (DVRs), on all its Class 323 trains. These sanders help prevent wheels from slipping, especially during autumn.

Extreme weather is a growing challenge for Network Rail. The chief engineer's team has worked to refine our technical standards to reduce disruption to passengers during extreme weather events. One example of this is how the railway operates when the track has buckled. Track buckles occur when the rail expands due to hot weather. Pressure, caused by the expansion of the steel rails, can cause the track to move sideways out of position. When this happens, trains are protected from derailing by being stopped until the buckle is repaired. Trains may be stopped from running for several hours in very hot weather





and in the past, this has led to passengers being evacuated onto the railway, potentially putting them at risk. To try and improve passenger safety and train performance the Technical Authority engineering teams commissioned research into whether we could change our approach to managing track buckles. The results have allowed a new way of working which helps engineers make an informed assessment of whether it is safe to pass trains over less severe track buckles at reduced speeds, to keep trains running and get passengers to their destinations. This risk assessment form was successfully introduced in the Blackfriars area in July 2024 where trains continued to run over a buckle at 10mph for several hours, instead of being completely stopped, until a repair could be made the following morning.

Network Rail has invested in tools which will move inspection of critical rail infrastructure from a manual activity to an automated process. This includes FELIX which is an automated measurement trolley for switches and crossings. Cameras and lasers are mounted on the trolley which can take a new scan every 2mm to check that the various track geometry and critical rail profile measurements remain compliant.

## Sustainable growth

During the first year of CP7, the Technical Authority rail technology team has produced and launched

the first version of Network Rail's 20-year capability roadmaps which show the ambitions Network Rail has to modernise the railway in four key areas:

- optimised and resilient operations;
- automation;
- optimised and resilient assets; and
- data & digitisation

These capability roadmaps build a link between Network Rail's published technology and RD&I requirements and the rail technical strategy, for the first time offering a clear view of progress against both and a support to business decision making.

## Efficiency

In the first year of CP7 the Technical Authority has delivered £5.7m efficiency against its operational (OPEX) and capital (CAPEX) expenditure, £2.4m from OPEX and £3.3m from CAPEX. This puts Technical Authority on target to deliver its OPEX and CAPEX targets. Technical Authority is also supporting routes and regions to deliver £360m of cash efficiency. Several areas are contributing to these efficiencies in Year One.

### Research, development, and innovation

The RD&I portfolio invested £21m in 2024/25. Projects being delivered were mostly a continuation of our work from the end of CP6 as these projects

offer benefits and efficiency to the business in CP7. To date, 17 products have matured from the end of CP6, with several deployed on at least one route, and a further four projects completed. RD&I projects include research designed to support improvements to our standards and the development and deployment of new technology that improves ways of working across the railway.

We have been building RD&I partnerships with domestic and international organisations to increase what we can deliver using our own resources. We have attracted £3.6m of co-funding to-date. We are forecasting to grow partner contributions in year two of CP7 to £8m through collaboration with other arm's length bodies (such as HS2 and National Highways), grant funding (such as Innovate UK schemes) and projects with our international partners.

### Engineering and other

Adoption of initiatives delivered by Technical Authority has resulted in £50m of efficiency within the regional efficiency plans. These efficiencies have been delivered through reducing the cost of electrification, simplifying operating standards and the RD&I portfolio. Technical authority expects these numbers to rise through the control period.

## Environment, sustainability and communities

To advance Network Rail's net zero goals, the Technical Authority team has established a whole life carbon baseline, demonstrating our carbon reduction in CP7. Additionally, the team has published the second 'state of nature' report to track progress towards no net biodiversity loss. Business units have received support in incorporating circular economy practices in tenders, promoting the reuse and recycling of products to reduce waste and costs, exemplified by the rollout of ballast reuse.

Further examples of this work can be found in the Environment, sustainability and communities section on pages 75 to 79.

## People

Technical Authority's people are fundamental to its success. A key priority for us remains looking after

the safety, health and wellbeing of our workforce and driving up diversity and inclusion.

Enhancements to the engineering competence frameworks have helped make sure that our frontline engineers and technical staff have the skills, knowledge, and behaviours needed to deliver safe and reliable rail services. By developing modern training modules and continuous professional development opportunities, we have reinforced our commitment to supporting our colleagues to adapt to rapidly evolving technical challenges.

Technical Authority has developed a new diversity, equity and inclusion programme and delivered "stand up against sexual harassment" town hall meetings for all our people. These sessions have been a stepping stone in beginning to change our culture to make Network Rail a safer place to work for everyone.

Through the development of improved competence frameworks, equity diversity and inclusion, and a continued focus on good management basics such as one to ones and 12 month objectives Technical Authority has seen an improvement in employee engagement of six per cent, up from 52 per cent to 58 per cent. This progress continues to highlight that Technical Authority is a supportive and engaged place to work.

## Key focus 2025/26

Throughout CP7, the Technical Authority will support routes, regions and central functions to deliver a safe and high-performing railway. Key areas for the next 12 months will include RD&I with approximately £36m allocated to RD&I projects in critical asset and performance areas. In asset management, network-level models and analysis will evaluate and assure the impacts of changes to regions' asset management plans. The security team have worked to test polycarbonate glazing panels, as a viable alternative to traditional laminated panels, with the potential to reduce glazing costs for many station renewals.

Safety initiatives for the next year include increasing use of new methods for safer, more cost-effective possession access, contingent on routes having technology and investment plans. The Technical Authority will continue to enhance track worker safety, roll out the safety events system nationally, improve accident and incident reporting.

# Rail reform



## Great British Railways Transition Team (GBRTT)

GBRTT was established in September 2022 to prepare for Great British Railways (GBR), working with the Department for Transport (DfT), Network Rail, train operators and other industry partners to bring the rail sector together to accelerate and embed reform.

In the year to 31 March 2025, GBRTT delivered a business plan for making the railways easier and better to use at a lower cost to taxpayers, better supporting national and local ambitions and creating a simpler sector within which to work.

Following the 2024 general election, Government set out its plan for the railways, announcing legislation to bring train operators into public ownership and establish GBR.

The Passenger Railways Services (Public Ownership) Act 2024 came into effect in November 2024, empowering the DfT Operator (DfTO) to bring privately owned train operators into public ownership when – or before, under certain conditions – operators' franchise agreements expire.

In September 2024, the Secretary of State for Transport directed the heads of Network Rail, DfTO and the DfT to establish Shadow Great British Railways (SGBR). In advance of legislation, SGBR is collaborating across the three organisations to integrate track and train, operator and infrastructure, making tangible improvements for passengers and freight today and preparing for the establishment of GBR.

GBRTT remained a taxpayer funded, arm's length body until 31 March 2025, after which its ongoing activities transferred to support the rail reform work happening in the SGBR organisations.

## Shadow Great British Railways (SGBR)

In October 2024, Laura Shoaf CBE, West Midlands Combined Authority chief executive, was appointed by the Secretary of State for Transport to be the independent chair of SGBR.

Laura is working with senior leaders from across Network Rail, the DfT and DfTO to start to realise the benefits of rail reform for passengers and freight ahead of the formal creation of GBR. These leaders include: Sir Andrew Haines OBE, chief executive of Network Rail; Alex Hynes the DfT's Director General for Rail Services; and Robin Gisby, chief executive of DfTO.

The Secretary of State has set SGBR five initial areas of focus:

1. Integration – identifying opportunities for early integration of management across track and train, driving out duplication, reducing operational costs and overcoming silos.
2. Shared standards – aligning the sector around shared performance measures (cancellations and T-3: services arriving at stations within three minutes) so the sector is making decisions with a shared focus on a safe, high-quality passenger experience.
3. Fares and ticketing reform – shaping and implementing fares and ticketing reform, particularly a best price guarantee, trailing latest technology, allowing customers to book further advance tickets, promoting best-value products and responding to changes in the way commuters travel by train. Ambitions include driving up revenue and finding new ways to work with relevant regional partners.
4. Strategic Innovation – forming links with innovators to improve passenger experience of drive efficiencies.
5. Maximisation of Social & Environmental Value – consider how GBR could drive positive social and environmental outcomes.



**Laura Shoaf CBE and Sir Andrew Haines OBE**

# Environment, sustainability and communities



## A railway that is fit for the future

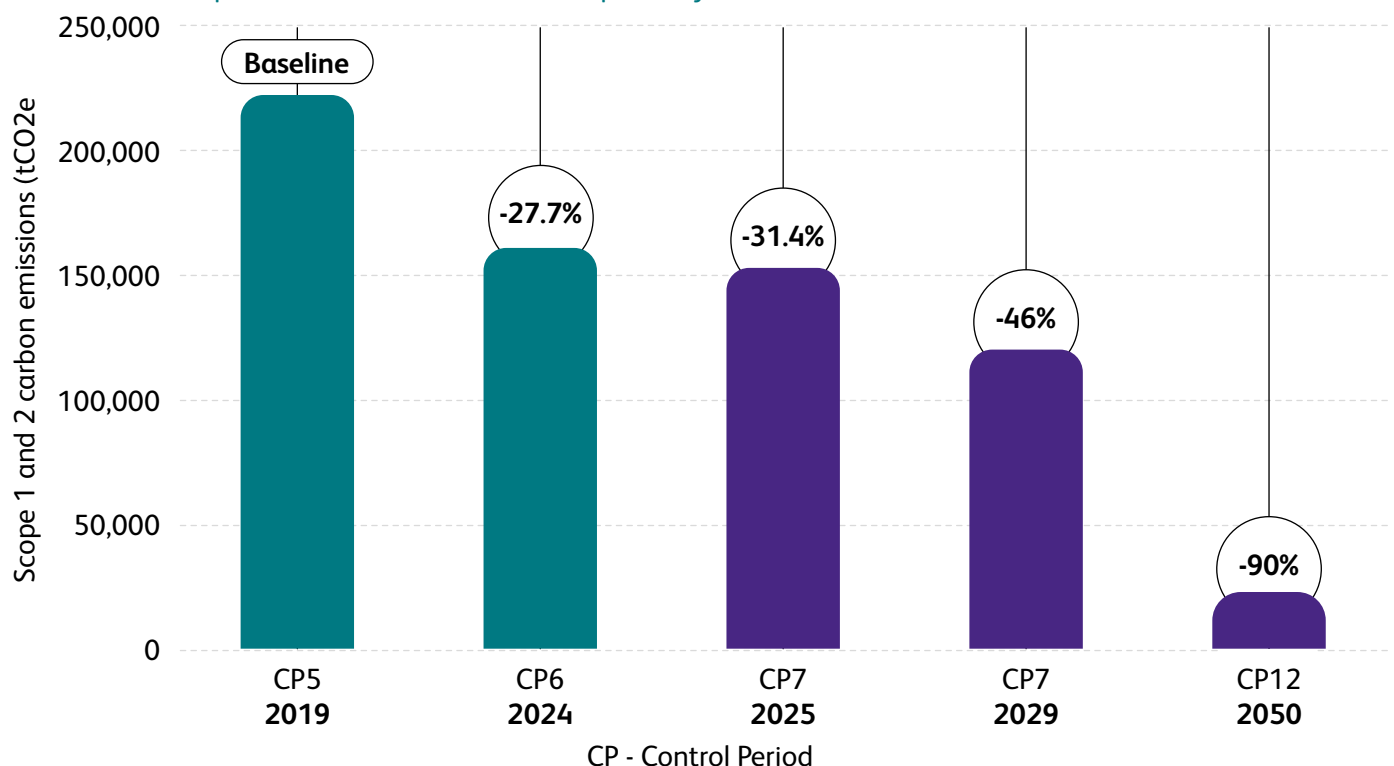
### Support the delivery of net zero

We are committed to achieving our vision for a 'simpler, better, greener railway', and this year we have made consistent progress towards reducing our operational carbon footprint. We are on track to achieving net zero by 2045 in Scotland and by 2050 in England and Wales. To support this we have developed detailed carbon reduction plans across all regions.

This includes continuing to transition our vehicle fleet to zero emissions vehicles. Despite now having 300 zero emissions vehicles in our fleet, we have faced obstacles to adding more vehicles such as limited vehicle availability, varying vehicle ranges and encouraging our team members to embrace electric vehicles.

We have also faced challenges in establishing an initial approach to calculating whole life carbon emissions across our portfolio of renewals (replacements and repairs of railway infrastructure). This is the carbon produced in the whole lifecycle of our assets – from the materials used to their disposal at the end of their useful life. This is still a relatively new area to measure and with such a large renewals portfolio, with a variety of different asset types with varying lifecycles, we have had to work to establish assumptions and set our baseline. We will continue to refine this baseline in the 2025/26 financial year.

### Network Rail scope 1 and 2 emissions reduction pathway



## Streamlined energy and carbon reporting 2024/25

Energy consumption used to calculate emissions		
Description	2024/25	2023/24
Total electricity used	453,268,512 kWh	455,193,616 kWh
Total gas used	51,343,861 kWh	54,382,827 kWh
Total fuel used	182,966,923 kWh	207,698,140 kWh

### Emissions breakdown (tCO<sub>2</sub>e)

Scope	Emission category	2024/25	Conversion factor	2023/24	Conversion factor
Scope 1	Emissions from combustion of gas	9,390.8	0.18290 natural gas	9,948.3	0.18293 natural gas
Scope 1	Emissions from combustion of fuel including transport purposes	43,757.2	2.0844 unleaded 2.51279 diesel 1.55713 LPG	49,857.2	2.09747 unleaded 2.51206 diesel 1.55713 LPG
Scope 2	Emissions from purchased electricity	93,849.2	0.20705 UK Grid mix	94,256.9	0.20707 UK Grid mix
	Total gross CO <sub>2</sub> e based on the above	146,997.3		154,062.4	

Intensity Metrics	2024/25	Intensity Ratio	2023/24	Intensity Ratio
Number of employees	40,655	3.62 tCO <sub>2</sub> e / employee	40,255	3.83 tCO <sub>2</sub> e / employee
Passenger kilometres (billions km)	64.568	2,276.6 tCO <sub>2</sub> e / bn passenger km	60.144	2,561.6 tCO <sub>2</sub> e / bn passenger km

Our basis of reporting document which sets out our approach to environmental data reporting is available here: [www.networkrail.co.uk/sustainability](http://www.networkrail.co.uk/sustainability)

### Methodology

We have used the Network Rail Emissions Reporting tool, populated with invoiced consumption and metered data.

### Principal energy efficiency measures (PEEMs)

In 2024/25 our Regions have started to implement their strategies to meet energy and carbon targets and our Energy Efficiency Delivery Framework contract is enabling improvements at many of our sites. These include LED replacements of fluorescent lights, building energy control upgrades and removing unused assets. At our York George Stephenson House office we achieved an 11 per cent carbon reduction. We have constructed a new EPC A rated maintenance office in Bletchley including a 73kWp solar array.

We also completed escalator improvements at London Bridge station which reduced all escalator consumption on site by 15 per cent and we are looking at rolling this out nationally where applicable.

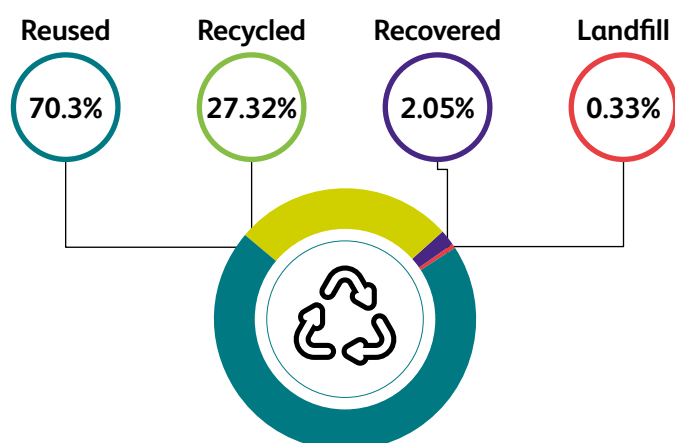
We have continued to replace our vehicle fleet with over 280 electric vehicles now in service.

## Contribute to a circular economy

We are working towards shifting Network Rail from a linear economy (where we use raw materials, transform them into products and use them until we throw them away) to a circular economy (reducing resource consumption, prioritising reuse, extending the life of materials and avoiding waste).

We have undertaken successful pilot schemes looking at how we incorporate used ballast back

into the network, resulting in a 50/50 blended product becoming available in February 2025. This will result in a saving of 7,500 tonnes of ballast in 2024/25, rising to 100,000 tonnes in 2025/26. A 'green track' pilot was also successful, with green steel rail (rail produced with near zero emissions) supplied to the Southern region. A total of 10,260m of rail has been delivered to site, resulting in a saving of 872,920kg CO<sub>2</sub>e.



This year Network Rail produced 1,467,839.19 tonnes of waste, which is a 35 per cent increase from 2023/24. Of this, 69.88 per cent was reused, 27.77 per cent was recycled, 2.03 per cent was recovered (either used as landfill capping or energy from waste) and 0.32 per cent was landfilled. This means a 99.68 per cent diversion from landfill rate was achieved.

### Adapt to a changing climate

Over the past year we have seen extensive impacts from severe storms and flooding.

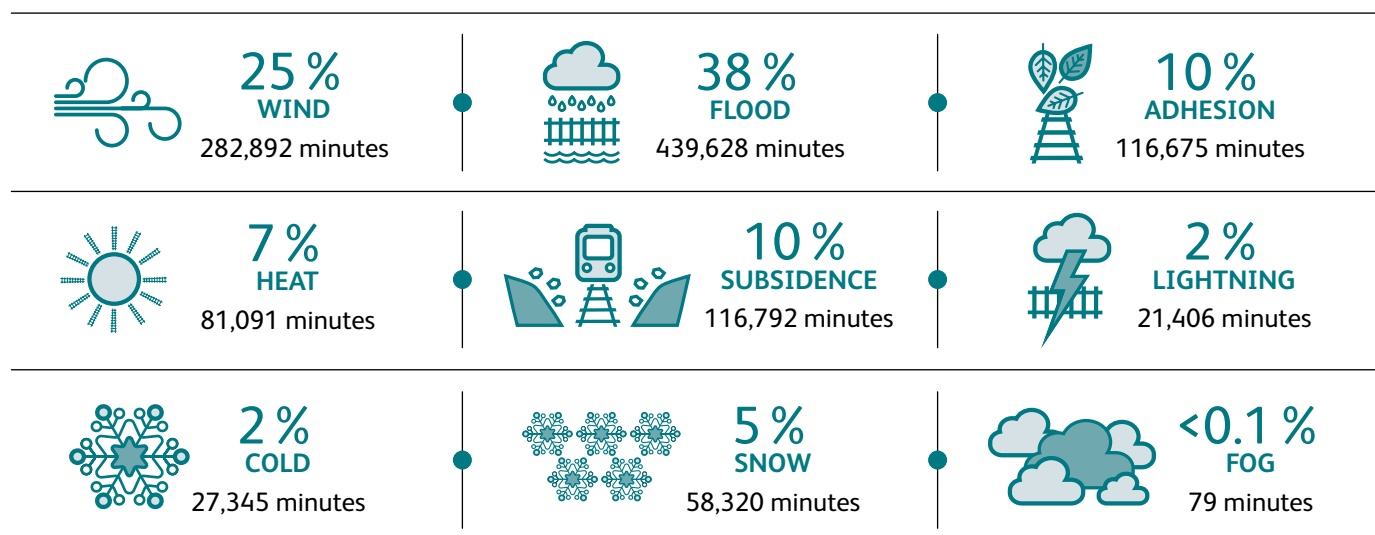
Some of our key activities and successes over the course of 2024/25 include:

- Our regional CP7 weather resilience and climate change adaptation (WRCCA) plans were published and we are progressing well with delivery. All milestones for 2024/2025 have been delivered on time.
- Our fourth adaptation report under the Climate Change Act (2008) Adaptation Reporting Power was submitted to Defra in December 2024. The report updates our integrated climate change risk assessment, which outlines our progress delivering the actions set out in our third report and new actions aligned to CP7 delivery plans.

We have launched our adaptation pathways programme that supports the development of long-term climate change strategies in each region. These projects help us to determine the level of climate resilience we need to build into different parts of the network and identify options for managing climate impacts over the next 50 to 100 years.

We have also improved our score on the Rail Safety and Standards Board (RSSB) climate change maturity assessment model which measures our ability to manage climate change risks and opportunities, known as 'adaptive capacity'. Scores range from Response Level (RL) 1 (lowest level, where the organisation is focussed on its core business rather than managing the impacts of climate change) to RL 5 (highest level, where the organisation has embedded the management of climate change impacts). Our adaptive capacity has increased across the organisation in the past year with all five regions now scoring RL3/RL4. This is higher than average for the rail sector of RL2/RL3.

### Delay minutes caused by different weather types 24/25



## A railway that cares for the environment

### Protect land, air and water

This year we have made improvements to how we manage environmental incidents. We have updated our procedures and have also worked with the RSSB to improve guidance on reporting environmental incidents.

We've created a new measure called the 'Environmental Incident Weighted Index'. It helps us calculate how serious an environmental incident is by looking at how much harm it caused and how many hours were worked. This helps us spot areas where serious environmental incidents happen more often, so we can better understand and manage our environmental risks.

Data on environmental incidents for 24/25 can be found in the safety, health and environmental compliance committee section.

We have also set up a Strategic Liaison Group with the Environment Agency, the environmental regulator for England, at national and regional levels, to enable early engagement and knowledge sharing.

We have created air quality improvement plans for nine of our managed stations that need the most improvement. The air quality improvement plans aim to reduce emissions, monitor air quality and protect public health.

### Support nature's recovery

We are continuing to support nature's recovery by understanding what nature we have on our land and putting plans in place to protect and enhance it. We actively monitor habitats using satellite data and our annual state-of-nature reports highlight progress to date.

During 2024/25 we planted 58,016 trees as part of our national tree planting scheme with the Tree Council. We have committed to a further four years of the scheme, continuing to support community planting and exploring whether projects can deliver measurable biodiversity and carbon benefits. These findings will help inform how we run future projects on railway land.

## A railway that helps communities thrive

### Create an inclusive and accessible railway

We are working hard to deliver more inclusive and accessible services and facilities, for example through improving the number and quality of Diversity Impact Assessments.

We have also continued to work to improve the profile and effectiveness of NR's Built Environment Accessibility Panel and in 2024 it celebrated its tenth year anniversary and was recognised as a finalist at the National Rail Awards.

In the last year, we have seen over 700,000 customers successfully assisted by Network Rail and train operator teams, but we continue to see customers not always receive the service that they expect. To help address this, we have recruited a Passenger Assistance Manager whose role focuses on upskilling station teams in using the Passenger Assist mobile app, fostering inclusive language and enhancing customer service skills.

We have also been working on Visual disruption maps. Phase one went live in December 2024 and included six videos providing information on key Christmas engineering works. The feedback from the videos has been positive – with 87 per cent of customers satisfied with the information in the videos and 93 per cent of customers rating the information in the videos as useful.

London's Waterloo station has been granted the Autism Friendly Award by the National Autistic Society and is the first Network Rail managed station to receive this award. Autism awareness training is now also a mandatory part of staff inductions when joining managed stations in our Southern region.

### Support local economies

We are continuing to quantify the positive socio-economic impacts of our activities using the Rail Social Value Tool. The tool enables the rail industry to measure and evaluate the social value of its activities at project, programme, team or organisational level.

In 2024, Network Rail worked with the RSSB and wider industry to complete a major refresh of the tool, including updating the data it uses and improving its functionality.

## Improve the wellbeing of communities

We continue to reduce noise impacts by carrying out risk assessments and working closely with local communities and authorities. In 2024/25, we received 1,803 noise-related complaints, down from 1,981 in 2023/24. Most were linked to engineering works (see Summary of noise related complaints 2024/25 below). As part of our control period 7 Delivery Plan, we're strengthening relationships with lineside neighbours by:

- Improving notifications for noisy or late-night works, including digital options.
- Enhancing access to our 24/7 contact centre, with live WhatsApp and Facebook Messenger support available from April 2024.

Table 1: Summary of noise related complaints 2024/25

Type of Noise	Number of complaints
<b>Non-work related noise</b>	<b>514</b>
Noise and vibration of passing trains	204
Stationary train	143
Track Alarm	20
Train Horns	101
Other	46
<b>Railway work</b>	<b>1,289</b>
Noisy engineering work	1,048
Worker behaviour (excessive noise)	241
<b>TOTAL</b>	<b>1,803</b>

We are proud to support many charities through payroll giving, and the average number of colleagues donating through payroll per period is 1,700. The average donation is £18 per colleague per period.

Charities can also apply to fundraise at our managed stations - this year £1,724,342 was raised through collections at our managed stations.

Network Rail colleagues can take five days volunteer leave each year to support charities and community projects. In total, 3,516 colleagues participated in 7,045.24 volunteer days in 2024/25.

We've continued to work with our communities, with 16 colleagues working across all five regions to respond to requests from Community Rail Partnerships (CRPs), station adoption groups and train operating companies to gain safe access to our property and land. Activities have included creating murals and community gardens, organising community use of vacant property and 'try the train' sessions to support vulnerable people to travel by rail.

In 2024, we ran two Community Payback Placement trials, resulting in over 1,000 hours delivered by over 100 people on probation. Activities included vegetation management on a disused train line, waste clearance and graffiti removal.

## A culture of sustainability

We are committed to ensuring that sustainability is at the centre of what we do and this year we have included environment and sustainability content in national recruitment packs and our colleague induction. We have hosted a stall at Network Rail's first Careers Fair and have supported our Green Network to run informative events for colleagues throughout the year, covering topics such as energy saving opportunities, solar power on projects and sustainable investment in Network Rail's pension schemes.

The definitions and methodologies used in our sustainability calculations are available in our 'Basis of Reporting' document available on the website: [www.networkrail.co.uk/sustainability](https://www.networkrail.co.uk/sustainability)

# Property



## Delivering investment and growth in property

At Network Rail Property, we create exceptional spaces for customers and brands at 19 of our managed stations. Our latest retail figures reveal total sales exceeded £914m in 2024/25, an uplift of 8.7 per cent on last year. We also generate value through retail lettings, advertising and by leasing property. Working with partners we transform disused railway land into sustainable neighbourhoods, delivering or helping to deliver 4,319 homes during the financial year.

## Retail at our managed stations

2024/25 was a very successful year for Network Rail and its retail partners. This success is shown by the year-on-year growth in both sales and new brands in our stations.

We consider our retailers to be our partners. They're supported by us at all levels, from on-the-ground advice for individual units to marketing assistance and strategic relationships with their executive teams. This close working relationship was fundamental to our 2024/25 customer service satisfaction scores, where we achieved our highest ever score of 94 per cent.

Our pop-up strategy continues to deliver with 2024/25 being our most successful to date, with 27 lettings. Pop-ups allow brands to test our destinations alongside reducing our business rate impact. Brands taking space included Whittards and Duckworld, with both All Saints and Holland & Barrett opening permanent stores following their pop-up success.

Aside from pop-ups, eight new brands joined us this year, including Gail's, Popeyes, GDK, 92 Degrees and Oseyo.

## Sales success

Our retail experts use customer insights to inform their work, helping us to place the right brands in each station. This strategy is borne out in our latest 2024/25 annual retail sales of £914.7m, which is £73m up on the previous year or +8.7 per cent across

19 of our managed stations. We remain on target to achieve £1bn sales by the end of CP7.

Set against the wider retail market, the British Retail Consortium (BRC) tracked a 0.6 per cent increase of total sales for the same year. Sustained quarterly sales growth across Network Rail's managed stations underlines the resilience of their retail performance.

## Olio case study

This year, the Retail team embarked on a new partnership with Olio, through its Food Waste Heroes programme. Olio is a waste sharing app and its programme targets surplus food, making sure that pre-packaged food, which would otherwise go to waste, can be shared without charge with those who need it most.

Following a 12-week trial at London Waterloo station, which saw 3,000 meals shared with over 100 households, 34 rail stations are now taking part, including 17 Network Rail managed stations. It's estimated that the partnership could feed nearly 11,000 households annually by donating 150 tonnes of food.

Retailers taking part include outlets such as M&S Food, Whistlestop, Soul and Grain alongside other brands including Boots.

Across our 17 stations taking part, the statistics from April 2024-April 2025 are as follows:

- 45 sites donating food
- 52,643 meals saved
- 2,635 households fed
- 25,274 KG food saved
- 94,024 CO2e emissions saved (KGs)

## Advertising and promotions

We renewed several key national contracts in the financial year 2024/25. Following competitive tenders, Global was appointed to manage our roadside portfolio and Space and People secured the management of in-station exhibitions. By working with experts who

can unlock the value of our advertising estate, we will secure an additional £59.5m over seven years for reinvestment in the railway.

The year also saw investment in our digital assets, with upgraded landmark digital panels delivered at Waterloo, London Bridge and King's Cross. And we introduced a roadside panel at London Bridge with the potential to generate £700k per year.

#### Commercial income breakdown by team

	FY25 Actual £k	FY24 Actual £k	FY25 vs. pre-COVID %	FY25 vs. 2024 %
Retail	143,780	137,236	95	105
National Contracts	66,209	50,134	103	132
National Portfolios	32,027	30,279	124	106
Interface Management Team	(0)	(12)	0	0
<b>Total Income</b>	<b>242,016</b>	<b>217,637</b>	<b>(0)</b>	<b>(0)</b>

## Regeneration and new homes

Housebuilding and creating communities have been a priority for Network Rail Property throughout 2024/25 as we continue to deliver significant regeneration schemes. Working with public and private sector partners we helped deliver 4,319 homes during this period, a 54 per cent increase on the previous year, which supports the Government's housebuilding agenda.

#### Housing breakdown by sector and by size

How homes were delivered	Number of homes	Percentage of total
Public sector partnership	656	15.19
Private sector access / rights from Network Rail	2,542	58.86
Private sector development partner	1,121	25.96
<b>Total</b>	<b>4,319</b>	<b>100</b>
Development project size		
1-250	2	25
251-500	2	25
501-1,000	3	37.5
1,000+	1	12.5
<b>Total</b>	<b>8</b>	<b>100</b>

We've accelerated our partnerships, with current development interests in 40 towns and cities outside of London and in four key strategic projects in the capital.

In addition, we celebrated key milestones on several critical developments which will deliver homes and neighbourhoods and drive sustainable growth.

## York Central

York Central, one of the largest brownfield sites in England, will create 2,500 homes for the city, alongside one million sq ft of office, retail and hospitality space, generating up to 6,500 jobs. The scheme is being delivered by a collaborative partnership between Network Rail, Homes England, the City of York Council and the National Railway Museum.

Milestones achieved this year include obtaining planning approval for a new government hub on the site, delivering a relocated car park to release critical land and, in March, transferring the first section of land to Homes England for development.

This first transfer marks a key step in the delivery of York Central, unlocking land for regeneration while ensuring the continued operation of critical railway infrastructure. The transfer covers the main part of the regeneration site, moving ownership from Network Rail to Homes England, ahead of development by our development partners McLaren Property and Arlington Real Estate. It also enables Homes England to continue its progress with essential infrastructure which will support long-term economic growth in the region and allow for the creation of new transport links, public spaces and mixed-use development. £7.5m was invested in infrastructure works during the year to unlock the development land. In total, £16.6m has so far been invested.

## Bow Goods Yard

Our masterplan for Bow Goods Yard, a rail freight site within the Queen Elizabeth Olympic Park, took a major step forward this year when it received unanimous approval at the London Legacy Development Corporation's planning meeting in October 2024.

The masterplan will see the 30-acre site regenerated into a rail freight campus and last mile logistics hub, enabling final stage deliveries for thousands of local people and businesses. Bow Goods Yard will also provide new community spaces and up to 5,000 jobs for the people of London. Additionally, by increasing the efficiency of the freight site, the development will remove up to 90,000 HGVs from the road network each year.



## Liverpool Street station redevelopment

The year also saw a Network Rail and Transport for London-led planning application submitted for the transformation of London Liverpool Street - Britain's busiest station. Our scheme will deliver major passenger benefits which will secure the future of the station for the next 50 years. While the upgrade of Liverpool Street station will cost hundreds of millions of pounds, a significant proportion of the investment will be covered by private sector partners.



## Protecting the railway

Our Town Planning team provided expert advice and support across complex regeneration projects, including London Liverpool Street station. We also completed 2,536 business clearances and 1,155 technical clearances, ensuring company-wide approval was secured for the disposal of Network Rail land or for change of use proposals.

## Our people initiatives

Our success is down to our people and the partnerships they lead. It's vital that we support them by creating an inclusive culture which places importance on listening and encourages training and development.

This year we introduced several new initiatives to drive this forward including:

- A five-year strategy to improve inclusivity within Network Rail Property.
- In-person and virtual leadership listening sessions.
- Menopause and mental health support events.
- Mentoring for young people totalling 60 hours

through the EY Foundation Programme.

- An apprenticeship scheme delivering paid work experience alongside a degree (BSc in Estate Management) and RICS qualification.

## Looking towards a new development company

In March 2025, HMT (Treasury) announced the Government's intention to speed up the pipeline of homes across Great Britain and our new property company was included in the announcement as a key contributor.

This new company will be formed by combining the development activity of Network Rail Property and London & Continental Railways (LCR). The Development team from Group Property will join the LCR team in the creation of the business.

This will work with Network Rail's regions to unlock the potential of the rail estate and our brownfield land to support social and economic transformation.

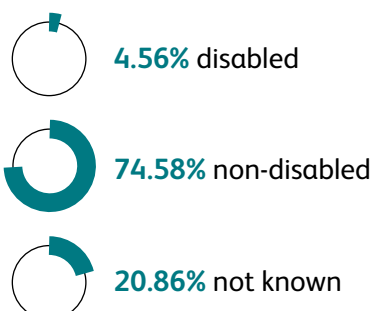
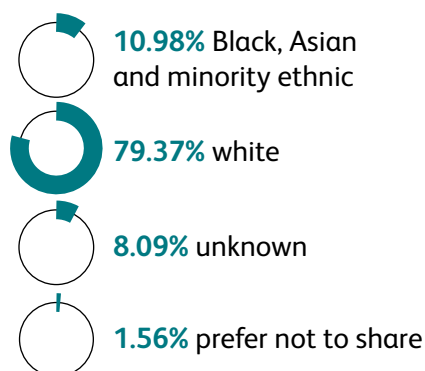
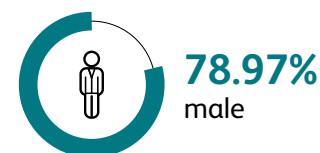
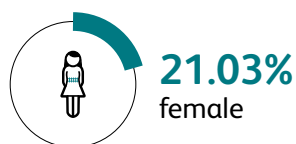
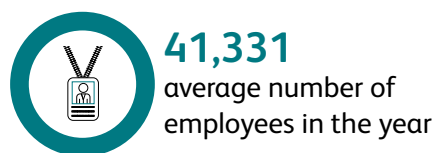
# People



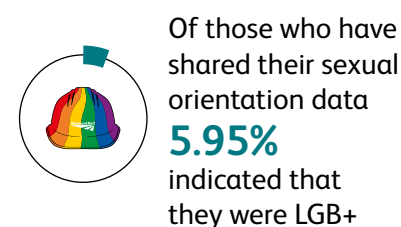
2024/25 employee engagement score

57%

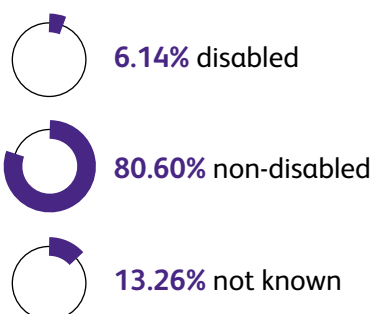
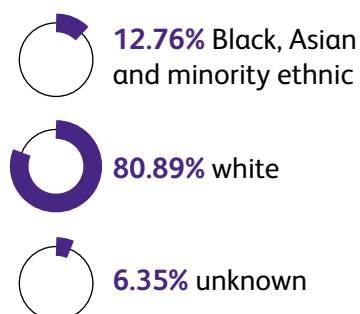
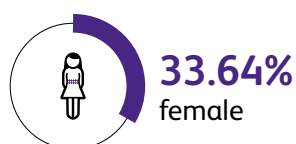
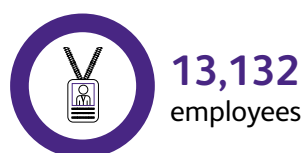
## Network Rail



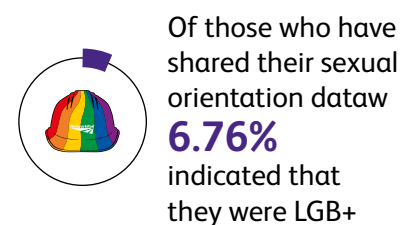
**6.54%** 18 to 25  
**7.30%** Over 60



## Management Network Rail (Excluding Band 4)



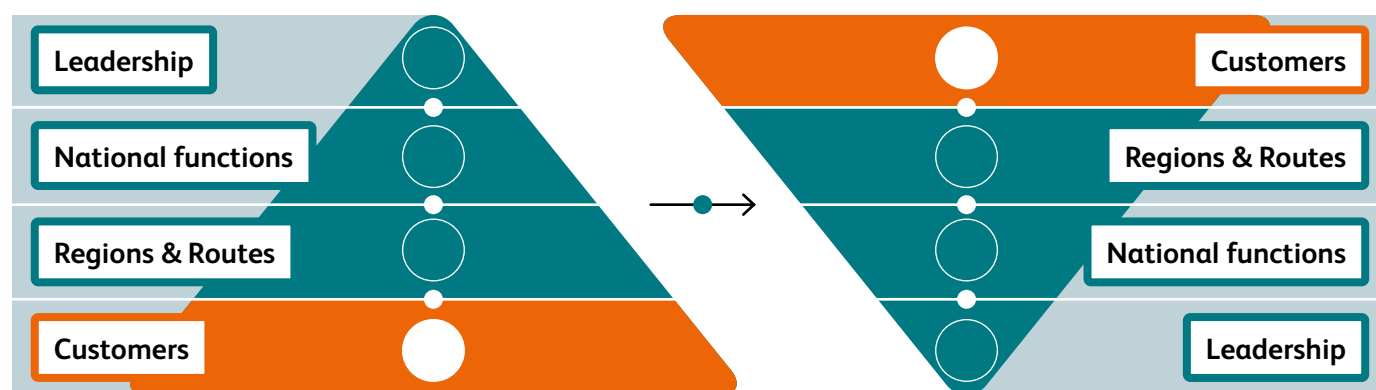
**1.58%** 18 to 25  
**5.90%** Over 60



The first year of Control Period 7 (CP7) has seen a change of government, the announcement of the nationalisation of the rail industry, the formation of shadow Great British Railways (SGBR) and the announcement that, over the next 12 months, the first three private train operators will come into public control, under the DfT Operator (DfTO). Amidst this environment of change we have continued to “invert the pyramid” by putting those who serve the customers at the heart of improvement (Fig. 1) to involve those that do the work,

optimise performance and job satisfaction and increase collaboration across our industry. Network Rail's overall engagement measure increased by six per cent to 57 per cent in March 2025, reflecting the work undertaken within the people strategy.

**Figure 1.** Inverting the pyramid, so the organisation capability improves to listen, respond and deliver what matters to customers.



### Working with our partners

After the general election in July 2024, the new government confirmed its intention to move forward with creating Great British Railways (GBR) as the new directing mind for the industry. Network Rail is playing an active part in supporting both the Government and the Department for Transport in designing GBR. However, we are not simply waiting for GBR before we start to improve the way the railways operate. During the last year, we have actively identified areas where we can deliver industry integration that will form the foundations for GBR. We have brought together leaders and subject matter experts from across the sector into 'communities of practice' (COPs), where we collaborate on delivering integration opportunities in the near-term and support the team designing GBR.

We continued to strengthen relationships with our trade union colleagues following industrial action in 2023/24. We embedded our maintenance modernisation programme and settled both our general and management grades pay deals in 2024. At the same time, we have continued to build operational resilience.

### Empowered leadership

We continue to invest in our leaders, including those working on the frontline. We improved our systems, policies, processes and working practices, using data to enable leaders to make informed decisions as we continue to modernise.

Our rail industry talent exchange (RITE) expressions of interest continue to grow, with 177 secondment opportunities, 68 per cent of them external and 270 colleagues registered and 48 confirmed secondments. Notably, 39 per cent of interested secondees are female and 17 per cent are from Black and Asian minorities.

As we transition from industry collaboration to industry integration with equity, diversity and inclusion (EDI), we're identifying how to address common challenges in key areas such as training, social mobility, frontline engagement and workforce diversity. We launched 'elevate your excellence', a leadership programme and 'beyond boundaries', an employee-led social mobility network. A Community of Practice (CoP) for EDI brings together EDI leaders from across the industry, working alongside Rail Unites for Inclusion, to drive both tactical and strategic change to address shared EDI challenges.

## Safety

### Competence and safety

Competent people are at the heart of achieving our vision of getting "everyone home safe every day". Our competence management system supports us to meet our objectives of enabling trains to run safely and delivering an excellent service for our passengers and freight users.

We updated Network Rail's competence policy and standard to shift from a centrally led, compliance-focused approach to a devolved, capability-driven framework. The new policy aims to empower our devolved organisation, prioritising people's capability to ensure safe and effective work, with compliance as a natural outcome. We developed a programme to modernise how we conduct, assure and reinforce our training, resulting in safe environments for people to test their learning, away from the danger of an operational railway, whilst boosting competence capability and confidence. As part of a trial in Wales and Western, 14 local training facilities were established with team development sessions delivered to 413 frontline staff and over 200 practical team training days completed.

## Train service delivery

### Better work

Systems thinking has resulted in significant building capability in systemic continuous improvement (SCI), helping to create sustainable solutions and operations, improving performance, efficiency, engagement and safety.

### Maintenance

Our delivery units maintain our infrastructure. The development of Model Delivery Units (MDUs) across all 38 Delivery Units (DUs) aims to deliver a 25 per cent improvement in cultural maturity in one year, with 13 MDUs developed annually until 2027. The first 13 MDUs have shown a 13.2 per cent improvement in maturity across a number of measures and a 19.7 per cent improvement in system measures for example planning, delivery and engagement measures with an average improvement in engagement of five per cent.

### Train performance centre

The Train Performance Centre (TPC), developed by the Systems Thinking team and route partners, aims to enhance train performance by aligning track and train understanding of network-affecting failures. The TPC's initiatives focus on driving sustainable improvements in performance through collaboration, data-driven insights and joint performance governance. In Anglia route, progress included reducing speed restrictions, accelerating maintenance, implementing a trespass multi-functional team and establishing an industry collaboration group for driver recruitment training. We expect further TPCs to be commissioned, because

of the opportunity it brings to increase systemic track and train collaboration, resulting in improved performance.

## Continuous improvement capability

### Coaching and mentoring

Mentoring in an organisation can increase engagement and improve understanding of roles.

In 2024/25 we improved our leadership capability, with 86 leaders coached and mentored through our Accelerated Leaders Programmes. Our coaching pool included 90 accredited coaches and 93 trained mentors who provided free coaching and mentoring across the organisation.

## Efficiencies

### Modernisation

Following the implementation of our new maintenance organisation in November 2023, we continued with new arrangement for rostering, cooperative and joint working, new job descriptions, cross boundary working and team size by task. National maintenance vacancy gap is at 6.6 per cent, an improvement of 7.8 per cent since March 2024. The central recruitment team's efforts include human resources teams sharing best practices for quicker adoption of ideas e.g., Fill and Skill initiative in Southern which was shared with routes, simplifying job specifications facilitate more effective recruitment campaigns and the development of a maintenance webpage, informed by regional materials to reduce implementation time and costs.

Through the system thinking programme, 21 Century Maintenance achieved £20.1m efficiencies with an additional £63.75m identified and being verified by local teams. The end of shift reporting implementation tool has a further potential efficiency of £87.96m. As the programme progresses, more efficiencies are expected.

## Sustainable growth

### Strategic workforce planning

We have taken a collaborative, robust approach to strategic workforce planning (SWP), to make working for the railway an attractive career for the next generation.

We created a SWP programme to offer advice and provide resources, tools and systems for all regions and functions. The team contributed to several pilots, including signaller modelling in Southern where we developed a tool to help proactively predict recruitment.

For external signaller recruitment we launched a bespoke assessment tool and a revised suite of recruitment materials. This resulted in more high-calibre candidates at the final assessment stage, giving routes more choice and contributing to reducing the vacancy gap to 1.2 per cent. Externally we recruited 390 signallers.

We continued to engage young people in Science, Technology, Engineering and Mathematics (STEM) initiatives to address the skills gap in the industry. In the last academic year for 2024/25, we reached 174,000 young people and 610 schools participated in a STEM outreach activity, workshops, employability sessions or work experience. Around 30,500 young people had meaningful interactions with Network Rail role models.

Our cross-industry shared project management apprenticeship pilot with the Transpennine Route Upgrade (TRU) programme, “PlanBEE”, successfully onboarded 15 project management apprentices in September 2024 with the next cohort due to start in September 2025.

## Building a great employee experience

Our people are our most important asset, and over the past year, we have continued focusing on creating a safer, more engaging, and inclusive working environment. By improving how work is done and resolving complex local issues – like end of shift reporting in our maintenance delivery units – we have prioritised leadership development, diversity and inclusion, wellbeing, engagement and building a stronger safety culture.

Our in-house occupational health service supports our focus on wellbeing. Our employee engagement survey has helped us understand what is important to our colleagues. These improvements range from implementing reverse mentoring schemes and improving knowledge-sharing across teams to

introducing improved facilities for frontline colleagues. Through this work we have seen a significant increase in engagement across regions and functions. Frontline worker engagement increased by seven per cent to 56 per cent. Engagement of maintenance colleagues increased by eight percent to 53 per cent and operations colleagues by four per cent to 62 per cent.

### Creating an inclusive culture

Our inclusion initiatives are continuing to remove barriers for our people through continuous improvement and systemic change.

Over 10.87 per cent of our workforce are from a Black, Asian and minority ethnic background and 20.91 per cent are female.

We launched our EDI strategy, “Everyone Belongs,” which reports positive trends, with significant increases in ethnicity representation, especially in leadership and front-line roles. Detailed ethnicity analysis of maintenance delivery units compared to local community demographics has been shared with the executive leadership team so they can create targeted action plans. Disability support initiatives include launching a new reasonable adjustments policy and procedure and the introduction of a specialist reasonable adjustments team. Common trends from the 900 queries received to date will inform guidance for HR and line managers on topics like dyslexia, ADHD and emotional support animals. Industry-wide guidance for Crohn’s and colitis has been produced, harnessing the lived experience of colleagues. This guidance will address the barriers and stigma associated with these conditions, providing much-needed support for those affected. The project is also focusing on raising awareness to ensure all colleagues know about the reasonable adjustments support available to them.

Support for Black, Asian and minority ethnic colleagues included participation in the KPMG cross company allyship programme. Gender support initiatives include our menopause guide and the women in rail mentoring scheme which offers a great opportunity to support women’s progression in the rail industry. We hosted an industry-wide panel for white ribbon day and underscored the importance of male allies in driving change. With industry partners we have set up an industry social mobility network group and formed an industry steering group.

We continue to support our eight thriving employee networks, which have over 7,809 members, and our 2,763 EDI champions, volunteers from all parts of the business who act as role models, challenge poor behaviours and signpost colleagues for support.

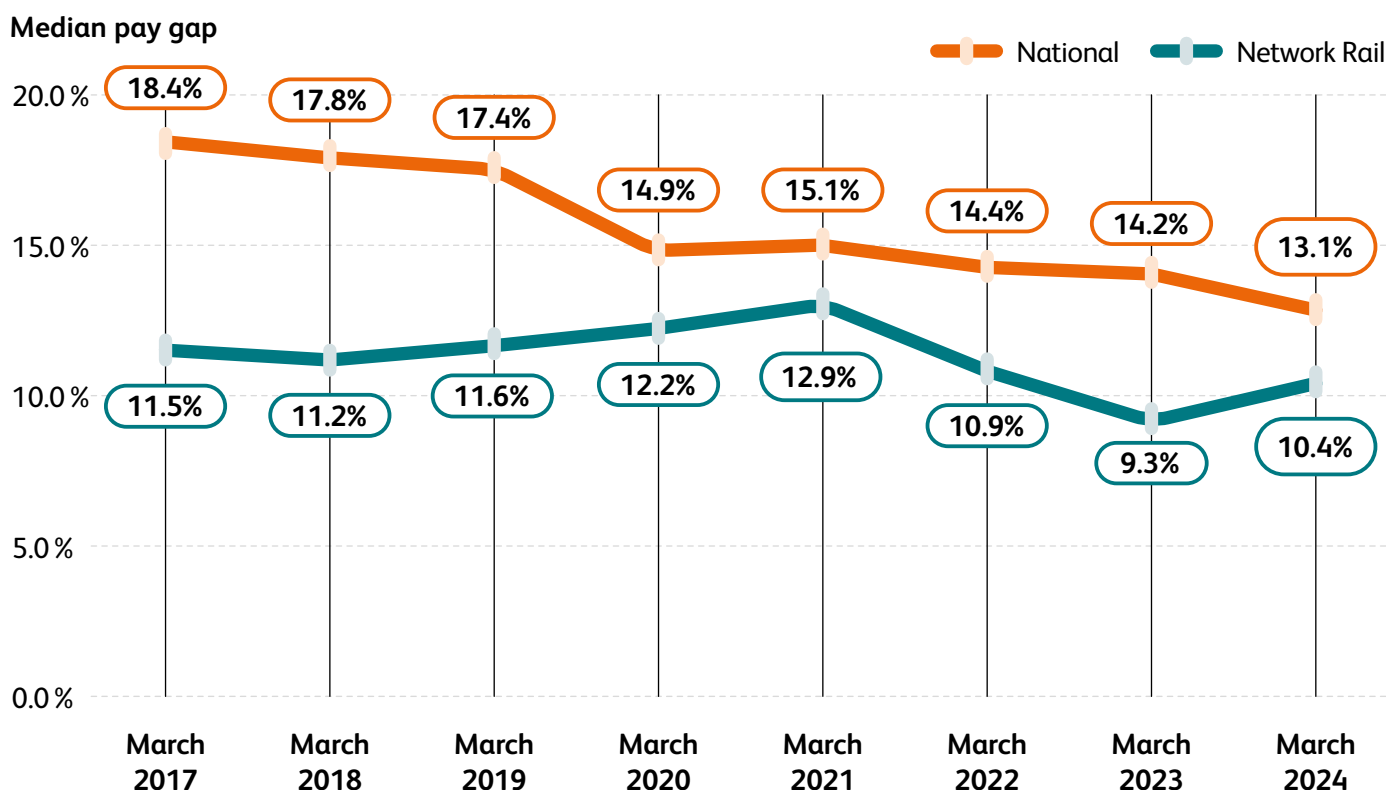
We continue to publish our gender pay gap report and lead the industry in voluntarily publishing our ethnicity and disability reports, demonstrating our commitment to closing pay gaps and becoming a more inclusive and transparent organisation. Whilst all three of our pay gaps have increased, this is due to increasing diversity into graduate, apprentice and other entry level roles, which are lower paid, as we attract more diversity into our workforce. Gender, ethnicity and disability headcount have all improved and we are becoming more representative of the UK population.

This increased diversity is positive and the focus now is ensuring these colleagues can thrive and progress through the organisation, which will help reduce the pay gaps in the coming years.

Our gender pay gap increased by 1.1 per cent to 10.4 per cent and remains lower than the UK's overall gender pay gap of 13.1 per cent. Our ethnicity pay gap increased by 1.9 per cent to 8.1 per cent. The disability pay gap at Network Rail increased by 2.2 per cent to 3.6 per cent which remains lower than the UK average disability pay gap in 2021 of 13.8 per cent. Our disability pay gap will fluctuate as we increase data sharing rates and the diversity of the organisation, but we are committed to creating an inclusive environment for all.

## Gender pay gap

**Figure 2.** Network Rail's gender pay gap compared to the national average



## Caring for our colleagues

We care about our colleagues and make sure they are supported in times of uncertainty. We helped 72 people find new opportunities in the company who would have otherwise been made redundant. Our HR policies ensure that we treat our employees fairly and consistently.

We also:

- Recognised the cost-of-living crisis is putting our colleagues under pressure, so supported colleagues through cost saving schemes, financial wellbeing guidelines and home energy information.
- Implemented a new neonatal policy to support

colleagues with newborns needing medical or palliative care within the first 28 days, offering one day's leave for each day their baby is hospitalised, allowing parents to stay with their child without using annual leave or facing financial hardship.

- Offering colleagues free period products in our workplaces so everyone can be comfortable at work.
- Published a guide on sexual harassment. We hosted a session on the law around harassment which attracted hundreds of people from across the rail industry.
- Continued the discounted leisure rail card saving colleagues money on personal rail travel.

We continue to be recognised further by external bodies:

- We remain in the Times Top 50 Employers for Women
- White Ribbon accredited
- Employers Domestic Abuse Covenant members
- Disability Confident Leaders
- Silver Trailblazer status with Race Equality Matters and a Top 10 employer in the investing in ethnicity matrix
- WISE Awards winning the Women's Wellbeing at Work Award and finalists for EDI organisation of the year

### Professionally developing our colleagues

Our empowering talent initiative supports all colleagues to share career aspirations and reflect on their development needs. As part of this, 3,812 colleagues completed self-reflections, with a quarter of these having career conversations with their managers.

Our frontline leadership framework continued to accelerate learning for frontline managers. The MDU initiatives aim to enhance our delivery units, including frontline leadership, where engagement increased by an average of five percent for front line leaders. The Tottenham MDU leadership pilot improved leadership behaviours and key performance indicators. Additionally, leadership engagement improved by seven per cent. We now have plans to expand across other regions.

## Our key focus for 2025

In 2025 our people strategy will contribute to a simpler, better, greener organisation and industry. We will continue building high performing,

engaged, collaborative relationships with our colleagues, trade unions and industry partners, driving local decision-making to better serve our passengers and freight users.

A key focus will be working with our industry colleagues in communities of practice to shape industry reform. We will develop cross-industry coaching, mentoring and development schemes to support industry leaders. We will continue to improve our diversity with new industry-wide EDI training. We will work with the government and industry bodies to improve access to work for people with disabilities and improving social mobility and we will contribute to a government ethnicity case study.

We will continue to improve our ways of working by delivering key strategies (better work, model delivery units, train performance centres, industrial relations, talent and succession, strategic workforce planning and EDI). Taking a coaching and mentoring approach across the organisation, our initiatives and programmes will be data led and use technology wherever possible.

As we look towards the future, industry collaboration and reform are our focus. We will continue to work collaboratively, enabling better work, building stronger relationships and improved engagement to create an industry we can all be proud of.



# Freight



**We are committed to delivering the regulatory freight growth target over Control Period 7 of 7.5 per cent for England and Wales and 8.7 per cent for Scotland.**

Biomass moved by rail increased by 29 per cent over the past year, while our largest commodity market, intermodal, reached peak traffic levels. However, construction have seen only modest gains, with the sector currently constrained by economic conditions.

Major shipping line changes, first announced in November, will generate major traffic changes for two of the nation's largest ports. This demonstrates the continued need for us to offer flexible and timely solutions to industry partners, as we jointly seek to drive further modal shift from road to rail.

To fulfil our Control Period 7 (CP7) rail freight delivery plans, we have proactively sought to better utilise existing network capacity, maximising the use of existing freight paths and we have worked with freight operating companies (FOCs) to trial longer, higher payload services that will deliver greater volumes of goods. For example, in December 2024, DB Cargo were given the go-ahead to run longer trains carrying

sand between Angerstein Wharf in Greenwich and St Pancras churchyard sidings. We will review more services throughout the control period to identify further growth opportunities.

As joint working continues across the railfreight teams, we were pleased that our work has been recognised among other industry partners, winning 'project of the year' for the Mendip timetable recast at the 2024 Rail Freight Group (RFG) awards. Launched in December 2023, the recast timetable has improved freight performance from the Mendip quarries, reducing delays, increasing right-time departures and boosting volumes. It has also provided capacity for a greater number of loaded wagons, which are critical for the construction industry.

We have successfully delivered a package of safety improvements through the funding provided by the freight safety improvement programme (FSIP). Highlights from the last year of projects funded



by FSIP include modernising loading facilities at major aggregate sites (Whatley and Tytherington), increasing usage of CCTV at trespass and theft hotspots, and developing automatic safety data-sharing methods in collaboration with the RSSB.

We've also digitised how we calculate freight loads so we can help our freight partners to move more goods by train. Until recently, we used paper and simple spreadsheets to calculate and record freight loads. With the launch of our new digital freight loads books, train planners across the industry can quickly identify opportunities to transport additional freight, whilst saving time and improving safety. The new system has also created a robust and flexible platform with which we can digitise other types of freight data in future.

This past year also saw the introduction of an access charges discount policy, developed by Team Railfreight and Network Rail's planning and regulation team. The scheme offers a time-bound discount for new services that meet specific criteria. These savings on track access charges can offset the mobilisation costs associated with new services, encouraging businesses to shift to rail and making rail more financially competitive, supporting decarbonisation and freight growth targets while making rail more financially competitive. A total of five new freight flows were approved in Year One, which combined will remove approximately 28,400 HGVs from our roads

and save more than 7,000 tonnes of carbon for each year they are operational.

Freight cancellations for 2024/25 finished at 1.5 per cent, slightly above target of 1.4 per cent. Severe weather, particularly flooding and high winds, has had the biggest impact on our freight cancellations, accounting for 36 per cent of them.

Another key success for Year One is the return of freight trains to Thorney Mill in West London after a 10-year hiatus. Our railfreight team worked with a construction firm to revive a disused rail siding, the new track layout will enable capacity for more freight wagons, allowing the Ashville Group to shift more building materials onto trains. This project demonstrates the potential of rail freight to deliver sustainable solutions for customers in the construction sector.

An outline master plan for Bow Goods Yard in London was also approved at the end of 2024. The masterplan looks to transform this major parcel of land into London's largest integrated rail freight logistics hub. The development will help ease congestion and lower emissions in London by moving up to 90,000 HGV movements per year off the road network. The development will include industrial, logistics and leisure facilities to support economic growth and provide local community benefits, including up to 5,000 new jobs.

# Climate related financial disclosures



**Our railway infrastructure faces warmer, wetter winters, hotter, drier summers, more variable rainfall and more severe storms. To enable the UK to meet its environmental targets, the rail network needs to offer a reliable service, enabling passengers and freight users to reduce their own carbon footprint by having the confidence to travel by rail, a greener form of transport.**

We need to adapt to our changing climate because weather significantly impacts how well the network operates. Also, in our role as a major landowner, we need to protect the biodiversity around our railway and reduce our carbon emissions, whilst enabling our customers to do likewise.

Our approach to managing the impact of climate change is embedded in our approaches to asset management, risk, governance and environmental sustainability planning. It is part of running a simpler, better and greener railway. So, throughout this section we will cross-reference other parts of the annual report that go into more detail about how we are responding to climate change.

Key aspects of our climate response include:

- our five-year funding settlements. These mean that we can plan with certainty to mitigate the medium and longer-term financial impacts of climate change. The process of agreeing funding allows enough flexibility in our plans to deliver against emerging priorities. In the longer term, as the impact of climate change becomes more severe,

the railway faces significant financial implications in relation to repair, replacement and abandonment of routes which can no longer be run because of, for example, coastal erosion or flooding. As an organisation, we will meet the financial challenges this presents by considering, with governments in Westminster and Holyrood, the network capabilities required we will need to develop and our funding in future five-yearly settlements.

- considering the future risk of climate change. This future risk has had an insignificant impact on our rail network valuation or overall financial position as of 31 March 2025, although we have faced some significant costs from severe weather incidents, and these are reflected in our retained earnings.
- our delivery plan update published in March 2025. This increases our spending on decarbonisation and climate change resilience.

Throughout the annual report we report against the requirements of the four elements of the Government's taskforce for climate-related financial disclosures (TCFD). These are governance, strategy, risk management and metrics, and targets.

## 1

## Governance

Of climate-related risks and opportunities including:

The environmental sustainability committee report on pages 135 to 137 sets out how we oversee progress against targets to address climate-related issues and the processes and frequency with which the Board and/or Board committees are informed about climate-related issues.

The audit and risk committee report (pages 140 to 145) sets out how we oversee any major plans of action, risk management policies, annual budgets and business plans, as well as how we set the organisation's performance objectives, monitor implementation and performance, and oversee major capital expenditure and acquisitions.

Our Board's role in assessing and managing climate-related risks and opportunities are discussed in the following parts of the Annual Report including:

- the corporate governance statement pages 113 to 149, which sets out how climate-related responsibilities are assigned to management or committees, how these are reported to the Board or a Board sub-committee and a description of the associated organisational structure(s) with respect to climate-related responsibilities, and the processes by which management is informed about climate-related issues.
- the environmental sustainability committee report pages 135 to 137 and Environment, sustainability and communities section pages 75 to 79 which set out how we monitor climate-related issues.

## 2 Strategy

The strategic report: Our approach to risk management pages 95 to 103 sets out:

- the climate-related risks and opportunities identified over the short, medium and long-term, including the processes we use to determine which risks and opportunities could have a material financial impact on Network Rail.
- the impact of climate-related risks and opportunities on the business, strategy and financial planning, including on: the business and strategy in products and services, supply chain and/or value chain, adaptation and mitigation activities, investment in research and development, operations (including types of operations and location of facilities), with further discussion in the Environment, sustainability and communities section page 75.

## 3 Risk management

The Risk management section on pages 95 to 103 sets out our processes for managing climate-related risks.

This includes how we make decisions to mitigate, transfer, accept or control those and how processes for identifying, assessing and managing climate-related risks are integrated into overall risk management.

## 4 Metrics and targets

The Environment, sustainability and communities section pages 75 to 79 sets out:

- the metrics used to assess climate-related risks and opportunities, in line with our strategy and risk management process, including: key metrics used to measure and manage climate-related risks and opportunities; methodologies used to estimate climate-related metrics; Scope 1 and Scope 2 green-house gas (GHG) emissions and, if appropriate, Scope 3 GHG emissions (in line with GHG Protocol with methodologies explained) and the related risks; and any generally accepted industry specific GHG efficiency ratios.

### Impact on Network Rail's financial position

Climate change is likely to have a significant impact on our network's reliability and the costs of running the network.

The financial position of Network Rail is made more stable because of our regular funding, its status as a central government body and the fact that the Secretary of State has responsibility to protect the interests of rail users. Network Rail is funded in five-year blocks (control periods). The Office of Rail and

Road (ORR) determines the charges to our direct customers (e.g., train operating companies) and the outputs we are expected to deliver (such as network reliability and asset condition) before the start of each control period. When they set charges and outputs, ORR takes into account Network Rail's opportunities (for example, money generated from increased rail usage) and risks (for example, additional expenditure caused by climate change), which means we are better protected from the financial impact of climate change than a private company.

## Financial impact on Network Rail's results

Whilst control periods provide some certainty over funding, unexpected incidents can happen at any time and are becoming more severe because of climate change.

The main impact of bad weather events is disrupted travel for rail users. This year around £61m (2024: £119m) compensation was paid to train operating companies due to delays caused by bad weather. The five year average for compensation related to bad weather is £79m whereas last year's equivalent average was £82m.

These costs are mitigated, in part, because Network Rail carries insurance for severe weather incidents. The gross insurable cost of these failures from severe weather in the last 10 years amounted to £361m, an increase on last year's 10 year cost of £332m. This shows an upwards trend and has added approximately 0.5 per cent to our annual running costs.

## Network Rail's delivery plan update

Our ambition is to have prepared the railway infrastructure in such a way that minimises the impacts of climate change on rail. We want to keep connecting passengers and freight with where they need to be, so we support communities and the UK economy.

Key areas of focus last year include maintaining and renewing drainage and earthworks systems, as well as some of our track and overhead electrical equipment.

In the year, some key projects undertaken to achieve our climate change objectives were:

- improvements in electrical equipment £425m
- improvements in earthworks £321m
- improvement in drainage £111m
- Decarbonisation and environmental sustainability £25m
- other weather resilience £14m

In CP7, we plan to invest £2.8bn on improving our resilience to extreme weather and climate change through planned maintenance and renewals activities. Key areas of focus include maintaining and renewing drainage and earthworks systems, as well as some of our track and overhead electrical equipment renewals.

We do not think this will cover all resilience requirements and we expect to see an increase in reactive works required to manage the impact of extreme weather and climate change, due to the expected increase in frequency and severity of extreme weather events.

Network Rail will continue to manage such events with our available funding, including using amounts put aside for emerging risks in our plans and insurance.

Further details of our environment and sustainability activities, including measurements and our progress against our strategic aims, are set out in the Environment, sustainability and communities section pages 75 to 79.

# Risk management

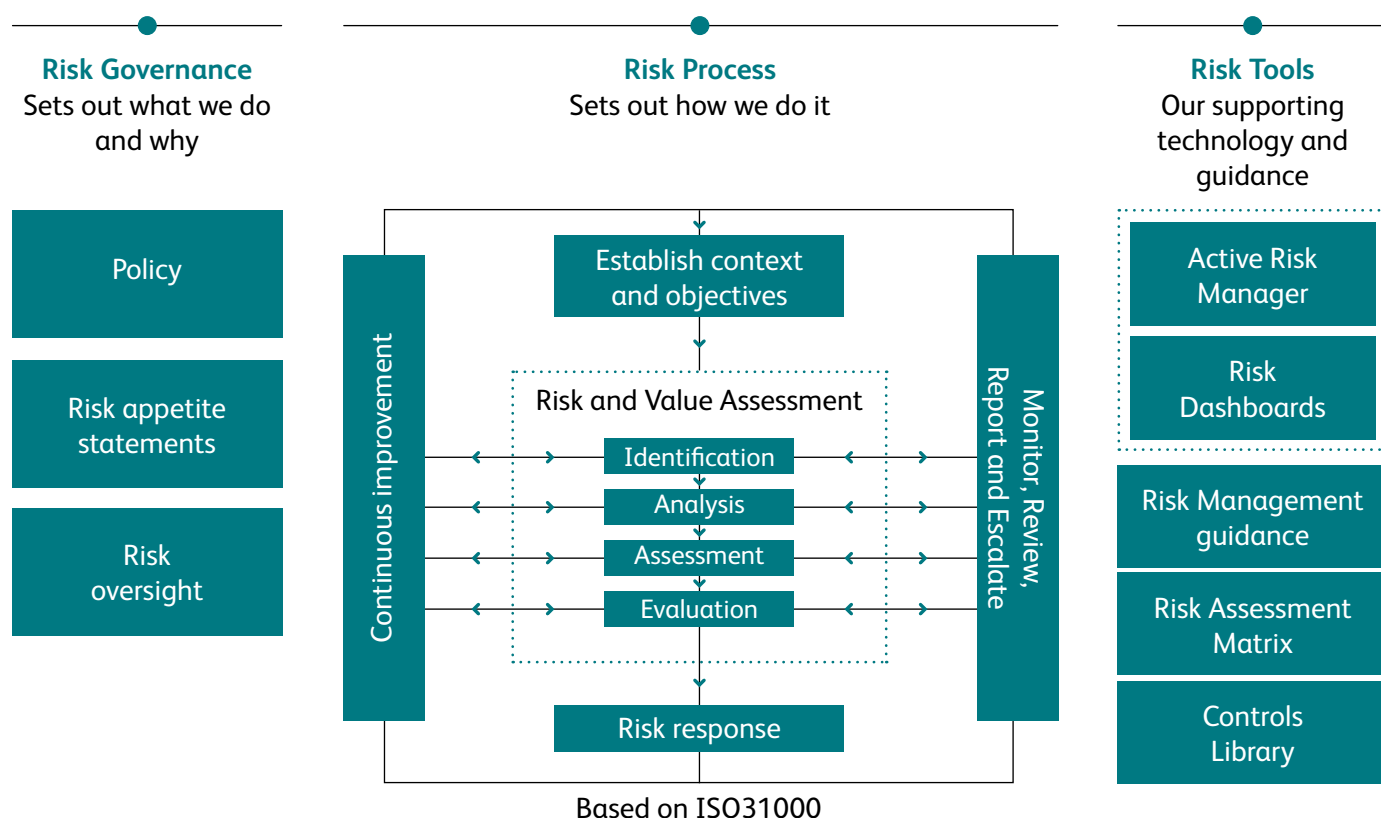
Our vision is to make risk management integral to what we do, so we can maximise our ability to deliver for passengers and freight users.

At Network Rail, it's vital that we effectively manage any threats that could stop us running a safe and reliable railway, and that we make the most of opportunities to improve people's experiences of using the railway or working with us. These threats and opportunities are collectively known as our risks.

## How we manage our risks

'The Way We Manage Our Business' is an established part of our operating model which encompasses governance, risk, assurance and improvement. The risk framework sets out our requirements for managing risk in a large organisation, as well as providing tools to do this. It helps us to identify, assess and manage our risks consistently. The framework is based on the ISO:31000 international risk standard and is also compliant with the Government's Orange Book, the Cabinet Office guide to risk management in government.

Diagram 1 - Risk framework



Under pinned by:

Risk Management Culture

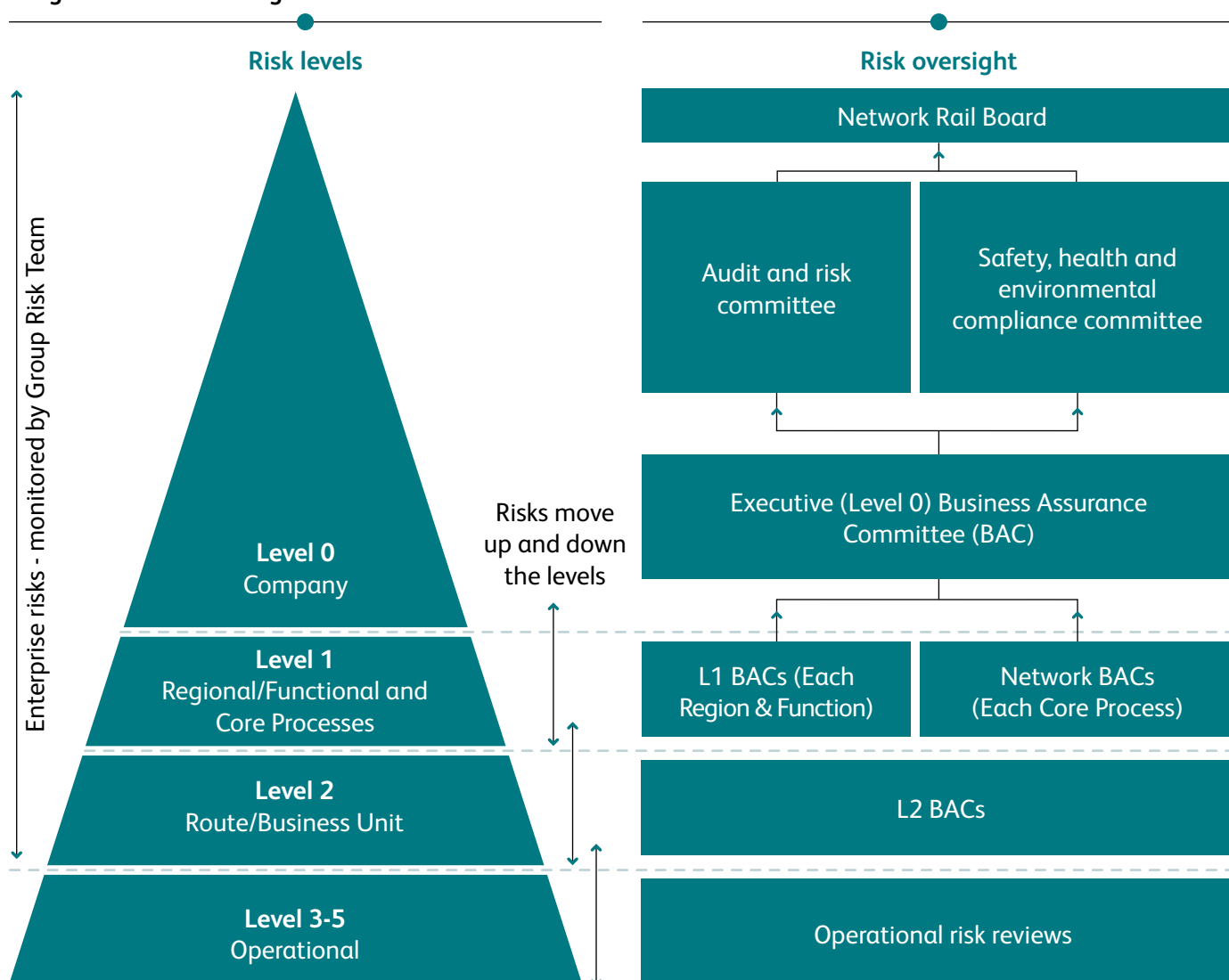
Risk Capabilities and Training

All our enterprise risks, defined as threats or opportunities to achieving our strategic objectives, are managed in accordance with our enterprise risk management (ERM) framework, tailored for specific risk types. For example, we manage safety risks using our framework and the Office of Rail and Road's (ORR) Risk Management Maturity Model (RM3). This is a tool for assessing an organisation's ability to manage health and safety risks, helping to identify areas for improvement and provide a benchmark for year-on-year comparison.

## Risk oversight

Everyone at Network Rail has a role to play in identifying and managing risks, but our Board of directors is ultimately accountable. Enterprise risks are monitored and governed by business assurance committees (BACs) or equivalent meetings.

**Diagram 2 – Monitoring of different levels of risk**



The Board delegates oversight of risk management to the audit and risk committee (see pages 140 to 145) or the safety, health and environmental compliance committee (see pages 131 to 134) for health and environmental risks. Each risk has an individual accountable owner. Level zero risks, classified as those material at a group level, are owned by an executive member. Risk ratings, controls, their effectiveness and improvement actions are updated quarterly and reviewed by the senior leadership team.

## How do we decide how much risk to take?

We use company-wide risk appetite statements, updated annually, which set out how much risk the Board is willing to take for Network Rail to achieve its goals. There are four possible risk appetite levels – minimal, cautious, open and eager – and they are supported by guidance on how to use them, including examples of decisions that are in or outside of each level. Our aim is to consider our risk appetite for the four following impact areas together when making decisions, rather than each in isolation and to proactively work to bring each risk within its target risk appetite.

### Safety, health and environment - Minimal

We will seek to continually reduce safety, health and environment risks across the system, to reduce the likelihood of serious harm to the public, passengers, workforce or the environment.

### Financial – Open

Within our core business, we're willing to accept and invest in opportunities with inherent financial risks, where these are understood and proportionate to the expected benefits to passengers and freight users.

Outside our core business, we are only willing to accept and invest in opportunities with moderate inherent risks, where these are understood, proportionate to the expected benefits and undertaken with necessary external approvals.

We are prepared to accept minimal risk of a breach of our agreed funding limits and will allocate funding to create buffers to mitigate the risk.

### Train performance - Open

We are open to new approaches and will work across the industry to find better ways to support passengers and freight users.

Innovation will be supported where the risks are understood and proportionate to the expected benefits.

Where risks are poorly understood, we will be cautious about making any decision that could negatively impact on train performance for passengers and freight users.

### Political and stakeholder – Open

We are willing to accept some negative exposure to support higher risk strategies, including national media coverage or political or regulatory scrutiny (i.e. negative sentiment from our stakeholders).

**Each risk is assessed against all four of these risk appetite areas and we report on whether they're in or out of appetite.**

## Emerging risks

One way for companies to better manage risk is to look ahead to the future and think about how different scenarios could affect them. Every two years, we perform an exercise with the executive team and Board to identify our emerging risks.

We last conducted this exercise in summer 2024. Subsequently, we update this emerging risk view every six months based on internal and external expert input.

### Railway reform

Government are pushing forward on reforming the railway industry, with the transfer of train operators into public ownership and the establishment of Great British Railways. Network Rail are supporting these developments and as plans become clearer, we will use our risk management process to capture the risks (both threats and opportunities) to Network Rail through this transformation.

### Geopolitical instability

We have an unstable global climate with ongoing war in Ukraine, conflict in the Middle East and significant actions from the new US administration affecting supply chains. We continue to strengthen our risk management processes relating to external geopolitical conditions. Conflict in the Middle East has led to both an increase in supply chain challenges, as well as a raised security threat, both of which we have reflected in our risk profile.

### Societal polarisation and threat of misinformation

With increased societal polarisation, there is a heightened reputational threat to Network Rail around issues that generate a high degree of public interest. We continue to be vigilant of how our actions may be perceived by an external audience and have established processes in place for handling reputation-affecting media stories.

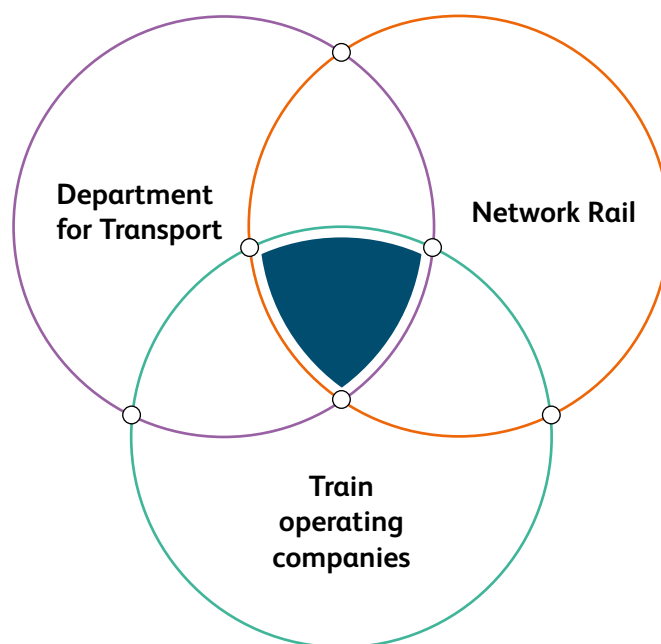
## Technology evolution

Over the coming years, there will be a broad shift from legacy technology to newer digital systems, for example through the East Coast Main Line digital signalling programme. There will also be solutions to problems using new technologies like AI and automation. These new technologies will change our operational risk profile. Alongside this, we are working to map out the organisational capabilities and skills we will require in the future. Additionally, we are planning how to retain the knowledge and skills we need to support our older systems to continue to effectively operate the entire railway through this transition period.

## Putting passengers first across the industry

Network Rail can't manage risks to the railway on its own. Many risks require cross-industry collaboration.

Network Rail has led the development and co-ordination of cross-industry risk evaluation, with close collaboration with the Department for Transport (DfT), Great British Railways Transition Team (GBRTT), train operating companies and other rail industry organisations. Building on work started by the rail industry risk forum in 2021, we continue to identify and evaluate shared risks to support an industry risk register. To date, we have completed development of three industry risks, with ongoing monitoring of actions – these are supply chain disruption, winter power disruption and people risks.



## Continuous improvement

We regularly assess our risk framework against approaches in other organisations, through our active participation in industry groups and enterprise risk collaboration forums and by checking it against industry best practice. We use a single risk dashboard system to manage all our enterprise risk information across Network Rail which is available to all colleagues. As a result, our risk management approach has moved away from static, siloed spreadsheets into a dynamic format, with greater transparency and improved risk analysis. We will continue to develop and improve the risk management process to drive better outcomes for all our stakeholders.

## Principal risks

**The Board has assessed and monitored Network Rail's principal and emerging risks throughout the year, in accordance with provision 28 of the UK Corporate Governance Code 2024.**

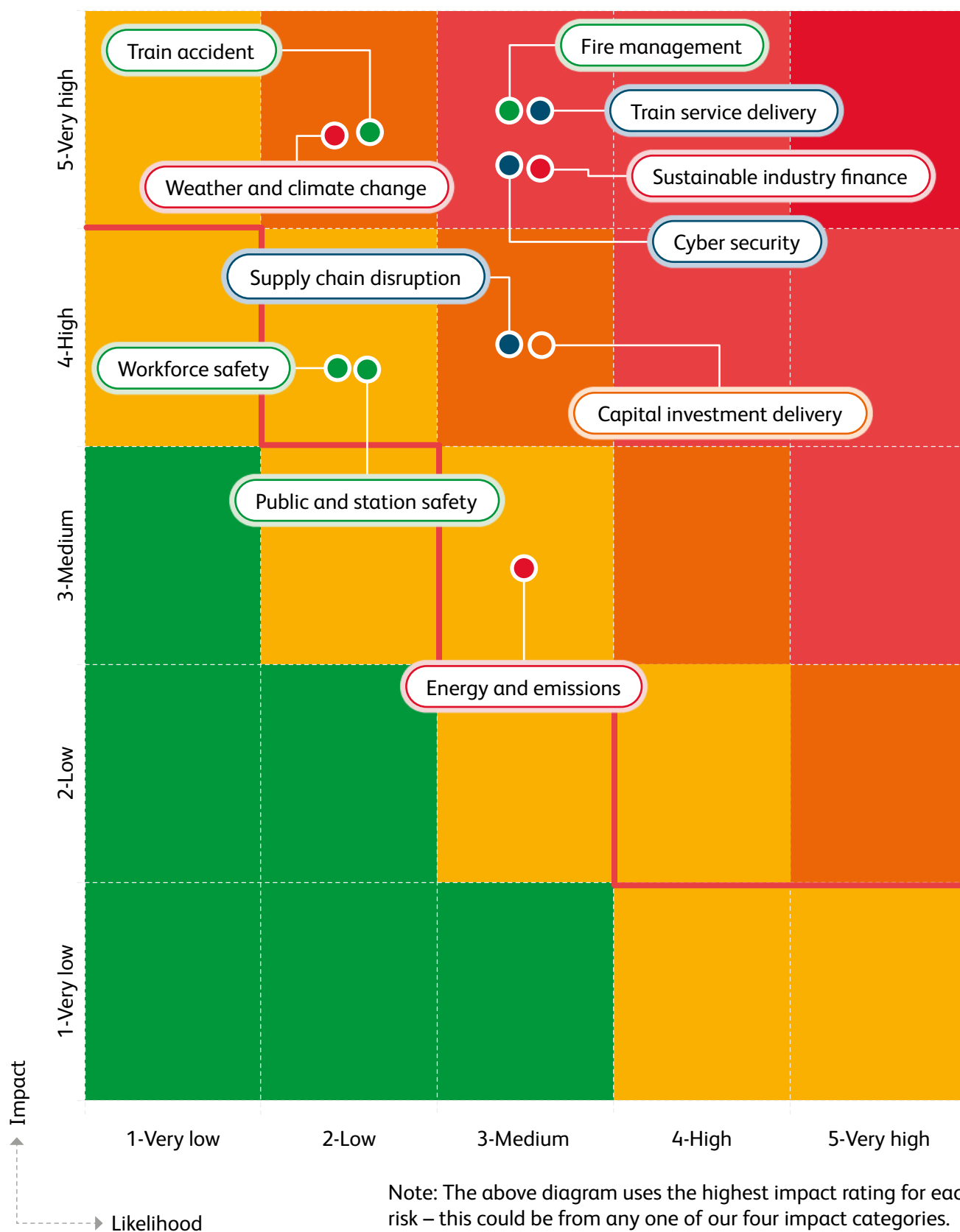
We consider all of our risks through a range of lenses, including the level and type of visibility the risk requires, how well controlled the risk is, the impact to our reputation if the risk occurred and if the risk has a material financial impact. Our principal risks are those deemed to be material at a Group level with respect to one or more of those judgments.

The risk diagrams and tables in this section show the risks that meet these criteria. The risk tables are grouped by Network Rail's strategic priorities (for more information on our strategic priorities, see pages 16 to 18).

Our risk visuals report the credible worst-case impact (which could be safety, financial, train performance or stakeholder/political impact) along with its likelihood. A broad review of our scoring methodology was

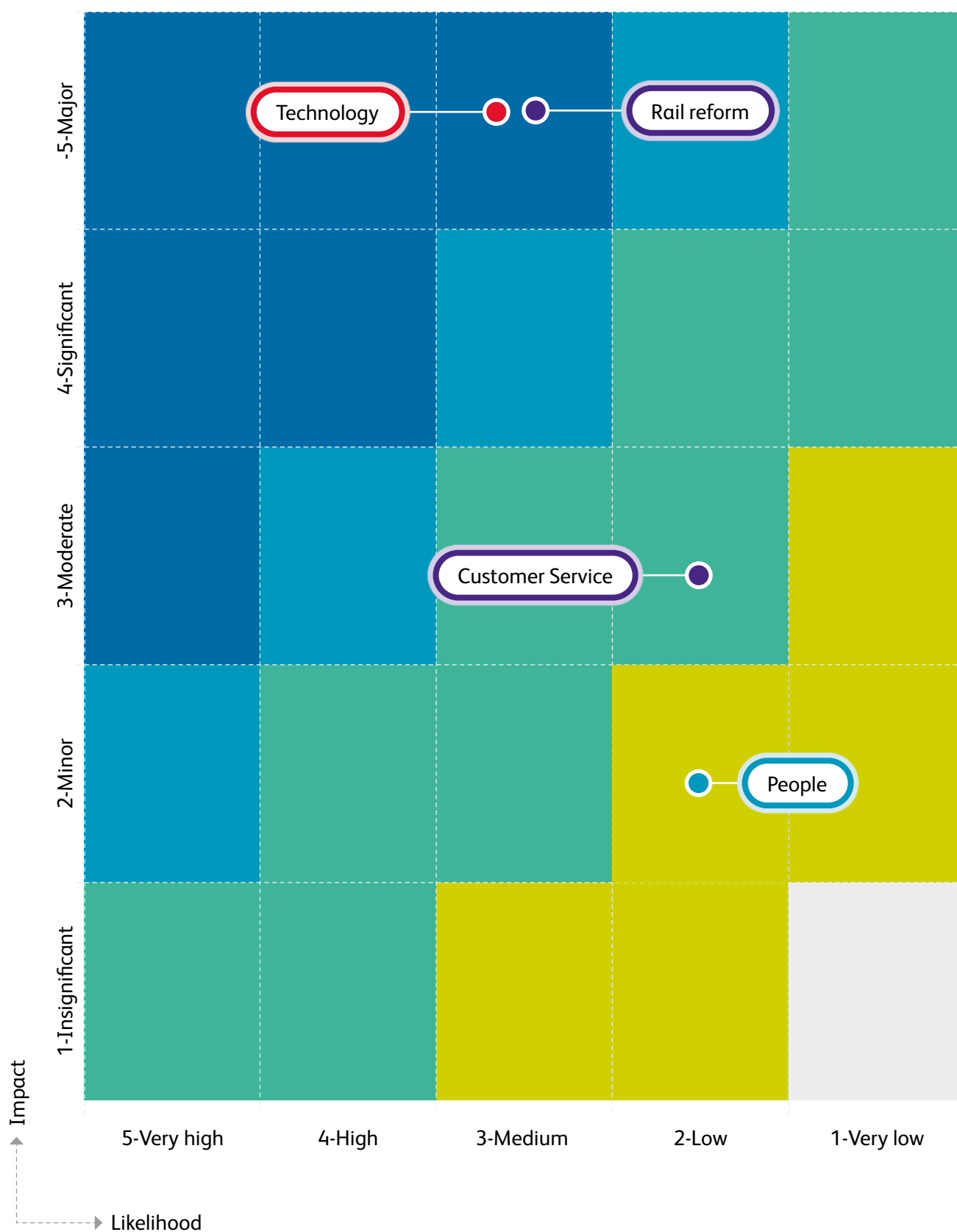
undertaken in 2024, which means that year-on-year changes cannot be identified through comparison with last years annual report. Where a risk has changed over the year, this is described in the narrative below.

**Diagram 3 - Threats to achieving our strategic goals** Threats map (as of 26 February 2025)



## Diagram 4 – Opportunities

Opportunities map (as of 26 February 2025)



## Risks by strategic priority



### Strategic priority **Safety**

Our safety vision is Everyone Home Safe Every Day. Our aim is to reduce risks to the public and passengers, as well as to the people who work for and with us. The principal risks that could affect the achievement of this strategic priority are:

#### Fire management

##### Threat

Failure to manage fire safety risk leading to a significant safety incident and or action from the regulator.

#### Public and station safety

##### Threat

Our framework is not robust enough to have suitable and sufficient infrastructure, systems and controls in place to safeguard passengers and public at the interface with trains and the railway (excluding train accident risk), resulting in a fatal or major injury.

#### Train accident

##### Threat

Network Rail fails to manage activities leading to a failure of an asset or operational process causing a catastrophic train accident.

#### Workforce safety

##### Threat

Our framework is not robust enough to safeguard our workforce, resulting in injury, single and/or multiple fatalities of Network Rail staff (employees and contractors).



### Strategic priority **Customers and communities**

Our aim is to improve the service we provide to our customers and communities by listening to what they need and responding appropriately. To achieve this strategic priority we can:

#### Improve the customer service we offer

##### Opportunity

We have the opportunity to change our culture, continuing to put safe service at the heart of all we do and improve the experience we offer to our passengers, customers, stakeholders and our own people.



### Strategic priority **Train service delivery**

Our aim is to deliver a railway that people can rely on, with trains that turn up and arrive at their destination on time. The principal risks that could affect the achievement of this strategic priority are:

#### Cyber security

##### Threat

Hostile or malicious acts on Network Rail's cyber systems leading to loss, compromise or disruption impacting the operational railway, business services and supporting processes.



## Train service delivery continued

### Supply chain disruption

#### Threat

Disruption to supply of critical goods, services, materials, plant or labour resulting in significant disruption to train services, incomplete delivery of agreed Control Period outcomes from available budget and/or reputational damage.

**What's changed?** The likelihood of this risk was reduced during the year to reflect an improved supply chain risk management process and a reduction in concern around two specific critical suppliers.

### Train service delivery

#### Threat

Our plans fail to improve industry train performance in line with Control Period targets, resulting in poor passenger and freight user experience and/or reduced revenue.

**What's changed?** During the year, we increased the potential impact of this risk occurring, to reflect the new government's focus on improving railway performance and continued challenges across multiple regions.



## Strategic priority People

To help us attract and retain the best people, we must create an environment in which people can bring their whole selves to work, feel safe to be who they are without fear of discrimination and work in an environment in which they can fulfil their potential and feel valued. The principal risks that could affect the achievement of this strategic priority are:

### Better jobs and healthy, engaged people

#### Opportunity

We have the right people with the right skills who are healthy and engaged, doing the right jobs safely.



## Strategic priority Efficiency

As a public body, we have a responsibility to spend taxpayers' money wisely in operating, maintaining, renewing and enhancing the railway infrastructure. The principal risks that could affect the achievement of this strategic priority are:

### Capital Investment Delivery

#### Threat

Failure to successfully control the delivery of projects within our capital investment portfolio (e.g. Transpennine Route Upgrade) or unforeseen internal / external factors might lead to cost or delays which compromises Network Rail's reputation as an efficient and dependable partner and ability to deliver positive passenger outcomes.



## Efficiency continued

### Early benefits from rail reform

#### Opportunity

In advance of legislative change, there is an opportunity for Network Rail to provide early benefits for passengers, freight and taxpayers through the rail reform agenda.

**What's changed?** As rail reform progresses, Network Rail are engaging with peers across the industry to support development of the organisational structures and capabilities of GBR and, where possible, begin to deliver benefits of cross-industry collaboration prior to the formal stand-up of GBR.



## Strategic priority Sustainable growth

Network Rail's vision is to be a responsible and environmentally sustainable company and we aim to improve the railway infrastructure where there is a strong business case to do so. The principal risks that could affect the achievement of this strategic priority are:

### Energy and emissions

#### Threat

Failure to deliver a railway that supports a net zero economy by 2050 and one that has a positive impact on local air quality.

### Sustainable industry finances

#### Threat

There is a risk that passenger revenue does not recover and efficiency commitments are not met, resulting in industry finance not recovering, unexpected subsidy requirements and loss of government support.

**What's changed?** The risk score improved over the year following the resolution of industrial action, resetting of operator plans and continued strong efficiency delivery (doing more with the same amount of money).

### Technology

#### Opportunity

Network Rail fully exploits operational and information technologies to improve safety and enable delivery of the railway's whole industry strategic plan.

### Weather and climate change

#### Threat

Failure to manage the impacts of adverse and extreme weather, exacerbated by climate change, leading to a failure to meet performance targets and safety levels.

# Viability statement



**The directors have assessed the viability of Network Rail to maintain Great Britain's rail infrastructure over a three-year period, taking account of the company's current position and the potential impact of defined scenarios on its principal risks and financial viability. Based upon this assessment, the directors have a reasonable expectation that Network Rail will be able to continue in operation and meet its liabilities (amounts owed to others) as they fall due over the period to March 2028. This longer-term assessment process supports the Board's statements on both viability, as set out below, and the statement on going concern, made on page 166.**

Network Rail is funded in five-year blocks called control periods. The current five-year block (Control Period 7 or CP7) runs from 1 April 2024 to 31 March 2029. The Office of Rail and Road (ORR) determines charges to customers and outputs required from the rail network (including reliability and asset condition) before the start of each five-year period. In doing so the ORR has statutory obligations regarding producing a settlement that 'will not render it unduly difficult for' the licence holder, Network Rail 'to finance its activities.' This allows Network Rail a high degree of certainty regarding funding for its operations and investment activities.

The regulatory process towards setting charges and outputs allows stakeholders to define their required outputs from the network and governments in Westminster and Holyrood to set out the funding they have available. These are built into Network Rail's strategic business plan. Once the ORR has determined outputs and charges, Network Rail produces a Delivery Plan. This plan is refreshed by forecasts on a quarterly basis to manage outputs within the resources available.

Network Rail will not undertake any further borrowing during the next Control Period through to 31 March 2029. Instead, its activities are funded by grants from the Department for Transport (DfT), Transport Scotland (TS) and revenue from customers. Network Rail has agreed a loan facility with the DfT for all refinancing activities through to March 2029. It intends to draw upon this facility in the next year specifically to refinance maturing parts of its existing

debt with DfT amounting to £7.756bn of the £31.880bn currently borrowed from the Department. There is one commercial bond to refinance in the period to March 2026.

Government has committed increased funding for the five-year period commencing April 2024. Nevertheless, we expect the five-year period to be more challenging due to inflationary pressures and the need to keep investing to maintain asset condition. This is being addressed in our planning processes and is the subject of scenario testing. See scenario 2 below.

Network Rail has eight separate grant agreements in place with the DfT and TS to fund activities in the period 2024-2029. These grants can be drawn flexibly to pay suppliers, employees, lenders and other creditors as required. These grants are:

- with DfT: Network Grant; Enhancements Grant; British Transport Police Grant; Financing Costs Grant for DfT interest; Financing Costs Grant for external interest (bonds and swaps); and Corporation Tax Grant
- With TS: Network Grant and Enhancements Grant.

Network Rail is also attracting third-party capital to finance enhancements to the rail network.

In addition to the loan facility and grants described above, as the rail industry adjusts to the different patterns of rail usage since the pandemic, Network Rail's direct customers, such as the passenger operating companies, continue to be supported by Government.

The Government intends to create a new public body, Great British Railways (GBR) which will be the directing mind of Great Britain's railway infrastructure and service, responsible for the day-to-day operational delivery of the railways, ensuring infrastructure and services work together and for innovations and improvements to the experience of passengers and freight users. There are no plans to wind up Network Rail Limited, but in any event GBR will have a wider range of powers and functions. The transformation programme is dependent on further activities including legislation and will take time to fully deliver.

Network Rail maintains comprehensive business plans and financial models to project cash flows, assess financial risks, and manage liquidity. These tools ensure sufficient cash is available when needed, support forecasting of future funding requirements, and monitor key financial ratios, including those required under our network licence. Analysis is conducted to understand the resilience of the group and its business model to the potential impact of the group's principal risks or a combination of those risks. This analysis takes account of the availability and effectiveness of the mitigating actions that could realistically be taken to avoid or reduce the impact or occurrence of the underlying risks. The Board's regular monitoring and review of risk management and internal control systems, are described on pages 95 to 103.

Modelling has assessed the impact of cost shocks such as COVID responses and industrial action on Network Rail's financial viability and shows that these may be mitigated by the financial risk buffer, meaning the

amounts put aside for emerging risks in our financial plans and the ability to safely defer works as required.

In addition, as Network Rail is an arm's length body classified within central government and a member of the DfT group, its creditors can consider His Majesty's Government security and the statutory obligations on the Secretary of State for Transport, regarding settling liabilities.

We have set out the details of the principal risks facing Network Rail on pages 98 to 103 described in terms of our ability to meet our strategic objectives. We identify our risks through a robust assessment that includes a continuous cycle of bottom-up reporting and review. In making this statement the directors have considered these principal risks and Network Rail's ability to withstand severe but plausible scenarios based on them. This included consideration of the economic environment, service delivery and the safety of the rail network. The scenarios were considered in terms of the impact on the financial resources of Network Rail and the impact on delivery of future improvement work.

The assessment considered Network Rail's current financial position and any headroom, meaning amounts available to manage emerging risks, in its current forecasts; it also considered other sources of funding or actions such as deferral of improvement work.

Several mitigating actions were identified including the adequacy of the financial risk buffer, coupled with the ability to safely defer works, plans to improve performance and the group's insurance arrangements.

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We assessed three severe but plausible scenarios covering the principal risks see below. These scenarios built on the assurance gained from scenario assessments made in previous years:

Scenario

1

Scenario 1 considered, a major cyber-attack on our infrastructure supporting train operations. We considered that if we were to lose our mobile network it could take a week to restore. This would result in temporary speed restrictions across the network increasing journey times and leading to train cancellations. We estimate the cost of such an event to be over £100m, based on previous network-wide interruptions.

Scenario

2

Scenario 2 considered higher than planned inflation across the rest of the control period. Network Rail's CP7 plans already factor in the latest projections of the path of inflation over the next five years, based on external economic forecasts. The reasonable worst case was based on inflation being in-line with the worst-case projection issued by the Office of Budget Responsibility in October 2024. This level of inflation would increase net costs in this control period by £1.2bn.

Inflation forecasts are inherently uncertain, influenced by broader economic and geopolitical factors. Unexpected economic disruptions or geopolitical events could drive inflation above current expectations.

In Control Period 7 (CP7), Network Rail faces significant financial risk if actual inflation exceeds the levels assumed in our current planning. While we have some capacity to mitigate these impacts, such as working with suppliers to challenge cost increases or identifying additional efficiencies beyond those already planned, these measures may not fully offset the risk.

If inflationary pressures persist beyond our mitigation capacity, regional and functional teams may need to reassess renewals and maintenance programmes. This could affect the delivery of outcomes agreed with the regulator, including train performance and asset sustainability, and may lead to increased costs in CP8 and beyond.

Scenario

3

Scenario 3 considered repetitive storm events closing firstly the West Coast Mainline through damage to a structure and then the East Coast Mainline through an earthworks failure. We modelled the impact based on the damage to Lamington Viaduct in 2015/6 with the repair taking seven weeks and a subsequent landslide north of Berwick resulting in closure for four days. The associated costs would cause a £40m impact.

## Conclusion

None of these three scenarios evaluated would require Network Rail to request additional funding when the impact of mitigation controls is considered.

# Section 172(1) requirements



We're a publicly owned, not-for-dividend company with one member. Our governance and decision-making processes are designed to ensure we manage the business responsibly and effectively.

Section 172 of the Companies Act 2006 requires directors to promote the success of the company by, amongst other things, promoting the interests of its employees, fostering relationships with suppliers and other stakeholders and considering the likely consequences of long-term business decisions. Examples of how the company engaged with its stakeholders during the year and complied with s172 can be found below.

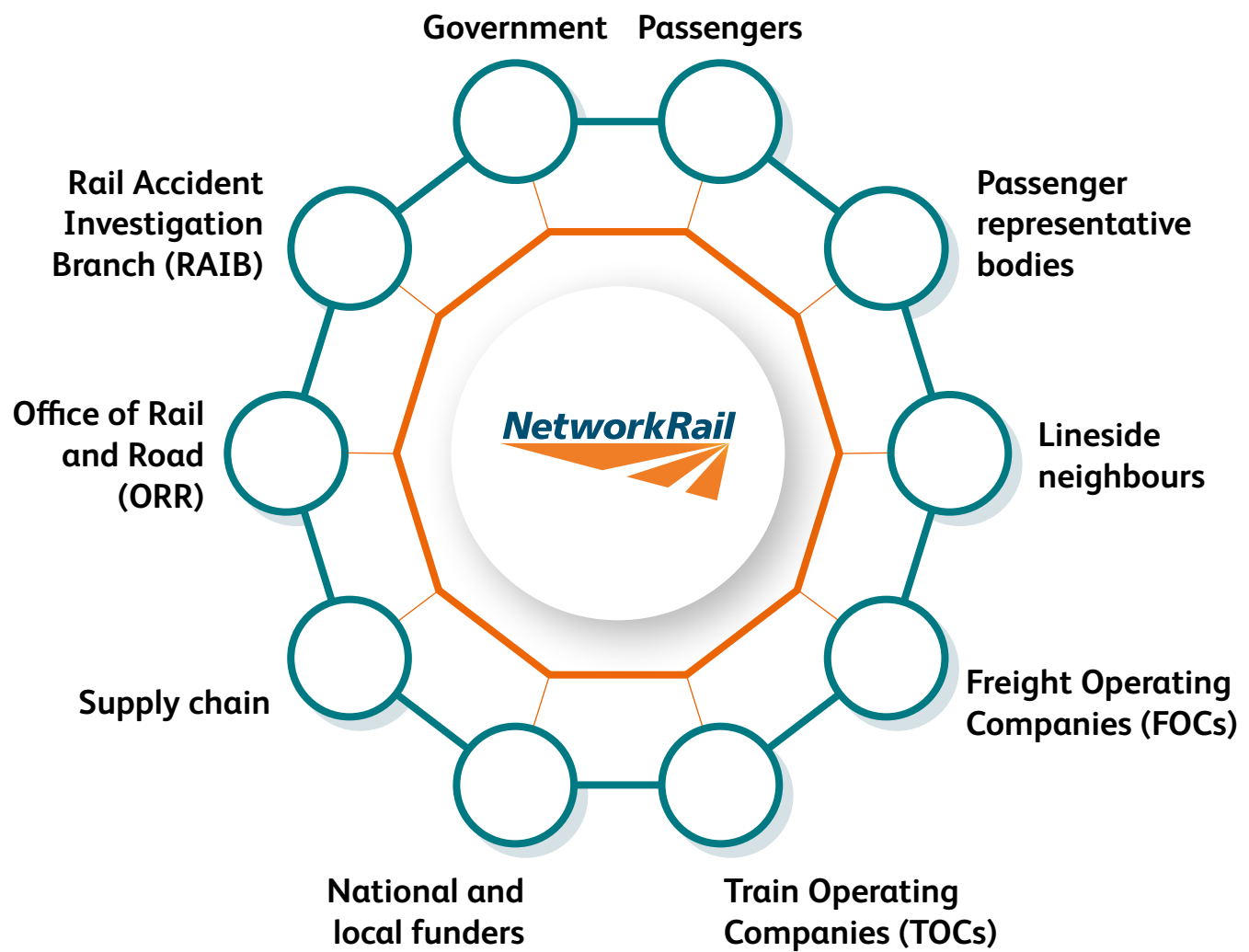
Section 172 (a)-(e)	Board statement	Read more	Page number
Long term consequences	We consider the long-term impact of our decisions, such as investments in sustainable rail infrastructure and technology. Our focus on long-term planning ensures the continued growth and resilience of our services.	Directors' report	163
		Audit and risk committee	140
		Environmental sustainability committee	135
		Corporate governance	113
		Property supervisory committee	138
		Viability statement	104
Employees' interests	Our employees are vital to our success. We prioritise their well-being through comprehensive training programmes, competitive compensation and a safe working environment. We actively engage with our workforce to understand their needs and foster a positive workplace culture.	Directors' report	163
		Audit and risk committee	140
		Corporate governance	113
		Safety, health and environmental compliance committee	131
		People	84
		Nominations and remuneration committee	148

Section 172 (a)-(e)	Board statement	Read more	Page number
<b>Business relationships</b>	<p>We maintain strong relationships with suppliers, customers and other stakeholders. By collaborating closely with them, we ensure the delivery of high-quality services and products. Customer feedback is integral to our continuous improvement efforts.</p> <p>We also monitor the risk of modern slavery in our supply chain as part of our wider ethics work. We have embedded modern slavery considerations throughout our procurement process and contractual provisions to help reduce the risk. You can find out more in our annual Modern Slavery Statement on our website.</p>	Directors' report	163
		Audit and risk committee	140
		Corporate governance	113
		Safety, health and environmental compliance committee	131
		Property supervisory committee	138
		Environment, sustainability and communities	75
<b>Community and Environment</b>	<p>We are committed to minimising our environmental impact and contributing positively to the communities we serve. Initiatives such as reducing carbon emissions, enhancing accessibility and supporting local projects reflect our dedication to sustainability and social responsibility.</p>	Directors' report	163
		Audit and risk committee	140
		Environmental sustainability committee	135
		Corporate governance	113
		Safety, health and environmental compliance committee	131
		Property supervisory committee	138
		Environment, sustainability and communities	135
		Climate related financial disclosures	92
<b>High standards of business conduct</b>	<p>Upholding a reputation for high standards of business conduct is crucial. We adhere to ethical practices, regulatory requirements and industry standards. Transparency and integrity guide our interactions and decision-making processes.</p>	Audit and risk committee	140
		Environmental sustainability committee	135
		Corporate governance	113

# How we engage with our stakeholders



Network Rail is a complex business with many stakeholders. Our stakeholders include:

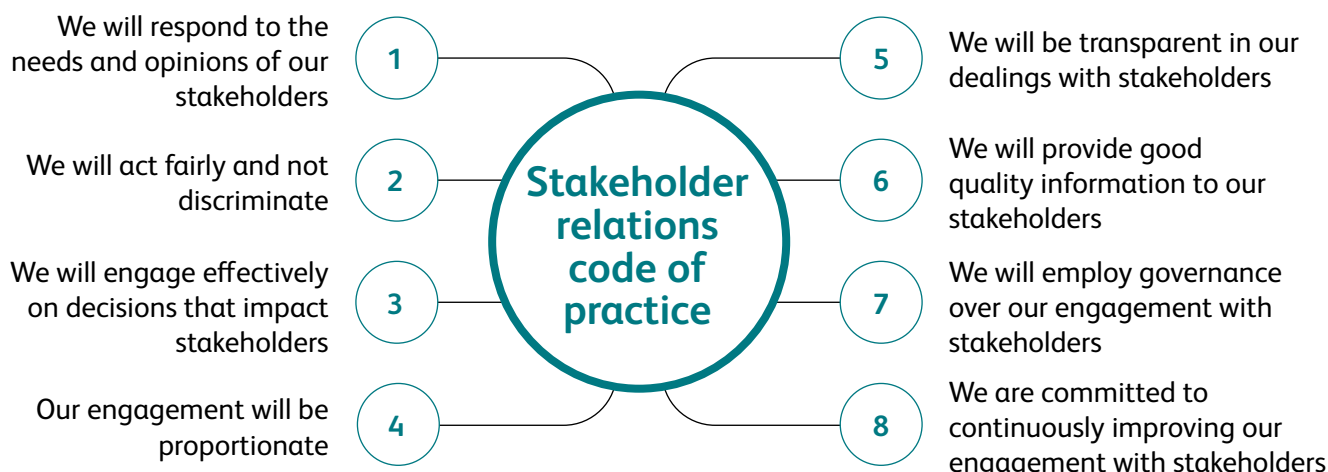


We value our stakeholders and aim to develop long-term working relationships that are built upon openness, fairness and trust. Stakeholder engagement is a fundamental part of how we continuously improve our business performance. As the owner and operator of the national railway infrastructure, it is our responsibility to treat stakeholders appropriately and reasonably.

## Stakeholder relations code of practice

We conduct ourselves in accordance with the eight principles of our stakeholder relations code of practice, to ensure that we treat stakeholders appropriately and reasonably.

The eight principles of our stakeholder relations code of practice are:



## Market-led and whole-industry planning through Control Period 7 (CP7)

To balance priorities with available funding, we have adopted a market-led, industry-wide approach for CP7. We tailor our work to the needs of each area. Our planning involves collaborating with customers, stakeholders, and train and freight operators, to develop strategies that make the best use of funding.

## Examples of how we engage stakeholders

### Government

We have supported the DfT with information and advice as it makes policy decisions in preparation for GBR.

### Office of Rail and Road (ORR)

Following the ORR investigation into train service performance, we published a detailed improvement plan that was accepted by the ORR in September 2024.

### Rail Accident Investigation Branch (RAIB)

We Fully supported current investigations into serious incidents, provided feedback on draft investigation reports and discussed the RAIB annual report in detail with the chief inspector.

### Suppliers

We continued the commercial and procurement exhibit at Rail Live, the rail industry's annual, nationwide event, where we engaged with suppliers and potential suppliers. This provided us with opportunities to discuss our procurement plans in the control period. In addition, in collaboration with six trade associations, we hosted quarterly national supplier calls, which was attended by, on average, 400 suppliers, allowing us to share key messages and respond to queries. We also held meetings with suppliers as part of our Supplier Relationship Management Programme, covering 65 strategic suppliers, including 19 prime strategic partners.

### Employees

Our employee engagement survey has helped us to understand what is important to our colleagues and to take action to improve their experience at Network Rail. These improvements range from implementing reverse mentoring schemes and improving knowledge sharing across teams to introducing improved facilities for frontline colleagues.

**Passengers**

We engaged with passengers through campaigns like Brew Monday and extending our education partnership with the Scottish Football Association.

**Trade Unions**

We continued to strengthen relationships with our trade union colleagues following industrial action in 2023/24.

**Lineside neighbours**

We launched our digital lineside notification programme to inform our lineside neighbours about work in their local area quickly and simply. Neighbours who sign up have access to quick up to date information when they are impacted by Railway work.

**Freight operating companies (FOCs)**

We have worked with FOCs to trial longer, higher payload services that will move greater volumes of goods.

**Train operating companies (TOCs)**

We have worked with TOCs to establish integrated train and track business units in readiness for GBR, as TOCs have started to move into public ownership.

**On rail reform**

We facilitated discussions with the industry on rail reform, partnering with Campaign for Better Transport and the National Railway Museum, and discussed the issue of engineering work timings with a range of business and industry stakeholders.

Our CEO, Sir Andrew Haines OBE, continued to engage with the rail industry this past year. He addressed the Rail Industry Association's (RIA) annual conference and participated in a Q&A at the Modern Railway's Golden Whistle Awards, speaking to an audience of rail professionals on how we can work together to improve rail performance.

The strategic report was approved by the Board of directors on 18 July 2025 and signed on behalf of the Board by:



**Sir Andrew Haines OBE** ○ ● ○ ● ○ ●  
Chief executive and accounting officer  
18 July 2025



**Jeremy Westlake** ○ ● ○ ● ○ ●  
Chief financial officer  
18 July 2025

# Corporate governance

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# Corporate governance report



**Corporate governance encompasses the rules, practices, and processes used to manage and control a company. At Network Rail, we recognise the importance of good corporate governance for our success and the benefit of passengers, freight users and all stakeholders.**

Our strategy aims to create a simpler, better, greener railway that aligns with the government's strategic priorities for Great Britain's transport sector. Throughout 2024/25, we have ensured our governance arrangements are fit for the challenges we face. The directors oversee the company's vision, values, strategy and its performance. Acting within the Government's guidance, the Board establishes the company's strategic priorities and the company's senior management team promotes the strategy throughout the company.

## Our Board of directors

At the date of this report, the Board consisted of one non-executive acting chair, two executive directors and nine non-executive directors. Photographs and biographies of directors, including details of their skills and experience can be found below.

The Board is responsible for ensuring that appropriate resources are in place to deliver the strategy. The chair leads the Board as it develops Network Rail's strategy to deliver the outputs required in each of the five-year control periods. The Board understands the importance of delivering value for money in the company's management of the railway and serves the principles set out in the Code of Conduct for Board Members of Public Bodies, the seven Nolan Principles of Public Life, and the Civil Service Code, as part of its decision-making process.



### Mike Putnam

Acting chair and senior independent non-executive director

**Appointed to the Board: 2018**

#### Skills and experience

Mike has over 25 years' executive experience across the development, construction and services sectors, and participated in successfully delivering high profile projects. Mike became an independent non-executive director of Finning International Inc in May 2024 and was an independent non-executive director at Southern Water Services Limited until July 2024. Previously, he was president and chief executive officer of Skanska UK plc until May 2017, having been executive vice president and a director, responsible for the infrastructure and then the building and construction businesses. Mike is a Chartered Engineer and a fellow of both the Institution of Civil Engineers and Royal Institution of Chartered Surveyors.

#### Current external appointments

Non-executive director of Finning International Inc; non-executive director of Bazalgette Tunnel Limited (Thames Tideway); vice chair of the Supervisory Board of Arcadis NV.

#### Committee membership

Chair of the safety, health and environmental compliance committee; chair of the rail investment delivery advisory board; member of the environmental sustainability committee; member of the the nominations and remuneration committee.



## Sir Andrew Haines OBE

Chief executive

**Appointed to the Board: 2018**

### Skills and experience

Andrew became chief executive of Network Rail in August 2018. Following the publication of the Plan for Rail in May 2021, Andrew was also tasked with establishing interim arrangements for the creation of Great British Railways, alongside his role in Network Rail. Prior to joining Network Rail, Andrew was the chief executive officer of the Civil Aviation Authority from 2009-2018. Before that he had a wide-ranging career within the rail industry with British Rail, Railtrack, South West Trains and FirstGroup plc where he led the rail division in England, Scotland and Wales. In addition, he was a non-executive director at a rolling stock leasing company. Andrew was knighted in the 2025 New Year Honours List for services to transport and the UK economy, having been awarded an OBE in 2016. Andrew is a fellow of the Chartered Institute of Logistics and Transport, the Royal Aeronautical Society, the Institute of Railway Operators and the Permanent Way Institute. Andrew holds honorary doctorates from Kingston University, University of South Wales and Cranfield University.

### Current external appointments

Director of the Rail Delivery Group Limited.



## Jeremy Westlake

Chief financial officer

**Appointed to the Board: 2016**

### Skills and experience

Jeremy previously spent 14 years at Rolls-Royce in a range of senior finance and supply chain roles in the UK and the United States. Jeremy was formerly senior vice president for finance at Alstom Transport in France, responsible for financial performance and control, project finance and investor management. Jeremy is a fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and has a master's degree in manufacturing from University of Cambridge.

### Current external appointments

Non-executive director of Elevate Services Inc.

### Committee membership

Member of the property supervisory committee.



## Ismail Amla

Non-executive director

**Appointed to the Board: 2021**

### Skills and experience

Ismail became the senior vice president of Kyndryl Consult in April 2024 where he is the global lead for the business. Prior to this, he was the executive vice president of NCR Corporation where he was responsible for its Global Professional Services. Ismail has lived and worked in many countries worldwide leading large teams at Accenture, IBM, Capco and Capita. The Financial Times has recognised Ismail as one of the most influential Black, Asian and minority ethnic leaders in the United Kingdom technology sector. In 2016, he received an honorary Doctor of Business Administration (Hon DBA) for his outstanding contribution to business from the University of Bolton. In 2020, Ismail co-authored a book, "From Incremental to Exponential: How Large Companies Can See the Future and Rethink Innovation".

### Current external appointments

Senior vice president of Kyndryl Consult; a Board member of UK Sport; a Board member of the Bradford Literature Festival; a fellow of University of Salford Business School; director of IZ Praedium Limited; director of ZII Properties Limited.

### Committee membership

Chair of the nominations and remuneration committee.



## Carolyn Battersby

Special director\* and non-executive director

**Appointed to the Board: 2024**

### Skills and experience

Carolyn is an executive director at UK Government Investments. She has worked on a range of governance and corporate finance projects in the transport, defence, energy and housing sectors. Prior to working in government, Carolyn's career was in finance and strategy with previous roles at Tesco, The Prince's Trust, Permira and Schroders.

### Current external appointments

Executive director at UK Government Investments; non-executive director at Defence, Equipment & Support.

### Committee membership

Member of the nominations and remuneration committee, member of the audit and risk committee, member of the treasury committee.

\* The special director communicates the views of the Secretary of State, and the Department's wider strategic interests, to the Board, whilst acting in accordance with his or her duties under the Companies Act.



## Mark Bayley CBE

Non-executive director

**Appointed to the Board: 2020**

### Skills and experience

Mark has spent much of his career in the rail sector and has particular experience in major projects, restructuring and corporate finance. He was chief executive of London & Continental Railways Limited, and chief executive of the Green Deal Finance Company. His interim work includes commercial director of High Speed Two (HS2) Limited, and chief financial officer and Board member of the Submarine Delivery Agency at the Ministry of Defence. Mark was awarded a CBE in 2012 for services to the rail industry.

### Current external appointments

Non-executive director of OFWAT; member of the Department for Transport's group audit and risk assurance committee; member of the Board of trustees of Shadwell Opera; trustee of the St Pancras Church Lands Trust.

### Committee membership

Chair of the audit and risk committee; chair of the treasury committee; chair of the property supervisory committee.



## Prof Stephen Duckworth OBE

Non-executive director

**Appointed to the Board: 2021**

### Skills and experience

Stephen founded and ran Disability Matters Limited, a research and consultancy business with an emphasis on inclusive design. He initially qualified as a medical doctor and followed this with an MSc in rehabilitation studies and a PhD in disability equality. Stephen currently sits on the Boards of several organisations, has held numerous advisory roles to government, and carried out consultancy work with Southwest Trains and Eurostar. He was awarded an OBE in 1994 for services to disabled people.

### Current external appointments

Non-executive director of Hampshire Hospitals NHS Foundation Trust; trustee of Hampshire Hospitals Charity; chair of Rugby Football Union Injured Players Foundation; Professor of Bio Engineering at the University of Southampton; director of IPF Trading Limited; member of Hampshire Together.

### Committee membership

Member of the audit and risk committee; member of the safety, health and environmental compliance committee.



## Stuart Harvey

Non-executive director

**Appointed to the Board: 2024**

### Skills and experience

Stuart has long served the public transport sector, having joined London Underground as a signalling engineer apprentice in 1981. He has been the chief capital officer at Transport for London since 2022, where he is responsible for all enhancement and large renewal projects, driving the capital efficiency progress and programme management office controls, as well as setting engineering standards and providing engineering and asset strategy expertise to the entire business. Prior to this, Stuart held a number of director roles overseeing the delivery of several major programmes such as the Northern Line and Barking Riverside extensions, procuring and introducing new rolling stock and major digital signalling upgrade and communication programmes.

### Current external appointments

Chief capital officer of Transport for London.

### Committee membership

Member of safety, health and environmental compliance committee; member of the rail investment delivery advisory board.



## David Noyes

Non-executive director

**Appointed to the Board: 2018**

### Skills and experience

David has spent his career working in the leisure and transport sectors. In a 20-year career at British Airways he held various directorships. Subsequently, until December 2017 David was chief executive officer of Cunard and P&O Cruises, and a director of Carnival plc. David is experienced in leading devolved businesses in safety critical industries with a focus on delivering customer service excellence and driving cost efficiency.

### Current external appointments

Chair of Leeds Bradford Airport, chair of Grays of Cambridge (International) Limited; non-executive chair of Celestyal Cruises; corporate advisory Board member for The Teenage Cancer Trust; director of International Airport Bidco Limited; director of D&TN Limited; Member of (Devon) Farish Council.

### Committee membership

Chair of the environmental sustainability committee; member of the nominations and remuneration committee; member of the safety, health and environmental compliance committee.



## Dyan (Diane) Perry OBE

Non-executive director

**Appointed to the Board: 2024**

### Skills and experience

Dyan has over 30 years of experience in the railway, having started her career as station manager at Peckham Rye. She has previously held several senior positions including chief executive at High Speed 1, chief operating officer for Govia Thameslink Railway and route managing director for Network Rail. Dyan was the first ever female managing director in UK rail history and the winner of the outstanding personal contribution award at the 2023 National Rail Awards. Dyan currently sits on the boards of several organisations, and was previously part of the Advisory Panel to Crossrail, a Board member of an NHS Trust, a trustee for the Railway Children registered charity and a trustee for Women In Rail.

### Current external appointments

Chair of High Speed Rail Authority Group; non-executive director of High Speed Rail Authority Board (Australia); deputy chair of the British Transport Police Authority; advisor to Newton Europe; director of Medd Properties Limited.

### Committee membership

Member of the audit and risk committee; member of the treasury committee.



## Steve Scrimshaw CBE

Non-executive director

**Appointed to the Board: 2024**

### Skills and experience

Steve has held multiple leadership roles within the energy and transport sectors over the past 45 years working domestically and internationally. Steve was chief executive of Siemens Energy UK and Ireland business until January 2024, where he led the company's transformation as it navigated the complex energy transition landscape. Prior to his role at Siemens Energy, Steve ran the Siemens Mobility Rolling Stock business for ten years where he was involved in a number of high profile intercity, commuter and international projects. He was previously a member of the government's Hydrogen Delivery Council and Green Jobs Delivery Group.

### Current external appointments

Chair of the Hydrogen Propulsion Manufacturing Taskforce at the UK Department for Business and Trade; non-executive chairman of Windward Energy.

### Committee membership

Member of the nominations and remuneration committee; member of the environmental sustainability committee.



## Fiona Ross

Non-executive director

**Appointed to the Board: 2020**

### Skills and experience

Fiona is an experienced chair and non-executive director having served on boards in Ireland and the UK. In the UK, Fiona is a non-executive director at the Northern Ireland Office. In Ireland, Fiona chairs the National Paediatric Hospital Development Board, and is a non-executive director and chair of the Investment Committee at the National Treasury Management Agency. Fiona began her career as a stockbroker in London and spent over 25 years' in global capital markets.

### Current external appointments

Chair of National Paediatric Hospital Development Board; non-executive director and chair of the Investment Committee at the National Treasury Management Agency; non-executive director of JK Funds; non-executive director of Evelyn Partners Europe; non-executive director of SphereInvest (Dublin); non-executive director of the Northern Ireland Office.

### Committee membership

Member of the nominations and remuneration committee; member of the environmental sustainability committee.

## Group general counsel and company secretary

### Susan Beadles

#### Skills and experience

Susan is responsible for the national Legal and Corporate Services team within the CFO Directorate. Susan is a qualified solicitor who has over 30 years' experience working in private practice and in-house, within both public and private sector companies. Susan joined the company from Crossrail Limited where she held the position of general counsel and company secretary. Susan's extensive experience includes providing and managing legal support to high-profile companies, and in connection with major and complex construction projects.

The group general counsel and company secretary provides advice and support to the Board, the chair and the directors on legal and governance matters. As company secretary, she ensures that a high standard of governance is maintained so that the Board functions effectively and efficiently. The appointment and removal of the company secretary is a matter for the Board as a whole. The directors have access to the advice and services of the group general counsel and company secretary, who is responsible for compliance with Board procedures and the provision of information to the Board in a timely manner. Additionally, the directors have the right to seek independent professional advice at reasonable expense to Network Rail.

## Board composition and division of responsibilities

The statements of responsibility for the chair, chief executive, senior independent director and the non-executive directors can be found on the Network Rail website: [www.networkrail.co.uk](http://www.networkrail.co.uk)

### Acting chair – Mike Putnam

The chair is responsible for leading the Board, its effective functioning and promoting the highest standards of corporate governance. The chair represents Network Rail and works with the chief executive to develop strategic relationships with the non-executive directors, the customers of Network Rail, Department for Transport, HM Treasury, Parliament, the Cabinet Office, Transport Scotland, Welsh Assembly Government and other stakeholders. The chair reviews the performance of the non-executive directors.

### Senior Independent Director (SID) – Mike Putnam

The SID acts as a sounding board for the chair and serves as an intermediary for the other directors when necessary. The SID is responsible for the chair's performance review. He is available to the Secretary of State if the Secretary of State has concerns or where contact through the chair is inappropriate or has failed to resolve an issue.

### Special director – Carolyn Battersby

The special director is appointed by the Secretary of State. She is responsible for communicating the views of the Secretary of State to the Board, while acting in accordance with her duties as a non-executive director.

### Chief executive – Sir Andrew Haines OBE

The chief executive is responsible for setting the strategic direction of the company and for the company's performance. He keeps the Board informed and brings to its attention all matters that significantly affect, or are capable of significantly affecting, the performance of Network Rail. The chief executive provides clear and visible leadership to the executive leadership team and in particular the company's values. The chief executive is accountable to the Board for all elements of Network Rail's business, and specifically for safety performance. He is also Network Rail's accounting officer.

As Network Rail's accounting officer, the chief executive is personally accountable to Parliament for

safeguarding the public funds available to Network Rail; for ensuring appropriateness, value for money and feasibility in the handling of those public funds; for the day-to-day operations and management of Network Rail; and for signing the accounts, the annual report and the governance statement. He is required to ensure that Network Rail is run following the principles, rules, guidance and advice set out in Managing Public Money (available at [www.gov.uk/government/publications/managing-public-money](http://www.gov.uk/government/publications/managing-public-money)).

Andrew is supported by the Board for the responsibilities set out in Managing Public Money and for the proper conduct of business and maintenance of ethical standards. The internal audit function also supports the accounting officer. The director of risk and internal audit reports to the audit and risk committee quarterly and reports annually on management assurance to both the audit and risk committee and the accounting officer. This process requires consideration of the overall adequacy and effectiveness of Network Rail's framework of governance, risk management and control. For further details on the internal audit function and on the audit and risk committee, see pages 140 to 145.

### Chief financial officer – Jeremy Westlake

The chief financial officer is responsible for leading Network Rail's finance function which includes the teams working on matters related to financial controls and efficiencies; financing, funding and commercial matters; and governance, risk, assurance and improvement. These functions drive effective financial management and deliver the company's legal and governance reporting and compliance requirements.

In addition, the Rail Investment Centre of Excellence sits within the finance function. Its purpose is to continuously improve the way Network Rail plans and delivers projects principally by sharing best practice.

## Board focus areas during the year

The chief executive provided updates to the Board including reports on operational performance and wider developments across the railway.

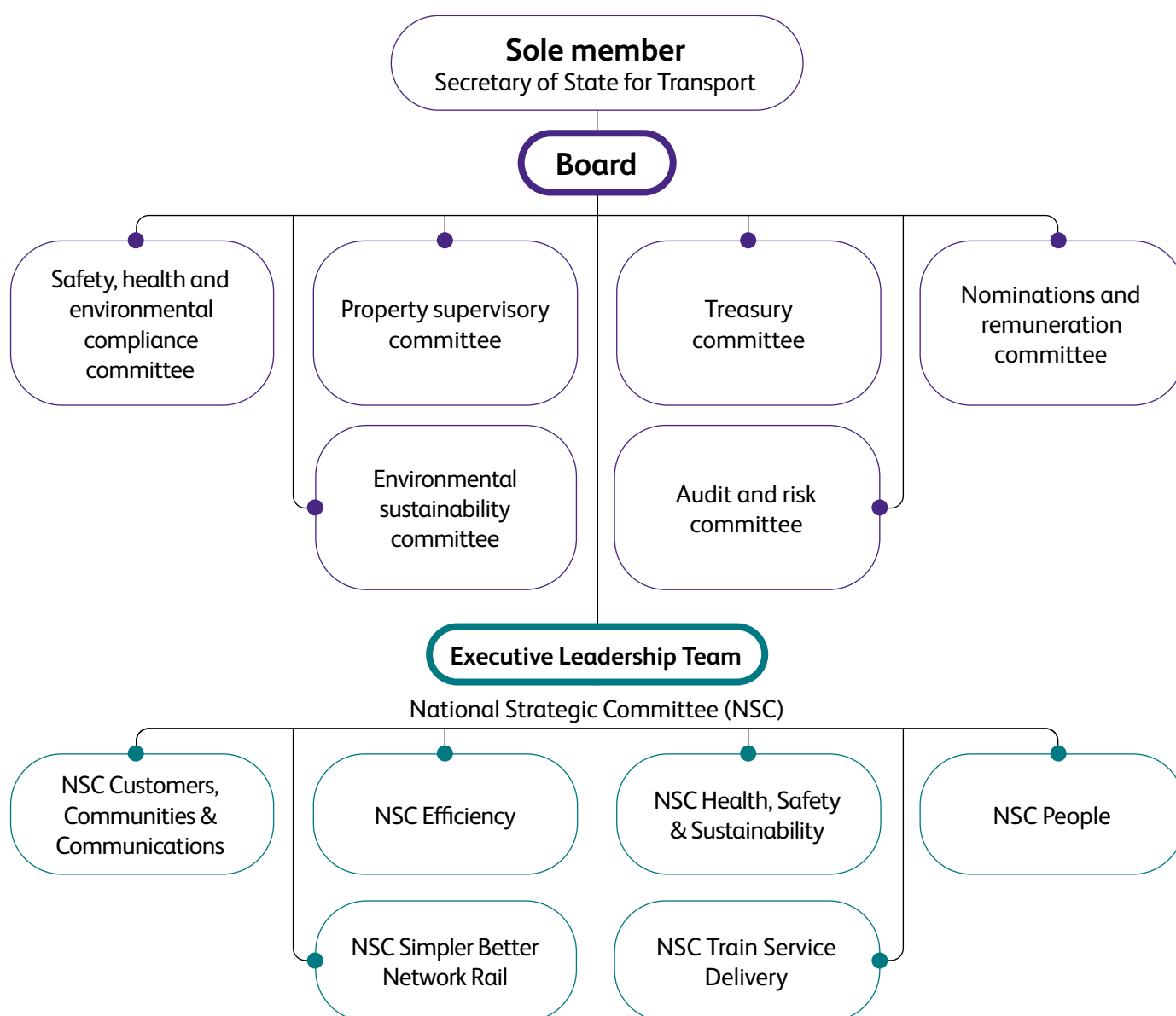
The Board holds a strategy day, offering dedicated time to evaluate the long-term direction of the business and test the alignment of strategic priorities with the company's objectives.

The Board considered the implementation of CP7 plans, rail reform, the company's environmental sustainability strategy, the company's health and safety management systems and changes to the railway timetables introduced in December 2024.

During 2025/26, it is anticipated that the Board's focus will continue to be on the implementation of CP7 plans, rail reform and the establishment of Great British Railways and the ongoing work on environmental sustainability strategy.

## Committees of the Board

The Board carries out much of its work via committees with the day-to-day management of Network Rail executed by the executive leadership team and national strategy committees. The terms of reference govern the structure, remit and operations of our committees, including their delegated responsibilities and authorities. Terms of reference are reviewed regularly to ensure the activities reflect current regulatory and governance requirements and best practice. The terms of reference can be found on the website at [www.networkrail.co.uk](http://www.networkrail.co.uk). A summary of each committee's activities in 2024/25 is included in the committee reports starting on page 131.



## Committee membership

### Audit and risk committee, pages 140 to 145

Mark Bayley CBE (chair)  
 Carolyn Battersby (from 29 November 2024)  
 Rob Brighouse (until 31 July 2024)  
 Prof Stephen Duckworth OBE  
 Michael Harrison (until 30 June 2024)  
 Dyan Perry OBE (from 4 July 2024)

Dr Ilona Blue was appointed as an independent external advisor to the committee on 13 June 2024.

### Nominations and remuneration committee, pages 148 to 149

Ismail Amla (from 4 July 2024) (chair)  
 David Noyes (chair until 4 July 2024)  
 Carolyn Battersby (from 29 November 2024)  
 Mike Putnam (from 8 July 2024)  
 Peter, Lord Hendy of Richmond Hill CBE (until 8 July 2024)  
 Fiona Ross  
 Steve Scrimshaw CBE (from 4 July 2024)

### Safety, health and environmental compliance committee, pages 131 to 134

Mike Putnam (chair)  
 Rob Brighouse (until 31 July 2024)  
 Prof Stephen Duckworth OBE (from 4 July 2024)  
 Stuart Harvey (from 4 July 2024)  
 Peter, Lord Hendy of Richmond Hill CBE (until 8 July 2024)  
 David Noyes

### Treasury committee, pages 146 to 147

Mark Bayley CBE (chair)  
 Carolyn Battersby (from 29 November 2024)  
 Michael Harrison (until 30 June 2024)  
 Dyan Perry OBE (from 4 July 2024)  
 Dr Ilona Blue (from 13 June 2024)

### Environmental sustainability committee, pages 135 to 137

David Noyes (chair)  
 Rob Brighouse (until 31 July 2024)  
 Mike Putnam  
 Fiona Ross  
 Steve Scrimshaw CBE (from 4 July 2024)

### Property supervisory committee, pages 138 to 139

Mark Bayley CBE (chair)  
 Robin Dobson  
 Peter, Lord Hendy of Richmond Hill CBE (until 8 July 2024)  
 Sally Jones  
 Philip Lewis  
 Neil Sachdev MBE  
 Jeremy Westlake

### Great British Railways Transition Team Board

Ismail Amla (until 23 April 2025)  
 Mark Bayley CBE (until 23 April 2025)  
 Sir Andrew Haines OBE  
 Michael Harrison (until 30 June 2024)  
 Peter, Lord Hendy of Richmond Hill CBE (until 8 July 2024)  
 Heidi Mottram (until 28 February 2025)  
 Jane Mee (until 5 November 2024)  
 David Noyes (until 23 April 2025)  
 Dyan Perry OBE (until 28 February 2025)  
 Anthony Poulter (until 28 February 2025)  
 Jeremy Westlake  
 Keith Williams CBE (until 28 February 2025)

## Co-opted members

The Board can co-opt members to increase the diversity and skill set on Board committees. The appointments are made to ensure that the Board has the necessary resources required in order to function effectively and efficiently (in line with Principle I of the UK Corporate Governance Code (2024).

### Dr Ilona Blue

Independent external advisory member of the Treasury Committee and advisor to the Audit and Risk Committee

Ilona is an experienced executive and non-executive director, audit chair and civil servant with a successful track record in finance, governance, and programme delivery. She currently holds several non-executive roles, including chair of the audit and risk committee of Active Travel England. Her previous roles include positions at the Department for Transport until 2022 and Board positions at Defence Equipment and Support and South Central Ambulance Service NHS Foundation Trust. She began her career in academia conducting public health research.

**Neil Sachdev MBE**

Non-executive director of Network Rail Property Limited and member of the property supervisory committee

Neil is an experienced non-executive director and is currently the chair of East West Railway Company overseeing the delivery of a new direct rail link between Oxford and Cambridge. He is also the chair of the HM Land Registry Board and chair of the Defence Infrastructure Organisation Board for the Ministry of Defence. Neil has previously held various senior leadership positions in the energy, property and retail sectors.

**Sally Jones (Nicola McNish)**

Non-executive director of Network Rail Property Limited and member of the property supervisory committee

Sally is head of Europe and executive director at SwiftConnect UK and also serves as a non-executive director at Cureoscity and British venture partner at

PT 1 (Berlin). With 13 years at British Land until 2023, she held senior roles in strategy, investment, digital, and technology. She led the company's first flexible workspace pilot and the development of its digital building platform, showcasing her expertise in real estate and capital markets.

**Philip Lewis**

Non-executive director of Network Rail Property Limited and member of the property supervisory committee

Philip Lewis FRICS is a chartered surveyor with nearly 50 years' experience in property investment and development. He is the chief executive of the property division of the Kirsh Group, which has major holdings in the UK, USA, and Australia, and the non-executive chairman of Smeg UK Limited. Previously, he was deputy chairman of the London Legacy Development Corporation, executive chairman of Safestore Self Storage plc, president of the British Council of Shopping Centres, and chairman of Sport England, London.

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## Our executive leadership team

The executive leadership team is comprised of the chief executive, the chief financial officer, five regional managing directors and directors of Technical Authority, System Operator, Route Services, Communications and Human Resources. The team is responsible for the day-to-day management of the company. It meets regularly to consider strategic and operational matters.

**Sir Andrew Haines OBE – chief executive**

See biography in the Board section.

**Jeremy Westlake – chief financial officer**

See biography in the Board section.

**Clive Berrington – group director, Route Services**

Clive has held previous roles of group commercial and procurement director and group director of business planning and strategy at Network Rail. Before joining Network Rail, he worked in the private sector in sports event management and IT industries.



**Ellie Burrows** – managing director, Eastern

Ellie has over 25 years of experience in the industry, working in a variety of route and regional roles within Network Rail and Southeastern. Prior to joining Eastern in March 2025, Ellie was regional managing director in Southern. Ellie has led several business improvement programmes both for Network Rail and across the industry. Most recently Ellie has supported the introduction of the Southern Renewals Enterprise, a new model for delivery of capital works and has previously supported the introduction of the Elizabeth Line.



**Rob Cairns** – interim managing director, Wales & Western

Rob began his railway career in 1996 as a trainee signalling maintainer and spent 20 years in supply chain roles with Jarvis Track Renewals. He became signalling regional director at Westinghouse and IT director at Siemens. Rob joined Network Rail in 2015, leading the East Coast Mainline upgrades and the Intercity Express Programme train introduction. Since 2019, he has been capital delivery director for Eastern, overseeing major projects such as the Midland main line electrification.



**Anit Chandarana** – group director, System Operator

Anit has been part of the rail industry for more than 20 years, with much of this time spent at Network Rail, including roles as finance director, director of planning and strategy, and chief of staff. Anit's most recent railway experience includes a period on secondment to the Department for Transport and leading the Great British Railways Transition team. Before joining Network Rail in 2003, Anit trained in finance at Sainsbury's and spent five years working as part of Shell's retail arm.



**Martin Frobisher OBE** – group safety and engineering director, Technical Authority

Martin joined Railtrack in 1998 as contracts manager for infrastructure maintenance contracts in the Manchester area. Over the last 18 years, he has undertaken various railway maintenance, safety and operational roles including general manager for the West Coast main line north of Crewe, head of safety for infrastructure maintenance and managing director for the East Midlands route. Martin is a chartered mechanical engineer.



**Pauline Holroyd** – group director, Human Resources

Pauline began as HR Director for Kimberly Clark's European divisions, then moved to Gatwick Airport before joining Aviva, when she delivered a major insurance change program. Pauline then led the separation of the Post Office from Royal Mail before becoming HR vice president at Crawford & Co, establishing a transformation consultancy. Pauline designs and delivers the people strategy and services at Network Rail.



**Dave Hooper** – managing director, Southern

Dave joined Southern on 1 May 2025. Dave is an experienced executive director and industry leader with a wide variety of railway system knowledge, major programme delivery and business turnaround and transformation. He has held a number of senior positions at Siemens Mobility, Osborne, Transport for London, Serco and two train operating companies. Dave also worked at Network Rail earlier in his career, where he led pioneering track-train integration projects in collaboration with South West Trains.



**Jake Kelly** – managing director, North West and Central

Jake has extensive rail industry experience in operational, commercial, strategic, and project delivery roles. He joined Network Rail in 2019 as passenger director and was previously managing director of East Midlands Trains. Jake leads North West & Central, which includes the West Coast Mainline, serving major cities including London, Birmingham, Manchester, Liverpool, Edinburgh, and Glasgow.



**David Leam** – chief of staff, Chief Executive's Office

David Leam was previously the group communications director at Network Rail. Before joining Network Rail, he was the executive director for infrastructure at the London First business group, where he led campaigns and policy work on projects like Crossrail 2 and Heathrow. He has also served as a special adviser at the Department for Transport and the Department for Communities and Local Government.



**Molly Neal** – group director, Communications

Molly Neal joined in January 2025 from National Grid, where she led their global corporate communications and brand function for five years. In addition to her time at National Grid, she has also led communications at UK real estate developer Land Securities Group plc and is a former journalist at the Wall Street Journal.



**Liam Sumpter** – managing director, Scotland's Railway

Liam was appointed managing director for Network Rail Scotland in April 2024. With 22 years in the UK rail industry, he has held various operational, functional, and leadership roles, focusing on performance improvement, customer satisfaction, and employee engagement. Liam began his career with Railtrack in 2002 and has worked with Arriva Rail North and Network Rail in several senior positions. He is a chartered management accountant.

## Directors' attendance at meetings

The Board met eight times during 2024/25 and one half-day strategy meeting.

Directors' attendance at Board and committee meetings for the year ending 31 March 2025 is shown below:

Director	Board	Audit and risk committee	Nominations and remuneration committee	Safety, health and environmental compliance committee	Environmental and sustainability committee	Property supervisory committee	Treasury committee	Total attendance
Ismail Amla	8/8	-	4/4	-	-	-	-	12/12 (100%)
Carolyn Battersby (1)	4/4	1/1	2/2	-	-	-	1/1	8/8 (100%)
Mark Bayley CBE	7/8	5/5	-	-	-	6/6	3/3	21/22 (95%)
Rob Brighthouse (2)	2/2	2/2	-	1/1	1/1	-	-	6/6 (100%)
Prof Stephen Duckworth OBE	8/8	5/5	-	3/3	-	-	-	16/16 (100%)
Sir Andrew Haines OBE	8/8	-	-	-	-	-	-	8/8 (100%)
Michael Harrison (3)	1/1	1/2	1/1	-	-	-	1/1	4/5 (80%)
Stuart Harvey (4)	7/7	-	-	3/3	-	-	-	10/10 (100%)
Peter, Lord Hendy of Richmond Hill CBE (5)	2/2	-	1/1	1/1	-	0/1	-	4/5 (80%)
David Noyes	8/8	-	4/4	3/3	3/3	-	-	18/18 (100%)
Dyan Perry OBE (6)	6/7	2/3	-	-	-	-	2/2	10/12 (83%)
Mike Putnam	8/8	-	-	4/4	3/3	-	-	15/15 (100%)
Fiona Ross	8/8	-	4/4	-	2/3	-	-	14/15 (93%)
Steve Scrimshaw CBE (7)	7/7	-	3/3	-	2/2	-	-	12/12 (100%)
Jeremy Westlake	8/8	-	-	-	-	5/6	-	13/14 (92%)

Notes to the table:

1. Carolyn Battersby was appointed on 29 November 2024
2. Rob Brighouse resigned on 31 July 2024
3. Michael Harrison resigned on 30 June 2024
4. Stuart Harvey was appointed on 24 June 2024
5. Peter, Lord Hendy of Richmond Hill CBE resigned on 8 July 2024
6. Dyan Perry OBE was appointed on 24 June 2024
7. Steve Scrimshaw CBE was appointed on 24 June 2024

## Compliance with the UK Corporate Governance Code

We are reporting against the UK Corporate Governance Code 2024. Under the terms of the framework agreement, Network Rail is required to comply with recognised standards of corporate governance, including the UK Corporate Governance Code (the “Code”) and the Corporate Governance in Central Government Departments: Code of Good Practice.

Throughout 2024/25, the company applied the principles and complied with the provisions of the Code, with the exception of the following which we were unable to comply with, mainly due to our status as an arm’s length body of government.

Provision 5 – relating to workforce engagement mechanisms. While the Board considered the three prescribed options set out in the Code, it concluded that Network Rail’s existing engagement activities exceed the requirements, and therefore adopted a bespoke approach better suited to its operational context.

Provision 9 – concerning the appointment of the chair. In accordance with the Governance Code on Public Appointments, the chair is appointed by the Secretary of State for Transport.

Provisions 25 and 26 – relating to the appointment and oversight of the external auditor. Under the framework agreement, the Comptroller and Auditor General, supported by the National Audit Office, acts as Network Rail’s external auditor.

Provision 34 – in relation to the chair’s remuneration. As set out in the framework agreement, the chair’s remuneration is determined by the Secretary of State for Transport.

The Board considers that Network Rail remained compliant during the year with the Corporate Governance in Central Government Departments: Code of Good Practice, which is available via [www.gov.uk](http://www.gov.uk)

## Board effectiveness review

A review of Board effectiveness carried out by Independent Audit affirmed that the Board is well-established and operating in a period of considerable external change. A number of forward-looking observations and recommendations were made to support the Board’s continued effectiveness and resilience during this time of strategic transition.

Among the themes identified were:

- refining the way performance is monitored, potentially through refreshed key indicators that better reflect long-term drivers
- ensuring Board and committee discussions remain appropriately focused on strategic rather than operational detail
- creating an environment that enables greater depth of challenge and reflection during Board interactions
- reviewing the format and focus of meeting materials to support more efficient and impactful oversight.

## Board succession and induction

The Board and the nominations and remuneration committee consider whether the appointment process and the approach to succession planning supports a diverse and sustainable pipeline of talent for senior roles within the business. The Board recognises that effective talent management programmes are necessary to improve diversity within all levels of the company and are essential for the delivery of the company’s long-term strategy and objectives.

After a formal recruitment process, and following the approval of the Secretary of State for Transport and the Prime Minister, Dyan Perry OBE, Steve Scrimshaw CBE and Stuart Harvey were appointed to the Board on 24 June 2024. Background materials were provided to Dyan, Steve and Stuart as part of the formal induction process. These materials introduced Board members to key executives from the leadership team. It also covered key corporate strategic and financial documentation to familiarise them with the company’s business including information essential to the effective operation of the railway and the broader business.

## Independence of our non-executive directors

The following non-executive directors are considered by the Board to be independent of the company: Ismail Amla, Mark Bayley CBE, Prof Stephen Duckworth OBE, Stuart Harvey, David Noyes, Mike Putman, Dyan Perry OBE, Fiona Ross and Steve Scrimshaw CBE.

The non-executive directors provide independence and challenge to the Board through broad business and commercial experience from the rail and other industries. They provide assurance that the executive directors are exercising good judgement in the delivery of strategy and decision-making.

The Board reviews the independence of its non-executive directors as part of its Board effectiveness process. The Board notes that the UK Corporate Governance Code includes guidelines on the meaning of “independence”. It has considered if there are any circumstances which are likely to impair or could appear to impair the independence of a non-executive director. When considering the appointment of new directors, the Board considers the other demands on the proposed director’s time. The Board requires that significant commitments and an indication of the time commitment are disclosed to the Board prior to appointment.

Each Board meeting begins with disclosure of potential conflicts of interest and the Board identifies and manages potential conflicts of interest that directors may have.

We must disclose that Rob Brighthouse and Mark Bayley CBE are beneficiaries of the Railway Pension Scheme (RPS). Over 150 companies from the rail industry participate in the RPS and the scheme is run by

independent trust managers. Given this structure, the Board considers that both directors are independent as Network Rail is only one of the contributing companies to RPS.

Mike Putnam is a member of Arcadis NVs supervisory board and a director of Finning Inc.

Stuart Harvey is chief capital officer for Transport for London.

## Diversity of the Board and executive leadership team

The Board is aware that diversity extends beyond gender and ethnicity, and includes amongst other things age, social, educational and professional backgrounds. Further details about Network Rail’s diversity and inclusion policies and how these have been implemented in the year can be found in the People section on pages 84 to 89.

We recognise the importance of building and maintaining an increasingly open, diverse and inclusive organisation. The Board approved a new diversity and inclusion policy in 2024. This notes the company’s long-term ambitions in relation to board diversity and specific objectives to progress towards them.

This policy builds on the organisation’s overarching equity, diversity, and inclusion (EDI) policy and the Everyone Matters diversity strategy, translating their principles into specific commitments for our senior leadership. The full policy is available on the Network Rail website: [www.networkrail.co.uk](http://www.networkrail.co.uk)

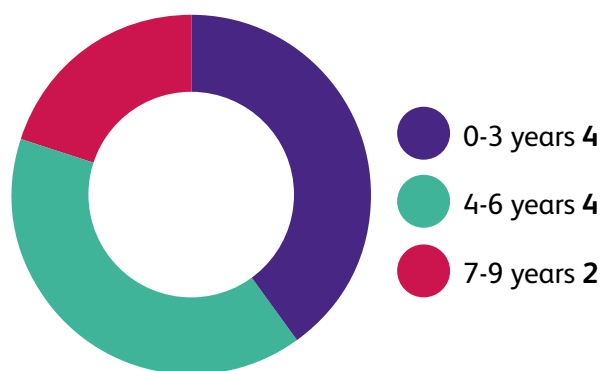
The following charts show the diversity of the Board and Executive Leadership in relation to gender and ethnicity:

	Number of Board members	Percentage of the Board	Number of senior positions on the board (CEO, CFO, SID and chair)	Number in executive management	Percentage of executive management
Men	9	75 %	4	10	77 %
Women	3	25 %	0	3	23 %
Other categories	0	0	0	0	0
Not specified/prefer not to say	0	0	0	0	0

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	11	92 %	4	12	92 %
Mixed/multiple ethnic groups	0	0 %	0	0	0 %
Asian/Asian British	1	8 %	0	1	8 %
Black/African/Caribbean/Black British	0	0 %	0	0	0 %
Other ethnic group, including Arab	0	0 %	0	0	0 %
Not specified/ prefer not to say	0	0 %	0	0	0 %

The Board continues to work towards its gender diversity target. We are also mindful of other areas relating to diversity and inclusion, for example: disability; neurodiversity; and LGBT+ employees.

The chart below shows the length of service of the non-executive directors (NEDs): Board effectiveness:



## The regulation of Network Rail

Our operating model and governance framework document outlines the way Network Rail operates and governs itself and how everyone at Network Rail can contribute to running an efficient and successful business. The document details how we are organised, the way that we ensure we make effective decisions, key roles and accountabilities and the way we will review, manage and continuously improve the framework.

Network Rail is a company limited by guarantee and does not have a share capital. It operates under a set

of articles of association, with the Secretary of State for Transport acting as its sole member.

Network Rail owns, operates and develops Great Britain's railway infrastructure. We operate within regulatory and control frameworks as an arm's length government body. Our financial management and corporate governance ways of working with the Department for Transport are described in the framework agreement (available on the government website). The company's network licence is available at the Office of Rail and Road (ORR) [www.orr.gov.uk](http://www.orr.gov.uk)

The framework agreement sets out how the Department for Transport and Network Rail interact in terms of corporate governance and financial management. The agreement preserves the company's ability to continue to manage its business with enough commercial freedom, within effective regulatory and control frameworks appropriate for a company in the public sector.

Network Rail is regulated by the Office of Rail and Road (ORR) under its network licence for our management of the rail infrastructure. The ORR determines how much money it believes we need to run the business efficiently and to deliver what the UK and Scottish Governments have asked for in each five-year control period. The Board oversees workforce policies and practices, ensuring that these are consistent with our values and support our long-term sustainable success.

## Rights of the special member

The Secretary of State for Transport serves as the company’s sole member and holds special member status, which confers specific governance rights under the company’s Articles of Association:

Rights of the Special Member (the Secretary of State for Transport)	How these rights were exercised in 2024/25
To appoint and remove the chair of Network Rail.	Mike Putnam was appointed as interim chair.
To approve the Board’s proposed candidate for chief executive of Network Rail.	Not exercised in the year.
To appoint a special director of Network Rail.	Appointed Carolyn Battersby as special director.
To be consulted on non-executive director appointments.	Consulted on the prospective appointments of three non-executive directors appointed in 2024/25.
To hold regular meetings with the chair, to discuss corporate strategy and raise concerns.	The chair meets regularly with the Secretary of State and the Permanent Secretary of the Department for Transport.
To approve the three-yearly remuneration policy for executive directors of the company.	Last approved in 2023 and will be reassessed in 2026.
To set the pay for the chair and non-executive directors.	Last approved in 2023 and will be reassessed in 2026.

## The annual general meeting (AGM)

The formal business of the AGM is set out in separate resolutions to be considered at the meeting. The company’s sole member, the Secretary of State for Transport, is provided with a copy of the notice of the meeting, alongside the annual report and accounts. The Secretary of State can vote either for or against a resolution or can withhold their vote.

With the exception of the special director, each director is subject to annual re-election at the 2025 AGM. All eligible non-executive directors were re-appointed at the 2024 AGM held on 7 August 2024.

The corporate governance report was approved by the Board of directors on 18 July 2025 and signed on its behalf by



**Mike Putnam** ○ ● ○ ● ○ ●  
Acting chair and senior independent  
non-executive director  
18 July 2025

## Directors’ and officers’ liability insurance

Network Rail maintains directors’ and officers’ liability insurance. The company’s articles of association provide that Network Rail shall indemnify its directors and officers against liabilities relating to company matters. It was not necessary to exercise the indemnity provisions during 2024/25.



**Sir Andrew Haines OBE** ○ ● ○ ● ○ ●  
Chief executive and  
accounting officer  
18 July 2025

# Safety, health and environmental compliance committee report



I am pleased to report to you on the work of the safety, health and environmental compliance committee during 2024/25. The purpose of the committee is to satisfy itself of the overall adequacy and effectiveness, and to promote a culture of continuous improvement within the Network Rail group of companies, of the safety and health strategies; systems; policies; practices to deliver the business objectives; and compliance with environmental legal and regulatory requirements. Running a safe railway will always be our priority. We want everyone to feel safe whether they're working on, living near, or traveling on the railway.

## Mike Putnam

Chair, safety, health and environmental compliance committee

18 July 2025

The committee's activities include:

- receiving quarterly performance reports from Technical Authority about scorecard data, workforce and contractor safety and accidents, track accident risks, level crossings, health and wellbeing, public safety, contractor performance and reviews of progress of the weather risk task force.
- reviewing the group's strategies, systems, policies, and practices for safety, health and environmental compliance. It also ensures that the governance and management structures support these being implemented effectively;
- considering significant risks to individuals and the company's strategies for safety, health and environmental compliance and whether the executive is managing them effectively;
- reviewing internal audits, within its safety, health and environmental compliance remit, that are

carried out across the company and industry on the effectiveness of strategies, systems, policies, and practices. It makes sure that the audits have the correct scope, and it follows up to confirm that any recommendations have been properly addressed and implemented;

- making recommendations to the nominations and remuneration committee on the company's safety performance to inform decisions about performance related pay;
- considering regular duty holder reviews from the Regions and Route Services.

Today's railway is safer now than ever and train accidents or high-risk events are thankfully much more infrequent. In order to manage the risk of train accidents and reduce the chances to as low as reasonably practicable, we need to understand

the chances of an accident occurring by looking at factors that might cause an accident. These factors are known as “train accident precursors” and include the condition of the track, earthwork failures and rainfall, signalling wrong side failures, signals passed at danger and objects on the line. Such conditions and events do not necessarily cause harm in all cases, but they can lead to an accident. The precursor indicator model (“PIM”) monitors the underlying risk from train accidents, enables industry to monitor the impact of safety improvements and identify areas for further improvement. The statistics collected by the PIM are monitored by the committee at each meeting, providing us with a picture of how often things go wrong in the causal chain of an accident and with a statistically robust understanding of changes in train accident risk.

As well as passenger train risk, the committee also monitored reports on freight accident risk. This risk includes causal factors such as network infrastructure, the impact of weather, security and vandalism, fleet, loading, operations and freight connections. Additionally, risk management of freight accidents extends to the culture and behaviours required for everyone to get home and goods to destination, safely every day. In common with passenger train accident risk, freight accident risk is sourced from the industry safety management information system (SMIS) database which records incidents. All major freight operators are engaged with Network Rail and RSSB to create new tools to automatically draw safety data from internal reporting systems into a central RSSB repository that improves data completeness and accuracy and reduces the need for multiple inputs.

We reviewed work ongoing for managing and improving risks relating to signals passed at danger (“SPADs”) including the recent history of SPADs across the industry, the current level of maturity in the understanding and management of SPAD risk, variability across the rail industry and the potential improvements available using existing technology. Research shows that train driver reliability in approaching red signals is approaching the currently accepted limits of human performance. Practical actions undertaken for improvement were based around areas such as improving investigations, wider adoption of the RSSB SPAD toolkit, optimising current train protection and warning system. The plan is centred around helping

to deliver the objective of reducing risk so far as is reasonably practicable.

The committee received an update on the progress of implementing the recommendations from the Rail Accident Investigation Branch (RAIB) class investigation into factors influencing safety-critical human performance in signaling operations. Progress has been made against the six recommendations, including liaison with the Office of Rail and Road (ORR) and establishing mechanisms to monitor progress and ensure changes are embedded.

The weather risk task force reported to the committee on progress to manage the railway during adverse or extreme weather and monitored the recommendations from the Mair and Slingo reports. These included the development of a new weather academy to develop the capability of frontline operational and maintenance staff in managing the railway during severe weather events. More than 400 industry colleagues, including people from the train operating companies, have attended weather academy workshops and webinar sessions and we hope to continually improve the quality of the course materials by including the endorsement of the Chartered Institute of Rail Operators. Network Rail’s new technology produces high resolution rainfall forecasts which enable us to proactively target resources where there are extreme weather events and the PRIMA tool supports people making decisions about the appropriate speed for the prevailing weather conditions.

Our safety culture is a major component of our safety framework helping to keep passengers, the public and our workers safe. The committee reviewed the progress towards shaping and strengthening our safety culture including how culture is considered alongside ORR’s risk management maturity model and within Network Rail’s safety framework. We understand that continual transformation of culture is needed to keep us capable of meeting the challenges presented by an ever-changing environment. Culture change requires ongoing attention, reflection, and renewal and we recognised that the completion of one set of interventions does not guarantee lasting impact. Our culture change programme is continually refreshed so that it remains relevant, energised and capable of responding to changes such as the modernisation of maintenance, shadow GBR, changes in local

leadership, alteration of rosters, increased night working and the different and more efficient way we manage our funding. Safety is the number one priority and we learn from each other, making improvements and remain visible and engaged with the people at the forefront of our business. Senior leaders engage with people through safety workshops, safety standdowns, safety briefs, 'spend a shift,' reverse mentoring, 'walking in their shoes,' meeting the team at local depots and operational locations. They listen and take people's ideas on board, ensuring that our people lead for safety and are supported as they do so.

An improvement plan for our in-house occupational health service was introduced in July 2024. Since then, significant improvements have taken place including enhanced monitoring of health surveillance, reassignment of experienced doctors to safety critical cases, a new controlled process for clinicians to meet employees with existing medical conditions, better monitoring of employees with diabetes and the transfer of historical records onto the occupational health IT system.

Sustainability of the railway helps ensure the safety of passengers and our people, and we continue to look into new ways to improve the measurement and prediction of defects and faults on the railway. The committee receives regular reports to oversee performance and ensure timely and effective inspections of the network including visual inspections of overhead line equipment, inspections of track in tunnels and wire insulation degradation surveys. This remains important to the committee as it helps ensure the safety of passengers and our people. We continue to look into new ways to improve safety, enhance how we measure and predict defects and faults on the railway, and strengthen our planning for maintenance and renewals in CP7 and beyond.

To enhance safety across the rail network, the committee is managing a program to either close or upgrade level crossings. Prior to any closure, we engage in discussions with potentially affected local residents and conduct public consultations to assess the impact of such changes. Whenever feasible, we strive to provide a safe alternative for crossing the railway.

We monitor the incidence of trespass and suicides on the railway each year. Our route crime teams

work closely with their train operating companies and British Transport Police to respond to incidents involving trespass, crime and vulnerability. The cross-industry trespass and suicide prevention strategy group provides strategic oversight and supports collaboration.

We assessed our maturity against the ORR risk management maturity model, monitored the management of risks in relation to fire, freight and train accidents, reviewed our risk appetite for recommendation to the Board and reviewed the safety culture and framework of Network Rail. The director of risk and internal audit updated the committee at each meeting on any changes to the safety, health and environmental compliance audit plan, notable audits, overdue actions, themes, and key issues arising from internal audit's work. The committee reviewed audits on environment and sustainability reporting, silica respiratory health risks, workforce safety improvement plans, crime prevention and management as well as other audits with a substantial safety, health or environmental compliance component.

### **Committee attendees and reporting**

The executive directors of the company and group safety and engineering director normally attend meetings by invitation of the committee. Other members of the Board and senior executives of the group also attend as and when requested to report on specific areas that lie within the committee's areas of responsibility. The director of risk and internal audit attends committee meetings.

The general secretary of the National Union of Rail, Maritime and Transport Workers (the RMT), or their representative, is invited to attend all meetings. This adds scrutiny and challenge to the committee's business and is consistent with our commitment to remain transparent to the wider rail industry and its important stakeholders.

Richard Hines, HM chief inspector of railways, is invited to attend committee meetings. The Chief Inspector attended all four meetings and presented his six-monthly reports on our safety performance to our meetings in May and November.

After each committee meeting, the chair reports to the Network Rail Board and answers any questions on the committee's work.

## Annual site visit

The committee periodically visits locations around the country to see first-hand the safety, health and environmental issues they discuss at meetings. In 2024, the committee visited the new measurement train and received presentations on safety and tools for setting proportionate speed restrictions in high rainfall. The members met in Crewe in the morning and travelled back to Euston on the train. In 2025, the committee will visit a medical assessment centre and meet the team from the national operations centre at the Quadrant in Milton Keynes.

## Performance related pay

Having reviewed the outturns of the safety measures and overall safety performance, the committee agreed to recommend to the nominations and remuneration committee that no further adjustments to the PRP outturn in respect of safety performance were necessary for 2024/25.

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## Planned activities for 2025/26

For the remainder of 2025, the committee's business will include oversight and monitoring of the following areas:

- fire safety risk
- structures management
- train and freight accident risk
- level crossing safety
- weather resilience and climate change.

# Environmental sustainability committee report



I am pleased to present the committee's report into the key activities undertaken during 2024/25, alongside its anticipated activities for 2025/26.

This year has marked a period of transition as Network Rail undertook a review of its environmental sustainability strategy aiming to put sustainability at the core of how it does business. Under the newly established 'Greener Railway Strategy 2025-2050' (launched after the financial year, in May 2025), Network Rail has defined three strategic ambitions supported by eight priority areas, each with their own objectives and targets, all underpinned by the ambition to build a culture of sustainability. The delivery plan, that sets out the pathway to achieve the targets for each of the previous four priorities will be updated annually to incorporate the updated eight priority areas. The committee assists the Board in reviewing the policies, practices, targets, and performance of Network Rail against this ambitious plan. Much progress has been made in all strategy areas and there has been public recognition of this with several awards won for partnership working, including the Environmental and Sustainability award won jointly with the Tree Council at the Rail Business Awards and high commendation at the UK Green Business Awards.

## David Noyes

Chair, environmental sustainability committee  
18 July 2025

## Committee attendees

As well as attendance by the committee members, the committee meetings were also participated in by both internal and external attendees.

**Internal:** chief executive, acting chair of the Board, chief of staff, group safety and engineering director – Technical Authority, chief environment and sustainability officer, principal planning and integration manager, head of communications and group commercial and procurement director. Other

members of the Board, and/or other senior executives may also attend meetings by invitation by the chair.

**External:** Representatives of the Department for Transport have a standing invitation to attend. Representatives of other bodies such as the Rail Safety and Standards Board (RSSB) are invited as appropriate.

## Role and responsibilities of the committee

The committee oversees, reviews, supports and where appropriate, provides guidance to the executive in the implementation of the strategy, ensuring that Network Rail is keeping abreast of wider environmental issues as well as co-ordinating its programmes with wider industry environmental initiatives.

## Principal activities and challenges during the year

In 2024/25, the committee met every quarter to review progress and explored a wide range of themes including:

- **Strategic planning and performance:** Reviewed performance at the end of Control Period 6 (CP6) and outlined key targets and focus areas for Control Period 7 (2024–2029), including a refreshed greener railway strategy aligned with the vision of a simpler, better, greener railway.
- **Environmental and sustainability initiatives:** Advanced strategic ambitions through eight priority areas, focusing on biodiversity, decarbonisation, climate change adaptation, fleet transition (e.g., electric vehicles), circular economy practices, air quality improvements at priority stations, and on delivering social value.
- **Stakeholder engagement and monitoring:** Engaged with key stakeholders (e.g. DfT, RSSB) across all environmental and sustainability areas, including the relaunch of the rail social value tool, the monitoring of air quality and development of air quality improvement plans and monitored regional progress to ensure alignment and support for strategy delivery.

Across the year, to consider topics in depth, the committee received deep dives into biodiversity, decarbonisation, circular economy, and adapting to a changing climate.

From September 2024 the committee monitored progress against the three new strategic ambitions of the greener railway strategy, as well as for the supporting ambition to build a culture of sustainability:

### A Railway fit for the future

The committee reviewed:

- **Carbon emissions and energy goals:**
  - Carbon emissions reduction targets for the reporting period, with performance surpassing the original goal. The committee also discussed ongoing regulatory oversight related to carbon reporting practices. Progress toward long-term net zero objectives remains on track with notable reductions in direct emissions. However, the CP6 energy consumption targets were not fully achieved, with results falling short of expectations.
- **Circular economy:**
  - Circular economy outcomes were positive. Reuse and recycling remained high and the landfill diversion rate was met.
  - The committee also recognised an updated definition in material reuse and emphasised the importance of translating data into tangible actions for staff to drive improvements in this area.
- **Adapting to a changing climate:**
  - Network Rail is continually enhancing its understanding of climate change risks and their potential impact across the rail network. This work is supported by cross-industry collaboration and engagement with other agencies to define resilience standards and service expectations.
  - In the coming years, initiatives will include incorporating climate change considerations into asset degradation modelling to better inform long-term planning and expenditure decisions.

### A railway that cares for the environment

The committee reviewed the quarterly environmental performance report, with particular attention to incident trends, air quality and biodiversity indicators. Key observations included:

- **Incident trends:** Environmental incidents have decreased over time, showing a positive trend. No major incidents were reported, and serious cases remained low.
- **Air quality:** Plans to improve air quality for our priority stations have been developed. The committee welcomed the progress and encouraged continued efforts.
- **Biodiversity:** The continued work to improve biodiversity across the network was noted, with

case studies published in the annual State of Nature report.

### A railway that helps communities thrive

The committee considered the following topics:

- **Volunteering participation:** staff engagement in volunteering has been growing steadily, though numbers are still slightly below the target.
- **Social value:** a large number of projects have reported significant social benefits since the introduction of a dedicated measurement tool.

These strategic ambitions were supported by a commitment to fostering a culture of sustainability.

This was reflected in the 2024 Your Voice survey which showed improved colleague perceptions of the organisation's environmental and social responsibility compared to 2021. Work began on two large projects aimed at better integrating sustainability into the business and the committee considered ongoing efforts to define and enhance sustainability metrics, with further updates anticipated in future reports. Looking ahead, several initiatives are planned, including the introduction of new survey questions, development of a data solution for sustainability data, and a pilot of ORR's risk management maturity model (RM3) for sustainability in the next financial year.

## Planned activities for 2025/26

In the next year, the committee will continue to monitor the delivery of the new strategy, including all the strategic ambitions listed above and the key programmes relating to them. Some of the planned activities include:

- Following the launch of the greener railway strategy, the committee will continue to ensure there is momentum in implementation of the strategy and will monitor the development of the delivery plan.
- The committee's terms of reference will be revised in line with the new strategy and the Corporate Governance Code 2024.
- The adaptation strategy for weather resilience and climate change will be examined. Long-term regional adaptation plans will continue to be developed, and work will continue to update asset design, operations, and maintenance standards to reflect future climate conditions.
- Work to decarbonise the railway will continue including the adoption of zero emission vehicles (ZEVs) and the measurement and reporting of whole life carbon in infrastructure.
- Analysis will be conducted on the rail social value tool and social value improvements.
- Review progress against circular economy initiatives and their impact on our new reuse metric.
- Work will continue on developing clear sustainability metrics and a supporting data system to support future planning and reporting.

# Property supervisory committee report



I am pleased to present the committee's report into its key activities undertaken during 2024/25, alongside its anticipated activities for 2025/26.

The committee has continued to monitor Network Rail's overall property performance against its strategy for Control Period 7 and continued to use key performance indicators to benchmark regional performance.

Our retail team has had a successful year having opened 66 units. Eight new retailers have been brought into our stations ranging across, food and beverage. Voids have reduced from 4.5 per cent at the start of the year to 3.2 per cent.

The committee has received progress updates on a number of strategic projects, of note the strategic partnerships with Homes England, Transport for London and other authorities.

The committee monitored group development's progress with the proposed merger with London & Continental Railways (LCR) which became a subsidiary of Network Rail in April 2025. The merger will create a residential and commercial property development company dedicated to deliver regeneration projects and provide affordable residential homes across Great Britain. Once established it is anticipated that the property supervisory committee will be disbanded.

**Mark Bayley CBE**

Chair, property supervisory committee  
18 July 2025

## Committee attendees

A Network Rail regional property directorate and the general counsel normally attend meetings by invitation, as well as representatives from the Department for Transport and the Infrastructure and Projects Authority.

## Role and responsibilities of the committee

The terms of reference (ToR) govern the structure and operation of the committee, including its delegated responsibilities and authority. The ToR are reviewed regularly, to ensure the activities of the committee align with the needs of the organisation.

The committee's role is to consider and provide advice upon:

- the long-term vision and strategies for Network Rail's development property portfolio and its commercial estate
- the performance of the regional property directors and Group Property,
- to make decisions or recommendations (subject to the committee's delegated authority)

## Principal activities during the year

The committee normally conducts a site visit prior to each meeting. Sites visited included Glasgow Queen Street station, Waterloo station (The Sidings), London Euston station and Bow Goods Yard.

The committee receives detailed property updates for discussion at each meeting. A written summary of the committee's activities, the main discussion points, findings, and any recommendations is provided to the Board for its next meeting.

## Key areas of focus during 2024/25:

The key areas of focus during the year have included:

### Strategic project key issues

The committee received updates on the portfolio of strategic projects including those at Bow Goods Yard in East London, London Liverpool Street, Waterloo, Cardiff Central, York Central, Oxford station and London Victoria.

### Redevelopment of London Euston and London Liverpool Street stations

The committee reviewed and provided feedback on the key developments underway at London

Euston and London Liverpool Street stations. The London Liverpool Street development received public objections this year as there were concerns about the original proposal for the partial demolition of the Victorian station and a new multi-storey tower cantilevered above a neighbouring Grade-II\* former hotel. The plans to redevelop London Liverpool Street station were regenerated under the supervision and scrutiny of the committee.

### Regional property directors' reports

All regional property directors have presented to the committee, giving an overview of regional property strategies, targets, performance, efficiencies and the strategies being implemented for rail reform.

### Financial performance

The committee received regular finance updates including updates on year-to-date performance, profit forecast versus budget and capital expenditure.

### Sustainability

The committee received an update on a trial to reduce food waste at stations. In April 2024, Waterloo station trialled a food waste reduction project with the charity Olio. SSP Group plc partnered with Olio to redistribute collected food and, after a successful trial, agreed to implement the project at 38 sites and 94 units, including all M&S locations in managed stations.

Ernst Young (EY) was appointed sustainability advisers and over the year the committee had significant discussions on EY's work with us developing a property sustainability strategy. The key themes included carbon, station air quality, circular economy and social value.

## Planned activities for 2025/26

In the year ahead, the committee will continue to monitor progress on the following until the formation of the new property development company:

- property development strategy and planning for Control Period 7
- strategic development schemes
- the regional property opportunities
- sustainability
- the proposed merger of London Continental Railways with the Network Rail Group Property team
- disbanding of the property supervisory committee once the new property development company has been established

# Audit and risk committee report



I'm pleased to present the report into the key activities undertaken during 2024/25. The committee oversaw audit, assurance, and risk management processes, monitored financial statement integrity, and reviewed internal controls. The focus was on understanding business risks, their likelihood and ensuring effective mitigations and controls to provide assurance to the Board.

The committee met five times during 2024/25. Members collectively have a broad range of finance, commercial, transport, rail and public sector expertise that enables them to provide effective oversight of financial, operational and risk matters and to advise the Board accordingly. All members of the committee are independent non-executive directors, and the chair has recent and relevant financial experience.

During 2024/25, the committee further strengthened the breadth and depth of skills and experience with the co-option of Dr Ilona Blue as an independent external advisor (see page 122 for her biography). Carolyn Battersby was an observer at meetings from September 2024 until her formal appointment as a member in November 2024 (see page 115 for her biography). The committee thanks Michael Harrison and Rob Brighthouse for their service.

**Mark Bayley CBE**  
Chair, audit and risk committee  
18 July 2025

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## Committee attendees

The chief financial officer, director of risk and internal audit, and the group general counsel and company secretary attend meetings of the committee by invitation. Representatives from the National Audit Office (NAO) also attend each meeting. Time is set aside for the representatives

from the NAO and the director of risk and internal audit to meet with committee members without executive management present. Ismail Amla attends the meeting by invitation when matters related to cyber security are discussed.

Audit and risk committee members may also attend specific items on other committees. For example,

members attended the environmental sustainability committee's item on sustainability, weather resilience and climate risk.

## Role and responsibilities of the committee

The committee assists the Board with meeting its responsibilities for the integrity of the financial reporting of the company, major subsidiary undertakings and the group as a whole. We review the effectiveness of the internal control and risk management systems and assess the effectiveness of internal and external auditors. We also assist management in discharging their responsibilities and the responsibilities of the accounting officer.

Following each meeting, the chair provides oral and written summaries of the committee's activities, main discussion points and findings to the next Board meeting.

## Principal activities during the year

Presentations were received from four regional managing directors on the key risks affecting their business plans. Updates were provided on cyber security, capital delivery risk, winter power disruption, weather resilience and climate change, the counter-fraud programme, train service delivery, whistleblowing and the Code of Business Ethics and inflation risks.

At each meeting the committee receives business updates from Group Finance, Internal Audit, Group Risk, and the independent external auditor. In addition to regular updates, the committee considers the emerging and principal risks facing the business and whether appropriate policies and controls are in place for the detection and mitigation of these risks. The committee elevates matters to the Board where necessary. Further information on principal risks is on pages 98 to 103.

## Areas discussed by the committee in the year

With the support of the NAO, the committee assessed whether suitable accounting policies had been adopted, whether management had made appropriate estimates and judgements and whether disclosures were balanced and fair. The main areas of focus during 2024/25 set on the next page.

The committee conducts an annual evaluation of its effectiveness, details of which are provided below.

In the 2024/25 financial year, the committee:

- Reviewed and challenged how principal risks were reported, resulting in a shift to applying a qualitative test aligned with both the intent and spirit of the company's risk appetite statements. Previously only a numerical threshold of risk score as a proxy of inside or outside risk appetite was applied.
- Considered the Network Rail internal audit charter, updated to reflect changes in the Global Standards for Internal Audit, guidance for worldwide professional practice of internal auditing issued by the Institute of Internal Auditors on 7 May 2024.
- Provided oversight of the risk management and internal controls systems and internal audit, monitoring the integrity of the financial statements including the interim statements, and reviewing the external audit process.
- Adapted the structure and focus of meetings to reflect the current risk landscape, including inflation, macroeconomic and geopolitical uncertainties, national politics and governance, future risks from industrial action, recovery of passenger numbers, climate change and environment and sustainability, industry reform, the advent of CP7 and other key challenges facing the organisation and wider industry.
- Provided oversight of the risks specific to each region and continued monitoring of their governance, risk, assurance and improvement activity; assurance of the capital delivery programme; and assurance of cyber security risk management.

## Fair, balanced and understandable

Following a review, the committee confirmed that the annual report and financial statements for 2024/25 presents a fair, balanced and understandable overview and provides the information necessary to assess the company's position, performance, business model, and strategy. The committee therefore proposed the document for approval to the Board.

Accounting judgments	How the committee addressed those judgements
Valuation of rail network and compliance with regulatory requirements	The committee reviewed reports from management on the key estimates and the methodology applied to the revaluation model. The committee also reviewed the work of management and findings of the external auditor in respect of the reasonableness of key judgements and estimates of the forecast for CP7, impact of inflation and appropriateness of the associated disclosures in the financial statements. After this review, the committee confirmed the valuation derived from the estimates, key judgments and valuation methodology.
Capital accruals	The additions to property, plant, and equipment are valued at an estimate of the cost of work done (COWD) in the year to 31 March 2025. To the extent that the COWD is greater than the invoiced amount, fixed asset accruals are recognised based on expected amounts required to settle contractual obligations. To value the COWD on capital projects appropriately, commercial managers with the appropriate level of experience assess the progress to completion of the project at the expected cost. Reports on management's approach to measuring cost of work done were reviewed alongside details of internal validation and the external auditor's report on sample testing.
Deferred tax	Following a challenge raised by the National Audit Office (NAO), the committee discussed whether to recognise a deferred tax asset despite the committee not being satisfied that the asset could be exchanged for economic benefits. The committee asked the Chief Financial Officer and the Group Finance Director to resolve the recognition criteria for the deferred tax asset with the NAO. The Chief Financial Officer and the Group Finance Director concluded that the recognition of a deferred tax liability satisfies the probability threshold required for recognising a deferred tax asset in respect of unused tax losses. While the Chief Financial Officer and the Group Finance Director acknowledged that this accounting treatment aligned with how interpretation of IAS 12 (Income Taxes) has evolved, they expressed concern that the outcome does not accurately reflect the economic substance of Network Rail. Nonetheless, in accordance with IAS 12, the asset has been recognised for unused tax losses.
Pension assumptions	The group operates defined benefit and defined contribution pension schemes. Valuation of the defined benefit schemes is dependent on certain key assumptions and complex actuarial calculations. The committee discussed the key assumptions, including the degree to which these were supported by professional advice from the actuaries. The independent auditor also focussed attention on this area and provided reporting to the committee on this matter. The committee considered the valuation of the scheme assets, noting the estimation uncertainty associated with level 3 assets such as private equity holdings. This included a consideration of the work of management and the auditor to take account of movements to the year end, and the focussed work of the auditor in respect of higher risk assets. The committee considered the accounting treatment of the surplus and was satisfied that it was appropriate to recognise a pension asset.
Revenue recognition-network grants	Network Rail receives revenue grant from DfT and Transport Scotland in lieu of track access charges. Grants can be drawn down flexibly to meet our working capital requirements. To the extent that they are drawn down in advance of expenditure, to meet temporary working capital requirements, they are then deferred until that expenditure is incurred. The deferred income is then released to profit/loss as the related expenditure is incurred. Grants drawn down to meet working capital movements that are not considered to be temporary in nature are recognised in revenue.

Accounting judgments	How the committee addressed those judgements
Valuation of investment properties	Investment properties are stated at fair value. The valuations are based on assumptions and estimates that require judgement. The committee agreed that appropriate methodology had been used. The methodology was consistent with prior years and included valuations and additional assistance from external valuation specialists. The valuations were reviewed by management and the external valuation specialists.

Risk of management override of internal controls was also considered by the committee. The independent auditor focussed attention on this area and provided satisfactory reporting to the committee.

The committee is required to review any correspondence received from regulators in respect of financial reporting. No correspondence has been received from the Financial Reporting Council (FRC) or ORR in relation to Network Rail's financial reporting during the 2024/25 financial year.

## Committee performance

The committee participated in the independent performance review conducted by Independent Audit as described on page 127. The review concluded that the committee operated effectively, and no further changes were proposed.

## The approach taken to the appointment of external auditor

The Comptroller and Auditor General (C&AG), supported by the NAO, was appointed as Network Rail's independent auditor in 2015. In addition to providing an opinion on the group accounts, the C&AG also audits the individual accounts of Network Rail Infrastructure Limited, Network Rail Infrastructure Finance plc, Network Rail (High Speed) Limited and Great British Railways Transition Team Limited (the companies).

The obligation to appoint the C&AG as Network Rail's independent auditor is a direct result of the classification of Network Rail as an arm's-length government body and consistent with standard arrangements for other public sector bodies. Hence, the company is unable to comply with either the Competition and Markets Authority's Order or the UK Corporate Governance Code 2024 in respect of tendering prior to the appointment of an auditor. This will remain the company's position for the foreseeable future.

PwC LLP acted as the independent external auditors for the remaining subsidiaries in 2024/25.

## Objectivity and independence of the external auditor

The NAO is independent of Network Rail in accordance with the ethical requirements relevant to the audit of financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities/public interest entities. The committee has put in place safeguards to maintain the independent auditor's objectivity and independence. To enhance independence, and in line with established auditing standards, the senior statutory auditor of the independent auditor is regularly rotated, along with other key audit principals within that firm.

The committee has established a policy whereby employment of the independent auditor on work for the company is prohibited without prior approval by the committee, other than for audit services or tax compliance services. Such requests are unlikely as the NAO does not offer non-audit services. The NAO does carry out value for money assessments for Network Rail, but this does not represent a service to Network Rail as it is performed under statute and on behalf of Parliament.

In 2024/25 the fee for audit services was £731k (£729k in 2023/24). This includes the NAO's cost of auditing Network Rail Infrastructure Limited, Network Rail Infrastructure Finance plc, Network Rail (High Speed) Limited, Great British Railways Transition Team Limited, the regulatory accounts and review of interim financial statements of Network Rail Limited and Network Rail Infrastructure Finance plc. It excludes the cost of the audit of some smaller subsidiaries which are audited by PwC.

The fee paid to PwC for auditing the smaller subsidiaries was circa £274k in 2024/25 (£270k in 2023/24).

## Effectiveness of the external auditor

A review of the independent auditor's performance and effectiveness is undertaken as part of the overall effectiveness review of the auditing process. Following the conclusion of the 2024/25 reporting cycle, the auditing process was assessed. The independent auditor was also invited to comment on what worked well and where improvements could be made. The committee was satisfied that the independent auditor was fully effective and performed as expected in discharging its duties and obligations.

## Evaluating the effectiveness of internal control and risk management systems

The committee regularly reviews the risk profile, including the rationale for movements in the group risk profile, and reviews and approves any changes to the enterprise risk management framework. During 2024/25 the committee reviewed Network Rail's risk appetite statement to ensure it remained appropriate to deliver the company's strategy. The committee was satisfied that a robust risk process was in place to manage and mitigate risks with appropriate plans and monitoring. Where risks have been identified, appropriate actions are being taken to manage the impact on the organisation and our customers. The committee had oversight of the process and assessment of the group's prospects to carry on its business under severe but plausible scenarios undertaken in support of the viability statement. Further details of the analysis/scenario testing for the viability statement can be found on pages 104 to 106.

## Internal audit

The committee approved the annual internal audit plan and reviewed it through the year, ensuring alignment with the group's strategic priorities and key risks. Safety, health and environmental compliance elements of the audit plan were approved by the safety, health and environmental compliance committee. Throughout 2024/25, the director of risk and internal audit provided regular

updates on changes to the plan, notable audits, overdue actions and emerging themes. The audit programme was reviewed and adjusted as needed to reflect Network Rail's risk profile, maintaining an appropriate level of assurance. The committee endorsed the internal audit charter, which defines internal audit's purpose, authority, responsibility, and position within the company. During year, the charter was updated to reflect the 2024 changes to global internal audit standards.

In addition to delivering formal risk-based audits, independent advisory reviews were conducted to respond to emerging risks and issues. These reviews included train performance analysis capability, national road fleet transformation programme and improvement programme assurance.

Internal Audit continues to apply a root cause framework to identify recurring themes and areas, for improvement for consideration by the committee. Over the last year, the leading root cause themes have included:

- **Process and procedures:** audits found opportunities to strengthen key processes for consistency and effectiveness. Enhancements were recommended in risk management for capital investment delivery, reporting of environment & sustainability metrics and the prioritisation procedure for workforce safety improvement plans.
- **Governance:** while governance structures were generally found to be in place, our audits identified opportunities to improve their application in crime prevention and management, the Old Oak Common project, TransPennine Route Upgrade, and national road fleet transformation programme.
- **Systems:** audits highlighted opportunities to enhance the management of systems, with recommendations raised for cyber security monitoring, railway crime data collection, and train performance analysis.

Where areas for improvement have been identified through audit activity, these are actively managed, and the improvements closely monitored by the committee.

## Risk management and internal controls

The Board has ultimate responsibility for Network Rail's risk management and internal controls but it delegates oversight to the committee which reports its

findings and makes recommendations to the Board. This covers all material controls (financial, operational, and compliance) and the risk management framework. Risk management systems and internal controls are designed to manage rather than eliminate risk and provide reasonable, but not absolute, assurance that the group's risks are being appropriately managed and mitigated. The delegated responsibilities for risk management and internal control are detailed in 'Role and responsibilities of the committee' on page 141.

The committee reviews the current status of existing risks and progress against agreed action plans to manage them. Detailed oversight of safety and weather-related risks, including physical security, is delegated from the Board to the safety, health and environmental compliance committee.

Network Rail's approach to risk identification and management, its risk appetite, and an assessment of its principal and emerging risks is provided on pages 98 to 103.

In addition to regular updates, the committee reviews the emerging and principal risks that require particular attention. During 2024/25, these included:

- supply chain risk
- capital investment delivery approach to risk and assurance activities
- the risk of the railway not meeting expected levels of train service delivery
- CP7 review
- progress with the governance, risk, assurance and improvement (GRAI) model and the improvements gained across the business

## Business ethics

Network Rail has an anti-bribery policy and anti-bribery management system. The ISO37001 standard we operate to provides external assurance that our control framework adheres to international best practice. As a large organisation which spends billions of pounds, we recognise that we are at risk of being offered bribes. To mitigate this there are a number of controls in place including: carrying out anti-fraud and anti-bribery risk assessments, providing good governance through our delegation of authority policy and having mandatory training so that our employees understand the law and ethical standards we expect. Additionally we have a Speak Out line which employees and third parties can use to report any concerns in this area.

The committee reviews and makes recommendations to the Board on the company's whistleblowing (Speak Out) procedures and arrangements for the independent investigation and follow-up of such matters. It discusses major findings of internal investigations and management's response to them.

The code of business ethics, policies and ethical decision-making tool are accessible on all company mobile devices via 'EthicsApp'. Periodic dashboards are also produced to monitor ethical performance across the organisation. These cover: e-learning, gifts, hospitality and conflicts of interest declarations and Speak Out cases.

The Speak Out policy which identifies the channels available for those wishing to raise concerns and how Network Rail endeavours to respond to investigating whistleblowing allegations, was also updated. More information on our whistleblowing policy and code of business ethics can be found on our website: [www.networkrail.co.uk/who-we-are/transparency-and-ethics/ethics/](http://www.networkrail.co.uk/who-we-are/transparency-and-ethics/ethics/)

## Planned activities for 2025/26

- review of the company's approach to material controls and alignment with the UK Corporate Governance Code 2024
- review of company's annual assurance questionnaire and process
- internal audit plan
- supply chain disruption and cyber security
- review of rail industry reform transition risks

# Treasury committee report



**Mark Bayley CBE**  
Chair, treasury committee  
18 July 2025

## Committee attendees

In addition to the committee members, the following individuals attend meetings by invitation: the chief financial officer, group finance director, head of treasury, corporate finance and business development director, head of insurance, the group general counsel and company secretary.

The role and responsibilities of the committee are reviewed regularly to ensure that the activities of the committee align with the needs of the organisation. The Terms of Reference are currently being reviewed.

### The committee's role is to:

- approve and/or recommend strategies and policies in relation to areas of treasury management including financing, cash and liquidity management and forecasting and treasury controls
- monitor proposed treasury activities including banking, cash and liquidity management and

forecasting, debt management, investment management, and treasury risk management

- review the treasury function's financial reporting and internal control procedures
- endorse Network Rail's tax strategy to Network Rail Board for approval
- receive regular updates on Network Rail's corporate finance activities and major corporate transactions
- undertake such review and assurance of Network Rail's insurance programme

## Principal activities during the year

The committee received detailed updates on Network Rail's cash and liquidity position, debt, investment and derivative portfolio, insurance strategy, intercompany financing arrangements, group treasury key performance indicators and major corporate finance transactions.

### Insurance Strategy

The committee received an overview of the insurance strategy including the current insurance programme and the focus for the next insurance tender in 2025.

### Corporate finance transactions

During the year, the committee noted the progress that had been made on the pipeline of projects and reviewed opportunities for third-party investment in Network Rail. The projects included:

- renewing and upgrading Network Rail's wireless telecoms infrastructure
- renewables power purchase agreements to support decarbonisation of the railway
- private funding/third party investments in depots
- merger of Network Rail's development property activities and London & Continental Railways (LCR) to create a new railway property development company

### Treasury and Financing

At each meeting the committee monitored the group cash and liquidity position. The committee reviewed the performance of Group Treasury and reviewed risk and compliance measures.

### Network Rail financing arrangements

The committee continued to review its approach to managing the financial impact of any future policy changes/industrial reform, strike action and inflationary pressures. The committee reviewed and agreed the funding mechanisms for Network Rail

covering the five years of CP7 (including grants from the Department for Transport (DfT) and Transport Scotland (TS) and loan facilities from DfT).

Other specific topics considered by the committee during 2024/25 included:

### Legacy Debt

The committee reviewed the legacy debt portfolio and associated legacy derivative activities relating to debt issued prior to Network Rail's reclassification as an arm's-length body of the DfT in 2014. The committee reviewed the loan facility from the DfT used to refinance Network Rail's external legacy debt.

### Review of Treasury Policy Manual

The committee reviewed group treasury policy, and approved amendments focused on operational efficiency and removal of references to legacy activities that were no longer undertaken.

### Enterprise Risk Record

The committee reviewed and agreed updates to the treasury and funding Enterprise Risk Record for CP7.

### Insurance Activities

The committee reviewed group insurance activities including the retender process insurances, and considered the possibility of extending the Network Rail insurance programme to cover activities of the DfT Operator Limited (DfTO).

## Planned activities for 2025/26

- Governance and assurance of all Group Treasury activities
- Review of risks for CP7 financing and funding activities
- Review of corporate finance transactions
- Review of tax strategy
- Review of insurance activities

# Nominations and remuneration committee report



The focus areas for the committee during 2024/25 were Board and committee appointments, succession planning, Board performance, and preparations for the CEO's retirement. The committee also reviewed talent strategies, the directors induction programme, performance metrics, and broader governance matters.

The Nominations and remuneration committee operates as a single committee. We report on its nominations and remuneration work separately in two sections. The first section of the report addresses the nominations related elements of the committee's work below, and the second section, the remuneration report, reports on the remuneration elements and can be found on pages 153 to 162. Areas that overlap are highlighted where appropriate.

During the year, David Noyes stepped down as chair of the committee, and Ismail Amla took the chair. Mike Putnam, Steve Scrimshaw CBE and Carolyn Battersby were all welcomed as members of the committee. Michael Harrison and Peter, Lord Hendy of Richmond Hill CBE both stepped down from the Board and the committee. We thank them both for their service to the committee.

## **Ismail Amla**

Chair, nominations and remuneration committee  
18 July 2025

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## Committee attendees

The committee members attendance at meetings can be found in the governance report on page 126. The group general counsel and company secretary is secretary to the committee. The committee is also supported by the group HR director and reward director. The chief executive attends meetings when invited by the committee. Others attend for specific items and meetings are routinely attended by a representative from the Department for Transport (DfT).

## Key responsibilities of the committee

The committee's role is to consider and comment on:

- Board and committee appointments
- the induction of new directors
- Board culture and diversity
- Board effectiveness
- Board and senior executive remuneration
- appointments to the Board's subsidiaries
- any other matter within its remit that it may be considered necessary or appropriate.

The committee's terms of reference are reviewed on a regular basis and updated to align with the UK Corporate Governance Code and industry best practice. They are available on the company's website: [www.networkrail.co.uk](http://www.networkrail.co.uk)

## Principal activities during the year

During the year, the committee was active in the following areas:

### Network Rail Board appointments

During the 2024/25 financial year, the committee recommended:

- the extension of tenure of Sally Jones (registered as Nicola McNish) and Philip Lewis to the company's property supervisory committee to 30 June 2025 (see page 123 for their biographies).
- that Carolyn Battersby be appointed as a member of the audit and risk committee and as a member of the nominations and remuneration committee both on 29 November 2024.

### Board performance

The committee considered:

- the breadth and depth of experience on the Board and its committees.
- matters relating to rail reform, and the ongoing

implementation of the Modernising Maintenance initiative.

- the composition and skills matrix of the Board
- the work carried out to consider the recommendations of the independent review by the sub-group appointed to the Board

### Succession planning

The committee:

- continued to review talent development strategies to ensure the organisation has the appropriate skills and capabilities in place to execute its accountabilities effectively, especially in light of rail reform. (See People report on pages 84 to 89 for details).
- met to consider the upcoming retirement of the CEO, and held various meetings to address the succession process.
- examined succession planning and talent development across the business

### Board composition

The committee considered:

- the appointment by the Department for Transport of Carolyn Battersby as a non-executive director of the Board.
- the appointment by the Department for Transport of Rebecca Jayne Seeley as the chair of London & Continental Railways Limited (LCR) and noted that following completion of the acquisition of LCR, Rebecca would become a member of the NRL and NRIL Boards.

### Other areas

The committee also reviewed the CEO and CFO objectives for 2025/26, discussed induction plans for newly appointed directors, considered the ongoing pensions review and noted the CEO's external appointment to the Council of Cranfield University. Time was also spent discussing performance related pay and associated metrics.

## Planned activities for 2025/26

In the year ahead, the committee will:

- consider any necessary appointments or re-appointments to the Network Rail Board and its subsidiaries, with a focus on skills and Board diversity
- continue to review talent development strategies to ensure the organisation has the appropriate skills and capabilities in place to execute its accountabilities effectively.
- review the implementation of Network Rail's diversity strategy.
- review the skills and experience of the Board.
- review executive directors' objectives for 2026/27.
- support with relevant matters relating to rail reform and/or workforce modernisation.

# Directors' remuneration report

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# Annual statement from the nominations and remuneration committee chair



I am pleased to present the 2024/25 directors' remuneration report for Network Rail. The nominations and remuneration committee is committed to transparency and recognises the importance of executive pay for a public body. We operate in line with the remuneration requirements which apply to all UK listed companies and the provisions of the UK Corporate Governance Code, reviewing our terms of reference regularly.

The 2024/25 report was approved at the Annual General Meeting (AGM) by the Secretary of State for Transport. The current three-year remuneration policy for executive directors was approved at the 2023 AGM and is included in the 2023 directors' remuneration report. The policy is reviewed every three years, with a revised policy to be presented at the 2026 AGM.

**Ismail Amla**

Chair, nominations and remuneration committee  
18 July 2025

## Key agenda items for the year

Our annual remuneration report outlines executive remuneration for the 2024/25 financial year. The key points to note for the 2024/25 outcomes are:

- the performance related pay scheme (PRP) scorecard outturns for 2024/25 was approved by the nominations and remuneration committee on 5 June 2025. Sir Andrew Haines OBE, chief executive, waived both his pay award and PRP as in previous years, but a recommendation to pay Jeremy Westlake his pay award in line with the management agreement which is May CPI. The committee also agreed to recommend payment of Jeremy's PRP. Both will require Secretary of State approval.
- Objectives for the executive directors were agreed for 2025/26 and were based on Network Rail's six national strategic themes.

The rest of this statement explains how executive remuneration is determined at Network Rail and gives more details on the outcomes for this year.

## Remuneration considerations in 2024/25

All remuneration decisions made by the committee and Board during the year have been in accordance with the framework agreement, which remains:

1. Simple and transparent so all stakeholders can understand it.
2. Competitive and fair to attract and retain skilled leaders. Our arrangements reflect market rates for similar roles and ensure value for money for taxpayers, considering our status as a publicly funded body.
3. Focused on performance and safety, with no reward for failure. Annual performance targets align with our business scorecard, focusing on six strategic themes and prioritising safety.
4. Aligned across the organisation where possible, meaning the remuneration structures of all Network Rail employees are also aligned to performance.
5. Participation in the pension scheme is on the same basis as other managerial positions within the organisation.

## 2024/25 outcomes for executive directors

Business performance is measured through scorecards which evaluate key measures and targets agreed with customers and stakeholders. The scorecards are split according to the six strategic themes, which are: train service delivery, safety, efficiency, sustainable growth, customer and communities, and people.

The level of performance related pay for executive directors and management is primarily determined by the national or regional scorecards performance outturn, with 25 per cent of an individual's PRP being determined by that individual's own personal performance rating. This provides a direct correlation between the achievement of individual objectives and their PRP.

Overall national scorecard year end outturn was 79.6 per cent against a target of 100 per cent (the total scorecard contribution number may not reflect the sum of the metrics due to local management performance adjustments).

# Annual remuneration report



This report has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Report) (Amendment) Regulations 2013. Where indicated, some of the disclosures in these sections have been audited.

## Single total figure of remuneration for 2024/25 (audited)

The table below summarises all remuneration received for the executive directors in this period, with a comparison against the prior year:

Table 1

Fixed and Variable pay split																
	Grand Total		Total Variable Pay		Total Fixed Pay		Total		Performance Related Pay (PRP)		Pension <sup>2</sup>		Benefits <sup>1</sup>		Salary	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
	£'000		£'000		£'000		£'000		£'000		£'000		£'000		£'000	
Sir Andrew Haines OBE	591	593	0	0	591	593	591	593	0 <sup>4</sup>	0 <sup>4</sup>	0	0	3	3	588	590 <sup>3</sup>
Jeremy Westlake	463	449	33	0	430	449	463	449	33 <sup>7</sup>	0 <sup>6</sup>	36	36	12	12	382	401 <sup>5</sup>

1. Benefits include car allowance, private medical cover, any annual travel subsidy, life assurance and relocation allowance.
2. Pension includes the value of all pension benefits receivable in respect of the relevant year. This includes any supplementary cash allowance and a value from participation in the defined benefit or defined contribution pension arrangements or allowances for those who have opted out of their respective pension arrangements in the relevant year (calculated in accordance with the methodology prescribed by the Regulations). Further details of these pension benefits are set out in the pension section on page 155.
3. Sir Andrew Haines OBE's salary is higher than in 2023/24 due to the 2024/25 financial year having one day more than the previous year.
4. Since Sir Andrew Haines OBE appointment, he has waived all PRP payments.
5. Jeremy Westlake's salary is higher than in 2023/24 due to the annual pay award.
6. The PRP value for Jeremy Westlake had not been approved by the Secretary of State at the time of this report.
7. The PRP value for Jeremy Westlake for 2023/24 had not been approved by the Secretary of State at the time of publication. It has now been updated to reflect the payment that was approved after publication.

## Pay ratios (audited)

New legislation requires employers to publish pay ratios from 2020, showing the gap between the chief executive and the 25th, 50th and 75th percentile of employees. A historical record will be published incrementally over a 10-year period.

For transparency and good governance, the nominations and remuneration committee decided to publish the pay ratio information a year early in the 2018/19 report, which also included information from 2017/18 for comparison.

There are three potential calculation methodologies:

**Option A:** Calculate total remuneration for all employees and take the percentiles to calculate the pay ratio against the chief executive single figure total remuneration.

**Option B:** Using existing pay data (gender pay gap reporting), take the 25th, 50th and 75th percentiles, calculate the total remuneration for these and compare them against the chief executive single figure total remuneration.

**Option C:** Same as option B but using other recent pay data.

The nominations and remuneration committee selected Option B due to being able to use existing data that was readily available. It includes the whole workforce. We have chosen an office worker, as they are more comparable to the chief executive where non-office based workers have more variable pay elements which the chief executive does not have.

	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2017/18	Option B	24.4:1	19.5:1	14.2:1
2018/19 <sup>1</sup>	Option B	20.5:1	14.9:1	12.3:1
2019/20 <sup>2</sup>	Option B	17.5:1	14.1:1	11.7:1
2020/21	Option B	17.5:1	14.3:1	12.8:1
2021/22 <sup>3</sup>	Option B	16.0:1	13.5:1	10.5:1
2022/23	Option B	15.3:1	13.0:1	8.8:1
2023/24	Option B	15.5:1	12.0:1	9.7:1
2024/25	Option B	13.2:1	11.7:1	9.3:1

1. Change of chief executive during the year. Pay ratio based on Mark Carne CBE and Sir Andrew Haines OBE's combined single figure total for 2018/19.
2. Sir Andrew Haines OBE's single figure total was used for 2019/20 onwards.
3. No PRP was awarded to employees for the 2020/21 scheme year so did not form part of the pay ratio calculations for that financial year.

When taking the employee data for the 25th, 50th and 75th percentiles, the total remuneration figure has been calculated based on an office worker at these percentiles. The latest 2024 pay gap data used to identify employees at each percentile was taken on 31 March 2024, with the total remuneration data covering the same period as that in Table 1 called the single figure total remuneration for 2024/25. The total pay and benefits, along with the salary component, for each of the employees at each percentile are shown in the table below.

Percentile	Total pay & benefits	Salary component
25th Percentile	44,795	45,055
50th Percentile	50,851	49,057
75th Percentile	63,760	60,237

The pay ratios have continued to decrease as Sir Andrew Haines OBE, has declined his 2024 annual pay award.

## Executive director changes

There have been no changes to the executive directors this year.

## Incentive plan 2024/25 – annual PRP (audited)

During the year two directors, Sir Andrew Haines OBE and Jeremy Westlake, were eligible for the PRP scheme. Sir Andrew Haines OBE's maximum potential award was nine per cent of his salary, while that of Jeremy Westlake was 20 per cent. Stretching performance targets were set at the start of the year in the context of the national scorecard, which can be found on pages 20 to 25. The national scorecard outturn determines the percentage pay-out against the maximum award. For 2024/25, 25 per cent of PRP was based on an individual's performance rating and each rating carried a different percentage weighting. For example, a 'good' performance rating contributes 11.25 per cent to the overall PRP.

Performance against the national scorecard can be found on pages 20 to 25. Our national scorecard performance was 79.6 per cent. We performed well against a number of key metrics including our passenger safety milestones, sustainability and the customer and community metrics. Some of our performance was impacted by factors such as extreme weather and an ageing infrastructure.

In addition, each year the safety, health and environmental compliance committee considers the overall rating from a safety perspective and decides whether to recommend any further adjustments to the rating to reflect safety performance. This year, having reviewed the outturns of the safety measures and overall safety performance, the committee agreed to recommend to the nominations and remuneration committee that no further adjustments to the PRP outturn in respect of safety performance were necessary for 2024/25.

## Pension (audited)

Executive directors are eligible to participate in one of the Network Rail defined benefit pension schemes or the defined contribution pension scheme on the same basis as other employees.

Sir Andrew Haines OBE is not a member of a defined benefit or a defined contribution arrangement at Network Rail and does not receive any pension contribution nor cash in lieu. Jeremy Westlake is not a member of a defined benefit or defined contribution arrangement at Network Rail but does receive an allowance in lieu of pension. Under the existing executive pension policy, Jeremy Westlake is entitled to an allowance in lieu of a pension on the same basis as other employees of Network Rail. This allowance is equivalent to the employer's pension contributions otherwise payable, minus an adjustment for the cost of providing continued life assurance and the employer national insurance contributions payable. Sir Andrew Haines OBE was not eligible for an allowance in lieu of pension as part of his appointment.

Previously, executive directors received an additional pension allowance in the form of a cash supplement based on a percentage of their earnings above the notional earnings cap (£223,800 for 2024/25 tax year and previously £205,200 for 2023/24). The pensions allowance is no longer offered as part of the remuneration package to any new executive director appointments. Executive directors who have an existing pensions allowance in place have retained this payment.

The table on the next page sets out details for executive directors for 2025 in respect of all Network Rail pension benefits, split between the defined benefit and defined contribution/ additional allowance. The value shown in the final column of this table is included as the pension column in the single total figure of remuneration on page 153.

	Defined benefit schemes				Other pension arrangements <sup>1</sup>		
	Normal retirement age <sup>2</sup>	Accrued pension at 31 March 2025 £'000	Increase in accrued pension (net of inflation) during 2024/25)	Transfer value of accrued pension at 31 March 2025 £'000 <sup>3</sup>	Value included in single figure table (A) £'000	Cash salary supplement or contribution to defined contribution scheme (B) £'000	Total pension value reported in single figure table (A+B) £'000
<b>Sir Andrew Haines OBE<sup>4</sup></b>	–	–	–	–	–	–	–
<b>Jeremy Westlake<sup>5</sup></b>	–	–	–	–	–	36	36

1. For the defined benefit schemes, the value shown in the single figure table (A) has been calculated in accordance with the regulations by applying a multiplier of 20 to the increase in accrued pension (net of inflation) during the year. For the additional pension allowance (B), the value shown is the gross cash allowance in the year. The value shown in the single figure table is the sum of A and B.
2. The normal retirement age shows the age at which the director can retire without actuarial reduction.
3. Transfer values as at 31 March 2025 have been calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.
4. Sir Andrew Haines OBE does not receive any pension contribution nor cash in lieu.
5. Jeremy Westlake is not a member of a defined benefit (DB) or defined contribution (DC) arrangement at Network Rail but does receive an allowance in lieu of pension.

## Non-executive directors' fees (audited)

Under the framework agreement the Secretary of State sets the pay for the chair and non-executive directors of Network Rail. The fees for newly appointed non-executive directors were last reviewed in 2016 and were decreased at that time.

The table below summarises the remuneration for the non-executive directors for 2023/34 and 2024/25.

	2024/25		2023/24	
	Fees £'000	Benefits £'000	Fees £'000	Benefits £'000
<b>Rob Brighthouse<sup>1</sup></b>	17	–	49	–
<b>Peter, Lord Hendy of Richmond Hill CBE<sup>2</sup></b>	86	–	315	–
<b>David Noyes</b>	50	–	50	–
<b>Mike Putnam<sup>3</sup></b>	124	–	50	–
<b>Michael Harrison<sup>4</sup></b>	–	–	–	–
<b>Mark Bayley CBE</b>	66	–	66	–
<b>Fiona Ross</b>	40	–	40	–

	2024/25		2023/24	
	Fees £'000	Benefits £'000	Fees £'000	Benefits £'000
Ismail Amla <sup>5</sup>	48	–	40	–
Prof Stephen Duckworth OBE	40	–	40	–
Stuart Harvey <sup>6</sup>	31	–	n/a	–
Dyan Perry OBE <sup>7</sup>	31	–	n/a	–
Steve Scrimshaw CBE <sup>8</sup>	31	–	n/a	–
Carolyn Battersby <sup>9</sup>	–	–	–	–

1. Robert Brighthouse's fees are lower for 2024/25 as he resigned mid-year with effect from 31 July 2024.
2. Peter, Lord Hendy of Richmond Hill CBE's fees are lower for 2024/25 as he resigned mid-year on 8 July 2024.
3. Mike Putnam has been the acting chair since 8 July 2024. He also joined the Transpennine Route Upgrade Board in June 2022 and receives £50k per year for this appointment in addition to the above fees.
4. Michael Harrison resigned as non-executive special director on 30 June 2024. The appointment was not separately remunerated.
5. Ismail Amla's fees are greater for 2024/25 because he now receives £8k per annum for chairing the nominations and remuneration committee.
6. Stuart Harvey's fees are lower because he was appointed mid-year on 24 June 2024.
7. Dyan Perry OBE's fees are lower because she was appointed mid-year on 24 June 2024.
8. Steve Scrimshaw CBE's fees are lower because he was appointed mid-year on 24 June 2024.
9. Carolyn Battersby was appointed as non-executive special director on 29 November 2024. The appointment is not separately remunerated.

## Payments to former directors (audited)

There were no payments made to former directors in 2023/24.

There were no payments made to former directors in 2024/25.

## Payments for loss of office (audited)

There were no payments made to directors for loss of office in 2023/24.

There were no payments made to directors for loss of office in 2024/25.

## Outside appointments

Executive directors need committee approval to retain any fees for external non-executive directorships.

Sir Andrew Haines OBE is a director of the Rail Delivery Group and does not receive fees for this appointment, although he does have a travel pass that comes with the directorship allowing him free rail travel for personal and business use. Jeremy Westlake is a non-executive director of Elevate Services Inc. Whilst there are no fees taken for this appointment, share options are available but have not been exercised.

## Additional disclosures

The following disclosures provide additional background for considering executive remuneration.

## Percentage change in remuneration

The table below shows the percentage change in salary, benefits and PRP of the chief executive and all Network Rail employees from 2023/24 to 2024/25.

For the table below, the change in the value of each of the components for the chief executive has been calculated using the data shared in the relevant columns of Table 1, the Single total figure of remuneration table shown on page 153.

	Chief executive	All employees
Salary <sup>1</sup>	0 %	4.5 %
Benefits	0 %	0 %
Performance related pay <sup>2</sup>	0 %	0 %

1. Based on salary reviews effective on either 1 January or 1 July 2024.
2. PRP is based on any changes to maximum potential PRP award.

Performance graph and table

Under the Regulations, companies need to include a chart showing historic total shareholder return (i.e., share price and re-invested dividends) over an eight-year period alongside a table that shows the remuneration paid to the chief executive over the same period. As Network Rail does not have shares, or a share price, we have used the metric of ‘passenger kilometres travelled’ instead, which reflects how much people across the country use rail to travel.



	Chief executive	Single total figure of remuneration	PRP (% of vesting)
2024/2025	Sir Andrew Haines OBE	£593k	0 %
2023/2024	Sir Andrew Haines OBE	£591k	0 %
2022/2023	Sir Andrew Haines OBE	£593k	0 %
2021/2022	Sir Andrew Haines OBE	£593k	0 %
2020/2021	Sir Andrew Haines OBE	£557k	0 %

	Chief executive	Single total figure of remuneration	PRP (% of vesting)
2019/2020	Sir Andrew Haines OBE	£595k	0 %
2018/2019	Sir Andrew Haines OBE	£371k	0 %
	Mark Carne CBE	£285k	N/A
2017/2018	Mark Carne CBE	£769k	54.6 %
2016/2017	Mark Carne CBE	£820k	37 %
2015/2016	Mark Carne CBE	£811k	34.7 %
2014/2015	Mark Carne CBE	£771k	0 %

- Mark Carne CBE was appointed chief executive on 24 February 2014. He retired on 4 September 2018. Mark Carne CBE also voluntarily declined any PRP in 2018.
- Sir Andrew Haines OBE was appointed chief executive on 14 August 2018. He waived any PRP in 2019, 2020, 2021, 2022, 2023 and 2024.
- N/A indicates that there was no eligibility for an award vesting in respect of the relevant year.
- The combined single total figure of remuneration for Sir Andrew Haines OBE and Mark Carne CBE for 2018/19 was £656k.

## Relative importance of spend on pay

Under the Regulations, companies need to illustrate the relative importance of spend on pay, by disclosing the total employee remuneration and returns to shareholders (i.e., dividends and share buybacks) in the reporting year and the prior year. Network Rail is a not-for-dividend company without shareholders and does not provide returns to shareholders. Therefore, other key Network Rail metrics have been used in the table below to show employee remuneration in the context of overall business activities.

	2024/25	2023/24	Change (%)
Total employee remuneration	£3.069bn	£2.91bn	5.5 %
Total expenditure	£12.376bn	£12.47bn	0.76 %

Total expenditure is calculated as the net operating costs before depreciation and amortisation (note 4), add back other operating income and recoveries (Note 4) plus PPE additions (note 10). This is shown in the table below:

	2025	2024
Net operating costs before depreciation and amortisation (Note 4)	£5.801bn	£5.257bn
Add back other operating income and recoveries (Note 4)	£371m	£444m
PPE additions (Note 10)	£6.204bn	£6.769bn
Total Expenditure	£12.376bn	£12.47bn

# Consideration of directors’ remuneration – nominations and remuneration committee and advisors

The nominations and remuneration committee during the year was made up of the following non-executive directors:

- Ismail Amla
- Michael Harrison
- Peter, Lord Hendy of Richmond Hill CBE
- David Noyes
- Mike Putnam
- Fiona Ross
- Steve Scrimshaw CBE
- Carolyn Battersby

Details of committee members and appointments can be found in the Corporate governance report on page 113 including details of their attendance (page 126).

The group general counsel and company secretary is secretary to the committee. The committee is also supported by the group HR director and reward director. The chief executive attends meetings when invited by the committee. No individual is present when their own remuneration is being discussed.

Following best practice, the committee seeks independent external advice when needed. During the year executive remuneration advice was not required.

## Key nominations and remuneration committee agenda items during the year

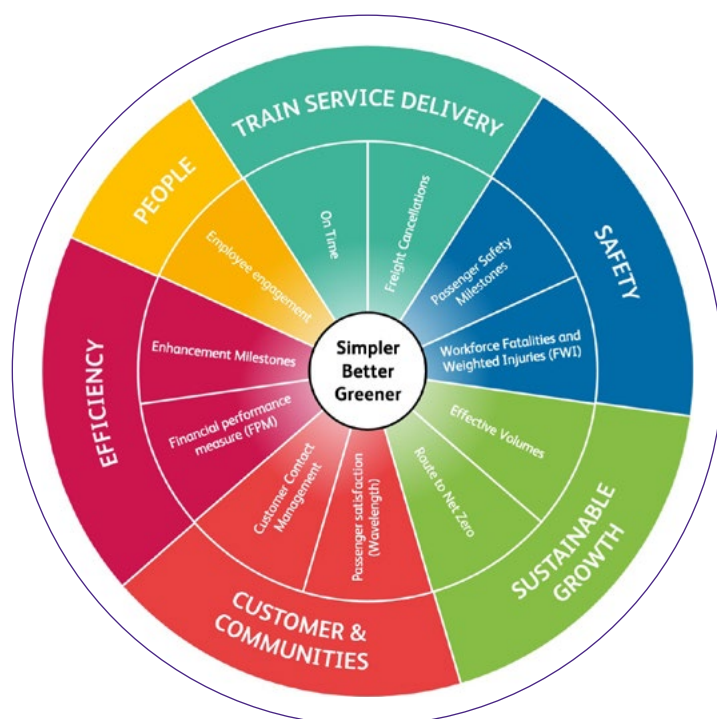
24 May 2024	<ul style="list-style-type: none"><li>• Pay talks</li><li>• PRP outturn for 2023/24</li><li>• Executive directors’ objectives and remuneration</li></ul>
29 November 2024	<ul style="list-style-type: none"><li>• FY26 annual scorecard metric proposals</li><li>• FY25 half year performance update</li></ul>
6 March 2025	<ul style="list-style-type: none"><li>• 2024/25 indicative PRP outturns</li><li>• Pension strategic review</li><li>• Department for Transport pay letter</li></ul>
26 March 2025	<ul style="list-style-type: none"><li>• Discussion of the process to appoint a new CEO on the retirement announcement of Sir Andrew Haines OBE</li></ul>

## Pay for performance structure for executive directors

The PRP arrangements for executive directors and other employees are aligned to business performance and based on the national scorecard outturn. The national scorecard has been designed to ensure our customers and passengers are at the heart of how we operate.

## National scorecard for 2024/25





The national scorecard is how we measure our progress towards our Network Rail vision of “simpler, better, greener” (centre of the wheel). Our 2024/25 annual scorecards are split according to six national strategic themes (outer section of the wheel below), to enable us to deliver a great service to users of the railway. There are 11 measures (middle section of the wheel) which we use to measure how well we’re delivering for our colleagues, passengers and customers. The scorecard is designed for colleagues but should also make sense to passengers and stakeholders and reflect their experience of Network Rail.



Regional scorecards include all of the national scorecard measures, each of which have a weighting of at least 80 per cent of the national weighting. The remaining 20 per cent (maximum) has been spread across metrics chosen by each region.

The national scorecard measure weightings and targets are shown in the table below:

Strategic themes	Measure	Weighting	Target
 Train service delivery	<b>On Time</b> The percentage of recorded station stops called at on time (early or <1min late).	15 %	67.8 %
	<b>Freight Cancellations</b> The number of Network Rail and other operator-caused cancellations, as a percentage of freight trains run.	7.5 %	1.4 %
 Safety	<b>Passenger Safety Milestones</b> The number of passenger safety milestones completed early or on time, as a percentage of all milestones planned for delivery in the year.	10 %	80 %
	<b>Workforce Fatalities and Weighted Injuries (FWI)</b> An index representing workforce safety, using fatalities and non-fatal injuries per hour worked. A lower FWI represents better performance.	10 %	0.059

Strategic themes	Measure	Weighting	Target
 <b>Efficiency</b>	<b>Financial performance measure (FPM)</b> An assessment of performance compared to the financial targets set out in the CP7 Business Plan. It consists of Profit & Loss (P&L), Renewals and Enhancements.	15 %	£0m
	<b>Enhancement Milestones</b> The number of enhancement milestones completed early or on time, as a percentage of all milestones planned for delivery in the year.	10 %	80 %
 <b>Sustainable growth</b>	<b>Effective Volumes</b> A measure of how much additional life our renewals activities add to our assets, which provides a medium-term view of sustainability. Calculated as a weighted aggregation of renewals volumes, where the weighting distinguishes between activity types and their different impacts on asset life.	5 %	100 %
	<b>Route to Net Zero</b> Measures Network Rail's percentage reduction in carbon emissions across four categories: energy, fuel, business travel (road/rail/air) and waste (from offices/managed stations/training centres, etc).	5 %	2 %
 <b>Customer and communities</b>	<b>Passenger satisfaction (Wavelength)</b> The level of satisfaction the passenger has with their last journey reported as a mean score of passenger journey satisfaction on a scale of 1-10 (1 poor – 10 excellent).	12.5 %	7.83
	<b>Customer contact management</b> An index calculated from the number of complaints, the average age of open service requests, the quality assurance score and the customer survey score.	5 %	100 %
 <b>Employee engagement</b>	The proportion of employees surveyed who responded favourably to key questions on engagement.	5 %	52 %

No PRP payment will be made in respect of any performance measure which does not exceed the minimum level of performance (target threshold).

There are a number of instances where material operational factors may be considered, such as safety, performance and finance, which may result in reduced or zero scorecard outturn – our PRP scheme booklets (Annual Performance Related Pay and General Performance Related Pay) explain how PRP is calculated.

For executive directors and employees aligned to the national scorecard, the figure below demonstrates how individual PRP is calculated:

**National PRP outturn – ¾ organisational performance + ¼ individual performance = performance related pay**

# Directors' report



The directors present their annual report and the audited accounts for the year ending 31 March 2025.

Disclosures regarding business performance and activities, future business developments and risk management are contained in the Strategic report (pages 6 to 111) and the Corporate governance report (pages 113 to 166).

The company is limited by guarantee and therefore has no share capital. Consequently, no share disclosures are made in this report, and no payments are made by way of a dividend.

The company adopts the UK Corporate Governance Code. Details of the company's compliance with this Code (and other governance related codes) can be found in the corporate governance report on page 127.

## Directors

The directors who served during the year and held office at the date of signing the annual report and accounts are detailed on pages 113 to 119.

The following changes took place in the directorate during the year ended 31 March 2025 and up to the date of signing the Annual Report:

**Stuart Harvey** was appointed on 24 June 2024

**Dyan (Diane) Perry OBE** was appointed on 24 June 2024

**Steve Scrimshaw CBE** was appointed on 24 June 2024

**Michael Harrison** resigned on 30 June 2024

**Peter, Lord Hendy of Richmond Hill CBE** resigned on 8 July 2024

**Robert Brighouse** resigned on 31 July 2024

**Carolyn Battersby** was appointed on 29 November 2024.

## Directors' conflicts of interest

In accordance with company law and the company's articles of association, the directors have the power to authorise any matter which would or might otherwise constitute or give rise to a direct or indirect conflict of interest. However, the authority can only be exercised

if a director has declared their actual or potential conflict of interest to the Board. The directors have a continuing obligation to report any possible conflicts of interest as soon as they arise and to notify the Board in the event of any changes to their reported conflicts of interest. Further details about directors' conflicts of interest can be found in the corporate governance report.

## Subsidiaries and branch

The company's subsidiary Network Rail International Limited has subsidiaries in Australia, Canada, the United Kingdom and the United States of America. In addition, the UK subsidiary has a branch in Saudi Arabia.

## Contracts of significance

There were no contracts of significance existing during 2024/25 to which any Network Rail undertaking was a party and in which a director of the company is or was materially interested (as defined by Listing Rule UKLR 6.6.1(9)).

## Political donations

It is Network Rail's policy not to make political donations or to incur political expenditure in the UK and the EU. No political donations were made, and no political expenditure was incurred during the year (2023/24 : £nil).

## Investment in research and development

Technology and innovation are fundamental to Network Rail's success in Control Period 7 and beyond. During the year the group charged £10m to the income statement (2023/24: £17m) on research and development.

## Engagement with our people, passengers and stakeholders

Further information can be found in the “How we engage with our stakeholders” section on pages 109 to 111. Our stakeholder objectives and priorities have related to the following:

- building the views of our people into decision-making processes and encouraging their active involvement in the company’s performance
- understanding railway users’ priorities and providing the service they expect
- working with industry partners to operate a world-class railway
- making a positive contribution to local communities and the environment
- supporting UK governments and our supply chain partners to promote economic growth and develop a railway fit for the future.

## Environment and sustainability

Our disclosures on greenhouse gas emissions, energy consumption and energy efficiency action are contained in our Environment, sustainability and communities pages 75 to 79.

## Financial disclosures

Financial disclosures can be found under note 23. Specifically, these are disclosures relating to:

- the group’s use of financial instruments
- the company’s financial risk management objectives and policies, including its policy for hedging each major type of forecasted transaction for which hedge accounting is used
- its exposure to price risk, credit risk, liquidity risk and cash flow risk.

Particulars of important events affecting the group since the financial year end and an indication of likely future developments can be found in the chief financial officer’s review on pages 26 to 30.

## Losses and special payments (audited)

Managing public money requires a statement showing losses and special payments by value and by type, to be shown where they exceed £300,000 in total and those that, individually, exceed £300,000. Losses may relate to cash and store losses, bookkeeping losses, losses arising from a failure to make adequate charge for the use of public property or services, fruitless payments and claims abandoned as well as frauds. Special payments may relate to extra-contractual, extra-statutory and ex-gratia payments and compensation.

Network Rail Limited had total losses and special payments in the current year amounting to £16m.

	2024/25		2023/24	
	Total number of cases	Total amount £000	Total number of cases	Total amount £000
Losses	43,920	15,418	47,176	106,983
Special payments	14	557	9	296
<b>Total</b>	<b>43,934</b>	<b>15,975</b>	<b>47,185</b>	<b>107,279</b>

1. Network Rail Infrastructure Limited was prosecuted for a breach of section 2 of the Health and Safety at Work Act 1974 in connection a fatal incident at Margam on 3 July 2019. On 14 February 2025, Network Rail Infrastructure Limited was sentenced and fined £3.75m.
1. Network Rail Infrastructure Limited was prosecuted for a breach of section 2 of the Health and Safety at Work Act 1974 in connection a fatal incident at Surbiton on 9 February 2021. On 27 February 2025, Network Rail Infrastructure Limited was sentenced and fined £3.41m.

## Directors' statement of responsibilities

The directors are responsible for preparing the annual report, the directors' remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. In compliance with this legal obligation, the directors have prepared the group and company financial statements in accordance with International Financial Reporting Standards (IFRS). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and which disclose, with reasonable accuracy, at any time the financial position of the company and the group. This enables them to ensure that the financial statements and the directors' remuneration report comply with the Companies Act 2006 and as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the UK governing the preparation and distribution of financial statements might differ from legislation in other jurisdictions.

The directors are responsible for the maintenance and integrity of the company's website.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for its member to assess the company's performance, business model and strategy.

Each of the directors in office at the date of this report whose names and responsibilities are listed on pages 113 to 119 confirms that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the group and the undertakings included in the consolidation taken as a whole
- the management report is incorporated into the strategic report and directors' report for the purposes of the Disclosure and Transparency Rules (DTR 4.1.8R). It includes a fair review of the development and performance of the business and the position of the group, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the group faces.

## Independent auditor

Resolutions for the re-appointment of the current independent auditor, the National Audit Office, which also acts for the Comptroller and Auditor General, and to authorise the Board to determine the independent auditor's remuneration, will be proposed at the forthcoming annual general meeting.

## Disclosure of information to the independent auditor

Each of the directors at the date of approval of this report confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's independent auditor is unaware
- the director has taken all the steps that they ought to have taken as a director in order to make them aware of any relevant audit information and to establish that the company's independent auditor is aware of that information.

## Going concern statement

The group's business activities, together with the factors likely to affect its future development, performance and position, and the group's principal risks and uncertainties are set out in the strategic report section, page 6 to 111. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the chief financial officer's review on pages 26 to 30.

Note 23 to the accounts includes the group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit, liquidity and foreign exchange risk. The viability statement on pages 104 to 106 sets out a longer-term assessment than this going concern statement.

The group has considerable financial resources, together with long-term contracts, with a number of customers and suppliers.

Business plans and financial models are used to project cash flows and monitor financial risks and liquidity positions, forecast funding requirements and other key financial ratios, including those relevant to our network licence. Analysis is undertaken to understand the resilience of the group and its business model to the potential impact of the group's principal risks, or a combination of those risks. This analysis takes account of the mitigating actions realistically to be taken to avoid or reduce the impact or occurrence of the underlying risks. In considering the likely effectiveness of such actions, the conclusions from the Board's regular monitoring and reviews of risk management and internal control systems, as described on pages 95 to 103, are disclosed in detail.

Consequently, the directors believe that the group is well placed to manage its business risks.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future.

For this reason and on the basis of the above, the directors consider it appropriate for the group to adopt the going concern basis in preparing the company's and the group's annual report and accounts.

## Post balance sheet events

Since the year-end Network Rail has acquired London & Continental Railways Limited from the Secretary of State for Transport.

The directors' report was approved by the Board of directors on 18 July 2025 and signed by order of the Board by:

*S Beadles*

**Susan Beadles** ○ ● ○ ● ○ ●  
Group general counsel and company secretary  
18 July 2025

# Financial statements

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# Independent auditor’s report

to the sole member of Network Rail Limited and the Houses of Parliament ○ ● ○ ● ○ ●

## Opinion on financial statements

I have audited the financial statements of Network Rail Limited and its Group for the year ended 31 March 2025 which comprise Network Rail Limited and its Group’s:

- Balance Sheets as at 31 March 2025;
- Income Statement and Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and the UK adopted International Accounting Standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of Network Rail Limited and its Group’s affairs as at 31 March 2025 and of the profit for the year then ended;
- have been properly prepared in accordance with the UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 ‘Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)’. My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council’s Revised Ethical Standard 2024. I am independent of Network Rail Limited and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

Framework of Authorities	
Authorising legislation	Companies Act 2006 Railways Act 2005 Railways Act 1993 (as amended)
Operating requirements	Network Licence
HM Treasury and related authorities	Framework Agreement between the Department for Transport and Network Rail

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that Network Rail Limited and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included an evaluation of management's assessment of:

- future cash requirements;
- future income streams;
- debt funding arrangements;
- potential legislative changes;
- the impact of the ongoing work to implement the recommendations of the Plan for Rail; and
- the publication of consultation "A Railway fit for Britain's Future" published in February 2025.

The Plan for Rail was published on 20 May 2021 and makes recommendations for reform of the rail industry. These recommendations include the establishment of a new public sector body (Great British Railways) into which Network Rail will be absorbed. Draft legislation to bring about these changes was published in February 2024, however, this is still under pre-legislative scrutiny. I have reviewed the recommendations and made enquiries with Network Rail Limited; the Department for Transport; and the Office of Rail and Road. Decisions on how these proposals will be implemented and precisely how this will impact on Network Rail Limited are still to be taken.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Network Rail Limited and its Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the entities reporting on how they have applied the UK Corporate Governance Code, I have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Overview of my audit approach

### Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified through the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed on the presumed risk of management override of controls, an area where my work has not identified any matters to report. I have also recognised capital accruals as a key audit matter, as this is the area that has the greatest effect on my overall audit strategy, allocation of resources and direction of effort, but no longer consider this to be a significant risk.

The key audit matters were discussed with the Audit and Risk Committee; their report on matters that they considered to be significant to the financial statements is set out on pages 140 to 145.

In this year's report the following changes to the key audit matters identified have been made compared to my prior year report:

- An additional key audit matter recognised in respect of deferred tax recognition; and
- Removal of key audit matter relating to valuation of capital and network rail deferred income.

## Property, plant and equipment – valuation of the rail network

### Description of risk

The Group accounts include the rail network as a single asset carried in the Balance Sheet at its fair value. In the absence of an active market, fair value is

estimated using the discounted cash flows associated with the asset.

As explained in Note 10 to the financial statements, the Group continues to use the Regulatory Asset Base ('RAB') as the starting point for its discounted cash flow valuation of the rail network. This is on the basis that a private owner of the rail network asset would have its revenue requirement determined using the building block model of regulation, which includes both a link between revenue and the future amortisation of the RAB and a mechanism to offset the owner's cost of capital. Since fair value involves the determination of an exit price, management uses the hypothetical situation of a private sector buyer – rather than Network Rail's own situation – to guide its valuation assumptions.

Management applied two key adjustments to the RAB to reflect the network's fair value.

As in previous years, an adjustment has been made to reflect performance over the control period. This reflects the premium or discount that an investor would apply to reflect the deliverability of the current regulatory determination. For 2025, this adjustment was a discount of £350 million (2024: discount of £100 million). Management have calculated this adjustment based on their own performance forecasts for the remainder of Control Period (CP7).

The other key assumption underpinning the valuation is that the regulatory rate of return (Weighted Average Cost of Capital or WACC) set out in the CP7 Determination is equivalent to the market cost of capital available to a market participant. In 2025, management's analysis of market cost of capital has not identified any significant change in the economic conditions compared to the WACC set out in the CP7 determination. As a result, Management consider it appropriate to apply the WACC as set out in the CP7 as this is not materially different to the current market conditions.

In evaluating the value of the RAB, I focussed my audit effort on the continuing validity of key valuation assumptions; the estimation of the Performance Adjustment and management's judgement on the appropriateness of the WACC applied to the valuation.

#### **How the scope of my audit responded to the risk**

I evaluated the design and implementation of controls supporting the valuation of the Railway Network.

#### **Evaluating underlying valuation assumptions**

Having considered the regulator's determination for CP7, I considered whether a market participant could reasonably expect their revenue requirement to be determined using the traditional regulatory funding model. I assessed management's judgement that a market participant would value the rail network asset by reference to the RAB as reasonable. I confirmed with the regulator that, in their view, the sale of all (or part) of the rail network could take place without a regulatory 'reopener' (a new regulatory determination with revised outputs and a revised assessment of efficient costs). Accordingly, I assessed as reasonable management's judgement that in valuing the rail network asset a market participant would make an adjustment to deliverability of the current regulatory determination (see below). I also reviewed the reasonableness of the other underpinning assumptions noted in Note 10.

I also considered the continuing impact of the Plan for Rail. Having reviewed management's position alongside the draft Rail Reform legislation and consultation published in February 2025.

#### **Addressing measurement uncertainty**

The company has measured the Performance Adjustment as the difference between its CP7 Delivery Plan and the CP7 regulatory baseline.

I evaluated the appropriateness of the method of measurement, and the inherent assumptions, by assessing management's performance forecast against relevant metrics which might be considered by a buyer at the year-end. I evaluated management's assumptions by comparing forecasts against historic and emerging performance trends, as well as considering publicly available metrics (e.g. on train performance) and my wider understanding of the business.

I evaluated the appropriateness of management's judgement to apply the WACC set out in the CP7 Determination; and assessed the adequacy of the disclosures included in note 10.

I also reviewed the adequacy of management's disclosures on significant judgments and assumptions.

#### **Key observations**

In the course of completing this work, I did not identify any material misstatements.

## Defined benefit pension schemes – valuation

### Description of risk

The Group is party to two defined benefit pension schemes, described in Note 24. These are funded schemes with significant assets under management.

Based on risk and value, I focussed my work primarily on the defined benefit Network Rail section of the Railway Pensions Scheme ('RPS'). The balances related to this section reflect 96.7 per cent and 93.2 per cent of the group's total pension scheme assets and liabilities respectively, with the Group's Career Average Retained Earnings ('CARE') scheme making up the remainder. Both schemes are on a 60:40 shared cost basis between the Group and scheme members.

There is significant complexity, and estimation uncertainty, in the valuation of both the assets and liabilities contributing to the net scheme positions, as described in Note 24 to the financial statements. Scheme movements are presented in that note on an aggregated basis for the RPS and CARE schemes, inclusive of members' share.

At 31 March 2025, the RPS scheme was in a surplus position. Management has assessed the terms of the scheme against the requirements of the relevant accounting standards, in particular the 'IFRIC 14' interpretation of 'IAS 19 – Employee Benefits'. The Group has recognised an asset of £1,075 million (2024: asset of £82 million) on the balance sheet, which represents the full value of the surplus.

### Scheme liabilities

As with all defined benefit pension schemes, an actuarial estimate of the liability reflecting amounts to be paid out to members of the RPS and CARE schemes in the future (£7,541 million and £548 million respectively as at 31 March 2025 including members' share) involves significant estimation in respect of key financial assumptions and other assumptions including demographic assumptions.

### Scheme assets

In respect of RPS scheme assets, an accurate and timely valuation is needed of the various asset classes held in the pension fund administered by Railpen (formerly RPMI) on Network Rail's behalf (£8,616 million as at 31 March 2025 including members' share).

I placed particular emphasis on assurance over unquoted equity instrument valuations, particularly in respect of timing risk. The standard practice of the scheme assets manager is to value investments using the most recent evidence available, and to adjust for subsequent cash flows where necessary. This leads to a risk of unrecognised fair value differences where the valuations are for a period before the year end (typically, the end of the previous quarter).

### How the scope of my audit responded to the risk

I evaluated the design and implementation of controls supporting the valuation of both pension assets and liabilities, including the review of controls in place to scrutinise information provided by the actuary and the administrator.

### Scheme liabilities

I contacted Network Rail's actuaries to obtain an up to date understanding of the methodology used to calculate the main actuarial assumptions. I performed my initial assessment of the independence and expertise of these actuaries and engaged an actuarially qualified auditor's expert to examine the assumptions and methodology used to value the obligations, including both financial assumptions and the roll-forward procedures used to update membership data. I assessed financial assumptions against ranges for reasonableness.

I also tested the input data used by the Scheme actuaries in the valuations, including the membership data, cashflows arising from benefit payments, and contributions.

### Scheme assets

My work on scheme assets held within the RPS scheme is informed by the results of an Agreed Upon Procedures arrangement carried out by another firm under my direction and supervision. I directed the firm to perform specific procedures to allow me to conclude on the identified risks of material misstatement with respect to the assets held within that scheme. The procedures included, but were not limited to:

- confirming the value of scheme assets to investment reports at the administrator, and custodian reports;
- substantive testing of hard-to-value investments for assurance over the valuation of those assets;
- confirming the positioning of the valuation in the IFRS 13 fair value hierarchy; and

- in recognition of the timing risk described above, a review of 31 March 2025 asset valuations received post year-end to judge the effect of time lags in the valuation presented for audit.

### Other judgements

Management continue to conclude that the Company has an unconditional right to a refund with respect to the surplus recognised on the RPS Scheme, and that the 60:40 cost sharing adjustment does not apply to scheme surpluses.

Management have also concluded that the outcome of the UK High Court ruling and subsequent appeal in the Virgin Media Limited v NTL Pension Trustees II Limited case had no impact on the Company's pension schemes.

### Key observations

I did not identify any material misstatements in completing my work on scheme assets and liabilities or in management's judgement to recognise the full surplus under IFRIC 14.

## Accruals for capital works – valuation

### Description of risk

The Group's accounting for its capital investment involves a level of estimation at the year-end about the value of work delivered but not yet paid for. This may differ from plan, for example because of unexpected under- or over-delivery by Network Rail's contractors. Both controllable factors (e.g. contractor project management and the potential for delivery optimism bias) and uncontrollable factors (e.g. ground conditions and weather) contribute to inherent estimation uncertainty. The Group addresses these risks through a post-Balance Sheet review exercise which includes the Regions and other delivery areas. These factors are part of the estimation uncertainty outlined by the Group under the comments concerning cost of work done in the 'Critical accounting judgements and key sources of uncertainty' section of Note 2.

Network Rail's capital accruals comprise the significant majority of the £600 million 'other accruals' in Note 16 of the financial statements (2024: £679 million). The estimate is built from the aggregation of estimates made by individual project

teams, overseen by financial controllers and directors within the routes and delivery areas.

For the 2024-25 audit I have excluded accruals for capital work as part of a significant risk on the recognition of revenue and capital expenditure, but I consider that the capital accruals work is a key audit matter due to the level of audit resource that is required to obtain the necessary assurances.

### How the scope of my audit responded to the risk

I selected and tested a sample of capital accruals after management had applied adjustments to revise accruals estimates based on actual delivery. To address any latent risk of delivery optimism, I ensured my sample selection was sufficient to allow a robust evaluation of the potential effect on the accounts. I furthered my coverage by testing capital accruals at the level of projects, rather than task lines also focussing on those projects with works ongoing over the financial year end; and by using a risk-based stratified approach. This approach involved picking separate samples for accruals valued above and below the threshold used by management to guide whether they performed additional checks, since I expected this to have an effect on residual levels of valuation risk.

### Key observations

In the course of completing this work, I did not identify any material misstatements.

## Deferred Tax Asset recognition

### Description of risk

As set out in Note 20, Network Rail has deferred tax liabilities of £8,351 million (2024: £7,716 million).

Following the use of external tax expertise to inform my tax risk assessment, I challenged management as to whether the existence of deferred tax liabilities represented a source of future taxable income against which a deferred tax asset relating to its brought forward losses should be offset.

### How the scope of my audit responded to the risk

I challenged management to review its judgement to not recognise a deferred tax asset, in light of the significant deferred tax liabilities on Network Rail's balance sheet.

Following my challenge, Network Rail now concludes that, where a deferred tax liability exists and is expected

to reverse in the same period and jurisdiction, a deferred tax asset in relation to unused tax losses should be recognised in accordance with IAS 12: Income Taxes. I evaluated management's revised judgement.

As set out in Note 2, Network Rail have restated the 2024 financial statements and opening balance sheet following a change in its accounting for unused tax losses. The impact of the change in 2024 is:

- a reduction of the deferred tax liability by £720 million and therefore an increase of net assets by £720 million; and
- a decrease in tax charge by £146 million and therefore an increase in profit for the year

attributable to the owner of the company by £146 million.

I obtained sufficient appropriate evidence to evaluate management's recognition of a deferred tax asset and the associated restatement of the prior period financial statements and opening balance sheet."

### Key observations

In the course of completing this work, management have restated the 2024 financial statements and opening balance sheet. I have no further observations to report.

## Application of materiality

### Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for Network Rail Limited and its Group financial statements as a whole as follows:

	Overall threshold	Additional threshold
<b>Materiality</b>	£852 million	£144 million
<b>Basis for determining materiality</b>	Approximately 1 per cent of the carrying value of Property, Plant and Equipment – the rail network of £88,891 million (2023-24: £802 million, based on approximately 1 per cent of £86,883 million).	Approximately 1 per cent of total expenditure, calculated as gross expenditure less depreciation, plus capital additions (2023-24: £132 million, based on approximately 1 per cent).
<b>Rationale for the benchmark applied</b>	We have based materiality on the value of the rail network asset carried in the Balance Sheet as the maintenance and operation of that asset under the network licence issued by the Office of Rail and Road is the main function of the Network Rail Group and likely to be a key focus of users of the financial statements.	We assess that due to the funding of Network Rail's in-year expenditure by operating companies and the Westminster and Scottish governments, an additional threshold applying to all work not purely connected with the valuation of the network asset is appropriate, reflecting the decision-making sensitivity of users of the account and key stakeholders on financial statement elements related to the use of public funding.

### Performance Materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 75 % of Group materiality for the 2024-25 audit (2023-24: 75 %). In determining performance materiality, I have also considered the uncorrected misstatements identified in the previous period.

## Other Materiality Considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

## Error Reporting Threshold

I agreed with the Audit and Risk Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £1 million, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements

Total unadjusted audit differences reported to the Audit and Risk Committee would decrease net expenditure and increase assets by £5.3m.

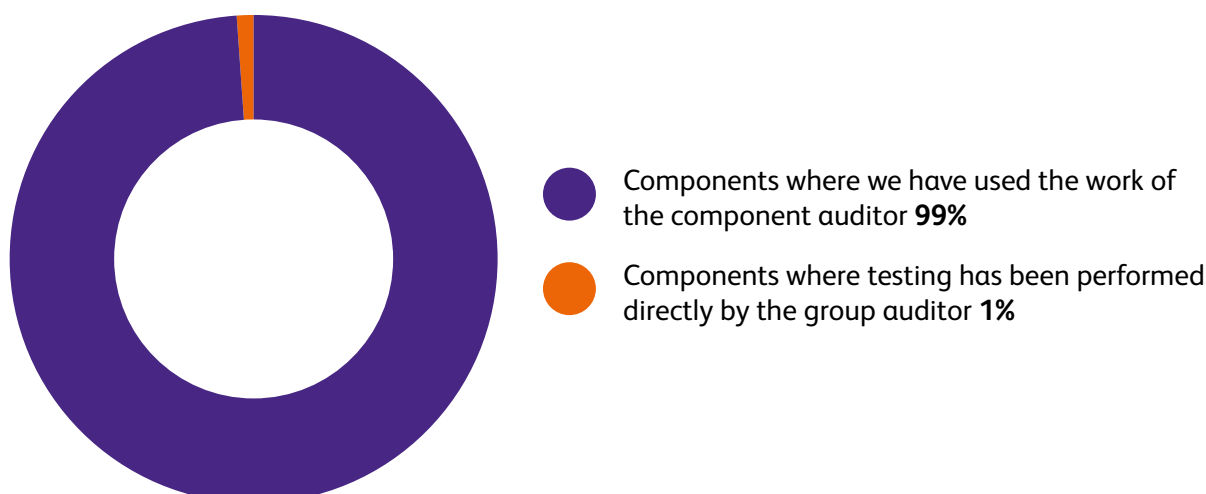
## Audit scope

The scope of my Group audit was determined by obtaining an understanding of Network Rail Limited and its Group's and its environment, including the Group wide controls, and assessing the risks of material misstatement at the Group level.

Network Rail Limited does not hold any assets or liabilities. All balances are consolidated into the group accounts from other components. Over 99 per cent of these balances are held by either Network Rail Infrastructure Limited (the main operating company) or audited as part of the Network Rail Infrastructure Limited Group audit. I place reliance on my audits of these accounts to support my opinion on Network Rail Limited and confirm that the amounts included in the Network Rail Limited Group financial statements are reported correctly.

This work covered substantially all of the Group's assets and profit for the year, and together with the procedures performed at Group level, gave me the evidence I needed for my opinion on the Group financial statements as a whole.

## Group expenditure and total assets and liabilities of individual components of the Network Rail Limited Group (as at 31 March 2025)



## Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters prescribed by the Companies Act 2006

In my opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements; and
- the information about internal control and risk management systems in relation to financial reporting processes, and about share capital structures, in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- Information about Network Rail Limited corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

## Matters on which I report by exception

In the light of the knowledge and understanding of Network Rail Limited and its Group and its environment obtained in the course of the audit, I have not identified material misstatements:

- in the Strategic Report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA rules.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

- certain disclosures of director's remuneration specified by law are not made; and
- a corporate governance statement has not been prepared by the parent company.

## Corporate governance statement

The Listing Rules require me to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to Network Rail Limited and its Group's compliance with the provisions of the UK Corporate Governance Code specified for my review.

Based on the work undertaken as part of my audit, I have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or my knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 166;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on pages 104 to 106;
- Directors' statement on fair, balanced and understandable set out on page 165;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 98;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 144 to 145; and
- The section describing the work of the audit committee set out on pages 140 to 145.

## Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Statement of Responsibilities, the directors are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within Network Rail Limited from whom the auditor determines it necessary to obtain audit evidence;
- preparing Group financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report, which includes the Directors' Remuneration Report, in accordance with the Companies Act 2006; and
- assessing Network Rail Limited and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or the group or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the applicable law and International Standards on Auditing (UK) (ISAs (UK)).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of Network Rail Limited and its Group's accounting policies, key performance indicators and performance incentives.
- inquired of management, Network Rail Limited's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Network Rail Limited and its Group's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including Network Rail Limited and its Group's controls relating to Network Rail Limited's compliance with the Companies Act 2006, the Network Licence and Managing Public Money;
- inquired of management, Network Rail Limited's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations; and
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team including relevant component audit teams and the relevant internal and external specialists, including internal IT auditors and external pensions and tax specialists how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within Network Rail Limited and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Network Rail Limited and Group's framework of authority and other legal and regulatory frameworks in which Network Rail Limited and Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of Network Rail Limited and Group. The key laws and regulations I considered in this context included Companies Act 2006, Railways Act 2005, Railways Act 1993 (as amended), the Network License, Managing Public Money, employment law, pensions and tax legislation and health and safety law.

## **Audit response to identified risk**

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of

journal entries and other adjustments; assessing whether the judgements made on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

- Reviewing Office of Road and Rail notifications in case of any regulatory action.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and relevant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my report.

## Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.



**Alexander Macnab**



Senior Statutory Auditor

19 July 2025

For and on behalf of the

**Comptroller and Auditor General (Statutory Auditor)**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

# Income statement

for the year ended 31 March 2025 ○ ● ○ ● ○ ●

	Note	2025 Group £m	2024 Group (Restated) £m
Revenue	3	11,345	11,580
Net operating costs	4	(8,103)	(7,524)
<b>Operating profit</b>	5	<b>3,242</b>	<b>4,056</b>
Property revaluation movements and profits on disposal		(30)	(6)
<b>Profit from operations</b>		<b>3,212</b>	<b>4,050</b>
Finance income		5	15
Other gains and losses	7	29	57
Finance costs	8	(2,521)	(2,619)
<b>Profit before tax</b>		<b>725</b>	<b>1,503</b>
Tax	9	(210)	(362)
<b>Profit for the year attributable to the owner of the company</b>		<b>515</b>	<b>1,141</b>

Under section 408 of the Companies Act 2006 the group has elected to take the exemption with regard to disclosing the company income statement. The company's result for the year was £nil (2024: £nil).

# Statement of comprehensive income

for the year ended 31 March 2025 ○ ● ○ ● ○ ●

	Note	2025 Group £m	2024 Group (Restated) £m
<b>Profit for the year</b>		<b>515</b>	<b>1,141</b>
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of the rail network	10	556	2,883
Actuarial gain on defined benefit pension schemes	24	1,143	149
Deferred tax relating to components of other comprehensive income	20	(425)	(758)
<b>Total items that will not be reclassified to profit or loss</b>		<b>1,274</b>	<b>2,274</b>
Items that may be reclassified to profit or loss:			
Reclassification of balances in the hedging reserve to the income statement		25	41
<b>Total items that may be reclassified to profit or loss</b>		<b>25</b>	<b>41</b>
<b>Other comprehensive income for the year</b>		<b>1,299</b>	<b>2,315</b>
<b>Total comprehensive income for the year</b>		<b>1,814</b>	<b>3,456</b>

# Statement of changes in equity

for the year ended 31 March 2025 ○ ● ○ ● ○ ●

Group	Revaluation reserve £m	Other reserves* £m	Hedging reserve £m	Retained earnings £m	Total equity £m
<b>Balance at 31 March 2024</b>	<b>7,958</b>	<b>249</b>	<b>(60)</b>	<b>11,035</b>	<b>19,182</b>
Profit for the year	-	-	-	515	515
<b>Other comprehensive income</b>					
Revaluation of the rail network	556	-	-	-	556
Transfer of deemed cost depreciation from revaluation reserve	(240)	-	-	240	-
Increase in deferred tax liability on the rail network	(139)	-	-	-	(139)
Actuarial gain on defined benefit pension schemes	-	-	-	1,143	1,143
Deferred tax on actuarial gain	-	-	-	(286)	(286)
Transfer between reserves – deferred tax	60	-	-	(60)	-
Reclassification of balances in hedging reserve to the income statement	-	-	25	-	25
<b>Total comprehensive income</b>	<b>237</b>	<b>-</b>	<b>25</b>	<b>1,552</b>	<b>1,814</b>
<b>Balance at 31 March 2025</b>	<b>8,195</b>	<b>249</b>	<b>(35)</b>	<b>12,587</b>	<b>20,996</b>
<b>Balance at 31 March 2023 previously stated</b>	<b>5,949</b>	<b>249</b>	<b>(101)</b>	<b>9,055</b>	<b>15,152</b>
Restatement	-	-	-	574	574
<b>Balance at 31 March 2023 restated</b>	<b>5,949</b>	<b>249</b>	<b>(101)</b>	<b>9,629</b>	<b>15,726</b>
Profit for the year	-	-	-	1,141	1,141
<b>Other comprehensive income</b>					
Revaluation of the rail network	2,883	-	-	-	2,883
Transfer of deemed cost depreciation from revaluation reserve	(204)	-	-	204	-
Increase in deferred tax liability on the rail network	(721)	-	-	-	(721)
Actuarial gain on defined benefit pension schemes	-	-	-	149	149
Deferred tax on actuarial gain	-	-	-	(37)	(37)
Transfer between reserves – deferred tax	51	-	-	(51)	-
Reclassification of balances in hedging reserve to the income statement	-	-	41	-	41
<b>Total comprehensive income</b>	<b>2,009</b>	<b>-</b>	<b>41</b>	<b>1,406</b>	<b>3,456</b>
<b>Balance at 31 March 2024</b>	<b>7,958</b>	<b>249</b>	<b>(60)</b>	<b>11,035</b>	<b>19,182</b>

\* Other reserves of £249m (2024: £249m) include a £242m vesting reserve on privatisation.

There has been no movement in the current or prior year affecting the statement of changes in equity for the company.

# Balance sheets

for the year ended 31 March 2025 ○ ● ○ ● ○ ●

	Note	2025 Group £m	2024 Group (Restated) £m	2023 Group (Restated) £m	2025 Company £m	2024 Company £m
<b>Assets</b>						
<b>Non-current assets</b>						
Intangible assets		58	59	59	-	-
Right of use assets	22	385	341	408	-	-
Property, plant and equipment – the rail network	10	88,916	86,883	82,733	-	-
Investment property	11	194	227	231	-	-
Derivative financial instruments	18	13	40	72	-	-
Retirement benefit asset	24	1,075	82	-	-	-
Interest in joint ventures	12	30	32	28	-	-
		<b>90,671</b>	<b>87,664</b>	<b>83,531</b>	-	-
<b>Current assets</b>						
Assets held for sale	13	4	4	4	-	-
Inventories	14	418	371	349	-	-
Trade and other receivables	15	1,381	1,678	1,729	-	-
Current tax asset		-	-	50	-	-
Derivative financial instruments	18	9	32	21	-	-
Cash and cash equivalents		595	428	303	-	-
		<b>2,407</b>	<b>2,513</b>	<b>2,456</b>	-	-
<b>Total assets</b>		<b>93,078</b>	<b>90,177</b>	<b>85,987</b>	-	-
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables	16	(2,405)	(2,594)	(3,727)	-	-
Current tax liabilities		-	(1)	-	-	-
Borrowings	17	(8,360)	(15,792)	(4,037)	-	-
Derivative financial instruments	18	(18)	(54)	(49)	-	-
Provisions	19	(142)	(122)	(68)	-	-
		<b>(10,925)</b>	<b>(18,563)</b>	<b>(7,881)</b>	-	-
<b>Net current liabilities</b>		<b>(8,518)</b>	<b>(16,050)</b>	<b>(5,425)</b>	-	-
<b>Non-current liabilities</b>						
Borrowings	17	(53,203)	(44,863)	(55,463)	-	-
Derivative financial instruments	18	(46)	(98)	(182)	-	-
Other payables	16	(125)	(253)	(644)	-	-
Retirement benefit obligation	24	(152)	(222)	(215)	-	-
Deferred tax liabilities	20	(7,631)	(6,996)	(5,876)	-	-
		<b>(61,157)</b>	<b>(52,432)</b>	<b>(62,380)</b>	-	-
<b>Total liabilities</b>		<b>(72,082)</b>	<b>(70,995)</b>	<b>(70,261)</b>	-	-
<b>Net assets</b>		<b>20,996</b>	<b>19,182</b>	<b>15,726</b>	-	-
<b>Equity</b>						
Revaluation reserve		8,195	7,958	5,949	-	-
Other reserve		249	249	249	-	-
Hedging reserve		(35)	(60)	(101)	-	-
Retained earnings		12,587	11,035	9,629	-	-
<b>Total shareholder's funds and equity attributable to equity holders of the parent company</b>		<b>20,996</b>	<b>19,182</b>	<b>15,726</b>	-	-

Company registration number: 04402220

The financial statements and accompanying disclosure notes on pages 172 to 226 were approved by the Board of directors on 18 July 2025 and authorised for issue on the date of the auditor's report. They were signed on 18 July 2025 on behalf of the Board by:



**Sir Andrew Haines OBE**  
Chief executive and accounting officer



**Jeremy Westlake**  
Chief financial officer

# Statement of cash flows

for the year ended 31 March 2025 ○ ● ○ ● ○ ●

	Note	2025 Group £m	2024 Group £m	2025 Company £m	2024 Company £m
<b>Cash flows from operating activities</b>					
Cash generated from operations	21	5,533	5,258	-	-
Interest paid*		(1,615)	(1,271)	-	-
Income tax received		-	50	-	-
<b>Net cash flows generated from operating activities</b>		<b>3,918</b>	<b>4,037</b>	<b>-</b>	<b>-</b>
<b>Investing activities</b>					
Interest received		5	16	-	-
Purchases of property, plant and equipment		(6,274)	(6,852)	-	-
Proceeds on disposal of property		107	78	-	-
Capital grants received		2,545	2,995	-	-
Net cash inflows / (outflows) from joint ventures		2	(4)	-	-
<b>Net cash used in investing activities</b>		<b>(3,615)</b>	<b>(3,767)</b>	<b>-</b>	<b>-</b>
<b>Financing activities</b>					
Repayments of borrowings		(40)	(1,210)	-	-
New loans raised		-	1,150	-	-
Decrease in collateral placed	17	40	56	-	-
(Decrease) / Increase in collateral received	17	(3)	1	-	-
Cash flow on settled derivatives		-	-	-	-
Repayment of lease liabilities	22	(133)	(142)	-	-
<b>Net cash used in financing activities</b>		<b>(136)</b>	<b>(145)</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>167</b>	<b>125</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at beginning of the year		428	303	-	-
<b>Cash and cash equivalents at end of the year</b>		<b>595</b>	<b>428</b>	<b>-</b>	<b>-</b>

\* Balance includes the net interest on derivative financial instruments

# Notes to the financial statements

for the year ended 31 March 2025 ○ ● ○ ● ○ ●

## 1. General information

Network Rail Limited ('the company') is a company limited by guarantee which is incorporated and domiciled in Great Britain and registered in England and Wales under the Companies Act 2006. Network Rail Limited is an arm's length body of the Department for Transport.

The company registration number is 04402220.

The company's registered office is situated at Waterloo General Office, London, SE1 8SW, United Kingdom.

The company's and its subsidiaries' (together 'the group' or 'Network Rail') principal activities are detailed in the 'About Network Rail' section on pages 14 to 18.

Network Rail is organised as a single operating segment for financial reporting purposes.

The Secretary of State is the sole member of the Company.

## 2. Material accounting policies

### Basis of accounting

The financial statements of Network Rail Limited have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared on the historical cost basis, except for the revaluation of the rail network to fair value, the revaluation of investment properties, the measurement of certain financial assets and liabilities at fair value through profit and loss (FVTPL) and the measurement of derivative financial instruments at fair value.

The material accounting policies adopted by the directors are set out below.

### Functional and presentation currency

The financial statements are presented in Pound Sterling (£) which is the functional and presentation currency of Network Rail Limited. All values are rounded to the nearest million pounds (£m) unless otherwise stated.

### Adoption of new and revised standards

With the exception of the prior year restatement, the accounting policies adopted in this set of financial statements are consistent with those set out in the annual financial statements for the year to 31 March 2024.

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Group and no Interpretations have been issued that are applicable and need to be taken into consideration by the Group at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

## Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in our About Network Rail section, pages 14 to 18 and business unit summaries starting on page 31. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the chief financial officer's review on pages 26 to 30.

The directors took into account the publication of the Williams-Shapps Plan for Rail Review and its plans to reform the rail industry. This proposes that a new public body, Great British Railways, will integrate the railways, owning the infrastructure, collecting fare revenue, running, and planning the network, and setting most fares and timetables. It is planned that Network Rail will be absorbed into the public body to bring about single, unified, and accountable leadership for the national network. At this stage it is not likely that this reform will involve the winding up of Network Rail Limited but in any event Great British Railways will assume the existing functions of Network Rail Limited as well as have a wider range of powers and functions. The transformation programme is dependent on further activities including legislation and will take time to fully deliver.

The Directors also took into account the publication of the consultation "A Railway fit for Britain's Future" published in February 2025 and its plans to reform the rail industry.

The group has considerable financial resources together with long-term contracts with a number of customers and suppliers. Network Rail does not expect to undertake any new borrowing in the next 12 months. Instead, its activities will be largely funded by grants from the Department for Transport (DfT) and revenue from customers. Network Rail has secured a £41.6bn loan facility with the DfT, which it intends to draw upon to specifically refinance its existing debt. This facility remains within its parameters.

Network Rail has eight separate grant agreements in place with DfT and Transport Scotland (TS) to fund activities in the next 12 months. These grants are: - with DfT - Network Grant; Enhancements Grant; British Transport Police Grant; Financing Costs Grant for DfT interest; Financing Costs Grant for external interest (bonds and swaps); and Corporation Tax Grant - with TS - Network Grant and Enhancements Grant.

Business plans and financial models are used to project cash flows and monitor financial risks and liquidity positions, forecast future funding requirements and other key financial ratios, including those relevant to our network licence. Analysis is undertaken to understand the resilience of the group and its business model to the potential impact of the group's principal risks, or a combination of those risks. This analysis takes account of the availability and effectiveness of the mitigating actions that could realistically be taken to avoid or reduce the impact or occurrence of the underlying risks. The Board considers the likely effectiveness of such actions through regular monitoring and review of risk management and internal control systems. Further details are set out in the Viability Statement on pages 104 to 106. In addition, note 23 to the accounts includes the group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit, liquidity and foreign exchange risk.

After making enquiries, including those detailed above, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

## Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. NRIF is consolidated on the basis of control despite not being owned by the group. The group controls an entity when the group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity / to direct the activities of the entity. Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions. In terms of subsidiaries, the group:

- Consolidates subsidiaries from the date on which control passes to the group and deconsolidates from the date control ceases
- Changes the accounting policies of subsidiaries, where necessary, to ensure consistency with the policies adopted by the group
- Eliminates intercompany transactions and balances in the group results.

### Prior period restatement

Network Rail have restated the 2024 financial statements and opening balance sheet following a change in our accounting for unused tax losses.

IAS 12 (Income Taxes) requires that tax losses be recognised as a deferred tax asset only where their utilisation is probable. Network Rail is not expected to generate taxable profits in any foreseeable future period and therefore previously had concluded that the probability criteria was not met.

Following a revised reading of the standard and IFRIC updates, Network Rail now concludes that where a deferred tax liability exists and is expected to reverse in the same period and jurisdiction, then a deferred tax asset in relation to unused tax losses is required to be recognised. With this view, the reversal of the deferred tax liability is sufficient evidence to meet the probability criteria. The impact of the change is as follows:

Financial Statement Area	2024 Impact	2023 impact
Balance Sheet	Deferred tax liability reduced by £720m; therefore net assets increased by £720m	Deferred tax liability reduced by £574m; therefore net assets increased by £574m
Income Statement	Profit for the year attributable to the owner of the company increased by £146m and tax charge decreased by £146m	Not presented
Cash Flow Statement	No impact on cash generated from operations or other cash flows in any year presented	

### Revenue recognition

The group recognises revenue from the following major sources:

Revenue stream	Recognition
<ul style="list-style-type: none"> <li>Grant income</li> </ul>	Recognised in line with costs incurred that the grant is provided to cover - See "Grants" accounting policy.
<ul style="list-style-type: none"> <li>Franchised network access</li> <li>Freight revenue</li> <li>Other income</li> </ul>	Recognised as access is provided to run trains.
<ul style="list-style-type: none"> <li>Property rental income</li> </ul>	Recognised in accordance with the provision of the property.

#### – Franchised network access and Freight Revenue

Network Rail earn income from providing access to Train Operating Companies (TOCs) and Freight Operating Companies (FOCs) to run trains on the network.

Performance obligations for the running of the trains are based upon fixed and variable volume access to the railway during the relevant year. Performance obligations are satisfied by providing track access over time as per agreement with the TOCs and FOCs. There are no significant judgments applied to determine whether performance obligations have been satisfied because it is readily apparent whether the train has run or not.

Revenue is measured based on consideration specified in a contract with the TOC or FOC. The amounts recognised take account of any performance penalties or bonuses in respect of the year. The performance penalties and bonuses are estimated in each four-week period based on that period's performance and reflect management's best estimate of the amounts due.

#### – Property rental income

Fixed rental income from property leases is recognised on a straight-line basis over the term of the relevant lease. Contingent rent is recognised as earned.

### Grants

Network Rail receives grant funding as a contribution towards both its revenue and capital expenditure.

Revenue Grants arise from the deeds of grant agreed at the start of each control period. They are received as a contribution towards Network Rail's running costs and are recognised across the control period to match the expenditure to which they relate.

Grants can be drawn down flexibly to meet our working capital requirements. To the extent that they are drawn in advance of expenditure, to meet temporary working capital requirements, then they are deferred until that expenditure is incurred. The deferred income is then released to profit/loss as the related expenditure is incurred. Grants drawn to meet working capital movements that are not considered to be temporary in nature are recognised in revenue.

Network Rail funds its renewals programme through its net cash generated from operations, which is the net of cash received or spent on operations and includes revenue grants. The assets constructed under the renewals programme meet the definition of Property Plant and Equipment and are capitalised as additions in the year.

It is noted that determination of charges undertaken by the Office of Rail and Road (ORR) sets track access charges after taking into account government grants. Part of the determination of charges includes an allowance for the amortisation of the Regulatory Asset Base (RAB). This allows the funding of renewals of the rail network in a financially sustainable manner. Currently the value of RAB amortisation is equal to the renewals incurred in the year. The RAB is used to underpin the valuation of the railway. The valuation movement in the year is reflected in the revaluation reserve. The revaluation reserve is reduced by the difference between RAB amortisation (which our revenue covers as described above) and PPE depreciation reflected in our operating costs.

Capital Grants are received as contributions towards the cost of property, plant and equipment from DfT, TS and third parties. Network Rail draws down Capital Grants from DfT and TS based on historical costs incurred in order to meet future forecasted cash flows. Third Parties are invoiced for capital grants either in advance or arrears based on individual grant agreements. Capital Grants are recognised in the same period as the additions they are intended to fund and are deducted from the cost of those assets. Capital grants are then credited to the income statement over the economic useful life of the rail network as the related costs are recognised.

### Leases

#### – The group as lessor

The group assesses leases where it is lessor in order to determine whether the lease is an operating lease or a finance lease. This assessment is made where the group owns the asset being leased or the group itself is also leasing the asset and hence the lease being assessed is a sub-lease. The assessment considers whether the lease transfers substantially all of the risks and rewards incidental to ownership of the asset being leased. Where the lease is a sub-lease, this assessment is made by reference to the Right of Use asset the group has for the head-lease. If the lease transfers substantially all of the risks and rewards incidental to ownership, then the lease is classified as a finance lease. If it does not, then the lease is classified as an operating lease.

Rental income from operating leases and initial direct costs are recognised on a straight-line basis over the term of the relevant lease.

#### – The group as lessee

For all leases other than those of less than 12 months or low value, the Right Of Use (ROU) asset and Lease liability are initially measured on a present value basis.

The present value of the following lease payments is used to determine the value of the lease liability:

- fixed payments less any lease incentive receivable
- variable lease payments that depend on an index or a rate
- amounts expected to be payable by the Group under residual value guarantees

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. Remeasurement of the lease liability occurs if there is a change in the lease payments (when a corresponding adjustment is made to the ROU asset), the lease term or in the assessment of an option to purchase the underlying asset.

The discount rate used to discount the lease payments is the Group's incremental borrowing rate. This is the rate that the group would have to pay to borrow similar funds to fund a similar asset. ROU assets are initially measured at the same amount as the lease liability plus any initial direct costs.

Each ROU asset is depreciated over the shorter of its useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and low value leases are recognised on a straight-line basis as an expense in profit or loss.

The company is responsible for infrastructure works from the supply chain, rather than the right to use specific assets. As a result of this, most supply chain assets are generally not 'identified' within the meaning of IFRS 16. As a result, the company does not generally retain the rights to direct the how and for what purpose specific assets are used.

### Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at the exchange rates prevailing at the balance sheet date. Foreign currency transaction amounts are initially recorded at the exchange rates prevailing on the dates of the transactions. Gains and losses arising on retranslation are included in the income statement for the period and are classified as either operating or financing depending on the nature of the monetary item giving rise to them.

### Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

### Operating profit

Operating profit is stated before finance income, finance costs, other gains and losses, and revaluation movements and profits on disposal of properties.

### Retirement benefit costs

Payments to the defined contribution retirement benefit scheme are charged as an expense as they fall due. For the defined benefit schemes, the cost of providing benefits is determined using the projected unit credit method, with full actuarial valuations being carried out at least every three years and updates to these valuations carried out in intervening years. The current service cost and plan administration expenses are recognised as an operating expense in the consolidated income statement.

The group's share of the actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the income statement and presented in the statement of comprehensive income.

The net interest cost is the charge in the year on the net defined benefit liability. The charge reflects the passage of time and is recognised as a finance cost in the income statement.

Past service cost and credits are recognised immediately in the consolidated income statement.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

The group reflects its share of the surplus and deficit in the financial statements. The total contribution rate payable under the Railway Pension Scheme (RPS) and the Career Average Revalued Earnings (CARE) scheme is normally split in the proportion 60:40 between the group and the members, respectively. The IAS 19 deficit, service cost and interest cost therefore represent 60 per cent of the total for each of the schemes.

The RPS section is in a surplus. The group has considered the scheme rules and concluded we have an unconditional right to the return of surplus assets in the RPS scheme and hence have recognised the surplus. The basis for this judgement is that Network Rail are able to veto any proposed utilisation of the surplus and the Trustees cannot unilaterally wind up the scheme. If in the event of a wind up of the scheme, there are no beneficiaries remaining, then the surplus would be returned to Network Rail. While it is considered extremely unlikely that Network Rail would veto any use of the surplus until such time that no beneficiaries are alive, the result is nonetheless that Network Rail have an unconditional right of the surplus in line with the accounting recognition requirements of IFRIC 14.

Further details on the retirement benefit schemes are provided in note 24.

### Research and development

Research and general development expenditure is charged to the income statement as incurred. Expenditure on the development of specific projects is capitalised only if all of the following conditions are met:

- An asset is created that can be identified
- It is probable that the asset created will generate future economic benefits
- The development cost of the asset can be measured reliably.

### Tax

The tax expense represents the sum of the current tax and deferred tax. The group's current tax liability is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax is based on the taxable results of the group and calculated in accordance with tax rules in the United Kingdom.

Deferred tax is the tax expected to be payable or recoverable on the temporary differences that arise when tax authorities recognise and measure assets and liabilities with rules that differ from those of the consolidated accounts. Deferred tax is calculated under the balance sheet liability method at the rate of tax expected to prevail, subject to the rate being enacted or substantively enacted by that date, when the temporary differences reverse. Deferred tax is not discounted.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised on all deductible temporary differences to the extent that it is probable that there will be taxable profits available against which the temporary timing differences can be utilised. The recognition of a deferred tax liability is taken into account when considering this probability criteria.

Deferred tax is charged or credited in the income statement except when it relates to items charged or credited directly to equity. In this case the deferred tax is also accounted for within equity.

### Property, plant and equipment – the rail network

The group has one class of property, plant and equipment, being the rail network. This is the integrated network that the group uses to deliver the operation, maintenance and renewal of Great Britain's national rail infrastructure.

#### – Valuation methodology

The rail network is carried in the balance sheet at its fair value. As there is no active market in railway infrastructure assets, the company has derived the fair value of the rail network using an income approach. The income approach assesses the discounted future cash flows that are expected to be generated by the rail network, including an assessment of under and out performance against the current five-year regulatory determination. The assessment at this year end includes a review of performance for CP7.

This valuation is carried out twice a year and revaluation gains and losses are reflected in other comprehensive income in the Revaluation Reserve.

#### – Depreciation

The rail network is depreciated on a straight-line basis over its estimated weighted average remaining useful economic life. The estimated weighted average remaining useful economic life of the network is currently 40 years (2024: 40 years). The remaining useful economic lives of network assets are estimated annually, with external verification of the valuation and asset lives carried out where required.

– Capitalisation of operating costs

In line with IAS 16 Property, plant and equipment all directly attributable costs necessary to deliver the investment programme are capitalised. Employee and other associated costs are capitalised if they arise directly as a result of delivering the investment programme.

– Presentation of capital grants

Grants and other contributions received towards the cost of property, plant and equipment are deducted from the fair value of assets which the grant funding relates to. See Note 10 Property, plant and equipment – the rail network for detail of the gross and net values of capital grants included in the property, plant and equipment balance.

### Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains and losses from changes in the fair value of investment property are included in the income statement for the period in which they arise.

### Intangible assets

An intangible asset is only recognised if it is probable that future economic benefits will flow to the group and its costs can be measured reliably. Intangible assets are measured initially at purchase cost and are amortised on a straight-line basis. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Licences and concessions are amortised over the length of their contractual agreement. Intangible assets are tested for impairment at each balance sheet date by comparing their carrying value and the expected discounted cash flows expected to arise from them over their contractual agreements. If the carrying value exceeds the discounted cash flows expected to arise from the assets, the carrying value would be impaired accordingly.

### Assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale or distribution rather than through continuing use.

Immediately before classification as held for sale, the assets are re-measured in accordance with the accounting policies for the asset category. Subsequently, the assets are held at the lower of carrying value and fair value less costs to sell. Any impairment loss on a disposal group is recognised immediately in the income statement.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

### Financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

#### Financial assets

– Financial assets at amortised cost

Financial assets are classified as at amortised cost where the business model is to hold assets in order to collect contractual cash flows, and the cash flows consist solely of payments of principal and interest (SPPI) on the principal amount outstanding.

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts, recognised in the income statement.

– Financial assets at Fair Value Through Profit and Loss (FVTPL)

Financial assets are classified as at FVTPL where the asset does not meet the amortised cost criteria or if doing so, eliminates or significantly reduces or eliminates a measurement or recognition inconsistency. Gains and losses arising from changes in fair value of these assets are recognised in the income statement.

– Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets at FVTPL are stated at fair value with any resultant gain or loss recognised in the income statement.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been reduced.

The carrying amount of the financial asset is reduced by the impairment loss for all financial assets with the exception of trade receivables, which are reduced by allowances for irrecoverable amounts. As financial assets, trade receivables are subject to the “Expected Credit Loss model” under IFRS 9. The group’s exposure to credit risk is limited largely to property rental income, and no significant increase in credit risk has materialised. Therefore, the group has continued to recognise 12 month expected losses that are updated at each reporting date, in the form of allowances for irrecoverable amounts, which approximate the expected losses for the next 12 month period.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement. The reversal is only made to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### **Cash and cash equivalents**

Cash and cash equivalents comprise bank balances held by the group and commercial paper at varying rates. The carrying amount of these assets approximates their fair value.

### **Joint ventures**

The results and net assets of joint ventures are incorporated in these financial statements using the equity method of accounting. Investments in joint ventures are carried in the balance sheet at cost and adjusted by post-acquisition changes in the group’s share of net assets of joint ventures, less any impairment in the value of individual investments. Losses of a joint venture in excess of the group’s interest in a joint venture are not recognised.

### **Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

#### **Financial liabilities at Fair Value Through Profit and Loss (FVTPL)**

Financial liabilities are classified as at FVTPL where the financial liability is a derivative financial liability or designated at FVTPL at initial recognition.

A financial liability is designated as FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise exist.

The group derecognises financial liabilities when, and only when, the group’s obligations are discharged, cancelled or expire.

### **Debt**

Debt instruments not designated at FVTPL are initially measured at fair value, net of discount and direct issue costs, and subsequently recognised at amortised cost using straight line amortisation as a proxy for the IFRS 9 effective interest rate method. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the income statement using the effective interest rate method, and are added to the carrying value of the debt instrument to the extent that they are not settled in the period in which they arise.

Certain bonds, as set out in Note 17, are designated at FVTPL. These bonds are hedged by derivative financial instruments as part of a documented risk management strategy. By recognising these bonds and derivatives at FVTPL the recognition inconsistencies that would otherwise exist with regard to these risk management strategies are significantly reduced.

### **Trade payables**

Trade payables are ordinarily not interest bearing and are stated at amortised cost.

### **Derivative financial instruments and hedge accounting**

The group’s activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates. The group has previously issued interest rate swaps, cross-currency swaps and

foreign exchange forward contracts to hedge these exposures. The use of financial derivatives is governed by the group's policies approved by the treasury committee of the Board, which provide written principles on the use of financial derivatives. All the hedged events have now occurred and there will be no new hedging programme.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. Derivatives are presented on the balance sheet in line with their maturity date.

The group designates certain derivatives as hedging instruments - either cash flow hedges or fair value hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair value or cash flows of the hedged item.

Some derivatives, while complying with the group's financial risk management policies, do not qualify for hedge accounting and are therefore classified as financial instruments at FVTPL. Changes in the fair value of derivative financial instruments that do not qualify for cash flow hedge accounting are recognised in the income statement as they arise.

Cash flow hedge accounting is discontinued when the hedging instrument expires, is sold, terminated, exercised or no longer meets the criteria for hedge accounting. The latter case occurs most often in practice, principally when the hedged event has occurred, terminating the economic relationship between the derivative and the hedged item. In such cases the cumulative gain or loss on the hedging instrument that remains in equity from the period where the hedge was effective (i.e. the hedging reserve balance) is amortised from to profit and loss in line with the periods in which the hedged cash flows – predominantly finance costs in respect of hedged debt issuances – affect profit and loss. The amortisation is included in finance costs.

In cases where the forecast transaction is no longer expected to occur, or an irrecoverable loss is assessed to have occurred, the hedging reserve balance is immediately recognised in the income statement. Cumulative losses in the hedging reserve following the passage of a hedged event, such as hedging the rate at which debt is issued using interest rate swaps, are offset by a favourable financial effect from correspondingly lower cash flows arising on interest from the issued debt.

Embedded derivatives within a financial asset host contract are not separated from the host contract, instead, the whole contract in its entirety is accounted for as a single financial instrument.

Embedded derivatives within a host contract that is a financial liability are separated from the host contract and accounted for as a derivative financial instrument when economic characteristics of the embedded derivative and host are not closely related, an identical instrument (with the same terms) would meet the definition of a derivative, and the entire contract is not measured at fair value through profit or loss. Gains or losses from the movement in fair value of the financial instrument are reported in the income statement. There are no separated embedded derivatives included in the financial statements.

Note 18 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are detailed in the statement of changes in equity and in the statement of comprehensive income.

### Provisions

Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

### Critical accounting judgements and key sources of uncertainty

**(i) Property, plant and equipment – the rail network:** Given the economic and physical interdependency of the assets comprising the rail network, the company has concluded that the rail network is considered as a single

class of asset. The rail network is carried at its fair value. The estimate of the fair value of the rail network is based on an income approach using the regulatory asset base, which equates to the discounted future cash flows associated with the network, adjusted for the net present value of any variances from the Office of Rail and Road's determination using the building block model of regulation. Management have assessed the valuation methodology considering the ORR's Final Determination and have concluded that it remains appropriate.

The most significant judgement underpinning the valuation is that the regulatory framework and associated cash flows remain sufficiently stable and robust to form the basis of a third-party valuation. Management assess that based on the current regulatory environment, an investor could reasonably expect to recover the RAB value through the revenue deriving from future amortisation allowances and the regulatory return thereon. In its assessment management has considered the amendments to the regulatory framework that are set out in the regulator's determination for Control Period 6 (2019-2024), and noted that although the regulated asset base has ceased to be a building block in the determination of the company's revenue requirement, the link between income and the regulated asset base would be reinstated in the event that the rail network asset were transferred to a private owner. This assessment remains appropriate for Control Period 7.

In addition, recent disposals from the rail network have been in line with the carrying value. This emphasises that the valuation approach undertaken in these accounts remains appropriate.

Management have deducted the portfolio of assets held for sale from the RAB in arriving at the fair value of the rail network. Further detail on this and other key judgements applied in the valuation are set out in Note 10.

The key source of estimation uncertainty within the valuation is the assessment of future performance against the regulatory determination which is discussed in more detail in Note 10. The assessment covers the expected performance during Control Period 7.

Whilst not affecting the fair value of the asset recognised at the balance sheet date, management's assessment of the remaining life of the asset affects the depreciation that is charged on the asset and is also an area of estimation uncertainty. IAS 16 requires that management regularly review asset lives on at least an annual basis and that depreciation is charged on a systematic basis that reflects the way the asset is consumed. Network Rail produce a depreciated replacement cost (DRC) valuation of the rail network for inclusion in DfT's group accounts.

In preparing these financial statements management reviewed the weighted average remaining asset lives as produced in the DRC valuation and concluded that it is still appropriate to use 40 years as the weighted average remaining life.

**Cost of Work Done (COWD):** The additions to property, plant and equipment are valued using an estimate of the cost of work done in the year to 31 March. To the extent that the COWD is greater than the invoiced amount, a PPE addition and 'other payable' (Note 16) are recognised on the basis of expected amounts required to settle contractual obligations.

COWD assessments are predominantly based on information readily available to project managers on the status of works, but some estimation uncertainty is involved in the year-end measurement, in respect of the evaluation of how contractual dispute positions are likely to resolve, and in measuring the value of works performed at the precise year end date.

**(ii) Investment property** – an element of the investment property portfolio valuation is determined using the Beacon method. Jones Lang LaSalle provided their assessment of yields for 17 classes of property and areas in the portfolio. These are then used to produce income multipliers and applied to the rental streams from each of the individual properties in the portfolio to form an overall valuation. For investment property transferred to assets held for sale this is also the inherited method of valuation. Further details are set out in Note 11.

**(iii) Retirement benefit obligations** – the group recognises and discloses its retirement benefit obligation in accordance with the measurement and presentational requirement of IAS 19 (Revised) 'Employee Benefits'. The calculations include a number of judgements and estimations in respect of the expected rate of return on assets, the discount rate, inflation assumptions, the rate of increase in salaries and life expectancy among others. Changes in these assumptions can have a significant effect on the value of the retirement benefit obligation.

The key assumptions made are set out in Note 24. The total contribution rate payable under the Railway Pension Scheme (RPS) and the Career Average Revalued Earnings (CARE) scheme is normally split in the proportion 60:40 between the group and the members, respectively. The group reflects its share of the contribution in the financial statements.

A further key judgement in the retirement benefit obligation, is the recognition of the surplus in relation to the RPS scheme. This is discussed further in Note 24.

**(iv) Taxation** – the group recognises and discloses its deferred tax assets in accordance with IAS 12. Where it is considered to be probable that deferred tax assets can be matched to future taxable profits then deferred tax assets are recognised, or offset against the overall deferred tax provision as appropriate. When considering this criteria, the recognition of a deferred tax liability where that deferred tax liability is expected to reverse in the same period as any tax loss means that the probability criteria is met and hence a deferred tax asset is recognised for those losses. Further details are set out in Note 9.

### 3. Revenue

	2025 Group £m	2024 Group £m
Grant income	7,633	8,372
Franchised network access	3,326	2,851
Freight revenue	70	53
Property rental income	270	249
Other income	46	55
<b>Revenue</b>	<b>11,345</b>	<b>11,580</b>

The effect of the performance regimes was a reduction in income of £86m (2024: reduction of £360m) which is included in the Franchised network access line in the above table.

### 4. Net operating costs

	2025 Group £m	2024 Group £m
Employee costs (see note 6)	3,069	2,910
Own costs capitalised	(833)	(942)
Maintenance external charges	1,348	1,263
Energy charges	1,010	961
Business rates	311	232
Telecommunications and IT	243	219
Operational external charges	857	906
Other industry costs	167	152
Other operating income and recoveries	(371)	(444)
<b>Net operating costs before depreciation and amortisation</b>	<b>5,801</b>	<b>5,257</b>
Depreciation (see notes 10 and 22)	2,732	2,606
Amortisation of grants	(430)	(427)
Impairment of HS2 related works	-	88
<b>Net operating costs</b>	<b>8,103</b>	<b>7,524</b>

Other operating income and recoveries includes income earned by the group's trading subsidiaries and ancillary income.

## 5. Profit from operations

Total profit from operations is stated after charging/(crediting):

	2025 Group £m	2024 Group £m
Research and development costs expensed	10	17
Amortisation of intangible assets	1	1
Profit/(Loss) on sale of properties	(1)	-
Decrease in the fair value of investment properties	30	5
Cost of inventories recognised as an expense	191	182
Write down of inventories recognised as an expense	12	5

### Amounts payable to auditors

Fees payable to the company's auditors for the audit of the company and consolidated financial statements	0.55	0.55
Fees payable to the company's auditors for audit related services:		
- The audit of the company's subsidiaries	0.14	0.10
- Regulatory accounts audit and interim review	0.04	0.08
<b>Total amounts payable to group auditors</b>	<b>0.73</b>	<b>0.73</b>

The group's auditors has not undertaken the regulatory audit in the current year.

For financial years ended 31 March 2025 and 2024 no fees were payable to the company's auditors in respect of non-audit related services. In addition to the audit fee information given in the table the group pays £0.3m for the audit of subsidiaries that are not performed by the group auditor. The 2024 figures have been restated to reallocate the audit fee of a subsidiary. It had previously been included in the fees payable for the audit of the company and consolidated financial statements. It has been reallocated to the audit of the company's subsidiaries line.

## 6. Employee costs

The monthly average full-time equivalent number of employees (including executive directors) was:

	2025 Group Number	2024 Group Number
<b>Management and operation of the railway</b>	<b>41,331</b>	<b>40,966</b>
	2025 Group £m	2024 Group £m
<b>Their aggregate remuneration comprised:</b>		
Wages and salaries	2,567	2,435
Social security costs	290	275
Defined contribution pension costs – current service costs (see note 24)	25	24
Defined benefit pension costs – current service costs (see note 24)	187	176
<b>Total employee costs</b>	<b>3,069</b>	<b>2,910</b>

In the years ended 31 March 2025 and 31 March 2024 key management personnel were all the executive directors and the chair of the Board of directors. Full details of their remuneration are included within the Directors' remuneration report on pages 150 to 162.

## 7. Other gains and losses

	2025 Group £m	2024 Group £m
Net decrease in fair value of non-hedge accounted debt	-	4
Gain on derivatives not hedge accounted	29	53
<b>Total other gains</b>	<b>29</b>	<b>57</b>

No other gains and losses have been recognised in respect of financial assets or liabilities other than those disclosed in this note. No gains or losses have been recognised on financial liabilities measured at amortised cost.

The movement in fair value of debt designated as fair value through profit and loss and exchange differences on retranslation of foreign currency debt that form part of the above total other gains and losses are in relation to debt issuances disclosed in Note 17.

## 8. Finance costs

	2025 Group £m	2024 Group £m
Interest on bank loans and overdrafts	19	46
Interest on loan issued by Department for Transport	1,073	745
Interest on bonds issued under the Debt Issuance Programme	1,380	1,745
Interest on derivative instruments	32	62
Defined benefit pension interest cost (see note 24)	3	8
Lease interest payable (see note 22)	14	13
<b>Total finance costs</b>	<b>2,521</b>	<b>2,619</b>

A reduction of £365m accretion on index linked bonds has driven the decrease on Interest on bonds issued under the Debt Issuance Programme.

## 9. Tax

The tax charge is made up as follows:

	2025 Group £m	2024 Group (Restated) £m
<b>Current tax:</b>		
Corporation tax charge	-	-
Adjustment in respect of prior years	-	(1)
<b>Total current tax charge</b>	<b>-</b>	<b>(1)</b>
<b>Deferred tax:</b>		
Current year charge	(206)	(242)
Adjustment in respect of prior years	(4)	(119)
<b>Total deferred tax charge</b>	<b>(210)</b>	<b>(361)</b>
<b>Total tax charge</b>	<b>(210)</b>	<b>(362)</b>

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2025 Group £m	2024 Group (Restated) £m
Profit before tax	725	1,503
Tax at the UK corporation tax rate of 25 per cent (2024: 25 per cent)	(181)	(376)
Adjustment in respect of prior years	(4)	(119)
Income/(expenses) not subject to tax	(22)	134
De-recognition of deferred tax assets recognised in the year	(3)	(1)
<b>Total tax charge for the year</b>	<b>(210)</b>	<b>(362)</b>

Deferred tax at 31 March 2025 is calculated at a rate of 25 per cent (2024: 25 per cent) based on the tax rate expected to prevail based on legislative enactments at the point temporary differences resolve. The amount at which temporary differences crystallise is sensitive to the decisions on future tax laws to be taken by Parliament.

UK corporation tax is calculated at 25 per cent (2024: 25 per cent).

## 10. Property, plant and equipment – the rail network

	Group assets £m	Group capital grants £m	Group carrying value £m
<b>Valuation</b>			
<b>At 31 March 2023</b>	<b>95,621</b>	<b>(12,888)</b>	<b>82,733</b>
Additions – Enhancements	2,699	(2,699)	-
Additions – Renewals	4,070	-	4,070
<b>Total Additions</b>	<b>6,769</b>	<b>(2,699)</b>	<b>4,070</b>
Disposals	(162)	-	(162)
Transfers to investment property	(1)	-	(1)
(Depreciation charge)/grant amortisation for the year	(2,477)	419	(2,058)
Reclassification of deferred capital grants	-	(494)	(494)
Impairment of HS2 related works	(145)	57	(88)
Revaluation in the year	2,883	-	2,883
<b>At 31 March 2024</b>	<b>102,488</b>	<b>(15,605)</b>	<b>86,883</b>
Additions – Enhancements	2,520	(2,520)	-
Additions – Renewals	3,684	-	3,684
<b>Total Additions</b>	<b>6,204</b>	<b>(2,520)</b>	<b>3,684</b>
Disposals	(16)	-	(16)
Transfers to investment property	(1)	-	(1)
(Depreciation charge)/grant amortisation for the year	(2,612)	422	(2,190)
Revaluation in the year	556	-	556
<b>At 31 March 2025</b>	<b>106,619</b>	<b>(17,703)</b>	<b>88,916</b>

Given the economic and physical interdependency of the assets comprising the rail network, the company has concluded that the rail network is considered as a single class of asset. The rail network is carried at its fair value.

As there is no active market in railway infrastructure assets, the company has derived the fair value of the rail network using an income approach.

When valuing the network, management is required to consider the value a knowledgeable willing party would place on the network in an arm's length transaction. On the grounds that third-party investors are known to value the assets of regulated companies by reference to the Regulated Asset Base (RAB), and that the cash flows associated with the regulatory framework are considered sufficiently stable and robust to form the basis of a third-party valuation, management has used the RAB as the starting point for its valuation.

Under this approach the cash flows that a network licence holder expects to generate from the rail network are assessed using a market rate of return. This valuation is carried out twice a year and revaluation gains and losses are reflected in other comprehensive income.

Under this model the network licence holder's annual income (received in the form of the network grant and track access charges) would comprise:

- a) The regulator's assessment of the efficient costs of operating and maintaining the network.
- b) An allowance for Regulatory Asset Base (RAB) amortisation – qualifying capital expenditure is added to the RAB as incurred and recovered by the company through future amortisation allowances (in order to spread the cost to customers and stakeholders of investment in the rail network over many years).
- c) An allowed return on the RAB – calculated by applying the rate of return permitted by the ORR (based on its assessment of the market's cost of capital) to the RAB balance.

Future cash flows under (a) are assumed to be equivalent over time to the network licence holder's actual costs of operation and maintenance, on the basis that the Regulator aims to set targets which are ambitious but achievable. These therefore have no net impact on forecast future cash flows, or the valuations. The allowed return (c) is based on a cost of capital which would be offset in a discounted future cash flows model (see Discount rate below). The economic rights inherent in ownership of the regulated rail network asset are therefore vested primarily in the value of the RAB, which will be recovered through future regulated income as the RAB is amortised (b).

This means that it is possible for the RAB itself to be used as the starting point for a discounted cash flow valuation. The RAB fluctuates in valuation; increasing in value principally as a result of allowances for capital expenditure and inflation indexation, whilst reducing for amortisation. The adjustments may give rise to upwards or downwards revaluations. Further changes are subject to:

- a) Adjustment for any difference between regulatory rate of return and the market cost of capital that a third-party investor would use to assess the value of the network (the rate of return and market cost of capital are currently assessed as fully aligned); and
- b) Adjustment for forecast future under or out performance against the regulatory determination over the remainder of the current control period. No adjustment is made in respect of future control periods on the expectation of the Regulator setting, over the long term, ambitious but achievable determination.

### Revaluation

The valuation includes a £556m upward movement in the value of the railway. The key drivers for the valuation are:

- The impact of indexation inflation (£2.3bn increase in the valuation) offset by,
- £250m adverse impact of expected performance.
- The rate at which assets are amortised in the RAB and assets are depreciated under IAS 16 (£1.5bn decrease in the valuation).

### Impact of indexation inflation

Indexation inflation was based on November CPI, of 2.6 per cent. This has added £2.3bn to the valuation of the Regulatory Asset Base.

The valuation is sensitive to the CPI assumption. If CPI varied by 1 per cent, this would result in a £800m change in the valuation of the network.

### Third-party funding

Additions to the rail network funded by capital grant, rather than via the RAB funding mechanism, are included in the valuation at cost. The carrying value of property, plant and equipment is calculated after netting off associated grant funding received or receivable.

### Disposals

The disposals of £16m were as the result of property sales in the usual course of business. In line with Regulatory Accounting Guidelines the net proceeds of sales are deducted from the RAB, reducing the valuation of the Railway Network Valuation. The valuation of the disposals is assessed as being equal to the reduction in the valuation of the rail network relating to property sales. Renewals are completed at the useful life of the asset and hence there is no value attributable to the item being renewed that needs to be derecognised from PPE.

### Depreciation

The depreciation charge for any year is calculated using the average carrying value for the year and the estimated remaining weighted average useful economic life of the rail network. The remaining weighted average useful economic life of the rail network was calculated using the engineering assessment of serviceable economic lives of the major categories that comprise the rail network. The estimated remaining weighted average useful economic life of the network is currently 40 years (2024: 40 years).

### Discount rate

The discount rate used in the income approach is the pre-tax rate of return set by the ORR. The ORR performs a periodic review every five years, which leads to the setting of the appropriate rate for the five-year period. The ORR's method encompasses advice from consultants, comparisons to similar infrastructure assets and discussions with Network Rail. Management believes this cost of capital reflects the assumptions that a market participant would make in arriving at a discount rate.

Should the ORR amend the permitted rate of return in future quinquennial reviews, the regulator would raise or lower the permitted charges to customers so as to achieve the new rate of return. In other words, the cash flows would change but the RAB would not.

The ORR confirmed that a conventionally funded market participant would receive an allowed return equal to the full market cost of capital. This has been reiterated in their final determination for CP7. Management expects that if the rail network asset were to be transferred to a private owner during CP7, ORR would determine the private owner's revenue requirement for CP7 using the original pre-tax (CPI) weighted average cost of capital of 3.98 per cent set out in their final determination for this Control Period amended for the movement since then. Management expects that the rate of return set by the regulator in subsequent quinquennial reviews will be consistent with the market discount rates for infrastructure assets at the quinquennial review date.

	Change in cost of capital (basis points)	31 March 2025	31 March 2024
Change in fair value	25	<b>£949m</b>	£976m
	50	<b>£1,795m</b>	£1,949m
Percentage change in fair value	25	<b>1.1%</b>	1.1 %
	50	<b>2.0%</b>	2.2 %
Change in annual depreciation charge	25	<b>£24m</b>	£24m
	50	<b>£45m</b>	£49m

### Forecast performance variations

In assessing the value of the rail network, management considers that a knowledgeable willing third party would take into account the perceived fairness and deliverability of the current regulatory determination. Accordingly, management makes an addition (or deduction) to the valuation for its assessment of the likely ORR determination in respect of the financial consequences of anticipated future out (or under) performance against the regulatory determination.

Cost outturns on capital work (renewals and enhancements) have an impact on future cash flows under the regulatory framework, since only efficient overspending in excess of regulated cost targets can be added to the RAB.

At 31 March 2025 the valuation included £350m of projected underperformance (31 March 2024: £100m of projected underperformance) which is expected to crystallise in the income statement over the next four years.

### Critical judgements

The valuation includes the following critical judgements:

- a) The regulatory framework, and associated cash flows remain sufficiently stable and robust to form the basis of a third-party valuation. As noted above, the ORR has made it clear in its final determination for CP7 that the amendments made to the regulatory framework for CP7 reflect the proximity of Network Rail to the public sector and the amendments would not apply to a market participant.
- b) The ORR has committed to providing a market cost of capital return to a conventionally funded owner and operator of the network and the fair value calculation has been prepared on that basis.
- c) Management's assessment of the deliverability of the CP7 regulatory determination is a good indication of how other management groups would perform against the determination.
- d) The deliverability of the current 5-year regulatory determination does not have any implication for the deliverability of future determinations (i.e. the ambition of the regulator at the start of each Control Period is to set the regulatory determination at a level which is challenging but achievable).
- e) The RAB includes historic expenditure on the company's investment properties. In accordance with IAS 40 Investment Property and IFRS 5 Non-current Assets Held for Sale and Discontinued Operations the fair value of investment property and assets held for sale is separately recognised in Notes 11 and 13 to the accounts. The fair value of the rail network excludes the fair value of RAB-funded investment properties (and assets held for sale) on the grounds that a private owner of the rail network would not expect to derive any future economic benefit from the sale of investment property (i.e. the regulator would make a downwards adjustment to the RAB for the value of any investment properties sold). The valuation performed at 31 March 2025 includes a downwards adjustment of £182m to exclude the fair value of relevant investment property and relevant assets held for sale (31 March 2024: £204m).

When considering the appropriateness of the valuation methodology, the Directors took into account the publication of the consultation "A Railway fit for Britain's Future" published in February 2025 and its plans to reform the rail industry. The directors concluded that the current methodology remained appropriate. In considering this, the directors noted that recent disposals from the rail network have been in line with the carrying value of the rail network. This emphasises that the valuation approach undertaken in these accounts remains appropriate.

At 31 March 2025 the group had entered into contractual commitments in respect of capital expenditure amounting to £3,801m (2024: £3,041m).

We have classified the valuation of the rail network as Level 3 under IFRS 13.

## 11. Investment property

	Group £m
<b>Fair value</b>	
<b>At 31 March 2023</b>	<b>231</b>
Additions	4
Disposals	(4)
Transfers from property, plant and equipment	1
Decrease in fair value in the year	(5)
<b>At 31 March 2024</b>	<b>227</b>
Disposals	(4)
Transfers from property, plant and equipment	1
Transfers from assets held for sale (Note 13)	-
Decrease in fair value in the year	(30)
<b>At 31 March 2025</b>	<b>194</b>

The market values of the group's investment properties at 31 March 2025 have been arrived at on the basis of a valuation carried out at that date in conjunction with Jones Lang LaSalle, external valuers not connected with the group. Network Rail undertake a detailed review of the investment property portfolio to allocate the portfolio to beacons which represent particular groups of property sharing the same characteristics. Network Rail apply yields provided by Jones Lang LaSalle to these beacon categories. Jones Lang LaSalle will also value specific properties, as instructed by Network Rail.

Management are satisfied that Jones Lang LaSalle hold a recognised and relevant professional qualification, and have had recent experience in the location and category of the investment property being valued. The fair value of the group's investment property portfolio is deemed to be the market value.

The valuation, which conforms to International Valuation Standards, was arrived at by splitting the portfolio between one-off individual properties to be valued separately and the remainder of the portfolio to be valued under the Beacon method.

Jones Lang LaSalle provided independent valuations of 20 one-off individual properties (2024: 21), amounting to 51 per cent (2024: 46 per cent) of the total valuation. The balance of the estate was valued under the Beacon method by splitting the portfolio into 17 homogeneous classes (2024: 17) of property and areas, assuming that the current passing rent received from these properties are in line with market rent. Jones Lang LaSalle independently assessed the appropriate yield to be adopted within each of these classes and areas. This enabled the directors to estimate market values by applying the provided yields to the net rental income from these properties, in accordance with a standard UK investment property valuation.

The property rental income earned by the group from assets categorised at the year-end as investment property, all of which is leased out under operating leases, amounted to £13.2m (2024: £14.1m). Direct operating expenses arising on the investment properties in the year amounted to £4.1m (2024: £2.7m).

The group's investment properties are let on a tenant repairing basis. The group's maintenance obligations are limited to common areas and vacant property units.

Property valuations are by their nature subjective, as they are made on the basis of assumptions made by the valuer. They have been classified as Level 3 and the key inputs to the valuations, defined as 'unobservable' by IFRS 13, are analysed in the table on the following page.

	Estimated rental value per sq. ft				Equivalent yield		
	Fair value at 31 March 2025 £m	Minimum £	Maximum £	Weighted average £	Minimum %	Maximum %	Weighted average %
Valuation technique:							
One-off valuation	99.1	0.39	119.28	7.08	4.8	12.2	7.20
Beacon method*	94.5	n/a	n/a	n/a	5.3	14.0	9.1

\* The Beacon methodology splits all the properties within the portfolio into 17 homogenous groups. The properties in each group are valued by applying a yield to the annual rent (passing or void) for the property. Yields applied are on the basis that the property is rack rented i.e. the current passing rent received from these properties are in line with market rent. As such, an estimated rental value per square feet for these properties is not available.

All other factors being equal, a higher yield would lead to a decrease in the valuation of a property and an increase in the current or estimated future rental stream would have the effect of increasing the capital value, and vice versa. However, there are interrelationships between the unobservable inputs which are influenced by market conditions, which would impact the changes in fair value.

## 12. Investment in subsidiaries and joint ventures

Subsidiaries in the financial statements are included in the table below.

Principal subsidiaries	Country of incorporation	Proportion of all classes of issued share capital owned	Principal activities
Network Rail Infrastructure Limited	Great Britain	100 %	Main operating company
Great British Railways Limited*	Great Britain	100 %	Dormant
Great British Railways Transition Team Limited	Great Britain	100 %	Drive the transitional activities in advance of the establishment of Great British Railways Limited (GBR) and Fares and Ticketing Reform (FTR)
Network Rail Insurance Limited	Guernsey	100 %	Insurance company
Network Rail Holdco Limited*	Great Britain	100 %	Holding company of Network Rail Infrastructure Limited
Network Rail (High Speed) Limited	Great Britain	100 %	Holds St Pancras concession and High Speed Railway Services Agreement
Network Rail Development Limited	Great Britain	100 %	Holds 49.95 % of each of the property Joint ventures Innova Investment Limited Partnership and Solum Regeneration Epsom Limited Partnership. Solum is a property development business.
Network Rail One Limited*	Great Britain	100 %	Dormant
Network Rail Pension Trustee Limited	Great Britain	Company limited by guarantee	Administration of defined contribution and CARE defined benefit pension schemes
Network Rail International Limited	Great Britain	100 %	International rail consultancy business
Network Rail Certification Body Limited	Great Britain	100 %	Conformity assessment services to the rail industry
Network Rail (VY1) Limited	Great Britain	100 %	Holds land required for works access
Network Rail (VY2) Limited	Great Britain	100 %	Holds land required for works access
Network Rail (Stations) Limited	Great Britain	100 %	Dormant
Network Rail Consulting Limited	Great Britain	100 %	International rail consultancy business

Principal subsidiaries	Country of incorporation	Proportion of all classes of issued share capital owned	Principal activities
Great British Railways Consulting Limited	Great Britain	Company limited by guarantee	Dormant
NR Corporate Secretary Limited	Great Britain	100 %	Provides secretarial services to other companies within the Network Rail group
Network Rail Property Limited	Great Britain	100 %	Dormant
Network Rail (Spacia) Limited	Great Britain	100 %	Dormant
Victoria Place Shopping Centre Ltd	Great Britain	100 %	Dormant
Spacia (2002) Ltd	Great Britain	100 %	Dormant
Railway Property Ltd	Great Britain	100 %	Dormant
Kew Bridge Manco Limited	Great Britain	Company limited by guarantee	Dormant
Railway Safety & Standards*	Great Britain	Company limited by guarantee	Dormant
Railway Safety*	Great Britain	Company limited by guarantee	Dormant

#### Shares held by a trustee

Network Rail Infrastructure Finance PLC	Great Britain	Intertrust Corporate Services Limited	Issuer of the Debt Issuance Programme
Network Rail MTN Finance Limited	Great Britain	Intertrust Corporate Services Limited 99.998 %, Intertrust Nominees limited 0.002 %	Issuer of NR's Medium Term Note (MTN) Programme.

\* Directly owned by Network Rail Limited company.

The shares in Network Rail Infrastructure Finance PLC are held by CSC Corporate Services Limited. The sole purpose of this company is to act as a special purpose funding vehicle. The company is treated as a subsidiary for accounting purposes as proceeds from debt issuances are lent on to Network Rail Infrastructure Limited and are used to finance the activities and to refinance the existing debt of the group.

Network Rail Infrastructure Limited is a member of Newcastle NE1 Limited. Newcastle NE1 Limited is a not-for-profit limited company (by guarantee); NRIL's liability as a member is limited to an amount not exceeding £1. The company is a Business Improvement District representing several businesses in Newcastle.

Joint ventures accounted for by the equity accounting method in the financial statements are included in the table on the next page.

Joint ventures	Country of incorporation	Proportion of all classes of issued share capital owned	Principal activities
Innova Investment Partnership GP Limited	Great Britain	50 %	Hold 0.1 % in Innova Investment Limited Partnership
Innova Investment Limited Partnership	Great Britain	49.95 %	Property development
West Hampstead Square LLP	Great Britain	50 %	Property development
Blocwork LLP	Great Britain	50 %	Property development
Blocwork (Eastleigh) LLP formerly Blocwork (Henley)	Great Britain	50 %	Property development
Blocwork Projects LLP	Great Britain	50 %	Property development
Blocwork (No.4) LLP	Great Britain	50 %	Property development
Blocwork (No.5) LLP	Great Britain	50 %	Property development
The Station Office Network LLP	Great Britain	50 %	Provides flexible office space, meeting rooms and virtual offices
Solum Regeneration Epsom (GP) Limited	Great Britain	50 %	Hold 0.1 % in Solum Regeneration (Epsom) Limited Partnership
Solum Regeneration (Epsom) Limited Partnership	Great Britain	49.95 %	Property development
Solum Regeneration (Haywards) LLP	Great Britain	50 %	Property development
Solum Regeneration (Guildford) LLP	Great Britain	50 %	Property development
Solum Regeneration (Twickenham) LLP	Great Britain	50 %	Property development
Solum Regeneration (Bishops) LLP	Great Britain	50 %	Property development
Solum Regeneration (Surbiton) LLP	Great Britain	50 %	Property development
Solum Regeneration Holding 2 LLP	Great Britain	50 %	Property development
Solum Regeneration (Maidstone) LLP	Great Britain	50 %	Property development
Solum Regeneration (Walthamstow) LLP	Great Britain	50 %	Property development
Solum Regeneration (Redhill) LLP	Great Britain	50 %	Property development
Solum Regeneration (Kingswood) LLP	Great Britain	50 %	Property development
Solum Regeneration Holding 1 LLP	Great Britain	50 %	Property development

The movement in the investment in joint ventures is as follows:

	Group £m
At 1 April 2023	28
Investment in joint ventures	6
Equity repayments	(4)
Share of profit	2
<b>At 31 March 2024</b>	<b>32</b>
Investment in joint ventures	5
Equity repayments	(6)
Share of loss	(1)
<b>At 31 March 2025</b>	<b>30</b>

## 13. Assets held for sale

	Group £m
At 1 April 2023	4
Transfer to investment property	-
<b>At 31 March 2024</b>	<b>4</b>
Transfer (to)/from investment property	-
<b>At 31 March 2025</b>	<b>4</b>

## 14. Inventories

	2025 Group £m	2024 Group £m
Raw materials and consumables	418	371

As at 31 March 2025 a provision of £38m (2024: £31m) was held in respect of inventories.

## 15. Trade and other receivables

	2025 Group £m	2024 Group £m	2025 Company £m	2024 Company £m
<b>Current assets: trade and other receivables</b>				
Trade receivables				
- receivable from contracts with other customers	256	302	-	-
- receivable from agreements with Government	-	-	-	-
- receivable from property portfolio customers	185	245	-	-
Capital grants receivable	337	520	-	-
Other taxation and social security	157	125	-	-
Collateral placed with counterparties	45	85	-	-
Other receivables	15	27	-	-
Prepayments	166	134	-	-
Accrued income				
- receivable from contracts with other customers	147	138	-	-
- receivable from property portfolio customers	73	102	-	-
<b>Total</b>	<b>1,381</b>	<b>1,678</b>	<b>-</b>	<b>-</b>

Trade receivables from contracts with customers, agreements with government and from the property portfolio are all based on unconditional rights to consideration, and are not contingent on conditional or dependent on satisfying other performance obligations.

Trade receivables include an allowance for estimated irrecoverable amounts from the supply of services of £80m (2024: £63m). This allowance has been made by reference to past default experience. Past default experience is adjusted for forward looking information where relevant. The group provides fully for receivables overdue by over six months. Average debtor days were 49 days (2024: 55 days).

The directors consider that the carrying value of trade and other receivables approximates to their fair value. All balances are non-interest bearing and denominated in sterling.

The group's credit risk is primarily attributable to its trade receivables. Around 97 per cent of the company's income is received from train operating companies and in the form of revenue grants from Government. Franchises are issued to train operating companies by the Department for Transport in England and Wales and Transport Scotland in Scotland. The group believes that amounts receivable from Government and the train operating companies represent a high level of credit quality. This is because in the extraordinary

circumstance that a train operating company were to be unable to meet its obligations then provisions in the franchise agreements allow the Department for Transport to take over services at any time. Measures taken to change franchise contracts by both DfT and Transport Scotland during the global pandemic have allowed train operating companies to continue to settle amounts owed to Network Rail as they fall due. Before accepting any other new customer, the group uses an external credit scoring system to assess the potential customer's credit quality.

Included in the group's trade receivable balance are amounts totalling £134m (2024: £98m) which are past due at the reporting date for which the group has not provided as there has not been a significant change in the credit quality and the amounts are still considered recoverable. The group does not hold collateral over these balances. The average age of these receivables is 21 days (2024: 28 days).

The following table shows the age of financial assets for the group which are past due and for which no specific provision has been raised:

	2025 Group £m	2024 Group £m	2025 Company £m	2024 Company £m
<b>Current assets: trade and other receivables</b>				
Past due by 1 – 28 days	74	46	-	-
Past due by 29 – 56 days	10	23	-	-
Past due by 57 – 84 days	6	6	-	-
Past due by 85 – 180 days	37	37	-	-
	<b>127</b>	<b>112</b>	<b>-</b>	<b>-</b>

Trade receivables of £87m (2024: £50m) are overdue by six months or more and have been fully provided for.

## 16. Trade and other payables

	2025 Group £m	2024 Group £m	2025 Company £m	2024 Company £m
<b>Current liabilities: trade and other payables</b>				
Trade payables	(832)	(950)	-	-
Collateral received from counterparties	-	(3)	-	-
Payments received on account	(31)	(29)	-	-
Other payables	(412)	(396)	-	-
Other interest accruals	(268)	(290)	-	-
Other accruals	(600)	(679)	-	-
Deferred income	(262)	(247)	-	-
<b>Total</b>	<b>(2,405)</b>	<b>(2,594)</b>	<b>-</b>	<b>-</b>

The average credit period taken for trade purchases is 35 days (2024: 40 days).

Before accepting new suppliers, and upon letting significant contracts, the group evaluates suppliers' creditworthiness using external credit scoring systems and other relevant data.

The directors consider that the carrying value of trade and other payables approximates to their fair value. All balances are ordinarily non-interest bearing and denominated in sterling.

The Other accruals balances contains a degree of estimation uncertainty regarding the amounts to be paid. The majority of the balance relates to COWD which is disclosed as a key source of estimation uncertainty.

	2025 Group £m	2024 Group £m	2025 Company £m	2024 Company £m
<b>Non-current liabilities: other payables</b>				
Capital grants deferred income	(104)	(240)	-	-
Other payables	(21)	(13)	-	-
<b>Total</b>	<b>(125)</b>	<b>(253)</b>	<b>-</b>	<b>-</b>

As part of the acquisition of Railtrack PLC, Network Rail received a grant of £300m from the Strategic Rail Authority to fund the purchase. In line with Network Rail's accounting policy this revenue is deferred and amortised over the average remaining life of the rail network (as this represents the substantial part of the assets purchased), currently 40 years, on a straight-line basis. The balance on the grant after amortisation at 31 March 2025 is £83m (2024: £90m).

## 17. Borrowings

The borrowings balance is split as follows:

	2025 Group £m	2024 Group £m	2025 Company £m	2024 Company £m
<b>Net borrowings by instrument:</b>				
Cash and cash equivalents	595	428	-	-
Collateral placed with counterparties	45	85	-	-
Collateral received from counterparties	-	(3)	-	-
Bank loans	(687)	(663)	-	-
Lease liabilities	(410)	(356)	-	-
Bonds issued under the Debt Issuance Programme (less unamortised premium, discount and fees)	(28,586)	(27,708)	-	-
Borrowings issued by the DfT*	(31,880)	(31,928)	-	-
	<b>(60,923)</b>	<b>(60,145)</b>	<b>-</b>	<b>-</b>
<b>Movement in net borrowings:</b>				
At the beginning of the year	(60,145)	(59,058)	-	-
Increase in cash and cash equivalents	167	125	-	-
Proceeds from borrowings	(15,698)	(3,915)	-	-
Repayments of borrowings	15,698	3,915	-	-
Capital accretion	(938)	(1,303)	-	-
Movement in collateral placed with counterparties	(40)	(56)	-	-
Movement in collateral received from counterparties	3	(1)	-	-
Movement in lease liabilities (see Note 22)	(54)	51	-	-
Decrease in DfT collateral facility	40	60	-	-
Fair value and other movements	44	37	-	-
At the end of the year	<b>(60,923)</b>	<b>(60,145)</b>	<b>-</b>	<b>-</b>
<b>Net borrowings are reconciled to the balance sheet as set out below:</b>				
Cash and cash equivalents	595	428	-	-
Collateral placed with counterparties (included in trade and other receivables)	45	85	-	-
Collateral received from counterparties (included in trade and other payables)	-	(3)	-	-
Borrowings included in current liabilities	(8,360)	(15,792)	-	-
Borrowings included in non-current liabilities	(53,203)	(44,863)	-	-
	<b>(60,923)</b>	<b>(60,145)</b>	<b>-</b>	<b>-</b>

\* As at 31 March 2025, a collateral facility of £40m (2024: £80m) was included within this balance.

	2025 Group £m	2024 Group £m	2025 Company £m	2024 Company £m
1.085 % sterling index linked bond due 2052	190	183	-	-
0 % sterling index linked bond due 2052	216	207	-	-
1.003 % sterling index linked bond due 2051	36	35	-	-
0.53 % sterling index linked bond due 2051	183	177	-	-
0.517 % sterling index linked bond due 2051	184	177	-	-
0 % sterling index linked bond due 2051	217	207	-	-
0.678 % sterling index linked bond due 2048	181	174	-	-
1.125 % sterling index linked bond due 2047	7,711	7,457	-	-
0 % sterling index linked bond due 2047	142	135	-	-
1.1335 % sterling index linked bond due 2045	74	71	-	-
1.5646 % sterling index linked bond due 2044	414	400	-	-
1.1565 % sterling index linked bond due 2043	83	80	-	-
1.1795 % sterling index linked bond due 2041	101	98	-	-
1.2219 % sterling index linked bond due 2040	404	391	-	-
1.2025 % sterling index linked bond due 2039	110	107	-	-
4.6535 % sterling bond due 2038	100	100	-	-
1.375 % sterling index linked bond due 2037	7,648	7,388	-	-
4.75 % sterling bond due 2035	1,239	1,238	-	-
1.6492 % sterling index linked bond due 2035	615	594	-	-
4.375 % sterling bond due 2030	873	873	-	-
1.75 % sterling index linked bond due 2027	7,296	7,066	-	-
4.615 % Norwegian krone bond due 2026*	37	37	-	-
4.57 % Norwegian krone bond due 2026*	10	10	-	-
1.9618 % sterling index linked bond due 2025	522	503	-	-
	<b>28,586</b>	<b>27,708</b>	-	-

\* Bonds treated as fair value through profit and loss.

All other bonds are shown net of unamortised discount and fees.

Bank loans are analysed as follows:

	2025 Group £m	2024 Group £m	2025 Company £m	2024 Company £m
Index-linked European Investment Bank	687	663	-	-
	<b>687</b>	<b>663</b>	-	-

The bank loans contain certain covenants that are expected to be fully complied with for the next 12 months. The covenants relate to NRIL continuing to conduct business in line with the Network Licence under which NRIL operates the UK rail network and maintaining appropriate insurance.

At 31 March 2025 and 2024 the group had the following undrawn committed borrowing facilities at nominal value:

	2025 Drawn £m	2025 Undrawn £m	2025 Total £m	2024 Drawn £m	2024 Undrawn £m	2024 Total £m
DfT loan facility	31,859	9,779	41,638	31,859	444	32,303
DfT collateral facility	40	60	100	80	20	100
	<b>31,899</b>	<b>9,839</b>	<b>41,738</b>	<b>31,939</b>	<b>464</b>	<b>32,403</b>

The DfT loan facility is shown net of unamortised fees.

Undrawn committed facilities expire as follows:

	2025 Group £m	2024 Group £m
Within one year	-	-
Within two to five years	9,779	464
After five years	60	-
	<b>9,839</b>	<b>464</b>

The total commitment of £41,638m is the agreed facility for CP7 and allows for the repayment of bonds that fall due under the Debt Issuance Programme in CP7. The repayments under the Debt Issuance Programme depend on RPI and the facility will increase if the payments are higher than expected. In addition, the Secretary of State for Transport has provided unlimited financial indemnity in respect of borrowings under the Debt Issuance Programme which expires in 2052.

## 18. Derivative financial instruments

	2025 Group		2024 Group	
	Fair value £m	Notional amounts £m	Fair value £m	Notional amounts £m
<b>Derivative financial instrument assets</b>				
<b>Non-hedge accounted derivatives</b>				
Interest rate swaps to hedge debt issued under the Debt Issuance Programme	22	1,015	71	2,240
Forward foreign exchange contracts	-	15	1	34
	<b>22</b>	<b>1,030</b>	<b>72</b>	<b>2,274</b>
Included in non-current assets	13	490	40	1,030
Included in current assets	9	540	32	1,244
	<b>22</b>	<b>1,030</b>	<b>72</b>	<b>2,274</b>
<b>Derivative financial instrument liabilities</b>				
<b>Non-hedge accounted derivatives</b>				
Cross-currency swaps to hedge debt issued under the Debt Issuance Programme	(10)	56	(10)	56
Interest rate swaps to hedge debt issued under the Debt Issuance Programme	(54)	1,015	(142)	2,240
Forward foreign exchange contracts	-	27	-	11
	<b>(64)</b>	<b>1,098</b>	<b>(152)</b>	<b>2,307</b>
Included in current liabilities	(18)	525	(54)	1,236
Included in non-current liabilities	(46)	573	(98)	1,071
	<b>(64)</b>	<b>1,098</b>	<b>(152)</b>	<b>2,307</b>

See Note 23: Funding and financial risk management for further details on the risk management strategy. Notional amounts above reflect the contractual value relating to the principal instrument (e.g. bond) to which the derivative relates.

The majority of the group's remaining derivative are forward-starting interest rate swaps which were initiated prior to Network Rail's reclassification. The 'pay fixed, receive floating' arrangement had – at hedge inception – the effect of fixing Network Rail's exposure to interest rate movements between the date of entering into the

swap and the drawdown of expected future debt issuances. The balance in the hedging reserve represents the cumulative loss on these instruments at the point of debt drawdowns, less amounts reclassified into profit and loss in line with the maturity of the hedged item (debt).

Following the passage of the hedged events (debt issuances), which have all now occurred, movements on these instruments have been taken in full to profit and loss since the economic relationship underpinning the hedge no longer exists. Interest rate swaps included within the derivatives population above also include reversing swaps entered into at the point of debt drawdowns to cancel the floating leg effect of the original swap. Movements in fair value for these reversing swaps are taken against profit and loss throughout the life of these instruments.

## 19. Provisions

	Restructuring £m	Legal £m	Commercial and other claims £m	Total £m
<b>At 1 April 2024</b>	<b>1</b>	<b>60</b>	<b>61</b>	<b>122</b>
Charge for the year	-	14	18	32
Utilised in the year	-	(5)	(3)	(8)
Release for the year	-	(1)	(3)	(4)
<b>At 31 March 2025</b>	<b>1</b>	<b>68</b>	<b>73</b>	<b>142</b>

The group has also provided against a number of claims arising from interpretations of legal contracts or past events for which settlement is expected to be achieved in the next year, but could be deferred to future years depending on the legal interpretation of rights and responsibilities under the contracts as well as commercial negotiation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date. The nature of these claims means that there is some uncertainty with regard to the value that they will be settled at. If the outcomes of the claims are different to the assumptions underpinning the directors' best estimates then a further liability may arise.

### Contingent liabilities

There are a number of uncertainties surrounding development indemnities and warranties which may affect the Group's financial performance. Where claims are possible but not probable, or are unquantifiable, such claims are treated as contingent liabilities. Contingent liabilities are monitored to ensure that, where a possible obligation has become probable or a transfer of economic benefits has become probable, a provision is made.

The general nature of contingent liabilities are development indemnities and warranties.

## 20. Deferred tax

The following are the deferred tax liabilities and assets recognised by the group and movement thereon during the current and prior year.

Group	Accelerated tax depreciation £m	Unrealised Gain on Investment Property £m	Revaluation of rail network £m	Short-term timing differences including retirement benefit obligations £m	Derivatives £m	Tax losses £m	Total £m
<b>At 31 March 2023 previously stated</b>	<b>3,979</b>	-	<b>1,957</b>	<b>514</b>	-	-	<b>6,450</b>
Restatement	-	-	-	-	-	(574)	(574)
<b>At 31 March 2023 restated</b>	<b>3,979</b>	-	<b>1,957</b>	<b>514</b>	-	<b>(574)</b>	<b>5,876</b>
Charge/(credit) to income	508	(1)	-	-	-	-	507
Charge to other comprehensive income	-	-	721	37	40	-	798
Transfer between reserves	-	-	(51)	51	-	-	-
Recognition of deferred tax asset (income)	-	1	-	-	-	(146)	(145)
De-recognition of deferred tax asset (equity)	-	-	-	-	(40)	-	(40)
<b>At 31 March 2024</b>	<b>4,487</b>	-	<b>2,627</b>	<b>602</b>	-	<b>(720)</b>	<b>6,996</b>
Charge/(credit) to income	234	(5)	-	(24)	-	(5)	200
Charge/(credit) to other comprehensive income	-	-	139	286	(6)	-	419
Transfer between reserves	-	-	(60)	60	-	-	-
De-recognition of deferred tax asset (income)	-	5	-	-	-	5	10
De-recognition of deferred tax asset (equity)	-	-	-	-	6	-	6
<b>At 31 March 2025</b>	<b>4,721</b>	-	<b>2,706</b>	<b>924</b>	-	<b>(720)</b>	<b>7,631</b>

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the gross deferred tax balances:

	2025 £m	2024 Restated £m
Deferred tax liabilities	8,351	7,716
Deferred tax assets	(720)	(720)
	<b>7,631</b>	<b>6,996</b>

Whilst taxable income does not exceed allowable deductions in the year, Network Rail claims only the capital allowances sufficient to make the necessary claims for group relief and available tax credits.

## 21. Notes to the statement of cash flows

	2025 Group £m	2024 Group £m	2025 Company £m	2024 Company £m
Profit before tax	725	1,503	-	-
Adjustments for:				
Property revaluation movements and profits on disposal	30	5	-	-
Fair value gain on derivatives and debt	(29)	(57)	-	-
Net interest expense	2,516	2,604	-	-
Depreciation of the rail network and leases under IFRS 16	2,732	2,606	-	-
Amortisation of grants	(430)	(427)	-	-
Amortisation of intangible assets	1	-	-	-
Impairment of HS2 related works	-	88	-	-
Non cash movement in retirement benefit obligations	77	66	-	-
Increase in provisions	20	-	-	-
<b>Operating cash flows before movements in working capital</b>	<b>5,642</b>	<b>6,388</b>	<b>-</b>	<b>-</b>
Increase in inventories	(47)	(22)	-	-
(Increase)/Decrease in receivables	(14)	1	-	-
Decrease in payables	(48)	(1,109)	-	-
<b>Cash generated from operations</b>	<b>5,533</b>	<b>5,258</b>	<b>-</b>	<b>-</b>

### Cash and cash equivalents

Cash and cash equivalents (which are represented as a single class of assets on the face of the balance sheet) comprise cash at bank and commercial paper, all of which are on call with the exception of short-term deposits. There were £631m (excluding offsetting clearing accounts) of short-term deposits with the government banking scheme ("GBS") held as at 31 March 2025 (2024: £463m).

## 22. Leases

### Group as a lessee

Property lease payments largely represent rentals payable by the group for certain of its office properties. In addition, rentals are paid for land adjacent to the railway required for maintenance and renewal activities. Non-property leases include the group's vehicles, on track machines and wagons that are leased.

The movement in the period for the lease liability is reconciled as follows:

	Property leases £m	Non property leases £m	Total £m
<b>Lease liability at 31 March 2023</b>	<b>204</b>	<b>203</b>	<b>407</b>
New leases entered into in the period	12	46	58
Change in assumptions	22	(2)	20
Interest charged in the period	5	8	13
Payments in the period	(42)	(100)	(142)
<b>Lease liability at 31 March 2024</b>	<b>201</b>	<b>155</b>	<b>356</b>
New leases entered into in the period	8	35	43
Leases renewed in the period	-	-	-
Change in assumptions	29	101	130
Interest charged in the period	5	9	14
Payments in the period	(36)	(97)	(133)
<b>Lease liability at 31 March 2025</b>	<b>207</b>	<b>203</b>	<b>410</b>

	2025 £m	2024 £m
The lease liabilities are split between the current and non-current liabilities as shown below:		
Current lease liabilities	84	96
Non-current lease liabilities	326	260
<b>Total lease liabilities</b>	<b>410</b>	<b>356</b>

The movement in the period for the ROU assets is reconciled as follows:

	Property leases £m	Non property leases £m	Total £m
<b>Right of use asset at 31 March 2023</b>	<b>200</b>	<b>208</b>	<b>408</b>
New leases entered into in the period	12	46	58
Change in assumptions	18	(14)	4
Depreciation charged in the period	(38)	(91)	(129)
<b>Right of use asset at 31 March 2024</b>	<b>192</b>	<b>149</b>	<b>341</b>
New leases entered into in the period	8	35	43
Change in assumptions	28	93	121
Depreciation charged in the period	(32)	(88)	(120)
<b>Right of use asset at 31 March 2025</b>	<b>196</b>	<b>189</b>	<b>385</b>

Expenses relating to short-term lease (included in net operating costs) were £nil. The total cash outflow for leases during the year was £133m (2024: £142m).

The following table details the group's remaining contractual maturity for its financial liabilities. See note 23 for details of how liquidity risk is managed across the group.

Group	Within 1 year £m	1-2 years £m	2-5 years £m	5+ years £m	Total £m
Lease liabilities	97	79	166	151	493

### Group as a lessor

Minimum lease payments receivable on leases where the group is lessor are as follows:

Group	Within 1 year £m	1-2 years £m	2-5 years £m	5+ years £m	Total £m
Minimum lease payments receivable	526	393	578	1,974	3,471

## 23. Funding and financial risk management

### Introduction

The group's funding requirement is met by the Department for Transport via a loan facility and grants. Previously, the group was almost entirely debt financed. Of the total £61.2bn (2024: £60.3bn) borrowings, £29.3bn debt (2024: £28.4bn) has been issued through the special purpose financing company Network Rail Infrastructure Finance PLC, which is not a member of the Network Rail Limited group, but is treated as a subsidiary for accounting purposes. This debt has been issued by Network Rail Infrastructure Finance PLC under the Debt Issuance Programme which is rated AA by Standard and Poor's, Aa3 (outlook stable) by Moody's and AA- (outlook stable) by Fitch. The Debt Issuance Programme is supported by a financial indemnity from the Secretary of State for Transport which expires in 2052. The remaining £31.9bn was issued to Network Rail Infrastructure Limited through the Department for Transport (refer to Reclassification of Network Rail below).

Debt has been issued in a number of currencies and a range of maturities which gives rise to interest rate, foreign currency and inflation risk. Financial risk management aims to mitigate these risks.

### Reclassification of Network Rail

In December 2013, the Office for National Statistics announced the reclassification of Network Rail as a Central Government Body in the UK National Accounts and Public Sector Finances with effect from 1 September 2014. This is a statistical change driven by guidance in the European System of National Accounts 2010 (ESA10).

As part of Network Rail's formal reclassification to the public sector, an arrangement was agreed whereby funding would be provided by the DfT in the form of a loan made directly to Network Rail Infrastructure Limited, to fund the continuing programme of long-term investment in the national rail network. Network Rail Infrastructure Finance PLC does not anticipate issuing further bonds in the foreseeable future and its debt service obligations would be met through repayments of the intercompany loan by Network Rail Infrastructure Limited.

All of the outstanding bonds under the Debt Issuance Programme, including nominal and index-linked benchmarks and private placements in all currencies, will continue to benefit from the direct and explicit guarantee from the UK Government under the Financial Indemnity Mechanism. In the unlikely event that the DfT withdraws or breaches its obligations on the loan facility to Network Rail the group may issue further bonds or commercial paper to meet funding requirements.

### Summary table of financial assets and liabilities

The following table presents the carrying amounts and the fair values of the group's financial assets and liabilities at 31 March 2025 and 31 March 2024.

The fair values of the financial assets and liabilities are recorded at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values where balances were not already held at fair value (see Accounting policies in Note 2):

- Bank loans – based on market data at the balance sheet date and the net present value of discounted cash flows.
- Bonds issued under the Debt Issuance Programme – based on market data at the balance sheet date. There are a small number of privately held bonds that are valued by management. Management review comparator bonds and determine an appropriate yield rate based on similar bonds that have available prices. If required, an adjustment is made for the impact of any put options.

For cash and cash equivalents, finance lease receivables, trade and other payables and trade and other receivables, fair value equates to carrying value.

Group	2025		2024	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
<b>Financial assets</b>				
Cash and cash equivalents	595	595	428	428
Other non-derivative financial assets				
Trade and other receivables (less prepayments and accrued income and other taxation and social security)	793	793	1,099	1,099
Collateral receivable	45	45	85	85
<b>Derivatives</b>				
Other derivatives as fair value through profit and loss	22	22	72	72
<b>Total financial assets</b>	<b>1,455</b>	<b>1,455</b>	<b>1,684</b>	<b>1,684</b>
<b>Financial liabilities</b>				
Financial liabilities held at amortised cost				
Bank loans	(687)	(695)	(663)	(737)
Bonds issued under the Debt Issuance Programme	(28,539)	(26,627)	(27,661)	(28,174)
Borrowings issued by DfT	(31,880)	(31,610)	(31,928)	(31,061)
Collateral payable	-	-	(3)	(3)
Trade and other payables at amortised cost (less deferred income)	(2,164)	(2,164)	(2,360)	(2,360)
Financial liabilities designated as fair value through profit and loss				
Bonds issued under the Debt Issuance Programme	(47)	(47)	(47)	(47)
<b>Derivatives</b>				
Other derivatives as fair value through profit and loss	(64)	(64)	(152)	(152)
<b>Total financial liabilities</b>	<b>(63,381)</b>	<b>(61,207)</b>	<b>(62,814)</b>	<b>(62,534)</b>

The bonds issued under the Debt Issuance programme are all level 2. Financial liabilities designated at fair value, the bank loans, the derivatives and the loan from the Department for Transport are all level 2. For all of the remaining balances, the carrying value approximates fair value and these are level 3.

The differences in fair value are not reflected in the Balance Sheet since the majority of these instruments (See Note 17) were not designated at FVTPL on initial recognition and hence are accounted for at amortised cost under IFRS 9. The size of the difference is driven by the overall decrease in market debt yield rates since the inception of these instruments; debt terms in a higher yield environment resulting in a settlement at par would now attract a premium, assuming no other changes to the instrument or wider environment.

#### Derivatives

The group (including the group's special purpose financing company, Network Rail Infrastructure Finance plc) uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The group does not use derivative financial instruments for speculative purposes. Derivatives are fair valued immediately through the income statement. The group has a comprehensive risk management process.

The Board, through the treasury committee, has approved and monitors the risk management processes, including documented treasury policies, counterparty limits, controlling and reporting structures.

The use of derivative instruments can give rise to credit and market risk. Market risk is the possibility that future changes in foreign exchange rates and interest rates may make a derivative more or less valuable. Since the

group uses derivatives for risk management, market risk relating to derivative instruments will principally be offset by changes in the valuation of the underlying assets, liabilities or transactions being hedged.

### **Credit risk**

Network Rail manages its funds with banks that have high credit ratings; assigned by international credit-rating agencies. The treasury committee authorises the policy for setting counterparty limits based on credit ratings. The group spreads its exposure over a number of counterparties and has strict policies on how much exposure can be assigned to each of the counterparties. Surplus liquidity is invested in the Government Banking Scheme which has low credit risk.

For debt designated as fair value through profit and loss (FVTPL) there has been no change in carrying value as a result of changes in the group's credit risk.

The credit risk with regard to all classes of derivative financial instruments entered into before 1 January 2013 is limited because Network Rail has arrangements in place which limit each bank to a threshold (based on credit ratings), which if breached requires the bank to post collateral in cash or eligible securities. The members of the banking group are required to post collateral on positive mark to market swaps above the threshold. In December 2012 the group entered into new collateral agreements in respect of derivative trades entered into after 1 January 2013. Under the terms of the new agreements Network Rail posts collateral on adverse net derivative positions with its counterparties. The new agreements do not contain a provision for thresholds; as such Network Rail or its counterparties are required to post collateral for the full fair value of net out of the money positions. At 31 March 2025 the fair value of collateral held was £0m (2024: £3m). The group is the beneficial owner of this collateral. The group is free to invest or otherwise utilise the collateral at its discretion, subject to acting within the authority sanctioned by the treasury committee. The balance of collateral posted by the group at 31 March 2025 was £45m (2024: £85m).

The group does not have any significant credit risk exposure to any single counterparty and has considered the creditworthiness of debtors. For further detail on the creditworthiness of customers and suppliers, see Notes 15 (Trade and other receivables) and 16 (Trade and other payables).

The group considers its maximum exposure to credit risk to be the sum of its financial assets, as set out in Note 15.

### **Foreign exchange risk**

Network Rail is exposed to currency risks from its investing, financing and operating activities. Foreign exchange risk for all currencies is managed by the use of forward exchange contracts and currency swaps to limit the effects of movements in exchange rates on foreign currency denominated liabilities.

The group considers a ten-percentage point increase in the value of any currency against sterling to be a reasonably possible change and this would not have a material impact on the group's net profit before tax or equity.

### **Interest rate and inflation risk**

The group is exposed to changes in interest rates as funds are borrowed at both fixed and floating interest rates. The hedging strategy approved by the treasury committee defines the appropriate mix between fixed and floating borrowings. Cross-currency and interest rate swap contracts are used to manage the fixed/floating ratio.

Debt with a nominal value of £2,030m (2024: £4,480m) is arranged at or swapped into fixed interest rates and exposes the group to fair value interest rate risk. This nominal value reduces as related derivatives mature. Other borrowings were arranged at or swapped into floating rates, thus exposing the group to cash flow interest rate risk.

The group has certain debt issuances which are index-linked and so are exposed to movements in inflation rates. The group does not enter into any derivative arrangements to hedge its exposure to inflation in relation to its index-linked debt, but rather to mitigate the effects of inflation on the group's retail price index-linked revenue streams.

### Sensitivity analysis

This sensitivity analysis has been determined based on the exposure to interest rates and inflation for both derivative and non-derivative financial instruments at the balance sheet date. A one per cent increase or decrease represents management's assessment of the reasonably possible changes in average interest rates and inflation.

	Group 31 March 2025	Group 31 March 2024
	Impact on the income statement £m	Impact on the income statement £m
1 % increase in the interest rate	26	59
1 % increase in the GBP RPI on index linked bonds	(226)	(222)

A one per cent decrease in the above rates would have an equal and opposite effect.

Interest rate sensitivities have been calculated by comparing the average rates of the derivative financial instruments to the market rate for similar instruments.

The impact of a change in GBP RPI has been calculated by applying a change of one per cent to the RPI at the balance sheet date to the carrying value of the index linked bonds.

### Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of directors. The policy manual ratified by the treasury committee includes an appropriate liquidity risk management framework covering the group's short, medium and long-term funding and liquidity management requirements. Treasury provides sufficient liquidity to meet the group's needs, while reducing financial risks and minimising credit risk on surplus cash.

The group manages liquidity risk by maintaining sufficient cash and facilities to cover at least one year's working capital requirement by continuously monitoring forecast and actual cash flows. Included in Note 17 is a description of additional undrawn facilities that the group has at its disposal to further reduce liquidity risk.

The following table details the group's remaining contractual maturity for its financial liabilities. The table has been drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay and, therefore, differs from both the carrying value and the fair value. The table includes both interest and principal cash flows.

Group	Within 1 year £m	1-2 years £m	2-5 years £m	5+ years £m	Total £m
<b>31 March 2025</b>					
<b>Non-derivative financial liabilities</b>					
Bank loans and overdrafts	(8)	(8)	(25)	(759)	(800)
<b>Bonds issued under the Debt Issuance Programme</b>					
– Sterling denominated bonds	(102)	(102)	(307)	(2,659)	(3,170)
– Sterling denominated index-linked bonds	(893)	(350)	(8,087)	(21,085)	(30,415)
– Foreign currency denominated bonds	(2)	(49)	-	-	(51)
Loan from the Department for Transport	(9,113)	(7,398)	(19,541)	-	(36,052)
Trade and other payables	(1,512)	(22)	-	-	(1,534)
<b>Derivative financial liabilities</b>					
Net settled derivative contracts	(18)	(10)	(4)	-	(32)
Gross settled derivative contracts – receipts	29	28	-	-	57
Gross settled derivative contracts – payments	(35)	(33)	-	-	(68)
	<b>(11,654)</b>	<b>(7,944)</b>	<b>(27,964)</b>	<b>(24,503)</b>	<b>(72,065)</b>

Group	Within 1 year £m	1-2 years £m	2-5 years £m	5+ years £m	Total £m
<b>31 March 2024</b>					
<b>Non-derivative financial liabilities</b>					
Bank loans and overdrafts	(8)	(8)	(24)	(743)	(783)
<b>Bonds issued under the Debt Issuance Programme</b>					
– Sterling denominated bonds	(102)	(102)	(307)	(2,761)	(3,272)
– Sterling denominated index-linked bonds	(350)	(865)	(7,967)	(20,663)	(29,845)
– Foreign currency denominated bonds	(2)	(2)	(49)	-	(53)
Loan from the Department for Transport	(16,440)	(8,268)	(9,122)	-	(33,830)
Trade and other payables	(1,639)	(13)	-	-	(1,652)
<b>Derivative financial liabilities</b>					
Net settled derivative contracts	(45)	(19)	(14)	-	(78)
Gross settled derivative contracts – receipts	29	29	28	-	86
Gross settled derivative contracts – payments	(20)	(20)	(19)	-	(59)
	<b>(18,577)</b>	<b>(9,268)</b>	<b>(17,474)</b>	<b>(24,167)</b>	<b>(69,486)</b>

## Offsetting financial assets and liabilities

### – Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements. The balances have not been presented on a net basis in the financial statements.

Group	Gross amounts of recognised financial assets £m	Gross amounts of recognised financial liabilities set off in the balance sheet £m	Net amount of financial assets presented in the balance sheet £m	Related amounts not set off in the balance sheet		Net amount £m
				Financial instruments £m	Cash collateral received £m	
<b>31 March 2025</b>						
Derivative financial assets	22	-	22	(22)	8	8
<b>31 March 2024</b>						
Derivative financial assets	72	-	72	(71)	46	47

### – Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements. The balances have not been presented on a net basis in the financial statements.

Group	Gross amounts of recognised financial liabilities £m	Gross amounts of recognised financial assets set off in the balance sheet £m	Net amount of financial liabilities presented in the balance sheet £m	Related amounts not set off in the balance sheet		Net amount £m
				Financial instruments £m	Cash collateral paid £m	
<b>31 March 2025</b>						
Derivative financial liabilities	(64)	-	(64)	22	37	(5)
<b>31 March 2024</b>						
Derivative financial liabilities	(152)	-	(152)	71	36	(45)

### Cash flow hedges

Contractual payments on derivatives designated as cash flow hedges impact the income statement as described in Note 18 and will all have matured by 2027.

### Borrowings

Details of the group's undrawn committed facilities and types of debt instrument used can be found in Note 17.

### Fair value measurements recognised in the balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2025			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivative financial assets	-	22	-	22
<b>Assets</b>	-	<b>22</b>	-	<b>22</b>
Derivative financial liabilities	-	(64)	-	(64)
Financial liabilities designated at fair value through profit and loss	-	(47)	-	(47)
<b>Liabilities</b>	-	<b>(111)</b>	-	<b>(111)</b>
<b>Total</b>	-	<b>(89)</b>	-	<b>(89)</b>

	2024			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivative financial assets	-	72	-	72
<b>Assets</b>	-	<b>72</b>	-	<b>72</b>
Derivative financial liabilities	-	(152)	-	(152)
Financial liabilities designated at fair value through profit and loss	-	(47)	-	(47)
<b>Liabilities</b>	-	<b>(199)</b>	-	<b>(199)</b>
<b>Total</b>	-	<b>(127)</b>	-	<b>(127)</b>

The fair value of level 2 derivatives is estimated by discounting the future contractual cash flows using appropriate yield curves based on quoted market rates as at the current financial year end.

A review of the categorisation of the assets and liabilities into the three levels is made at each reporting date. There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements in the current or prior years.

## 24. Retirement benefit schemes

### Defined contribution schemes

On 1 April 2004 the company introduced a defined contribution pension scheme, the Network Rail Defined Contribution Pension Scheme (NRDCPS). These schemes are offered to all new employees of Network Rail, except those who have the legal right to join the Railway Pension Scheme (RPS). Any employee who wishes to transfer from the Network Rail Section of the RPS to the NRDCPS is entitled to do so.

At 31 March 2025, the NRDCPS had 12,653 active members (2024: 12,782) and the average employer contribution rate in the year was 4 per cent (2024: 4 per cent).

The estimated amounts of contributions expected to be paid by the company and by members to the schemes during the year ended 31 March 2026 are £138m and £86m respectively.

### Defined benefit schemes

The principal pension scheme in which the company participates is the Railway Pension Scheme (RPS), which was established by statutory instrument, commenced on 1 October 1994 and is a funded defined benefit arrangement. The assets and liabilities under the predecessor scheme, the British Rail Pension Scheme (BRPS), were transferred to the RPS on that date. The RPS is an industry-wide scheme for all eligible employees within the railway industry. There are different sections within it for different employers. The assets and liabilities of each section are identified separately from those of the other sections. The company has its own section, the Network Rail Shared Cost Section (the Network Rail Section). This scheme, the assets of which are held separately from the company, is contributory and provides pensions related to pay at retirement.

The assets transferred to the RPS from the BRPS on 1 October 1994 were apportioned among the various sections of the RPS in accordance with the methods and assumptions specified in The Railways Pensions (Transfer and Miscellaneous Provisions) Order 1994 (the 'Transfer Order') which effected the transfer. The amount credited to the Network Rail Section included a share of the surplus at that time.

Since 1 April 2004, new members can only join the Network Rail Section of the RPS after completing five years of service. Benefits for existing members and employees joining up to and including 31 March 2004 were not affected by the revised eligibility rules of the Network Rail Section. In addition, the company announced its decision to cap its contribution to British Railways Additional Superannuation Scheme (BRASS) matching at current levels for existing employees and to dispense with matching for new employees. The company will continue to match regular contributions but will not increase them in cash terms in the future.

On 1 November 2008 Network Rail launched a third pension scheme – the Career Average Revalued Earnings (CARE) scheme, which is available to all employees.

Qualified actuaries Willis Towers Watson have valued the schemes on an IAS 19 (revised) basis at 31 March 2025 and 31 March 2024.

The contributions required to fund the RPS and the CARE scheme are reassessed every three years, following completion of actuarial valuations (by the Scheme Actuaries). The last full actuarial valuations of both the RPS and CARE schemes were undertaken by the Scheme Actuaries, at WTW and XPS respectively. These triennial valuations as at 31 December 2022 showed a technical funding surplus of £2,350m for RPS and a £40m deficit for CARE.

Under the terms of the Pensions Act 2004, the Trustee and each employer must agree the methods and assumptions used to calculate the 'Technical Provisions', i.e. assets required to meet the Section's liabilities. The assumptions agreed are typically weaker than those used for IAS 19 purposes in current market conditions, so the minimum funding requirement in itself requires no further adjustment to the IAS 19 obligations below. However, the regulatory regime may, depending on legal advice received at the appropriate time, mean that a future employer's accounting surplus would need to be restricted.

The RPS and CARE schemes are both shared cost in nature, so the cost of benefits being earned and the cost of funding any shortfall in the schemes are normally split in the proportion 60:40 between the company and the members. In practice the contributions are adjusted at each triennial valuation to reflect the funding position of the schemes at that time.

Where a deficit arises, the provisions in the rules mean that the company and members benefit from or pay for this respectively in the proportion 60:40.

	2025 %	2024 %
Key assumptions used:		
Discount rate	5.8	4.8
Expected rate of price inflation and CARE benefit increases (RPI measure)	3.1	3.2
Future earnings increases*		
- after changes to benefits from 1 April 2016	2.8	3.2
Pension increases (CPI measure)	2.8	2.9

\* Excluding promotional salary scale. Promotional salary scale increases apply only in respect of service after the date of promotion.

	2025		2024	
	Males	Females	Males	Females
RPS: Average life expectancy mortality tables used to determine defined benefit obligations:				
– Member aged 65	20.7	22.8	20.7	22.7
– Member aged 45	22.3	24.6	22.3	24.5
CARE: Average life expectancy mortality tables used to determine defined benefit obligations:				
– Member aged 65	21.6	24.2	21.6	24.1
– Member aged 45	23.2	25.8	23.2	25.8

For Network Rail Section of the RPS the discounted mean term of the defined benefit obligation is 17 years, for the CARE scheme it is 29 years.

Amounts recognised in income in respect of the company's pension arrangement are as follows:

	2025 £m	2024 £m
Current service cost – defined contribution (see note 6)	25	24
Current service cost – defined benefit (see note 6)	187	176
Interest cost	3	8
	<b>215</b>	<b>208</b>

The current service cost has been included in employee costs; the net interest scheme deficit has been included in finance costs.

Amounts recognised in the statement of comprehensive income in respect of the company's pension arrangement are as follows:

	2025 £m	2024 £m
Loss on defined benefit obligation due to experience	23	35
Gain on defined benefit obligation due to assumption changes	(1,024)	(55)
Return on plan assets (greater) / less than discount rate	252	(95)
Impact of removal of adjustment for member's share of the surplus/(deficit)	(394)	(34)
<b>Actuarial gain recognised in the statement of comprehensive income</b>	<b>(1,143)</b>	<b>(149)</b>

The cumulative amount of actuarial gains recognised in other comprehensive income was £4,054m (2024: £2,911m).

The RPS Section is in surplus. The group has considered the scheme rules and concluded we have an unconditional right to the return of surplus assets in the RPS scheme and hence have recognised 100 % of the surplus. The basis for this judgement is that Network Rail are able to veto any proposed utilisation of the surplus and the Trustees cannot unilaterally wind up the scheme. If in the event of a wind up of the scheme, there are

no beneficiaries remaining, then the surplus would be returned to Network Rail. While it is considered extremely unlikely that Network Rail would veto any use of the surplus until such time that no beneficiaries are alive, the result is nonetheless that Network Rail have an unconditional right of the surplus in line with the accounting recognition requirements of IFRIC 14.

The amount included in the balance sheet arising from the company's obligations in respect of its defined benefit schemes is as follows:

	2025 £m	2024 £m
The defined benefit obligation is made up as follows:		
Active members	(3,861)	(4,150)
Deferred pensioner member	(1,184)	(1,365)
Retired members	(3,044)	(3,821)
Present value of defined benefit obligation	<b>(8,089)</b>	<b>(9,336)</b>
Fair value of scheme assets	8,910	9,048
<b>Surplus/(Deficit) in the scheme</b>	<b>821</b>	<b>(288)</b>
<b>Adjustment for member's share</b>	<b>(328)</b>	<b>115</b>
<b>Recognition of member's 40% of RPS surplus</b>	<b>430</b>	<b>33</b>
<b>Group's share of the scheme surplus/(deficit) recognised in the balance sheet</b>	<b>923</b>	<b>(140)</b>

The retirement benefit balances are reconciled to the balance sheet as set out below:

	2025 £m	2024 £m
Section of RPS disclosed as Retirement benefit asset	1,075	82
CARE Scheme disclosed as Retirement benefit liability	(152)	(222)
<b>Net retirement benefit asset/(liability)</b>	<b>923</b>	<b>(140)</b>

These amounts are presented as a non-current asset and a non-current liability in the balance sheet. Cumulative gains or losses are recognised in equity.

## Movements in defined benefit plan assets and liabilities (including members' share):

	Asset* £m	Liabilities** £m	Deficit £m
<b>At 1 April 2023</b>	<b>8,590</b>	<b>(8,948)</b>	<b>(358)</b>
Current service cost including members' share	-	(314)	(314)
Interest on pension deficit	409	(423)	(14)
Section amendment (Past Service Cost)	-	-	-
Administration expenses	(14)	-	(14)
Return on plan assets less than the discount rate	159	-	159
Actuarial gain arising from experience adjustments	-	(54)	(54)
Actuarial loss arising from demographic assumptions	-	43	43
Gain on DBO – financial assumption	-	48	48
Regular contributions by employer	133	-	133
Contributions by employees	83	-	83
Benefits paid	(312)	312	-
<b>At 31 March 2024</b>	<b>9,048</b>	<b>(9,336)</b>	<b>(288)</b>
Current service cost including members' share	-	(336)	(336)
Interest on pension deficit	431	(440)	(9)
Section amendment (Past Service Cost)	-	-	-
Administration expenses	(13)	-	(13)
Return on plan assets less than the discount rate	(420)	-	(420)
Actuarial gain arising from experience adjustments	-	(38)	(38)
Actuarial loss arising from demographic assumptions	-	19	19
Gain on DBO – financial assumption	-	1,688	1,688
Regular contributions by employer	134	-	134
Contributions by employees	84	-	84
Benefits paid	(354)	354	-
<b>At 31 March 2025</b>	<b>8,910</b>	<b>(8,089)</b>	<b>821</b>

\* Including CARE scheme assets at 31 March 2025 of £294m (2024: £274m)

\* Including CARE scheme liabilities at 31 March 2025 of £548m (2024: £644m)

The actual return on scheme assets was a loss of £11m (2024: gain of £568m).

**Scheme assets**

The following table shows the assets split according to the IFRS 13 Fair Value hierarchy:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
<b>31 March 2025</b>				
Total assets RPS scheme	4,397	912	3,307	8,616
Total assets CARE scheme	48	228	18	294
<b>Total scheme assets</b>	<b>4,676</b>	<b>1,249</b>	<b>2,985</b>	<b>8,910</b>
<b>31 March 2024</b>				
Total assets RPS scheme	5,006	707	3,061	8,774
Total assets CARE scheme	38	211	25	274
<b>Total scheme assets</b>	<b>5,044</b>	<b>918</b>	<b>3,086</b>	<b>9,048</b>

The group is exposed to a number of risks relating to the scheme including assumptions not being borne out in practice. The most significant risks are as follows:

#### **Asset volatility**

There is a risk that a fall in asset values is not matched by corresponding reduction in the value places on the defined benefit obligation scheme (DBO). The scheme holds a proportion of growth assets, which are expected to outperform corporate and government bond yields in the long term but gives exposure to volatility and risk in the short-term.

#### **Change in bond yields**

A decrease in corporate bond yields will increase the value placed on the scheme DBO, although this will be partially offset by an increase in the value of the scheme's corporate bond holdings.

#### **Inflation risk**

The majority of the scheme's DBO is linked to inflation where higher inflation will lead to higher value being placed on the DBO. Some of the scheme assets are either unaffected by inflation or loosely correlated with inflation (e.g. growth assets), meaning that an increase in inflation will generally increase the deficit. The CPI(H) assumption is derived from the RPI assumption. On 4 September 2019, the Government and UK Statistics Authority (UKSA) published correspondence relating to the future of RPI. A consultation on the proposed changes ran from March to August 2020 and a formal response to the consultation was published on 25 November 2020. Given that the UKSA have noted their intention to align RPI with CPIH from February 2030, the post-2030 market-implied RPI assumption should theoretically reflect market expectations for CPI(H). CPIH has historically been closely aligned with CPI, so it has been assumed there is a nil gap between RPI and CPI(H) from February 2030. This calculation assumes the market has not included any compensation or adjustment for the change from RPI to CPI(H) from 2030. The starting point for the RPI assumption is the yield rate curve reflecting the scheme's average duration of 17 years. The rate is then adjusted downwards to reflect the fact that buyers of these instruments are prepared to pay a premium for inflation protection and as such the yield is not a true reflection of market expectations of inflation. The approach over the adjustment is consistent in 2025 and 2024. The difference between RPI and CPI(H) is 30bps (2024: 30bps).

#### **Life expectancy**

Future mortality rates cannot be predicted with certainty. An increase in life expectancy will lead to an increase in the scheme's defined benefit obligations, whilst a decrease in life expectancy will decrease those obligations.

#### **Discount rate**

The discount rate needs to be based upon yields on high quality corporate bonds at the balance sheet date. A range of bonds are included when calculating this rate. Further, extrapolation of bond yields is required where there is a lack of bonds at long duration.

#### **Actuarial assumption sensitivity**

The discount rate is set by reference to market conditions at the reporting date, and can vary significantly between periods.

The earnings increases are linked to inflation and so set by reference to market conditions at the reporting date.

The mortality assumptions used are set by considering the experience of the scheme's members, and by making an allowance for possible future improvements in longevity. Mortality assumptions are difficult to set accurately and forecasting rates of future mortality improvement is inevitably speculative.

Expected future benefit payments from the Network Rail Section, based on data from the 2022 formal valuation and the 31 March 2025 IAS 19 assumptions are as follows:

	£m
Benefits expected to be paid within 12 months	300
Benefits expected to be paid between 2 to 3 years	594
Benefits expected to be paid between 4 to 6 years	1,019
Benefits expected to be paid between 7 to 10 years	1,598
Benefits expected to be paid between 11 to 15 years	2,311
Benefits expected to be paid in over 15 years	14,589

The following table shows the effect of changes in these assumptions upon the defined benefit obligation:

	2025 £m	2024 £m
<b>Discount rate</b>		
Change in defined benefit obligation at year end from a 25-basis point increase	(302)	(380)
Change in defined benefit obligation at year end from a 25-basis point decrease	320	405
<b>Mortality</b>		
Change in defined benefit obligation from a one-year increase in longevity	235	357
Change in defined benefit obligation from a one-year decrease in longevity	(242)	(377)
<b>Earnings increase</b>		
Change in defined benefit obligation at year end from a 25-basis point increase	75	100
Change in defined benefit obligation at year end from a 25-basis point decrease	(73)	(97)
<b>Price inflation (CPI measure)*</b>		
Change in defined benefit obligation at year end from a 50 basis point increase	453	524
Change in defined benefit obligation at year end from a 50 basis point decrease	(413)	(479)

\* Including consistent increases to Retail Price Index, salary growth and Retail Price Index / Consumer Price Index related pensions assumptions.

#### Other matters impacting the retirement benefit schemes

In June 2023, the UK High Court ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The Court of Appeal upheld this ruling in August 2024. Based on the work performed to date, there is no adjustment included in the financial statements in relation to the court case. The group will keep this matter and any other cases in this area under review.

## 25. Related parties

The DfT and TS are considered related parties of Network Rail. Network Rail received grant income of £7,145m from the DfT in the year ended 31 March 2025 (2024: £7,931m). Network Rail recognised grant income of £488m from TS for the year ended 31 March 2025 (2024: £441m). The total of this income is “Grant income” in Note 3. At 31 March 2025 the company held £31,880m of loans issued by DfT (2024: £31,928m).

The British Transport Police (BTP), with whom Network Rail has a Police Service Agreement is also a related party. Network Rail incurred £123m (2024: £111m) of costs relating to services provided by the BTP in the year ending 31 March 2025 and received £1m (2024: £1m) in property income from the BTP in the same period.

Network Rail is also a related party of High Speed 2 (HS2). At the end of the financial year Network Rail held £92m (2024: £104m) of capital work in progress relating to works on HS2 and had also received £159m (2024: £197m) of capital grants that was recorded against property, plant and equipment.

East West Rail (EWR) is also a related party of Network Rail. During the year ended 31 March 2025, Network Rail received income of £1m (2024: £1m) from EWR for the provision of feasibility studies and development activities services.

Network Rail is one of the main industry stakeholders of DfT Operator Limited (DfTO) which is also wholly owned by the Secretary of State for Transport. Transactions between Network Rail and DfTO are at arm’s length. Capital project funding paid, net of capital costs amounted to £55m (2024: £40m). During the financial year ended 31 March 2025, £661m (2024: £127m) for services rendered was received from DfTO. During the financial year ended 31 March 2025, £154m (2024: £199m) of purchases were made from DfTO. At year-end balances with DfTO included payables of £3m (2024: £4m) and receivables of £27m (2024: £17m).

## 26. Post balance sheet events

On 1 April 2025, after the balance sheet date, the group completed the acquisition of London & Continental Railways Limited (LCR). The group acquired 100 % of the share capital. LCR specialises in the management, development and disposal of property assets within a railway context and, in particular, property assets associated with major infrastructure projects. The acquisition is part of the wider reforms within the industry. Network Rail is an arm’s length body of the Department for Transport, who previously owned LCR.

LCR was treated as an equity investment by the Department for Transport. The fair value of the investment that DfT were carrying at 31 March 2025 was £217m (2024: £232m). As a property company, the majority of this relates to the properties it carries at fair value.

As part of the wider rail reforms, LCR was transferred to Network Rail for nil consideration from the Department for Transport. The difference between the consideration and the fair value is accounted as a government grant. The government grant of £0.2bn will be included in deferred grants and the value of the assets and liabilities of LCR will be consolidated in the group accounts.

Other than the above, there have not been any significant post balance sheet events, whether adjusting or non-adjusting.



