

Compensation types – GBR's Performance Scheme

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

- This is the first of our workshops exploring options for GBR's future performance scheme: today we will focus on what types of compensation could be provided for within the performance scheme.
- During the workshop we will provide an overview of **the provisions in the Railways Bill** relevant to the provision of compensation with GBR's performance schemes.
- We will also summarise **our current early-stage thinking** about the potential options for types of compensation that could be provided for in GBR's performance schemes and explore some assessment criteria for these compensation types.
- Our priority is to seek stakeholder views on potential options for compensation and to understand what is important to key industry stakeholders.
- Caveat: All policy options discussed during the workshop carry no legal weight or commitment that they will come into effect. We are seeking industry views to help shape our proposals, ahead of formal consultation.

Legislative context

– *Rachel Grashion*

Key legislative principles of the Railways Bill

- The Railways Bill provides information about how GBR's future performance scheme could work, including the potential for penalties, compensation or bonuses relating to train / infrastructure performance.
- We believe that the performance scheme should provide fair and reasonable compensation when train operations are disrupted.
- The Railways Bill does not specify what types of penalties, compensation or bonuses could be considered. GBR will need to specify this, and our current thinking is that this should be included in GBR's Access and Use Policy (AUP).

CLAUSE 65 (2)

THE PERFORMANCE SCHEME MAY INCLUDE:

Penalties for causing disruption to the operation of trains

Compensation for disruption caused to the operation of trains

Bonuses that reward better than planned performance of trains or GBR infrastructure

Overview of our current thinking

– *Rachel Grashion*

Workshop discussion point: What other compensation categories should be considered?

- We have the flexibility to use any option individually, or any combination of options for compensation.
- The compensation provided could be different for different market segments, e.g. passenger vs freight, and for different schemes, i.e. planned vs unplanned.

TYPES OF COMPENSATION



Short term costs / Delay Repay

- Additional charges payable to GBR for extended routes
- Additional operating costs e.g. fuel, staff costs, bus costs, fleet, rescheduling etc.
- Delay Repay / ticket refunds



Short term revenues

- Contractual penalties from delays / cancellations, e.g. for freight services
- Passengers not travelling on the day due to disruption.
- Lost revenues due to length, weight or gauge restrictions for service variations



Long term costs

- Contingency costs (operational / resourcing to manage ongoing poor performance)

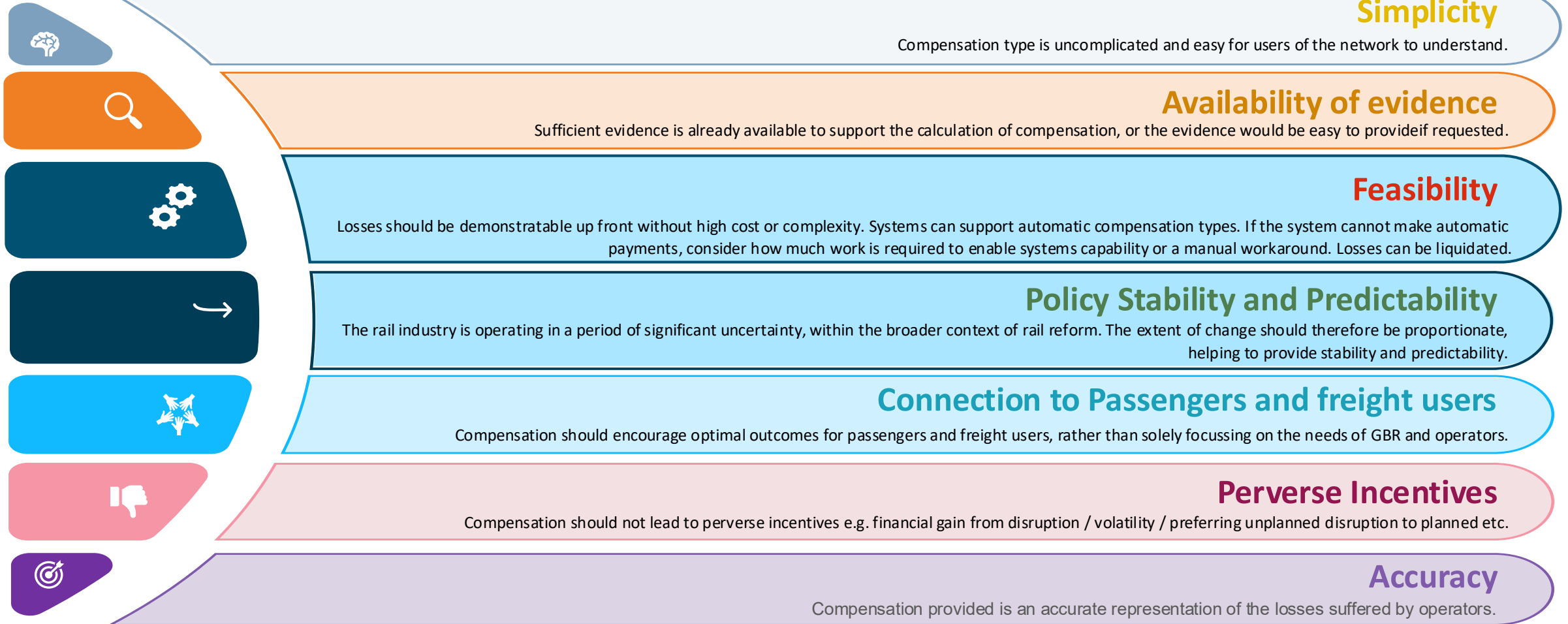


Long term revenues

- Due to modal substitution

Assessment Criteria

Workshop discussion point: Will the assessment criteria detailed below allow for a holistic and fair judgement of the types of compensation to be included in GBR's performance schemes?



Stakeholder discussion – Compensation Proposals

– *Rachel Grashion*

Workshop discussion points

Availability of evidence

What level of evidence currently exists for different types of compensation? How easily could evidence be produced?

Comprehension

Is the current compensation provided by Schedules 4 & 8 well understood? and do you recognise the link to long term revenue losses?
[relevant to passenger operators only]

Trade-offs

How do operators value simplicity vs accuracy in levels of compensation?
Are there any other trade-offs to consider?

Customer outcomes

Would a more direct link to passenger / customer outcomes, through compensation, be helpful?
Would this improve outcomes?

Financial volatility

How is the current (and previous) levels of financial volatility within Schedule 8 managed?

Have we missed anything?

Next steps

– *Caitlin Scarlett*

Summary and next steps

- GBR has the flexibility to re-think how a future performance scheme could work, including what compensation is provided for through the scheme.
 - It will be important to carefully consider trade-offs in any future performance scheme design, to develop a scheme which is as accurate as possible whilst remaining transparent, simple, feasible and predictable.
 - We will reflect on the feedback and discussions in this workshop to develop a proposal or set of proposals for formal consultation in 2027.
- **Outcome of our engagement in 2026: the information shared and gathered during these workshops will help to shape our thinking on the compensation provided for in GBR's future performance scheme, which will inform GBR's Performance Scheme Statement in FP1.**

Key dates / Look ahead – upcoming performance workshops

Planned vs unplanned disruption and bespoke schemes on 28 April – we will discuss the distinction between planned and unplanned performance schemes and explore high level criteria for any bespoke performance schemes.

AUP objectives and trade-offs on 13 May – this will be an opportunity to discuss the development of the AUP and to highlight important trade-offs or tensions.

Performance metrics and measurement on 30 June – this will be an opportunity to explore different performance metrics and to understand how these can be used within a future performance scheme

Disruption outside of GBR's control on 16 July – we will discuss options for defining disruption outside of GBR's control

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