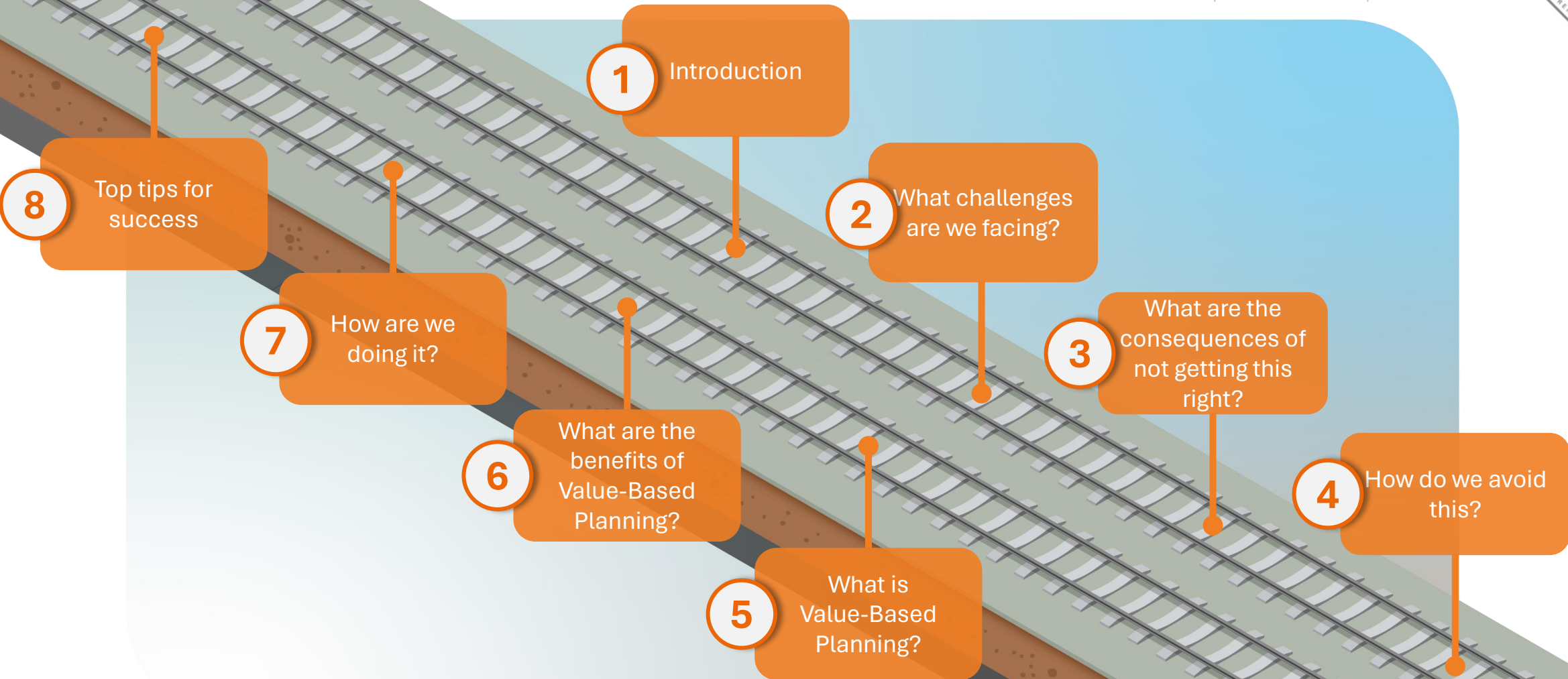


Unlocking Value through Decision-Making: *Implementing Value-Based Investment Planning*





Agenda

Learning Objectives

In the context of NRE, understand...



- The challenges facing the railway today
- Why value is important
- The importance of aligning actions to goals
- Why a phased approach for change should be adopted
- Lessons learned from our implementation journey

Introduction

Network Rail maintains and upgrades the rail infrastructure in Great Britain

Network Rail is a public sector company that operates as a regulated monopoly:

70%

Network Grants

25%

Track Charges

5%

Property Income

Eastern Region in numbers:

£9.1Bn

To operate, maintain and renew the railway in the Eastern region (CP7)

1Bn+

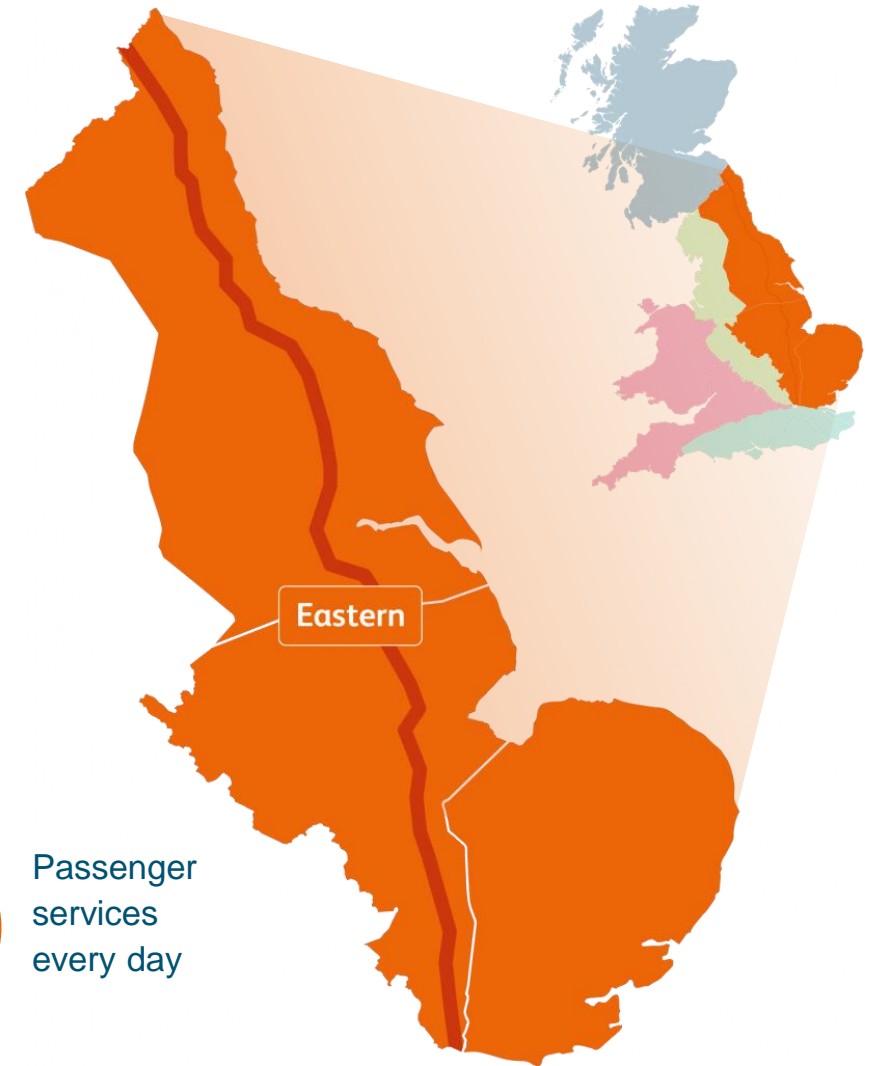
Annual passenger journeys

6,042

Route miles (31.2% of national)

3,400

Passenger services every day



Public Tolerance

Asset Health

Funding

Increased Requirements

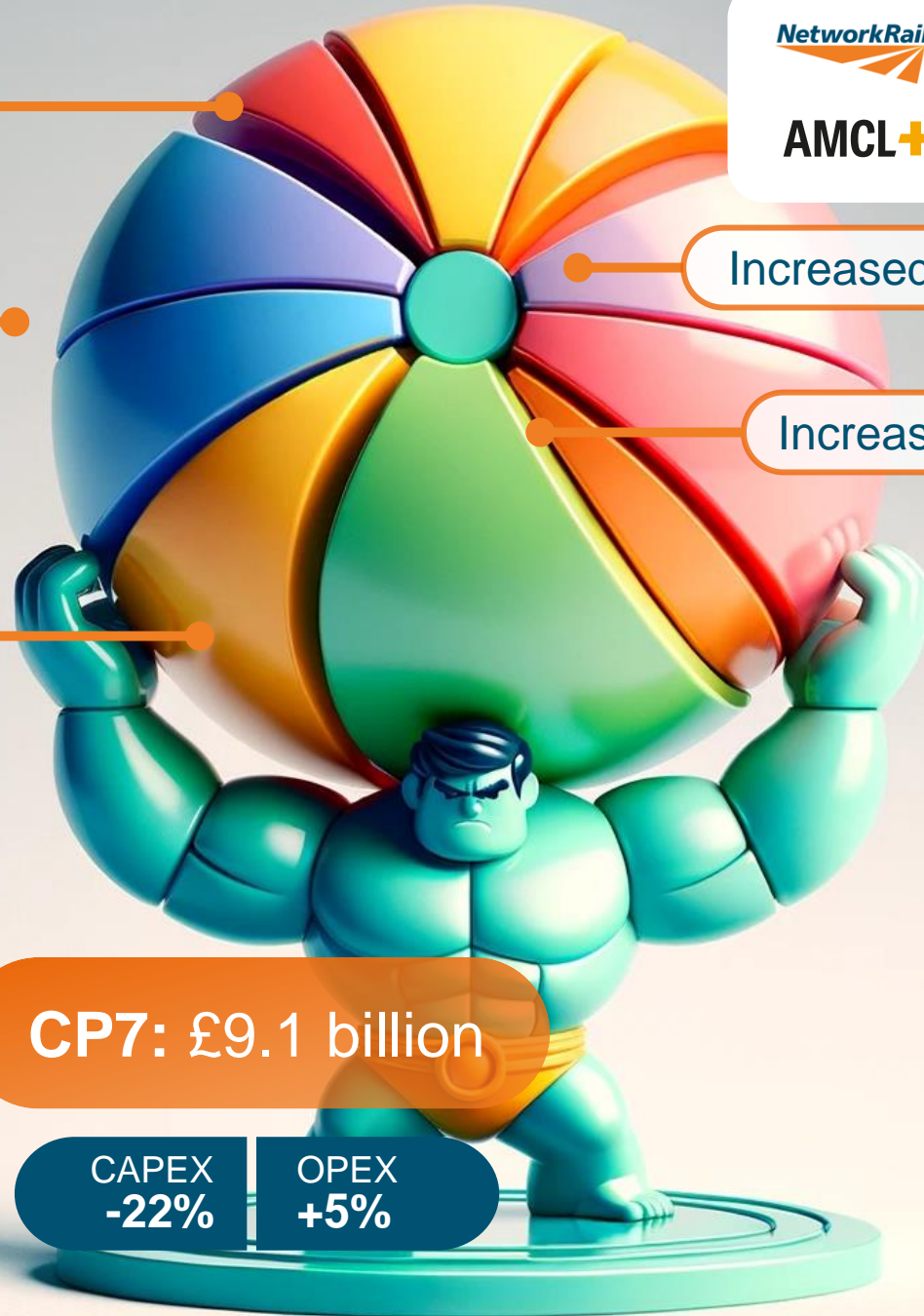
Increased Uncertainty

What challenges are we facing?

CP7: £9.1 billion

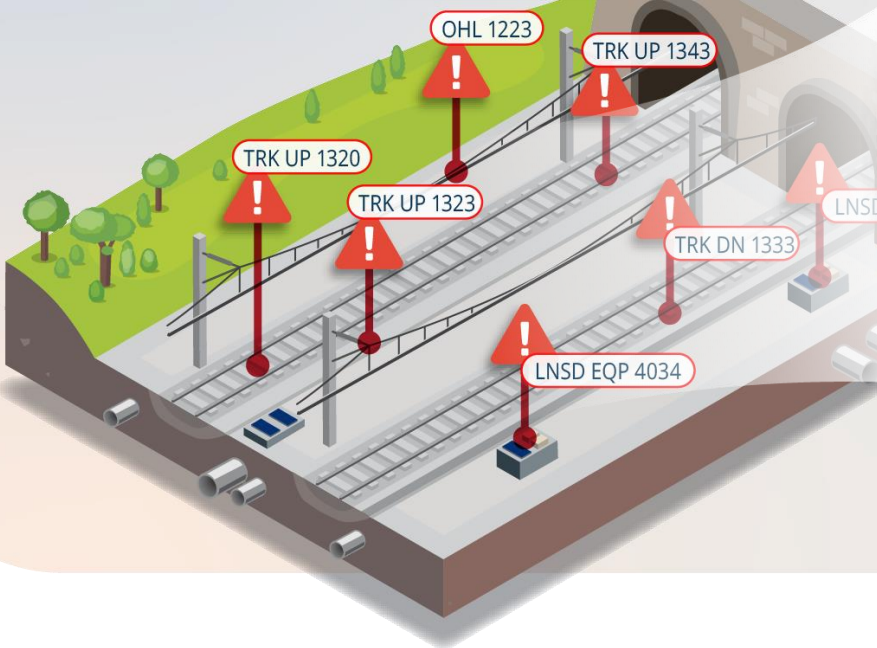
CAPEX
-22%

OPEX
+5%



What are the consequences of not getting this right?

Increase in the number of asset failures



Disruption



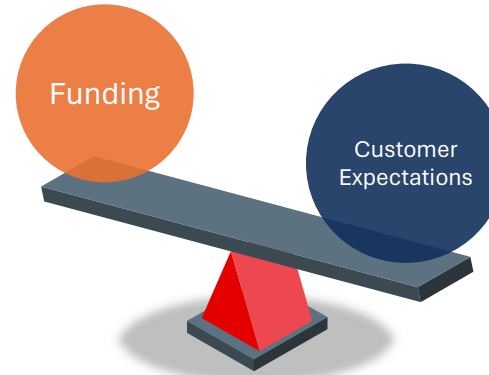
Social Cost
e.g. Missed hospital appointment or job interview.

Economic Cost
e.g. Fines/payouts to TOCs and FOCs



Environmental Cost
e.g. Increase in road traffic

How do we avoid this?



We need to balance the priorities and expectations of our customers

We must enable consistent comparison of different interventions



Value enables us to compare 'apples with apples', make the right decisions and deliver for our customers and stakeholders."

Through Value-Based Planning & Decision-Making

What is Value-Based Planning

AMCL+

NetworkRail

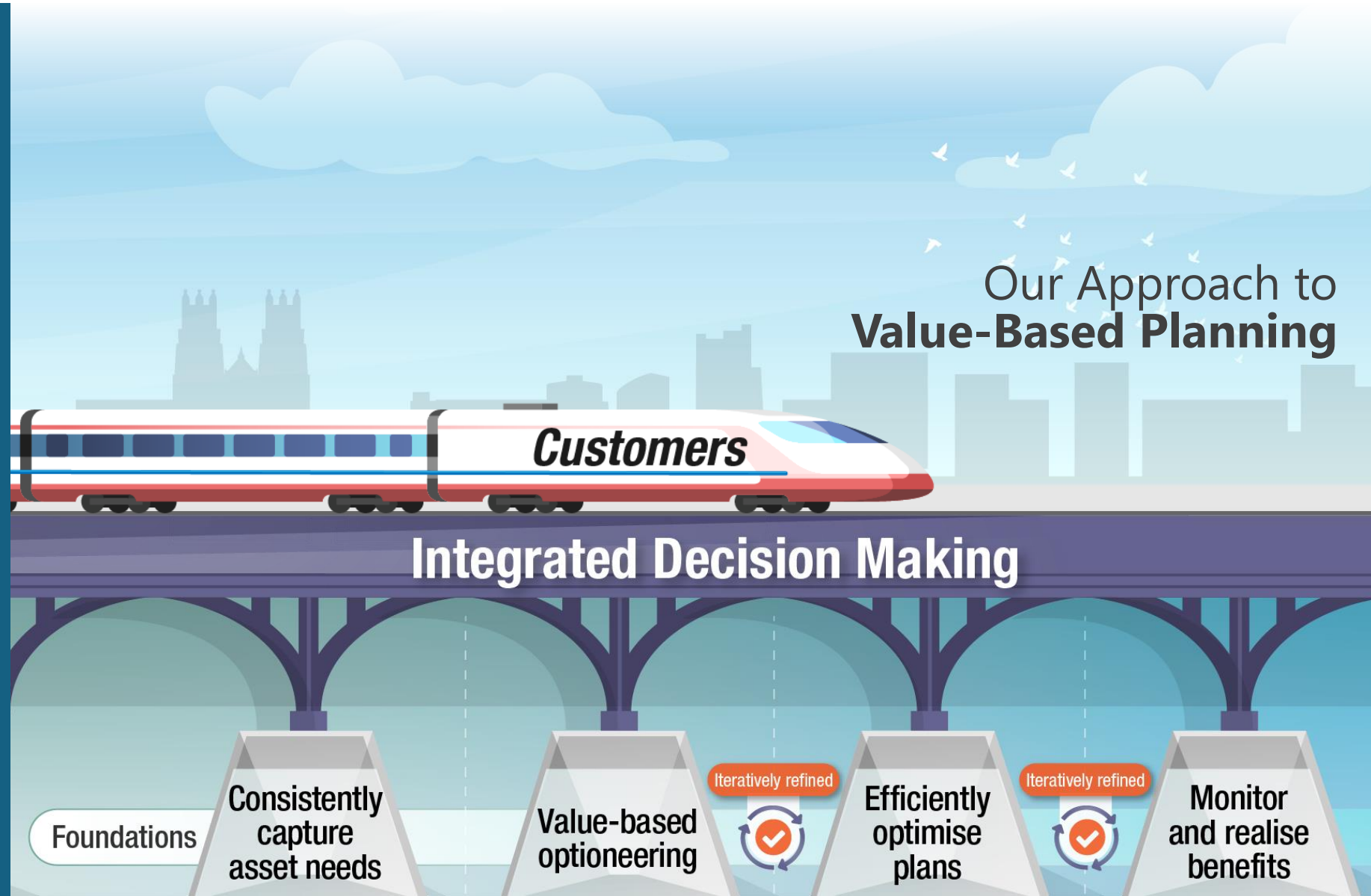
IMA 30 YEARS
The Institute of
Asset Management



“

A consistent approach to asset decision-making, that prioritises the needs of our stakeholders.

”



What are the benefits?



Informed decision-making



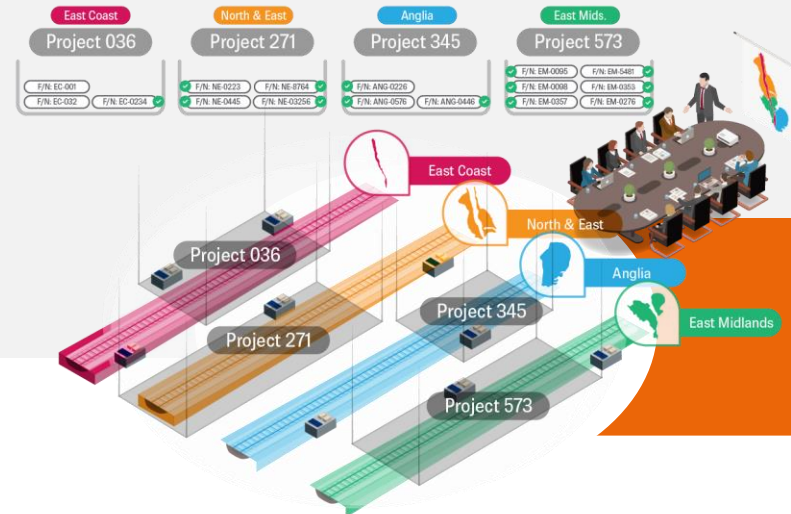
Stable plans that delivers the outcomes we need

CAPEX



Integrated investment, maintenance and operational plans

OPEX



Maximise value creation and minimise risk

How are we doing it?

Today



Unhappy stakeholders working in isolation

Tomorrow



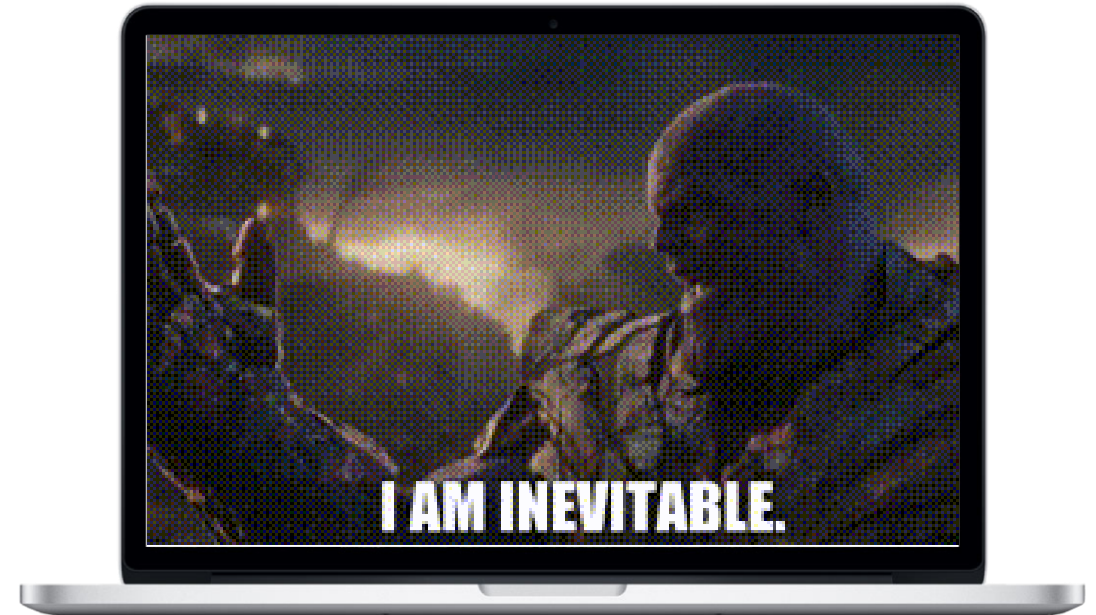
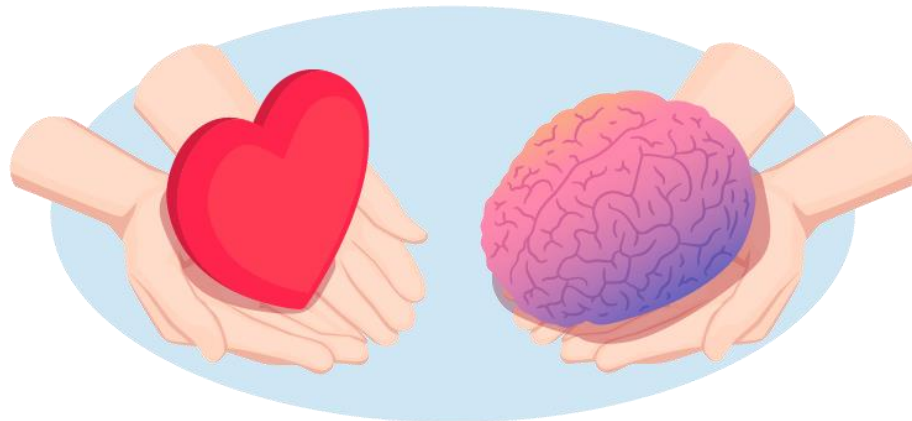
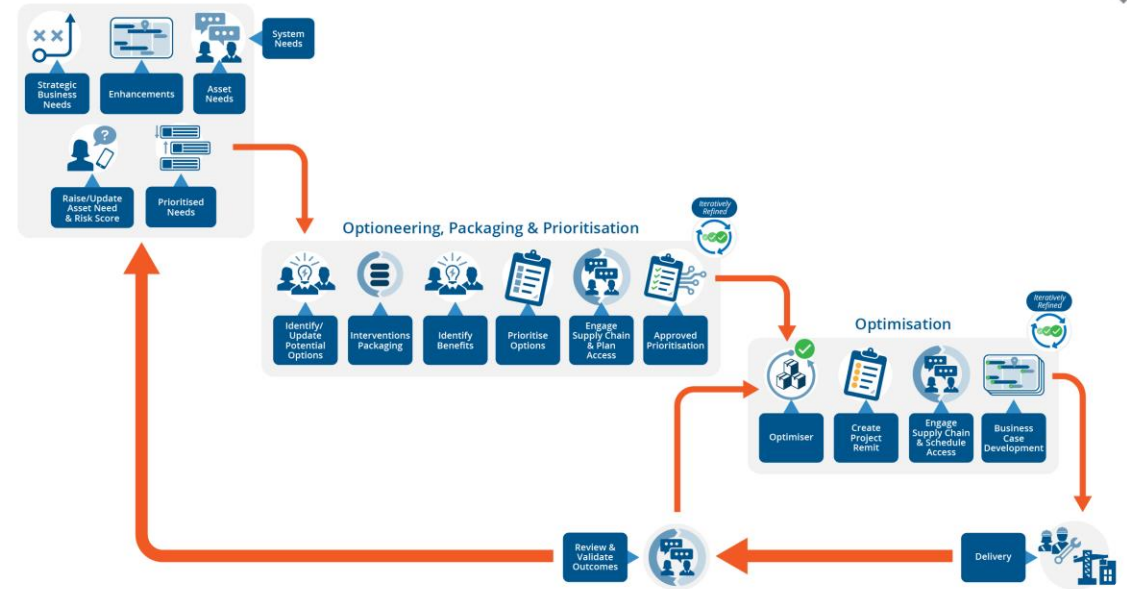
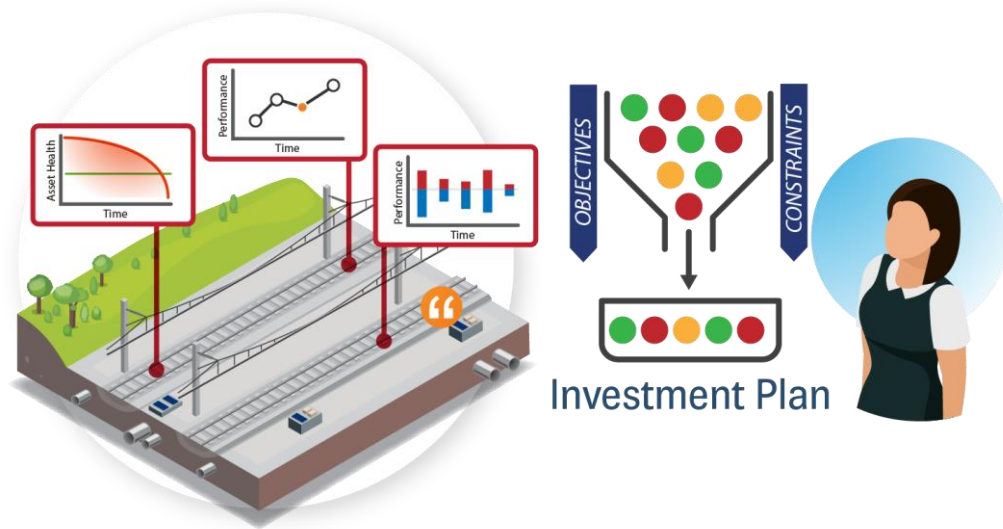
Teams working more collaboratively towards one common goal

Future



Teams have optimised how they work – **everyone is happy!**

What have we done so far?

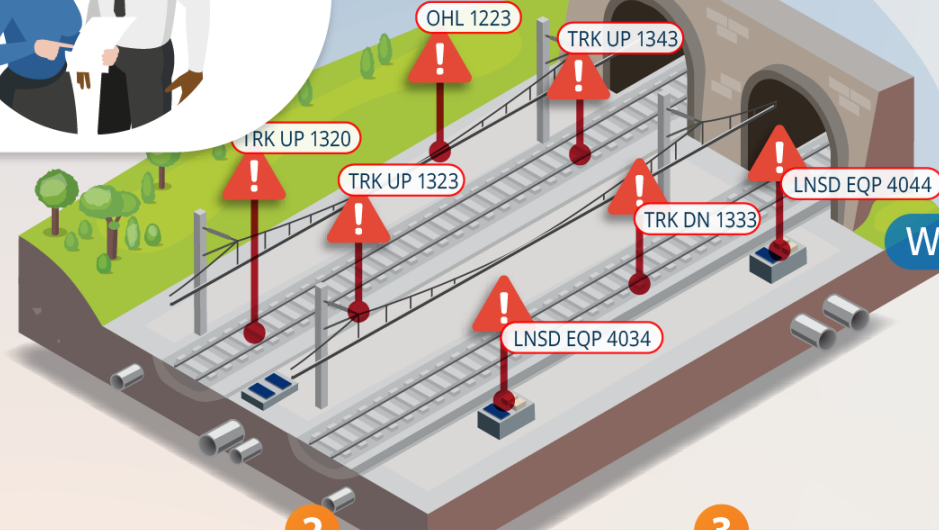


What's in it for me?



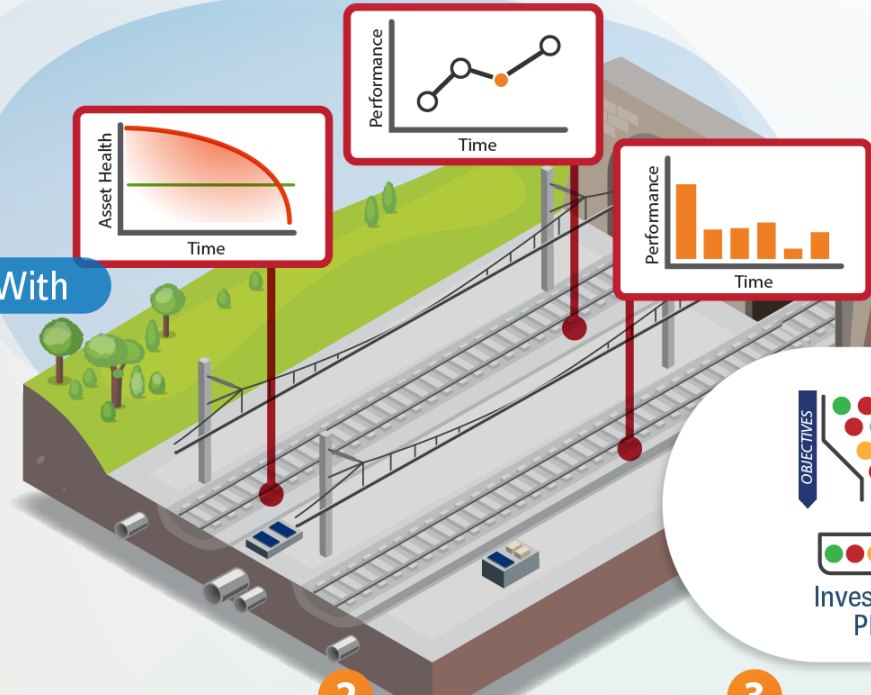
Route Engineer Perspective

VBP improves cross-discipline communication and consistency across the evaluation of asset interventions. This will lead to balanced decisions, improvements to resource allocation and service delivery. This supports the safe and timely arrival of our customers, enabling the ability to prioritise our investments, aligned to organisational objectives.



With

Without



1

Existing tools and approaches prevent Route Engineers from consistently assessing the impacts and outcomes of cross-discipline interventions. This can lead to important interventions being overlooked or delayed.

2

Unplanned failures can increasingly occur that impact TOCs, FOCs and customers when we cannot see the relative importance of interventions. This makes our investment plans less effective.

3

Unplanned failures disrupt services, affecting TOC and FOC schedules, increasing financial costs and customer dissatisfaction. This leads to extended downtime resulting in the inability to deliver on the agreed plan.

1

VBP improves network performance by reducing downtime and enhancing collaboration across asset classes. It empowers Route Engineers to work smarter by assessing impact, value, cost efficiency and bundling interventions cross-discipline where possible.

2

VBP supports the difficult decisions that Route Engineers face when optimising intervention needs to align with wider company objectives and strategic priorities.

3

VBP allows Route Engineers to consistently evaluate interventions based on their relative value, impact and outcomes. This avoids investment plan rework since it will be right the first time and be deliverable.

What lies ahead of us?



Top tips for success

Do

- Listen to people and work with teams to build the approach
- Keep it simple and learn by doing
- Progressively increase understanding and maturity
- Be aware and plan against change management fatigue
- Accept this will take longer than you think
- Think about how to make it stick

Don't

- Don't try to use value without understanding risk across the complete asset base
- Do not underestimate the scale of change
- Technology is not the solution - technology alone will not solve your problems



OFFICIAL

NetworkRail

Thank you for listening...
Any Questions?



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