



**ORR Review of
Network Rail's delivery of
train and freight
performance in North
West and Central Region
- summary report**

29 May 2020

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List of Acronyms

CaSL – Cancellations and Significant Lateness
COO – Chief Operating Officer
CP6 – Control Period 6
CRM-P – Consistent Route Measure - Performance
DEAM – Directors of Engineering and Asset Management
DPI – Delay per Incident
EAI – Exchange of Asset Information
ESG – Event Steering Group
FDM-Region – Freight Delivery Metric - Region
FOC – Freight Operating Company
IP – Infrastructure Projects
IPAT – Integrated Performance Action Tracker
LNW – London North Western
MADR – Minimum Asset Data Requirements
NMO – Network Management (Other)
NTA – Non-Track Assets
NW&C – North West and Central
NWEF – North West Electrification Programme
OHLE – Overhead Line Equipment
ORR – Office of Rail and Road
PMO – Programme Management Office
PPM – Public Performance Measure
SO – System Operator
STE – Safety, Technical and Engineering
TCRAG – Timetable Change Risk Assessment Group (TCRAG)
TPE – TransPennine Express
TOC – Train Operating Company
WMT – West Midlands Trains
WRCCA – Weather Resilience and Climate Change Adaptation plan

1. Executive Summary

Review Objective

- 1.1. This review was undertaken prior to the significant outbreak of Covid-19 in the United Kingdom. It is therefore a snapshot in time generating conclusions and recommendations which will be more relevant when Network Rail and the industry returns to a status of normality. For this reason it is considered the review and its conclusions are still valid. ORR's expectations are that Network Rail plans and ORR recommendations should be implemented, as part of Covid-19 recovery planning.
- 1.2. The objective of this review of North West and Central's (NW&C) train and freight performance was to identify whether NW&C could demonstrate it had recognised factors causing a sustained reduction in train and freight performance and whether it was doing everything reasonably practicable to address them.
- 1.3. The review provided the evidence to help ORR consider the following questions:
 - Has Network Rail identified all of the causes of NW&C poor performance?
 - What is being done to address the growing poor performance?
 - Following evidences received, is Network Rail doing enough or could it do more?
- 1.4. In presenting the findings of the review, a suite of reports have been completed and the summary findings, conclusion and any recommendations of those reports, are set out in this report.
- 1.5. The reports cover the following themes;
 - Performance and Operational Management;
 - Track Access, Timetabling and Enhancements;
 - Asset Management (Parts A and B); and
 - Project Alpha, Putting Passengers First (PPF) and Engagement.

Review Context

- 1.6. The performance issues in NW&C are complex – there are a range of issues impacting performance, much within Network Rail's control, but ORR acknowledges that Network Rail is not in control of all factors impacting performance.

- 1.7. Network Rail was pro-active in recognising its poor performance and sought a collaborative response to address it in November 2019.
- 1.8. Overall, ORR's emerging view based on the evidence available, is that the NW&C region has identified key issues impacting on performance and has a broad understanding of what remedies are required, however, the solutions will not be a quick fix and performance issues will continue.
- 1.9. ORR is of the view that Network Rail is firmly in the planning stages for most of its initiatives to redress its underperformance. The organisational changes through PPF are aiming to address some of the areas that are flagged in this report. ORR notes that until the new PPF structure is in place and bedded down (which may take 12-18 months), NW&C will not be as resilient as it could be. Currently the impact that PPF will have is unproven, however it is ORR's view that the changes proposed are necessary to counter the decline in performance.
- 1.10. At the time of reporting, the region had not completed its organisational restructuring or established a set of measures for cascade from the executive team to its front line. June 2020 was stipulated as the key milestone for completion of organisational change, however, the region will also be required to recruit against vacancy gaps and embed its improvement plans. It could foreseeably take some considerable time before the benefits of change can be proven. Until then, transition measures have been adopted, complimented by Project Alpha initiatives, and assimilated into business as usual activities. (*Network Rail supplied Project Alpha milestone dates which were made available after completion of the review*).
- 1.11. ORR agrees with Network Rail that timetable issues and associated congestion are significant factors and it is noted that Network Rail is trying to address areas where its capability can improve. It recognises measures for improvement will require a phased approach, from minor modifications and quick wins delivered through timetable changes. These will be followed by more significant programmes requiring time to model, and subsequently evidence outline business cases for further investment and delivery.
- 1.12. The region is addressing all the key issues that appear symptomatic of corporate decisions made in the past, competency issues, organisational ineffectiveness, timetable and external factors. Key factors impacting performance cover the following categories:
 - Asset management and service affecting failures;
 - Timetable Change;

- Network Management;
- Train and Freight Operating Companies (TOC) (FOC) related factors; and
- Other external or historic factors worthy of consideration.

Conclusion and recommendations

- 1.13. ORR is of the view the NW&C is currently doing what is reasonably practicable to address its train and freight performance issues, however, it is concerning that Network Rail continues to be reactive with the majority of its plans in an early stage.
- 1.14. Significant service affecting failures such as a 1,000m dewirement on 7 March 2020 is a further Overhead Line Equipment (OHLE) incident, following on from that experienced in the summer of 2019; both of a differing cause, however both significantly disrupting train services and impacting on passengers. As a result of this, NW&C must improve basic core activities of inspection, maintenance and repair of its defects.
- 1.15. The region has identified its own shortcomings relating to capability of understanding the impact of timetable decisions and is attempting to address these, notably it should be more assertive in managing stakeholders whether making positive or more difficult decisions.
- 1.16. Due to a lack of clear time-bound milestones available at the time of reporting, ORR is planning to instruct NW&C to set its own improvement plans with these, from which it will be held to account. Furthermore, ORR expects its recommendations from the investigation to be similarly transformed into time bound deliverables from which NW&C will be additionally held to account. Failure to adhere to its own improvements will result in an escalation of ORR's Holding to Account policy¹.
- 1.17. The main body of this report outlines the summary findings and conclusions of ORR in determining as to whether Network Rail has implemented everything that is reasonably practicable to recover the region's performance.
- 1.18. ORR has identified areas for further recommendations to build on Network Rail's current activities and planning. ORR does not consider these to be significant in part or as a whole to contradict the view that Network Rail is doing everything reasonably practicable. It reflects more the early stages of the range of the initiatives and programmes Network Rail is developing to improve performance as well as more business as usual activities.

¹ [Holding Network Rail to Account policy](#)

2. Context – North West and Central performance and purpose of the review

North West and Central region

- 2.1. The NW&C region runs from London Euston and Marylebone in the south, through the Chiltern and West Midlands regions, the North West of England and Cumbria before joining with Scotland at Gretna (shown in green on the figure below).
- 2.2. It includes the West Coast Mainline, the busiest mixed-use railway in Europe, serving London, Birmingham, Manchester, Liverpool, Edinburgh and Glasgow.



NW&C Region² Key Stats

- Made up of 3 routes - North West, Central and West Coast Main Line South
- Second largest region (after Eastern)
- Total of 571 stations
- Represents around 21% of the total network track km
- 246.5 million annual passenger journeys
- Accounts for around 23% of all network passenger journeys

² [Network Rail](#)

Overview of NW&C performance to date

- 2.3. Prior to 2017-18, train service performance in the NW&C region had remained steady for a number of years.
- 2.4. A decline in performance in the region started in mid-2017. A further decline was experienced in 2018, which is broadly understood to be from the impact of the May 2018 timetable change, particularly on the former Northern Rail franchise. The background to the issues are described in the ORR inquiry into May 2018 timetable disruption³ ('Glaister review'), and are not repeated in this report. (Information on the Glaister Review is in the Timetable Report).
- 2.5. The next timetable change occurred in December 2018, and performance started to improve. However, the May 2019 timetable change saw a major decline in WMT performance, while the performance improvement on other operators was not sustained.
- 2.6. The trend in Consistent Route Measure - Performance (CRM-P) (only Network Rail attributed delay) shows a similar declining trend from 2017 onwards, ahead of the May 2018 and May 2019 timetable changes. The trend is broadly the same as that for the Public Performance Measure (PPM) & Cancellations and Significant Lateness (CaSL).
- 2.7. It is also worth noting that CRM-P performance is currently⁴ adrift of the end of year scorecard target and has been broadly tracking along the regulatory floor for much of Year 1 of CP6.
- 2.8. ORR also looked at delay minutes as part of the review. Delay minutes attributed to Network Rail NW&C region were broadly stable from 2009-10 to 2016-17, but increased from late 2017 to late 2018. They have remained at a similar level since, up to almost 40% higher than in 2017-18.
- 2.9. On each of the three NW&C routes, increases in Network Rail delay start around beginning of 2017-18 and show broadly similar trends in the magnitude of delay increase. However, over the last year most of the increase in Network Rail delay has been in West Coast South.

³ <https://orr.gov.uk/rail/consumers/inquiry-into-may-2018-network-disruption>

⁴ As at 2019-20 Period 10

- 2.10. ORR's review of performance data shows there are a range of factors impacting NW&C region and these are a mix of issues in, and outside of, Network Rail's control. Based on the latest data, the worst performing categories are Non-Track Assets (NTA) and Network Management (Other) (NMO), in addition to Operator traincrew and fleet issues.
- 2.11. The issue has been particularly acute on the North West route, with train operators Northern & TransPennine Express (TPE) experiencing significant traincrew issues, which contributed to TOC cancellations.
- 2.12. Furthermore, some sub categories of delay within these categories are not only high, but on a worsening trend. The review also highlights that delay incidents are lasting longer and Network Rail and train operators are struggling to recover services.
- 2.13. Fatalities and trespass incidents are amongst the very highest sources of delay minutes and are on an increasing trend for both NW&C region and the network as a whole. Network Rail states that this category represents 13.9% of all Network Rail responsible delays: "almost 1 in 6 minutes" and was 56% over target for YTD January 2020.⁵
- 2.14. As part of this review ORR also looked at delay per incident (DPI) data. There has been an increase in DPI on NW&C region, indicating that each delay incident is lasting longer and causing more disruption than previously. This trend began in 2017, but increased further following the May 2018 and May 2019 timetable changes.
- 2.15. The ratio of primary to reactionary delay for both operator and Network Rail attributed incidents in NW&C region has increased since mid-2017. Again, this suggests the network is struggling to recover the service when delay incidents do occur.
- 2.16. Analysis of freight data also suggests that freight operators are broadly being impacted by the same network management issues as passenger train operators, and the knock on effect of the fleet and traincrew issues.
- 2.17. The NW&C region is currently below target for Freight Delivery Metric - Region (FDM-R) and is heading towards the regulatory floor.

⁵ Project Alpha update slides dated 7/2/2020

3. Findings and conclusions of review themes

Train Performance and Operational Management

- 3.1. The ORR review has identified that Network Rail appears to have a good understanding of the main drivers of poor performance in the NW&C region. There is also good evidence showing it has identified how to address these issues. Key to the successful future development and delivery of these activities, is sustained effort and industry engagement.

Key findings

- 3.2. ORR has verified with Network Rail that these are the identified primary causes of poor performance in NW&C region:
- Castlefield Corridor has been declared as congested infrastructure by Network Rail, stating there are too many trains using this corridor;
 - Network Rail recognises the restoration of operational capability and expert operational management as priority activities, with the 21st century operations programme aiming to address these and other areas;
 - Network Rail staff have highlighted that being geographically separate from the train and freight operating companies' controllers can result in a lack of consultative decision making around a given service;
 - The delay in the introduction of new rolling stock in the NW&C region has resulted in delays to the withdrawal of existing, older rolling stock and postponement of crew training plans. Furthermore, new fleets do not instantly achieve expected levels of reliability, e.g. issues with compatibility can be elongated;
 - TOC factors such as traincrew diagramming and industrial relations have been identified as contributory factors to poor performance; and
 - Network Rail has recognised the current fatalities and trespass trend in the NW&C region as a societal trend and included proposals to reduce trespass incidents under Project Alpha.

Conclusions

3.3. The NW&C region is proactively working to improve performance in the region:

- A series of actions have been proposed by Network Rail to address the issues in the north-west congested route, with each action being tracked and many already delivered;
- Network Rail is currently doing everything reasonably practicable to follow through with modelling and studies relating to capacity planning for WCML;
- The NW&C region has committed to zero vacancies among its signallers and is looking to increase the number of support staff to enable front line staff to more effectively carry out its activities;
- Network Rail is actively working to co-locate its operational staff and signallers and is planning to increase engagement with operators regarding traincrew factors;
- Network Rail has made good progress in implementing the RM3P framework for managing performance. Both operators and routes are engaged with regular self-assessments being undertaken; and
- The region is taking a more structured approach to mitigate against fatalities and trespass incidents, including liaising and learning from other regions to help deliver the plans under its route crime and suicide prevention strategy.

Timetabling, Enhancements and Track Access

Timetabling

- 3.4. In relation in franchise specification, Network Rail provides advice to the Department for Transport (DfT) on the Invitation to Tender and on the specific proposals made by bidders. Network Rail will advise on whether there is the capacity available to run the proposed services, and the performance impacts of the proposals. This process happens bilaterally between DfT and Network Rail.
- 3.5. Network Rail oversees the creation of the national timetable twice a year (In May and December) and Network Rail translates operators' access rights and the train paths that they bid for into the timetable.
- 3.6. In the May 2019 timetable change, a significant change was made to the West Midlands Trains (WMT) timetable, which included additional services and service

extensions. Some of these services were delivered by splitting and joining services at Birmingham New Street to facilitate the WMT franchise obligations. This approach joined some poor and better performing services, and it is this arrangement that appears to have contributed to overall poor performance, together with WMT's train plan (which Network Rail suggested was insufficiently robust and a contributor to delay).

- 3.7. Also contributing to an impact on performance, the preparations for the May 2019 timetable were condensed in the aftermath of the difficulties of the May 2018 timetable change and as a result, performance analysis was carried out quite late in the process. When this was undertaken after the May 2019 timetable was developed, the analysis showed a likely detriment to performance, but it was too late to undertake a timetable rewrite.
- 3.8. Post May 2019, the NW&C region has worked to deliver performance improvements by making changes to future timetables, however due to the length of the timetable planning process and the need to consult with franchise specifiers, Network Rail has indicated that more significant changes will not be possible until at least May or December 2021.
- 3.9. It is recognised that since May 2018, Network Rail has been delivering system-wide change to support the timetable development process, including implementation of recommendations from the Glaister Review published in late 2018. Consideration of risk and performance are becoming more embedded within the process, particularly through the Programme Management Office (PMO), National Performance Board and the new Timetable Change Risk Assessment Group (TCRAG) standard.
- 3.10. The SO is also progressing OpEx and CapEx improvement projects to support timetabling.

Enhancements

- 3.11. ORR looked at projects, such as the North West Electrification Programme (NWEF), to understand how such projects could impede performance. It was difficult to distinguish the impact of NWEF as there were other influences to consider, such as weather events, external events and other infrastructure reliability issues. However, ORR concluded that the NWEF project does not seem to have significantly contributed to deteriorating performance in the NW&C region.

Track Access

- 3.12. Linked closely with the timetable, is the granting of access rights to operators to run services on corridors. Network Rail is required to declare any part of the network as

‘Congested Infrastructure’ if it decides not to support an access application on the grounds of capacity and/or performance, or if it considers this will occur in the next timetable year. Within the NW&C region, the Castlefield Corridor (near Manchester) has been declared congested. In response to this, Network Rail engaged with consultants to use modelling to assess options to improve train flow and unblock congestion.

Key findings

- 3.13. Both the SO and NW&C region have stated that in its view, WMT train plan is a contributor to delay. They highlighted in particular the spread of delay between routes caused by drivers and crews being rostered to switch between trains on different routes. This view is supported by evidence of increased delay to WMT caused by train and crew issues following May 2019.
- 3.14. Discussions with the NW&C region suggest that concerns about the performance impact of the WMT timetable predated the timetable preparation process. The NW&C region and SO both suggested that Network Rail had been consulted in the preparation of the franchise and had raised concerns about the performance impact of the train service specification (Note: this was requested but not received at the time of writing this report). However once the franchise had been let, Network Rail felt an obligation to support the train operator in delivering its contractual commitments.
- 3.15. The importance attached by Network Rail to respecting the WMT franchise is reflected in the access application, which was ultimately submitted to ORR which contained repeated references to the franchise commitments. In conversations with Network Rail regarding this, it stated that it had flagged concerns but were not assertive enough as it had little evidence to demonstrate the impact of changes.

Conclusions

- 3.16. At the time of the development of May 2019 timetable, Network Rail was still dealing with the fallout from the May 2018 timetable. This limited the timescales and meant that the dangers of late change were at the forefront of thinking.
- 3.17. The development of timetables is a long process, which means that changes take a long time to feed through the system. ORR would not therefore expect to see the changes initiated following May 2018 to be in effect for May 2019. It also means that the issues within the current timetable will take some time to amend.
- 3.18. Decision making and control:

- Network Rail felt an obligation to accommodate the WMT timetable because it was linked to a franchise specification. The desire to support the franchise seems to have eclipsed evidence of performance risks; and
 - Responsibility for Pre-D40 timetable planning was moved from the SO to the regions as part of the PPF Programme. From conversations with NW&C and its recovery teams, it appears that the region has recognised its accountability and is proactive in considering what steps it can take to use future timetable changes to support performance.
- 3.19. In addition, performance modelling was undertaken too late in the process to be able to influence decision making, particularly in the context of condensed timescales. This is a known challenge and one which Network Rail and PMO are working to address through SO lead CapEx projects, and through introducing a new framework to procure modelling through the PMO. The new TCRA standard and greater use of ESGs should also bring decision making forward.
- 3.20. The effective operation of a timetable is supported by a robust train plan. This is outside of the control of Network Rail, although it can seek to influence the plan. The industry needs to agree an approach for understanding the impact of stock and crew diagrams on timetable performance.
- 3.21. NW&C is working with an external consultant to develop performance recovery plans. This is a positive step, and a demonstration of its focus and practical approach to understand and support train performance.
- 3.22. There has been some positive changes in Network Rail's governance in particular the creation of the PMO and the Timetable & Infrastructure Readiness Group. Based on the evidence provided by Network Rail it is difficult at this time to ascertain how effective the Timetable & Infrastructure Readiness Group and what improvements have been made. This could be an area for further examination.
- 3.23. It seems that Network Rail is making efforts to engage with train and freight operators within the region, and to work collaboratively on the performance and capacity issues.
- 3.24. In relation to Enhancements, ORR concluded that the NWEF project does not seem to have significantly contributed to deteriorating performance in the NW&C region.
- 3.25. ORR concludes Network Rail is currently doing everything reasonably practicable to support performance through future timetable changes. However sustained effort and industry engagement will be necessary to ensure that this work is successfully

developed and delivered over forthcoming timetable changes. ORR intends to maintain monitoring of progress against Network Rail's delivery plans.

Asset management

- 3.26. Asset management is about aligning the way NW&C manage its assets with its objectives. The principle aim is the delivery of outputs in a safe and sustainable way, balancing life cycle costing with initial affordability.
- 3.27. Maintaining and renewing the network in the short, medium and long-term to meet reasonably foreseeable future demand for railway services is one of Network Rail's key obligations, as set out in its Network Licence.
- 3.28. NW&C could choose, or be pressured by stakeholders, to prioritise short-term performance and enhancement issues at the expense of longer-term asset stewardship. If however network sustainability is not actively managed, in future years the railway may become unaffordable and an untenable level of disruption may be needed to ensure the safe and reliable running of the network.
- 3.29. This would have a negative impact on funders (and taxpayers), and paying users of the network, both passenger and freight end-users. Until NW&C has completed the developed its proposed course of action and this has been fully scrutinised, this remains a potential area of risk.

Key findings

- 3.30. As a result of this review ORR is assured that NW&C has identified the key causes of increasing incidents of performance due to asset failure as being predominately related to track, trespass, points, unexplained and OHLE, and are putting plans in place to address these. These top five incidents account for almost 45% of all NW&C delays. In addition, the impacts of weather events on these are very variable year on year, as expected.
- 3.31. Whilst track has experienced a steady increase in defects since 2014, NW&C has been on the ORR Regulatory Escalator for poor track geometry since February 2016. There have however been positive indications that NW&C is working towards fully implementing processes to better manage track geometry and will be in a position to demonstrate evidence of effective intervention and repair of defects.
- 3.32. Access time for maintenance and repair works on busy sections still remains an issue to be addressed. This, in addition to resource imbalance and staff capability issues, were cited as some of the key factors contributing to an increasing maintenance backlog and overdue defects.

- 3.33. Service affecting failures reductions have been in overall alignment with the network trends since 2011, however NW&C has been particularly weak in managing its OHLE. This is evidenced through a steady increase in failures and most notably dewirements in the summer of 2019 and on 7 March 2020, when a defect contributed to a 1km dewirement and extensive delay. Prior to this, NW&C identified an unconstrained backlog of OHLE defects and was planning to address them. An updated E&P asset performance strategy has now been developed by the region.
- 3.34. There are a significant number of unexplained items that have not been attributed to any specific cause, with an increase in unexplained delay since 2015-16. Significantly these unexplained delays are a major contributor to total delay minutes. This failure to attribute delay is potentially distorting or hiding real problems.
- 3.35. Through Project Alpha, NW&C is developing a coherent and joined up approach to identifying, assessing, selecting and implementing appropriate asset improvement initiatives (in addition to operation/timetable integrity). At this time however, there are no clear indications of when some of the proposed improvement works will commence, how they will be monitored and when they will be delivered.
- 3.36. NW&C has removed its commitment to achieving ISO 55001 (Asset Management) certification in CP6 and the latest business plan does not match the requirement set out in ORR's determination; that as a minimum, each route is required to demonstrate to ORR's satisfaction that it is operating in accordance within the requirements of ISO 55001 by the end of March 2021. ORR expects this to be included in the plan's objectives.
- 3.37. One stated key aspect of the revised CP6 (March 2020) NW&C regional Strategic Business Plan is weather-proofing the railway so it is better able to cope with increasingly extreme weather. NW&C's recently published Weather Resilience and Climate Change Adaptation plan (WRCCA) contains a list of those activities that are to be undertaken in CP6, and while this is a positive development, ORR has been unable to fully test these due to time constraints. The WRCCA contains a number of unfunded actions that NW&C has identified. As such, NW&C still needs to determine when the actions will be planned. This will require further development and business case evaluation before making a funding submission in the appropriate control period.
- 3.38. A fundamental requirement of effective asset management is having accurate asset data upon which operations, maintenance and renewals decisions are based. In CP6 ORR expects Network Rail to maintain its focus on the new Minimum Asset Data Requirements (MADR) that have been defined to establish a process for the

Exchange of Asset Information (EAI) to keep asset data up to date. In ORR's view NW&C still needs to develop an asset data improvement plan along with key milestone dates for its implementation, against which it will report progress.

Conclusion

- 3.39. As a result of this review, ORR is assured that NW&C has identified the key causes of increasing incidents of poor performance due to asset failure. ORR is broadly satisfied that the actions that are both being proposed and currently undertaken by NW&C to address the asset management causes of poor performance, are considered appropriate based on ORR's current understanding of the key issues.
- 3.40. However, as NW&C is still in the early stage of developing a coherent plan to address underlying performance issues, it has not been possible to determine if the actions that NW&C is proposing will deliver the expected outcomes, with any degree of certainty. This will be an area that will require further work.
- 3.41. The scale of the challenge facing NW&C means that it will need to continue efforts over a number of years before asset performance is fully optimised. Going forward NW&C need to develop a robust monitoring and reporting process that is flexible enough to respond to changes in demand and environmental factors. Whilst this will fall into business as usual activities, the momentum built up under Project Alpha must not be lost.
- 3.42. ORR concludes NW&C is doing everything reasonably practicable at this time to meet its network licence in relation to its requirement to secure the maintenance and renewal of the network.

Project Alpha, Putting Passengers First (PPF) and Engagement

Project Alpha

- 3.43. Project Alpha was launched by NW&C on 11 November 2019 as a performance-recovery management team following a decline in performance in the region. In establishing the team, Tim Shoveller (Regional Director, NW&C Region) engaged with key stakeholders such as Network Rail employees, ORR, industry experts, TransPennine Express, Northern Rail, CrossCountry, WMT, Virgin Trains (now Avanti West Coast), and Chiltern Railway. A series of deep dive assessments into performance trends were also undertaken to identify the root causes of the region's performance issues, in order to build a recovery plan that delivers the quickest improvement in train service reliability, whilst establishing the foundations on which to build on in the future.

- 3.44. The NW&C region outline Project Alpha as a process to fundamentally drive change and Network Rail behaviour within the region, more specifically:
- Changing the current mind set within Network Rail – enthusing individuals (staff) to buy-in to the changes;
 - Getting engagement from people (staff) on the ground;
 - Reviewing previous studies to identify recommendations and checking whether they have been done (if not, understanding why and incorporating into workstreams if possible); and
 - Identifying schemes that have been on wish lists and reassessing whether they could be incorporated into future workstreams.
- 3.45. Project Alpha also assesses the sustainability of performance by looking at the current governing model and asking questions such as “Why weren’t we already doing this?” and “What is the sustainable plan going forward?”. The collection of evidence from the above should go towards answering these questions and driving the change.

Putting Passengers First

- 3.46. In September 2018 the new Network Rail Chief Executive Officer, Andrew Haines, initiated the ‘100 day programme’ – a review of the then Network Rail structure and culture, with the aim of seeking to improve performance, delivery and efficiency. While there are no exact figures for involvement of the former London North Western (LNW) Route employees – a Listening Programme was set up to help Network Rail understand the perceptions of over 300 employees.

This had the aim of assisting Network Rail to understand how better it could empower its people to do the best possible job by removing obstacles.

- 3.47. In addition, Network Rail engaged face to face with over 200 external partners and stakeholders, with the intention of helping Network Rail understand how external stakeholders view the organisation and identifying whether their feedback could be used to develop and drive improvements.
- 3.48. From February 2019 onwards, the outcome of the ‘100 day programme’ became PPF. Over the subsequent twelve months (to February 2020), Network Rail designed and agreed new operating models. This has been a complex process which has involved the creation of a new regional structure and the deciding of detailed roles, responsibilities and accountabilities.

- 3.49. PPF will be delivered over 3 tranches, with Tranche 3 due for completion in June 2020 (at the time of reporting). It will include partial devolution to the regions for some functions including Network Rail's Infrastructure Projects (IP).

Key findings

- 3.50. Network Rail has a good understanding of the factors causing poor performance in the North West and Central (NW&C) region. NW&C has demonstrated that it is committed to driving positive change, and Project Alpha is an example of this.
- 3.51. There are concerns that despite Network Rail reassurances that PPF would not impact on business as usual or regional performance, feedback indicates that the level of uncertainty during organisational transition is likely to have had an adverse impact.
- 3.52. Conversations with the NW&C Route Directors indicate that Network Rail knew there were performance issues within the region from 2017 and that these were not being adequately addressed. In addition, it was reported that the Chief Operating Officer (COO) structure established in 2016, weakened the effectiveness of the organisational hierarchy. PPF was initiated in 2018 to address some of these factors and the region also launched a transformation programme called Project Alpha in 2019, which brought alignment of all staff and stakeholders to address sustained poor performance issues in the region.
- 3.53. The Project Alpha process has propelled the development of the Route Joint Performance Plans, which outline initiatives and key performance indicators each Route Director will be responsible for delivering.
- 3.54. This supports ORR's conclusion that Network Rail is committed to implementing improvements, however at the time of writing this review, ORR has not seen the detailed plans with time bound milestones and key performance indicators. Therefore there is no clear indication of when the proposed improvements will be realised. ORR requires Network Rail to provide a time bound plan with key milestones to demonstrate progress.
- 3.55. Network Rail's Integrated Performance Action Tracker (IPAT) system will track initiatives and benefits realisation (delay minute benefits or avoidance) for both the Delivery Plan and Performance Plan initiatives, with nominated individuals being responsible for the successful delivery of the initiatives. However, Network Rail advised that not all performance activities are tracked via IPAT; these are the schemes above and beyond those considered business as usual.

3.56. As part of the PPF and Project Alpha processes, Network Rail stated that it engaged with relevant stakeholders to arrive at workable solutions. There is evidence that this engagement could have been improved with some TOCs and FOCs, in order to progress and support joint working during incidents.

Conclusion

3.57. Based on evidence submitted and information obtained from meetings and interviews, Network Rail seem to have a good understanding of the issues responsible for poor performance in the NW&C region. However, in the past there has been little evidence or method for best practice sharing or lessons learned, which has been a flaw in Network Rail's performance planning processes.

3.58. While Network Rail is now demonstrating, through Project Alpha, that it has a commitment to addressing performance issues going forward (including working together with TOCs during incidents), time will provide evidence on whether this is the case. While the original scope of Project Alpha had a feeling of business as usual, the region has demonstrated that it is committed to driving change and behaviour, though the scope of the remit is broad. While improvements are being made in focused plans for key issues, these are immature and will take time to address and realise the impact of changes.

3.59. Looking back over the past 12-18 months, ORR notes that the first stages of organisational review – the '100 day programme' – created speculation and uncertainty, which may have distracted staff at the critical start of CP6 (although this is not specific just to the NW&C region).

3.60. NW&C is very aware of the weaknesses and immaturity of the routes whilst in organisational transition, and are aiming to build capability. It is acknowledged that the routes are new for the most part.

3.61. In NW&C, PPF has involved a major restructuring of existing routes, the creation of a new regional structure, and the integration of previously centralised functions. The region is trying to deliver this significant change with a relatively small dedicated resource. As such, the region is relying on many current staff to contribute - and this level of additional responsibility has the potential to significantly affect business as usual.

3.62. ORR notes that until the new PPF structure is in place and bedded down (which may take 12-18 months), NW&C will not be as resilient as it could be. Currently the impact that PPF will have is unproven, however it is ORR's view that the changes proposed are necessary to counter the decline in performance.

- 3.63. Evidence received from Network Rail suggests good engagement of Network Rail staff and management alike. Network Rail has provided evidence to ORR on internal communications to its staff which provide detailed overviews and updates on Project Alpha.
- 3.64. ORR was provided with positive feedback from TOCs and FOCs in relation to Network Rail, however there are opportunities to improve these relationships, particularly before and during incidents.

Overall conclusion

- 3.65. The objective of this review of NW&C's train and freight performance was to identify whether NW&C could demonstrate it had recognised factors causing a sustained reduction in train and freight performance and whether it was doing everything reasonably practicable to address them.
- 3.66. ORR is of the view that NW&C has identified its own shortcomings and the factors impacting performance, and is currently doing everything reasonably practicable to address these.
- 3.67. Due to a lack of clear time-bound milestones available at the time of reporting, ORR is planning to instruct NW&C to set its own improvement plans with these, from which it will be held to account. Furthermore, ORR expects its recommendations from the investigation to be similarly transformed into time bound deliverables from which NW&C will be additionally held to account. Failure to adhere to its own improvements will result in an escalation of ORR's Holding to Account policy⁶.
- 3.68. ORR recognises that this review was undertaken prior to the significant outbreak of Covid-19 in the United Kingdom. It is therefore a snapshot in time generating conclusions and recommendations which will be more relevant when Network Rail and the industry returns to a status of normality.

⁶ [Holding Network Rail to Account policy](#)

4. Recommendations

Train Performance and Operational Management

- 4.1. ORR's assessment shows Network Rail appears to have a good understanding of the main drivers of poor performance and has identified how to address these issues. While ORR concludes that Network Rail is currently doing everything reasonably practicable to support performance, key to the successful future development and delivery of these activities, will be sustained effort and industry engagement. It is noted that Network Rail could be doing more in some areas and ORR has identified the following recommendations to address these shortcomings:
- Network Rail should actively engage with train operators to help reduce station dwell times and enhance train performance;
 - Network Rail should review the failings of the Manchester Oxford Road ARS system with the relevant technical specialists and the System Operator (SO), to ensure its functionality is fully utilised;
 - Network Rail should also review where such technology is practical to employ elsewhere on the network;
 - Signalling regulation policy should be reviewed for consistency across the region, and optimised for train service performance;
 - Where possible, Network Rail should accelerate plans to co-locate signallers and TOC/FOC controllers and endeavour to share relevant information to help improve service recovery. This will require industry collaboration;
 - Network Rail should consider opportunities for sharing and learning best practice from within the region and other regions/routes, applying the learning where relevant;
 - Network Rail should continue to arrange self-assessments of both itself and operators in the region, across all categories of the RM3P framework, working on areas of weakness to reach high levels of compliance;
 - Network Rail should continue to work closely with TOCs/FOCs to understand their aspirations regarding new fleet introductions, engaging at an early stage to develop joint contingency plans with operators to respond rapidly to 'on the day' failure incidents; and

- Joint performance strategies should be data-driven, forecasting as accurately as possible known performance risks, including areas of operator responsibility such as traincrew resource levels and timetable development plans.

Timetabling, Enhancements and Track Access

4.2. ORR concludes that Network Rail is currently doing everything reasonably practicable to support performance through future timetable changes. However sustained effort and industry engagement will be necessary to ensure that this work is successfully delivered over forthcoming timetable changes. ORR intends to maintain monitoring of progress against Network Rail's delivery plans and as part of this review makes the following recommendations:

- Further to Network Rail's work to implement the recommendations of the Glaister Review, it should strengthen the PMO. The PMO has recently been working to extend its activities further out from the timetable change, and this is a useful way to support risk identification and management as early as possible within the timetable process. ORR supports these efforts and recommend a continuing strengthening of the PMO.
- Further consideration should be given to how Network Rail and emerging industry bodies can support franchise development, specifically how DfT and operators can be informed of, and respond to, information about network capacity and performance. The recommendations of the Glaister Review in respect of industry coordination and assured decision making, are of particular relevance to this.
- The SO, Network Rail regions, train operators and the PMO work together to ensure that access applications are made in accordance with industry-agreed timescales.
- To support the development of timetables and the sale of access rights, Network Rail must be able to robustly assess capacity and performance in sufficient time to support decision making, and more firmly challenge DfT if the assessment shows the timetable will be impeded. This will require modelling of capacity and performance at an earlier stage of the timetable and "Sale of Access Rights" (SOAR) processes. The SO is already tasked with delivering a number of capital programmes to support this in the CP6 Final Determination. The successful delivery of these programmes, supported by improved capability with the SO, must continue to be a priority for delivery alongside robust day-to-day capacity planning activities.

Asset Management

4.3. Whilst ORR concludes that NW&C is developing a coherent and joined up approach to identifying, assessing, selecting and implementing appropriate asset improvement initiatives through Project Alpha, at the time of writing this report there are no clear indications of when some of the proposed improvement works will commence, how they will be monitored and when they will be delivered. For ORR to be fully assured, there must be timelines and progress indicators. As such NW&C should:

- Develop a coherent plan that sets out realistic timelines and how it intends to monitor, evaluate and report progress and stated outcomes from Project Alpha;
- Address the resource imbalance assessment in all MDUs within the region;⁷
- Develop a proposal to better understand the real causes of the large number of unexplained failures that it has, so that appropriate actions to address them can be put in place;⁷
- Improve staff capability and competences to aid appropriate and timely asset interventions;⁷
- Address the unfunded items within the WRCCA plan;⁷
- Include a review of NW&C's inter-asset performance plans such as the management of vegetation. This is considered to be an external factor which affects the Electrification System and requires to be managed holistically to provide a reliable asset, vegetation being the most prevalent factor;
- Acknowledge the importance of having accurate asset data upon which analysis can then be undertaken. In ORR's determination it was set out that Network Rail is expected to maintain its focus on the new Minimum Asset Data Requirements (MADR) that have been defined to establish a process for the Exchange of Asset Information (EAI);
- Provide an implementation and monitoring plan for the E&P Asset Strategy and the OHLE Asset Strategy; and
- Restate its commitment to demonstrating alignment with ISO 550001 by March 2021 in its Strategic Business Plan.

⁷ Already identified in DRAM 10 point plan.

Project Alpha, Putting Passengers First (PPF) and Engagement

4.4. As a result of ORR's review a number of areas which NW&C still need to address further have been identified. These being:

- A programme and timelines for improvement initiatives to be provided and tracked – the IPAT system does not track all performance activities. There is the opportunity for NW&C to look at combining all initiatives into the one location, including those included in the Joint Performance Plans;
- Develop plans to improve the capture of lessons learned and application of these – through learning and sharing information with other regions; and
- Develop robust stakeholder engagement plans, including TOCs and FOCs to establish how better Network Rail can work with them to improve performance.

5. Investigation and early resolution

- 5.1. ORR's Holding Network Rail to Account⁸ policy sets out that where we identify a potential concern through its monitoring, we will investigate to understand the nature of the concern and decide whether any action is needed.
- 5.2. In line with this policy, ORR's initial enquiries focused on assessing the following factors:
 - The nature, severity and urgency of the issue – we will prioritise taking action where there is significant harm, or risk of harm, to passengers, freight customers, funders or other stakeholders, or where concerns could be systemic, potentially suggesting a more widespread problem;
 - The ability of customers and other stakeholders to hold to account and resolve – we will prioritise taking action where customers and stakeholders are not well placed to hold Network Rail to account; and
 - Network Rail's response to the issue – we will prioritise taking action where Network Rail's response does not demonstrate senior management commitment, clear responsibility within the business and clear and timely actions that are proportionate to the concern.
- 5.3. After this initial assessment, we considered it appropriate to request in-depth information from Network Rail (via meetings), and engaged with affected stakeholders to gain a better understanding of the factors affecting performance in NW&C.
- 5.4. Given the early stages of much of Network Rail's plans and uncertainty of the delivery of the region's plans, we consider that the outcome should be to secure early action by requiring Network Rail to produce its improvement plans with clear milestones from which it will be held to account. Furthermore, ORR expects recommendations from our investigation to be reflected in and transformed into time bound deliverables, and will hold Network Rail to account against these as part of the plans.
- 5.5. Failure to adhere to its own improvements could therefore be considered evidence of Network Rail not doing everything reasonable practicable and result in swift escalation into formal processes in accordance with ORR's holding to account policy; which may result in formal enforcement action / hearings, etc.

⁸ [Holding Network Rail to Account policy](#)

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