



Network Rail / Office of Rail Regulation

Independent Reporter Services (Part C)

Initial Review of the Reading Project

Executive Summary



Office of Rail Regulation

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Part C Reporter Mandate C1/09 Reading

Final report from the Independent Reporter's initial
review of Network Rail's Reading Project

12 August 2009

1. Executive summary

1.1 Introduction

During June 2009, the Independent Reporter (the Reporter) undertook an initial review of the Reading Project in response to the Office of Rail Regulation (ORR) mandate 'Ref C1/09 Reading' issued on 1 May 2009. The Reading Project is a generic term used to describe the two projects in the Network Rail CP4 Delivery Plan (March 2009) relating to Reading Station redevelopment: '13.02 Reading station area redevelopment' and '13.03 Reading station southern platforms'. The objectives of the Reporter's review were to understand the background and objectives of the Reading Project, to establish the current position on the Project and to make recommendations to increase the likelihood that Network Rail will deliver its obligations on the Project.

1.2 Approach

Following a 'kick-off' meeting with the ORR and the Network Rail Reading Project Team on 1 June 2009, the Reporter's team reviewed Network Rail's available documents and met a number of people, mostly key members of the Network Rail Project Team, as well as stakeholders from Reading Borough Council (RBC), Department for Transport (DfT) and First Great Western (FGW). Information was gathered, analysed and reviewed in a series of workshops and the findings were presented to the ORR and Network Rail on 17 June 2009. A draft report was submitted to the ORR and Network Rail on 30 June 2009 and their comments have been incorporated, as appropriate, in this final report. We have not considered any new material made available after 30 June 2009.

1.3 The Reading Project

Reading Station is one of the busiest on the national rail network, acting as a hub for interchanging passengers and as an origin and destination for journeys. Reading Station is identified by Network Rail as the greatest performance and capacity constraint on the Great Western Main Line (GWML).

The objectives of the Reading Project, as stated in the Network Rail document 'Reading Redevelopment GRIP Stage 3 Single Option Selection Report', dated 26 September 2008, are to:

- provide at Reading a local network and station which fits the medium term (2015) and long term (2035) requirements for all the routes which serve or pass through the area and a station suitable for future customer requirements

- deliver the following reliability improvement, as measured by Public Performance Measure (PPM):
 - to achieve 92% on long distance services
 - 93% on London and South East services
 - 92% (tbc by DfT) on regional services by December 2014 timetable
- deliver, on completion, the following capacity enhancements:
 - a minimum of four additional train paths per hour in each direction
 - a minimum of nine 'through-platforms' within the station
- deliver a reduction in the number of conflicting moves within the local Reading Station area
- deliver a station design, which is able to accommodate a doubling of passenger movements within present-day guidelines
- deliver a design, which provides for flexibility in timetabling along and across the GWML routes to cater for changing circumstances such as longer trains, electrification and new services
- deliver a station design that should allow for the future electrification of the Western Route through Reading.

1.4 Findings

We found that the Project objectives and scope are clearly defined and well understood. We found that the Project was reasonably well developed for the stage of the programme, supported by a well organised and focused senior management team.

The Project is following the GRIP process and is at a crucial stage, transitioning from GRIP Stage 3 to GRIP Stage 4. The Project Team is still gathering its necessary governance procedures, tools and systems to control delivery and is looking to expand its numbers to meet the increasing workload. This will require an excellent communications strategy, a robust set of management tools, and clear and specific role definitions across the Team.

Stakeholder management on the Project is excellent, particularly within the Project Development Group (PDG). In addition, the establishment of the Western Programme Delivery Group, supported by the Programme Integration Group (PIG) and the Programme Operations Group (POG), provides a good forum to address programme-wide integration topics and to

ensure good levels of engagement with external stakeholders, such as the Train Operating Companies (TOCs) and Freight Operating Companies (FOCs).

We found there is a good, common understanding of the key issues and risks at a strategic level, and that strategic issues and risks are discussed and challenged regularly through the Project Development Group (PDG), which is attended by key stakeholders including RBC and DfT.

Funding for the Project is clear, and at the time of the review, a paper had been submitted to the Network Rail Investment Panel realigning scope and clarifying funding. At the time, the AFC was £911m based on the All Works Construction Index (AWCI). We understand that this has recently been adjusted to £813.3m based on the Retail Price Index (RPI).

During the review, a new integrated team organisation was being rolled out and we feel this will support delivery. The team structure and organisation, however, had not been embedded yet with some middle management not clear on their forward roles. The new structure will be supplemented by 25 staff from the Bechtel Delivery Partner.

The programme office in place functions well, and the project planning and controls are integrated, and seem to be effective. We found that risk and value management were areas that could be improved and, indeed, the Project Team acknowledged this, and already has plans in place to address this.

There is a clear commercial and procurement strategy in place, with a dedicated, integrated team. The team has been working closely with the supply chain, and have a clear idea of the forms of contract to be used for the various work packages, and a high degree of confidence that their strategy is deliverable.

The Network Rail senior management team has expended significant energy in its negotiations with third parties and key stakeholders. Preparations for land acquisitions under the Transport and Works Act 1992 (TWA) process have been comprehensive. Key stakeholder negotiations have aided the progress of the Project through a well-organised PDG and by engaging with affected TOCs and FOCs.

The Reading Project has interfaces with other significant programmes of work: RBC's redevelopment of the interchange, Intercity Express Programme (IEP), AirTrack, electrification and Crossrail. These programmes are understood and design solutions have allowed for passive provision.

As described above, the establishment of the Western Programme Delivery Group, supported by the PIG and the POG, provides a good forum for ensuring that project delivery takes account of operational issues, and that rail network impacts are understood and minimised. This is also addressed within the Project through engagement of FGW in the PDG, and through retention of FGW resources as part of the Reading Project Team.

1.5 Recommendations

In the main, our recommendations are focused on strengthening and improving management processes and procedures; laying the foundations for the Team to manage the considerable ramp up of work that will occur as the Project progresses through GRIP Stages 4 and 5.

During the course of the review, we identified some areas for improvement. In certain cases, such as those related to risk management, the Project Team was already in the process of improving practices. In addition, although we have highlighted that the Project Execution Plan (PEP) should be finalised to facilitate better communications, this is an area that Network Rail is already working to address. As these areas are critical to a successful outcome, and at the time of the review are still outstanding, we feel they are worthy of specific actions, which can then be monitored and reviewed by the ORR.

The key areas for improvement in the Reading Project that we believe will help to increase the likelihood of Network Rail delivering its obligations under CP4 are:

- risk and value management processes should be revised to ensure they are following good practice
- there should be more involvement of good practice through the supply chain in areas such as change management, risk and value engineering
- the PEP should be finalised as a matter of priority, to facilitate better communications
- communication and management tools should be agreed and implemented
- there should be clear and specific definition of roles and accountabilities
- where possible, lock down changes for any interfaces with Reading, specifically IEP, Crossrail, and electrification
- formalise capture of best practice across Network Rail to ensure full benefits are realised from lessons learned.

1.6 Conclusion

Overall, we found that the Project is clearly defined and understood, a strong team and organisation is currently in place, and the Project is progressing as expected. The Project is a challenging one, and is currently transitioning from GRIP Stage 3 to GRIP Stage 4, with an associated ramp-up in Project scale and complexity. In addition, the Project Team organisation is fairly young, with the Project Delivery Partner (Bechtel) still ramping up. We believe the recommendations contained in our report will help to assure a successful transition and successful delivery.



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