

Rail Delivery Group

Response to:

HM Treasury

National Infrastructure Commission Consultation

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Rail Delivery Group Response to the HM Treasury consultation on the National Infrastructure Commission

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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.

Overview

The Rail Delivery Group (RDG) is pleased to respond to the HM Treasury consultation on the role, governance and operation of a new National Infrastructure Commission (NIC) that the Government has established.

The main points from the RDG response are:

- The rail industry supports the creation of the NIC and its overall purpose and wishes to support it to help it operate efficiently;
- We agree that the NIC should be independent from government and that the process through which government responds to its recommendations should be clearly defined;
- We agree it is right that the NIC takes a long-term strategic view of infrastructure investment needs that deliver economic growth;
- There is an existing well established long term planning process in the rail industry and rail long term plans cover the same planning horizon as being proposed for the NIC (10 to 30 years);
- We therefore consider it important that the National Infrastructure Assessment (NIA), to be prepared by the NIC, is integrated with the current rail industry planning processes. This is so that the plans are compatible with, for example, rail enhancements specified by the Department for Transport (DfT) or Transport Scotland through the periodic review process conducted by the Office of Rail and Road (ORR). This will help ensure that the NIC's plans can be delivered effectively;
- With this in mind, the RDG would welcome more clarity on the interaction between the NIC role and processes, and existing funding responsibilities, planning cycles and economic regulation that currently operates in the rail industry;
- The RDG suggests that if the NIC seeks information and data analysis from public bodies then those bodies should be entitled to receive compensation for any additional work undertaken because they are not funded to do this and it would divert resources from other activities;
- The RDG recommends that the NIC considers the transport impact of general development and welcomes the inclusion of similar statement in paragraph 4.7 of the consultation. This is because there is currently little or no spare capacity on parts of the rail network, so when new towns and major infrastructure is being planned the impact on transport must be included and funding provided.

Long Term Planning Process in Rail

There is already a well-established long term planning process in rail and so the RDG would expect the new NIC to complement that in order for the NIC's work to be as effective and efficient as possible.

The purpose of the long term planning process in rail is to plan the long-term capability of the network up to 30 years into the future in order to promote the efficient use of network capability and capacity. It is designed to facilitate the strategic planning of the rail network in a way which is flexible enough to take into account the views of the rail industry, funders, specifiers and customers on the requirements to develop the network to meet future demand through market studies, cross-boundary analysis and route studies.

The process incorporates the views of local stakeholders on how the rail industry can drive and support economic growth, as well as giving passenger and freight operators the confidence they need to take their own strategic decisions in planning the future of their services. This process supports and is also compliant with Network Rail's licence obligation to plan the future capability of the network.

Market studies identify the strategic goals for each market sector of the rail industry over the next 30 years, forecast the level of demand and the opportunities they may bring, and formulate indicative outputs that would be needed in order to meet the strategic goals.

Route studies bring together the indicative outputs for all the market sectors for a particular part of the network, evaluate the trade-offs between the outputs for the different sectors and between the outputs and costs (including the cost of changes to capability), and form a view of the likely long-term allocation of capacity between sectors in order to inform decisions on the appropriate capability of the network. Services that operate across one or more local study boundaries will be considered by a cross boundary analysis to provide input to individual local studies.

Network-wide studies identify strategic choices and appraise solutions to network-wide issues, including the benefits and challenges of technological change across the network.

The long term planning process is led by Network Rail, working in partnership with train and freight operating companies, key funders and specifiers (such as DfT, Transport Scotland, Welsh Government, Transport for London, and Integrated Transport Authorities), the Rail Freight Group and local stakeholders where relevant, including Local Authorities, Passenger Transport Executives and Local Economic Partnerships. The RDG's Planning Oversight Group owns the long term planning narrative between the rail industry and government; more information can be found in the RDG publication "The way ahead".

RDG Response to Specific Consultation Questions

Q1. Do you agree that the National Infrastructure Commission should be established as a non-departmental public body via primary legislation?

The RDG supports this because we consider it important that the NIC operates independently of government. We also suggest that the process through which government responds to recommendations should be clearly defined.

We would like further clarity on the boundary of responsibility between the NIC, the ORR and the DfT and would welcome the opportunity to discuss this with the relevant bodies and NIC.

Q2. Do you agree that the commission’s National Infrastructure Assessments should be laid before Parliament and that the government must respond within a specific timeframe? What would an appropriate timeframe be?

The RDG agrees with this because it should help ensure that the NIA is appropriately considered. We also agree that there should be a set timeframe for the government to respond and suggest a 6 to 12 month period should be suitable.

Q3. Do you agree that it should not be mandatory for the government to lay the recommendations from specific studies before Parliament, but that the government should have discretion to do so where necessary?

We agree that it is appropriate for government to have discretion in this matter as that will help make decisions more quickly and efficiently.

Q4. Do you agree that economic regulators should ‘have regard’ to Endorsed Recommendations?

In the rail industry the responsibility for setting high level outputs and specifications rests with the DfT and Transport Scotland, and the ORR is the independent economic and safety regulator. The consultation proposes placing an obligation on regulators to “have regard” to Endorsed Recommendations and says the NIC will hold the government to account for the delivery of individual projects. There is potential duplication between the existing rail industry regulatory framework and the role of the NIC and so the RDG would like further clarification about the level and nature of the “regard” that the regulator would be expected to have.

Q5. Do you agree that government should legislate to oblige the commission to produce National Infrastructure Assessments (NIA) once in every Parliament?

We agree this is appropriate in order to allow a long-term perspective, but the impact the NIA has on existing rail industry funding and planning cycles must be taken into account.

Q6. Do you agree that that the precise timing of reports and interim publications should be a matter for the commission in consultation with relevant departments?

We agree with this but suggest the NIA is published early in a parliamentary cycle so that government makes decisions early enough to still be in office when the NIC makes its recommendations.

Q7. Do you agree that a GDP envelope would provide the most effective fiscal remit for the commission?

We agree that some form of hybrid GDP envelope would provide an effective fiscal remit for the NIC. It is worth noting that a significant proportion of infrastructure investment is on smaller schemes that fall outside of NIC’s work and so this investment should be factored into the fiscal

envelope. The RDG supports the hybrid option, described in paragraph 5.12 of the consultation that proposes a proportion of GDP as a starting point with the potential of an uplift if the NIC can demonstrate it has economic benefits.

Q8. Do you agree that a transparency requirement should be placed on the commission with regard to its economic remit?

We agree with this as it follows best practice governance arrangements. However, the consultation proposes a transparency obligation in relation to the potential impact on consumer bills. This may work in other industries, but is unlikely to be appropriate in the rail industry because of the significant direct funding that government provides for rail investment. For the rail industry, it is more appropriate for different infrastructure solutions to be assessed on a whole life cost basis to identify solutions with the lowest possible overall cost impact. This helps guard against short term decision making and ensures that all considerations are accounted for, including the safety of key national infrastructure.

Q9. Do you think that any additional constraints are necessary to deliver the commission's anticipated benefits to consumers?

We do not consider that any additional constraints are necessary.

Q10. Do you agree that the remit should be set by a letter from the Chancellor, on behalf of the government?

The RDG agrees with this because it provides a clear governance process, however, before sending the remit letter we think there should be an opportunity for infrastructure providers and government departments to raise any concerns.

Q11. Do you agree that the commission's working assumption should be to only review those areas of infrastructure that are the responsibility of the UK government?

Responsibility for funding and specifying rail infrastructure in Scotland is already devolved to Transport Scotland with a very limited role for the UK government. Given this, the RDG notes that the NIC remit primarily relates to England & Wales in terms of rail infrastructure. Despite this it is important that the railway is considered as an integrated network across England, Scotland and Wales and that the arrangements for dealing with cross-border infrastructure proposals are consistent. For example, the RDG would welcome discussion on how the NIC intends to consider any future new route between England and Scotland or any major upgrades of the existing main lines between the two countries.

Q12. Do you agree that the decision on whether to accept or reject the commission's recommendations should rest with the responsible government?

We agree that the extent to which the commission considers areas of infrastructure in Scotland, where responsibility for rail is devolved, will be a decision for the devolved administrations to

make. For example, we agree it should be for the Scottish government to decide whether or not they would like the commission to review infrastructure that is the responsibility of Transport Scotland rather than the DfT.

Q13. Should departments be obliged to accede to the commission's requests for analysis?

Requests for analysis are likely to impact on companies within the rail industry and, whilst this is understood, it is important to note that some requests may require significant work, time and resource to provide. The RDG therefore suggests that the obligation to provide analysis is controlled and governed by a clear process. We also suggest that if the NIC seeks information and data analysis then it should pay for any additional work undertaken.

Q14. Do you agree that the legislation used to create the commission should place obligations on the relevant regulators and public bodies to share information with the commission?

and

Q15. Should legislation also place obligations on the relevant regulators and public bodies to provide analysis for the commission?

We agree with the general principle of sharing information and analysis but there are a number of caveats:

- a. companies in the rail industry such as Network Rail and train operators would not want to face similar, but slightly different requests for information from the ORR, DfT and NIC and so we recommend that any NIC requests are co-ordinated accordingly;
- b. rail industry companies should not be obliged to share commercially sensitive information or analysis;
- c. we recommend that requests are governed by a clear process, and
- d. we suggest that organisations should be entitled to receive compensation for additional work undertaken.

Q16. Do you agree that the government should specify a timetable to review or replace a National Policy Statement when endorsing recommendations?

The RDG agrees that government should specify a timetable to review or replace a National Policy Statement.

Q17. Do you agree that, while additional consultation may be necessary, consultation undertaken by the commission should not be repeated by the Secretary of State when preparing a National Policy Statement?

The RDG agrees with this as one of the benefits of the NIC is that it should streamline decision-making for major infrastructure projects and not duplicate or complicate the process.