

Feras Alshaker
Director, Planning and Performance



Michelle Handforth
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Network Rail

By email only

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Dear Michelle

ORR investigation of Network Rail's Wales & Western region's compliance with the Network Licence

Railway passengers and freight customers depend on having reliable, punctual train services. This requires a whole-system approach with Network Rail and train operating companies working together to deliver the timetable. However, in its Wales & Western region, Network Rail's contribution to train service performance has been on an overall worsening trend since 2021, impacting both passengers and freight. The region has therefore been subject to enhanced regulatory monitoring and intervention.

I acknowledge Wales & Western's co-operation with our enhanced monitoring, including its progress in developing and implementing its performance improvement plan. However, despite the delivery of planned improvement activities, the train performance levels experienced by customers continue to be below expectations.

I am therefore writing to advise you that ORR is now initiating an investigation into whether or not Wales & Western has contravened or is contravening the Network Licence, with particular reference to conditions 1 (network management), 3 (sufficient resources) and 5 (asset management), although we may also consider other licence conditions. We will carry out our investigation in accordance with our Holding Network Rail to Account policy.

While the investigation will focus on Network Rail's contribution, we recognise that delivering train service performance relies on cross-industry collaboration. The Network Licence requires Network Rail to satisfy the reasonable requirements of operators and funders. We will therefore seek stakeholder views and intend to convene an industry roundtable as part of our investigation. This will ensure that all parties that have a direct influence on train performance can input to the investigation and the identification of the measures required to improve performance for passengers and freight.

As part of the investigation, we will also review wider external factors that have changed (or will change) the region's operating environment and may therefore have impacted (or will impact) train performance. This will include the introduction of new services and network infrastructure changes.

Overview of the scope of the investigation

In undertaking the investigation, we will consider whether Wales & Western has, to the greatest extent reasonably practicable having regard to all relevant circumstances, including the ability of Network Rail to finance its licensed activities:

- applied best practice in train service performance management capability and system operation;
- systematically reviewed the key factors that have contributed to deteriorating train service performance (including those within and outside of its control);
- developed and delivered a suitably evidenced and resourced improvement plan;
- engaged with relevant stakeholders in the development of the plan to ensure it meets their reasonable requirements;
- reviewed the adequacy of the plan, its delivery and realisation; and
- where the plan has not led to improvement, sought to understand why, including in respect of factors that are beyond its direct control;

We will also consider whether Wales & Western has:

- maintained sufficient resources to carry out its functions relevant to the facilitation of railway service performance; and

- adopted and applied asset management policies and criteria which comply with the Network Management Duty (and the facilitation of railway service performance in particular), including maintaining appropriate asset management information, including about condition, capability and capacity.

Delivering the investigation

Patrick Crowley, Senior Regulation Manager for Wales & Western, will act as lead contact for the investigation. We will provide you with further specific questions and requests for information in the areas set out above in the next few days together with a timeline for evidence submission. An important part of our investigation will be to understand Network Rail's views. We will arrange deep-dive meetings on specific areas of interest for our investigation.

The outcome of this investigation could ultimately result in a finding of breach of the Network Licence and, if appropriate, enforcement action.

If you have any questions, please do not hesitate to contact me. A copy of this letter will be published on our website in due course.

Yours sincerely

Feras Alshaker