Supplier spend report

FY 2024/25

Contents

Control Period 7 year 1 highlights

£8.8bn

spent with supply chain

£4.8bn

spent with key Tier 1 supply chain

4,080

Direct suppliers contracted; 70 % SMEs

96%

invoices paid on time

Implemented Procurement Act 2023

Introduction

Welcome to the Supplier Spend Report for the financial year 2024/25 covering the period from 1 April 2024 to 31 March 2025. The purpose of this report is to provide an update to our supply chain by detailing our key spend with them during the first year (2024/25) of Control Period 7 (CP7), which covers 2024 to 2029.

Our supply chain is integral to the successful and safe operation of the railway. We spend around 75 % of our total funding envelope with the supply chain and welcome the collaborative engagement we have with our suppliers.

We understand how challenging the environment has been for our supply chain, particularly with high inflation rates and other economic challenges.

Over the past year, we have re-introduced our national supplier calls and worked more closely with the trade associations to improve communications and help with openness and delivery alignment. We are working hard to provide more transparency than ever before to improve our procurement pipeline and details of our frameworks.

We hope this report serves as a valuable resource for understanding our supplier spend and guiding our efforts forwards greater efficiency.

We thank our supply chain for their continued support to help us deliver a safe, reliable and efficient railway for passengers and freight users.

Tracey Williamson
Group Commercial & Procurement Director

Basis of preparation

This report presents a comprehensive overview of Network Rail's national supplier expenditure for the financial year 2024/25.

The forecasts included in this report reflect our current understanding and planning assumptions. As our operational and financial strategies continue to evolve, these projections may be updated to reflect the most accurate and timely information available.

It is important to note that this document has been prepared using a methodology distinct from that of our Delivery Plan Year Two Update. While this report focuses specifically on supplier related spend in 2024/25, the Delivery Plan will provide a broader view of our planned expenditure covering our operations, support, maintenance and renewals activities for the entirety of CP7, based on forecasts as of period 11. The Delivery Plan Year Two Update also excludes enhancements, recognising these are funded separately (outside of the periodic review process) through the Rail Network Enhancements Pipeline (RNEP) process. Therefore, the figures and insights presented in this report are not directly comparable to those in the Delivery Plan Year Two Update.

All monetary values are expressed in constant 2024/25 prices, unless otherwise indicated, to ensure consistency and comparability across reporting periods.

Overview of spend

Network Rail Spend

In financial year 2024/25, our total expenditure across operations, support, maintenance, renewals (OSMR) and enhancements was £10.6 billion, which was just £60 million lower than Control Period six average (CP6 covers 2019 to 2024). The Delivery Plan covers all OSMR costs.

In addition to Network Rail expenditure, the rail sector continues to invest in major programmes such as High Speed 2 (HS2) with £6.7 billion capex in 2024/25 (an increase of £1.7 billion on CP6 average) and East West Rail (EWR) with £57 million in 2024/25, which provides significant volumes of work to the supply chain.

The table below shows a summary of Network Rail's (GB) CP6 vs 2024/25 total expenditure in £m, in 2024/25 prices, excluding traction electricity, industry costs and rates (TEICR). These are non-controllable elements of our operating expenditure that cannot be influenced or avoided. For example, electricity Network Rail is required to purchase that is used to power trains on the network and which is a pass-through cost for Network Rail, often referred to as 'EC4T' (electricity cost for traction), and the amount paid to the British Transport Police).

Summary of GB CP6 vs 2024/25 total expenditure (£m)

	CP6						**CP7**
	2019/20	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**average**	**2024/25**
Support & Operations	£1,642	£2,072	£1,988	£1,850	£2,020	£1,914	£1,991
Maintenance	£2,163	£2,347	£2,297	£2,227	£2,349	£2,277	£2,504
Renewals	£3,621	£4,850	£4,648	£4,315	£4,035	£4,294	£3,684
Enhancements:	£2,085	£1,774	£2,016	£2,225	£2,544	£2,129	£2,376
- TRU	£227	£330	£517	£644	£702	£484	£842
- EWR	£115	£257	£308	£193	£122	£199	£57
- Other	£1,744	£1,187	£1,191	£1,387	£1,720	£1,446	£1,477
HS2 capex	£2,237	£3,249	£5,008	£6,915	£7,384	£4,959	£6,702
Total (£m)*	**£11,749**	**£14,292**	**£15,957**	**£17,532**	**£18,331**	**£15,572**	**£17,257**
Total excluding HS2	**£9,512**	**£11,043**	**£10,949**	**£10,617**	**£10,947**	**£10,614**	**£10,555**

*Numbers may not total due to rounding.

Supply Chain Spend

In financial year 2024/25, we invested £8.8 billion (including EC4T) through our supply chain, a 3% decrease compared to our average annual spend across CP6 (adjusted for inflation).

Some suppliers have expressed concern that spending has been slower at the start of CP7 than they expected. While we understand this perception, particularly given changes in how spend flows through our delivery models, it's worth noting that at a macro level, activities to date are broadly aligned with our expectations for the early stages of the control period. It is true that the mix of spend by category has changed with a focus on weather resilience and more refurbishment activity than renewals work in some categories, and this will have much more of an impact on some suppliers than others.

Although the OSMR CP7 funding settlement is broadly in line with the CP6 settlement, it is more constrained due to high inflation, which limits the total amount available for investment. We have shifted the structure of our delivery model in some categories and regions resulting in a closer partnership with fewer direct delivery partners and as a result we have lower direct spend with small and medium-sized enterprises (SMEs). Our tier 1 partners deliver work through their own supply chains, meaning that while we are spending the funds allocated, the flow of that spend may differ from previous years, reaching different tiers or segments of the supply chain. The funds allocated, the timing and visibility of that spend within the supply chain may also differ from previous years.

In addition to our core renewals programme, we are also progressing a range of regional enhancements aimed at developing and modernising the railway infrastructure to meet the evolving needs of passengers and freight services. These enhancements include extending and upgrading accessibility, constructing new stations, and electrifying core routes. These enhancements contribute significantly to our overall capital investment and reflect Government's long-term strategic priorities.

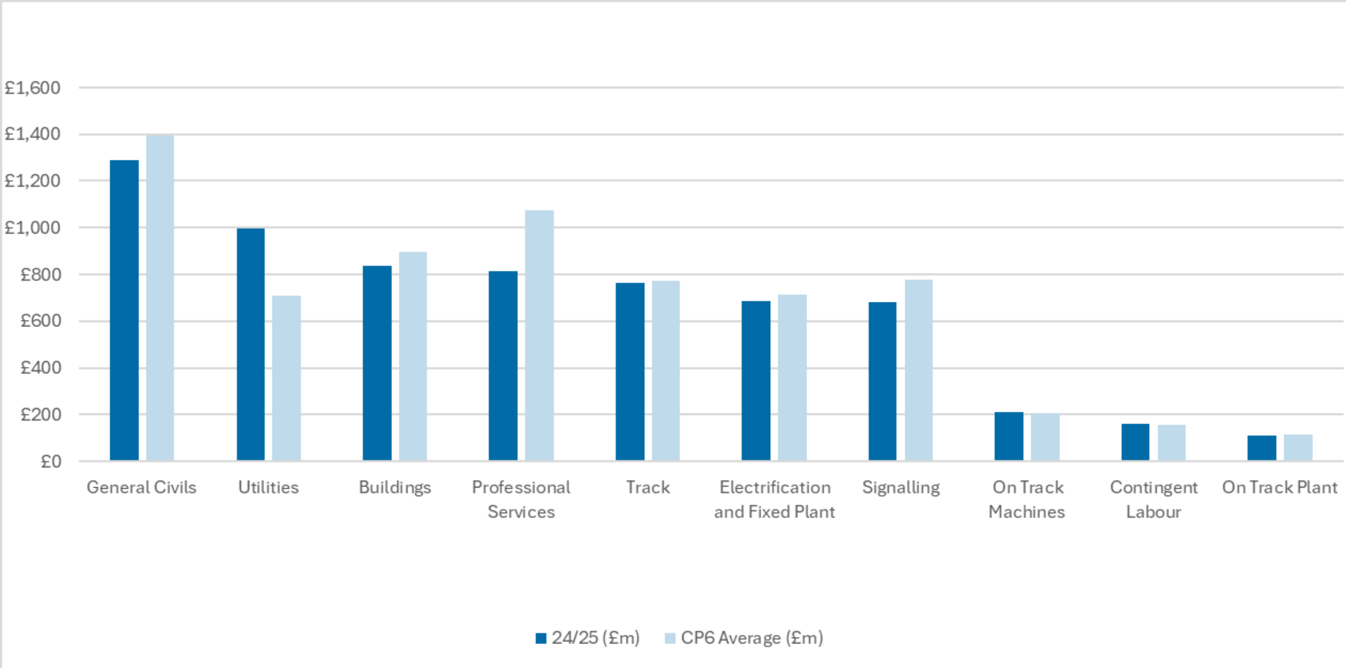
Outside of Network Rail's spend, HS2 contributes significantly to the work available to the supply chain. The HS2 spend has ramped up from circa £2bn in 2019/20 to around £7bn per annum for the last three years. The vast majority of this spend is directly with principal contractors.

Spend by Category

Building on this overview, it's important to understand how our investment is spent by category. We categorise supplier expenditure into defined spend categories that reflect the nature of goods, services and works procured. These categories, such as civils, track, electrification & plant, professional services, utilities and others, are aligned with our internal cost classification framework and enable consistent analysis across control periods.

Each category aggregates spend from multiple contracts and suppliers, allowing us to monitor trends, assess value for money, and inform future commercial strategy. The chart overleaf provides a clear illustration of category-level spend within the supply chain for 2024/25, benchmarked against our CP6 average. This offers insight into how our investment priorities are evolving and where shifts in delivery models may be influencing the distribution of spend across the supply chain.

Comparison of expenditure by category: 2024/25 vs CP6 average (£m)



In CP6 we continued to invest heavily on improving safety and reliability across the railway. As well as investing in maintenance and renewals we delivered a wide range of enhancement schemes to build capacity. We electrified the first phase of the Midland Main Line (MML), restored lost railway connections between Exeter and Okehampton, renewed a critical junction for passengers and freight users at Carstairs, and opened new stations/facilities at Gatwick Airport, Inverness Airport and Thanet in Kent. We introduced 'jumbo' freight trains, coupling two trains together to haul goods more efficiently and delivered substantial works on the TransPennine Route Upgrade (TRU) among our successes as an industry. While doing all that we reduced our carbon emissions by a quarter and kept the railway running during COVID.

The impact of the pandemic on rail has been significant and continues to require us to review and adjust our plans. It's encouraging to see passengers returning to the railway, with usage almost back to pre-pandemic levels (including the Elizabeth line). While there has been a noticeable shift in travel patterns, including increased leisure travel, commuting remains the dominant contributor to revenue and is showing signs of recovery. At the end of 2024-25, revenue was 81 % of the equivalent at the start of the pandemic, reflecting both the evolving travel behaviours and the ongoing financial pressures on the railway

Overall spend with the supply chain in CP7 year 1 has decreased by around 3 % (£282m) compared to the average in CP6, in constant prices. The increase in inflation at the end of CP6 reduced the spending capacity of our CP7 plan by £1.6bn at a time when we had already agreed CP7 funding. In several key areas, including aggregates, our costs have increased beyond the consumer prices index (CPI), a result of the timing of our contract renewals intensity of the many of the materials we buy. That means the money we have doesn't go as far, even on a constant price base. Although utilities costs billed to Network Rail have increased by 40 % in FY24/25 vs CP6 average, this does not represent as significant a pressure to the cost base as suggested by the £995m FY25 cost. This is because a large proportion (~80 %) of our electricity costs are passed through to train operators (£794m for FY25).

It is typical for the first year of a new control period to experience less spend than the last year in the previous control period. In real terms, FY24/25 spend is in line with the FY19/20 (CP6 year 1). Across the renewals portfolio we are planning on spending less in real terms in CP7 compared to CP6. Our funding for the control period is fixed through the Statement of Funds Available (SoFA) process by the Department for Transport (DfT) and Transport Scotland (TS). For CP7, shortly after the SoFA was agreed, the UK suffered 40-year high inflation which significantly eroded what the SoFA could deliver. This means there is insufficient funding to do all the renewals work we would like, to keep the asset in a 'steady state'. Consequently, we are planning on doing less renewals and more maintenance to manage the asset which is consistent with the Office of Rail and Road (ORR) determination and our CP7 business plan.

To optimise the funding available and prioritise the most important areas for investment in 2024/25, in some categories we shifted focus from renewals to refurbishment to extend asset life, and we have invested more in weather resilience. This changes where money was spent across Network Rail and our supply chain.

The Spending Review for England and Wales was published on 11 June 2025, and confirmed specific investment within Network Rail's portfolio:

- £10.2 billion for rail infrastructure improvements across the UK running through to 2029/30
- £3.5 billion for the TRU
- £300m for rail investment in Wales supporting new stations, Cardiff West junction upgrades and level crossing removals in North Wales, as part of a £445 million total for the region
- £240m to enhance Leeds station, improving capacity and relieving congestion
- Funding to progress the next stage of Midlands Rail Hub West improving connections from Birmingham, and numerous city region mass transit schemes.

In addition to Network Rail specific opportunities, the Spending Review confirmed wider rail industry opportunities including:

- £25.3 billion allocated to HS2 to progress delivery of the line from Birmingham Curzon Street to London Euston
- £2.5 billion for East West Rail to support delivery of new rail connectively across the Oxford-Cambridge corridor
- £15.6 billion for local transport projects in mayoral combined authorities. This will be a combination of tram/light rail and buses. We are exploring opportunities around transport interchanges that could benefit rail supply chains as we look to join up transport modes.

The above are part of a broader portfolio of investment by DfT with a strong emphasis on regional connectivity, economic growth, and sustainability. These investments are in addition to Network Rail's £45.4 billion five-year settlement for CP7 which covers operations, maintenance and renewals and represents a significant investment in the rail industry and a great opportunity for the supply chain in the forthcoming years.

For Network Rail directly, these commitments will be delivered alongside an expanded focus on private sector partnerships, further funding for connectivity upgrades (such as £41 million to improve train Wi-Fi using low-earth-orbit satellites), and a reconfirmation of £35.5 billion for rail enhancements up to 2029/30. This includes significant spend on HS2 which certain parts of the supply chain are benefiting from.

While the 2025 Spending Review covers the period up to 31 March 2030 for capital spend, funding and outputs from 1 April 2029 will be determined through the next Periodic Review process for CP8, which covers 2029 to 2034.

We are pleased with the outcome of the Spending Review which has protected core investment and provided clarity on the enhancements pipeline which forms part of a significant investment in rail.

We appreciate the uncertainties the supply chain is managing. However, we believe this period also offers real opportunity; the scale of investment committed across the rail industry is substantial, and the shift towards longer-term, outcome-focused planning offers the chance to build a more stable, resilient, and strategically aligned industry. Our supply chain's expertise, innovation, and commitment will remain vital to delivering not just infrastructure, but meaningful outcomes for passengers, freight customers, communities, and the wider UK economy.

Insight into our key supply chain spend categories

This section provides a high-level analysis of key expenditure categories for CP7 year 1, benchmarked against average supply chain spend during CP6. While regional variances influence the overall percentage changes, the following summary talks to national trends and key notable regional events. The analysis reflects how inflation, climate resilience, funding constraints and strategic reprioritisation are shaping delivery approaches across the network.

Buildings

Nationally, spend has slightly decreased, reflecting a shift in some regions toward other categories. Several major station projects also reached completion. In CP7 year 1, the focus has been on early-stage design, programme development, and project scoping, while maintaining a balanced approach to building and civil engineering. In the North West & Central (NW&C) region, inflation impact prompted a stronger emphasis on design and scoping over full-scale delivery.

General Civils

Spend is lower than the CP6 average, driven by a strategic shift from full asset renewals to refurbishment and life extension. Investment has increased in monitoring technologies and in embankment and drainage works. Early CP7 activity has focused on design and planning. In NW&C, approximately one third of year 1 Capital Delivery renewals were deferred due to budget constraints following CP6 overspend and unplanned Schedule 8 payments. Emergency earthworks in Scotland's Railway, Southern, and Wales and Western regions, triggered by weather events, partially offset the overall reduction.

Signalling

Spend is currently a little below CP6 levels, as many schemes remain in the design phase with delivery planned for later in CP7. HS2 enabling works have been removed where they do not impact asset condition, allowing funds to be redirected toward life extension of existing assets. Some regions, such as Southern, have deferred signalling schemes to remain within budget.

Electrification & Plant (E&P)

Spend was elevated in CP6 due to major works on the MML and TRU. This trend may continue in later years, contingent on funding for decarbonisation initiatives such as the Scotland Decarbonisation Programme which supports the ambition of achieving net zero.

Track

Spend is consistent with the CP6 average, aligning with the March 2024 CP7 Delivery Plan. The focus is on market-led activities that support strategic corridor development based on socio-economic, commercial and sustainability drivers. In Wales & Western, track delivery was accelerated from year 2 into year 1 to maximise access opportunities, including at Westbury and the Severn Tunnel.

Professional Services

Spend overall has decreased compared to CP6 average however spend on buildings and architecture services, civils & structural services and design services has increased as we invest more in the planning phase of CP7 works.

Other notable spend

Most other categories show spend levels broadly aligned with CP6 averages, with the notable exception of utilities, which has increased significantly due to both inflationary pressures and higher consumption. In NW&C, spend through key CAT A–C Framework contracts fell short of market expectations. This was influenced by turnover redirection to CP6 suppliers, market constraints, risk aversion in pricing, and fewer committed enhancement schemes. Inflation further reduced the volume delivered per pound spent, despite ongoing efficiency efforts.

Notable projects

Project Reach, a new ground-breaking partnership between Network Rail, Neos Networks and Freshwave sees us work with investors to end the worst signal blackspots on the major rail arteries of Britain. We're working together to provide the biggest upgrade to our rail telecoms infrastructure in decades. This will benefit millions of rail passengers, establish the beginnings of a new high-capacity telecoms infrastructure for Great British Railways to take forward and build upon, and support the digital ambitions of the nation's businesses.

The project will initially see Neos Networks deploy 1,000km of ultrafast, high-count fibre optic cable laid along lengths of the East Coast Main Line (the route from King's Cross to Newcastle), the Chiltern Main Line and part of the West Coast Main Line to Manchester (the route from Marylebone to Birmingham and then via the West Midlands to Stafford and on to Manchester) and the Great Western Main Line (the route from London to Cardiff).

There is an ambition to grow the network to beyond 5,000km in the future. The project's innovative commercial model brings together public and private sector investment and infrastructure. This is expected to save taxpayers around £300 million while delivering substantial benefits to rail users.

Supplier payments

Prompt payment is critical to maintaining a strong, resilient supply chain. It enables our suppliers to deliver consistently and reliably, reducing the risk of disruption to the rail network and supporting high performance across our operations.

We've made significant improvements to how we process supplier invoices, resulting in 96 % of all invoices being paid on time in FY24/25, up from 93 % the year before. For SMEs, this progress is even more pronounced: we paid 95 % of SME invoices on time, a notable improvement from 89 % in the previous year.

As part of our commitment to making it easier for SMEs to work with us, we've:

- Set clear spend targets across both direct and indirect procurement
- Shortened standard payment terms to just seven days for SMEs
- Enhanced onboarding support to reduce administrative barriers for smaller suppliers.

These steps are helping smaller businesses and strengthening our overall delivery ecosystem. They also align with our broader goals around social value, regional economic growth and inclusive procurement.

Suppliers by spend

The table below lists our highest spend suppliers for FY2024/25. Spend with these suppliers remained steady at £4.8bn, representing 54 % of our total supply chain expenditure, up 3 % from 51 % in FY2023/24.

Movements in supplier spend broadly mirror trends observed across key spend categories, shaped by our delivery priorities and prevailing market conditions. Strong, collaborative relationships with our suppliers remains essential for maintaining performance and delivery, and supporting long-term resilience and innovation across the supply chain.

Please note, the EDF Energy Customers Ltd 24/25 total includes £788m, relating to traction energy billed to Network Rail and charged as a pass-through to train operating companies.

Highest spend suppliers for FY2024/25

Supplier name	Supplier by spend 2024/25 £(m)	2024/25 % spend	2023/24 £(m)	2023/24 % spend	% Movement from 2023/24 to 2024/25
EDF Energy Customers Ltd	£808	9 %	£681	7 %	19 %
Siemens Mobility	£394	4 %	£508	5 %	-23 %
Bam Nuttall Group	£383	4 %	£360	4 %	6 %
Colas Rail Group	£331	4 %	£326	4 %	1 %
J Murphy & Son	£311	4 %	£336	4 %	-7 %
Volker Wessels UK	£308	3 %	£263	3 %	17 %
Balfour Beatty Group	£303	3 %	£303	3 %	-1 %
Amalgamated Construction Ltd	£260	3 %	£278	3 %	-6 %
Amey Group	£231	3 %	£265	3 %	-13 %
Octavius Infrastructure Ltd	£160	2 %	£162	2 %	-1 %
Story Contracting	£157	2 %	£171	2 %	-8 %
AtkinsRéalis	£155	2 %	£186	2 %	-17 %
QTS Rail Ltd	£151	2 %	£113	1 %	33 %
Npower	£141	2 %	£136	1 %	4 %
SPL Powerlines UK Ltd	£138	2 %	£160	2 %	-14 %
Alstom Transport UK Ltd	£131	1 %	£167	2 %	-21 %
Mitie FM Ltd	£108	1 %	£101	1 %	7 %
Kier Group	£101	1 %	£61	1 %	52 %
Computacenter (UK) Ltd	£96	1 %	£63	1 %	-9 %
Alexander Mann Solutions Limited	£93	1 %	£102	1 %	1 %
	£4,757	54 %	£4,740	51 %	
All other suppliers	£4,071	46 %	£4,561	49 %	
Total	£8,828	100 %	£9,301	100 %	

Small and medium-sized enterprises (SMEs)

Supporting SMEs remains a strategic priority for Network Rail as our delivery models evolve. In November 2024, we launched our CP7 SME Strategy, building on five years of progress. The strategy focuses on strengthening engagement with SME suppliers and improving transparency and visibility of opportunities, both with Network Rail and across our wider supply chain.

SMEs bring agility, innovation, regional insight and capabilities that are vital to delivering a resilient and future-ready railway. As we refine our commercial approach, we are monitoring SME participation across both direct and indirect channels and are using this insight to inform future procurement strategies. While direct spend with SMEs has decreased, reflecting a shift toward integrated delivery models and consolidated frameworks, our commitment to enabling SME participation across the supply chain remains unchanged.

The Procurement Act 2023 reinforces the importance of supporting SMEs by requiring contracting authorities to identify and remove barriers that may limit their access to public contracts. This aligns with the direction of our SME strategy and action plan. While we are continuing to review and adapt our internal processes in response, our focus remains on improving accessibility and transparency wherever possible.

To support this:

- We have published a regional map of key delivery partners (see Appendix C), helping SMEs identify potential collaborators and entry points
- We are working with tier 1 suppliers to improve visibility of downstream opportunities, ensuring SMEs are considered not only for direct contracts but also for sub-contracting and specialist roles
- We are exploring a reporting framework and digital tools to support real time tracking of SME spend. This aligns with the broader CP7 SME Strategy, which emphasises data led monitoring and feedback.

Our goal is to make sure SMEs remain an integral part of our delivery ecosystem, as the structure of that ecosystem continues to change.

The Procurement Act and pipelines

On the 24 February 2025, the rules that shape how public bodies buy goods and services changed with the introduction of the Procurement Act 2023. There is now a Central Digital Platform which is an online resource to make it easier for suppliers to find and bid for contract opportunities. It is the place where all the regulated public procurement notices are published including Network Rail's notices. These notices are important for transparency as they set out the details about:

- What goods, services or works the public sector is going to buy
- Opportunities for suppliers to tender for contracts
- Information about the process by which a decision to enter into a public contract is made
- Information about the awarded contract throughout its life.

The notices are issued throughout the process of the procurement, into contract management, and are designed to allow interested parties to look at them free of charge.

Work is ongoing, in collaboration with trade associations, to improve supplier engagement and increase visibility of Network Rail opportunities for suppliers to contract directly with us and our key delivery partners. Within the Procurement page of our website, there's useful information to support the supply chain in finding our procurement opportunities. On a quarterly basis, we publish:

- A procurement pipeline detailing known procurement activities
- A national contract register listing all current contracts and frameworks
- A national framework register with spend and forecast information.

Throughout CP7, there will be additional reporting requirements aligned to the Procurement Act 2023. In parallel, and as part of our commitment to the Act, particularly around transparency and accessibility, Network Rail is also enhancing its internal cost collection and reporting processes. These improvements are designed to provide the supply chain with clearer, more timely insights into procurement activity and spend. We recognise that this will take time to implement, but these changes are essential to building a more transparent and efficient commercial environment. They will enable suppliers to plan with greater confidence, access clearer information and engage more effectively with our procurement activities.

These internal improvements will complement the Act's external transparency measures, which include a new suite of public notices aimed at improving supplier visibility and engagement. Among these, pipeline notices will outline upcoming contracts and frameworks, while additional disclosures will include contract Key Performance Indicators (KPIs) for awards exceeding £5 million per annum. These notices are intended to help suppliers better understand opportunities and expectations throughout the lifecycle of a contract.

The Procurement Act 2023 also requires the publication of pipeline notices for opportunities with an anticipated value greater than £2 million, with an 18-month look ahead. In addition, Network Rail aims to publish all known opportunities on our website, with up to a five-year forward view. This extended visibility further supports transparency and enables suppliers to plan and engage more effectively.

Within our commercial activities, the Procurement Act 2023 also requires the publication of change notices and termination notices, allowing the supply chain to accurately understand the status of our new contracts awarded under the new regulations. Such notices apply only to those contracts awarded under the Procurement Act 2023, not legacy contracts.

In 2023, we implemented a new suite of contracts based on the NEC4. The increased use of these contracts is intended to minimise disputes and promote more proactive project management. Suppliers are encouraged to collaborate with us to facilitate the exchange of information, thus improving contract administration and addressing changes and variances in scope.

We have encouraged our tier 1 suppliers to provide better pipeline visibility to sub-suppliers/SMEs by signing up to the Rail Supply Group's Pipeline Charter. By making pipelines visible to the supply chain, we can help the industry address several challenges and support efficient planning and management of work banks.

We have already introduced Project Bank Accounts (PBAs) on some of our major contracts, and these are working well. During FY25/26, we are looking to further standardise the use of PBAs across regions on new high value contracts. New Network Rail forms of works contracts already have embedded clauses to switch on PBAs and suppliers are encouraged to support this initiative as PBAs offer benefits for their business and the railway industry such as:

- Greater supply chain protection in particular for sub-suppliers and SMEs
- Faster payments to all suppliers
- Greater transparency of payments.

We'll continue delivering the benefits of the new Procurement Act 2023, which will support greater market engagement and help us achieve better outcomes whilst also supporting increased transparency and value for money.

Efficiencies challenge

As part of the CP7 settlement, our March 2024 Delivery Plan included a £3.9bn (cash prices) efficiency target across our OSMR activities. Our key 2024-2029 efficiency objectives and targets are:

- 15 % efficiency on our capital expenditure (savings of c. £2.5bn in CP7)
- 10 % efficiency on our operational expenditure (savings of c. £1.5bn in CP7)
- Work with industry partners to make the best financial decisions for the whole industry.

Our CP7 Delivery Plan provides an overview of the key initiatives to deliver these efficiencies which aim to support Network Rail operate more effectively and sustainably, delivering better value for money while maintaining high safety and performance standards.

We are on track to deliver over £0.3bn of efficiencies; more detail can be found in our Delivery Plan Year Two Update.

We need the continued collaboration, innovation and support from our supply chain to deliver this challenge whilst we all play our important roles in contributing toward running a safe, reliable and efficient railway.

Sustainability

Sustainability is a critical pillar of our Simpler, Better, Greener plan. On 15 May 2025, we launched our Greener Railway Strategy, which sets out our ambition to embed sustainability across every aspect of our operations, from procurement and project delivery to supplier engagement and community impact.

To support this strategy, we're enhancing our procurement approach to embed sustainability more deeply, ensuring we source goods, services and works in ways that positively impacts and supports sustainability throughout their lifecycle.

The Procurement Act 2023 reinforces this direction, placing greater responsibility on public sector buyers to prioritise long-term value over short-term cost. This includes reducing carbon emissions, driving social value and building resilient, community focused supply chains. The Act also helps level the playing field for SMEs and social enterprises, many of which lead the way in sustainable innovation.

At a national level, we have a real opportunity to set the standard. We are using our scale to drive best practice and better outcomes, and we continue to work closely with the DfT and its arms-length bodies to align expectations and messaging. This sends a clear, consistent signal to the market and helps suppliers embed sustainability across their value chains.

To support delivery of the strategy:

- We've launched a gap analysis exercise to identify where sustainability can be better integrated into the commercial & procurement lifecycle
- We're developing consistent training pathways for both our workforce and suppliers, helping to build capability and avoid duplication or confusion
- Regional sustainability plans, such as the Southern Sustainability Plan, are being refreshed to align with national strategy, with a focus on upskilling, assurance and embedding sustainability into business processes
- We're also exploring how to better measure and report on sustainability performance, including the use of carbon reduction schedules and social value metrics in contracts, in line with updated procurement policy notes (PPNs).

In terms of new contracts supporting our sustainability strategy, Network Rail has embarked on the first-of-its-kind deal with EDF Renewable to provide 64GWh of clean energy at a fixed cost every year for the next 14 years. This will provide about 15% of the electricity needed to power our offices, depots and stations we directly manage.

This corporate power purchase agreement (CPPA) is a significant step in our plans to become a greener, more sustainable railway that minimises its use of fossil fuels. The amount of clean energy the deal will give us is vast. Just one year of the clean energy the deal provides is enough to power London Liverpool Street station for nine years. Plus, the amount of energy we'll receive over the 14-year contract is enough to power all 20 of the stations we manage for eight years. EDF Renewables has commenced the build of their solar facility at Bloy's Grove, near Swainsthorpe in Norfolk – in sight of the East Coast Main Line. The new solar farm could help save about 60,000 tonnes of carbon dioxide emissions over its lifetime. We'd need to plant about 2.2 million trees to save the same amount.

Future outlook

Global economic instability is likely to affect parts of our supply chain. Many of our suppliers have operations in the US, China, other parts of Asia, and across Eastern and Western Europe, and are being impacted by shifting market dynamics and geopolitical pressures.

The ongoing resilience of our supply chain relies not only on our ability to anticipate and mitigate these disruptions, but also on how UK-based companies adapt, fill emerging gaps, and capitalise on opportunities arising from changes in global trade. We anticipate shifts in how goods and services are sourced into the UK, as global suppliers adjust their strategies, pursue new markets, and expand their trading relationships. While these changes may bring short-term gains, long-term product acceptance and assurance may be limited.

Geopolitical tensions and trade fragmentation may also disrupt access to critical materials and technologies, particularly in sectors such as electrification, signalling, and digital systems. Export controls, sanctions, and shifting trade alliances could introduce volatility in pricing and availability, requiring more agile and diversified sourcing strategies.

Labour market pressures are also intensifying, with an ageing workforce in key technical disciplines and growing competition for digital and green skills. Regional disparities in labour availability may further constrain delivery, particularly in specialist areas such as civils, electrification, and digital signalling.

As we increase our reliance on digital systems across planning, delivery, and operations, cybersecurity and data integrity risks are becoming more prominent. Ensuring resilience across digital infrastructure and supply chain networks will be critical to maintaining operational continuity.

We are also preparing for further challenges ahead, including increased financial strain linked to evolving tax regulations, supply chain complexity, and inflationary pressures. These factors highlight the importance of proactive planning, smarter procurement, and closer collaboration across the industry.

Spend profile for 2025/2026

Our current forecast for supplier spend across our main framework categories in FY2025/26 is shown in the table below, covering renewals, operations and enhancements across all regions.

Spend in most categories remains stable compared to CP7 year 1. However, we are forecasting reductions in both the E&P and Buildings categories.

The reduction in E&P spend is primarily due to the completion of major electrification works on the MML (south of Bedford) and the TRU. Similarly, the decrease in Buildings spend reflects the near completion of several major station projects, including Beaulieu Park, Cambridge South, Darlington Station, and the Hitchin Delivery Unit. These investments are not expected to repeat at the same scale in 2025/26.

Please note: The Design figures included in the table represent direct spend and include design activity delivered through our partnership arrangements. For example, Southern's £45m is delivered via the Southern Integrated Delivery (SID) team, and Eastern's £60m is delivered via the TRU and Eastern Route Partnerships (ERP) teams.

Forecast supplier spend across main framework categories in FY2025/26

Category	Southern £m	NW&C £m	Eastern £m	Scotland £m	W&W £m	CP7 Year 2 forecast total £m	CP7 Year 1 Actual spend £m	Variance £m
Track	75	160	214	78	63	590	592	-1
General Civils	248	195	355	181	105	1084	1073	11
Electrification and plant	54	30	228	43	22	378	645	-267
Signalling	170	80	299	69	68	685	677	8
Building	183	125	90	22	24	444	641	-197
Facilities	34	15	20	27	13	108	84	24
Design	45	10	60	3	3	121	34	87
						3410	3746	-336

Conclusion

In the first year of CP7 we invested £8.8bn through our supply chain delivering key activity across operations, maintenance, renewals and enhancements. However, we recognise that some of our suppliers, particularly SMEs, have faced real challenges. This includes uncertainty around work bank visibility, tighter margins, and the impact of reprofiled or deferred activity.

Looking ahead, we're preparing for a more complex and dynamic operating environment. Global economic uncertainty, labour market pressures, and climate-related risks will continue to test the resilience of our supply chain. That is why transparency, collaboration, and proactive planning remain central to our approach.

We're committed to improving visibility of future procurement pipelines and providing clearer communication around delivery expectations. Our focus remains on building a more inclusive, sustainable, and high-performing supply chain - one that is equipped to meet the evolving needs of the railway and deliver long-term value.

This year, we anticipate the introduction of the Railways Bill which will establish Great British Railways and reunite track and train, which will bring new opportunities, and our supply chain has a crucial role. We will continue to engage with suppliers as we shape the future together.

It's important that we continue to collaborate and innovate together to deliver a simpler, better and greener railway for the future. We must also support the rail ecosystem to maintain a sustainable and competitive supply chain along with investing and retention of essential skills.

The dedication and hard work of our suppliers have been instrumental in achieving our goals. We are deeply grateful for their continued support and partnership. As we move forward, we'll continue to listen, adapt, and innovate, ensuring we deliver a better, simpler and greener railway for the future.

Appendices

Appendix A – Invoiced Spend (cash prices)

Annual invoiced supplier spend by category, £m, 2024/25:

Category	19/20 (£m)	20/21 (£m)	21/22 (£m)	22/23 (£m)	23/24 (£m)	24/25 (£m)	CP6 Average (£m)	24/25 var (£)	24/25 var (%)
General Civils	£1,034	£1,304	£1,333	£1,181	£1,198	£1,289	£1,210	£79	7 %
Utilities*	£525	£489	£578	£675	£874	£995	£628	£367	58 %
Buildings	£723	£701	£718	£819	£917	£834	£776	£59	8 %
Professional Services	£689	£889	£985	£1,059	£1,085	£815	£941	-£126	-13 %
Track	£611	£672	£685	£664	£749	£764	£676	£88	13 %
Electrification and Fixed Plant	£741	£474	£492	£676	£720	£687	£621	£66	11 %
Signalling	£510	£540	£623	£873	£883	£680	£686	-£6	-1 %
Rail and Ancillaries	£346	£318	£308	£399	£466	£446	£367	£79	22 %
Information Technology	£274	£305	£294	£335	£364	£350	£314	£36	11 %
Infrastructure Support Services	£206	£242	£222	£269	£285	£286	£245	£42	17 %
On Track Machines	£168	£166	£177	£175	£207	£209	£179	£31	17 %
Logistics	£194	£213	£219	£227	£217	£207	£214	-£7	-3 %
Telecoms	£186	£173	£185	£184	£231	£192	£192	£0	0 %
Contingent Labour	£108	£120	£128	£160	£178	£159	£139	£20	14 %
Facilities Management	£84	£110	£91	£111	£136	£162	£107	£55	52 %
Rail Fleet	£78	£87	£100	£118	£131	£144	£103	£41	40 %
On Track Plant	£88	£97	£104	£105	£115	£109	£102	£7	7 %
Recruitment Services	£98	£131	£137	£147	£120	£108	£127	-£19	-15 %
Road Fleet	£75	£100	£108	£118	£114	£106	£103	£3	3 %
HR and Training	£75	£50	£78	£83	£96	£90	£76	£14	18 %
Supplies and Services	£101	£88	£64	£82	£96	£92	£86	£6	7 %
Plant and Tools	£95	£103	£104	£91	£94	£81	£97	-£16	-17 %
Intelligent Infrastructure	£22	£17	£23	£23	£26	£22	£22	£0	2 %
Grand Total	**£7,030**	**£7,392**	**£7,756**	**£8,571**	**£9,301**	**£8,828**	**£8,010**	**£818**	**10%**

* Utilities spend billed to Network Rail includes traction energy that is a direct pass-through charge to train operating companies and does not form part of the Network Rail funding Settlement (£794m was pass-through in FY24/25).

Appendix B – Spend adjusted for inflation

Annual invoiced supplier spend by category, £m, 2024/25 adjusted for inflation:

Category	19/20 (£m)	20/21 (£m)	21/22 (£m)	22/23 (£m)	23/24 (£m)	24/25 (£m)	CP6 Average (£m)	24/25 var (£)	24/25 var (%)
General Civils	£1,285	£1,615	£1,570	£1,257	£1,227	£1,289	£1,391	-£101	-7 %
Utilities*	£653	£606	£681	£718	£895	£995	£711	£284	40 %
Buildings	£898	£868	£846	£872	£939	£834	£885	-£50	-6 %
Professional Services	£856	£1,101	£1,159	£1,127	£1,111	£815	£1,071	-£256	-24 %
Track	£759	£832	£807	£706	£767	£764	£774	-£10	-1 %
Electrification and Fixed Plant	£921	£587	£580	£719	£738	£687	£709	-£22	-3 %
Signalling	£634	£669	£734	£929	£904	£680	£774	-£94	-12 %
Rail and Ancillaries	£430	£394	£362	£424	£477	£446	£418	£29	7 %
Information Technology	£340	£378	£346	£356	£373	£350	£359	-£8	-2 %
Infrastructure Support Services	£256	£299	£261	£287	£291	£286	£279	£8	3 %
On Track Machines	£209	£206	£208	£187	£212	£209	£204	£5	3 %
Logistics	£242	£263	£258	£242	£222	£207	£245	-£39	-16 %
Telecoms	£231	£214	£218	£196	£236	£192	£219	-£27	-12 %
Contingent Labour	£134	£149	£151	£170	£182	£159	£157	£2	1 %
Facilities Management	£104	£137	£108	£119	£140	£162	£121	£41	33 %
Rail Fleet	£97	£108	£117	£125	£135	£144	£116	£27	23 %
On Track Plant	£109	£121	£122	£112	£118	£109	£116	-£7	-6 %
Recruitment Services	£122	£163	£162	£156	£122	£108	£145	-£37	-26 %
Road Fleet	£93	£124	£127	£125	£116	£106	£117	-£11	-10 %
HR and Training	£93	£61	£92	£89	£99	£90	£87	£3	4 %
Supplies and Services	£125	£109	£76	£87	£99	£92	£99	-£7	-7 %
Plant and Tools	£118	£127	£122	£97	£96	£81	£112	-£31	-28 %
Intelligent Infrastructure	£27	£21	£27	£24	£26	£22	£25	-£3	-11 %
Grand Total	**£8,737**	**£9,153**	**£9,134**	**£9,123**	**£9,524**	**£8,828**	**£9,134**	**-£306**	**-3%**

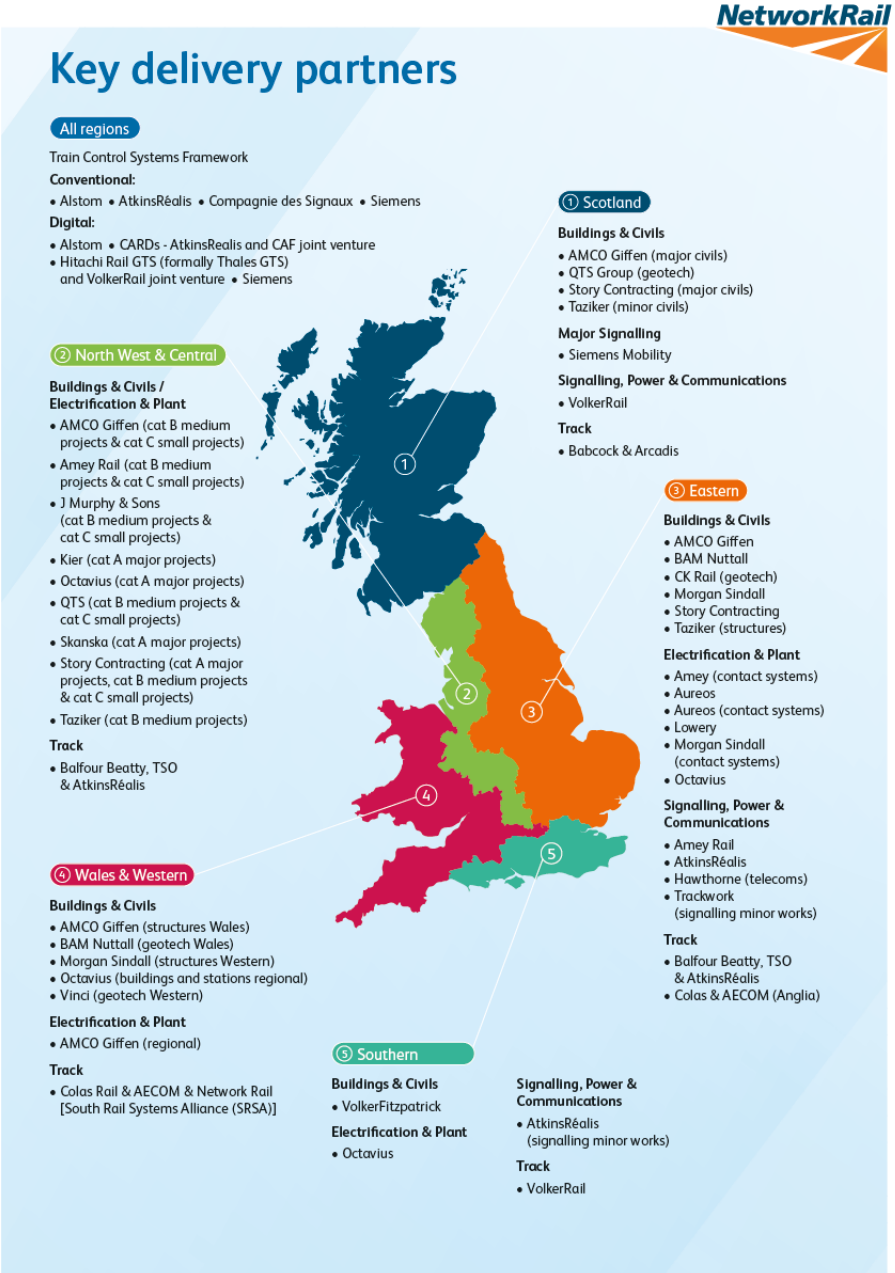
* Utilities spend billed to Network Rail includes traction energy that is a direct pass-through charge to train operating companies and does not form part of the Network Rail funding Settlement (£794m was pass-through in FY24/25)

Appendix C – Key delivery partners

The map below highlights our [key delivery partners for CP7](). These organisations play a central role in delivering our renewals, enhancements, and operational programmes across the regions.

We encourage suppliers, particularly SMEs and specialist providers, to engage directly with these partners to explore upcoming opportunities, understand regional delivery priorities, and align with local work banks. Many of these partners operate under integrated delivery models and frameworks, and are actively seeking to build diverse, resilient supply chains.

This visibility supports our commitment to transparency, early engagement, and inclusive procurement. It also helps suppliers plan more effectively and identify where their capabilities can add value within the wider delivery ecosystem.



Appendix D – Spend category mapping

To provide a consistent and transparent view of supplier expenditure across our operations, we have grouped detailed procurement codes into broader, reportable spend categories. This mapping enables us to consolidate diverse spend and supplier data into meaningful themes such as Track, Signalling, Buildings, E&P and Professional Services, supporting clearer analysis, benchmarking, and strategic planning across delivery areas.

Each category represents a logical grouping of goods, services, or works that share common characteristics and are typically sourced from similar areas of the supply chain. This approach not only reflects how the market is structured but also aligns with our internal cost classification framework, ensuring consistency across control periods and enabling more effective engagement with suppliers.

The table below outlines how individual spend category families have been aligned to each report level categorisation used throughout this report:

Spend category	Description
General Civils	Infrastructure works like bridges, tunnels, embankments, and drainage that support the railway.
Utilities	Services such as electricity, water, and gas used to power and operate railway assets (traction and non-traction power).
Buildings	Stations, depots, offices, and other railway-related structures.
Professional Services	Specialist support such as engineering, consultancy, and project management services.
Track	Steel, rails, sleepers, and ballast that form the railway lines.
Electrification and Fixed Plant	Systems that are used to power trains, including overhead lines and substations.
Signalling	Equipment and systems that control train movements and ensure safe operations.
Rail and Ancillaries	Rail components and supporting materials not covered under core track or signalling.
Information Technology	Hardware, software, and digital systems that support railway operations and business functions.
Infrastructure Support Services	Services that help maintain and operate railway infrastructure, such as inspections and asset monitoring.
On Track Machines	Specialised vehicles used for track maintenance and renewals.
Logistics	Transport and supply chain services that support our operations.
Telecoms	Communication systems including radio, fibre, and data networks used across the railway.

Contingent Labour	Specialist temporary workers brought in to support railway delivery.
Facilities Management	Services that maintain and operate buildings and facilities, such as cleaning and security.
Rail Fleet	Rolling stock used for the transportation of railway infrastructure operations.
On Track Plant	Road Rail Vehicles and associated services.
Recruitment Services	Agencies and services used to hire permanent or temporary staff.
Road Fleet	Vehicles used for road transport, including vans and lorries.
HR and Training	Staff development, training programmes, and human resources support.
Supplies and Services	Various railway related general goods and services.
Plant and Tools	Equipment and tools used in construction, maintenance and repair.
Intelligent Infrastructure	Technology and systems that monitor asset condition and support predictive maintenance.