

The Case for Change

Network Rail, and indeed the wider Rail industry, are facing some fundamental issues:

- Train performance, our promise to passengers, has been in decline for the last 7 years and we have failed to deliver against our plan in every one of these 7 years.
- We have been issued with a performance enforcement order from the ORR that is not only reputationally damaging but could also lead to a financial penalty if improvements are not made. We are paying very substantial Schedule 8 payments rather than fixing the problem and our capability to deliver has diminished not strengthened in key areas in the last decade.
- The introduction of the May timetable and subsequent Glaister report has identified fundamental issues with Network Rail's management of the timetable process. In addition, these recent events have exposed fundamental gaps in how NR has managed the interface between major projects, the operational railway and our ability to forecast the likely impact of operational changes to the network.
- We will not deliver our promised CP5 cost efficiencies and face a £3bn efficiency target in CP6 with an additional performance headwind of circa £800m, unless we reverse this year's performance trends. We are perceived as being too expensive and insufficiently concerned about value for money.
- Issues with capital delivery have led to numerous reviews; Bowe, Hendy & most recently the DfT & NR sponsored Capital Delivery Enhancement review. Whilst projects are now delivering much more reliably, stakeholders believe that our risk aversion has led to unnecessary cost escalation and simply don't believe we exercise sufficiently good cost control and are cost efficient.
- Trust between routes who operate the network and IP has diminished - behaviours have led to a blame culture and unclear accountabilities.
- Workforce safety has improved significantly but the impact of decisions taken does not always appear to have been properly evaluated. High Potential operating incidents are increasing despite or in some cases even because of centrally driven cumbersome practices rather than tackling cultural issues.
- Elsewhere there are too many cases of individuals taking decisions which minimise risk in their own area without consideration of the net impact on colleagues, or users/ tax payers.

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- There is an extensive list of centrally driven projects that have overrun by many years and / or failed to deliver the promised benefits.
- Internally and externally people refer to the Accountability Fog.
- The Head of Operations reports to the Chief Engineer and a number of routes have limited engineering expertise whilst STE has not always been able to attract the best talent from within Network Rail to Milton Keynes.
- Considerable internal feedback that the attractive jobs are away from front line delivery; “project roles” are perceived to be better paid with a better work life balance, better working conditions and more support.
- TOCs feel that we have played lip service to devolution in that many decisions are taken by or determined by “central” functions they are unable to influence. Furthermore there is a perception that parts of the organisation now hide behind reclassification as another reason to “say no” and then hide behind the Route who have to front the decision or indecision.
- More broadly, external feedback says that we are seen as bureaucratic, difficult and faceless, and aside from pockets of best practice, insufficiently customer focussed, giving little or no consideration to the impact that we have on passengers and freight users.
- The rail industry faces very considerable change in the coming years – the Williams review, large scale rolling stock replacement, digitalisation. Changes that require leadership but we are not set up to respond and are perceived as too arrogant to do this collaboratively.

*The current model has not enabled us to deliver the changes required to deliver a better service for passengers, freight, customers and stakeholders. We have a **burning platform** to make a significant transformation in how Network Rail operates if we are to deliver the promises we have made in our CP6 commitments.*

Change is needed now.