

John Larkinson
Director, Railway markets and Economics



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Jo Kaye
Managing Director, System Operator
Network Rail

Dear Jo

ORR investigation and monitoring of current informed traveller/T-12 problems

As you know, in response to the informed traveller and T-12 problems in January 2018, ORR committed to investigate a set of linked issues around:

- *What we do in the very short-term about Network Rail's recovery plan.* We wanted assurance that Network Rail had consulted and thought about passenger and customer impacts in developing its plan, that the plan is deliverable and will recover T-12 in a reasonable time;
- *Passenger information;* ensuring the industry is taking all the necessary steps to inform passengers. We have written to train operators about our concerns; and
- *What are the root causes of, and lessons to learn from, the T-12 issues;* whether TOCs and Network Rail are complying with their obligations.

We have been progressing work on these three strands, engaging with Network Rail, industry and funders over the past few months. Thank you for Network Rail's co-operation and engagement to date in this process.

Recovery Plan

Network Rail advised us in April and again this week that it is confident the recovery plan is on schedule and that it is doing what it said it would do. However, we note the fragility of the plan and its lack of contingency. Its success depends on Network Rail and the industry working together to recover T-12 by January 2019.

There are issues with some TOCs achieving their deadlines, so T-6 and T-7 offers were not made in line with the plan for every operator. We would especially like to understand the specific issues relating to GTR and GWR and how you are dealing with them.



We recognise that the ongoing T-12 issues could have an impact on the parallel processes to produce timetables for December 2018 and May 2019. We are pleased to hear that Network Rail is responding to our suggestion to clarify what the key project, franchise, rolling stock and other assumptions are that underpin each timetable, and is setting up a process to assure those assumptions. This should help inform discussions about risks to implementing those timetables and how they can be managed.

We have however been concerned by the time taken to put appropriate monitoring and reporting processes in place. We have therefore requested a regular high-level view of progress against the recovery plan milestones, including risks, to be provided to us in addition to the detailed weekly updates. This will be accompanied by 4-weekly joint meetings to better understand these updates. We are setting these up to be the week after each recovery plan milestone is supposed to be reached (i.e. the weeks after T-7, T-8 etc are planned to be achieved). Network Rail has agreed to do this. This should also support better reporting internally in Network Rail and to the industry.

We will continue to monitor closely your progress against the recovery plan and your management of the risks to it over the coming months through our agreed monitoring arrangements.

Root causes

From our initial review, we have identified particular concerns with:

- Infrastructure Projects (IP) and System Operator (SO) interfaces and their management, both as a potential root cause of the current T-12 problems and as a risk to the recovery plan and future timetables. This includes whether enhancement problems were and are being escalated in a timely way and whether delays impacting the timetable are identified as soon as possible and in sufficient time for the SO to react;
- Whether prioritisation decisions, such as whether to delay an enhancement, are being taken with passengers and a whole system perspective in mind; and
- The management of late notice timetable changes and their impact on services and the availability of passenger information.

We are therefore advising Network Rail that the above issues are now the subject of a formal licence compliance investigation which we will be carrying out in line with our economic enforcement policy procedures. The outcomes of this formal investigation could result in a finding that Network Rail was, and / or is currently, in breach of its licence and if appropriate, we could decide to take formal enforcement action. An investigation terms of reference is attached.

As part of this work, we are also considering the implications of existing or planned work streams. For example, our own review of the Network Rail SO Strategic Business Plan for



CP6 and the KMPG review commissioned jointly by Network Rail and DfT into infrastructure enhancements. We also expect there will be lessons to learn in relation to aspects such as communication and resources.

We are grateful for your offer of further help to our investigation and our teams met earlier today to discuss the issues further. We identified additional helpful material, which your team undertook to provide to us.

We would welcome any further information Network Rail would like us to consider as part of our formal investigation by midday on Monday 4 June 2018.

Yours sincerely



John Larkinson

Annex: Terms of reference for a further investigation into the issues affecting Network Rail timetabling and its planning and delivery of infrastructure projects

Purpose

To establish whether Network Rail is doing everything reasonably practicable to meet its licence obligations under its' Network Licence; with particular reference to timetabling and the planning and delivery of infrastructure projects – including assessing whether there are any systemic weaknesses.

Scope

Based on initial analysis of the evidence gathered so far, ORR is particularly interested in the following areas (although the investigation may be wider depending on the evidence that emerges):

- a) Infrastructure projects (IP) and System Operator (SO) interfaces and their management, both as a potential root cause of the current T-12 problems and as a risk to the recovery plan and future timetables.
 - Particularly whether enhancement problems were and are being escalated in a timely way and whether delays impacting the timetable are identified as soon as possible and managed effectively.
 - Network Rail's timetabling governance process and the impact of and interface with IP, particularly with regard to major projects such as NWEF phase 4
- b) Whether prioritisation decisions, such as whether to delay an enhancement, were/are being taken with passengers and a whole system perspective in mind.
- c) The management of late notice timetable changes.

Methodology

ORR will use evidence gathered from its current monitoring and informal investigation to date and any further information provided to us in the course of this investigation including by Network Rail, operators, funders and other parties to assess:

- Whether there are any mitigating factors which should be considered which have lead to the current issues;
- Whether there are any systemic issues; and
- The steps, Network Rail has taken or is taking to address the issues and make improvements and recover;



Investigation team

This investigation is led by John Larkinson as director, using the existing project team for Informed Traveller/T-12 issues.

How the investigation will be conducted

In carrying out its investigation ORR expects to draw upon information and reviews already carried out internally as part of its usual regulatory roles as well as any new information relevant parties provide to us during the course of this investigation. The review will engage primarily with Network Rail, as well as affected operators and funders. This will be a focused investigation with a view to completion by the end of June 2018.