Office of Rail Regulation

Independent Reporter (Part C)

Strategic Freight Network efficiency assessment - Felixstowe to Nuneaton freight capacity scheme

Executive Summary

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NICHOLS

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Introduction

Between April and July 2010, the Independent Reporter (Part C) (Nichols) (the 'Reporter') carried out an efficiency assessment of the Strategic Freight Network (SFN) – Felixstowe to Nuneaton freight capacity scheme. The aim of the review was to undertake a detailed assessment of the Felixstowe to Nuneaton scheme with an emphasis on the areas of costs, schedule and outputs. It is the intention of the Office of Rail Regulation (ORR) to use the output from this review as a benchmark for the future assessment of the efficient delivery of schemes funded by the SFN Fund.

A further output from the review is to make a recommendation on the best time to undertake efficiency assessments in terms of Network Rail's Guide to Railway Investment Projects (GRIP) stages.

Approach

The Reporter's team conducted interviews with the Network Rail staff responsible for the management of the SFN Fund, and for the management and delivery of the scheme and also with industry stakeholders represented on the SFN Steering Group. In addition to the interviews, documents relating to the project and the SFN were made available by Network Rail for review.

The Strategic Freight Network

In July 2007, the Department for Transport (DfT) published the 'Delivering a Sustainable Railway' white paper. The white paper proposed the development of the SFN and proposed the SFN as a network of rail trunk routes with adequate capacity and appropriate loading gauge to carry major flows of rail freight. In Control Period 4 (CP4), £230m[1] (at 2010/2011 prices) was made available for a number of specified schemes, which include:

- provision of a 'bi-directional' chord between the East Suffolk Line and Great Eastern Main Line known as the 'Ipswich Chord'
- provision of 775m loops on the East side of Ely Station for regulation of intermodal freight trains.

1 Prices as quoted in the 'Network Rail CP4 Delivery Plan 2010 Enhancements programme: statement of scope, outputs and milestones' (the CP4 Delivery Plan) March 2010 update.

These schemes are known as the Felixstowe to Nuneaton capacity schemes and £50m of the CP4 allocation from the SFN Fund was assigned to these schemes. The objectives of the Felixstowe to Nuneaton schemes are to deliver in CP4 output capacity for 24 intermodal trains per day (tpd) between Ipswich and Peterborough and the active provision for 775m trains.

Findings

We defined benchmarks for delivery efficiency based on industry good practice and suggested minimum criteria against which the efficiency of a project can be assessed. The aspects of the project against which the benchmarking criteria were developed include:

- efficient governance
- efficient cost control
- efficient project control
- efficient delivery.

Against the efficient governance criteria, Network Rail was found to engage its stakeholders, and had fully involved them, in the selection and prioritisation of schemes. With respect to the active provision of 775m trains, two of the three main rail freight operators do not currently have the facility to operate trains of up to 775m on this route. However, it is a long term objective to operate longer freight trains on the network.

The Felixstowe to Nuneaton (F2N) capacity enhancement project complied with Network Rail's Investment Regulations. However, a business case justification was not prepared for the individual capacity schemes. Therefore, the contribution from each scheme to overall capacity enhancement could not be identified.

The Ipswich Chord requires planning approval and land assembly. The project team was found to have complied with the statutory process. There is a risk to the project from possible delays in meeting the requirements of the Infrastructure Planning Commission (IPC) as it is a new and untested process. The project team is therefore proposing to deliver the Ely Loops and Ipswich Chord as separate schemes at the end of GRIP Stage 4.

A new siting of the Ely Loops in GRIP Stage 3 minimised land take and is considered to have removed the requirement for IPC approval for this scheme.

Value management workshops involving key stakeholders were undertaken as part of GRIP Stage 3. However, a review of the technical solution in GRIP Stage 4 identified a less costly solution for the Ipswich Chord (embankment instead of a viaduct).

The feasibility study in GRIP Stage 3 identified approximately 120 rural level crossings between Ipswich and Peterborough that are likely to have an impact on the scheme. The consultants

report concluded that[2] '*further investigation is required to fully ascertain the likely impact of the additional freight traffic and identify any necessary mitigation measures. All crossings should be reviewed in ALCRM*'[3]. Hence, the consequential impact on timetable, safety and cost remains a high risk to the project's delivery.

The programme management team was found to be well motivated with a focus on delivery. There was evidence of regular and up-to-date reporting arrangements instituted between the delivery team and the programme sponsor and client, which enhanced the decision-making process. The programme team demonstrated a willingness to challenge conventional practices by requesting a review of the GRIP Stage 3 designers' proposed solutions. This resulted in a more cost effective solution being identified for the Ipswich Chord and Ely Loops option during GRIP Stage 4.

Principal recommendations

It is recommended that:

- as the delivery of the Ipswich Chord runs the risk of delay due to planning approval and land purchase, Network Rail should develop a contingency plan that it could implement in the event of the Ipswich Chord approval being delayed thereby ensuring optimal use of the SFN Fund in CP4
- the findings of the review demonstrated that an independent peer review should be undertaken as part of the process of option selection in GRIP Stage 3; this is considered as the optimum stage to undertake an efficiency review
- for the F2N schemes and for projects of overall value in excess of a nominal £20m, earned value analysis should be routinely undertaken and the performance indices included in the project's reporting
- where the scheme being evaluated consists of more than one scheme, for completeness of the option appraisal process, a business case analysis should be provided for individual capacity enhancement schemes
- a detailed integrated schedule should be produced that identifies the interfaces with other Network Rail projects as defined in the client remit
- Network Rail should consider providing a supplementary sheet that reconciles the line items included within the estimate, with the cost headings in the Project Financial Analysis - this supplementary sheet would aid cost transparency, by providing linkage between the detail of the cost estimate, and the investment paper
- Network Rail should undertake a benchmark review of cost data included within the Project Financial Analysis against other projects of similar GRIP Stages.

2 Faber Maunsell AECOM – Felixstowe to Nuneaton Freight Capacity Enhancement Project – Feasibility Report April 2009.
3 ALCRM is a Network Rail computer programme used to evaluate timetable impacts of level crossings (All Level Crossings Model).

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