

Graham Richards
Director, Planning and Performance

Stuart Calvert
Director, Centre of Excellence for Capital Delivery
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17 December 2020

Dear Stuart,

Capital Investment Capability Framework - baseline assessments

I am writing to set out next steps following completion of the Capital Investment Capability Framework baseline assessments.

First, I want to recognise the positive work you are doing to drive down costs and increase the speed of capital project delivery. We are working with you and funders on several initiatives to deliver this, such as improving the early stages of project development, by creating a set of tools to help identify the optimum value for money solutions to meet funder and customer requirements.

Recognising the importance of these early stages of a project lifecycle, we have also worked closely with your team and the Independent Reporter¹ (Nichols) to develop the Capital Investment Capability Framework. This framework provides a structured approach to analysing organisational capability in managing the early stages of a project, for the purpose of assessing levels of maturity that in turn helps identify areas that may need strengthening.

I would like to thank your teams' and acknowledge the commitment to completing the initial assessment at a challenging time, where Network Rail has been implementing its transformation programme (Putting Passengers First (PPF)) and managing the impact of the Covid-19 pandemic.

As described in the report, the capability of each Network Rail Region is at a level where there are processes in place to manage the various aspects of early stage development but

¹ Independent Reporters provide ORR with professional advice on the quality of Network Rail's provision, as specified in condition 11 of their network licence. This provides ORR with an independent review of Network Rail's performance and stewardship of the network. ORR uses this review to assure Network Rail's performance on an ongoing basis, in our capacity as the industry regulator



that these are not always applied consistently across the organisation. This level is typical for an organisation in its first assessment using such a framework.

Looking forward, we are agreed that there is scope to strengthen Network Rail's capability and we are therefore pleased that the Regions and the Centre of Excellence have all responded positively by pro-actively developing improvement plans. You will be sharing these with us in January 2021 when they are complete and it is encouraging that some of the key themes you have briefed us on align to the findings of the initial assessment, specifically:

- identification of best practice and adoption by other regions;
- updating the central information management system, to address fragmentation; and
- further work to embed the programme delivery lifecycle.

We understand that the plans will incorporate existing initiatives that are already addressing the priorities identified by the assessment (including SPEED (Swift, Pragmatic and Efficient Enhancement Delivery), central IMS (Information Management System) update, PACE (Project Acceleration in a Controlled Environment), GRAI (Governance, Risk Assurance and Improvement)). We agree this is a pragmatic approach.

We intend to monitor progress of the improvement plans to inform the ORR's independent assessment of Network Rail's capability to plan and deliver capital work.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'G. Richards'.

Graham Richards