

Ref:	NR/L3/INI/TK0040
Issue:	2
Date:	1 June 2008
Compliance date:	26 August 2008

Level 3

Reporting of Track Unit Rates (part of the Network Rail Cost Analysis Framework)

Endorsement and Authorisation

Endorsed by:



Ian Scotchford, Working Group Chair

Authorised by:



Graham Jackson, Infrastructure Investment Standards Steering Group Chair

Accepted for issue by:



Mick McManus, National Standards Manager

This document is the property of Network Rail. It shall not be reproduced in whole or part nor disclosed to a third party without the written permission of the Standard Owner.
© Copyright 2008 Network Rail

Uncontrolled copy once printed from its electronic source.

Published & Issued by: Network Rail 40 Melton Street, London NW1 2EE



Documents
Document Sharing Hub

Ref:	NR/L3/INI/TK0040
Issue:	2
Date:	1 June 2008
Compliance date:	26 August 2008

Issue record

Issue	Date	Comments
1	May 2006	First Issue
2	June 2008	Phase 2A / Engineering re-organisation responsibility change

Compliance

This Network Rail standard is mandatory and shall be complied with by Network Rail and its contractors if applicable from 26 August 2008.

When this standard is implemented, it is permissible for all projects that have formally completed GRIP Stage 4 to continue to comply with the Issue of any relevant Network Rail Standards current when GRIP Stage 4 was reached and not to comply with requirements contained herein, unless the designated Standard Owner has stipulated otherwise in the accompanying Briefing Note.

Reference documentation

See section 6.

Disclaimer

In issuing this document for its stated purpose, Network Rail makes no warranties, express or implied, that compliance with all or any documents it issues is sufficient on its own to ensure safe systems of work or operation. Users are reminded of their own duties under Health and Safety legislation.

Supply

Copies of documents are available electronically within Network Rail's organisation. Hard copies of this document may be available to Network Rail people on request to the relevant controlled publication distributor. Other organisations may obtain copies of this document from HIS (Technical Indexes Ltd) tel 01344 328039.

Ref:	NR/L3/INI/TK0040
Issue:	2
Date:	1 June 2008
Compliance date:	26 August 2008

1 Purpose

Unit costs and output measurements are required for:

- Monitoring and reviewing efficiency
- Providing cost data for developing the Business Plan.
- Measuring contractor performance
- Benchmarking contractors and Business Units

2 Scope

2.1 This procedure applies to the cost allocation and reporting of all track renewals expenditure.

2.2 This cost reporting procedure forms part of the Network Rail Cost Analysis Framework (CAF) and provides supplementary direction on cost reporting policy and measurement rules specific to track renewals activity.

3 Flow chart

Not used.

Ref:	NR/L3/INI/TK0040
Issue:	2
Date:	1 June 2008
Compliance date:	26 August 2008

4 Procedure

4.1 Background

- 4.1.1 Understanding unit rates is essential for business planning and is a pre-requisite to maintaining financial control within the Track Renewals programme. It is a basic management tool used to measure and monitor performance and also to drive efficiencies.
- 4.1.2 A unit rate is the cost of delivery of a unit of output. There are three basic levels of unit rates –
- Composite :
Measures the cost per output across the whole workbank
 - Category :
Measures the cost per output across a specific worktype
 - Job :
Measures the cost per output for a specific work item
- 4.1.3 In addition to the above, a Unit Cost Index will be used to measure changes in category units rates against a baseline year (2003/04).

4.2. Reporting Mechanisms

- 4.2.1 The individual elements of cost shall be captured and aggregated in a consistent manner as detailed in Appendix A.
- 4.2.2 The job level unit rates and cost elements within them shall be recorded on a Core Data Sheet. The format and means of production of this sheet shall be determined by Head of Contracts and Procurement, Track.
- 4.2.3 The analysis of costs is an on going process supporting the commercial management of the Contracts. A unit rate summary report is required each period as part of the MBR reporting process. In addition more detailed analyses will be carried out as a minimum at GRIP Stage 4 and Stage 7 by the Head of Contracts and Procurement, Track.
- 4.2.4 The requirement to input cost data into the RIB estimating tool is currently on hold.

Ref:	NR/L3/INI/TK0040
Issue:	2
Date:	1 June 2008
Compliance date:	26 August 2008

4.3 Composite unit rate definitions – Plain Line and S&C

4.3.1 The Plain Line Composite Unit Rate shall be measured as **£'000 per composite km**

Total spend £'000 (all categories excl. fencing)

Total allowable length (km) of rail, sleepers & ballast (composite km)

4.3.2 The S&C Composite Unit Rate shall be measured as **£'000 per composite unit**

Total spend £'000 (all categories)

Total allowable (equivalent) no of units (composite unit)

4.3.3 The allowable outputs that determine the composite £'000/km and £'000/unit are detailed in Sections 4.6 & 4.9.

4.4 Category unit rate definition – Plain Line

4.4.1 The category unit rates shall be measured as £ per metre

Total spend £ (on a category of work)

Total length m

The length is based on the job length in track metres with the exception of drainage (absolute length).

4.5 Measurement of volumes and allocation of costs – Plain Line

4.5.1 For multi category jobs –

- the costs shall be broken down for reporting purposes into their relevant categories.
- if the length of a category of work is:
 - o less than 10% of the total job length **and**
 - o less than 100 metres,
 it shall be classified as per the predominant category, unless specifically agreed otherwise by the Programme Controller, Track.
- when costs are required to be allocated to each category it shall be done based on the relative cost of each category of work when carried out in isolation.