

Grwp yr Economi, Sgiliau a Chyfoeth Naturiol
Economy, Skills and Natural Resources Group

Dirprwy Ysgrifennydd Parhaol • Deputy Permanent Secretary



Llywodraeth Cymru
Welsh Government

Joanna Whittington
Director
Railway Markets and Economics
Office of Rail and Road

[PR18.Schedules4and8](#)

12 February 2016

Dear Joanna

I have noted your letter inviting input into the schedule 4 and 8 compensation regimes and further preparations for the 2018 Periodic Review.

The regimes must be underpinned by the aim of minimising the impact of disruption on end users, both in terms of freight and passengers. They should ensure that any disruption to the rail network, whether planned or unplanned, provides fair compensation for those affected while incentivising the fastest possible remedial action.

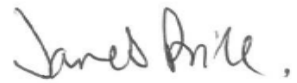
The regimes should also seek to minimise the financial impact on all parties, including government. Currently delays to planned enhancement projects often result in project funders needing to cover compensation payments. For certain projects, this has resulted in the Welsh Government paying compensation costs arising as a consequence of Network Rail's poor project planning and delivery. This is unacceptable, and the regimes should drive more effective planning and delivery of enhancement projects.

To reduce costs added to the overall delivery of rail services in the longer term, a process should be put in place to investigate repeat network failures which lead to performance payments. Plans should be developed to undertake renewals or enhancement work where there is a record of repeated network failure or damage.

There is a clear need for further transparency around what is triggering the need for compensation payments around these regimes and where the financial effects are falling. This would both aid funders in considering targeted investment options and enable the ORR to better assure performance and planning management arrangements within Network Rail.

I would like my team to be involved in the development of this work as it progresses. The first point of contact should be Rhodri Griffiths - Head of Transport Policy, Planning and Partnerships - who can be contacted at:

Yours sincerely

A handwritten signature in black ink that reads "James Price," with a comma at the end. The signature is written in a cursive, slightly slanted style.

James Price