



Department for Transport

Dame Colette Bowe
Banking Standards Board
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Dame Colette

Response to the report of the Bowe Review into the planning of Network Rail's enhancements programme 2014-2019

I would like to thank you for producing your report. After careful consideration, I have accepted all of your recommendations. My Department, working with Network Rail (NR) and the Office of Rail and Road (ORR), will take urgent steps to develop and implement a number of actions to put in place an improved approach to planning and delivering rail infrastructure enhancements.

The Government is committed to building the infrastructure that this country needs. The railway makes a major contribution to economic growth and to rebalancing our economy. In 2012, we set out an ambitious £38 billion programme of schemes up and down the country for the period 2014-19 to enhance, renew, operate and maintain the current network. These schemes will deliver increased capacity, improved journey times and greater reliability.

Our railways are carrying more passengers now than ever before. The number of journeys has more than doubled since privatisation and the demand for these services continues to grow. It is vital, therefore, that we support our railways with sound processes for planning and delivering major infrastructure upon which we can rely.

I have already made some announcements that will lead to broader changes in the rail industry. In June this year, I appointed Sir Peter Hendy as the new Chair of Network Rail. His first task was to develop proposals for how the current rail upgrade programme will be carried out. His report has been published alongside your report. I also appointed Richard Brown as a Special Director of Network Rail to bring additional experience to Network Rail's Board and to provide a much stronger link with the Department for Transport. This, with the simplification of Network Rail's governance, which I also announced, will help to ensure future investments are planned and delivered in a coherent way, where the key players are absolutely clear of their roles, responsibilities and accountabilities.

From the Secretary of State
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Our Ref:

The Government has asked Nicola Shaw, Chief Executive of High Speed 1, to advise on the longer term future shape and financing of Network Rail. Her scoping report was published earlier this month and she will report back by the 2016 budget.

As a result of your report, the role and responsibilities of ORR will be fundamentally reviewed. It is important that the regulatory regime is supportive of, and responsive to, the challenges of planning and managing complex infrastructure projects that, by their very nature evolve and change over time and often span more than one control period. This review will have particular regard to (i) the arrangements for securing value for money from investment in the railway, both from taxpayers and other sources (ii) the arrangements for securing the protection of the interests of users (iii) the importance of an environment that supports private sector investment and involvement in the rail sector, and (iv) the changed context for investment in the railway following the reclassification of Network Rail to the public sector. I propose to carry this review out in parallel with Nicola Shaw's report so that any changes can be aligned with her conclusions.

My Department is working with Network Rail to strengthen the governance and day-to-day management of the process for planning and overseeing rail enhancements, providing clearer accountability for associated costs and project management. The aim is to provide the Government with the flexibility it needs to adjust its investment programme, in the way that you recommend. In future, scope will be formally defined and agreed along with an assessment of deliverability, including consideration of uncertainties that may affect costs and schedules. All projects will be subject to a clear change control process. These new arrangements will be underpinned by improved governance arrangements between the Department and Network Rail. These measures will reset the formal framework and will be underpinned by a new Memorandum of Understanding which I will publish next March.

I am also making changes within my Department. The planning and delivery of enhancements will be brought together under a single Director of Network Services, who will be responsible for approving the scope of all current and future enhancements and be the single point through which any change of scope is authorised. This will mirror similar arrangements being introduced in Network Rail. Where appropriate, the type of contractual arrangements that have successfully been adopted in the Department's oversight of Crossrail and Thameslink will also be used in respect of the larger and more complex enhancement programmes. This includes senior cross-industry route programme boards and internal integration groups to improve co-ordination between franchises, rolling stock and infrastructure.

I expect passengers and operators to play a much greater role in developing priorities for future investments. Investment priorities should be more closely aligned to the franchising programme, where independent research on passenger priorities is already a key input to the process. This approach will support the integrated planning of railway investment across infrastructure, rolling stock and franchises and move the industry from being 'producer led' to 'passenger led'. I will also continue to work closely with freight operators to develop a new Rail Freight Strategy.

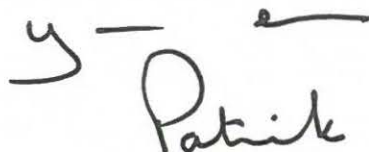
I recognise the importance of developing a more strategic approach to people and skills. In the summer, I appointed Terry Morgan, the Chair of Crossrail, to help develop a Transport Infrastructure Skills Strategy. This will set out plans for strengthening the transport workforce, increasing diversity and raising the level of skills across the supply chain, including by delivering on our ambition for 30,000 apprenticeships in roads and rail over the next 5 years.

In October Claire Perry opened the National Training Academy for Rail in Northampton, a multi-million pound facility built with government funding support to provide state-of-the-art rolling stock training. Network Rail's £55 million investment in seven workforce development centres will deliver over 270,000 training days a year for Network Rail and 250 different railway companies. And early next year the Rail Supply Group will publish its plans for investing in skills and people as part of a wider rail sector strategy.

The Department has already taken steps to improve its project and programme management capabilities. The Department will continue to support the Government's Major Projects Leadership Academy run in conjunction with the University of Oxford through continued enrolment of its relevant senior officials.

Together the steps I have outlined in response to your recommendations will provide the right framework to deliver better services for passengers, better value for the taxpayer, and support a growing rail industry.

I am placing a copy of this response in the libraries of the House and on my Department's website.

A handwritten signature in black ink, appearing to read 'Patrick', with a stylized flourish above it.

THE RT. HON. PATRICK McLOUGHLIN