

# **Independent Reporter**

Office of Rail Regulation and Network Rail

GSM-R Lessons Learnt on  
Industry Collaboration

Executive Summary

July 2010

**Halcrow Group Limited**

# **Independent Reporter**

Office of Rail Regulation and Network Rail

GSM-R Lessons Learnt on  
Industry Collaboration

Executive Summary

July 2010

## **Halcrow Group Limited**

### **Halcrow Group Limited**

Vineyard House 44 Brook Green London W6 7BY  
Tel +44 (0)20 7602 7282 Fax +44 (0)20 7603 0095  
[www.halcrow.com](http://www.halcrow.com)

Halcrow Group Limited has prepared this report in accordance with the instructions of the Independent Reporter clients, Office of Rail Regulation and Network Rail, for the Independent Reporter sole and specific use. Any other persons who use any information contained herein do so at the Independent Reporter own risk.

© Halcrow Group Limited 2010

## Executive Summary

### Independent Reporter Remit

The Independent Reporter<sup>1</sup> was instructed by Network Rail and the Office of Rail Regulation (ORR) to undertake an exercise to document findings from an existing review into the nature of industry coordination and joint delivery for cross industry projects, with a specific focus on the cab fitment elements of the GSM-R project. The Independent Reporter was asked to consider what roles and responsibilities might be expected in such projects in-principle, make observations about what happened in practice and list the factors that may have prevented/constrained the application of best practice in the GSM-R programme.

### Methodology

The Reporter's review was undertaken in April/May 2010 and comprised the following phases:

- inception phase to clarify remit and establish available documentation, drafting of best practice;
- review of documentation, meetings with Network Rail and TOC personnel to clarify issues;
- analysis and reporting.

### Good practice guidelines

The review highlighted a number of lessons learned that could help the industry in its development of cross-industry projects in the future. These include:

- establishment of clear objectives at the beginning;
- bringing in required knowledge at the relevant project stages;
- the need for a wider understanding of the factors that drive the different businesses, in particular, operators, and that affect project implementation;
- full and open consultation of Network Change;
- potential benefits from relaxing for example franchise performance targets to facilitate implementation of projects;

---

<sup>1</sup> The Independent Reporter is appointed by Network Rail under instruction from the Office of the Rail Regulation (ORR) and Network Rail to provide ORR with independent advice and assurance concerning Network Rail's delivery. This enables ORR to discharge its functions under the Railways Act 1993. In addition to providing assurance to ORR the Independent Reporter also seeks to identify good practice to promote efficient delivery.

- appropriate alignment of responsibility and accountability throughout project development and implementation;
- benefits of better alignment of funding submissions and understanding of project costs.

## Observations

Delivery of large-scale cross-industry projects is a complex issue. In the case of the British rail industry, this complexity is amplified by the structure of the industry, which comprises a large number of constituent parts all linked by contracts. Over 40 companies have operating licences, whilst passenger rolling stock is owned in the main by 3 rolling stock companies. Nor is knowledge wholly captured by the operators; specialist design and other skills lie with manufacturers and consultancies. Delivering projects is inevitably going to be a time-consuming process under this kind of structure. Moreover, the review has prompted the question as to whether the industry structure underlines naturally arising cultural differences between rail operators and rail engineers, pitching short term concern for the passenger against long term concern to get the best infrastructure solution. More work by Network Rail to gain a true appreciation of the business and hence behavioural drivers of TOCs and FOCs may help with the planning and implementation of future projects.

At the same time, it is only fair to recognise the steps forward that Network Rail has made in terms of stakeholder management during the GSM-R project. One aspect of this has been the approach to consultation to NCN5, an approach which has been welcomed by operators and the use of a TOC champion to put Network Rail's case to operators and bring peer group pressure to bear in facilitating co-operation.

The contractual structure of cross-industry projects is set by the Network Code, Part G. Although not perfect, Part G provides a reasonable framework for change and the facilitation of cross-industry projects. In theory, there is no reason why the Network Code could not be used for a joint industry project investment submission. However, the Network Change process assumes a proposer and responder. Psychologically, it carries the risk of locking parties into the mindsets of opposing sides, rather than a united industry working together for the benefit of the end user.

Fleet management has provided some challenges for the GSM-R project. Fleet availability is a genuine issue for TOCs which can make it difficult for them to facilitate a project such as this. Moreover, this is only one of a number of issues that is making it difficult for Network Rail to finalise implementation costs. Given that Network Rail's funding for the project is already determined, on-going difficulties in fully identifying operator costs can only make Network Rail's task harder.

As part of the review, the allocation of responsibility and accountability for the fitment of GSM-R has been analysed and compared with an ideal scenario. Network Rail as infrastructure asset operator has, not unreasonably, been responsible for the fixed infrastructure elements of the programme. However, for reasons of expediency, it has also been responsible for those elements of the programme relating to moving assets (trains), assets it neither owns nor earns revenue on. Rolling stock engineering is not within Network Rail's core competencies. As such, making Network Rail responsible for the rolling stock elements of future projects does not seem to be appropriate. Logically, this responsibility would lie with the asset owners (ROSCOs); however, these sit outside the regulatory structure. As such, some form of

appropriate contractual and regulatory mechanism would have to be found to facilitate the appropriate allocation of responsibility and accountability in the future.

Finally, it is appropriate that Network Rail should be undertaking a review of the cab fitment elements of the GSM-R project with a view to learning lessons for the future. Whilst a number of areas which Network Rail could consider for further improvement were highlighted in the review a lot of good practice has developed during the project, including the evolution of the Network Code to include the Complex Projects Process, and a much fuller involvement of stakeholders.

**David Simmons**

**Independent Reporter**

**Halcrow Group Limited**

**July 2010**