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Paul Plummer Esq  
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Dear Paul

### **Control period 4 delivery plan**

We have now completed our assessment of your delivery plan and taken account of the views of those we consulted. In annex 1 to this letter we outline the process we have followed in doing this.

It is a significant step forward for the industry to have a five year statement of this nature. As well as demonstrating how you intend to meet your commitments arising from our periodic review determination, it will provide a firm basis for others to plan their own businesses. It will clarify where your plans and theirs are interdependent, and will show how together they will deliver improvements to rail users and meet the requirements of the two government High Level Output Specifications.

A great deal of good work has gone into producing this plan. However, as you have acknowledged to us, in some important respects it does not yet meet our requirements or those of the stakeholders we consulted. This letter sets out where the plan is currently inadequate. We require you to remedy these deficiencies and to send us a revised plan by 30 June.

We have three main concerns. Two relate to your plans for network enhancements and for delivery of the network availability target ('seven day railway') for reducing disruption to passengers from engineering work. We have also received a complaint from Virgin trains about the performance trajectory you have proposed, which we are following up separately with you; we do not deal further with it here.

Since you published your plan we have discussed with you our views and those of operators and funders, and you have told us of improvements you are already making. In annex 2 we set out the full list of specific improvements we require you to make to the plan in respect of enhancements. In summary these are:

- For certain projects you must define more specific output commitments; and
- You need to make absolutely clear your obligations in each area, to include the few key tables from the route plans to avoid cross referencing, and to make explicit which parts of the plan are subject to change control.

With respect to the network availability targets, we did not find your delivery plan clear or convincing. We have told you that we want to review progress on your plans to deliver these targets at a formal review in early June.

Many detailed issues were raised by operators and funders. You have written to train operators responding to their specific comments and it is important that you resolve these matters wherever possible. Once you have clarified your commitments in your revised plan we will check with those stakeholders that they are now content with your planned outputs. You will want to ensure that your plan is fully current as of that date, to avoid invoking change control for issues you have progressed successfully since the initial publication.

Operators raised concerns about other issues such as the project governance processes. Although these are not formally part of the delivery plan it is important that you make progress on them quickly. We will be meeting you shortly to hear your proposals; specifically we want to follow up governance arrangements for the East Coast projects.

We are now monitoring your progress against the outputs set out in the plan. In many areas, such as enhancements, there is a need for urgency because time lost at this stage of the control period will not be recovered. We will be pressing you to convince us that you are on course to deliver.

It is difficult to overstate the importance of establishing a clear and complete delivery plan. It essential you remedy the deficiencies identified here by 30 June; any further delay would be unacceptable.

I am placing a copy of this letter on our website.

Yours sincerely



p.p. **Michael Lee**

## **Annex 1: Assessment of the delivery plan**

Our 2008 periodic review determination included a delivery plan notice which set out what your CP4 delivery plan needed to contain.

You issued part 1 of the plan 'CP4 delivery plan statement of outputs' in February and sent it to operators and funders. You then published the full plan (including the February part 1) in March 2009.

### *Part 1*

It was important that operators and funders had the opportunity to comment on part 1 because it covered the main outputs you have to deliver. We therefore consulted on this and the non confidential responses are on our website.

We assessed this part of the plan against three criteria:

- is the plan complete - that is, does it meet the requirements of the delivery plan notice contained in our determination?
- does it provide a clear basis for us to monitor Network Rail?
- does it adequately reflect the requirements of operators and funders?

We found that the plan was complete in that all the outputs required by our delivery plan notice had been covered. We had a number of detailed questions which we are writing to you separately about.

The plan provides generally a good starting point for us to monitor Network Rail, except in the case of enhancement projects.

Although operators and funders made many positive comments about the plan, it did not fully meet their needs. Their main concern is that Network Rail's obligations on enhancements are often vague.

Outwith the specific requirements of the delivery plan, operators had more general concerns that Network Rail is not involving them enough in project governance.

You have written to the operators and have aimed to follow up each of their points. The revised plan should be up to date and reflect the outcomes of your discussions. We also considered the range of the enhancements covered by the plan and the extent to which non PR08 funded projects should be included, for example TIF funded projects. We

would like to discuss which further projects should be included over time, subject to a materiality threshold.

### *Full plan*

We did not consult on your full plan published in March, because this mainly covered initiatives, activities and expenditure required to deliver the outputs and it was not clear that the benefits of consulting would justify the costs to industry. When we assessed the full plan we took into account the fact that Network Rail could not be expected to have produced full details of every area of work for the next five years. We therefore assessed whether there appears to be a significant risk that the activities/plans/initiatives will not be sufficient to deliver the outputs.

While in general the plan showed that Network Rail is making progress, our assessment focused on:

- Plans to deliver the network availability target. We did not understand how the various initiatives are being combined together to deliver the trajectory. Some consultees also raised concerns. We are therefore going to review your progress on this in June;
- Your plan includes reductions in renewals volumes compared to our determination. As we have discussed we accept that you are reviewing your approach, but by the end of the year you must provide us with your planned activity levels for the five years and any revisions to your asset policies. You must, of course, continue to meet all output commitments including those for operational performance and network availability;
- Network Rail's capability to deliver the capital programme: we have had concerns about this for some time and have commissioned two reviews to assess your progress in building capability. Considerable progress has been made in building this capability and your reporting on this is now much clearer. We will now monitor your plans, including your ability to deliver renewals volumes after the first year of the control period. This is also obviously linked to clearer enhancement definitions since only when you know exactly what you will deliver, and when, can you provide full assurance about your capability.

## **Annex 2: Specific changes to be made by 30 June**

These changes include both changes which Network Rail has already proposed to make and further changes we require.

### **Platform lengthening projects**

For the following projects (the delivery plan reference number is in brackets) you will define the stations on each route where you will undertake platform lengthening and associated works. This will then be subject to change control

Train lengthening – southern [15.02-15.13]

Leeds capacity /South Yorkshire train lengthening [23.01 and 02]

Manchester platform lengthening [24.01]

Chiltern/Midlands/East Midlands train lengthening [22.04 to 22.06]

### **Power supply projects**

It is, of course, important that you have taken proper account of any power supply implications of your plans. To provide assurance to us on this point we have commissioned the independent reporter to review your plans, including the changes you plan to make for the 30 June revision.

### **Line speed improvements projects**

For the following line speed improvement projects, where the delivery plan entries are unacceptably vague, you will clearly set out what the projects will deliver and what your obligations are:

Wrexham to London [22.03]

Trans Pennine line speed improvement [25.00]

Westerleigh jn –Barnt Green [26.03]

## **Further project specific changes**

You will make specific changes for:

Felixstowe-Nuneaton [3.01] to clarify the scope definition at specific locations and the key milestones

IEP [12.00] - more detail on required works

Bletchley [10.01] – more detail on required works

Stafford/Colwich [10.03] – you have made major changes compared to our determination and you must explain how the works now link to the reprofiled funding

Bromsgrove electrification [22.01] – more detail on required works

Redditch branch extension [22.02] – more detail on required works

## **General changes**

You will improve the clarity of the plan by: for capacity schemes, including the relevant part of the operational plans (from the route plan) in the delivery plan, as part of the section defining your obligations; clearly highlighting the parts of the plan subject to change control.

## **Updates**

For the 30 June revision and subsequent revisions we expect you to include project delivery specific milestones where projects currently only have Network Rail GRIP milestones, where these will affect users of the network (e.g. where intermediate changes to outputs are delivered).