

Developing GBR's Charges and Performance Schemes

*Industry Engagement ahead of Funding Period 1
(2029 to 2034)*

Please note, these slides will be published online and will be available, [here](#).

Introduction and purpose

– *Caitlin Scarlett*

Workshop purpose

- In anticipation of GBR setting track access charges and the performance schemes for Funding Period 1 (FP1 – CP8 equivalent), this workshop starts our formal engagement with stakeholders as we seek to inform the development of GBR's Charges Scheme Statement and Performance Scheme Statement for 2029 to 2034.
- During the workshop we will provide an overview of **the relevant charges and performance scheme provisions in the Railways Bill**, and **address stakeholder questions** about their implications for GBR's future charges and performance schemes.
- The main priority for this workshop is to **present our initial engagement approach and planned programme of technical workshops in 2026**. We are committed to collaboration as we develop GBR's Charges and Performance Schemes, and value your continued engagement in this process.
- We want to **gather stakeholder engagement priorities** and discuss how charges and performance policy development interacts with the wider programme of reform (including GBR's future Access and Use Policy).
- Caveat: This engagement has no legal status while legislation is progressing through Parliament. It is undertaken on the basis that the Railways Bill enables GBR to build on work developed by Network Rail, with any proposals for change subject to formal consultation by GBR once established.

Legislative context

– Conor Murrells and Rachel Grashion

Key legislative principles of the Railways Bill

CHARGES SCHEME

GBR must set the charges for access to and use of GBR infrastructure, including for charges for train paths that are unused or partially used.

The charges must be set at the cost that is directly incurred as a result of the operation of the train.

The scheme may provide for a higher amount to be charged when GBR considers an efficient operator could afford to bear the cost.

The scheme may provide for a lower amount to be charged to promote new services, encourage use of spare capacity, deliver SoS direction/guidance, or any other reason.

PERFORMANCE SCHEME

GBR is responsible for designing an industry Performance Scheme.

The scheme must encourage GBR and train operators to minimise disruption they cause to others.

GBR and train operators may be required to pay penalties for causing disruption, receive compensation for disruption caused to them, and receive bonuses for better than planned performance.

Participants may be required to share information with GBR to inform the Performance Scheme. Failure to do so could remove entitlement to compensation and bonuses.

GBR may alter or replace the schemes at any time.

What does legislation mean for GBR's charges scheme?

GBR must set the charges for access to and use of GBR infrastructure, including charges for train paths that are unused or partially used.



GBR must set a charges scheme, which it will do every 5 years in its Charges Scheme Statement. It may levy reservation charges; legislation permits GBR to do this, but it is not obliged to do so.

The charges must be set at the cost that is directly incurred as a result of the operation of the train



The basis for charges is Costs Directly Incurred (CDI); this will be defined in GBR's Access and Use Policy and will underpin the core charges paid by non-GBR operators.

The scheme may provide for a higher amount to be charged when GBR considers an efficient operator could afford to bear the cost



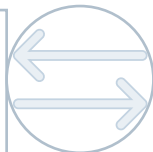
GBR can charge more than CDI (for example to recover a contribution towards its fixed costs from non-GBR operators), according to an assessment by GBR of what an "efficient operator" would be able to pay.

The scheme may provide for a lower amount to be charged to promote new services, encourage use of spare capacity, deliver SoS direction/guidance, or any other reason



GBR can offer discounts below CDI and will publish a policy at each Funding Period Review.

GBR may at any time alter or replace a scheme



GBR will stipulate in its AUP that "core" charges remain stable for at least 5 years (unless there is a material change in circumstances). This clause will provide GBR with more flexibility to respond to market trends during a Funding Period (e.g., discounts).

What does legislation mean for GBR's performance scheme?

GBR is responsible for designing an industry Performance Scheme.



GBR must set a Performance Scheme every 5 years in its Performance Scheme Statement. Where appropriate, the scheme can be bespoke to individual parties.

The scheme must encourage GBR and train operators to minimise disruption they cause to others.



The Performance Scheme should encourage GBR and train operators to minimise disruption. The Performance Scheme Statement will set out how this is achieved and provide a definition of “disruption”.

GBR and train operators may be required to pay penalties for causing disruption, receive compensation for disruption caused to them, and receive bonuses for better than planned performance.



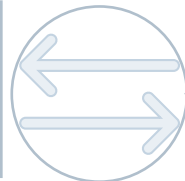
GBR may design a Performance Scheme which include penalties, compensation and bonuses, though these are not mandatory. The AUP will provide detail on the types of compensation / penalties / bonuses available.

Participants may be required to share information with GBR to inform the Performance Scheme. Failure to do so could remove entitlement to compensation and bonuses.



GBR will require train operators to provide data required to calibrate the Performance Scheme. Failure to provide this information may affect compensation and bonus eligibility.

GBR reserves the right to alter or replace a scheme at any time.



GBR may alter its Performance Scheme at any time but will seek to ensure that the scheme policy remains stable for at least 5 years, unless there is a material change in circumstances.

How these proposed reforms will change industry roles for Funding Period Review 2029* (FPR29)

*Equivalent to PR28

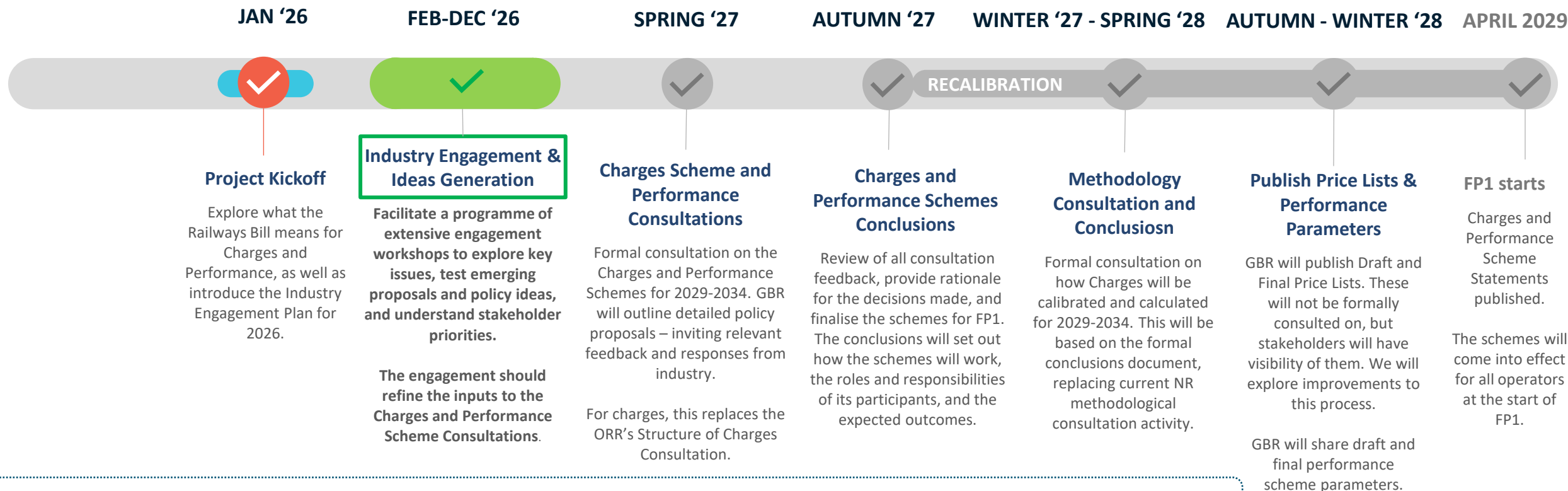
Charges and Performance Scheme activity	Current owner	Assumed 'new' owner	Commentary – in the context of FP1
Ideas generation (e.g. policy proposals and methodology)	ORR / Network Rail / Industry stakeholders	GBR Industry stakeholders	GBR will be able to introduce, and industry stakeholders will be able to propose, new ideas on key charges and performance topics as part of pre-FPR29 activity.
“Early Charges and Performance Scheme Review” to test approaches and ideas	ORR	GBR	GBR will invite industry to attend technical charges and performance workshops in 2026 to test approaches as part of pre-FPR29 activity.
Development of, and consultation on, policy positions	ORR / Network Rail	GBR	GBR will be solely responsible for developing charges and performance scheme policy for FP1. GBR will launch and lead industry consultation on FPR29.
Calculation of, and consultation on, charges scheme and performance scheme.	Network Rail (charges) ORR (Performance Scheme)	GBR (both)	GBR will be responsible for charges calculations, and will take on responsibility for Performance Scheme calculations. GBR will lead the calibration consultations in FPR29.
Quality assurance	ORR	GBR	GBR will define the assurance process for technical details and implementation of the charges and Performance Scheme in FP1.
Collection of fees and payments	Network Rail	GBR	GBR will be responsible for managing financial transactions.
New rate approvals / recalibrations	ORR	GBR	GBR will define the governance, approvals and assurance process for any Charges and Performance Scheme matters that require resolution during a Funding Period.

Caveat: We cannot be certain of the Government’s conclusions as the Bill passes through Parliament. However, our current assumption is that GBR will assume responsibility for setting access charges and the performance schemes in FP1.

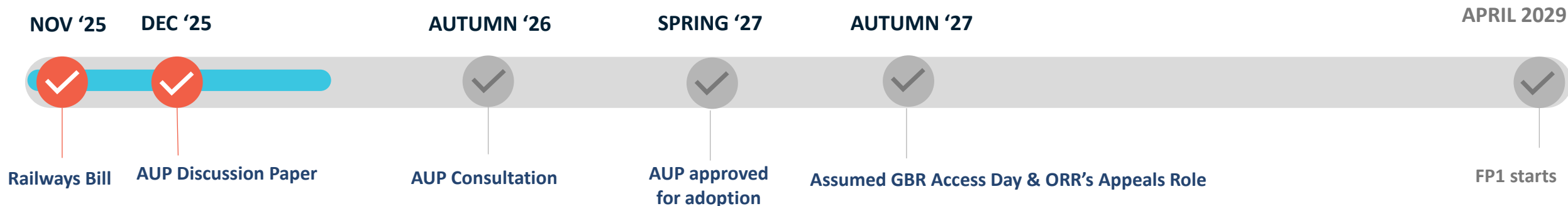
Overview of our 2026 engagement programme

– Conor Murrells and Caitlin Scarlett

Timeline of key Charges and Performance Scheme Statement Activities for FP1



Indicative Timeline of key AUP and Reform Activities (relevant to charges and performance)



Caveat: These timelines are indicative and based on current expectations for the passage of legislation. They may be subject to change as the legislative process progresses. 10

Engagement series 2026 – purpose and scope

- We are inviting stakeholders to a series of technical workshops in 2026. An extended engagement programme ensures sufficient time for considered industry input, avoids peak-period pressures, and supports coordination with other reform activities.
- The primary purpose of the workshops are to help inform GBR's Charges and Performance Scheme for 2029 to 2034, ahead of formal consultation in 2027 (as part of FPR29).
- We want to encourage transparency and collaboration with affected stakeholders, as we explore possible changes to the charges and performance schemes.



Engagement series 2026 – purpose and scope

- We recognise the scale of current industry change and are committed to proportionate, well-managed development of future charges and performance schemes.
- Several legacy and current issues require careful consideration ahead of FP1; we do not assume to have all the solutions now, as these will be worked through collaboratively with industry stakeholders.
- Engagement will be phased: starting with AUP-dependent topics, followed by technical topics related to future scheme design, and concluding with follow-up sessions and additional workshops to address wider stakeholder priorities.

Phasing-in VUC rates

Price List Publications

Simplification

Discounts and growth initiatives

Mark-ups & testing ability to pay

Defining disruption

Performance metrics / measures

Defining CDI and cost forecasting

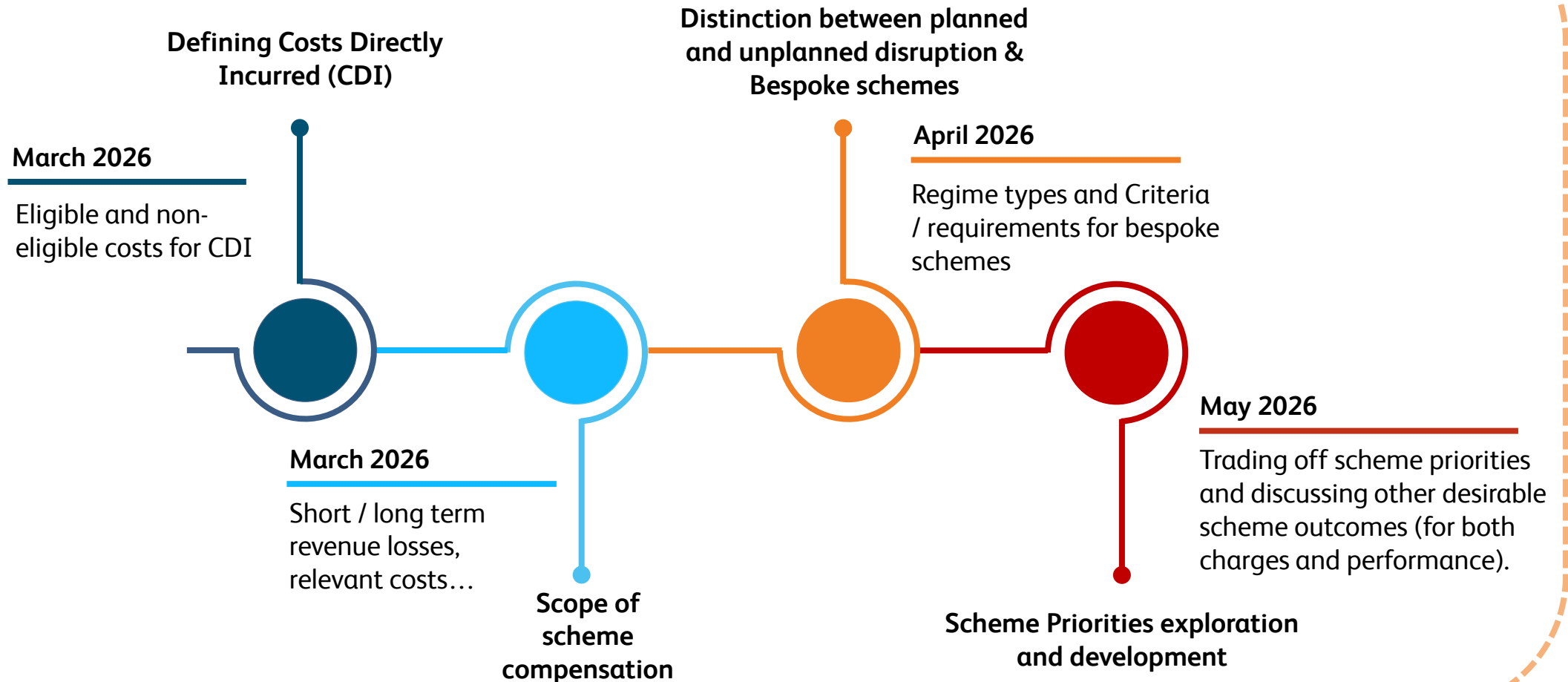
AUP timescales & scheme priorities

Note: this is not an exhaustive list of topics that can or will be covered in workshops, but it provides a useful overview and context for the workshops.

Charges and Performance – industry engagement workshops

Are there any other AUP-dependent topics that you would like to discuss during industry engagement?

Part One: AUP dependent workstreams



Charges – industry engagement workshops

Are there any other charges topics that you would like to discuss during industry engagement?

Part Two: Key charges topics for 2029 to 2034

Discounts & other market-driven initiatives

March 2026

Options for discounts and other market initiatives

Price Lists, Simplification & Cost Forecasting

April and May 2026

Understand key perspectives of industry on simplification and publication of price lists.

Mark-Ups & ability to pay

May 2026

Test approaches and explore options for future mark up policy

VUC Rate Phasing-In

July 2026

Test a range of approaches to address the phasing-in of VUC rates, and understand key perspectives of industry)

Part Three: post-July engagement plan

- Follow-up workshops to further discuss material from previous workshops.
- Other stakeholder priorities not yet identified or addressed in this plan.
- Concluding workshop, bringing together all the topics discussed.
- Part three of the programme will be refined over time.

Performance – industry engagement workshops

Are there any other performance topics that you would like to discuss during industry engagement?

Part Two: Key performance topics for 2029 to 2034

Disruption outside of GBR's control

July 2026

Defining disruption that is not within GBR's control

June 2026

Understanding key issues with the choice of metrics within the scheme, and how performance should be measured e.g. TOC-on-Self?

Performance metrics and measurement

August 2026

Exploring options to set performance expectations.
At what level of granularity should the scheme be set.

Performance expectations & granularity

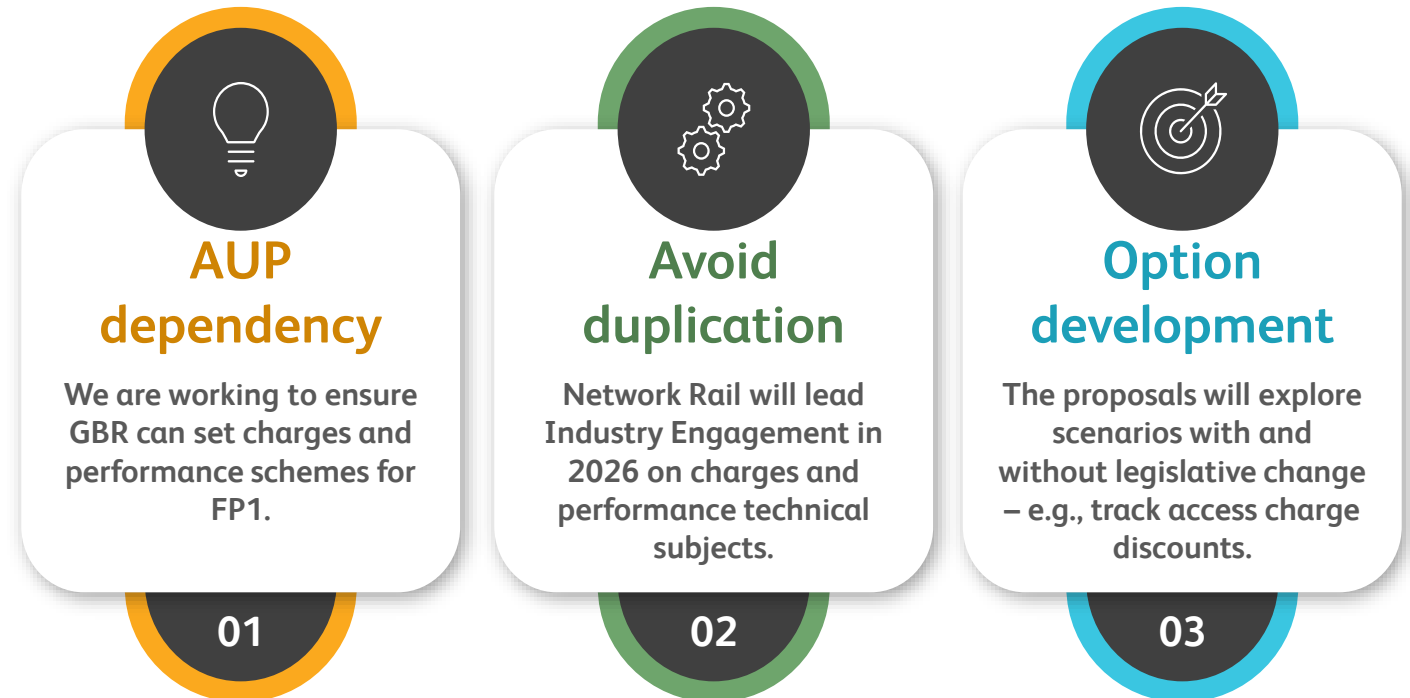
Part Three: post-August engagement plan

- Follow-up workshops to further discuss material from previous workshops.
- Other stakeholder priorities not yet identified or addressed in this plan.
- Concluding workshop, bringing together all the topics discussed.
- Part three of the programme will be refined over time.

How will this engagement support GBR readiness?

We expect the Charges Scheme Statement and Performance Scheme Statement for 2029-2034 to be outputs of the AUP. We are starting this work early to ensure that GBR is fully prepared to set access charges and performance schemes for FP1, supported by well-developed and tested proposals.

- While legislative uncertainty exists, there remains a chance that the industry may need to revert to the ORR-led model. Our early engagement in 2026 will recognise this potential outcome, ensuring that the proposals reflect both legislative outcomes, where possible.
- The exploratory and diagnostic activities delivered through this Industry Engagement are not expected to be abortive. The outputs will remain relevant under either scenario: informing GBR's future policy development or, where legislative change does not transfer this function to GBR, supporting ORR's work within its existing statutory powers.

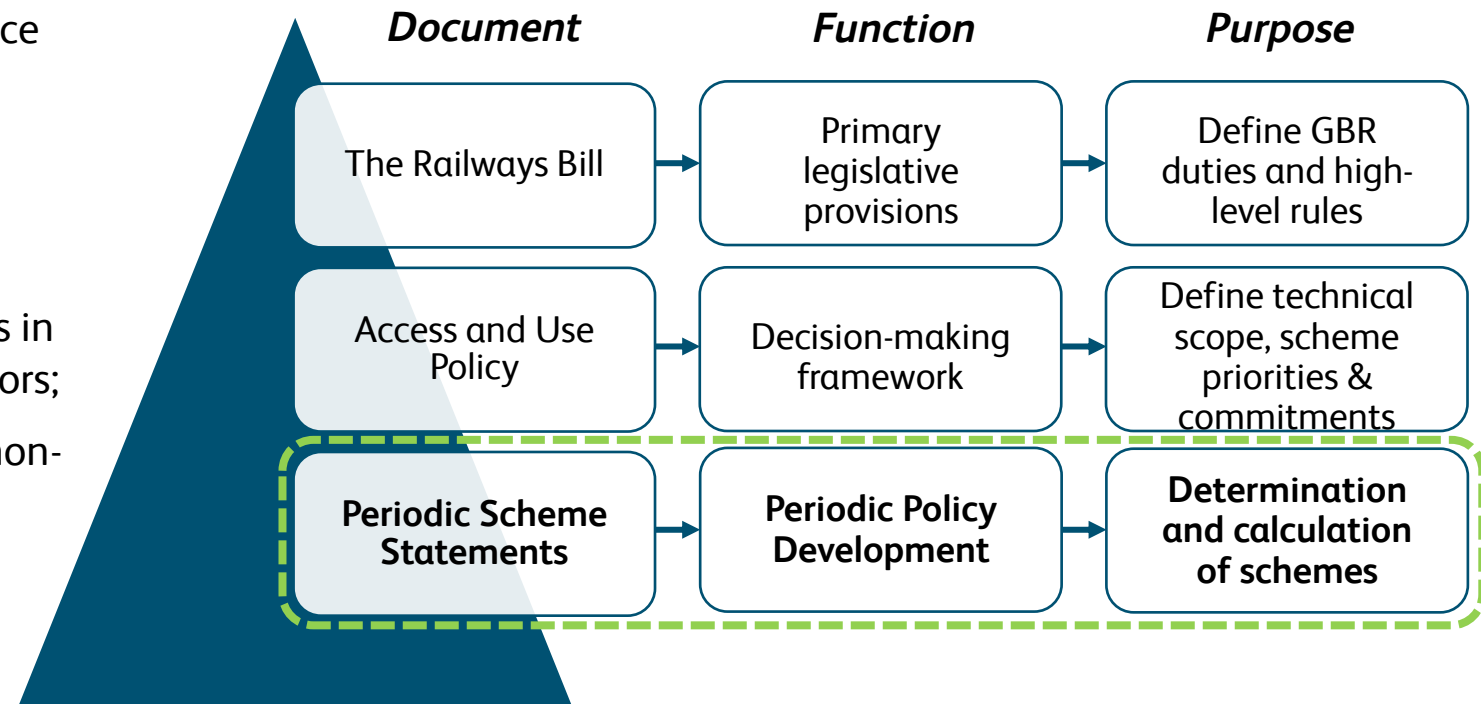


How does this work differ from the AUP?

The AUP will provide a decision-making framework through which GBR will develop (and make changes to) its charges and performance schemes. It will outline the key milestones and priorities for the scheme to deliver. We will engage on these topics in 2026, as part one of our engagement.

Our work will develop the Charges and Performance Schemes for 2029 to 2034. This will involve key activities such as:

- Defining which charges GBR will levy between 2029 and 2034;
- Calculating the rates for each of these charges in 2028/29 prices, to be paid by non-GBR operators;
- Defining policy and budgets for discounts to non-GBR operators;
- Defining policy on planned and unplanned disruption, as well as calculating payment rates and benchmarks/targets.



Next steps

– Caitlin Scarlett

Summary and next steps

Now the Railways Bill is published, Network Rail will begin work to help inform GBR's future charges and performance schemes for 2029 to 2034.

This is the first session in a programme of industry engagement workshops – there will be plenty of opportunity for input and discussion over the coming months on key charges and performance topics.

Part one of our engagement will prioritise AUP dependent topics, between February and March 2026. Part two of our engagement will explore in detail policy proposals and emerging approaches for scheme design, building on work in PR23.

- **Outcome of our engagement in 2026:** the information shared and gathered during these workshops will help to inform our consultation on GBR's Charges Scheme and Performance Scheme Statements in FP1.

Key dates / Look ahead – upcoming workshops

March 2026 – defining CDI [Charges]

March 2026 – scope of scheme compensation [Performance]

March 2026 – discounts and market-driven charges [Charges]

April 2026 – distinction between planned and unplanned disruption & bespoke schemes [Performance]

For more information on our charges and performance workshops, please visit this link: [GBR's Charges and Performance Schemes](#).

How you can help shape GBR's Charges Scheme and Performance Scheme Statements for FP1

Ways to get involved:

- Technical workshops on important charges and performance scheme topics.
- Targeted engagement with freight, devolved bodies, open access, other infrastructure managers, and funders.

We are committed to:



Early visibility of emerging approaches.



Open feedback and transparent reporting.



Listening to concerns and perspectives.

For more information on our emerging proposals for charges and performance , please visit this link:
<https://www.networkrail.co.uk/industry-and-commercial/developing-gbrs-charges-and-performance-schemes/>

If you have any questions or would like to discuss this further, you can contact the team via our dedicated inbox:
chargesandperformanceschemes@networkrail.co.uk