



IMPROVING PROJECT DELIVERY

SUMMARY OF CHANGES

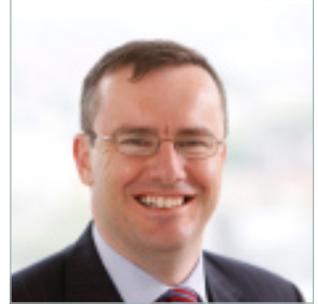
The changes outlined in this summary document are critical to our ongoing success as a business. Everyone has a responsibility to understand and implement these changes as relevant to their role. To help deliver this, Network Rail has committed to supporting teams and individuals with further information and training over the coming months.

OCTOBER 2008



IMPROVING PROJECT DELIVERY

This is an exciting time for the railway and for Network Rail. Passenger numbers and performance are at an all time high and investment in the railway is growing. This means we have a great opportunity, but also a great responsibility to deliver our projects efficiently and effectively.



We've spent the past 10 months understanding the reasons for the overruns at Rugby, Liverpool Street and Shields Junction. Importantly, the causes were not limited to these projects alone.

Many of you will have been involved in developing and trialling the changes needed to improve our management of suppliers, risk, work sites and communication.

We have already seen significant improvement, as shown with our planning and on-time delivery of bank holiday work through spring and summer. We have come out of the exercise stronger and better equipped to deliver than ever before.

Our new processes will deliver better planning and earlier warning of potential overruns. But for this to work properly we need people to work as a team, keeping everyone informed. If we know about problems from the start, we can manage them better and bring in support where it's needed.

Christmas 2008 and Easter 2009 will be the next big tests of our modified process. But remember, every weekend counts.

This guide provides an overview of the changes being made. You will be given more detailed information in the coming weeks. These changes are critically important and will become part of your performance objectives. Please take the time to thoroughly understand the impacts of these changes on your role.

Simon Kirby, Director Infrastructure Investment

AN END TO END SOLUTION

From pre-tender assessment to measuring and reporting of progress on site, we have enhanced our project management process at a number of points along the GRIP project lifecycle.

1 Management of our suppliers

- An improved and more consistent commercial strategy
- New gateway documents and processes
- An automated pre-tender assessment process
- A standard process for managing critical resources

2 Management of risk

- A standard way of assessing site complexity
- Improved contingency planning
- A new standard for readiness reviews
- A standardised and improved QSRA process

3 Management of site and construction

- A new competency framework for construction
- Standard measurement and reporting of progress on site

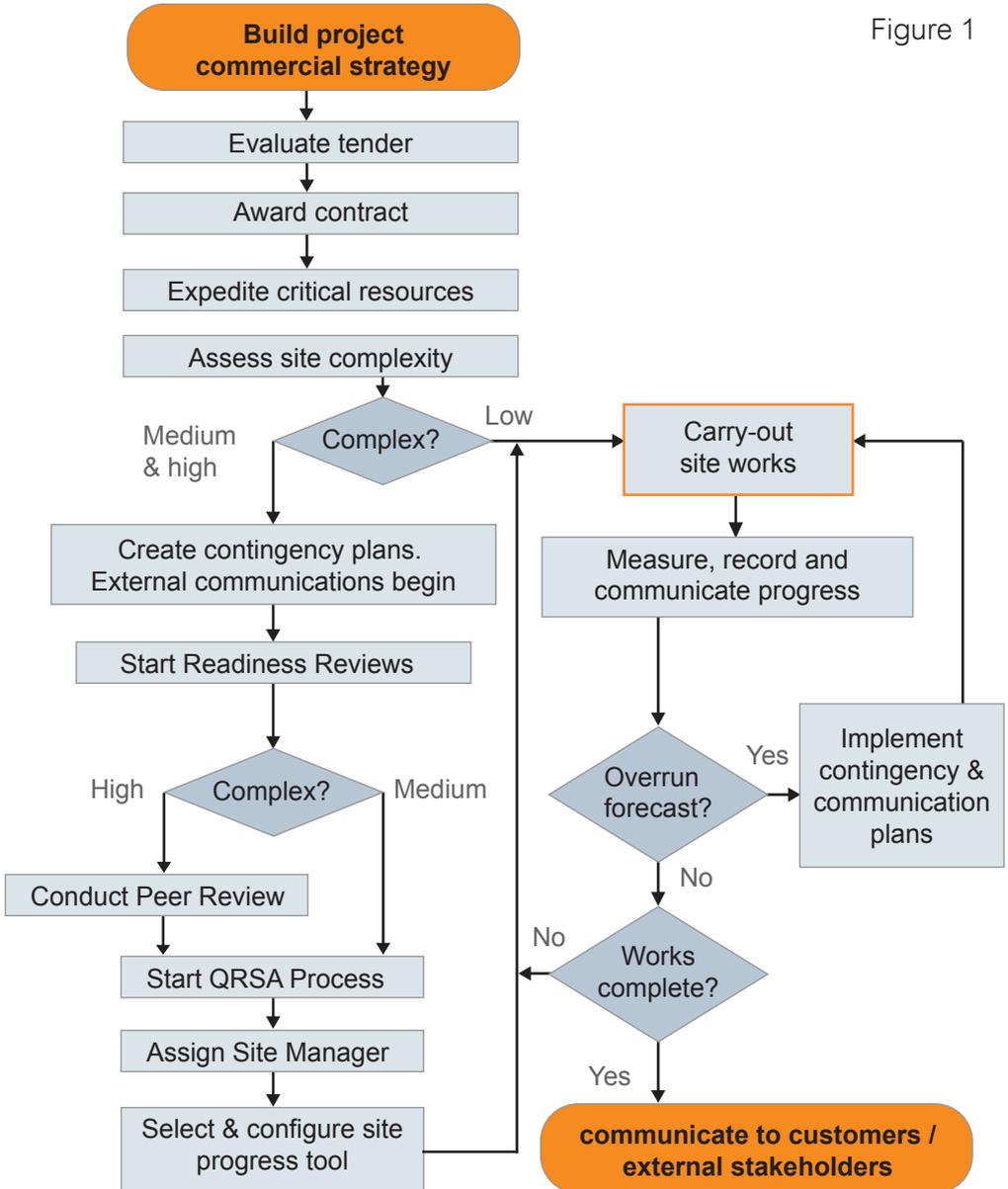
4 Management of communication

- New processes and systems to enable us to get information more quickly and more accurately to our customers and stakeholders

All these improvements are linked in a comprehensive end-to-end enhancement to our project management process as shown in figure-1.

AN END TO END SOLUTION

Figure 1



Commercial strategy

In order to provide a safe, reliable, efficient and sustainable railway fit for the 21st century, we must establish long-term mutually beneficial relationships with suppliers that encourage strategic development in a fair, transparent and consistent way.

Why was a review of this area required?

Previously, there has been a variety of approaches used for engaging suppliers across the delivery groups. This has led to confusion among suppliers and has limited our ability to develop positive, long-term relationships.

What has changed?

The strategy for engagement with suppliers is now well defined. A model for assessing risk / reward within Asset and Category commercial strategies provides consistency of approach across the business and is available to all projects.

What do I need to know?

- How will this collaborative strategy benefit my project?
- How do I model the risk / reward balance for my project?
- Where can I find the tools to help me perform the modelling?

Where can I learn more?

Full details of the changes can be found on Connect (please see the IIG C&P page).

Gateway documents

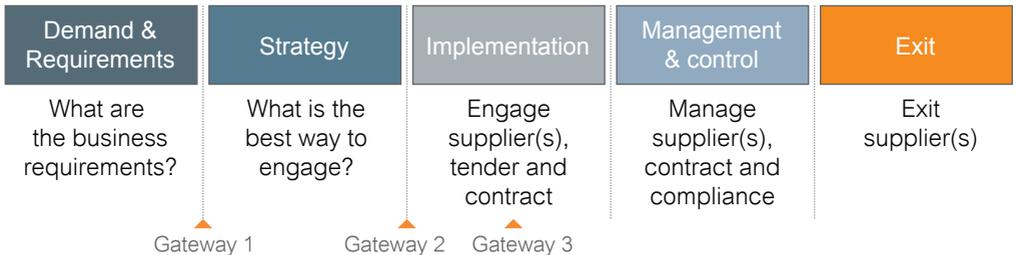
The Gateway documents are a suite of template documents for use in approving Invitations to Tender (ITT) and contract awards.

Why was a review of this area required?

No consistent approach existed in the past, causing confusion both internally and with our suppliers.

What has changed?

The Gateway documents take you through project and market dynamics in a consistent manner, in order to derive the most appropriate commercial strategy. You can only engage the market and subsequently award contracts once the relevant Gateway documents have been approved



What do I need to know?

- What are the timescales required to complete the necessary Gateway documents?
- How do I ensure my project strategies are aligned to my overarching asset commercial strategy?

Where can I learn more?

Full details of the changes can be found on Connect (please see the IIG C&P page).

Tender evaluation

The process via which we evaluate tenders is now defined, streamlined and consistent across all projects.

Why was a review of this area required?

In the past, evaluations have been undertaken in a disparate fashion within Network Rail. This causes confusion in the market and can lead to different suppliers being selected depending on the evaluation model chosen.

What has changed?

A single central tender evaluation model has been created. This delivers a consistent approach to evaluating tenders and ensures the right questions are asked when assessing each bidder's capability.

What do I need to know?

Whether you are awarding work through open market competition, via a framework, or getting an internal group (eg Maintenance) to deliver the work; you need to technically assess their capability to deliver each specific project. In all cases, the tender evaluation tool **MUST** be used in part (just basic technical capability assessment), or in full (full technical capability and commercial assessment).

Where can I learn more?

Full details of the changes can be found on Connect (please see the IIG C&P page).

Critical resources

These are resources (labour, plant or materials) which we know may become constraints to delivery. Examples would be Signalling Testing & Commissioning Engineers or Kirov cranes.

Why was a review of this area required?

No central repository and management of critical resources previously existed. Resources could be double-booked and prioritisation of resource scarcities was difficult and ad-hoc.

What has changed?

A national controlled list of critical resources in which supply and demand data is modelled now exists. Where overall demand approaches the industry's capability to supply, the resource is prioritised and scheduled to projects on a named basis.

What do I need to know?

- Who maintains the controlled list for resources my project will consume and how do I access the data?
- How do I ensure the resources my project will consume are available and allocated to my project?
- How does my project interact with the management of resource scarcity as identified in the controlled list of critical resources? Where do the project-plans fit in?

Where can I learn more?

Full details of the changes can be obtained by consulting the IIG C&P pages on Connect and by consulting the work instruction entitled Project Delivery Of Work Within Possessions.

Assessing site complexity

Work site complexity is closely tied to three key factors – the risk associated with the site works, the profile of the site’s position on the network and the impact that potential overruns at the site would have on the broader operational railway.

Why was a review of this area required?

No consistent method of assessing site complexity existed previously with the result that comparison and prioritisation of work sites was difficult.

What has changed?

All work sites are now assessed for complexity at a prescribed time in the project lifecycle using a defined process. The resultant complexity index is used to determine the level of contingency planning required as well as the requirement for readiness reviews, peer reviews and QSRAs. The complexity index also influences the allocation of construction management employees to sites and the measurement of site progress.

What do I need to know?

- When do I assess the complexity of my work site?
- How do I assess the complexity of my work site?
- How do I use the complexity index?

Where can I learn more?

Full details of the changes will be made available in the work instruction entitled Project Delivery Of Work Within Possessions.

Building a contingency plan

The contingency plan executed on overrun of engineering work will be created in a timely manner and using a mandated template. The site complexity index determines the level of the planning.

Why was a review of this area required?

Creation of contingency plans for engineering overruns was not consistently mandated nor was the level of contingency planning arrangements consistently defined by a site complexity index.

What has changed?

The level of contingency planning required is now very well defined and linked to the site complexity index. All contingency plans must be regularly updated and reviewed at prescribed points in the project lifecycle. All contingency plans must be created using the contingency planning template.

What do I need to know?

- When do I need to start creating my contingency plan?
- Who do I need to obtain agreement from and at what points?
- What's the difference between work contingency planning and operational contingency planning?
- What level of contingency planning do I go to?
- Where do I obtain the contingency planning template?

Where can I learn more?

Full details of the changes will be made available in the work instruction entitled Project Delivery Of Work Within Possessions.

Reviewing readiness to start on site

Readiness reviews are conducted in the lead up to site work at prescribed points in the project lifecycle. The site complexity index determines the frequency and level of readiness review.

Why was a review of this area required?

Carrying out readiness reviews for site works was not consistently mandated neither was the level of readiness review consistently defined by a site complexity index.

What has changed?

The process for readiness reviews is now very well defined and linked to the site complexity index. A prescribed series of site readiness checks in the year prior to site works commencing are carried out using Asset specific readiness review templates.

What do I need to know?

- When do I need to commence readiness reviews?
- What are the inputs and the outputs from the reviews?
- Who makes the go / no-go decision and when?
- Where do I obtain the readiness review template?

Where can I learn more?

Full details of the changes will be made available in the work instruction entitled Project Delivery Of Work Within Possessions.

Performing risk assessment

For some projects, at least one QSRA is mandated in the lead up to site work. The site complexity index determines the frequency and level of QSRA required.

Why was a review of this area required?

Carrying out QSRA for site works was not consistently mandated and neither was the level of QSRA consistently defined by a site complexity index.

What has changed?

The process for QSRA is now very well defined and linked to the site complexity index. At least one QSRA must be carried out for certain projects prior to site works commencing. The QSRA is carried out according to a prescribed and defined process.

What do I need to know?

- Does my possession require a QSRA?
- Who carries out the QSRA and when?
- Do I use my site-plan or a possession-plan for the QSRA?
- Who integrates individual site-plans into a possession-plan?
- How do I interpret the results of a QSRA?

Where can I learn more?

Full details of the changes will be made available in the work instruction entitled Project Delivery Of Work Within Possessions.

Construction management competency

With so many work sites and such a variety of work types it is important that Network Rail assigns the right construction management teams to the right work sites at the right time.

Why was a review of this area required?

No central repository of construction management expertise existed. Our understanding of competencies for our people was not sufficient to allow effective prioritisation and scheduling of construction management employees to work sites.

What has changed?

Network Rail has created a national construction management controlled list containing all construction management resources, which is used to allocate appropriately experienced resources to work sites on a prioritised basis. Information in the list is also used to define future training needs for construction management employees.

What do I need to know?

- When do I need to assign construction management resources to my work site?
- Where do I go to request construction management resources?
- What are the criteria for prioritisation of allocation?
- When and how do I get myself assessed and trained?

Where can I learn more?

Full details of the changes will be made available in the work instruction entitled Project Delivery Of Work Within Possessions.

Measuring and reporting progress on site

Effective measurement and reporting of work site progress requires analysis of achievement versus baseline and a measure of the effort expended to deliver that achievement - such that accurate forecasting of milestone completion times can be made.

Why was a review of this area required?

Understanding achievement versus baseline and re-forecasting accordingly is difficult, especially on complex work sites. A systematic approach is required to provide greater consistency and accuracy.

What has changed?

Network Rail has introduced a number of site progress reporting tools which, once configured for an individual work site, will allow the user on site to more accurately forecast milestone completion times and dates.

What do I need to know?

- Will my work site require use of a site progress reporting tool?
- How and when do I select my site progress reporting tool?
- Who configures the site progress reporting tool and when?
- How does my site progress reporting tool aid decision making?
- How do I use my site progress reporting tool?

Where can I learn more?

Full details of the changes will be made available in the work instruction entitled Project Delivery Of Work Within Possessions.

Communication

Effective communication is critical to the delivery of all of the changes that we are making to our project delivery. It is particularly important if projects fall behind schedule, or unforeseen issues cause risk of an engineering overrun. If we know about problems from the start, we can manage them better and bring in support where it's needed.

Why was a review of this area required?

In the past, notification of overruns has come too late in the day. This has prevented decisions being taken to bring in support. It has also delayed effective implementation of contingency plans, including communication with passengers and freight customers.

What has changed?

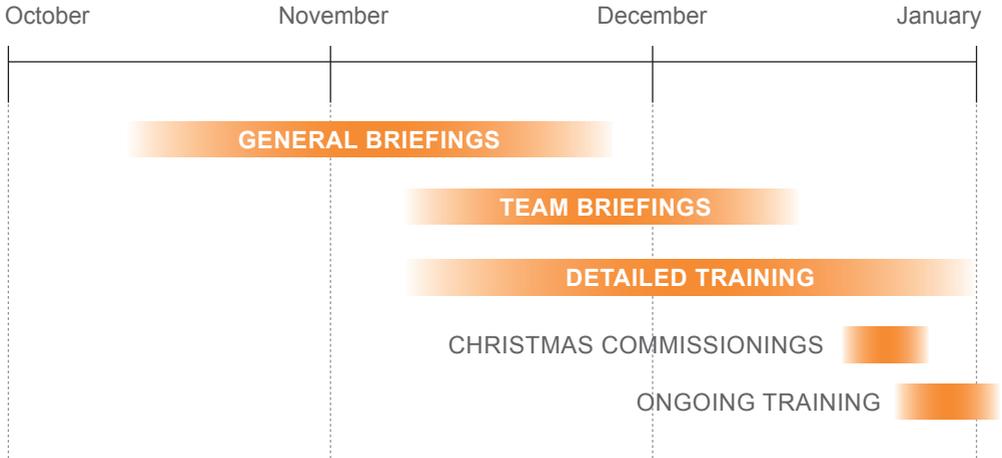
Improvements have been made to the measurement and reporting of progress on site. Greater clarity has also been introduced to reporting lines. Up-to-date information and clearer communication channels will lead to more effective mitigation and, where necessary, management of overruns. Better planning enables early communication of planned work to stakeholders.

What do I need to know?

- What do I need to do if progress on site is behind schedule?
- Who do I need to tell?
- How do I get information to our customers?

Where can I learn more?

Full details will be made available in the work instruction entitled site progress reporting tool.



How do I find out more?

- You will be emailed information covering each of the improvement areas in more detail
- Discuss this in your teams and with your manager/direct reports at the next available opportunity
- Detailed training will be held for specific focus areas. You will be contacted directly if this applies to you.

Get briefed!
Get trained!

Ask your line manager, consult Connect

Email us for more information at projectdelivery@networkrail.co.uk