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Peter Henderson
 Director of Asset Management
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Dear Peter

Network Rail's Maintenance Capability

January 12th will mark the anniversary of our two Boards' agreement on a set of trajectories to asset management best practice. You will be aware that AMCL's recent Asset Management Maturity Model (AMEM) assessment reviewed performance against the trajectories, and reported as follows:

Group	AMCL Roadmap Target for IIP (Sept '11)	Network Rail as assessed June 2011
1 - Asset Management Strategy & Planning	62.0%	60.1%
2 - Whole-life Cost Justification	56.0%	51.0%
3 - Lifecycle Delivery	67.0%	66.3%
4 - Asset Knowledge	59.0%	52.7%
5 - Organisation & People	67.0%	64.0%
6 - Risk & Review	53.0%	58.9%

Table1: Network Rail 2011 Assessment Score by Activity Group

It is worrying that the targeted outcomes appear to have been achieved in only one area, and fall well short in two. We are aware that AMCL is updating its assessment to take account of progress between June 2011 and the September IIP, and will therefore take further stock when the update is complete.

However, the shortfalls in Asset Knowledge and Whole Life Cost Justification appear so large that it is unlikely that AMCL's refresh will close the gaps substantially. Indeed, the Reporter has confirmed that this is likely to be the case.

Your proposed ORBIS project addresses all areas of asset information management, and Jim Bostock and Carl Hetherington will be meeting Patrick Bossert in late January to discuss its prospective commencement in CP4. For the time being, therefore, I shall not comment further on Asset Knowledge. But with regard to Whole Life Cost Justification (WLCJ), we need a clear explanation as to why you are so far behind your agreed trajectory, and what you intend to do about it.

In particular, within WLCJ, the target for OPEX Evaluation (defined as *'the processes that govern the development of cost/risk optimised maintenance and inspection regimes'*) has been missed by a very considerable margin, the reported business process maturity scores being:


	IIP Target	2011 as Assessed
OPEX Evaluation	51	41
CAPEX Evaluation	58	56
Asset Costing & Accounting	59	57
WLCJ Group	56	51

The position with OPEX Evaluation, AMCL's term covering maintenance planning, confirms a capability shortfall which has been worrying ORR for some time. There is growing evidence that maintenance issues are contributing to this year's poor operational performance. In September this year, before AMCL published its AMEM update, I took to the ORR Board a paper expressing serious misgivings about the rate of improvement in Network Rail's maintenance planning. Subsequently, on November 14th, Allan Spence wrote to Robin Gisby expressing a series of safety concerns relating to maintenance planning and delivery.

We need to understand what steps you are taking to address these matters, and what priority this has. I should like to take this as the main agenda item at our next asset management Director Level Meeting, on January 20th, which I trust will again include representation from Network Operations. I will ask Jim Bostock to ensure that appropriate material is available for us to review.

I am copying this letter to Robin Gisby and Andrew Newby.

Yours sincerely



Michael Lee