

Rail Delivery Group

Response to

**ORR's PR18 consultation: draft guidance on
Network Rail's strategic business plans**

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Organisation: Rail Delivery Group

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Business representative organisation

Introduction: The Rail Delivery Group (RDG) was established in May 2011. It brings together Network Rail and passenger and freight train operating companies to lead and enable improvements in the railway. The purpose of the RDG is to enable Network Rail and passenger and freight train operating companies to succeed by delivering better services for their customers. Ultimately this benefits taxpayers and the economy. We aim to meet the needs of:

- Our Members, by enabling them to deliver better outcomes for customers and the country;
- Government and regulators, by developing strategy, informing policy and confronting difficult decisions on choices, and
- Rail and non-rail users, by improving customer experience and building public trust

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Introduction

1. This document outlines the key points from industry in response to the ORR's consultation on draft guidance on Network Rail's strategic business plans (SBPs). We consider this to be a very important consultation and support the overall aim of the guidance to facilitate Route ownership of the SBP. This is critical for greater involvement of train operators and end users in order to increase the efficiency of the railway and enable wider stakeholder collaboration and input to developing the network.
2. There has been, and will continue to be, extensive industry engagement and discussion with the ORR through the industry working groups that the RDG has set up for the 2018 Periodic Review (PR18). We envisage that these working groups will continue to operate throughout the rest of the PR18 process as we believe they provide useful forums to work through the detailed issues. We welcome the constructive tone and purpose of the ORR PR18 consultation documents and working papers which are intended to facilitate a more dynamic process of industry engagement to support an iterative approach to developing policy.
3. We confirm that we are content for this response to be published on the ORR website.

Engagement with Network Rail Routes

4. As noted in our responses to earlier PR18 consultation documents, the RDG supports route devolution with local ownership of plans and better engagement between Network Rail Routes and operators, and better engagement with passengers and freight users. A key part of this, and one which we strongly support, is the high level aim of getting stakeholder engagement in the preparation of Route SBPs (both for the geographic Routes and the freight and national passenger operator Route), and the SBP for the National System Operator, as this helps align the industry behind a shared plan.
5. Paragraph 38 of the guidelines refer to a stakeholder meeting with each Network Rail Route in February 2017 but there is no other comment about further engagement throughout the rest of the year up to publication of each Route SBP in December, and then into CP6. The Routes are intending to set out their plans for engagement up to the SBP at the February workshops, and so this should provide more clarity on when operators and other stakeholders have their input to the various stages of the plan as it is developed. The process also needs to show how Network Rail has reflected (or otherwise) the stakeholder input received including showing how it has dealt with conflicting requirements or expectations. As well as providing stakeholders with the information they need to be able to make informed input to the process of developing the Route SPBs (as per the ORR draft Guidance), the Routes should also provide guidance on what they require from stakeholders.
6. It would be clearer if the workshops mentioned in paragraph 38 (first bullet) referred to these workshops as "meetings scheduled for February 2017 with stakeholders to build a mutual understanding of priorities and challenges, and to discuss emerging Route plans in light of these."
7. For the engagement and input from stakeholders to the Route SBPs to be fully effective, it is necessary to understand what decisions and activities are fully devolved to the Routes, or planned to be by the start of CP6. Whilst some of the content discussed with stakeholders will be common across all Routes, it is worth noting that there will be bespoke issues that should be covered and hence the autonomy and ability of the Route to reflect these in its plans is important.
8. Paragraph 29 suggests that operators can inform Network Rail's plans and expenditure projections on infrastructure using their railway expertise and understanding of operations, access and costs. It goes on to say that this could include ways in which operators and Network Rail could collaborate to reduce industry-wide costs or to identify ways to save costs through better use of under-used infrastructure. The industry believes that stakeholders' ability to inform Network Rail's plans and expenditure is limited to the extent of the information that stakeholders have at their disposal and by the competence on infrastructure matters that stakeholders can deploy. In addition, the areas where Network Rail and stakeholders can collaborate to reduce industry costs are often of relatively

minor scale compared to the total Network Rail cost-base. The areas where collaboration is most likely to deliver benefits will be those where both sides have expertise for example in managing the Access that Network Rail require to deliver maintenance, renewal and enhancement programmes. On top of that, stakeholders can bring insight to assist Network Rail in optimising renewal and enhancement schemes but only if they are engaged early enough in Network Rail's processes and play a part in specifying scheme outputs.

9. Paragraph 35, and other places, refers to the Route having to develop route objectives that balance the needs of stakeholders and be consistent with the priorities of end users. Inevitably this will require a balance between competing outcomes; for example, passengers may want lower fares but this might not be affordable and hence not meet the needs of government funders. Similarly, operators may have franchise outputs that the Route is unable to commit to or does not have the funding to deliver. Another example could be for a long-distance operator who might suggest to Network Rail that possessions should be done on Saturday night/Sunday morning to ensure that the route is open on Sunday afternoon (the busiest time of the week for them). Clearly a suburban operator might have an opposing priority to run a late night service. Further clarity and discussion is needed on what will happen in these situations and how a mismatch will be resolved (or not) with explanations incorporated into the Route SBPs. It might be better if the wording in the ORR guidelines referred to balancing the needs of all stakeholders, including funders and the requirement for long term stewardship of the infrastructure.
10. In due course, it would be helpful if Network Rail sets out its proposed process for the ongoing monitoring of the delivery of the Route SBPs and how stakeholders would be involved. This would follow on from the useful initial discussion that Network Rail is leading on Route governance arrangements, such as the proposed Route Supervisory Boards, and how they link with other multi-lateral meetings such as the Project Review Groups and Route Investment Review Groups.

Central functions

11. Paragraph 16 refers to separate information about Network Rail's plans for central functions. It lists examples of those central functions but the Technical Authority is not specifically mentioned; it should be as it has a significant impact on operators. It is not clear how these central functions will be held to account and so more clarity on this is needed.
12. In our response to ORR's initial PR18 consultation document we commented that it was important for early agreement to be reached on the funding arrangements and deliverability of the Digital Railway (DR). Given this, we would welcome clarity on the required scope of DR activity to be included in the SBP.
13. Paragraph 18 comments that there should be meaningful engagement between central functions and Routes. We think there should also be some direct operator engagement for central telecoms activities and also for the work to develop a DR. Similarly, in Table 1 we would expect stakeholder input to the plans for those functions involved with central telecom activities and the DR.
14. To improve clarity, we suggest a reference to the National System Operator (NSO) is added to paragraph 46 as follows ".....we would expect Routes, and the National System Operator, to consider....". In Table 1 we suggest that details of enhancement schemes are included in the NSO plan.
15. The guidelines could clarify that in most cases a Route should be accountable to customers and stakeholders for enhancements. Clarity is also needed on who is responsible for sponsorship of enhancements and how freight-focussed schemes are delivered by a Route.

Scorecards

16. Clarity is needed on the link between outputs included in Route scorecards, the regulated outputs for Network Rail and other objectives (paragraphs 42 to 52). More importantly, the ORR guidance

seems rather muddled in this area. We seem to have Objectives, Outputs and Scorecards all in play and all supposedly reflecting the distillation of stakeholder requirements. It is also not clear how these measures are to be expressed – are they to be measured and monitored specific to each stakeholder or aggregated across the Route? In addition, it is highly unclear which of these are to be regulated by the ORR.

17. There will be different sections for the CP6 Route scorecards, including:
 - i. a section relevant to Network Rail only that has metrics that are internal to Network Rail whether at a Route level and/or being national objectives, and
 - ii. a section containing metrics relevant to a customer, where there would be an expectation of engagement and agreement between the Route and operator.

This two-level approach is reasonable but should be made clear in the guidance. It may also be appropriate to consider a further level - the extra level being stakeholder measures that are Route specific but which are aggregated across the Route for all Operators.

Other comments on the draft guidelines

18. Paragraph 59 (first bullet) refers to “.....finding more effective ways to achieve commitments...”. We suggest that this is changed to “effective and efficient” as value for money should also be a consideration when implementing H&S strategies.
19. Paragraph 60 (bullet 7) refers to the department of Network Rail called Infrastructure Projects (IP). The accountability for delivery lies with the Route, with IP being a possible means of delivery, and so it might be clearer if reference to IP is deleted.
20. Paragraph 66 relates to exploring new funding sources. We suggest that the Route should keep operators informed to avoid duplication and the possibility of chasing the same funding source.
21. Paragraph 95 considers the potential result from the ORR grading the quality of Route SBPs. This will not be straightforward as the real test of a good plan only becomes truly evident over time as it is being delivered.