

Network Rail Monitor (Scotland)





Quarter 2 - 2005-06 (ending 17 September 2005)






| | | 2004-05 | | 2005-06 | | 2005-06 | |
|--|---|-------------|-------------|-------------|-------------|---|-----------------|
| Key Performance Indicators (KPIs) | | 3rd Quarter | 4th Quarter | 1st Quarter | 2nd Quarter | Network Rail Scotland - Year End Forecast | Year End Target |
| 2 - ScotRail Train Performance (note 1) (ScotRail PPM MAA) | Actual | 83.6 | 83.1 | 83.5 | 84.4 | n/av | 85.6 |
| | Network Rail Target | 83.6 | 83.2 | 83.3 | 83.9 | | |
| (Public Performance Measure (PPM) (MAA) - Average-all TOCs) | | Actual | 82.8 | 83.6 | 84.3 | | |
| 3(a) - Network Rail Delay Minutes (No. of Delay Minutes (thousands) attributed to Network Rail causes) | Actual 4-weekly Average | 74 | 78 | 73 | 67 | 69 | 68 |
| | Network Rail Target - 2005-06 Business Plan | 62 | 57 | 62 | 66 | | |
| 3(b) - Network Rail Delay Minutes (see note 3) (No. of Delay Minutes (thousands) attributed to Network Rail causes) | Actual 4-weekly Average | 74 | 78 | 73 | 67 | 69 | 73 |
| | Comparative figure based on regulatory target | 85 | 72 | 69 | 76 | | |
| 4 - Asset Failures (No. of infrastructure incidents) | Actual 4-weekly Average | 413 | 459 | 487 | 447 | n/av | n/av |
| | Previous year's actuals | 425 | 449 | 478 | 447 | | |
| 5 - Asset Stewardship Measure (see note 2) (Composite of 8 asset condition measures) (Average of the five Network Rail territories) | Actual | 0.95 | 0.95 | 0.89 | 0.91 | n/av | 0.94 |
| | Network Rail Target | 1.09 | 1.06 | 0.87 | 0.88 | | |
| | Actual | 0.88 | 0.83 | 0.79 | 0.82 | | |
| 6 - Activity volumes (Track Renewals Only, data from Q1 2005-06.) (% Activity compared with plan) (Whole Network Track Renewals) | Actual Cumulative | n/av | n/av | 97.0 | 100 | n/av | 100 |
| | Network Rail Target | n/av | n/av | 100 | 100 | | |
| | Actual Cumulative | 93.1 | 94.3 | 98.5 | 96.8 | | |
| 7 - Financial efficiency index (Adjusted cost of Operations, Maintenance and Track Renewals) | Actual Cumulative | n/av | n/av | 47 | 80 | n/app | n/app |
| | ORR calculation from Network Rail Targets | n/av | n/av | 44 | 81 | | |
| 8 - Expenditure variance (% Variance from Network Rail's Scotland budget) (% Variance from Network Rail's Whole Network budgets) | Actual Cumulative | n/av | n/av | -6.2 | -11.6 | -2.0 | n/app |
| | Actual Cumulative | n/av | n/av | 0 | 0 | | |
| | Actual Cumulative | -15.0 | -15.0 | -8.2 | -10.9 | | |

Network-wide KPIs 1 - Safety Risk, 9 - Financing, 10 - Customer satisfaction and 11- Supplier satisfaction are not disaggregated below network level so do not appear here.
 For KPI 2 an increase over time denotes improvement.
 For KPIs 3,4, 5 and 7 a decrease over time / target denotes improvement.
 Because of Network Rail's re-organisation, historical figures are not available for all measures in Scotland.
 KPI 7, Q1 had errors in the data, figures have been corrected to reflect this.

Key:-

| | |
|---|---|
|  | On or better than target |
|  | 0.1-10% worse than target |
|  | More than 10% worse than target |
|  | Text in blue shows whole of Network for comparison. |
| n/app | Information not applicable |
| n/av | Information not available at the moment |

For **Expenditure variance** only.

| | |
|---|--|
|  | Within 5% of budget |
|  | Between 5 and 9.9% above or >5% below budget |
|  | 10% or more above budget |

Data Notes

All data is four-weekly based. There are 13 four-week periods in a financial year. The period quarters are set out below.

| Q1 | Q2 | Q3 | Q4 |
|------|------|-------|--------|
| P1-3 | P4-6 | P7-10 | P11-13 |

note 1 - Moving Annual Average - total for previous 13 four weekly periods divided by 13. (This definition of MAA makes it a lagging indicator). Latest quarter is a provisional estimate.

note 2 - Territory (e.g. Scotland) definitions have slight differences to the network-wide definition.

note 3 - This is new information included for comparison. It is a disaggregation of the network-wide regulatory target for Network Rail (as is used for the GB Network Monitor), based on emerging thinking. ORR will review the target(s) for Network Rail delay minutes to be used for subsequent editions of the Monitor.

Figures in the Monitor are the latest available and may be subject to subsequent update.

Targets

The 'actual' data is compared with the appropriate ORR target where one has been set. Otherwise Network Rail's own internal target (to meet Network Rail's required overall outputs as set by ORR) is used. Where this is not available or appropriate the data for the corresponding period in the previous year is used as the comparator (with the exception of Network Rail delay minutes see note 3 above).

For KPIs 2 and 8, the 'actual' data for Scotland is compared with the 'actual' data for the whole network.

Network Rail Monitor (Scotland)
Commentary for the second quarter (Q2) of 2005-06
26 June – 17 September 2005

Headlines

- **Train Performance:** 84.4% of ScotRail trains arrived on or close to time, in the year ending with Q2. Although this figure has improved in recent quarters, it is only the same as the end of Q2 2004-05. This contrasts with network-wide Public Performance Measure (PPM) improvement of 3.3% over the same period.
- **Infrastructure Assets:** Infrastructure failures are showing no sign of improvement this year, in contrast to the network-wide trend.
- **Finance:** Network Rail in Scotland is spending close to its budget (after discounting the rephasing of track renewals in the West Coast Route Modernisation project).

1. Safety Risk

The network-wide Network Rail Monitor measures safety risk using an indicator based on 82 train incident precursor events. This cannot yet be disaggregated below whole-network level.

The Office of Rail Regulation (ORR) intends to establish an appropriate safety risk measure for Scotland once transfer of safety responsibility from the Health and Safety Executive (HSE) has taken place in 2006.

2. & 3. Train Performance

Following the Rail Review, Network Rail took over responsibility for whole-industry performance reporting from the Strategic Rail Authority (SRA) in April 2005, and under its network licence the company is responsible for facilitating railway service performance.

Train performance is reported using two indicators.

Public Performance Measure (PPM): the percentage of franchised passenger trains arriving at their destination within a specified lateness margin (typically 5 or 10 minutes). This measure captures all delay causes (including Network Rail and train operators). For simplicity, only the First ScotRail PPM is reported, accounting for the great majority of passenger train mileage in Scotland.

Network Rail Delay Minutes: the total number of minutes delay to all passenger and freight trains in Scotland, where the cause of delay is attributed to Network Rail.

Network Rail's contribution to train performance in Scotland continues to cause concern. Network Rail-responsible delays in the Q2 of 2005-06 remained significantly above its business plan target although there are some signs of recovery, and ORR acknowledges that delays in Q2 were significantly lower than a reasonable disaggregation of the total network regulatory target would require. ORR recognises that Network Rail is taking a range of performance-focused actions to address the situation and is monitoring this closely.

The PPM for First ScotRail is the same as twelve months ago (84.4%) against a network wide improvement of 3.3%.

It is apparent that Scotland Route has difficulty in coping with the extremes of weather that do occur with some frequency. In Period 5, half way through the quarter, Scotland had relatively benign weather and performance improved compared to last year. In Periods 4 and 6, beginning and end of the quarter, both heat and storms caused significant problems. Network Rail is undertaking a significant programme of weatherproofing initiatives.

Problems with the train plan are causing a disproportionate amount of delay in Scotland.

Besides the effect of extreme weather, timetable errors and some major one-off signalling system failures, it appears that performance improvement in Scotland is still being affected both by record volumes of coal movement in West and Central Scotland and continuing congestion around Edinburgh Waverley, which is handling many more trains than a few years ago.

ORR will continue to monitor the situation as the effect of the extremely severe weather in parts of 2004-05 begins to disappear from the PPM (moving annual average) figure.

4. Infrastructure Assets - Asset Failures

Asset Failures: the total number of incidents causing train delay where the cause is the responsibility of Network Rail. This measures the performance of assets where their failure directly delays trains.

In contrast to the overall network trend of a 7% reduction since Q2 last year, asset failures in Scotland have increased by 1%. Of note is the 114% increase in condition of track temporary speed restrictions (TSRs) (against a Great Britain improvement of 19%) and the 15% increase in points failures (compared with the whole network trend of 3% improvement). However, other track quality measures are significantly better in Scotland compared with Great Britain, for example L2 exceedences per track mile are 0.67 and 0.87 respectively. However, it should be noted that the number of asset failures in Scotland reduced by 25% from 2001-02 to 2004-05.

5. Infrastructure Assets - Asset Stewardship Measure

This is a composite index that includes elements (e.g. track geometry) where degradation is more gradual and does not necessarily cause train delays. This established measure has been adopted on an interim basis, but ORR intends to work with Network Rail to develop an indicator which covers a wider range of infrastructure assets and which has no overlap with the asset failures measure. It is similar to the network-wide Asset Stewardship Index (ASI) but differs in some detailed respects for the track geometry and signalling components, which explains the difference in the national figures shown in this Monitor compared with those in the Great Britain Monitor.

At 0.91, this is slightly worse than Network Rail's recently tightened internal target (0.88).

6. Activity Volumes

ORR believes that Network Rail should have a consistent means of comparing the volume of the various classes of work that it carries out on the network with its business plan.

While Network Rail can analyse its expenditure by class of work, at present it can only provide a detailed measure of the volume of track renewals. Therefore the Activity Volumes measure in this edition of the *Network Rail Monitor (Scotland)* is confined to track renewals. ORR expects Network Rail to develop a composite measure encompassing the vast majority of infrastructure renewals and maintenance activity by April 2006.

For track renewals, 100% of the planned delivery of 99 kilometres (rail km plus sleeper km plus ballast km) was achieved. Ten out of eleven planned switch and crossing units were delivered (91%).

This is slightly better than the rest of the network, and presents no risk to network sustainability.

7. Financial Efficiency Index

The Financial Efficiency Index (FEI) tracks changes in operational expenditure, maintenance and renewals costs.

Network Rail does not have a separate FEI for Scotland but ORR has calculated a composite measure based on similar principles as the national FEI and using established Network Rail measures for its components. (See Annex A for definition).

Total maintenance expenditure in Scotland is 'normalised' for the change in equated track miles (a measure of track type, length, traffic tonnage and speed). Track* renewals expenditure in Scotland is normalised for changes in the volume of track renewed.

To measure and incentivise efficiency in Scotland, Network Rail currently uses the network-wide measure (the FEI) and expenditure against individual local or business unit budgets. The company does not use a separate FEI for Scotland and does not consider it appropriate to report something in a high level monitor that is not actually used in the business.

Because this index has some shortcomings, ORR is publishing it in the *Network Rail Monitor (Scotland)* only until a more accurate unit cost-based efficiency measure has been developed by April 2006.

* For Q1, the Scotland FEI used normalised total renewals expenditure to calculate the actual and budget figures of 112 and 121 respectively. This was an error and the calculation should have been based on normalised track renewals expenditure. This would have given figures of 47 and 44 respectively.

At the end of the Q2, Network Rail was slightly ahead of the ORR calculated forecast for the Scotland FEI.

8. Expenditure variance

Expenditure variance compares Network Rail's cumulative year-to-date and full-year forecast expenditure on operations, maintenance, renewals and ACR2003-funded enhancements in Scotland against the company's own budgeted expenditure.

In the year to date, Network Rail spent £20 million less than its budget of £169 million in Scotland. The majority of the variance in Scotland was on West Coast renewals as a result of rephasing of work. Therefore the core activities of Network Rail in Scotland are being delivered close to budget.

9. Major Projects

There is no single performance indicator for projects. ORR monitors the projects specifically funded in the ACR2003 for emerging expenditure against the regulatory settlement, and for the projects' delivery against their high-level objectives.

West Coast Route Modernisation

Refer to ORR's Great Britain Monitor.

Telecommunications

The replacement of Network Rail's Fixed Telecoms Network (FTN) and introduction of the Global System for Mobile Telecommunications - Railway (GSM-R) train radio system substantially replaces the existing cable, transmission and radio networks. These were funded in the ACR2003. Together this combined project is the biggest on Network Rail outside West Coast.

The trial of GSM-R will take place in Scotland initially on the line between Helensburgh and Drumgelloch. The Network Change notice to allow the trial to take place has been posted on the Network Rail website. All route work and cable installation in the Strathclyde area has been completed, with just 15 (of 86) masts still to be installed. Tunnel installation work has also been completed on Helensburgh line. Surveys of First ScotRail equipment to allow the fitment of GSM-R equipment should begin in mid-October 2005.

Annex A: Financial Efficiency Index (FEI) for Scotland (see item 7 above)

| | | | | | | | | | |
|----------------|---------------------------|---|--|---|--|---|-------------------------------------|---|---|
| Scotland FEI = | Scotland Opex Spend | + | Maintenance Normalisation Factor | x | Scotland Maintenance Spend Scotland ETMs | + | Renewals Normalisation Factor | x | <i>Scotland Track Renewals Spend</i> Volume of Track Renewed |
|----------------|---------------------------|---|--|---|--|---|-------------------------------------|---|---|

- The method for calculating ORR's composite measure in place of a Financial Efficiency Index (FEI) for Scotland draws on that described by the 2004-05 Network Rail Management Incentive Plan Statement.