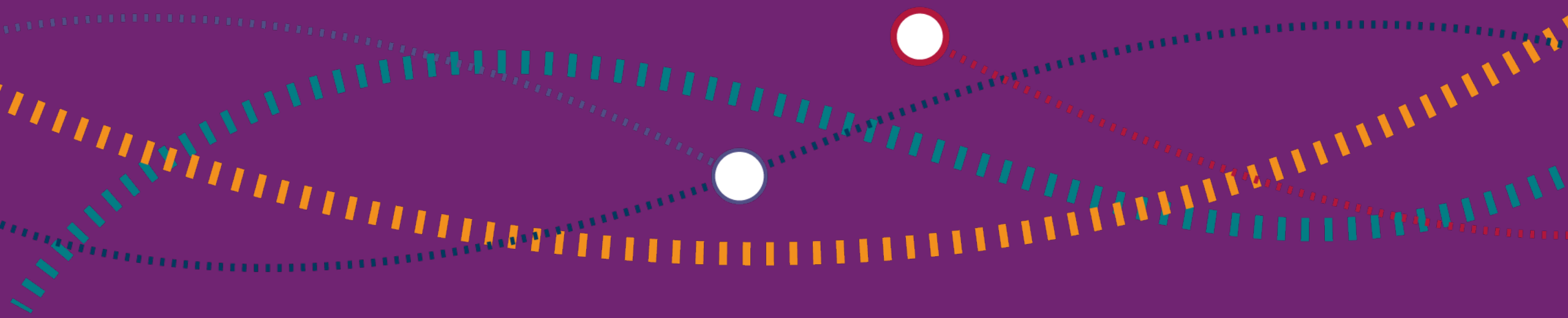


# Annual Assessment of Network Rail

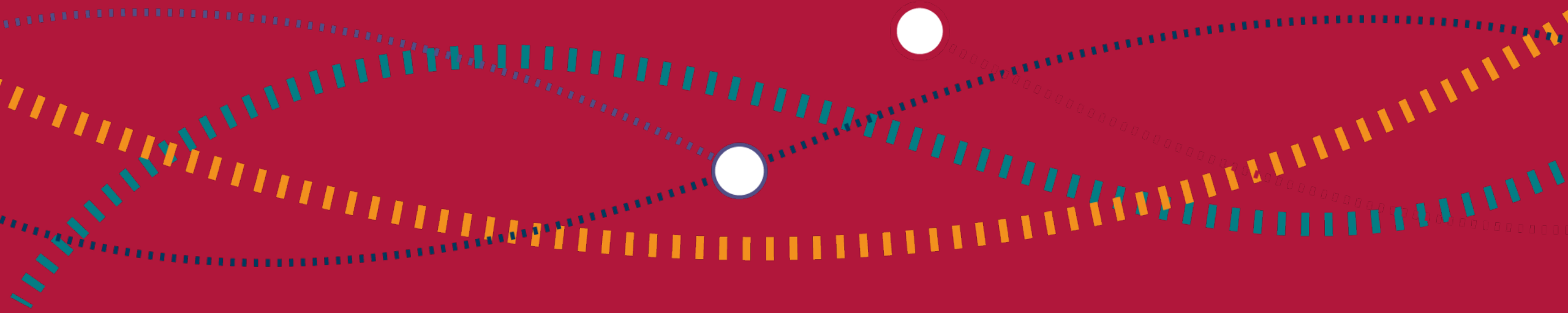
Launch Event

20/07/2022



# Context – ORR's wider work

- Industrial Action
- Annual Reports
  - Consumer Report headlines
  - Health and Safety Report headlines
- PR23 update
- Rail Reform



# Industrial Action – our role

- Prior to the June strike, ORR's safety inspectors scrutinised contingency plans
- During the strike we went out on the network undertaking safety checks
- Our consumer team monitored the provision of information and assistance to passengers
- Overall, the industry's plans to run a limited service worked well
- Wider financial pressures on the industry remain a fundamental problem

# ORR Annual Reports

- Annual Consumer Report | 7 July
- Annual Health and Safety Report | 14 July
- National Highways' Annual Assessment | 19 July
- Annual Assessment of Network Rail | 20 July
- ORR Annual Report on HS1 Ltd 2021–22 | w/c 25 July
- Annual Efficiency and Finance Assessment of Network Rail | September

# Consumer Report

## Setting our expectations of industry

- Assistance can now be booked at 2 hours' notice
- Claiming Delay Repay will be easier
- Passenger information will be more consistent and timely

## Securing compliance

- Enforcing Covid travel rules for Eurostar and Eurotunnel
- FirstGroup made goodwill payments to passengers for failing to pass on Delay Repay claims to other operators
- Operators' websites are now more accessible and have better content about station accessibility

# Consumer Report

## Looking ahead

- A new Code of Practice on Complaints Handling in April 2023
- ORR will take over sponsorship of the Rail Ombudsman in early 2023
- We will have a strong focus on compliance
- Rail Reform – broader role for ORR e.g. on accessibility

# Annual Health and Safety Report headlines

- Britain's railways remain one of the safest in Europe – however still serious accidents and near misses
- Significant achievements e.g. on track worker safety improvements
- Industry needs to remain focused on delivery of the day job of a safe operational railway
- Key themes for year ahead
  - Managing the legacy impacts of the pandemic
  - Managing change: safety by design and successful, safe transition
  - Supporting people
  - Implementing technologies effectively
- ORR continues to work with industry to deliver health and safety improvements

# Prosecutions and enforcement notices

## Prosecutions concluded

- WH Malcolm fined £6.5m after death by electric shock of 11 year-old boy at freight depot.
- Nexus (Tyne and Wear Metro) fined £1.5m after death of an employee at South Gosforth depot.
- Amey Rail Ltd fined £600k after a rail-road vehicle overturned.
- QTS Group fined £12k after injury to contractor installing soil nails in railway cutting.

## Enforcement Notices – some examples

- Failure to "prove dead" before working on live conductors.
- Failure to prevent unauthorized access to mainline railway.
- Failure to control risk from legionella.
- Failure to demonstrate footplate personnel competence.
- Failure to properly plan and manage construction work.
- Failure to demonstrate competence of staff and volunteers to operate trains.



# PR23 update

## Reviews of Network Rail's access charges, Schedule 4 possessions regime and Schedule 8 train performance regime

- Consultations closed on 1 July 2022 and we are currently reviewing responses
- Policy conclusions in October 2022, confirming any changes to these regimes for CP7
- Overall, keeping changes to minimum while enabling rail reform

## How we will hold to account in CP7 consultation

- We will publish this consultation – including a technical consultation on proposed success measures – on 28 July 2022.
- The consultation closes at the end of September 2022, we will publish our conclusions December 2022.

# PR23 update

## Advice to UK Government and the Scottish Ministers

- The UK Government (for England & Wales) and Scottish Ministers will decide separately the level of funding to provide Network Rail in CP7 (starting 1 April 2024) and what they want it to deliver in return.
- To help inform these decisions, we provided formal advice to both the UK Government and Scottish Ministers in May and June 2022.
- We are providing supplementary advice between July and September 2022.
- The UK Government's HLOS and SoFA are expected by 28 October 2022 and Scottish Ministers' HLOS and SoFA are expected by 30 November 2022.

# Rail Reform legislation and what it means for ORR

- DfT's consultation sets out high-level proposals for changes to primary legislation. Much of the current legislative framework will remain in place.
- ORR retains functions it has today, but has wider role to hold GBR to account

## Retained

Health and safety enforcement

Wider licensing regime

Consumer law enforcement

5-yr Periodic Review process

Competition law enforcement

Investigatory powers & rail statistics

Approve and direct access to the network

Regulation of other networks

## New

Hold GBR to account

Enforce new GBR licence

Two specific changes to ORR's duties

# Rail Reform and the implementation work ahead

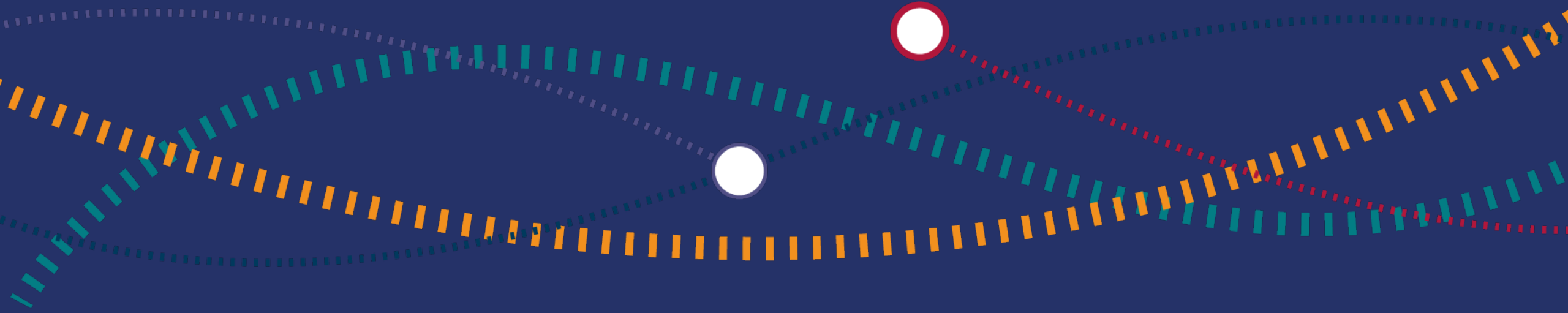
- Significant policy work needed and major decisions will need to be taken. Choices around how much needs to be in place by ‘day 1’
- ORR will continue to provide independent advice to support effective implementation of the UK Government’s plans

## What needs to be in place on GBR’s Day 1

A new operating model and organisational capabilities to deliver it safely (including new franchising and retailing functions)	Clarity on the relative roles of GBR, governments and operators, including DfT-GBR governance arrangements	A new GBR licence	Clear business plan commitments
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# Liz McLeod,

## Head of Network Regulation



# Annual Assessment of Network Rail

20 July 2022

## Annual Assessment of Network Rail

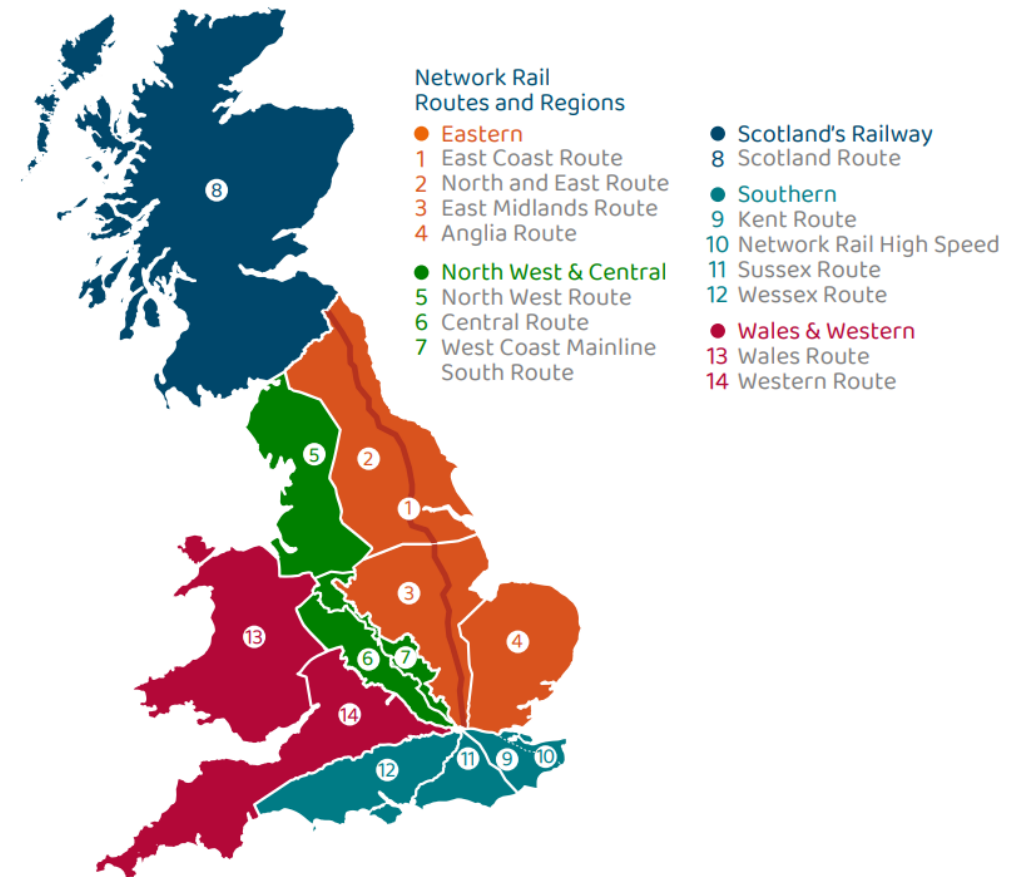
1 April 2021 to 31 March 2022

20 July 2022



# Our Annual Assessment

- We hold Network Rail to account for its management of the rail network in Great Britain.
- We monitor how it operates the network to keep trains running on time and how it keeps the network safe and in good condition.
- Our ‘Annual Assessment of Network Rail’ sets out our views on Network Rail’s performance between 1 April 2021 and 31 March 2022, the third year of Control Period 6 (CP6).
- The report contains separate chapters which review network-wide performance, the performance of Network Rail’s regions, and its System Operator function, including how it has performed for freight and national passenger operators.
- Where possible, we compare performance, identifying best practice, and areas for improvement.



# Train service performance declined but was largely kept at higher levels than pre-pandemic. Performance in the Wales and Western region declined faster than in other regions

- There was a decline in performance from the record levels of the previous year, but it remained largely better than before the pandemic.
- On Time performance declined and cancellations increased for all regions.
- Train performance in Wales and Western, particularly the Wales route, declined more quickly than in other regions.
- Network Rail Scotland also missed its performance target for ScotRail but it proactively put an improvement plan in place.
- During year 3, we concluded our investigation into poor train performance in the North West and Central region.
- Nationally, freight performance returned close to pre-pandemic levels. Most Network Rail regions fell short of their freight performance targets, except Network Rail Scotland. Wales and Western had the largest shortfall against target.
- Network Rail continues to strengthen its performance management capabilities across the regions.





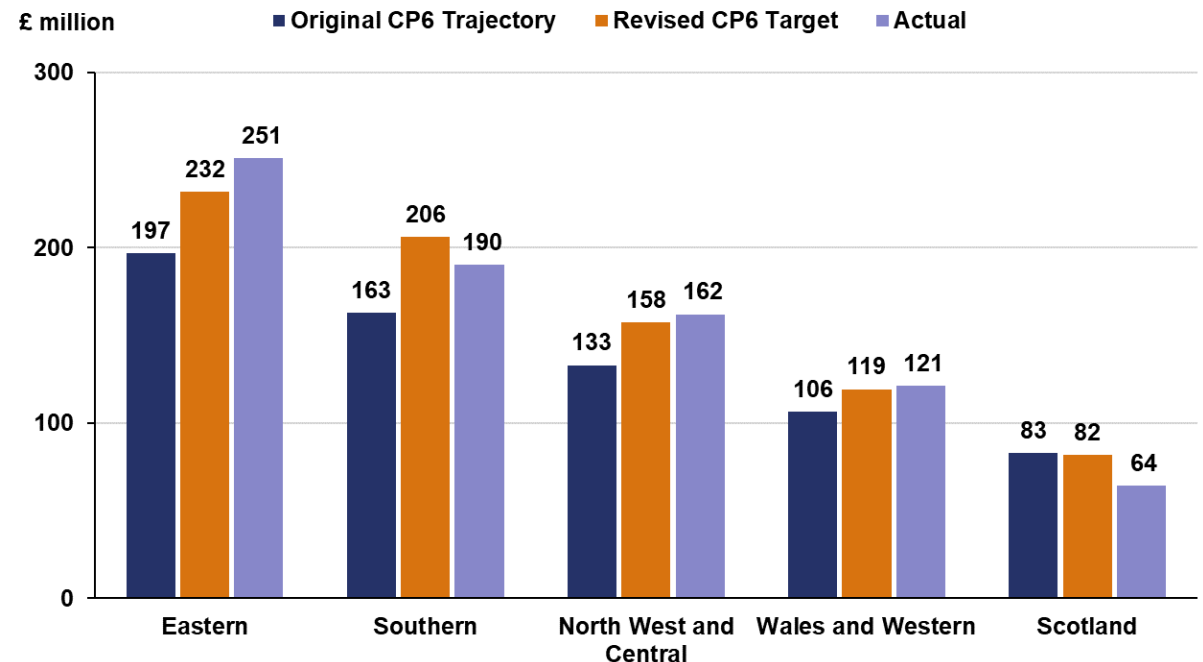
# Network Rail must ensure sustained, co-ordinated oversight to deliver long-term safety improvements and manage the impact of future reforms

- Network Rail performed well against many safety indicators.
- Recent data confirms that we continue to have one of the safest railways in Europe.
- Network Rail and the wider industry had to deal with the continuing impact of the pandemic, while also preparing for upcoming industry-wide changes. Such changes need to be managed carefully.
- Sustained, coordinated oversight is needed to deliver recommendations to improve safety following the fatal derailment at Carmont in 2020.
- Network Rail continued to make good progress in complying with our enforcement on workforce safety, almost eliminating work with unassisted lookout warning. Compliance is required by 31 July 2022.



# Network Rail's delivery of efficiencies remains strong. However, wider financial performance has declined, and financial risks need to be carefully managed

- Network Rail reported £840 million of efficiency improvements, ahead of its £830 million target.
- Most regions either met or exceeded their annual efficiency targets.
- Network Rail Scotland delivered significantly less than planned. It reported £64 million of efficiencies in the year, which was 21% behind target.
- Wider financial performance declined, with overall financial underperformance of around £900 million across the first three years of CP6. This is largely due to cost increases associated with the pandemic, inflationary pressures and other factors.
- Risk funds are lower than may be necessary to meet future financial risks.



# Network Rail's delivery of renewal work varied by region and performance of its infrastructure was mixed. All regions must improve on structures examinations

- Network Rail met its network-wide target for renewals work but delivery varied across the regions. Four out of the five regions did not achieve their targets.
- Three regions performed broadly in line with their end of CP6 asset sustainability targets, but Wales and Western and Scotland performed worse.
- Asset reliability declined compared to the previous year.
- Network Rail exceeded its network-wide environmental target.
- We have identified areas for improvement:
  - Structures examination compliance
  - Better management of lineside vegetation is needed to increase resilience to extreme weather
  - Action needed on wider asset examination backlogs

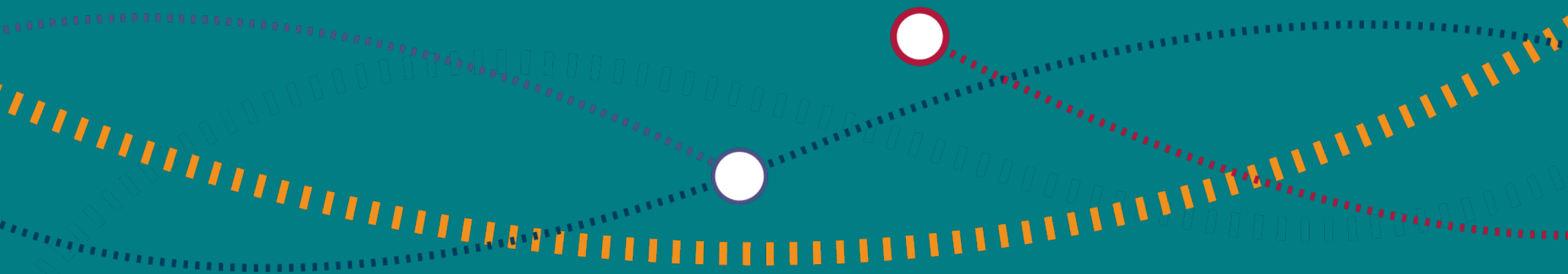


# Summary of key messages

- **Train service performance declined but was largely kept at higher levels than pre-pandemic. Performance in the Wales and Western region declined faster than in other regions**
- **Network Rail performed well against many safety indicators but it must manage future changes carefully to support its workforce**
- **Network Rail's delivery of efficiencies remains strong. However, wider financial performance has declined, and financial risks need to be carefully managed**
- **Network Rail's delivery of renewal work varied by region and performance of its infrastructure was mixed. All regions must improve on structures examinations**

# Q&A

Hosted by Feras Alshaker, Director of Planning and Performance



# Thank you for joining us

Question and comments can be sent to  
[candice.colgan@orr.gov.uk](mailto:candice.colgan@orr.gov.uk)

