

John Larkinson
Chief executive



By email

Andrew Haines
Chief executive

21 January 2020

Dear Andrew,

Passenger train service performance

Passengers rely on both Network Rail and train operators to run a punctual and reliable train service. Our remit is to ensure that Network Rail is doing all that is reasonably practicable to deliver its contribution. I am writing to set out our views on Network Rail's delivery so far this year.

Before commenting specifically on Network Rail it is important to note the wider context. From the perspective of overall passenger experience, punctuality has been better so far this year than last, but it has not returned to levels experienced in previous years. Cancellations have fluctuated and remain at levels worse than three years ago.

There are, unsurprisingly, differences between individual services. In particular, passengers using Trans Pennine Express (TPE) have suffered severe disruption recently with unplanned cancellations in December at levels significantly worse than national averages. When looking at the cause of these cancellations, it has been largely the result of train operations. While our role in holding the train operators to account for train service performance is limited, we have written to TPE ¹ requesting further information from the company in relation to its passenger information obligations, which we oversee.

Turning to Network Rail, we have previously said we would consider a number of aspects in holding the company to account:

- delivery in Scotland against PPM and Right Time Arrival targets specified by the Scottish Ministers²;
- delivery against train performance targets set in Network Rail's scorecards;

¹ https://orr.gov.uk/_data/assets/pdf_file/0017/42308/december-2019-timetable-change-letter-to-tpe-2020-01-09.pdf

² The CP6 targets for Scotland include ScotRail PPM target 92.5% and 80% Right time Arrivals for Caledonian Sleeper services

- delivery against the amount of delay minutes caused by each of the Regions (normalised to form the consistent region measure for passengers - CRM-P); and
- delivery of the actions set out in Network Rail's response to ORR's Provisional Order (Nov 2018).

The remainder of this letter covers Scotland (as this has a separate framework), the best and worst performing Regions in England & Wales and Network Rail's response to the Provisional Order.

Scotland

Despite positive action taken by Network Rail Scotland and a reduction in the amount of delay caused by it, overall train performance remains well below target. There can be no let-up in the focus that Network Rail needs to put on providing a reliable service for passengers in Scotland.

In your interim Business Performance Report (Dec 2019), Network Rail Scotland stated that underlying infrastructure performance has continued to improve. We partly agree with this statement as it is substantiated by the reduction in the amount of delay minutes caused by Network Rail for its non-track assets.

Furthermore there are other categories beyond infrastructure that are improving as a result of Network Rail's positive action, in particular network management other (NMO) and weather:

- improvements in NMO have been enabled by Network Rail putting more resource into performance management and analysis;
- It has also undertaken more robust summer and autumn preparedness which has contributed to a lower level of delay attributed to weather, as shown by an 80 per cent reduction³ in failures caused by heat;
- The Glasgow Maintenance Delivery Unit (MDU) has restructured to enable better geographical focus and introduced 24 hour coverage of response teams. Network Rail has used learning from this to develop a plan that aims to deliver improvements to the Perth MDU;
- Network Rail has also demonstrated its continued use of intelligent infrastructure (such as remote condition monitoring) to help prevent delay causing incidents from occurring in the first place.

We have seen that Network Rail Scotland remains committed to the implementation of the 20 recommendations from the independent review of performance⁴ by Nick Donovan. The recommendations cover asset and fleet management, creating a better operating plan and

³ during summer of 2018/19 there were 1630 PPM failures attributed to heat, in 2019/20 there were 337

⁴ This review was commissioned in 2018 by the ScotRail Alliance (a partnership between Abellio ScotRail and Network Rail Scotland). <https://www.scotrail.co.uk/about-scotrail/news/improvement-plan-build-best-railway-scotland-has-ever-had>

improved service recovery arrangements. To date, the Alliance has closed out 10 of the recommendations and we will continue to monitor delivery of the remaining 10.

We expect Network Rail to build on work to date and continue to learn lessons and look for opportunities to deliver further improvements.

Wales & Western (W&W)

In your Interim Business Performance Report you illustrated that W&W is currently outperforming its train performance scorecard measures, slightly ahead of all the other Regions. In looking at CRM-P this conclusion is amplified. It is achieving the best level of performance in five years and it is outperforming other parts of Network Rail's business in delivering against target. Your published report did not draw this out in much detail. Should this level of performance continue then we would like to showcase what positive action has been taken by the Region or indeed any collaborative action taken by train operators in support of Network Rail. You may be intending to report this in your published Annual Report & Accounts or the Annual Return, and where we agree we would also reflect this in our own end of year assessment.

North West & Central (NW&C)

In contrast, while your Interim Business Performance Report showed that NW&C was slightly below target for its train performance measures, we think the current position is more serious than conveyed in that publication. When looking at CRM-P it is delivering close to the worst level of performance for five years, it remains a long way adrift of its target and is tracking very close to the regulatory floor. As the Region itself has recognised, this is not good enough for passengers.

We have seen that the Region has adopted new tools to assess its capabilities (RM3-P and performance analysis) although these are at an early stage of development. We have also seen that it has updated contingency plans but these are limited in effectiveness because sufficient information on traincrew and rolling stock (provided by train operators) has not yet been incorporated.

The Region has recently convened a performance recovery management team with representatives from train operators (Project Alpha). It has been very open and proactive in updating us on these activities and has reacted constructively to our step up in monitoring. It has also explained to us that the most significant underlying root cause is the current timetable, highlighting a sudden deterioration in delay minutes through the summer and autumn following the timetable change in May. This along with train crew issues for West Midlands Trains has been a major factor in the downturn for West Coast operators.

We are reviewing the evidence provided and gathering more information from both Network Rail and train operators to test the Region's approach to understanding and addressing the issues it faces and draw out whether we consider it is doing everything reasonably practicable. In doing this we also intend to explore the interfaces with train operators to understand more fully where Network Rail is reliant on them to deliver, especially in terms of the resourcing of the train plan for resilience and recoverability.

We want to do this as quickly as possible to form a view on next steps, for example on whether a hearing would help establish if we need to take further action. Our team is in contact with the Region to discuss the timeline for this.

Network Rail's response to ORR's Provisional Order

Planning & delivery

A key and immediate issue in your response was around joint performance plans, which you recognised had been inadequate in previous years. We have seen substantial improvements and where shortcomings have been identified, they have been addressed – most notably in the East Midlands Route plan where the original lacked any detailed analysis or specific action.

While planning is an important enabler, Network Rail has also been instrumental in developing a new Performance Improvement Management System (PIMS) to strengthen delivery, of which a core component is the RM3-P management maturity model. We have seen first-hand how both Network Rail and train operators are using this tool to assess weaknesses in their collective management maturity and taking action to address these. We will continue to monitor how effectively Network Rail rolls out this new way of working more widely.

We also have seen how Network Rail is introducing new tools to look at very small delays, which cumulatively have a large effect.

Not all areas have progressed as quickly as originally envisaged. One example is the development of a new suite of leading indicators which will be key in identifying enablers to good performance, especially for the priority network challenges being identified by the new Network Performance Board.

Capability

Aside from planning and delivery, your response identified weaknesses in Network Rail's capability to recover service from incidents on the network (in collaboration with train operators).

To help address this, the System Operator has embarked on a series of improvements. Its CapEx and OpEx improvement programmes which include the Industry Timetable Performance Modelling Programme (the recently re-established Whole System Modelling Programme), Data Improvement Programme, iTPS Programme, Access Planning Programme and Industry Technical Strategy. One outcome from these activities will be to pull together modelling, simulation and analysis of timetable performance to produce a more informed view around the risks associated with future timetable changes. Although the programmes are at an early stage, we have already seen positive work completed assessing capacity of the Elizabeth line. This has led to more informed decisions. . Some of the work will take time, but there needs to be a strong focus on how short term improvements can be made in how you forecast the performance impacts of possible timetable changes.

In addition, to tackle the declining level of operational expertise that you identified, Network Rail has set up a 21st Century Operations programme. Initiatives include reducing

balancing the workload of Local Operations Managers and working with the Institute of Rail Operators to improve training. We see this programme as a further positive step.

In summary, we consider that Network Rail has made positive progress on the commitments it made in its response to the Provisional Order, despite a few areas being slower to implement than originally envisaged. A constant and sustained focus is needed to ensure that benefits from these improvements are fully realised and we will continue to monitor progress.

I have copied this letter to the Department for Transport, Transport Scotland and the Welsh Government and am placing a copy on our website.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Larkinson', written in a cursive style.

John Larkinson
Chief Executive