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Director Planning and Performance



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By email only

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Dear Martin

Non-compliance with structure examinations

We wrote to you in May 2023 to highlight ORR concerns with progress on eliminating the backlogs of the examinations of your structures assets, such as bridges, tunnels and culverts.

We confirmed in our letter that Network Rail needed to do more to achieve recovery to compliance in line with the examination standard CIV/006, to produce a final plan for the elimination of non-compliance and to provide regular progress updates against the delivery of the plan to ORR.

In that letter we explained that Network Rail is required to comply with the terms of the Network Management Duty regarding maintenance of the network as set out in its licence. Each region must comply with the timescales for structures examinations and evaluation as set out in the relevant company standards and maintain accurate and readily accessible information relating to structures assets.

If Network Rail does not complete the overall examination process at the required intervals, faults could be undetected, or detected but not properly addressed. This could potentially have safety implications and impact on train performance. This also affects Network Rail's ability to efficiently plan maintenance and renewals activities.

In our previous correspondence we advised that we would investigate the progress made against the backlogs at the end of Control Period (CP) 6. We have now done this and we are writing to set out the findings from the review and to advise on the proposed next steps.

Current Position

Whilst there has been improvement nationally to reduce the backlog of examination non-compliance, as of Period 13 at the end of CP6 Network Rail is not achieving the forecasted volumes for visual and detailed exam site and reporting across its regions. We have observed variable regional performance:

- The Eastern region is largely on track but there is some rollover of overdue visual exams into CP7.
- North West & Central and Southern regions are significantly behind forecasts, especially for detailed exam reporting and visual site examination. We currently lack confidence in the regions recovering against their plans.
- Wales & Western and Scotland regions are also behind forecasts, but the volumes are deemed recoverable if resources are properly allocated.

I acknowledge the work that Network Rail has undertaken to address performance in this area and note that progress has been made. Further, I note that there are complex mitigations which are impacting improvement, with common issues across regions including:

- resource constraints with examiners and reviewing engineers;
- supplier management challenges; and
- in some cases, optimistic risk allowances built into the original recovery plan forecasts.

Overall, the regions have not met their year-end compliance targets. Despite this, we are not proposing at this stage to undertake any further regulatory intervention as non-compliance volumes are moving in the right direction.

We continue to have concerns however because we are not yet confident that regions have the delivery against the glidepath under control. For this reason, we will be extending the period of enhanced monitoring for a further six months. The situation will be reassessed at the end of 2024. During this time, we will:

- continue to monitor progress of the plans and their iterations submitted on 31 August 2023 for eliminating non-compliance;
- expect quantifiable detail from Network Rail explaining how the actions being taken are impacting performance;
- seek further assurance from each region, particularly North West & Central and Southern, detailing how they intend to recover from their current position and meet the forecasted glidepath;
- expect each affected region to outline specific measures being taken to address the common issues of resource constraints and supplier



management challenges and to provide evidence of improvement in this area;
and

- expect Network Rail to provide an update on the implementation of available technology to reduce the backlog of inspections, as mentioned in our previous letter.

We remain committed to working constructively with Network Rail to address these issues and ensure the safe and efficient operation of the railway network. However, please be aware that we will be keeping our regulatory approach under review during this period of enhanced monitoring.

This letter will be published on our website.

Yours sincerely

Feras Alshaker