

1. How best can our regulators drive innovation and make the UK the regulatory test bed capital of Europe?

The Rail Delivery Group (RDG) brings together Network Rail and passenger and freight train operating companies to lead and enable improvements in the railway. RDG's response uses examples from the rail industry to inform and contribute to the wider debate around innovation.

The Office of Rail and Road (ORR) is the economic and safety regulator for the rail industry; in exercising these functions its duties include promotion of use and development of the railway, efficiency and economic and sustainable development.

In RDG's view, regulators should drive innovation by:

Removing barriers to innovation. Retail ticketing is extensively regulated and covers issues from passenger entitlements through to financial integrity. Rules will need to adapt as new concepts are brought to market, and should focus on protecting the outputs, rather than how the outputs are achieved. Expedient and short-term waivers may be beneficial to limit delays to innovations, whilst new ideas are piloted and new rules are consulted upon.

Providing long term funding mechanisms for industries to effectively allow for investment in innovation that cannot be foreseen at the time of any budgeting process. Whilst many of the initiatives included in the rail long term funding control periods can be well defined, however, by definition, the more innovative areas cannot be foreseen, or are likely to be unproven.

Not hindering creativity, imagination and exploratory thinking by measuring 'likelihood of success' as a criterion for investment, rather than 'impact if successful'. There must be an acknowledgement that true innovation is difficult to define because return on investment is not immediately quantifiable, outcomes are speculative, and failure rates are high by nature.

Supporting investment and collaboration where long-term multi-party collaboration is required e.g. the role of contactless bankcards to replace rail tickets. Such areas require investment over and above what can be delivered by individual rail franchises, and benefit from a harmonised approach, not only within the industry, but with external stakeholders such as other transport modes or banks.

2. How can we deliver real culture change within public procurement?

A key barrier to innovation that is apparent is procurement. Barriers such as long lead times, amount of indemnity and liability required, age of organisation, and history transacting in the industry mean that many start-ups and innovators are not able to get a foothold in the market so lose interest and go elsewhere. The public sector can drive a culture change in procurement across UK industry by providing a framework that support new entrants to market that are agile and responsive.

RDG has already responded to the Department for Transport (DfT) on the recent Hendy review concerning proposals for managing the rail affordability challenge, including a suspension of investment for strategic rail R&D and the Rail Innovation Fund up until 2019. RDG is concerned that the negative impact of suspending these funds will substantially outweigh savings and that the lost impact will not readily be recovered. RDG has therefore requested that a full business case is undertaken to see if these funds can be restored.

RDG welcomes the ORR's regulatory approach to encourage innovation by delivering its own work more effectively. In particular, RDG supports the proposal to deliver a more user friendly data portal with increased functionality and suggests that the ORR sets a scope and timeline for this.

3. How can we ensure that we put the UK at the forefront of open data opportunities?

RDG believes the UK can be at the forefront by:

Encouraging small-scale innovation and new entrants to the industry for example through continuing to support principles such as open data. RDG notes the ORR's initial steps with the development and use of infographics and social media and would welcome more engagement on the development of best practice, common terminology and messaging.

Supporting the proposal by the ORR to develop an online Railways and Other Guided Transport Systems (ROGS) toolkit. RDG would welcome the early opportunity to engage with the ORR and other regulators regarding which tools are made available as well as the content, guidance and structure of these tools.

Encouraging organisations to provide open access to data by making funds available to support the technical changes required to enable it. A key barrier to the provision of open access to data within the rail industry is the cost associated with enabling systems to support open access, the ongoing costs of maintaining those systems and continually improving the data, and the loss of revenue from licensing access. Access to data underpins innovation, but a key barrier is cost.

Supporting the ORR activity in developing and trialling a SharePoint application for simplifying the process for making an application for a train driver licence. It is hoped that this will deliver the benefits cited and could be offered as best practice to other regulators.

4. Where can we maximise the opportunities for innovation, as we deliver high-quality infrastructure that unlocks broad economic opportunities?

It is important that the cross-sectoral sharing of best practice between regulators is actively encouraged, so that the ORR optimises its own regulatory and internal practices. The RDG can identify clear benefits in the ORR's ongoing involvement in the UK Regulators Network (UKRN).

5. Where can the UK work alongside the private sector to create the deepest pool of innovation finance in Europe?

RDG supports the collaboration between European Rail Authority (ERA) and the ORR to streamline authorisations and exchange information. Any simplification of processes at a European level will help enable the industry to have space to innovate.

RDG does not recommend any specific measures with regard to the ORR's regulation, only that it is supportive of Network Rail's membership of Shift2Rail and industry bids for European innovation funding such as Horizon 2020.

6. What do we need to do to get maximum benefit to the UK economy from challenger businesses?

See Question 3 above.

7. How can we ensure that the UK's inventiveness and creativity capitalises on our strong intellectual property system to generate growth and further innovation?

RDG has nothing to add in response to this question.

8. Is there anything else the UK could need to do to create the best possible framework for innovation?

The ORR and other regulators should continue its involvement with current activity to challenge the end to end experience and break away from the development of isolated technologies.

The ORR and other regulators should support industries which can change the status quo by finding better ways to do things, rather than making incremental improvements. The difference in the two approaches is key to embracing innovation, as the former allows us to rethink against customer need and then reconcile against innovative solutions.

The ORR regularly demonstrates that it is taking action to protect consumers. However, just as important as consumer protection is the need to take action to enable innovation and encourage competition in markets.