



OFFICE OF RAIL REGULATION

Station operator licence – asset stewardship obligations Statement by the Office of Rail Regulation (ORR)

Introduction

1. This statement sets out the Office of Rail Regulation's approach to monitoring and enforcement of the new condition 27 in Abellio Greater Anglia Ltd's (AGA's) station operator licence. AGA has taken over from Network Rail the responsibility for station asset stewardship of stations in the Greater Anglia franchise. The detail of what we require the licence holder to deliver is set out in paragraphs 13 to 18 below. This statement sets out how we will work with the Department for Transport (DfT) given the interface between licence obligations and the DfT's franchise specifications.
2. This statement deals specifically with the Greater Anglia franchise that started operations on 5 February 2012 for a period of up to 29 months. We will issue a separate statement regarding future, longer franchises.
3. This statement sets out our approach to the monitoring and enforcement of the station stewardship licence (condition 27) and to the working arrangements with the DfT. Should we intend to change our approach from what is set out here, we will consult as appropriate those affected, consider any representations and provide reasons for any changes.

Background

4. This statement reflects close working between ORR, the DfT, Network Rail and the Association of Train Operating Companies (ATOC) to develop detailed proposals that will facilitate the transfer of responsibility for the maintenance, repair and renewal of station assets from Network Rail to the franchised train operator.
5. For the Greater Anglia franchise, station asset stewardship responsibilities have been passed from Network Rail to AGA through a lease that transfers the maintenance, repair and renewal responsibilities. The lease has been developed jointly by Network Rail and ATOC, without input from ORR. ORR is responsible for monitoring and enforcing the station asset stewardship obligations through the station operator's licence.
6. The Greater Anglia franchise is a shorter-than-usual franchise that could last up to 29 months. Given its short duration, the station operator will have limited opportunity to introduce asset management policies to replace those of Network Rail or to develop and implement plans that reflect those policies. For this reason the approach set out in this statement is specific to this franchise.



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General approach

7. Our approach is to replicate as far as possible what we already do in respect of Network Rail's stewardship of stations.
8. AGA's station operator's licence includes new condition that imposes a *general duty* to achieve a *purpose* defined in the licence.
9. In summary, the purpose is to secure the maintenance, renewal and improvement of the stations so as to meet the reasonable requirements of customers and funders (including potential customers and funders). This work is to be done in accordance with best practice and in an efficient and economical manner.
10. The general duty achieves the purpose to the greatest extent reasonably practicable having regard to all relevant circumstances, which includes the funding available.
11. The licence contains specific obligations in relation to publishing an asset management policy and a plan, providing information to ORR and a suitable audit (which may be by way of samples where appropriate) of the information so provided. All of this will be at the station operator's expense.
12. Given the short duration of the Greater Anglia franchise, the purpose to act in the long term interest of the assets will be relevant only insofar as the station operator introduces new and substitute policies, renewals or enhancements. Maintenance and renewals schemes inherited from Network Rail will be assumed to fulfil this requirement.

Customer and funder reasonable requirements

13. For the Greater Anglia franchise, we consider the following obligations to be customer and funder reasonable requirements:
 - The provision of the documents and information specifically set out in paragraphs 4 to 10 of the licence condition;
 - In particular, the station asset management policy must include:
 - (i) policies inherited from Network Rail or appropriate replacement policies; and
 - (ii) other appropriate and consistent policies to support the licence purpose where activities are not covered by Network Rail's policies;
 - The station asset management plan must include:
 - (i) a timetable (and an estimate of costs) to deliver the renewal schemes identified in Annex A to this statement;

- (ii) details of any additional commitments the licence holder makes on maintenance, renewals and/or enhancements¹, inserted as Annex B to this statement; and
 - (iii) details of any reactive maintenance, including cyclical and planned preventative maintenance consistent with the station asset management policy;
- Application of the station asset management policies;
 - Delivery of the station asset management plan;
 - Maintain appropriate, accurate, readily accessible and transferable information about the station assets, including their condition, capability and capacity (and in particular, asset information for the Station Stewardship Measure); and
 - Development of a plan for maintenance and renewals that extends two years beyond the end of the station operator's franchise, and arrangements for completing schemes at franchise end and for efficiently and effectively handing over incomplete schemes to a subsequent operator or third party.

Monitoring and enforcement

14. We will enforce the station operator's delivery of those customer and funder requirements listed above in line with our existing enforcement policy (<http://www.rail-reg.gov.uk/upload/pdf/395.pdf>.)
15. To the extent that the station operator inherits Network Rail's asset policy, we will not assess it for robustness and sustainability.
16. ORR will require the station operator to report each year (on 31 March) and at the end of the franchise about what maintenance, renewal and/or enhancement works were undertaken in the year and the reasons for any variation from its published plan.
17. ORR will also require the station operator to report each year and at the end of the franchise about:
 - the current condition score of each station taking account of the most recent station surveys conducted²;
 - the average condition score for each category of station; and
 - the methodology used to produce the data.

¹ This does not include any enhancement schemes undertaken by the bidder for Network Rail.

² We recognise that some of these scores will be those inherited from Network Rail, given that the station operator will look to build on Network Rail's existing survey work rather than conduct fresh surveys of all stations within the franchise.

18. The information provided as part of the report made in paragraphs 16 and 17 above must be suitably audited, by independent means. Although the starting point of the audit (including the appropriate nature and size of any sampling exercise undertaken) will depend on the station operator's quality management system, ORR may require the station operator to commission further audit work (including changes to any sampling exercise) as part of its seeking assurance as to the quality, accuracy and reliability of the data reported. All auditing will be carried out at the station operator's expense.
19. A copy of this audit must be provided to ORR as part of the reports made in paragraphs 16 and 17 above.
20. A failure to achieve the station asset stewardship obligations is potentially a licence breach and could result in ORR taking enforcement action, in line with our current published policy. In this context, the purpose of enforcement is to ensure delivery of and compliance with licence obligations. If an area of concern is identified, say through our monitoring of the operator's annual return, we would adopt a staged approach of investigation and escalation focused on serious and systemic failures, as we do when enforcing licence obligations now. Where necessary, this could lead ultimately to consideration of formal enforcement action in line with our published policy.
21. Where ORR undertakes enhanced monitoring and enforcement activity this may be re-charged to the station operator.

Working arrangements between ORR and the DfT

22. ORR has sole responsibility for monitoring and enforcing the station operator's licence obligations relating to the stewardship of station assets. This includes any enhancements that are committed to in the franchise agreement.
23. ORR was involved in the examination of the station asset stewardship proposals during the franchise bid evaluation:
 - (a) to consider whether the bidder's asset stewardship policy and plan show sufficient maturity to be developed so as to meet the licence obligation; and
 - (b) to assess in particular the credibility of the proposed spend profile against planned outputs³.
24. ORR will revise and re-issue, as appropriate, this statement.
25. Throughout the franchise any proposed variation to the work to be done must be agreed by ORR. In the case of specific enhancements committed under the franchise, the approval of the Secretary of State is also required.

³ ORR's consideration of 'credible funding' for this GA franchise will establish that the bidder has acknowledged any significant gaps (where they exist) – whether positive or negative - in its proposed scheme budget against Network Rail's scheme budget. And that the bidder has provided satisfactory assurance as to how the scheme could be delivered within the proposed budget or why the proposed budget is significantly at variance with that envisaged by Network Rail.

26. Variation involving a review of the asset management policy, or re-timing of maintenance and renewal works (including renewals or for reduction in spend from efficiency savings) would require the agreement of ORR.
27. ORR will report performance information to the DfT together with an assessment of the asset stewardship of the licence holder. This will normally be annually and at the end of the franchise but may be more frequently where there are specific performance concerns and/or the DfT has made ORR aware of wider issues affecting the viability of the franchise.
28. ORR's report should cover performance against the policy and plan and actual spend against forecast spend, and will take into account any audit report required under the licence. The report will also summarise any changes agreed with the licence holder to its policy and plan.
29. At franchise end, ORR will determine whether asset stewardship obligations have been fulfilled to the date of asset handover. If obligations have not been fulfilled, ORR will determine the size of the shortfall. A report on the fulfilment of obligations including any shortfall would be provided to the Secretary of State.
30. These arrangements will be reviewed from time to time.
31. Existing statutory requirements already provide for the following:
 - (a) Should ORR find that the station operator has breached its licence and make an order that it should comply with the same, it will report the fact to the DfT;
 - (b) ORR will investigate complaints from other operators who have access rights to any station at which the licence holder is the leaseholder regarding any alleged or apprehended contravention by the licence holder of its licence obligations; and
 - (c) ORR will investigate complaints from the DfT regarding any alleged or apprehended contravention by the station operator of its licence obligations.

Annex A

The remit of each of the works set out in this Annex A is as set out on the CDs named "Annex A" and initialled by the parties to this Agreement.

As set out in this Regulatory Statement, the obligation of the station operator to act in the long term interests of the assets so as to satisfy the reasonable requirements of persons providing services relating to railways, funders and station customers, including potential providers and potential funders and potential customers shall be fulfilled by the station operator delivering the Maintenance and Renewal (**M&R**) works set out below:

Reactive M&R works

Station	Works	Year
All	Urgent minor work	12/13
All	Urgent minor work	13/14
All	Planned Preventative Maintenance and reactive	12/13
All	Planned Preventative Maintenance and reactive	13/14
All	Minor emerging work	12/13
All	Minor emerging work	13/14

Small M&R schemes

Station	Works	Year
Bishops Stortford	Platform and car park refurbishment	12/13
Darsham	Platform repairs	12/13
Romford	Renew UPS batteries and refurbish (escape lighting)	12/13
Sawbridgeworth	Platform, car park, building repairs	12/13
Stratford	Renew UPS batteries and refurbish (escape lighting)	12/13
Ilford	Stair lift removal	13/14
Ipswich	Lift renewal	12/13

Large M&R schemes

Station	Works	Year
Audley End	Rewire/Relight Public Area - Renewal, 2 platforms and public areas	12/13
Brentwood	Rewire/Relight Station & Car Park - Renewal, 4 platforms (all), overbridge areas/offices and car park	12/13
Bruce Grove	Re-wire/re-light	13/14

Station	Works	Year
Cressing	Platform 1 - Renewal of platform surface, tactiles and 30% of copers	13/14
Elsenham	Rewire/Relight Public Area - Renewal, 2 platforms and public areas	12/13
Elsenham	Platform repairs & resurfacing including installing tactile paving Refurbishment	12/13
Ely	Repairs to platforms, building fabric, car park etc	13/14
Harlow Mill	Rewire / Relight	13/14
Harlow Town	Rewire/Relight Public Area - Renewal, 4 platforms and public areas	13/14
Harlow Town	Platform repairs	13/14
Harlow Town	Footbridge repairs	13/14
Harlow Town	Canopy and drainage Repairs	13/14
Hythe (Essex)	Re-wire/re-light	13/14
Maryland	Ramp repairs to platform 1	12/13
Maryland	Platform and canopy repairs	12/13
Northumberland Park	Rewire/Relight Public Area - Renewal, 2 platforms and public areas	13/14
North Walsham	Platform and riser wall repairs	13/14
Ponders End	Platform Repairs	12/13
Roydon	Platform Repairs	12/13
Rye House	Platform Repairs	12/13
Silver Street	Platform Repairs	13/14
Stansted Airport	Replace Defective Lighting - Renewal to (all) 3 platforms and public areas.	12/13
Stowmarket	Rewire/Relight	12/13
Tottenham Hale	Rewire/Relight Public Area - Renewal, 2 platforms and public areas	12/13
Turkey Street	Platform repairs & resurfacing including installing tactile paving	13/14
Walthamstow Central	Rewire/relight Public Areas- renewals, 2 platforms (all)	12/13
Walthamstow Central	Platform repairs	12/13
Weeley	Platform Repairs	13/14
Weeley	Exmouth Footbridge Replacement	13/14

Annex B

Below Abellio has outlined the main approach elements from its stations approach set out in its bid. Some specific commitments have been detailed in the Franchise Specific Agreement and are therefore not covered here.

1.1. Overall rationale for Station Operator's initiatives

The short GA franchise provides a pilot for combining the maintenance and renewals of stations under a single train operator infrastructure manager. The station operator will use this period as a preparatory step for GA Long and lay the foundations that are intended to lead to higher efficiency, lower costs and a better passenger experience.

The station operator will:

- act as a safe pair of hands and endeavour to provide a reliable transition by complying with DfT/ORR requirements
- endeavour to demonstrate that a train operator can act efficiently as infrastructure manager for stations
- consider the enhancement of assets and capability for benefits in GA Long.

The station operator's approach will be to:

- manage all station assets under a single senior business leader and using a single process (maximising the potential for efficiencies e.g. packaging)
- be responsive to stakeholder and other external inputs and work requests
- improve the quality and quantity of data on asset condition so that works can be better planned
- improve transparency in relation to station lease costs and management data
- plan work to endeavour to maintain or improve long-term asset condition.

1.2. Commitments

1.2.1. Commitment: Implement the asset management process

The station operator will:

- (a) design, implement and populate an asset management system ("**AMS**") compliant with the BSI PAS55 Asset Management standard, using Atrium software and with asset management data from OPAS for all franchise stations . This will be used to report Station Stewardship Measure ;
- (b) use its best endeavours to populate the AMS with asset management data from other parties, as relevant, including FM Direct; and
- (c) use its best endeavours to cleanse all data entered into the AMS.

The new process will provide the direction, systems and tools which will enable the station operator to deliver its combined responsibilities more efficiently than the previous split structure.

Asset management policies and strategies:

To further continuity and deliverability, the station operator will adopt the Operational Property asset management policies currently published by Network Rail on which the integrated station plan ("**ISP**") has been built. The station operator will deliver the work in the ISP, applying policies B and C as a minimum as specified in the existing Network Rail policy. For the purposes of this Annex B, the ISP incorporates all the aspirational or funded work activity, including the Specified Works on the portfolio of franchise stations.

The asset management policy will be underpinned by a number of enablers including an appropriate organisation, streamlined contracts, leadership training and an integrated helpdesk.

Asset management enablers: an Atrium-based AMS that uses the sophisticated capabilities currently unused by Network Rail

The station operator's AMS will contain details of assets, their condition and remaining asset life. It will also contain the ISP workplan detailing all asset-related activities including inspections, renewals, enhancements, and planned maintenance.

The station operator's AMS will use the same Atrium software as used by Network Rail's OPAS system and it will use exactly the same asset hierarchy and database structure. The outcome of this activity will be an AMS that will be a single consolidated repository for all station asset data.

The station operator's AMS will be configured to support enhanced asset management processes and will include station lease cost and management data. The station operator's intention is for the AMS to support strategic asset management in GA Long and shall make available the transfer of data to the successor operator.

Asset management enablers: a single consolidated helpdesk: The station operator will put a single property helpdesk in place.

1.2.2 Commitment: Creation of a management and delivery framework

The new franchise will combine the maintenance and renewals activities that were in practice immediately before the franchise start date split between Network Rail and the previous train operator.

The proposed station operator management structure will have the relevant competencies and sufficient capacity to manage the integrated plan and be equipped with appropriate systems and processes. More reliance will be placed on competent supply partners to deliver the ISP.

The current myriad of contract delivery frameworks will be rationalised into 5 main suppliers, summarised as follows: Large renewals – Geoffrey Osborne; Reactive/routine maintenance and small renewals–Network Rail novated contractor; Telecoms maintenance – Telent; FM Contract management (6 months) – Lambert Smith Hampton; Commercial management - Lambert Smith Hampton; Enhancement project management – Vextrix; Station cleaning - Carlisle Cleaning Services.

The Estate Management software used will be migrated to the AMS to retain asset knowledge within the franchise in a single entity and reduce dependence on external agents.

The Direct Labour Organisation ("DLO") delivered work will be outsourced to suppliers and DLO staff will transfer to the new contractor. This is the appropriate solution as a mixed in-source and out-source solution causes interface risks, occupies additional management time and reduces economies of scale. The station operator will contract with Atrium for the use of the AMS; it will use Railscape for vegetation control; and use Stannah and Kone for lifts and escalators under the Network Rail contract.

1.2.3. Commitment: Creation of consolidated ISP, including station refreshes

To create an ISP, the station operator will collate Network Rail maintenance and renewals data, NSIP data, AfA data, maintenance plans from the previous franchise operator and all industry enhancements, and bring them together into a single, consolidated work bank.

The station operator will use its ISP to identify efficiencies and reduce duplication and conflict. The station operator is aware: of the imbalance in the workload existing immediately

before the franchise start date; that a transition organisation will operate until all posts have been recruited; and that it is prudent to avoid major works being carried out during the Olympics. The station operator has thus decided to defer the start of construction of large renewals until September 2012.

Consultation with stakeholders: The station operator will identify key stakeholders in the ISP and develop a process for communication and sharing work plans with them. The station operator will manage the ISP on behalf of all stakeholders: it will contain all planned and aspirational activities, providing a common platform for sharing information.

Delivery of ISP: There is a large renewals delivery volume in 2012/13 (£20m) compared to 2013/14 (£9m) See Annex A. Whilst some development will be initiated in mobilisation just before the franchisee start date, large renewals delivery will be deferred for six reporting periods and delivery will be completed by the end of GA Short.

The station operator will begin developing the renewals for the two years following franchise-end after a careful review of the data received from the Network Rail OPAS system and when any missing data on asset condition has been gathered. The station operator anticipates that this will be six months into the franchise.