

Feras Alshaker
Director, Planning and Performance



Jake Kelly, Rob McIntosh, Alex Hynes, Ellie Burrows, Michelle Handforth
Region Managing Directors
Network Rail
By email

06 October 2023

Dear Jake, Rob, Alex, Ellie and Michelle

ORR's review of enhancements and renewals capability

I am writing to you to document a review we have undertaken into capability concerns on Network Rail projects.

For context: In 2018 we published our *Inquiry into May 2018 Network Disruption*, which included a Prior Role Review into any actions ORR could have taken differently to mitigate the problems in 2018. That review noted that “*ORR clearly identified risks to the delivery of the May timetable, although there is a lack of clarity over whether these risks were communicated effectively and to whom*”. We are committed to learning lessons from May 2018 and not repeating the same mistakes again.

During our regular engagement with Network Rail projects in July and August 2022, there was a noticeable increase in project staff raising concerns with us including workloads within their teams, conflicts with other teams and inefficient decision making. We recognise that these concerns are subjective and that this was against a backdrop of the COVID-19 pandemic, rising inflation and industrial action. However, given the sudden increase in concerns being raised with us, we concluded that this could represent an early warning of a serious delivery risk. We had heard similar concerns from project teams prior to the May 2018 network disruption, so we set about gathering evidence to disprove or validate these concerns.

In September 2022 we notified Network Rail of our concerns. By March 2023 we had surveyed 37 of our regular project contacts, across all five regions, including sponsors, project managers, funders, operators and suppliers.



Our survey confirmed that many of the issues were isolated. In fact, we were pleased to receive very positive feedback about Network Rail projects in a number of areas, in particular about good communication with project stakeholders.

However, our survey highlighted some areas that could be improved. In particular, interviewees gave critical feedback about clarity of accountabilities; decision-making processes; staff retention challenges; and change fatigue during this challenging period of time.

In March 2023 we presented our findings to all five Network Rail regions and its Rail Investment Centre of Excellence. Network Rail engaged positively with our study and arranged regional follow-ups, to discuss specific challenges and mitigations within each region.

We found that project staff in all five regions had been facing unusually high levels of pressure over a prolonged period, from a combination of external factors (e.g. inflation) and also major changes within Network Rail (e.g. regional devolution, new operating models for CP7, etc). We concluded that:

- We are satisfied that the Network Rail's leadership in all five regions are aware of the local issues; they are taking reasonable approaches to respond to concerns from project teams; and they have reasonable plans in place to alleviate these pressures over the coming year;
- The approaches taken in the five regions were very different, each with clear pros and cons. We concluded that all five regions would benefit from more visibility of the approaches taken in other regions, to share best practice and lessons learned. We have provided Network Rail's regional teams with a summary of the regional approaches and I was pleased to hear that this has led to constructive conversations between the regions, through your internal Rail Investment Forum;
- However, the issue of unsustainable pressure on project staff has not yet been resolved in any of the regions. All five regions are currently embedding new operating models for CP7, which are intended to relieve these pressures and return to sustainable, business-as-usual conditions within project teams. We will continue to monitor this closely, including a follow-up survey at the start of CP7, to ensure that the planned benefits are being realised – and that the legitimate concerns of project teams are being addressed.

The last few years have been challenging for all parts of the industry and it is important that we recognise this as an unusual period of change and disruption.

I am grateful to Network Rail's project teams, regional leadership and Centre of Excellence for engaging openly and constructively throughout our review. Their



feedback has helped us to understand the impact of national challenges on individuals and teams, which will help us to identify early warning signs in the future.

Yours sincerely

Feras Alshaker

Copy to Anit Chandarana (Department for Transport), Damian Briody (Transport Scotland)