

## Response to ORR’s consultation on the overall framework for regulating Network Rail (PR18)

This pro-forma is available to those that wish to use it to respond to our consultation. Other forms of response (e.g. letter format) are equally welcome.

Please send your response to [pr18@orr.gsi.gov.uk](mailto:pr18@orr.gsi.gov.uk) by **21 September 2017**.

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### Question 1 (Chapter 3):

Do you agree with our proposed use of scorecards in CP6?

Yes, so long as the scorecards are sufficiently challenging, while being realistic. Stakeholder engagement will need to be robustly monitored to ensure the scorecards actually reflect their priorities as well as those of Network Rail. We want to ensure that this approach is designed to push the level of performance Network Rail delivers, rather than accepting the current level of performance.

Whilst the devolved approach of using geographical scorecards is welcomed and is vital in a devolved context, it must be ensured that challenges and potential conflicts are resolved where stakeholders are served by multiple routes.

### Question 2 (Chapter 3):

Do you have any comments on what scorecards should include in order to make them balanced (recognising that there is a limit to how much can be included on a scorecard)?

The areas set out are relatively detailed, however, we feel that the following should be included:

- Measure of reputational risk for stakeholders
- Measures around 3rd party funders (how will failure / success of these impact on the Network Rail scores?)
- Measure of client satisfaction
- Joint measures where there are clear cross-boundary issues.

**Question 3 (Chapter 3):**

What are your views on our proposed approach to specify a small number of measures and two regulatory minimum floors for route scorecards, in order to leave Network Rail with greater flexibility to satisfy its customers' needs?

There is a need to ensure that Network Rail is more responsive to the needs of devolved transport authorities as well as DfT and ORR given that rail devolution is now in place (or will be in place) on much of the regional, local and urban rail network..

It is important to understand who Network Rail regards as the key local stakeholders and customers, as this is not necessarily clear. Engaging with the key actors is vital if this is to be a success.

Balancing sub-national and national measures on scorecards can improve their value and utility, and also help ensure that Network Rail is more accountable to local customers and stakeholders.

There is a need to measure and understand client satisfaction, otherwise Network Rail could focus on achieving specific scorecard outcomes at the expense of adapting to client needs and providing outputs that meet their requirements. The measures also need to reflect the success in delivering a clear useable output rather than delivering on the process itself.

**Question 4 (Chapter 4):**

What role should customers and stakeholders (including end-users and their representative groups) play in influencing what routes/the SO commit to deliver, and what role should they play in supporting and challenging Network Rail to deliver on these priorities?

We believe that there is an important role for customers and stakeholders in supporting and challenging NR to deliver on its commitments.

It is important that Network Rail recognises the already significant and growing role of transport authorities at both the city region (e.g. Combined Authorities) and pan-regional level (e.g. Rail North/Transport for the North and West Midlands Rail). These bodies reflect the long term needs of specific economic geographies (compared to the short term perspectives of TOCs and ad-hoc funders) and have a strong interest in both the long-term success of the railways and in ensuring that the railways contribute to wider social and economic outcomes.

Local and sub-national bodies also have good knowledge of local rail infrastructure, operations, and in some cases, cost drivers that may not always be so readily available to national bodies. This means that local and sub-national bodies sit in a prime position to work with Network Rail in influencing what the routes/the SO should commit to deliver.

Once local objectives have been set, Network Rail should be accountable to local stakeholders and customers in much the same way that they are for centrally set targets. Network Rail needs to set out clear processes for engagement which brings stakeholders into the process at an

early stage. The role of customers and stakeholders will only be effective if it leads to shared decisions and genuine engagement.

**Question 5 (Chapter 4):**

How do you think Network Rail routes and SO should engage with their customers/stakeholders and what are your thoughts on the principles and minimum expectations we propose?

Customers / stakeholders need to be able to engage with a named contact who has sufficient authority to be able to provide answers to enquiries and drive actions / activity at Network Rail in response to any issues.

The principles and minimum expectations are OK, but it is important that the regulation of Network Rail takes account of the outcomes that need to be delivered, rather than hitting targets through a process driven approach.

**Question 6 (Chapter 4):**

How should the quality of stakeholder engagement be assessed, and who is best placed to assess this?

Stakeholder engagement needs to be assessed on delivering outputs to the rail industry, not in carrying out the engagement itself. We feel it is impossible to impose a 'one size fits all' governance on this process but to let Network Rail adapt as they see appropriate and then measure the effectiveness of their ability to do this by monitoring the outcome. We believe this is most effectively monitored by the outputs that are delivered and a measurement of stakeholder satisfaction both regarding delivery and for engagement on specific elements where appropriate.

**Question 7 (Chapter 5):**

What are your views on the relevance and balance of the incentives we describe in this chapter, and the circumstances in which would it be most appropriate to apply them?

Network Rail incentives should be based on performance and delivering a railway that is fit for the customer.

We are happy with the balance of incentives.

**Question 8 (Chapter 5):**

What are your views on the format and content of publications and data that you would find most accessible and useful?

The format and content of publications looks sensible.

It is important to highlight good performance and improvements on routes as well as underperformance. Highlighting good practice can help with information sharing and can be beneficial to areas of the network or business that are not operating as effectively.

There needs to be sufficient consistency in the assessment of the different routes to allow meaningful comparison and adoption of best practise by routes where performance may not be so good.

The way routes are split can sometimes make meaningful comparisons difficult, with arterial routes and branch lines represented in the same data. Further segmentation, in line with franchise and sub-franchise areas would be incredibly beneficially at a local level. This would help us to understand good and bad practice and work closer with Network Rail to understand where to focus local investment to bring real performance improvement.

**Question 9 (Chapter 5):**

How should we reflect the level and quality of route and SO engagement with their customers/stakeholders in our monitoring, escalation and enforcement?

Network Rail must ensure that they engage with the relevant local Transport Authorities and sub-national transport bodies from an early stage in the process to allow for a high quality of engagement to develop.

It is important to understand where engagement is not in line with expectations for either Network Rail or for the customers/stakeholders.

Having a formalised way of escalating any problems allows for a systematic response, which should be based on best practice from other areas of the business. It is important that this is geared towards finding a solution to the problem and developing the level of engagement.

Measurement of engagement is one thing, but we would like to see more direct accountability to stakeholders, especially where 3<sup>rd</sup> party finance is being provided.

**Question 10 (Chapter 5):**

How should we respond if Network Rail fails to meet scorecard targets agreed with customers? Specifically, what should be the balance between designating scorecard targets as 'reasonable requirements' (creating specific enforceable expectations on Network Rail), and relying on our overall assessment of Network Rail's performance against an overarching licence condition?

We have previously argued that Network Rail is largely unaccountable to sub-national stakeholders and customers. The introduction of locally set targets and incentives onto scorecards can help to change this and introduce more accountability, but this will only happen if outcomes are monitored and any poor performance is corrected.

For this reason we feel that local scorecard targets should be given the same weighting and importance as nationally set targets and should require the same level of response from Network Rail. With local bodies now helping to specify franchises and service enhancements, it is important that they can have confidence that Network Rail targets will be met, as improvements may depend on these.

Sub-national bodies need to have assurances over the targets and improvements that are set so that they can plan for these and ensure that the benefits are realised. Conversely, if scorecard objectives are not met, it could prevent local railways from operating efficiently and delivering benefits to customers.

**Question 11 (Chapter 6):**

What are your views on the approach we set out for managing change? In particular, do you think our proposed level of involvement, and role for stakeholders, are appropriate?

It is important that the process for managing change is proportionate to the change that is being made and that local stakeholders are involved in the process from an early stage.

The approach looks sensible

**Question 12 (Chapter 6):**

Are there other options for managing change you think we should consider?

**Question 13 (Chapter 6):**

Are there any other types of change you think we should consider?

No.

**Are there any other points that you would like to make?**

Network Rail must ensure that they engage with the relevant sub-national transport bodies and local transport authorities through this process if they are to get the maximum benefit out of locally set objectives on scorecards. Local bodies often have a much greater understanding of how local transport networks operate and have a vested interest in the long term success of the railways.

It is therefore important to make sure that Network Rail capitalises on this knowledge and this transfers into the setting of objectives and targets. Locally agreed objectives must be given the same level of status, monitoring and enforcement as nationally set objectives, providing local stakeholders with as much certainty as possible that they will be met. This is vital when planning future improvements to rail services and the functioning of the railway.

Thank you for taking the time to respond.