



Network Rail monitor

Quarter 2 of Year 3 of CP4 | 24 July 2011 - 15 October 2011

Summary

Customer service

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Network Rail is to pilot a methodology to assess its overall customer service capability. We are pleased there was industry agreement on Network Rail's plans for reducing traction current losses and we will monitor progress of the work.

Network Rail reform

page 4

We support the Network Rail devolution which took effect in November. We are monitoring how it manages the change to check for proper management of safety and other risks.

We also welcome Network Rail's continued work to develop proposals for alliances with train operating companies, introduce contestability into project design and delivery and let an infrastructure concession. Both we and Network Rail are clear that closer working arrangements with one operator must not be at the expense of disadvantaging others and there is the means to take corrective action through the network licence, track access agreements and the network code.

Passenger train performance

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Although many passengers continue to experience

good levels of performance others do not, particularly on key long distance routes and in Scotland. We appreciate that some aspects of current performance go wider than Network Rail alone and that train operators will need to play a part in resolving them. However, Network Rail is now unlikely to deliver most of the 2011-12 performance requirements established by the 2008 Periodic Review. We regard this as evidence of a possible licence breach and wrote to the company saying this in November. We are now considering its response and will then decide whether we need to take formal action.

Freight train performance

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The level of Network Rail caused delay to freight trains remains well adrift of the regulatory requirement. This is also covered by the letter referred to above.

Developing the network

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Overall Network Rail remains on course to complete its programme of enhancement works. Development work on Crossrail continues and the first major phase of the Thameslink programme is on course for successful completion this month, enabling 12 car trains to operate across London.

Timescales for some projects are still at risk where

decisions on rolling stock plans have still to be confirmed.

Further electrification and other investment has been announced as part of the Government's economic stimulus package.

Asset management

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Network Rail has submitted draft asset policies supporting the Initial Industry Plan for CP5 and beyond. Although these are a step forward from previous policies we are disappointed that none yet includes whole-life cost justification demonstrating that the policies are as efficient as possible.

Network Rail appears to be substantially behind target on three of the six asset management improvement trajectories agreed in January¹, although it may have closed some of this gap since the independent reporter's July assessment. We will look to the company to make up any slippage.

We are pressing the company to improve its maintenance competencies in a number of vital areas, such as condition and fault recording and cause attribution.

We are considering a request to bring CP5 funding forward for Network Rail's ambitious £300M plans to improve asset information and the supporting IT.

Performance of the infrastructure in the first half year has been encouraging overall, with 6% fewer

infrastructure incidents delaying trains when compared with last year. But delay minutes are higher due to the increase in delay per incident, and the number of temporary speed restrictions has been rising steadily.

The monitor focuses on issues of Network Rail's delivery for which it is accountable under its network licence. We use colour flags to show at a glance our current level of concern with an issue:

Network Rail delivery is satisfactory or good.



Network Rail delivery is currently unsatisfactory and/or we have some concerns about future delivery. We have raised the issue with Network Rail.



The issue is subject to special scrutiny, with intensive investigation and enhanced monitoring. We may have discussed potential licence concerns with Network Rail Directors.



We have major concerns about current and/or future delivery. We are considering, or have already decided to take formal enforcement action.



¹ See <http://www.rail-reg.gov.uk/upload/pdf/nr-cp4-success-010311.pdf>

Customer service

Customer service maturity

In the last monitor we reported that Network Rail had proposed a methodology for measuring and understanding its level of customer service performance. This drew on the latest expert thinking, but investigation of comparable organisations had not identified a substantial body of applied 'best practice'.



Network Rail has now proposed piloting a methodology in two parts of the company in the first half of 2012, to test whether it is workable and is likely to achieve its objectives. We agree that this is sensible, given the limited evidence of established best practice in comparable organisations. We also agree that it is appropriate in the rapidly changing environment of devolution and other elements of industry reform, which itself could significantly change relationships between Network Rail and many of its customers.

Improving traction electricity efficiency

Following our concerns that Network Rail is not managing electrical losses efficiently, the company has presented whole industry business cases for reducing losses on the DC third-rail network south of the Thames. We are pleased there was industry agreement on these and we will be monitoring progress of the work.



We wrote to Network Rail in October raising concerns about delays to its programme for installing meters for non-traction uses of the power supply, such as for stations and signalling.

Network Rail has responded with a revised plan and has committed to provide regular updates and to ensure transparency of the metered data to the industry.

We want to encourage reductions in industry energy consumption and Network Rail's work to improve its understanding of electrical losses across the network is important to help us put the right incentives in place for CP5. Network Rail has made good progress with trials and modelling for a single section of line. We await its final reports, which will need to show how the trials and modelling can be used to calculate a more accurate network figure.

Encouraging investment

Network Rail has accepted the independent reporter's recommendations that identified ways in which it could reduce obstacles to third party investment in its infrastructure. These included using all means to engage clients, seeking new ways of working and communicating the new structure to investors and ensuring that competency assessments and training is rolled out to all sponsors. Another example was to increase internal awareness of the incentive arrangements that encourage investment and to embed this in local decision making. We want Network Rail to take these recommendations forward and we will report on progress in the next monitor.

Network Rail reform

Devolution

In November, Network Rail completed its internal restructuring to create devolved business routes headed by route managing directors. We welcome this move to speed decision making and bring it closer to customers. We will monitor how the company manages the changes to ensure that safety and other risks are managed effectively through the transition. We will keep close to developments in the relationship between routes and HQ, including in particular how the overall 'system operator' role evolves. This will be critical to ensuring that Network Rail deals effectively with network-wide issues and provides good all-round service to all train operators on a fair basis.



Concession

Network Rail is continuing to examine the potential for letting infrastructure management concessions for parts of the network. Defining the 'system operator' function in the right way will be even more important in this context.

Project DIME

Project DIME is a Network Rail initiative to increase contestability in project delivery, and thereby to drive further



efficiencies. The company will establish a distinct projects business unit from April 2012 creating greater separation between design and delivery activities and project clients. It will start to put more work out to tender at an early project stage, with external suppliers competing with the in-house division. This will test value for money and promote best practice in project design and delivery. The in-house business unit might then in due course tender for work externally. We are discussing with Network Rail how this will work to ensure that it can improve, and does not distract from, management of the core regulated business.

Alliances

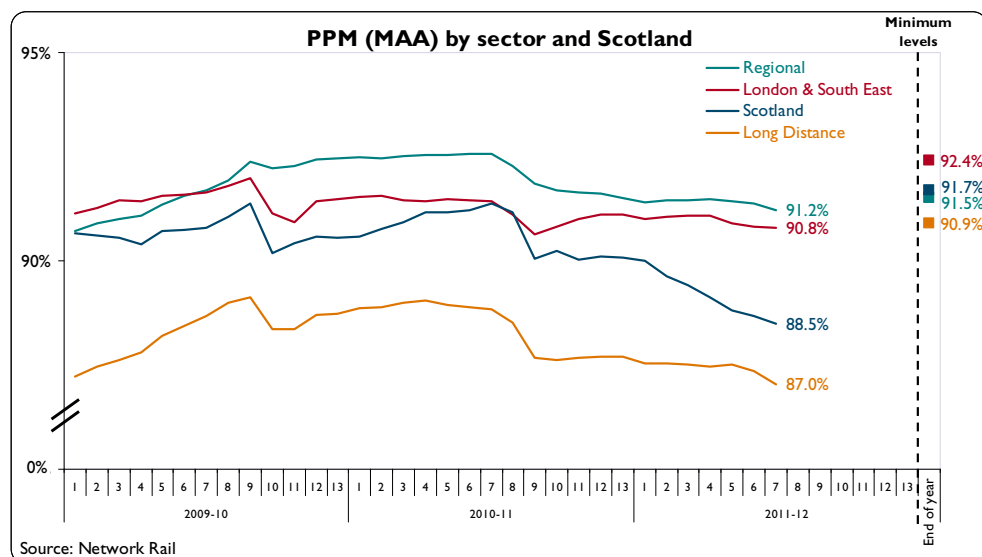
Network Rail is discussing ideas for closer working with several individual train operators. The aim, which we support, is to align incentives more closely and to improve innovation and efficiency. Alliances could take different forms ranging from informal partnerships, such as already used successfully in integrated control centres, to formal commercial agreements on specific issues. There must be no loss of clarity about responsibilities in an alliance, in particular for safety - any changes will be subject to Network Rail's safety validation arrangements, where appropriate carried out in conjunction with the relevant train operator. Both we and Network Rail are clear that closer working arrangements with one operator must not be at the expense of disadvantaging others; there is the means to take corrective action if necessary through the network licence, track access agreements and the network code.



Train Service performance

Overview

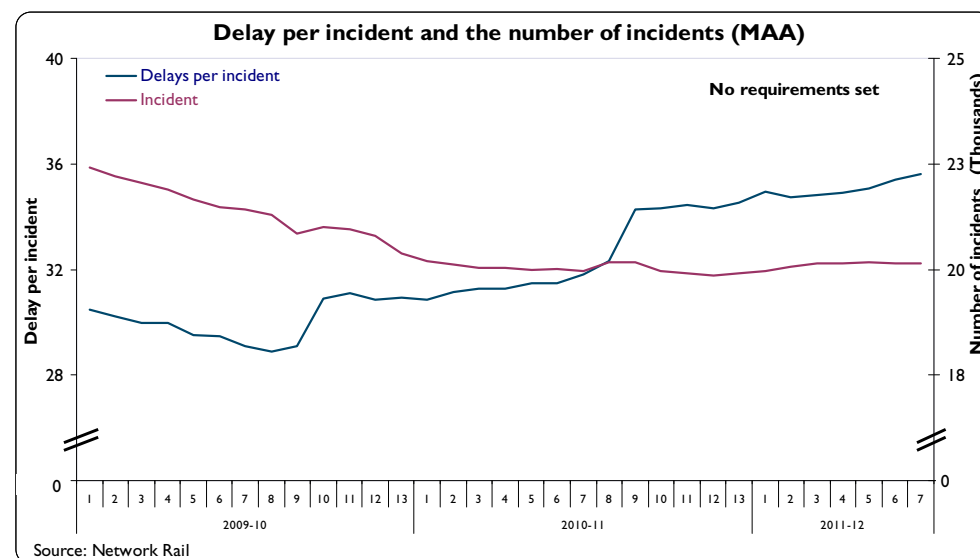
Train service performance continued to deteriorate in the second quarter. Many passengers still enjoyed good levels of performance but for others the experience has been very different. This is particularly so for those using long distance services (where PPM is now 87.0%², well short of the 90.9% required for 2011-12) and ScotRail (PPM of 88.5% compared with a requirement of 91.7%). Delays to freight services also continued to run well above the levels set by the 2008 Periodic Review (PR08).



² This figure has been updated to reflect the MAA.



We appreciate that there has been a significant increase in the delay and disruption caused by cable thefts and other external factors, but these alone do not explain the extent of the current under-performance. We are also aware that the delay per incident (DPI) has risen, showing that the network has become less resilient to perturbations. Network Rail has worked hard to uncover the root cause of this but has not yet been able to do so, which is critical given the significance of this factor in determining overall performance.



Our investigation of these problems, and of the reasons for the wide gaps between forecast and actual performance, has also left us concerned about whether performance projections can currently be relied on.

We are clear that some aspects of current train performance are matters for the whole industry to address rather than Network Rail alone. Train operators will need to play a part in resolving them over the remainder of this control period if rail

users are to receive the improvements the industry has agreed to deliver.

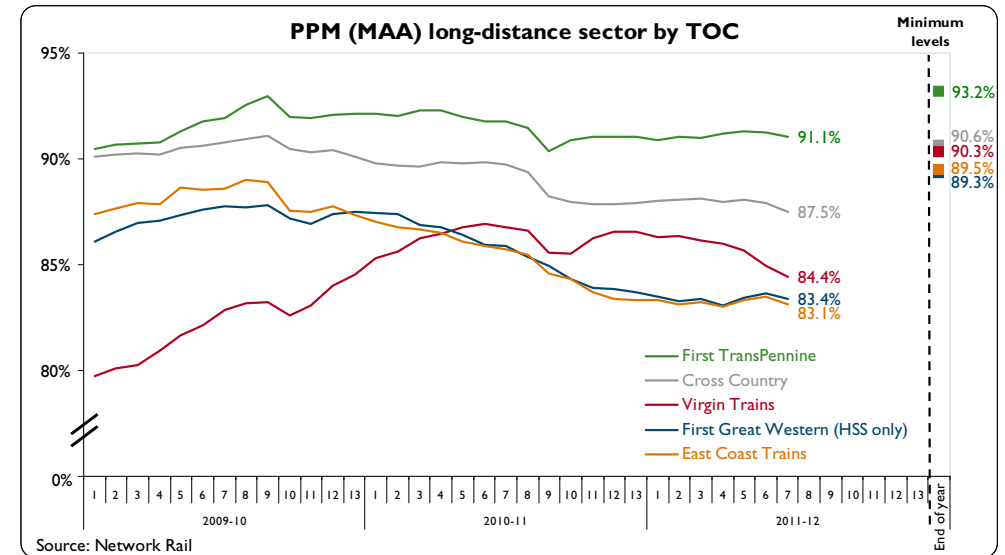
Network Rail and franchised operators agreed to revise their Joint Performance Improvement Plans (JPIP) in the light of performance in the first half of the year. The revised plans show improvement in the rest of 2011-12, broadly in line with the original projections, but no significant recovery of the under-performance from the first half year.

These revised projections indicate that Network Rail is unlikely to meet many of the PR08 requirements for 2011-12 and the reasonable requirements of train operators as expressed in the original JPIPs. We have therefore written³ to the company stressing that an urgent reversal of recent trends is required and that we are considering whether it is, or is likely soon to be, in breach of its network licence. The company responded in writing on 22 November and we met for further discussions on 28 November. We are now considering these responses.

Punctuality

Long distance sector

Long distance service punctuality was especially poor at the end of period 7 for East Coast, West Coast and Great Western. The 87% PPM at the end of period 7 for all long distance services is well short of the 90.9% required for the end of this reporting year, and Network Rail acknowledges that it is unlikely to make this up over the remainder of the year.



First Capital Connect (FCC)

We again met Network Rail with FCC to review recent performance delivered to the TOC. We recognised improvements in some areas but that others were still unsatisfactory. Further actions were planned and we agreed with FCC to meet again in three months to assess progress.



³See

http://www.railreg.gov.uk/upload/pdf/nr_performance_targets_letter_011111.pdf

Cancellations and Significant Lateness (CaSL)

CaSL remains well behind the end-of-year target for the long distance sector, with a slight increase in period 7. The regional sector is much better, just 0.1% adrift of the end-of-year target.



Network Rail delay to passenger trains

Network Rail is unlikely to meet its target, set in PR08, for delays to passenger services in England & Wales. This is a key factor in the overall performance problems described above.



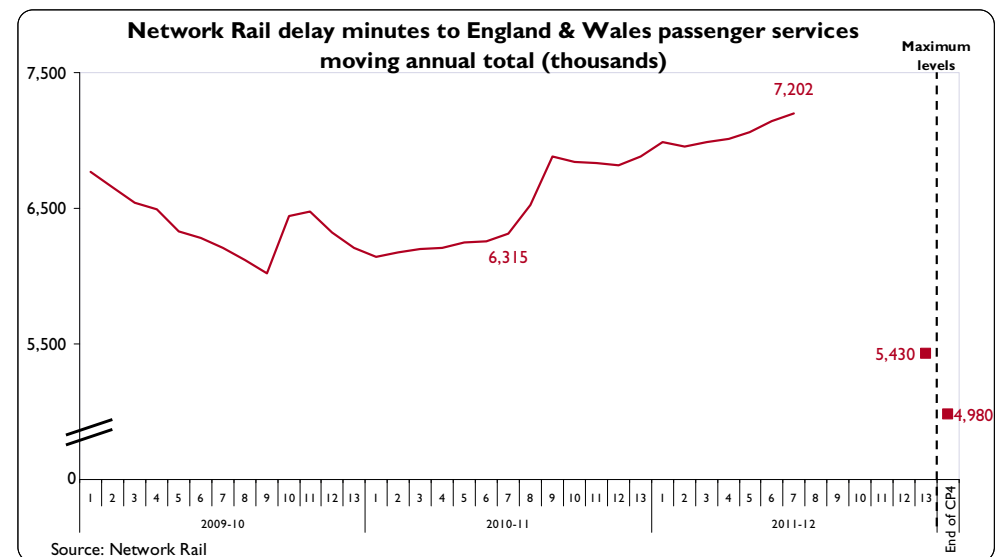
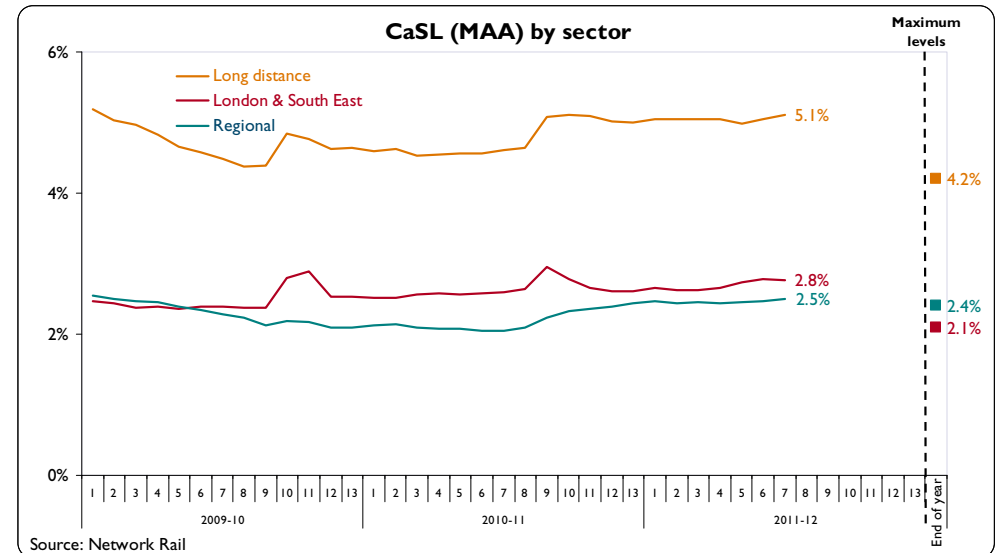
Autumn preparedness

After several years of improvement, autumn performance in 2010 fell back significantly. Network Rail and the industry have been working, through the National Task Force, to identify the reasons and improve operational resilience and safety for autumn 2011. One change is an increased programme of rail head treatment (by a combination of high pressure water jetting and applying adhesion modifiers) to cover almost a million miles over 10 weeks. Early indications are that delays due to poor adhesion are considerably lower than last year.



Winter preparedness

In response to problems over the last three winters when third rail electrified routes were shown to be vulnerable both to large snowfalls and prolonged freezing conditions, Network Rail has made a range of investments and modifications to assist in maintaining performance. This will still be of benefit even if there are more typical or benign conditions. In particular, it has installed conductor rail heating at many more locations near stations, especially in Kent.



There are also initiatives across the wider network to improve resilience to winter conditions. Steps have been taken to protect infrastructure from damage caused by ice impact when trains pass. Network Rail has enhanced its multi-purpose vehicle fleet to apply both anti-icing and de-icing fluids, together with fluid heating and sleet brushes. It is providing an additional six anti-icing trains and additional locomotives which can rescue stranded electric trains if needed.

Train operators have made improvements to protect their fleets such as preventing sliding doors from icing up. Southeastern and Southern have modified software on their modern fleets to reduce the risk that they shut down if arcing occurs at the electrical pick-ups.

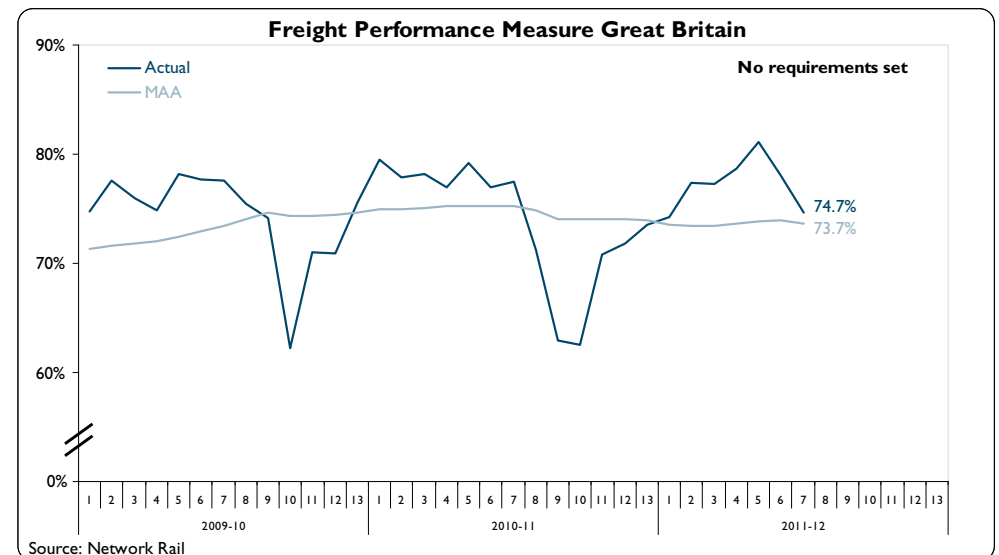
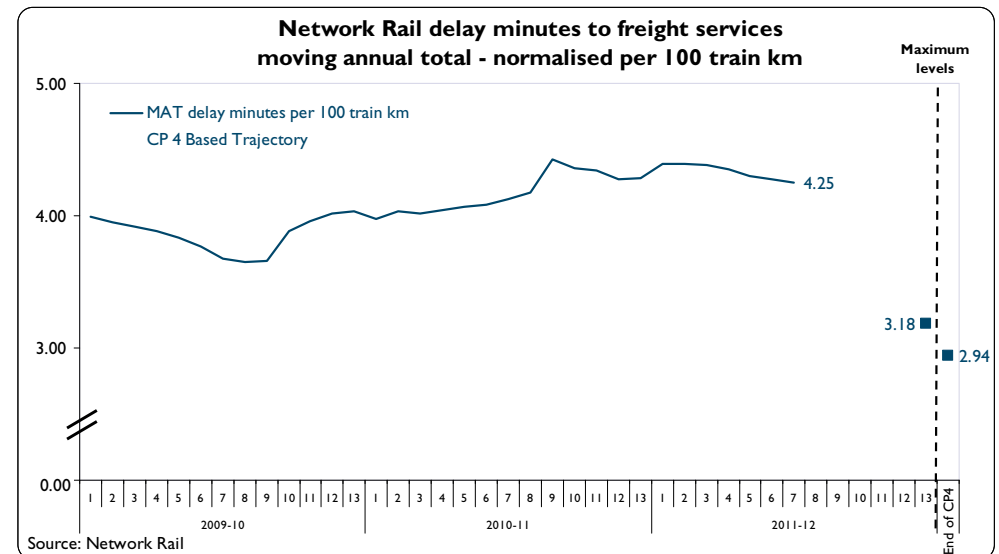
All these changes have been planned as far as possible to be in place now, but certain elements cannot be entirely complete until later. We will provide an update in the Q3 Monitor.

Network Rail delay to freight trains

Delays to freight services remain much worse than target. In June we noted that Network Rail was discussing possible changes to regulatory targets with freight operators but we made it clear that unless formal change proposals were made to us quickly, we would expect the company to meet the target set in the PR08 determination. In September, Network Rail wrote to us advising that it would not make any proposals for change until at least 2012. We therefore continue to hold Network Rail to account to the existing target.

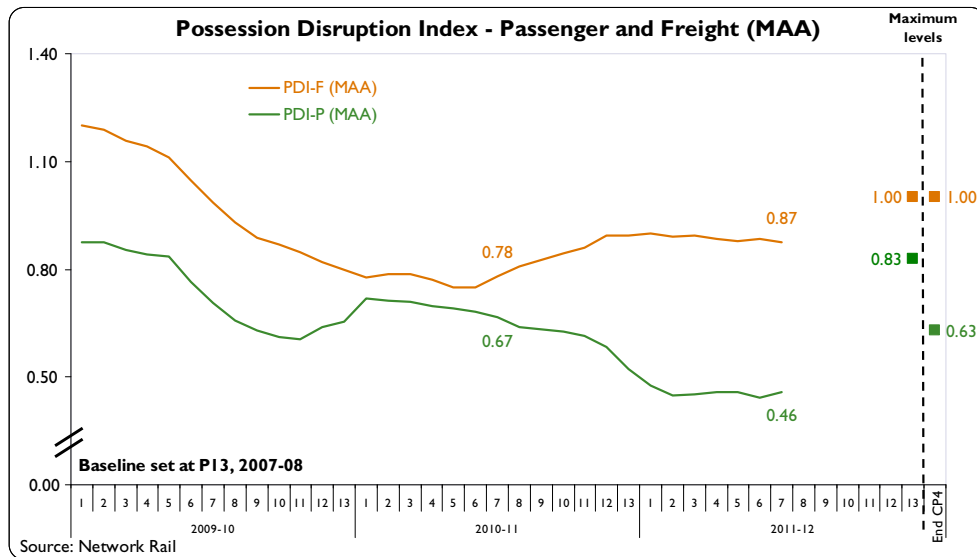
The level of Network Rail delay to freight services has continued to be worse than target and it is now unlikely that the company will deliver this year's requirement. We are

considering Network Rail's response to our letter which identifies this as a potential breach of the network licence.



Network availability

Reductions in disruption to passenger services by planned engineering work remain well ahead of the PR08 target. Disruption to freight is also better than the PR08 requirement. Network Rail recognises that it must remain within the PR08 requirements as the volume of renewal and enhancement activity increases in the remaining years of CP4.



Developing the network

Overall Network Rail remains on course to complete its programme of enhancement works.

Development work on **Crossrail** has continued and Network Rail has submitted revised plans for its funders to assess.

The **Thameslink** programme is due to reach a significant milestone on 10 December when 12 car trains will be able to operate (the current maximum is 8 cars). This will enable increased capacity in the peaks between Bedford and Brighton. We meet the Thameslink programme team every 4 weeks to gain assurance that they are taking all reasonable steps to deliver the outputs. The programme is on target but there is little contingency remaining in the project schedule, particularly at Blackfriars and Farringdon stations. Although the essential infrastructure should be complete on time and the stations open for passengers, work at Blackfriars and Farringdon stations will not be fully complete until May 2012.

The new 12 car services are the culmination of significant infrastructure investment including the modification and upgrade of signalling and traction power supplies and the lengthening of platforms north of London. More 12-carriage trains will follow from 2015 when the new fleet of Thameslink trains enters service.

The **railway communications system**⁴ project continues to make steady progress with 95% of the route works and 82% of mobile sites now complete and the new GSM-R radio now live on routes via Cambridge for National Express' new class 379 trains. Cab radio fitment is also proceeding well, with 28% of the national fleet now fitted with its GSM-R kit.

While installation and commissioning of the new radio is proceeding satisfactorily, there is less progress in transferring existing communication circuits onto the new fixed telecoms network (FTN). When Network Rail proposed supporting GSM -R with a new FTN, part of the justification was that existing circuits would be transferred to that network. This should give greater reliability (particularly through the option of diverse routing), reduce maintenance costs of old cables and the costs of leasing cables. It should also bring benefits to numerous signalling and general communication systems that rely on long distance links. We have therefore asked Network Rail to increase visibility of this work by including circuit migration in its regular reports to the industry.

Network Rail is on course to complete the next phase of its programme to **lengthen platforms** in the south east of England in December, but the schedule is tight.

Projects at risk

We have reported previously on some projects that we think are at material risk of missing delivery commitments and have been watching these closely.

⁴

<http://www.networkrail.co.uk/asp/6386.aspx>

We expect to receive a proposal in December from Network Rail to revise the scope of works and delivery dates for **linespeed improvements between Liverpool and Leeds**. We will assess this, taking into account responses from stakeholders and the impact on users of the railway. We aim to publish our decision⁵ by the end of December.

We are still waiting for proposals to revise the scope and delivery dates for **platform extensions at London Waterloo** which require final agreement between the train operator and DfT on the provision of additional rolling stock. This uncertainty has continued for more than six months; until it is resolved the likelihood of delay to the project and realisation of the benefits will grow.

There is still uncertainty around the operational plans that the **Kent power supply upgrade** project will need to facilitate. Until these plans are firmed up the scope and delivery dates of this project remain unclear. Network Rail should continue to work with Southeastern to make sure the right infrastructure is put in place at the right time.

Changes to projects

At the end of September we approved changes⁶ to several projects including bringing forward delivery dates for works at **Reading** station. There is now also more clarity on the type of trains planned for **Northern Rail**, and their delivery dates, so we have approved changes to the scope of the infrastructure needed to facilitate these. Network Rail can now press ahead to bring about the planned benefits for passengers.

⁵ <http://www.rail-reg.gov.uk/server/show/nav.2177>

⁶ <http://www.rail-reg.gov.uk/server/show/nav.2177>

Network Rail's capability to deliver the revised programme

Before approving these changes we reviewed whether Network Rail has the capability to deliver the revised enhancements and renewals programme. We are satisfied that Network Rail understands the scale of new work to be delivered and that it has robust plans to recover its deferral of track renewals. We asked Network Rail to identify any adverse consequences on performance and network availability but it is satisfied that there are none. There is now a more stable delivery schedule although we will continue to review this.

Economic stimulus package

As part of the Autumn Statement, the Chancellor announced a package of additional rail investment. The north Trans Pennine route (from Manchester to York via Leeds) is to be electrified and advance works for this project will start as soon as possible.

Almost £80m of additional investment in the access for all programme (to improve passenger access at stations) is planned for this control period. This includes work brought forward from the next control period and additional investment. The Network Rail discretionary fund (for small schemes) will be increased by £100m in this control period. There will be extra investment in 'winter resilience' measures to improve train performance during the winter.

There will also be an acceleration of maintenance work on bridges and other structures - work which would have been carried out in the next control period. This is forecast to cost between £150-250m over the remainder of this control period.



Network Rail has also been asked to develop the east–west rail link further, working with the existing consortium. If the business case is demonstrated and a proportion of local funding secured, DfT will consider including the scheme in its HLOS (its high level specification of what it wants the railway to deliver in the next control period from 2014) in July 2012

We recognise the importance of the rail element of the economic stimulus package and we have been working with DfT and Network Rail to facilitate it. Decisions on the package have been taken over the last few weeks and full details of the work still need to be firmed up. We will put monitoring and controls in place to ensure the money is spent efficiently.

National Stations Improvement Programme (NSIP)

The objective of the NSIP programme is to bring about a noticeable and lasting improvement in the environment at stations for the benefit of passengers. We monitor progress to determine whether the programme is likely to deliver on time in CP4. The latest review, carried out for us by the independent reporter, was completed in October 2011⁷. This concludes that cross industry commitment together with good working partnership at local level will enable the programme to be completed successfully by 2014. The reporter made four recommendations, including undertaking before and after passenger surveys for future station improvement projects and that the cost data used in projects should be provided in a more consistent format. We will monitor Network Rail's progress in closing out these recommendations.

⁷ See: http://www.rail-reg.gov.uk/upload/pdf/stations_improvement_programme_oct2011.pdf

Planning for the future

Network Rail has been considering how planning for the future development of the network should be taken forward by the industry following completion of the programme of Route Utilisation Strategies (RUSs). It proposes to coordinate the production of different types of studies (market sector, network and local) to inform long term specifications for its routes. It is developing a formal proposal which it will discuss at a cross industry planning group in early 2012. We will consider what oversight we will need to have to make sure that Network Rail fulfils its obligations to plan ahead. While the new process develops, we expect Network Rail to maintain the existing RUSs.

Works over Christmas and New Year

As last year, we asked Network Rail for information on its preparations for engineering work this Christmas. It has reviewed every planned worksite, assessing in particular the risk associated with the work and the potential for project delays to cause overruns and unplanned disruption to services. It has provided us with a list of those sites considered to present the highest risk, based on an assessment regime we have audited previously⁸; it will give these the closest scrutiny before work is allowed to start. Network Rail will review its schedule again 4 weeks before work is due to start and once more 1 week in advance, when it will take final decisions on the scope of work to be done to minimise the risk of overruns. We are satisfied that Network Rail is continuing to follow the improved planning processes it implemented in response to our enforcement action following the 2007/8 overruns.

⁸ <http://www.rail-reg.gov.uk/upload/pdf/halcrow-engineering-work-audit-260510.pdf>

Asset management

Asset planning

Asset policies

At the end of September, Network Rail provided us with the draft asset policies used to develop its contribution to the Initial Industry Plan (IIP). These were accompanied by detailed cost estimates and work volumes.

These are a substantial advance on previous versions, but none yet includes a whole-life cost justification to demonstrate that the policy is the most efficient which could be adopted. This is disappointing, as for some asset groups it has had sophisticated models, around which such justification could be developed, for some months. This means that at this stage, as we review the IIP to prepare advice to ministers in 2012, there is still significant uncertainty around the efficiency projections for maintenance and renewal costs.

Asset management improvement programme

The independent reporter AMCL has completed a review⁹ of Network Rail's overall asset management capability, using its asset management excellence model. Reporting against the improvement trajectories agreed with ORR in January 2011¹⁰, the reporter found that in July Network Rail was ahead of the target agreed for September on one of the six high level categories (risk and review) but behind in the other five (asset

management strategy and planning, lifecycle delivery, asset knowledge, whole-life cost justification, and organisation and people), the latter three being substantially adrift. AMCL is updating its assessment to take account of further progress made by Network Rail between July and the September target date and we will report the final conclusions in the next Monitor.

Maintenance

AMCL's assessment showed that the area of 'Maintenance evaluation' had progressed very little from the previous low ratings measured in 2006 and 2009. The 'business process maturity scores' are:

- | | |
|--|-----|
| • 2006 assessment: | 33% |
| • 2009 assessment: | 36% |
| • July 2011 assessment: | 39% |
| • September 2011 target: | 51% |
| • Current best in railways or utilities: | 77% |

High quality maintenance planning and efficient and effective delivery are vital if Network Rail is to achieve its PR08 commitments. This is why the agreed trajectories target this area among those warranting greatest improvement. We are also pressing the company for specific improvements including recording of condition data for switches and crossings (a recommendation of the RAIB Grayrigg report), fault recording and cause attribution, and use of risk based or reliability centred maintenance, where the independent reporter's review of the RoSE project found roll-out to be too slow.

⁹ See: <http://www.rail-reg.gov.uk/upload/pdf/amcl-2011-amem-assessment.pdf>

¹⁰ See: <http://www.rail-reg.gov.uk/upload/pdf/nr/cp4-success-010311.pdf>

Management of civil engineering structures

Network Rail has developed, and is delivering, the fully resourced improvement plan we called for to deal with weaknesses in this area. The company has employed a consultant to advise on development of a sustainable CP5 asset policy. This is welcome as it has made little progress on this aspect since last year, when it expressed doubt whether its CP4 policy would be sustainable in the long term.



Severe disruption followed the partial collapse of a secondary steel roof designed to catch water inflows in Balcombe Tunnel on the London-Brighton line. It was fortunate that there were no injuries and no damage to rolling stock. Investigations continue into the cause of the collapse but it seems likely that failure of asset stewardship was at least a contributory factor.

There are continuing backlogs in the programmes of visual inspections and detailed examinations, which are the subject of an ORR Improvement Notice. Network Rail has said that by the end of this year it will submit a prioritised plan to clear the backlogs.

Drainage management

Good drainage is important for integrity of the track bed and earth structures. Drainage failures can result in the need for unplanned maintenance and renewals and may impact on efficiency, performance and even safety. We have called on Network Rail to accelerate its programme of drainage inspections. Progress over the last quarter has been better and we are continuing to monitor it closely.



Asset information

Network Rail has presented a comprehensive and ambitious plan for major improvements to asset information and the

supporting IT. It estimates that this would cost £324M with rapid payback and substantial completion by the end of CP5 and continuing annual savings of £109M. The company has requested bring CP5 funding forward, suggesting that the proposals represent a step change in asset strategy not already funded through PR08. We are considering this request, but before reaching a decision will need to subject the proposal to a thorough review to understand the costs, benefits and priorities.

Asset delivery

The independent reporter Arup has completed its report on Network Rail's reporting of renewal volumes. We monitor progress against the company's 2010 delivery plan, to ensure the sustainability of its asset management and as a key input to assessment of its efficiency claims. Arup discovered deficiencies in the completeness and accuracy of reporting, and unilateral changes which Network Rail had made to metrics. We have now received satisfactory explanations in all of these areas, but are concerned that unless future reporting is improved we risk a repeat of this year's confusion. We have therefore defined a new reporting template which will mitigate the problems experienced this year.

Asset performance

The reliability of the infrastructure in the first half year has been encouraging overall, with 6% fewer infrastructure incidents causing delay to trains compared with the same period last year. However, delay minutes have increased as a result of higher delay per incident (DPI).



Against this general picture, the number of temporary speed restrictions (TSRs) has increased steadily since March. We believe this may be a significant factor behind recent declines



in train performance. Network Rail has explained that the increase is in part due to soil moisture deficit and clay shrinkage following low levels of rainfall in the south of England, and problems with the supply of on-track machines for maintenance. It is taking steps to improve track quality, especially on the West Coast route. It expects a reduction in TSRs from period 8 as soil moisture content improves.

Scotland

Customer service

Network Rail is to pilot a methodology to assess its overall customer service capability.



We are pleased there was industry agreement on Network Rail's plans for reducing traction current losses and we will monitor progress of the work.

Network Rail reform

We support the Network Rail devolution which began in Scotland earlier in the year and was completed across the network in November. We are monitoring how the company manages the change to check for proper management of safety and other risks.



We also welcome Network Rail's continued work to develop proposals for alliances with train operating companies, introduce contestability into project design and delivery and let an infrastructure concession.

Passenger train performance

First ScotRail PPM (on an MAA basis) has fallen to 88.5% – well behind the end-of-year PR08 target of 91.7%. We are particularly concerned about the sustained deterioration of performance, including the increase in delay minutes. We have written to Network Rail about this and serious performance shortfalls elsewhere on the network. We have



told the company that we believe there is evidence that it may be in breach of its licence. We are assessing its response and will then decide whether we need to take formal action.

Freight train performance

The level of Network Rail caused delay to freight trains has continued to increase and remains well adrift of the regulatory requirement. This matter is also covered by the letter referred to above.



Developing the network

Following the Scottish Government's spending review the plan for delivering the Edinburgh to Glasgow Improvements Programme (EGIP) is being reviewed by Network Rail and Transport Scotland to ensure the most affordable and achievable plan is implemented to deliver the programme's aims and best value. As a result certain milestones set out in the current plan may be revised. We are working closely with Transport Scotland and Network Rail so that once the review is concluded we can agree the future delivery plan against which we will hold Network Rail to account.



Borders rail project

In December 2009, Transport Scotland announced that the Borders rail project (to re-establish rail services from Edinburgh to Tweedbank) would be delivered through competition. Three consortia took part in the bidding process, but two



subsequently withdrew. In September Transport Scotland announced that it had decided that Network Rail should deliver the project. Network Rail is assessing work to date and planned work on the project so that it can produce its own costed plan. We will then monitor the company's progress against the agreed plan. We are working closely with Transport Scotland and Network Rail as the company develops its approach.

Asset management

Network Rail has submitted draft asset policies supporting the Initial Industry Plan for CP5 and beyond. Although these are a step forward from previous policies, we are disappointed that none yet includes whole-life cost justification demonstrating that the policies are as efficient as possible.

Network Rail appears to be substantially behind target on three of the six asset management improvement trajectories agreed in January¹¹, although it may have closed some of this gap since the independent reporter's July assessment.



We are pressing the company to improve its maintenance competencies in a number of vital areas, such as condition and fault recording and cause attribution.



We are considering a request to bring CP5 funding forward for Network Rail's ambitious £300M plans to improve asset information and the supporting IT.

Asset performance in Scotland did not reflect the national improvement, with only marginal reductions in asset failures

compared with last year. We are continuing to monitor how Network Rail is managing the changes arising from its maintenance restructuring and creation of the devolved Scotland business route. We have met the company to discuss its actions to ensure ongoing management of switch and crossings, and are carrying out inspection work to assess the robustness of its processes for managing planned and reactive track maintenance work.

¹¹ See <http://www.rail-reg.gov.uk/upload/pdf/nr-cp4-success-010311.pdf>

We welcome feedback on this monitor. Please address your comments or queries to:

- Customer service:
Nigel Fisher on 020 7282 2112 or Nigel.Fisher@orr.gsi.gov.uk
- Train service performance:
Paul Hadley on 020 7282 2039 or Paul.Hadley@orr.gsi.gov.uk
- Developing the network:
Graham Richards on 020 7282 3943 or
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