

INFORMED SOURCES e-Preview January 2016

Due to Modern Railways' publication schedule, the January magazine is published just before Christmas. So a happy Christmas to all e-preview subscribers and apologies for not remembering our 10th anniversary.

Yes, really, the first e-Preview went out in November 2005! The topics in that column largely concerned the signalling crisis at the recently created Network Rail. There was also the startling news that Thameslink was going to achieve 24 trains/hour with three aspect signalling. This week the test train ran through the Thameslink central core under ETCS for the first time.

Hendy finds £2.5billion to save enhancements.
Hendy Report - politics trumps hard information.
Bowe Reports spreads the blame for enhancements crisis
IEP first impressions

Published on 25 November 25, the most important issue in Sir Peter Hendy's report on the 'Replanning of Network Rail's investment programme' was the news that an extra £2.5 billion has been found to cover the cost of over-runs on enhancement projects. This means that the 'vast majority' of programmes and projects will go ahead for delivery by the end of Control Period 5 on 31 March 2019.

However, cuts in renewals expenditure will also be needed to bridge the funding gap and completion of some enhancement schemes will now run into CP6 (2019-2024) to keep Network Rail within its funding limits. Most of the new funding will come from the sale of 'non-core' and lower value assets, including some properties.

The report emphasises that around 80% of the enhancement cost increase is down to five electrification schemes. Readers will not be surprised by the news that while the Regulator's final determination for CP5 allocated £3.2 billion to electrification, the current forecast cost is £5.5 billion.

According to NR the renewals cut backs can be managed safely and will not create a backlog that cannot be caught up in subsequent Control Periods. I note that in a recent written answer DfT revealed that at the start of April 2015 there were 226 Temporary speed restrictions (TSR) on NR infrastructure. By 9 October the number had risen to 331.

So while safety is maintained, it is at a cost to operational performance. It looks as though NR will be struggling to meet its PPM target for March 2019.

Hendy Report - politics takes a hand

There were a couple of surreal moments in the conference call for the railway press with Sir Peter Hendy following publication of his eagerly awaited report 'Replanning of Network Rail's investment programme'. After the formalities Christian Wolmar dived in, asking the Network Rail Chairman whether he had read the analysis in the latest Modern Railways (Informed Sources December) which showed that the Great Western Electrification Programme (GWEP) had increased to six times the cost per single track kilometre of the East Coast Main Line scheme in the 1980s.

Sir Peter replied 'Yes I have read the latest Modern Railways and it appears to me that Modern Railways is reaching back more into the history of British Railways more than it is looking forward to the 21st Century. The fact is that actually, we are delivering things in a different environment'.

Well, that put me in my place! Suitable chastened I have given last month's GWEP cost increase table the Year Zero treatment. All reference to BR and Railtrack have been expunged and it starts with the original estimate in 2009.

And the good news is that GWEP is now only 4.7 times the original estimate, so that's all right then. In addition, in our letters pages we have an exclusive insight into the original costs, which makes interesting reading.

When NR Managing Director Mark Carne dropped the latest price increase bombshell on the Public Accounts Committee in October, I hoped that one result of the Hendy review would see the cost of GWEP at the bottom end of the £2.5 - £2.8 billion scale quoted by Mr Carne. But the Review confirms the latest cost at £2.8 billion, which does not include Cardiff-Swansea.

So what should electrification cost? Based on the Paisley Canal line in Scotland and the Chase Line electrification between Walsall and Rugeley - where piling has started, it looks like £1.5 million per single track km. Both involve quite a lot of clearance work in a short distance.

Meanwhile Israel Railways has just awarded a contract for 1080 single track km of electrification at a cost of 2 billion shekels which I make £340 million or £315,000 per stkm. I may be accused of comparing West Country cider apples with Jaffa oranges.

Early bird

When I received the e-mail from the NR press office saying that the Hendy report had been published, I clicked on the link to download the document only to find that it was broken. So I went straight to the NR web site and downloaded the report from there. That was at 16.30 on 25 November.

I spent the rest of the day reading and annotating the report ready for the conference call with Sir Peter the following morning. I was particularly interested to see that completion of the Didcot-Oxford electrification would run over into Control Period 6.

So I was a bit surprised when Sir Peter said that all of GWEP would be completed in CP5. Wasn't Didcot-Oxford not due to be commissioned until CP6, I queried?

No, said Sir Peter. After a short period of confusion I shut up and Sir Peter chuckled 'You must have a different version to the one I've got'.

Afterwards I went back to the NR website and downloaded the document again. And I had indeed got a different version. And indeed it did show Didcot-Oxford delivered in CP5.

Informed Sources confirmed that an earlier version of the Report had been posted by mistake on the NR web-site. This caused consternation at DfT when the error was discovered. The correct version was re-loaded after about 15 minutes: I was not the only one to have downloaded the incorrect version.

But how much earlier was the 'wrong' document? Using 'properties' showed that the first version had been created at 08.07 on 25 October. The 'official' version was timed at 15.13 on the same day. So, between eight in the morning and three in the afternoon NR found – or was told by Government – that it could deliver Didcot-Oxford by March 2019 after all.

At the end of the conference call Sir Peter said that in 'early December' there would be 'another great bulk of stuff' going through projects on an individual basis and listing in detail what is going to be done. The scope, outputs, assumptions and risks associated with each programme will be listed, reflecting the impact of revised cost forecasts and delivery milestones.

Asked to clarify the timing, Sir Peter confirmed 'early December' but then added 'Being a loyal employee of the Government I have to say that you'll note that 25 November is Autumn. Early December is any number really isn't it?'

Indeed, as Transport Minister Claire Perry wrote on 17 December 'Electrification to Cardiff is planned to be completed in Control Period 5 (2014-19) within the estimated total cost of £2.8 billion (in 2012-13 prices). As elements of the design programme mature, a more accurate assessment of the cost and delivery schedule will be established'. Or, as writer William Goldman said of Hollywood 'nobody knows anything'.

Copies of both versions of the document will be on the Modern Railways web-site. If you were quick to download the report, it might be wise to cross check that you have the correct copy, with Didcot-Oxford in the 'completed in CP5 section on page 37. Readers might also like to try their hand at seeing what other changes they can spot. What a difference a day makes!

ORR comes worst out of Bowe Report

You might have thought that the Department for Transport slipped-out the Hendy Report on the same day as the Chancellor of the Exchequer's Comprehensive Spending Review in an attempt to minimise collateral damage. But what really had the civil servants worried was Dame Colette Bowe's report into 'The planning of Network Rail's enhancements programme, 2014 to 2019'.

According to Informed Sources, her first draft placed the blame firmly on DfT. This did not go down well. Hence the Bowe report was released on the same day to bury bad news.

The Report explains that both DfT and NR behaved badly in specifying and taking on an unrealistic programme of enhancements for CP5. However it is ORR on the naughty step for not curbing their exuberance .

But while ORR is under fire, don't forget that HS1 Chief Executive Nicola Show is leading another review for DfT, this time on the future structure and financing of NR. On top of all this, a separate DfT 'project' (not a 'Review' note) was launched on 10 December. This will 'fundamentally consider' the roles and responsibilities of ORR 'to ensure they remain appropriate.

Now these two reviews are going to drag in a lot of people who could do without this distraction from their day job of running the railway and you have to question their value. While Nicola assures me that she will determine structure first, then funding, we all know that the government's real expectation is that her Review will find a way to get NR's debt off the Treasury's books.

Which means that the 'ORR Project', is meaningless until the ownership of NR is determined. If NR remains part of the Government, the economic role of ORR is simply protecting the interests of passenger and freight operators, adjudicating on paths etc.

As Sir Peter Hendy puts it, 'I'm interested to discover the role of the railway Regulator, because I ran quite a big railway without a regulator at all and we decided our views of renewals and enhancements on the Underground on a business basis.' With NR now a publicly owned company, 'the Government can decide various things itself about the operation of the railway without reference to a Regulator'.

But should the Shaw Review propose restoring a degree of privatisation, then potential investors/owners are going to want Regulatory protection with added teeth.

Meanwhile Dame Collette attributes the cost overruns and delays to an unprecedented combination of factors. This includes 'a complex portfolio of schemes, subject to poor scope definition from the outset and ongoing "scope creep" which led to cost increases'.

Internal programme and portfolio management was sometimes ineffective, 'notably at NR'. Also contributing to failures in delivery were early costing errors, unanticipated interdependencies, lower than expected productivity and a 'failure to ensure agreed front end scope definition'. Once again do see our letters pages for the inside view on electrification costing.

ORR's scapegoating is indicated by its ranking in the Report's recommendations. Top of the table is the need for a review of ORR's role and responsibilities in enhancements planning. Hence the 'Project'.

But, confusingly, she also recommends that future regulatory activity should move 'beyond identification of risk' and give more weight to issues of complexity, ambition and delivery challenge 'appropriate to the scale of rail enhancement programmes'. So do we need a Regulator or don't we?

Perhaps the most important recommendation is that 'considerably more' should be done to ensure that user priorities, in particular those of passengers, are considered at an early phase of the planning process. I'm sure the Freight operators would also say Amen to that. We consider how this might be implemented in this month's Editorial.

"Informed Pan"

At the beginning of December Hitachi organised a session at their North Pole Depot where the railway trade and technical press could take a serious look at the second Class 800 IEP bi-mode, which has the interiors fitted. As both Ian Walmsley and I were invited we decided to do our individual things and then combine our findings and observations in a joint piece sitting between our two columns. The Editor dubbed this hybrid "Informed-Pan" combining the titles of our respective columns.

We went round separately with note-book and camera and then cut and pasted our observations into a coherent (I hope) illustrated report. Initials indicate authorship.

Our joint first impression was one of disappointment. Technically and functionally the Class 800 will do what it is supposed to do and take people where they want to go. But from the passengers' viewpoint, when compared with the best trains in Europe, it is nowhere.

It is eight years since procurement started, since when DfT has spent over £30 million on consultancy. The GWR trains will cost roughly twice as much as a Pendolino to lease. For that you might expect to get - to combine two phrases normally banned from this column - a world class passenger experience and certainly a step up from the Mk 3 coach interiors on Great Western.

As we say, the Class 800 will do the job, but with an austere ambience for an age of austerity which is down to DfT, not Hitachi. It is unlikely that DfT will allow any change to the GWR interiors until the replacement franchise in 2019. Whether Virgin will be able to create the 'wow!' factor on the East Coast Main Line remains to be seen.

Roger's Blog

Last month's e-Preview left me getting ready for the 2015 Golden Spanners awards. This is the day when the rolling stock Depot teams take centre stage as we celebrate their successes in driving up reliability. This gives the awards their unique atmosphere with a lot of audience participation.

There's a fully illustrated report in January magazine, plus pages of analysis including the usual tables showing the reliability of every fleet on the network.

December began with the Class 800 visit at North Pole Depot - always a tonic to get away from endless Reports and Reviews and talk technical with engineers. The following week started with the leaving party at ORR for Chair Anna Walker's. Next was the Railfreight Group Lunch where Chairman Tony Berkeley has a rotating seating system, so that my neighbour for the fish course was Nicola Shaw while the main course gave me a chance to chat to Patrick McLoughlin who was in good form and, thanks to four years as Transport Secretary, not only knew what I was talking about but could answer questions off the cuff. You can't say that about many ministers.

Last week it was the Modern Railways Christmas lunch, with Pullman dining on the 13.05 off Paddington. Coming back gave me the chance to compare my IEP impressions with GWR's latest Mk3 coach interior. Hmm

This is the last thing I'll write in 2015. Once again I hope all readers will enjoy a happy Christmas, while we should remember those away from family and friends out on the network working on those enhancements and upgrades.

And for the New Year? Well, I hope there will be fewer reports and reviews that demand coverage and more opportunities to report on 'technology and industry' which is what it says in my job title.

Roger