

Rail Delivery Group

Response to

**ORR's Working paper 7: Collaborative working
on the rail network**

Date: 25 January 2018

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Organisation: Rail Delivery Group

Address: 200 Aldersgate Street, London EC1A 4HD

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

For enquiries regarding this consultation response, please contact:

Tom Wood.

thomas.wood@raildeliverygroup.com

Rail Delivery Group

2nd Floor, 200 Aldersgate Street

London EC1A 4HD

1. This document outlines the key points from our members in response to the ORR's consultation on *Working paper 7: Collaborative working on the rail network*. We are content for this response to be published on the ORR website.

Collaborative working in CP5

Q1. Do you have any further comments on REBS (in particular do you consider there to be strong arguments for the retention of REBS)?

2. There is widespread industry agreement that REBS does not create the right incentives for improved industry collaboration and for efficiency improvements.
3. One problem with REBS is the baseline being fixed for the entire control period. Consequently, the REBS baselines are not aligned to Network Rail's business plans and this has created unnecessary complexity and constrained the overall effectiveness of REBS
4. Another problem is the scope of REBS. Operators have expressed concerns that they have limited influence over the items of Network Rail's income and expenditure included within the REBS scheme.

Q2. What Network Rail/operator collaborative working arrangements have you been involved in over the last control period? In what areas do you consider collaboration can be further developed? What types of collaboration are likely to have the most material impact on network efficiency?

5. The most effective collaboration has been where parties have worked together at a local level on a project-specific basis. This has been discussed at several RDG PR18 meetings and there is clear support for this across the industry.
6. For example, this has happened when discussing access arrangements for projects, sharing facilities such as joint control centres, and sharing resources such as dispatch staff at stations.

Collaborative working in CP6

Q3. Which of the two options to support collaborative working outlined in this paper (i.e. an 'improved REBS-style mechanism' or an 'industry-led approach') do you consider will be most effective in supporting collaboration on the network? Please provide examples of the collaborative working you think will likely be affected.

7. We do not believe an improved REBS-style mechanism should be adopted for CP6 and favour an industry-led approach.
8. We suggest that these should be bespoke arrangements, rather than a prescribed template for all. In our view, it should be for individual operators and Network Rail Routes to agree local arrangements on a project-specific basis. This recognises the varying needs and priorities of each route and train operator. This type of industry-led approach would allow sufficient flexibility to develop joint working arrangements between Network Rail and train operators that are tailored to customer needs.
9. Route devolution will help get better Route/TOC/FOC engagement at a local level and help to produce better plans with greater levels of transparency and understanding across the industry. Through better TOC/FOC input, those plans should be better informed by customer needs.

Facilitating an industry-led approach:

Q4. What factors do you consider will be important in influencing the nature and scale of collaborative working achieved through an industry-led approach?

10. The strength of incentives to engage in collaborative working will depend upon the extent to which operators and Network Rail have shared aims. Misaligned targets have created inconsistencies in what train operators and Network Rail are expected to deliver. This is a key obstacle to collaboration, as it means that parties can be working towards different goals.
11. It is important that the regulatory framework does not prescribe the approach to collaborative working in CP6 and instead allows the industry sufficient flexibility decide on the best approach.
12. Successful joint working arrangements rely on relationships that are built on trust and mutual goals. Building these relationships may take time and are likely to depend on a shared vision across operators and Network Rail. The development of a culture that supports a close working relationship is consistent with the DfT's strategic vision for rail and the devolution of Network Rail.

Q5. What actions/commitments should be made by organisations across industry (including ORR and governments) to address these factors?

13. An important part of closer working is ensuring that the industry is working to clear aligned goals. This should be supported by governments and franchise authorities through the franchising process, as is starting to happen with the DfT proposals for more integrated working, as set out in its strategic vision for rail.
14. We believe it is important that there is some appropriately targeted guidance from ORR. In particular, this guidance should set out its expectations on how joint working arrangements should work on multi-operator routes in order to address potential concerns of discrimination. ORR's role should then focus on monitoring the effectiveness of stakeholder engagement, rather than the benefits arising from collaboration, which would be difficult to measure.
15. The ORR's consultation makes reference to the impact of Network Rail's obligations with respect to managing public money. In our view, it is important that Network Rail is given sufficient flexibility to agree collaborative working arrangements with operators which involve benefit-sharing arrangements, where it can be demonstrated that these represent a good use of public money. However, as the ORR identifies, financial payments are not the only way to incentivise collaboration and the prospect of increased outputs could also be a strong incentive for operators and Network Rail to work together more closely.

Q6. How should Route Supervisory Boards be used to facilitate collaboration? How will this change on multiple user routes?

16. The roles of Route Supervisory Boards are still developing. Nevertheless, what is important is that the right framework and incentives are in place to support Network Rail's transformation and devolution to its Routes. This will help to enable local efficiency plans to be developed with operators in a more coordinated and effective way, balancing the needs of passengers and freight users (through a strong TOC/FOC voice) with the need to maintain and renew the network in as efficient a way as possible.