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Atos and Worldline response to consultation questions in The Shaw Report

This document provides our responses, as a member of the supply chain to the GB Rail Industry, including Network Rail and Train Operators, to selected questions posed in The Shaw Report. We have only responded to questions where we feel that we can make a significant comment from the perspective of our role as a supplier of IT systems and services working with members of the rail industry and with other suppliers to it.

Q7. Are there more positive incentives for delivery which would be useful? Are any of these incentives more effective than others?

The current performance incentive regime (schedule 8 payments) is labour intensive and, although we have seen the industry mature, the approach continues to influence behaviours towards maximising gain (or minimising loss) rather than ensuring focus on delivery of industry outputs (on time services in this case). Previous reviews have identified and examined this issue, but in each case to date the challenges of industry-wide business change have resulted in refinement of the process but not a radical overhaul. For example, work undertaken to automate the process (IDAS project) was never implemented. Perfect attribution is arguably unattainable and so a more effective approach could be to use more easily measurable targets of train service delivery (such as lateness at calling points – not just the destination), rewarding both train operator and Network Rail for over performance and penalising under performance. Such an approach could remove significant labour and system costs (some duplicated or triplicated across Network Rail, train operators and DfT) and would encourage industry collaboration on future improvement with fewer disputes over past failures. As further encouragement, any penalty payments could be ring fenced to fund improvement projects.

Q10. Can you point to any specific economies of scale that should be protected at national rather than route level?

We suggest that an Infrastructure Manager (IM) within the regulatory and licence framework of a national government will, and should, retain many common business processes across the geography within its scope. The common business processes will have a single, common, set of requirements and therefore it seems cost-effective for core systems provision to be common across the IM, recognising the need for appropriate flexibility and extensions for local needs. This helps to avoid multiple procurement processes and proliferation of unnecessary interfaces.

Such an approach should also support opportunities that need to be encouraged for greater pooling of scarce resources with knowledge and understanding of the domain (there are many examples, such as in signal engineering and IT systems analysis and design). Such pooling may need to be across geographies (Routes), between Network Rail and its suppliers, and between the suppliers, encouraging partnership rather than competition.

Q11. What processes and capabilities need to be in place (at both the centre and route level) to support Network Rail's current devolved structure?

From our perspective as an IT systems and services supplier, the integration of process, systems and data is vital, particularly during change. A silo approach, which is sometimes seen in current systems procurement and provision, can lead to a focus on the technical implementation of an IT system against specific IT system requirements, without an adequate

understanding either of the industry process framework into which the system must fit, or of the data flows that are needed to support the industry processes and which must be supported, or changed, by the new system. The consequence is that issues are detected at various stages during systems implementation or after it, with consequent increases in costs and timescales. A further consequence is ineffective use of resources, especially the scarce industry experts, who become engaged to solve problems reactively rather than move the industry forwards.

Q12. Drawing on your previous experiences where relevant, what would be the potential impact on your organisation of further structural change within Network Rail?

We see a significant risk of an hiatus for the supply chain community as projects are put on hold for re-assessment as part of a further structural change. Associated with this is the risk that suppliers will have less visibility of changes and the likely pipeline of work, when they need more in order to improve their planning.

A further related risk is that coming out of the pause, the delivery commitments required from suppliers become more challenging and higher risk in order to achieve dates, especially as suppliers will have had less opportunity to plan in advance.

Changes to the governance regime in a new structure would need careful assessment for the risk of additional effort and time in securing funding and procurement approvals, leading to risks in overall delivery costs and timescales.

A new structure could cause an increased proportion of key positions to be filled by sub-contract or interim resources, which could lead to an impact upon decision making or the effective application of industry expertise.

Q13. What are the strengths and weaknesses of Network Rail's current approach to planning enhancements?

Competition and competitive frameworks lead to individual suppliers having less view of the likely pipeline of work for them, resulting in an inability to plan for long-term resourcing. Long term partnerships are likely to improve the ability to plan.

While we have seen Network Rail taking a partnership approach in some areas, we have also seen, within an apparent partnership structure, the strict application of contractual rules and processes that have not evolved as situations change. This acts against the apparent benefits of partnerships. Furthermore, the rigorous application of partner frameworks can act to exclude suppliers who have some of the scarce skills needed by the industry, leading to increased fragmentation of resource supply, rather than pooling of resource.

Q15. How well do the current delivery and planning processes work for projects of different sizes?

We recognise that the GRIP process is well documented and able to be adapted and interpreted, however it is not always well followed, nor is it always well adapted to the particular characteristics of specific projects. Slavish adherence can be a considerable overhead in smaller projects, and we have seen some specific issues with IT projects:

- Re-planning is not handled pragmatically
- The detailed planning horizon may be too long, as it may be much more effective to plan in detail over a shorter horizon, with the longer term at a higher level
- An IT project may be a small component of a large project, and a customised "light" application of GRIP may be more appropriate for that component

In general, therefore, we recognise the benefits of GRIP but propose that a moreflexible, or agile, application of it would be an improvement.

Control Periods are artificial time periods. Changes in conditions during a Control Period are inevitable, and when this happens there can be a tendency to postpone work to the next Control

Period. Not only does this add elapsed time to achieving benefits, it is a further cause of a stop/start approach for suppliers, with consequential difficulties in planning and resource management.

A further consequence of a Control Period approach to planning is that it may cause the industry to commit to technology choices too early, thus making it less able to adopt beneficial advances in technology.

Q16. Are there any useful models or precedents from other sectors or countries for long term infrastructure planning and delivery processes that we should consider, including in relation to management of and engagement with suppliers during the planning process?

We have seen other industries in the UK find ways to adapt to the pressures of electoral and economic cycles that also impact the GB Rail Industry. The industrial culture of the UK also seems to be more similar to the USA than to other countries in Europe, with a focus on the contract, even when it becomes out of date and has not responded to change, and a history of a lack of national infrastructure planning. Approaches taken elsewhere include:

- A genuine desire to focus on partnership rather than contract (and not partnership completely controlled by contract), which is a major cultural change and difficult to achieve;
- Retention of a well-resourced planning team, able to drive forward investment opportunities when conditions are favourable
- Continual development of next generation solutions by leading engineers, with a strong and effective peer review process to ensure good technical design and robust cost estimates, able to take forward investments quickly
- Commitment of the full capital to major projects in one go, and a very high threshold for review
- Accepting that major projects will cause change to the status quo in ways that could not have been foreseen, and that this will have cost impacts, therefore both plan for business change and accept it.
- Ensuring that senior people with full commitment to the company take responsibility for the success of major projects

Q18. Are there any other processes which we have not highlighted, either within Network Rail or the wider industry, which could be improved?

The timetable and capacity planning processes should be highlighted as a key aspect of the GB Rail Industry in need of improvement. It is complex across the industry as a whole, involving many stakeholders, many individual process and data flows, and operating across a number of different time horizons. We suggest that it needs to be considered in the context of:

- Stakeholder involvement, for both freight and passenger traffic
- The time horizons involved, and the relationship between them (for example, strategic service planning, long term planning, short term planning and very short term planning)
- The data and process needed to connect the different stages in train planning, the interactions with asset planning, and the industry involvement at each stage, for example the link between timetable planning by Network Rail and resource planning by Operators
- Upstream and downstream relationships in both process and data usage terms, considering the sources and consumers of planning data at each stage

Consistent with a theme in other responses, we also wish to highlight the importance of planning and managing business process change, and business readiness, in technology projects. We strongly believe that the GB Rail Industry has a great opportunity to benefit from technology change, but successful implementations depend very strongly upon the recognition, planning and management of the associated business change, and achieving business readiness for new solutions and ways of working.

Q29. Do these feel like the right concerns? Has anything been missed that it is vital to consider at this stage?

We would wish to highlight the importance of effective planning and management of business change, which is a theme in a number of our responses, in particular to Q18.

Please contact me if I can be of any further assistance.

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an atos company