Consultation response

PR18 initial consultation

Working paper 4: Outputs Framework

Office of Road and Rail

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Content

1. Introduction

1.1. The Urban Transport Group (UTG) represents the seven largest city region strategic transport bodies[1] in England, which, between them, serve over twenty million people in Greater Manchester, London, the Liverpool City Region, the North East Combined Authority area, South Yorkshire, the West Midlands conurbation and West Yorkshire. Nottingham City Council, the West of England Partnership and Strathclyde Partnership for Transport (SPT) are associate members of the UTG.

1.2. Our members plan, procure, provide and promote public transport, with the aim of delivering integrated public transport networks accessible to all.

1.3. This response supplements our submission to the main PR18 initial consultation document.

2. Response

Principles for a CP6 outputs framework (chapter 2)

What should an outputs framework achieve in CP6

2.1. We support the priorities highlighted by the ORR in paragraph 2.14 - "a network that is 'reliable', 'better used' and 'available'" – as well as its proposals for the outputs work to focus on: "improving the measurement of the performance delivered to passengers", " setting outputs at a route level" and "developing better output measures for the national system operator".

Potential criteria

2.2. We welcome the explicit reference in paragraph 2.19 to the desire to facilitate greater involvement by customers and local funders.

2.3. We also support the statement in paragraph 2.21 that the ORR "will be considering opportunities for simplification and ways to limit complexity". However, we feel that this objective is not always best achieved by concentrating on a smaller number of high level national outputs. An alternative approach would be to move towards a more open data approach, with a greater emphasis on collaboration and transparency. From the perspective of city region transport authorities, better access to a wider range of more disaggregate rail data would enable us to better hold Network Rail to account and to engage in constructive dialogue where appropriate. We note that the ORR has made a big push towards more open data in the rail sector but see that this receives very little attention in this working paper[2].

2.4. We welcome the clear distinction between outputs, indicators and enablers, as well as the suggestion, at subsequent stages in the paper that indicators can play an important role in holding Network Rail to account. This is certainly something that fits with our experience. We note the intention to move away from indicators being seen as a regulatory requirement but are sceptical that this information will continue to be collected, and more to the point, shared,

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[1] With the exception of Transport for London, these bodies were formally known as Passenger Transport Executives (PTEs) and the UTG was formerly known as the Passenger Transport Executive Group (*pteg*). In recent years, some PTEs have been abolished with their functions transferred onto successor bodies, such as Combined Authorities. The new name for our group reflects these changes.
[2] We didn't find any references in the document to the phrase "open data" or to the ORR's "Open Rail" initiative.

unless a degree of pressure continues to be applied by the ORR in the context of the outputs framework.

2.5.   On the issue of the amount of effort that goes into producing monitoring information on the part of Network Rail (paragraphs 2.31 and 2.32) we do see a case for rationalising data requirements where these are of little value. However, it is important that in doing so we don't lose valuable continuity of time series data or spatial detail which can be vital to understand past performance and its reasons. We also agree with the ORR's view, expressed later in the paper, that much of the information requested by the ORR should be of value to Network Rail's management in its own right. As such, the marginal cost of making most of this information a regulatory requirement is likely to be low.

How will outputs be determined for CP6?

2.6.   As stated in our response to the main consultation document, we welcome the suggestion that NR's funders, customers and stakeholders are expected to have, in future, a more central role in identifying what they want from Network Rail.

What could outputs look like?

2.7.   We note the ORR's views in relation to the various trade-offs involved in choosing between single points and ranges, individual targets and baskets of measures, and whether to adopt a change control approach. We do not have a clear view on the best way forward but feel, at this point, that the various alternative ideas are worth exploring further.

Route-level regulation (chapter 3)

National v route-level outputs

2.8.   The consultation document outlines some of the arguments for and against setting outputs (both in terms of the range of variables included and their level) at national versus route level. We largely agree with the ORR's analysis and support the approach suggested in paragraph 3.6 (namely: presumption in favour of maintaining comparable measurement of key outputs across routes; flexibility for routes to influence the levels at which targets should be set, for example in line with franchise targets; the ability to agree additional local output measures; a series of national performance measures where delivery at national level is particularly important).

2.9.   We would add only one comment in relation to the availability of meaningful data at route level. The ORR suggests that this could be a barrier to route level outputs, at least in the short term. We feel that there is a risk of exaggerating the extent of this problem. In practice, much of the data required by the outputs framework is generated at a relatively fine spatial and temporal level, and then aggregated back up to fit some externally determined structure (for example, that set out in past outputs frameworks). In theory, the most disaggregate data available could be made openly available and then aggregated by different groups of stakeholders up to the level that best meets their needs.

On-going monitoring and enforcement

2.10. We note the ORR's points that the "act of transparently comparing performance between routes will itself provide a stimulus to improve performance via reputation" and that it will also enable a wider set of stakeholders, including local funders, to better hold Network Rail to account. These are arguments we have made for some time and we find it positive that the ORR is acknowledging them at the outset of PR18.

The role of customer and end-user engagement

2.11. The consultation document makes reference to approaches followed in other industries to increase customer and end-user engagement in the regulatory process. This is interesting information but it's unclear from the consultation document how successful these other approaches have been or how transferable they are likely to be to rail infrastructure. Taking the example of Ofgem's consumer panel of 80 'typical domestic consumers', we would expect a much larger sample to be required in a rail context given that train services are a far less uniform product. In practice, a representative sample may be difficult to achieve.

2.12. On the suggestion of route level stakeholder challenge forums (end of paragraph 3.22), we would note that this is a role many city region transport authorities (which are locally accountable through democratic processes) already play in a more or less formal way. We believe there could be benefits if this role were to be strengthened in future.

Potential outputs (chapter 4)

Network operation (timetabling and capacity)

2.13. This part of the consultation document focuses on Network Rail's timetabling capabilities, and its understanding and allocation of capacity. The ORR suggests that outputs in this area are more likely to be system operation level outputs (i.e., relating to Network Rail central system operator business unit) unless where routes may be accountable for the specific activity in question.

2.14. We feel this raises a broader question about the level at which different system operator functions should be best performed. Our view is that Routes will, at least in some cases, be better placed, both in terms of detailed local knowledge and engagement with local stakeholders, to lead on timetabling and capacity analysis and allocation. This may not always be the case but this question certainly deserves further discussion.

Network performance

2.15. We largely agree with the ORR's assessment of the need to review existing measures of performance "with a view to moving toward measures that better reflect the experience of passengers". In our response to the main consultation document we highlighted the need to employ a wider range of metrics of timetable quality and reliability, in particular relating to passengers travelling on connecting services, and that point applies equally here.

2.16. We agree that data on existing PPM and CaSL measures should continue to be collected for comparison purposes and to help understand trends (paragraph 4.39).

2.17. We broadly support the ORR's various proposals in paragraphs 4.41 and 4.42, which include the development of passenger weighted measures of performance and the measurement of of performance at intermediate stations. However, in our response to the initial consultation document we warn against potential perverse incentives from putting too much weight on passenger numbers whilst overlooking the wider socio-economic benefits of the services themselves. The same point applies to the use of proxies, such as revenue, as suggested in paragraph 4.43.

2.18. Bearing in mind the caveat in the previous paragraph, we are supportive of the idea of an additional route-based metric such as passenger-weighted delay minutes, and feel that this could be extended to individual TOCs, service groups, or even specific services.

Network capacity

Level of disaggregation (para 4.81)

2.19. We support the ORR's view that outputs (or indicators/enables) relating to capacity should be set at both route and system level. We agree that "routes are best placed to understand their local capacity constraints and issues and how these may be overcome", which is why we have questioned, earlier in this response, the assumption that Network Rail's central business unit should be the accountable body for the vast majority of system operator functions.

2.20. However, we would go one step further and argue that some capacity outputs may need to be set and monitored at an even more disaggregate level. Capacity is different to most other types of output in the sense that it is generally constrained by very specific bottlenecks. For example, measuring capacity on plain line sections would give a much larger figure than by concentrating on key stations and junctions. We would therefore advocate a more sophisticated and detailed approach, for example by looking at the number of train movements and passenger seats in/out/through key stations at peak times.

2.21. We are concerned by the statement in paragraph 4.82 that the ORR will share its work with the RDG's National Task Force whilst omitting other stakeholders. Although the NTF does a valuable job, we note that it is only representative of a sub-set of relevant stakeholders. Our members would therefore welcome early sight of any further work by the ORR in this area.

Network capability

2.22. On the question of whether outputs should be set for this activity, we feel that this provides more than just a "baseline against which to assess whether Network Rail has complied with its obligations" (paragraph 4.86). It is a key source of information for analysing network capacity and for understanding network performance. We would therefore support the ORR's suggestion that outputs should continue to be set in this area.

Asset condition

2.23. The condition of local rail stations is of great interest to all our members, and some of them are actively developing proposals for further devolution of responsibilities in this area. Determining asset condition, both at the business plan stage and at the point of transfer of ownership remains a key sticking point and we would therefore encourage the ORR to

maintain close oversight of this area. We would also be interested to learn more about Network Rail's on-going work on SSM+ (its new station stewardship measure) as it becomes available.

Financial performance

2.24. We agree with the ORR's analysis in paragraph 4.109, which suggests that an enhancement of the status of its financial monitoring measures to outputs or indicators would enable a more informed debate with stakeholders about NR's performance and its activities.

Network outcomes

2.25. We support the ORR's proposal to continue to set passenger satisfaction as an important indicator of the extent to which Network Rail's actions are affecting passenger experiences. At the same time, there are limitations to the inferences which can be drawn from average satisfaction data and we feel that more work could be done to develop complementary metrics. This could include surveys of infrequent/non-users or measures linked to socio-economic outcomes, such as a weighted indicator of jobs and other opportunities accessible by rail at different times of day.