

ORR: Network Rail is delivering efficiencies, but must watch inflation and keep focus on extreme weather after Stonehaven

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Network Rail is delivering on efficiencies, but the **ORR** has said that financial risks, such as inflation remain — and it must continue its “good progress” against the regulator’s Stonehaven incident recommendations to ensure the network is protected against extreme weather and other issues, such as drainage asset management.

The report shows Network Rail delivered £840 million of efficiency improvements for the 2021/22 year, above its £830 million target. Most of Network Rail’s five regions met or exceeded their annual efficiency targets.

- **ORR report says there is improvement in track worker safety risk exposure**
- **ORR’s annual consumer report says things are improving for passengers but more must be done**
- **ORR starts consultation on Rail Ombudsman**

It said the Eastern region delivered best, achieving £251 million, 30% of the £840 million total. However, ORR is concerned about Network Rail Scotland's delivery of efficiencies as it reported only £64 million, 21% behind its target.

Southern was also 8% behind target.

ORR reports that Network Rail's delivery of renewal work varied by region, and performance of its infrastructure was mixed, with a continued focus needed on improving its structures examinations of, for example, railway bridges and tunnels.

The regulator found Network Rail has made good progress against recommendations made following the fatal derailment at Stonehaven in 2020. ORR highlights that to deliver long-term improvements, sustained focus is needed on implementing those recommendations, such as improved response to extreme weather.

The annual assessment also highlighted that train service performance worsened from the record high levels of the previous year as the network became busier. But it remained generally better than before the pandemic.

Train service performance in Network Rail's Wales and Western region declined faster than the other regions. Particularly in Wales, ORR wants to see clear and targeted plans that will deliver improvements for passengers and freight users.

ORR Chief Executive John Larkinson said: "Network Rail has played a key role in ensuring we continue to have one of the safest railways in Europe. Its delivery of efficiencies remains strong but financial risks, including inflation, need to be carefully managed.

"There are only two years left in Control Period 6, which runs from 2019 to 2024, and an increase in financial risks could result in delayed work and under delivery of planned efficiencies.

"And as work continues with government to facilitate rail reform, Network Rail needs to keep focused on getting the basics right. This includes maintaining safe and reliable infrastructure and delivering on financial efficiencies, to protect the interests of both taxpayers and rail users."