



Consultation Response

**Network Rail's output framework for
2014-2019**

pteg's response

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1. Introduction

- 1.1. **pteg** represents the six Passenger Transport Executives (PTEs) in England which between them serve more than eleven million people in Tyne and Wear ('Nexus'), West Yorkshire ('Metro'), South Yorkshire, Greater Manchester, Merseyside ('Merseytravel') and the West Midlands ('Centro'). Bristol and the West of England, Leicester City Council, Nottingham City Council, Transport for London (TfL) and Strathclyde Partnership for Transport (SPT) are associate members of **pteg**, though this response does not represent their views. The PTEs plan, procure, provide and promote public transport in some of Britain's largest city regions, with the aim of providing integrated public transport networks accessible to all.
- 1.2. We welcome the opportunity to respond to this consultation which covers a number of significant issues regarding what Network Rail should be required to deliver in CP5 (2014-2019).
- 1.3. It will important to strike a balance between regulatory targets (with sanctions) and indicators (without direct sanctions) in determining the best framework for assessing performance. Additionally learning the lessons from previous attempts to reduce the impacts of perverse incentives is also important.
- 1.4. However our main concern is that greater thought needs to be given to how such frameworks can be applied locally, given potential interaction with future franchising role for PTEs. PTEs are seeking a greater devolved role in the delivery of local rail services in the West Midlands and North of England, and discussions are currently underway between the PTEs and the DfT on this issue. The McNulty review identified potential benefits relating to devolved funding, specification and management of local rail. If devolution takes place, this will mean a much more substantial role for PTEs in the specification, development and funding of passenger franchises.
- 1.5. Under such an arrangement, any authorities with devolved responsibilities will need clear visibility of how Network Rail is performing locally in order to make informed decisions on specifying and managing a franchise. This is likely to involve (at a local level) working in partnership with both Network Rail and the TOCs to deliver a better railway locally, and therefore having high-quality, disaggregated information on the local network will be essential. This will involve data not only being disaggregated to the appropriate level of railway geography, but also to match the geography of the city regions and PTE areas.
- 1.6. There is still much work to be done to define future measures and indicators, and we recognise that it may not be possible for all indicators to be fully defined within the PR13 timescales. We believe that the priority should be investigating the disaggregation of the key output measures, in particular train performance, for defined regional areas. In our view, this is more important than, for example, trying to develop a measure for passenger information.
- 1.7. **pteg** is willing to work closely with the ORR, Network Rail and the industry as work takes place to define the outputs further.

2. Response to Consultation Questions

Q1. Do you agree with our proposals for outputs and indicators for passenger train service performance? Should we retain the sector level outputs for PPM and CaSL (for

England & Wales)? Is there more we need to do to ensure consistency with franchise obligations?

- 2.1. Delivery of reliable train services is the key output for the industry, and therefore it is essential that this is effectively incentivised through the output framework. The use of PPM and CaSL continue to be the best measures available, although there are shortcomings which always need to be remembered (for example an Edinburgh – Penzance train is weighted the same as a single journey on the Stourbridge Town branch!). There are also concerns that PPM does not match the customer experience (often as a consequence of how it is calculated) or the level of performance set out in the Passengers' Charter. Measures to address these shortcomings should be implemented.
- 2.2. We agree that Sector Level outputs are unhelpful and need not be perpetuated. Measures such as average delay per passenger journey should also be considered as indicators, especially as this would be more meaningful to a broader audience than total delay minutes.

Q2. Do you agree with our proposals for an output and indicators for freight train service performance?

- 2.3. We agree that it is important to develop a workable measure for freight service performance, and are content with the proposed process to develop such a measure. In doing so it should be recognised that freight delays have important knock-on effects for passenger services.

Q3. Do you agree that outputs for Network Rail in relation to named projects, capacity metrics and funds should be project-specific milestones defined in the enhancements delivery plan? Do you have any comments on how useful the enhancements delivery plan has been in CP4? What are your views on indicators to measure the efficiency and effectiveness of the use of the funds?

- 2.4. Funds should have indicators which show how the money is being spent (i.e. what is being bought and how this aligns with the fund's objectives); and where it is being spent, including key milestones. This will allow comparisons to be drawn against estimated and actual expenditure, and thereby improve the accountability of Network Rail for the money it spends.
- 2.5. PTEs have been broadly content with the process for monitoring of the delivery of specific named enhancement projects, and would expect continued close engagement in their delivery. We would like this process to extend to major renewal projects (such as resignalling schemes), where we have experienced instances of de-scoping without the ability to challenge Network Rail.

Q4. We propose to define delivery plan milestones to ensure Network Rail delivers a plan to reduce risk at level crossings, and to use certain indicators to monitor Network Rail's delivery of these outputs and its wider legal obligations. Do you agree with this approach?

- 2.6. We support the proposed approach for reducing level crossing risk, but suggest this should be proportionate to actual risk. We recognise that Network Rail will need to be more proactive in the future in tackling safety at level crossings. However this should avoid simply assessing risk without reducing it, to ensure that money is well spent. We support the need to promote education measures as well as physical investment.

- 2.7. We are concerned that there are no other safety outputs being monitored and the reason for the change from CP4 is not adequately explained.

Q5. Do you have a proposal for an alternative to the existing network availability (for reducing disruption from engineering works) outputs, which could be viably implemented in time for the start of CP5? If the existing outputs are retained do you have any proposals to improve them?

- 2.8. Network Rail need to give more consideration to the needs of the ultimate customer for services (passengers and freight), and therefore 'when' as well as 'how long' needs to part of the consideration. For example, any measure needs to ensure that Network Rail is incentivised to ensure that historic overnight route closures are challenged effectively (which are actively preventing the operation of earlier and later trains on some routes in PTE areas). Any measures of route availability therefore need to pick up all causes of route closure. Our current understanding of the PDI-P index is poor and it is hard to easily translate the index number into an understanding of the amount of disruptive possessions occurring on the network. A measure of total hours that routes are not available each week would be a helpful measure to supplement the index.

Q6. Should we introduce a measure of the efficiency of the use of possessions, and if so how could this be defined?

- 2.9. In principle, yes. Measures such as passenger numbers of freight tonnes affected as percentage of weekly (or annual totals) might demonstrate the scale of possession and efficiency. More work, however, is required to look at the relative efficiency for example of closing large sections of the network over a period of consecutive Sundays (where work may only be concentrated in certain parts of the possessions) as opposed to sections only being closed when work is undertaken (and which would impact on smaller parts of the network).

Q7. Do you agree that we should retain the CP4 network capability output? Do you have a view on the usefulness of the indicators suggested, or any further suggestions for improvement?

- 2.10. In principle we agree that measures of various aspects of network capability would be useful, however the protections of the Network Change process should generally prevent reductions in capability occurring which aren't agreed with TOCs and FOCs.

Q8. We want to improve the definition of the existing station condition output (SSM – station stewardship measure) and introduce a new measure – SSM+ – which provides a clearer disaggregation for measuring condition and better, value based, and weights. Do you agree with this new approach?

- 2.11. We agree that measuring station condition is essential and would like to be involved in the development of the proposed SSM+ measure. However ORR will need to assess whether it has practical value in driving improvements. Careful consideration will be needed of the different approaches to station maintenance which are being rolled out across the industry, which will see Network Rail having significantly different levels of responsibility across different stations. Getting a balance between measures which rate overall performance against ones that can be effectively disaggregated to drive local performance will be important.

Q9. Do you agree that we retain the current CP4 measure of depot condition but treat this as an indicator rather than an output?

- 2.12. We are less concerned with issues of depots (being more concerned with the ability of trains to be fit for purpose / service); therefore we believe this should be an indicator rather than an output.

Q10. Do you agree with the proposed new approach to strengthen the focus on further asset management improvements? Do you have any specific comments on the detailed measures?

- 2.13. As asset management is at the heart of Network Rail's business, it is essential that some sensible high-level measure of performance exists. We believe this should also include measures such as the removal of graffiti and litter from trackside infrastructure, as while these may not directly impact on the delivery of services, they create a poor overall impression of the industry.

Q11. Which, if any, of the asset management measures do you think should be regulatory obligations (equivalent to outputs), and which should be enablers/indicators?

- 2.14. See response to Q10.

Q12. Recognising that certain indicators are needed to monitor HLOS delivery, and that Network Rail is in the process of deciding on further indicators, do you have views on specific environmental indicators which we should monitor?

- 2.15. Environmental outputs can relate to issues such as the supply of electricity; embedded carbon in construction; or carbon outputs from operations (Network Rail's, not TOCs), including waste disposal. A suitable suite of indicators based on Network Rail's sustainability strategy ought to form the basis of environmental performance.
- 2.16. Additionally there may be more appropriate measures such as Code of Conducts which could be used to control NR's environmental output in relation to areas such as construction and waste disposal.

Q13. Should we introduce a new indicator of changes in journey times? Do you have views on how this measure should be calculated? Should we also introduce a measure of accessibility to stations?

- 2.17. We agree that an indicator for journey times is desirable. However this needs to be designed carefully to avoid, for example, delivering reduced journey times by taking out station stops or preventing changes to journey times that improve the passenger benefits (by increasing frequency or stopping patterns). Reduced journey times can deliver both passenger benefits and operational benefits, especially when it allows services to be delivered with fewer resources. Some form of aggregate measure of average journey speed may be the best approach, and this could also allow some weighting related to usage to develop a passenger speed measure. The measure needs to provide both Network Rail and TOCs an incentive not to unnecessarily pad-out published arrival times for PPM purposes, but at the same time it must not allow a virtual improvement in times through the stripping out of PPM timetable padding while the trains on the ground experience no actual change in running time.

- 2.18. Monitoring the accessibility of stations would be supported, and it is suggested that this needs to not only highlight the number of stations with step-free access, but also ought to bring a passenger usage element into the calculations so that an understanding of the total proportion of passenger journeys made between fully accessible stations is known. Network Rail and TOCs should be encouraged to work with local transport authorities to maximise accessibility to stations and their environs.

Q14. Should we introduce a new indicator designed to measure improvements in passenger information provision and how should this be measured?

- 2.19. Passenger information is very important to passengers, however we struggle to see how a useful indicator can be developed covering the range of different information channels which is better than the current NPS monitoring. The provision of information to passengers is primarily handled by TOCs (except at NR major stations), and it needs to be primarily through the franchise provisions that improvement is incentivised.
- 2.20. The key concern for passengers is provision of information when there is a disruption to their service(s). Monitoring how Network Rail response to these circumstances could address this issue.

Q15. Should we also consider new indicators for example covering Network Rail's supply chain management and approach to innovation?

- 2.21. We are not convinced of the need or value of indicators relating to the supply chain or innovation.

Q16. Do you have views on the introduction of a new measure of how Network Rail is developing its capability as a system operator, and what the measure should cover?

- 2.22. The Capacity Utilisation Index is the best existing measure, and can be used as a high-level indicator of capacity usage. However, the problems with the CUI, do mean that alternatives need to be investigated. There are concerns regarding the Capacity Charge which is distorting the provision of rail services in the West Midlands, and any replacement to the CUI needs to adequately reflect the true capacity and usage of the network along lines of route and across time periods.

Q17. Should we have a mechanism to allow formal trade-offs to be made between high level outputs during the control period?

- 2.23. The ORR should be in a position to identify any conflicts between high level outputs in setting its determination, so this position should be avoided with the Control Period. However, there could always be unforeseen circumstances which mean that a changed focus could be appropriate. It would therefore be unwise to completely rule out such a circumstance arising and the potential for a formal change to the outputs following full industry consultation ought to be allowed for in process terms, noting however that there is a strong expectation that this will not be used.

Q18. What do you think of the idea of a scorecard to provide context to our assessment of Network Rail's performance in CP5? Do you have views on our proposed scorecard, and do you have alternative suggestions?

- 2.24. A score card approach would need to work in a disaggregated / devolved structure that relates to potential devolved franchise administration and management. It is important that the industry's delivery in various parts of the country can be compared effectively. We note that Centro (one of our members) has produced a localised scorecard and we support the development of this, subject to further discussion.