

**Responses to consultation on ORR's approach to assessing the quality of Network Rail's stakeholder engagement in CP6**

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\*GTR have confirmed their response is non-confidential.



Department  
for Transport

Pr18@orr.gov.uk

Conrad Bailey  
DIRECTOR  
RAIL STRATEGY, REFORM & ANALYSIS  
DEPARTMENT FOR TRANSPORT

Web Site: [www.dft.gov.uk](http://www.dft.gov.uk)

28 January 2019

**PR18: Consultation on ORR's approach to assessing the quality of Network Rail's stakeholder engagement in CP6**

Thank you for the opportunity to comment on the ORR's proposed approach to assessing the quality of Network Rail's stakeholder engagement in CP6. We have very much appreciated the highly constructive engagement between the ORR and the Department for Transport (DfT) over the course of the Periodic Review 2018 process and the run-in to Control Period 6. We have been closely involved with the PR18 process since its outset in the summer of 2016 and are pleased to note the excellent progress that has been made by the Office of Rail and Road (ORR), Network Rail (NR) and the wider rail industry since then in shaping the framework for NR's stakeholder engagement.

In responding to this consultation, we first set out our overall position on assessing the quality of Network Rail's stakeholder engagement, before responding to specific issues raised in the ORR's consultation. One of the key themes of the Government's vision for rail is a more joined up approach between track and train. This is aimed at tackling historic structural issues by getting NR and its customers working more closely together to increase performance, and rebuild the railway around the passengers and freight users. Consistent with the DfT's Strategic Vision for Rail, the DfT is strongly supportive of taking steps to encourage Network Rail to work more closely with its stakeholders in a way that improves delivery and enhances value for money. This should support the ongoing work of our Rail Review, which is conducting a root and branch investigation of the industry's structures to ensure that they are working to the benefit of passengers and freight users.

We recognise that while there have been improvements in the routes/System Operator (SO) stakeholder engagement, there is still significant room for development and some variation in quality between routes. We welcome the ORR's clear recognition through the Final Determination and the Draft Network Licence of the need for more meaningful engagement and Network Rail to develop its stakeholder engagement process in a structured way, based around the four principles of effective engagement. We also agree that it is critical that the routes and SO are clearly in the lead to develop innovative approaches, which best suit the requirements of their particular route and customer base. These relationships will need to be able to evolve to reflect local community and democratically accountable authority interests. We want to see continued improvement of working relationships between NR's routes/SO and its customers which we judge is

critical and we see a proper route/SO-owned planning process as a key enabler of those relationships. This should include the full range of customers, which is likely to include both passenger and freight train operators, as well as those funding improvements to the network, whether public or private sector.

### **Responses to Consultation Questions:**

*Question 1: Do you agree with our proposal to focus our assessment in the first year of CP6 on the routes'/SO's engagement on annual business planning and on developing and agreeing scorecards? Are there other areas on which you think we should assess the quality of the routes'/SO's engagement? If so, what should we exclude from the scope of our assessment to accommodate this?*

DfT supports the proposal to focus the assessment in the first year of CP6 on annual business planning and on developing and agreeing scorecards. We believe that this represents an effective and proportionate focus for the first year of CP6, while the process is still embedding. We welcome further engagement with ORR on the development of the scorecard and encourage funders and franchising authorities to be considered as well as customers. The Government supports stakeholder engagement activities by Network Rails routes and SO which are likely to lead to improved outcomes for end users, local economies and the taxpayer. In order to make the assessment manageable it is sensible to keep a narrow scope which is likely to deliver a richer set of findings. We support focused assessment on those areas where improved stakeholder engagement might be expected to add the most value, and where there appears to be most room for improvement in the quality of engagement. We recognise that in order to effectively measure engagement, assessments must be proportionate within the resource and capacity of all parties involved.

*Question 2: Do you have any comments on our proposed approach to assessing the quality of Network Rail's stakeholder engagement in CP6?*

DfT supports the proposal for assessing the quality of the routes' and SO's stakeholder engagement in CP6. There is a clearly defined purpose, which includes reputational incentives for the routes and SO, improving the quality of engagement and highlighting and promoting the adoption of best practice. We are highly supportive of the broad principles that you have set out for good and predictable stakeholder engagement, in that it must be: effective, inclusive, transparent, and well governed. We believe that this provides a good framework for future engagement and a clear criteria for assessment. More broadly NRs stakeholder engagement and ORRs framework for assessing it will need to be sufficiently flexible to accommodate changing circumstances whether arising from within the rail industry or from wider events. We welcome the ORR's approach to assessing the quality of engagement through NR's self-assessments and extracting stakeholders' views on the quality of engagement. DfT believes that ORR's proposed approach to ensuring consistency of the annual self-assessments provided by Network Rail is sensible, including the proposal to carry out an independent review until there is a robust reflection of quality. We believe the ORR is taking a reasonable approach to the expectations of NR and stakeholders with regards to the assessments. DfT supports the proposal for reporting the findings. We strongly encourage a numerical grade for each route or the SO. We see this as essential to focus and improve engagement providing clear accountability, stronger reputational incentives and competitive benchmarking.

## **Concluding remarks**

DfT strongly endorses the ORR's proposals for the approach to assessing the quality of NR's stakeholder engagement in CP6. We welcome the ORR's direction on stakeholder engagement, with a clear scope and structured approach to monitoring and assessment. We are clear that we see improving the level of communication and consultation between NR and its stakeholders as critically important. The Government is committed to placing passengers and freight users at the heart of rail and we believe that the approach set out in the consultation will be an effective means of promoting this.

Yours Sincerely,

  
**Conrad Bailey**

David Dingwall  
PR18 Programme Executive  
Office of Rail and Road  
One Kemble Street  
London  
WC2B 4AN

30 January 2019

Dear David

**PR18 ORR's approach to assessing the quality of Network Rail's stakeholder engagement in CP6**

Further to the ORR consultation on the above subject, this letter represents GTR's view in response to the 2 questions raised as part of this review.

- 1. Do you agree with our proposal to focus our assessment in the first year of CP6 on the routes'/SO's engagement on annual business planning and on developing and agreeing scorecards? Are there other areas on which you think we should assess the quality of the routes'/SO engagement? If so, what should we exclude from the scope of our assessment to accommodate this?**

The scorecards are a helpful tool in a train operator measuring how Network Rail are performing against key metrics and ultimately the impact on customers. The engagement on the scorecard can be varied especially for an operator as GTR as we cross other routes (that are non lead) where engagement previously has been low or none at all. The assessment of engagement therefore should give the ORR an understanding of how this works for operators who operate across more than one route. GTR equally agree that the SO should be assessed on its engagement of the scorecard as it is a new environment in terms of capacity planning, therefore the quality of engagement should be assessed given the impact this area has on an operators business.

ORR's assessment of Network Rail in its engagement on the Strategic Business Plan for CP6 had peaks of engagement, it is important to GTR to continue this engagement throughout the control period so we have an understanding on progress. Therefore we agree that engagement on annual business planning should be assessed.

**Govia Thameslink Railway**

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In addition as per the Rail Delivery Group response to this consultation, Infrastructure Projects is an area that has been particularly problematic. The requirements of the operator are not always understood and options for design accelerate forward without necessarily understanding the impact on the operation and therefore the customers. This then results in delays to schemes or large amounts of time from the operator to work through the issues which could be avoided by earlier engagement.

**2. Do you have any comments on our proposed approach to assessing the quality of Network Rail's stakeholder engagement in CP6?**

GTR agree with the approach on assessing the quality of Network Rail stakeholder engagement in terms of an independent assessment being undertaken by the ORR. The annual self-assessment by Network Rail we believe should be supported by evidence for ORR to incorporate this into its own independent assessment. GTR would want to see evidence of a robust process implemented by Network Rail on self-assessment before ORR considers discontinuing with independent assessments. GTR are supportive of stakeholders views being incorporated into the annual ORR assessment.

GTR do not consider any aspect of this response to be confidential.

Yours sincerely



Raj Patel  
Head of Access and Regulatory

## Heritage Railway Association response

Regarding the consultation on assessing the quality of Network Rail's stakeholder engagement we have decided not to specifically respond to the questions. Instead we wish to submit the following statement.

The Heritage Railway Association expect Network Rail to engage with our members that current run over Network Rail infrastructure in an appropriate manner to their use of the network. Should any more of our members with connections to Network Rail, who currently don't run over Network Rail's infrastructure decide to do so in the future, we will expect Network Rail to engage with them in a similarly appropriate manner.

Regards

Ian Leigh

Heritage Railway Association



# **Consultation on ORR's approach to assessing the quality of Network Rail's stakeholder engagement in CP6**

**Response from MAG (Manchester Airports  
Group)**

January 2019



## Introduction

1. Manchester Airports Group (MAG) owns and operates three airports in the UK (Manchester, London Stansted and East Midlands), handling over 60 million passengers per annum. Our airports are nationally significant infrastructure assets – as recognised in the Government’s latest aviation strategy consultation – providing essential connectivity for the UK, contributing over £7.75 billion per annum in GVA to the UK economy and supporting more than 100,000 jobs.
2. Millions of air passengers every year depend on the railway for their journeys to and from our airports. The quality and speed of an airport’s rail services are central to the choices that airlines and air passengers make about which airports they use. As such, the quality of Network Rail’s services, and the assessment of their stakeholder engagement by ORR, is of great importance to our business – both at a day-to-day operational level and strategically in terms of the Network Rail’s ability to deliver infrastructure improvements to support the development of our airports and global connectivity for the UK.
3. Both London Stansted and Manchester Airports have existing capacity to nearly double their current level of throughput, supported by MAG’s multimillion pound investments in new infrastructure and facilities. As such, both airports are central to the Government’s strategy, as set out in “Aviation 2050”, of making best use of existing capacity. Rail improvements, to both Stansted and Manchester, have a vital role to play in this. Ever since MAG acquired London Stansted in 2013, we have been seeking commitment from Government and Network Rail to investment on the West Anglia Main Line (WAML), with a particular focus on reducing journey times for air passengers and commuters, in line with recommendations from the Airports Commission and West Anglia Task Force.
4. However these recommendations have yet to be acted on, despite the number of passengers using the Stansted Express growing by 143% since 2013. This represents an additional 5.2million passengers using the service, giving a total of 8.9million passengers in 2017/18, making Stansted Airport the UK’s second largest airport rail station (behind only Gatwick Airport).<sup>1</sup> Since the shift of the London suburban services out of the Anglia franchise, this means the majority of passenger growth for the franchise has been from the Stansted Express,<sup>2</sup> whereas investment in the area has been focused elsewhere, such as the Norwich in 90 initiative (which does have connectivity benefits for passengers coming into the airport from the north).
5. For Manchester, the long-term focus has been on high-speed rail – both HS2 and Northern Powerhouse Rail – which together have the potential to significantly increase the catchment of the North of England’s international gateway airport. Whilst high-speed rail is outside the scope of this review, 4.6million passengers use Manchester Airport rail station, making it the busiest station in the Transport for Greater Manchester area behind only the Central

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<sup>1</sup> ORR data for entries and exits.

<sup>2</sup> ORR data shows that between 2015/16 and 2017/18, entries & exits from Stansted Airport increased by 49% compared to 6% across Greater Anglia stations as a whole.

Manchester stations of Piccadilly, Victoria and Oxford Road.<sup>3</sup> The failed introduction of the new timetable in May 2018 created severe disruption for the airport from which it has still not fully recovered. The airport suffered extensive delays and cancellations on both Northern and Transpennine Express (TPE) services, which has been severely compounded by continuing strike action on Northern services.

6. During Period 4 of 2018–19, cancellations & significant lateness (CaSL) on TPE services reached 18.5%, three times the England & Wales average.<sup>4</sup> And the airport was particularly affected as TPE services were regularly being cancelled at central Manchester stations en route to the airport to allow service recovery. (By way of comparison, CaSL for Heathrow Express during the same period was 1.2%.) Performance issues on this scale have caused significant disruption to both passengers and staff, and undermined the status of rail as a viable access mode to the airport.
7. One of the root cause of these failures has been identified as the failure by Network Rail to complete its programme of electrification in the North or to deliver new through platforms (15 & 16) at Manchester Piccadilly and to reconfigure and expand the capacity of Manchester Oxford Road. Without these underpinning investments, successful implementation of the proposed timetable was effectively rendered impossible to deliver.
8. From our perspective, the broad approach set out in ORR’s Holding Network Rail to Account policy for CP6 is a good starting point for improving the oversight and accountability of Network Rail. We support the Government in its aspiration of delivering a world-class railway, as we see this as a critical foundation for a world-class aviation sector, the aim of its Aviation 2050 strategy. Our response answers the two questions raised by the consultation, but we have answered these in reverse order, since we feel our response to Question 2 sets important context to our response to Question 1.

## Question 2: Do you have any comments on our proposed approach to assessing the quality of Network Rail’s stakeholder engagement in CP6?

9. It is notable that the main and supporting documentation from ORR on this topic does not specifically define who constitutes Network Rail’s stakeholders. The January 2018 document, “Conclusions on the overall framework for regulating Network Rail”, does provide some guidance, stating (p.3) that “Network Rail’s customers ([are] principally passenger and freight train operators) and other key stakeholders ([are] notably passenger representatives, funders and local transport decision-makers)”.
10. As an airport operator, rail services are a critical part of our surface access infrastructure, not only for passengers but also staff, and increasingly the wider economic development happening on and around our airports. For example, Manchester Airport City is Greater Manchester’s designated Enterprise Zone and the office element of this is being deliberately

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<sup>3</sup> ORR data for entries and exits in 2017/18.

<sup>4</sup> ORR data.

developed around Manchester Airport station for its surface connectivity. East Midlands Airport is the UK's largest pure freight airport, and as a result logistics and other operations have developed in a wider development area in-between the Airport, East Midlands Parkway station and the Ratcliffe-on-Soar power station site.

11. Network Rail is a long-term key supplier to MAG, having worked together (in its various guises) for over 25 years. However, unlike the relationships airports have with other key suppliers, they are generally unable to contract directly with Network Rail to procure a particular level of service. And despite this long relationship, Network Rail do not seem to appreciate the scale and scope of MAG's operations and the importance of the rail stations at our airports. This is leading to underinvestment in rail infrastructure, despite the strong growth in usage, resulting in poor performance, which Network Rail does not appear to understand the ramifications of for the airports. The problems experienced by Manchester Airport from summer 2018 are not fully resolved and are still being felt by the airport, leaving passengers and staff with poorer rail services. Passengers, far more than commuters, require reliability if they are to travel by rail, given the risk and cost involved in missing flights.
12. In a competitive market, airports with fast, regular and reliable rail services will have a distinct advantage over airports with no or slow, irregular and unreliable rail services. It follows that if passengers and airlines are dissatisfied with rail access to particular airport, they will tend to express this by switching their custom to an alternative airport; they are unlikely to engage in a lengthy process to lobby Network Rail or Government for rail improvements.
13. As such, MAG are and want to be recognised by Network Rail and ORR as a key stakeholder, reflecting the importance placed upon MAG's airports by the Government as playing a "national" in its Aviation strategy. We want direct engagement and not just indirect engagement via our partner transport authorities. Therefore we would like ORR's assessment of the quality of stakeholders' views to include MAG to allow us to report whether this engagement with Network Rail has been developed and is working effectively. We are willing to commit time to this process and will partake in whatever format is proposed as long as this is able to fully account for our perspective.

**Question 1: Do you agree with our proposal to focus our assessment in the first year of CP6 on the routes'/SO's engagement on annual business planning and on developing and agreeing scorecards? Are there other areas on which you think we should assess the quality of the routes'/SO's engagement? If so, what should we exclude from the scope of our assessment to accommodate this?**

14. As detailed above, the issue for MAG is that we do not feel we are adequately engaged as a key stakeholder, with engagement instead being indirect. Until engagement is direct, the assessment can only be that engagement with our airports is ineffective. There are a range of key issues around the relationship with Network Rail that we believe need to be addressed.

Once these are addressed, they then need to be included in future years' assessments. Our overview of issues is provided below, but we would welcome the opportunity to discuss these further with ORR:

- a. Timetable changes should be subject to broader consultation and integration with other transport operators and providers, such as airports, alongside wider awareness of users and those impacted.
- b. The planning system used by Network Rail is extremely manual and is long overdue an overhaul. The summer timetable problems illustrate not only the shortcomings of the planning process, but also the inability to quickly and efficiently rectify problems that do occur.
- c. When dealing with Network Rail there is a real lack of engagement and communication. Even after roundtable meetings with Network Rail and the TOCs, agreed actions are not being carried out. A large turnover of staff on key projects further makes continuity and communications very difficult.
- d. There appears to be no clear structure for handling service disruption, with control staff and individual signallers operating on their own in such instances. Communication worsens during any form of disruption, at the time when it is needed the most.
- e. Network Rail is very risk averse, which is understandable for safety critical activities, but also applies to other elements of the organisation. There appears to be a tendency to over complicate and 'gold plate' with slow and ponderous procedures, which can impede progress and makes engagement hard, whilst adding time and cost to delivery.

15. MAG has the following recommendations for more effective working with Network Rail:

- a) A recognition by Network Rail (and TOCs) that airport services are unique in nature, generating significant revenues and operating with different peaks to the rest of the network, with the majority of passengers making an unfamiliar but time critical journey just a few times each year and often with baggage and/or in groups.
- b) A recognition that Manchester and Stansted are airports of national significance as detailed within the Government's Aviation strategy, and that engagement needs to reflect this role and importance.
- c) A commitment to fully consult airports on any future timetable changes.
- d) Early warning of future delays or a reduction in service provision.
- e) Long-term strategic planning discussions around investment in airport services and infrastructure, including exploration of new funding models where this could result in larger scale or faster investment that delivers shared benefits.



## Midlands Connect's response:

### **Network Rail's stakeholder engagement in CP6 (deadline 25<sup>th</sup> January)**

<http://orr.gov.uk/rail/consultations/pr18-consultations/consultation-on-orrs-approach-to-assessing-the-quality-of-network-rails-stakeholder-engagement-in-cp6>

#### Background to Midlands Connect

- Midlands Connect is the Sub-National Transport Body for the Midlands. We are solely funded by Government and constitute a partnership of national and local bodies, including local authorities, local enterprise partnerships, chambers of commerce and our two international airports. You can find out more why we think the Midlands needs a fundamental shift in how major infrastructure investment is planned and delivered in 'Our Routes to Growth'<sup>1</sup>.
- Our partnership's role is not only to research, develop and recommend new routes to growth, it is also to hold national bodies to account to ensure the benefits we all want for businesses, residents and visitors are brought to fruition.
- We published our landmark transport strategy in March 2017 and have been developing flagship policies like the Midlands Rail Hub which will add improved capacity and journey times as far as Hereford and Lincoln, but crucially add £649m GVA per annum to the Midlands and UK economies.
- Sub-National Transport Bodies provide a unique regional perspective to transport planning, promoting a positive future for our economy, with rail improvements as a means as much as an ends. With four of the UK's five main freight lines running through the Midlands carrying 42% UK freight, delivering our Midlands Rail Hub plans could put an additional £22 billion of freight onto our railways every year.
- Midlands Connect welcome the ORR's three consultations on the Network Licence, Stakeholder Engagement and Holding to Account – our responses aim to cross-reference to each follow the same vision.
- We particularly welcome ORR's engagement in 2018/19 and look forward to continuing our engagement with partners and business/public stakeholders. ORR have already made the welcome statement that "our vision for CP6 that, over time, customers and other stakeholders can and should play a much more significant role in working closely with Network Rail to agree priorities and challenge performance."<sup>2</sup> Our responses aim to be constructive in helping ORR and the rail sector achieve this aim.

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<sup>1</sup> <https://www.midlandsconnect.uk/publications/our-routes-to-growth-july-2018/>

<sup>2</sup> [http://orr.gov.uk/\\_data/assets/pdf\\_file/0003/39306/pr18-final-determination-draft-network-licence-consultation-response.pdf](http://orr.gov.uk/_data/assets/pdf_file/0003/39306/pr18-final-determination-draft-network-licence-consultation-response.pdf)

## Response to ORR Questions

1. *Do you agree with our proposal to focus our assessment in the first year of CP6 on the routes'/SO's engagement on annual business planning and on developing and agreeing scorecards? Are there other areas on which you think we should assess the quality of the routes'/SO's engagement? If so, what should we exclude from the scope of our assessment to accommodate this?*
  - **SUPPORT:** Midlands Connect welcome the approach to encourage positive incentives within the new devolved teams at NR and MC will continue to support improved, collaborative approaches to achieve benefits for passengers and freight users. ORR and NR have put a lot of focus in developing the approach to scorecards and annual business plans so it is sensible to get these right and learn lessons up front.
  - **HOWEVER:** We remain concerned about how options for future enhancements will be visible and open to input before they are fully committed to by DfT through the Rail Network Enhancement Pipeline. With more bodies able to propose and promote schemes, but **limited transparency on emerging priorities for improving the network, it remains hard to see how RSBs and wider stakeholders, like MC, will be able to offer effective input to promote improved services across the rail network.**
  - It is also a concern that NR scorecards do not include early transparency and consideration of how future enhancements will impact their programmes. There is a balance to be struck here, but there remain a number of gaps in how route teams can/will effectively manage what DfT know are emerging enhancements options on their routes, any discrepancy in knowledge of future proposals could limit opportunities to align activity and maximise value for money across programmes. **ORR should incentivise efficiencies / reduced duplication in enhancement planning and delivery by ensuring all parties have sufficient information sharing and opportunity early in business plans so that all parties can understand the alignment and trade-offs within their forthcoming programmes.**
2. *Do you have any comments on our proposed approach to assessing the quality of Network Rail's stakeholder engagement in CP6?*
  - **HOWEVER:** Midlands Connect have commented elsewhere that scorecard metrics are reliant on relative metrics, with **no clarity on how improving long term outcomes will be considered, for instance based on condition outputs like average speeds per route.**
  - It remains:

- Unclear how ‘stakeholders’ are defined: we welcome that ORR have recognised that a broad definition should assume engagement with STBs, however it is not clear how consistency will be maintained across RSBs on recognising these assumptions – we have also argued elsewhere that **there should be a consistent definition of ‘stakeholder’ in the Network Licence, and a requirement for a local representative on each RSB** [see ‘holding NR to account’];
  - **Unclear how ‘effective’ is defined: the final determination offers only examples, including “allows its stakeholders to influence its priorities”<sup>3</sup>.** Elsewhere the Highways England License defines ‘effective’ to include positive activities like “take account of local needs, priorities and plans” and “working with others to align national and local plans and investments, balance national and local needs and support better end-to-end journeys for road users.”<sup>4</sup> It seems that consistency with Highways England would offer simple and positive incentives for working with stakeholders.
  - **Self-assessment would not be sufficient:** this is disappointing considering ORR recognise ‘stakeholder engagement’ as one of NR’s three obligations. Keeping NR activity under review through CP6 does not seem realistic, especially when ORR’s timetabling inquiry recognises that public trust needs rebuilding. MC and partners will seek to work with ORR and NR to offer solutions to its activity and help reach out to external stakeholders, but needs more assurances that NR or its RSBs are incentivised to fulfil their obligations effectively.
- o Midlands Connect welcome the effort to embed positive incentives. **HOWEVER**, we have raised concern in the ‘Holding NR to account’ consultation (Figure 4.2<sup>5</sup>), that NR are not actually incentivised to invite alternative solutions from external stakeholders, beyond any challenge available through RSBs. Any ORR understanding of stakeholder views will only be gathered “following completion of Network Rail’s annual business planning... and agreement processes” (para 3.9). Providing a retrospective review after business plans have been agreed means NR are no better incentivised to seek alternative solutions, where in fact there should be demonstrating that they are seeking practical opportunities to bring in time or cost savings to their programmes.

<sup>3</sup> Para 3.26: [http://orr.gov.uk/\\_data/assets/pdf\\_file/0019/39304/pr18-final-determination-overview-and-decisions.pdf](http://orr.gov.uk/_data/assets/pdf_file/0019/39304/pr18-final-determination-overview-and-decisions.pdf)

<sup>4</sup> Para 5.17-5.19: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/431389/strategic-highways-licence.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/431389/strategic-highways-licence.pdf)

<sup>5</sup> <http://orr.gov.uk/rail/consultations/pr18-consultations/consultation-on-orrs-policy-on-holding-network-rail-to-account>

- **HOWEVER: Midlands Connect are particularly concerned that comparing stakeholder engagement across NR routes will be left to ‘self-assessments’** especially when ORR are already helpfully proposing to collate ‘Comparisons between routes’ metrics, which could easily include stakeholder engagement. A simple solution would be to add to para 3.7 that testing with external stakeholders will include a specific opportunity for bodies like MC to feedback to RSBs and NR teams directly, and it is important this be taken into account during, not after, business planning is complete. We are open to different options for how NR could efficiently do this. In parallel, MC could offer to reciprocate the opportunity to feedback on our business plan, which will inevitably be at similar times of the year. Public and business users of the rail network expect a joined-up positive vision for rail services, this effort to be aligned should be a simple, minimum ‘default’. Incentives for closer working, should also embed clear, strategic and transparent dialogue on the respective plans throughout the year, and provide ORR and the public with assurances that plans have been tested and consulted on.



Date: 25 January 2019



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By email only: [pr18@orr.gov.uk](mailto:pr18@orr.gov.uk)

Dear Sir or Madam

**Consultation on ORR's approach to assessing the quality of Network Rail's stakeholder engagement in CP6**

Natural England welcomes the opportunity to comment on the above consultation. As the Government's adviser on the natural environment, our purpose is to ensure that the natural environment is conserved, enhanced, and managed for the benefit of present and future generations, thereby contributing to sustainable development.

Natural England is the statutory adviser to Government on the natural environment and a consultation body on a wide range of permissions and plans. Natural England advises on the environmental elements of sustainable development and is a statutory consultee for development plans, Environmental Impact Assessments, Strategic Environmental Assessment and where proposals are likely to impact upon our particular interests (e.g. S.28(1) of the Wildlife & Countryside Act where development will impact upon a Site of Special Scientific Interest (SSSI)). We also play an important role as a competent authority in the issuing of consents where there will be impacts on protected species and sites.

We engage with Network Rail at a national level and through its routes with our Area Teams. We were a key stakeholder recently with Network Rail's Vegetation Management Review (Valuing nature – a railway for people and wildlife).

If you have further questions regarding our response to this consultation, please contact Deborah Hall, Principal Advisor, Infrastructure.

Yours faithfully

A handwritten signature in black ink, appearing to read "J Burney". Below the signature is a horizontal dotted line.

Jonathan Burney  
Director, Government Advice

Natural England is the statutory adviser to Government on the natural environment and a consultation body on a wide range of planning permissions and local plans. Our purpose is to ensure that the natural environment is conserved, enhanced, and managed for the benefit of present and future generations, thereby contributing to sustainable development.

Natural England advises on the environmental elements of sustainable development and is a statutory consultee for development plans, Environmental Impact Assessments, Strategic Environmental Assessment and where planning applications are likely to impact upon our particular interests (e.g. S.28(I) of the Wildlife & Countryside Act where development will impact upon a Site of Special Scientific Interest (SSSI)). We also play an important role as a competent authority in the issuing of consents where there will be impacts on protected species and sites.

### **Natural England's response to the Consultation on ORR's approach to assessing the quality of Network Rail's stakeholder engagement in CP6**

**Question 1:** Do you agree with our proposal to focus our assessment in the first year of CP6 on the routes'/SO's engagement on annual business planning and on developing and agreeing scorecards? Are there other areas on which you think we should assess the quality of the routes'/SO's engagement? If so, what should we exclude from the scope of our assessment to accommodate this?

Yes

Following the publication in November 2018 of John Varley's Network Rail Vegetation Management Review – 'Valuing nature- a railway for people and wildlife' it will be important to ensure that Network Rail and the routes incorporate the recommendations and actions both in their business planning and within their scorecards. We believe there is an action plan in production to be presented to the Minister in May 2019. With an ambitious vision valuing lineside vegetation as an asset and the recommended partnership approach, stakeholder engagement will be critical.

As the Government's statutory adviser on the natural environment, Natural England welcomes engagement to explore how Network Rail and its routes can deliver its role in operating, maintaining and renewing its network as well as contributing towards the delivery of the Government's 25 Year Environment Plan

**Question 2:** Do you have any comments on our proposed approach to assessing the quality of Network Rail's stakeholder engagement in CP6?

No

Natural England

January 2019

## **Network Rail response to ORR's consultation on the scope of its assessment of Network Rail's stakeholder engagement in CP6**

Network Rail welcomes the opportunity to respond to ORR's consultation on the scope of its assessment of Network Rail's stakeholder engagement in CP6. No aspect of this response is confidential, and we are content for it to be published in full.

**Question 1: Do you agree with our proposal to focus our assessment in the first year of CP6 on the routes'/SO's engagement on annual business planning and on developing and agreeing scorecards? Are there other areas that you think we should assess the quality of the routes'/SO's engagement on (bearing in mind that widening the scope of our assessment would incur additional cost)?**

We agree with the proportionate scope of ORR's proposed assessment approach and that this will inform its approach to monitoring and any action it may take where it has concerns.

Engaging with our stakeholders to develop business plans and scorecards is critical to the delivery of outcomes that matter to stakeholders. We recognise that ORR is focussing on the assessment of annual business planning and on developing and agreeing scorecards rather than attempting to assess the full range of stakeholder engagement. We believe this is the right approach as a narrower scope, focused on an area where there is evident room for improvement, is likely to add most value.

We are embedding a self-assessment process for routes and the SO to review their stakeholder engagement against the engagement plans they develop at the beginning of the financial year. Self-assessment will be supported by central assurance and validation, enabling a review across all routes and the SO to highlight areas of best practice and share these across Network Rail. Our self-assessment process will focus on the engagement to develop our plans and scorecards, recognising the importance we have placed on the feedback provided by stakeholders following the development of the SBP and Draft Determination responses and the early stage of maturity in this area. We welcome ORR's support of our approach and its commitment to review its approach during CP6 to take into consideration our engagement framework and processes where these are judged to be robust and effective.

As we develop the maturity of our stakeholder engagement framework during CP6, we will review the scope of our assessment to determine where it is best focused to add most value and will continue to work closely with ORR to share our latest thinking.

**Question 2: Do you have any comments on our proposed approach to assessing the quality of Network Rail's stakeholder engagement in CP6?**

We think it is sensible that ORR's proposed annual assessment of stakeholder engagement is complemented by ongoing monitoring through regular engagement with routes, the SO and industry. We agree that ORR's assessment process should be informed by stakeholder views as well as Network Rail's self-assessment and reporting. We recognise the importance of independent assessment but are keen to ensure that duplication is minimised so that stakeholders do not feel burdened by the assessment processes.

We assured the stakeholder engagement carried out by routes and national functions to inform our SBP. The results of ORR's assessment of the quality of stakeholder engagement to develop the SBP resulted in a similar view, in many instances, indicating that we generally have a shared understanding of what good engagement looks like. There were cases where we had differing views and we recognise that ORR may place emphasis on different aspects of the engagement process, leading to a distinct view of the quality of engagement. Where we have different opinions, we will continue to work closely with ORR to understand the reasons for any variation.

We recognise that ORR has still to develop its approach to gathering stakeholder views. We believe that views used to support an assessment must be evidence-based given the influence they could have on ORR's approach to monitoring and escalation.

Good quality engagement is a two-way process that is reliant on the commitment of Network Rail and its stakeholders. We think it is important that ORR recognises that there may be occasions where our stakeholders face challenges that prevent them from being able to prioritise engagement with Network Rail at key points in the process to develop our plans and scorecards.



PR18 team  
ORR  
One Kemble Street,  
London,  
WC2B 4AN

Date: 25<sup>th</sup> January 2019

.....  
Dear PR18 team,

**Consultation on ORR's approach to assessing the quality of Network Rail's stakeholder engagement in CP6.**

Thank you for the opportunity to respond to the above consultation. Nexus leads on behalf of the North East Joint Transport Committee on Heavy Rail and Tyne and Wear Metro matters. We therefore have interests as a train operator, an adjacent infrastructure provider and a local authority stakeholder. Thus Nexus has provided varied input into the development of the current Route and System Operator business plans and scorecards.

As a new process we welcomed our engagement, but were disappointed in some areas and thus see it as extremely important for the ORR to hold Network Rail to account to ensure full and meaningful engagement both during the development of plans and through their ongoing periodic monitoring.

Nexus welcome the suggested approach to use a combination of ongoing monitoring of stakeholder engagement (through Network Rail data) and an annual assessment of stakeholder engagement (through surveys and sample interviews).

Turning to the specific questions in the consultation, please find our responses below which represent the views of all areas of the Nexus business.

Question 1: Do you agree with our proposal to focus our assessment in the first year of CP6 on the routes' /SO's engagement on annual business planning and on developing and agreeing scorecards? Are there other areas on which you think we should assess the quality of the routes' /SO's engagement? If so, what should we exclude from the scope of our assessment to accommodate this?

RESPONSE: Nexus agree with the ORR proposals outlined above but would also request that Network Rail offer Stakeholders at least a half yearly review of the

Business Plans and scorecards. This would ensure that engagement is not a one off annual event but stakeholders can be assured that their business, economic and community interests are considered as part of the mid-term review of business plans and scorecards.

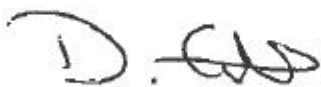
Question 2: Do you have any comments on our proposed approach to assessing the quality of Network Rail's stakeholder engagement in CP6?

RESPONSE: The approach outlined in the consultation seems appropriate at this stage. The use of both Network Rail's self-assessment and ORR stakeholder surveys and sample interviews on an annual basis seems to be a minimum expectation from Nexus. Although ORR have specified they would not wish to be prescriptive with how Network Rail engage with stakeholders, it would be useful to seek in the annual business plans, a section on the Route /SO approach to stakeholder engagement which not only enable stakeholders to understand how they will be involved but also offers the opportunity for best practice to be shared across the routes and SO.

Thank you for your consideration of these comments and hope you find them useful.

Should you require any further information, please do not hesitate to contact me.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'D. Gittins', with a stylized flourish at the end.

**Derek Gittins - Head of Heavy Rail**

## **Rail Delivery Group**

Response to

**ORR consultations on:**

- **Holding Network Rail to account**  
**[not published here]**
- **ORR's approach to assessing the quality of Network Rail's stakeholder engagement in CP6**

**Date: 25 January 2019**

# Rail Delivery Group response to ORR consultations on:

- Holding Network Rail to account [not published here]; and
- ORR's approach to assessing the quality of Network Rail's stakeholder engagement in CP6

**Organisation:** Rail Delivery Group

**Address:** 200 Aldersgate Street, London EC1A 4HD

Business representative organisation

**Introduction:** The Rail Delivery Group (RDG) brings together passenger train operators, freight train operators, as well as Network Rail; and together with the rail supply industry, the rail industry – a partnership of the public and private sectors - is working with a plan *In Partnership for Britain's Prosperity*<sup>1</sup> to change, improve and secure prosperity in Britain now and in the future. The RDG provides services to enable its members to succeed in transforming and delivering a successful railway to the benefit of customers, the taxpayer and the UK's economy. In addition, the RDG provides support and gives a voice to passenger and freight operators, as well as delivering important national ticketing, information and reservation services for passengers and staff, 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

For enquiries regarding this consultation response, please contact:

**Ian Marlee**

**Rail Delivery Group**

2nd Floor, 200 Aldersgate Street

London EC1A 4HD

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<sup>1</sup> *In Partnership for Britain's Prosperity*, RDG (October 2017):  
<http://www.britainrunsonrail.co.uk/files/docs/one-plan.pdf>



## Introduction

1. This document outlines the key points from our members in response to ORR's consultations on holding Network Rail to account and ORR's approach to assessing the quality of Network Rail's stakeholder engagement in CP6. The Rail Delivery Group (RDG) welcomes the opportunity to contribute to these consultations. We are content for this response to be published on the ORR website.
2. Network Rail plays a key role in the rail industry. Train operators are its main customers and are dependent upon Network Rail as the monopoly supplier of railway infrastructure for a key element of their ability to deliver a safe and reliable service to the ultimate customers of rail services - passengers and freight users. The relationship between Network Rail and train operators is therefore crucial - both in terms of collaboration, but also in terms of operators having sufficient tools to be able to put effective pressure on Network Rail to deliver.
3. However, none of this diminishes the vital role ORR has as the ultimate body that holds Network Rail to account. As conditions have developed over time, including the nature of Network Rail and its change of status, it is increasingly important that ORR is proactive in how it monitors and assesses Network Rail and in using its investigative and enforcement powers to greatest effect.
4. As train operators are Network Rail's primary customers, Network Rail's engagement and agreement of the outputs for CP6 with them is an essential part of delivering a high performing railway to passengers and freight users. ORR has a key role in relation to assessing the quality of this engagement both in terms of supporting operators and holding Network Rail to account. It also has an important role in determining the information and assessments that get published as this can play an important role in facilitating reputational incentives where appropriate.
5. Whilst there may be an initial focus on stakeholder engagement around agreeing the outputs for CP6, the industry should continue to build on the enhanced stakeholder engagement in the PR18 process in other areas. ORR has a role to play in assessing the extent to which this approach is successfully embedded in all aspects of the day-to-day planning and operation of the railway in the years to come.

# **ORR's approach to assessing the quality of Network Rail's stakeholder engagement in CP6**

## **Scope and focus of ORR's assessment**

6. We recognise the need for ORR to focus its resources on activities which will add the most value to customers and funders. We agree that in the first year this is likely to revolve around business planning and the agreement of scorecards. However, we consider that this is subject to three things.
7. Firstly, ORR's assessment should be undertaken in the context of clear governance arrangements between routes, SO and operators on industry engagement, backed up by broad, transparent stakeholder engagement plans from each route and the SO. These should include how there would be meaningful and consistent engagement on performance, delivery issues and long term planning, how problems can be escalated, and how there would be engagement with subnational/regional transport authorities where appropriate.
8. Secondly, ORR should not rule out looking into other areas on a case by case basis if specific issues are brought to its attention. In such cases ORR should make it clear that the responsibility in the first instance should be on Network Rail and operators to have sufficient engagement to try to resolve any issues arising.
9. Thirdly, ORR's document focuses mainly on stakeholder engagement by routes and SO - we continue to believe that the importance of Network Rail's Technical Authority (particularly in terms of the ability to challenge standards where appropriate) and Infrastructure Projects divisions (particularly in terms of enhancing the customer focus) in delivering a successful railway must not be overlooked.

## **ORR's assessment approach**

10. We agree that the purpose of the assessment should be on supporting both the reputational incentives for routes and SO to maintain and improve the quality of their engagement, and the adoption of best practice across the routes and SO. We further agree that it should be informed by stakeholder views and Network Rail's self-assessments, and that once there is reassurance around the quality of these self-assessments and their ability to drive improvements to future engagement there may be a less intensive need for independent assessments. However, we consider that ORR's assessment will continue to play an important role in supporting reputational incentives and would therefore not support any implication that it might not be needed at some point in the future.
11. We consider it vital that any assessment by ORR is evidence based. It is also important that all parties recognise that whilst in many cases Network Rail would be expected to lead on engagement issues, good quality engagement is a two way process that relies on sufficient commitment from all parties, whether Network Rail, train operators or other parties. We think that this would need to be a consideration in any assessment by ORR.



January 2019

**RESPONSE TO ORR CONSULTATION ON ITS APPROACH TO ASSESSING THE QUALITY OF NETWORK RAIL'S STAKEHOLDER ENGAGEMENT IN CP6**

22 Headfort Place, London, SW1X 7RY  
ria@riagb.org.uk  
www.riagb.org.uk

**1. INTRODUCTION**

1.1 This letter constitutes the response from the Railway Industry Association (RIA) to the above consultation issued in November 2018.

**2. BACKGROUND TO RIA**

2.1 RIA is the long-established trade association for UK-based suppliers to the UK and world-wide railways. It has 240 companies in membership covering all aspects of rolling stock and infrastructure supply and a diverse range of products and services. As well as the vast majority of the larger, multi-national companies, 60% of RIA's membership base is comprised of SMEs.

2.2 The Oxford Economics 2018 report shows that the UK rail sector contributes annually over £36 billion Gross Value Added (GVA) to the UK economy, employs 600,000 people and generates £11 billion in tax revenues. It is also a growing industry with the numbers of rail journeys expected to double in the next 25 years along with significant growth in rail freight traffic. The full report can be accessed via the following link: [https://www.riagb.org.uk/RIA/RIA\\_new/Press/Oxford\\_Economics.aspx](https://www.riagb.org.uk/RIA/RIA_new/Press/Oxford_Economics.aspx)

2.3 RIA provides its members with extensive services, including:

- Representation of the supply industry's interests to Government, Network Rail (NR), TfL, HS2, ORR and other key stakeholders
- Providing opportunities for dialogue and networking between members, including a number of Technical and Special Interest Groups
- Supply chain improvement initiatives
- Provision of technical, commercial and political information every week
- Export promotional activity, through briefings, visits overseas, hosting inwards visits
- Organising UK presence at exhibitions overseas.

**Executive Summary**

- **Engagement between Routes and stakeholders needs to include the rail supply chain, as rail supply businesses are Network Rail (NR) customers.**
- **Successful delivery by NR Routes of their strategic business plans requires early and regular supplier engagement underpinned by a smooth and visible workload pipeline.**
- **RIA believes:**
  - **Each Route should measure the effectiveness of its engagement with the supply chain, e.g. in terms of overall communication;**
  - **Early and high quality contractor involvement is required;**
  - **There should be improved asset knowledge; and**
  - **There should be a commitment to measure 'actual' versus 'estimated' spend, particularly in respect of renewals.**
- **RIA strongly suggest that the renewals volumes delivered during CP6 need to be very carefully monitored by the ORR, and that rapid and appropriate action be taken, should the planned smoothness not be achieved. 'Lead' rather than 'lag' indicators are needed to achieve this.**

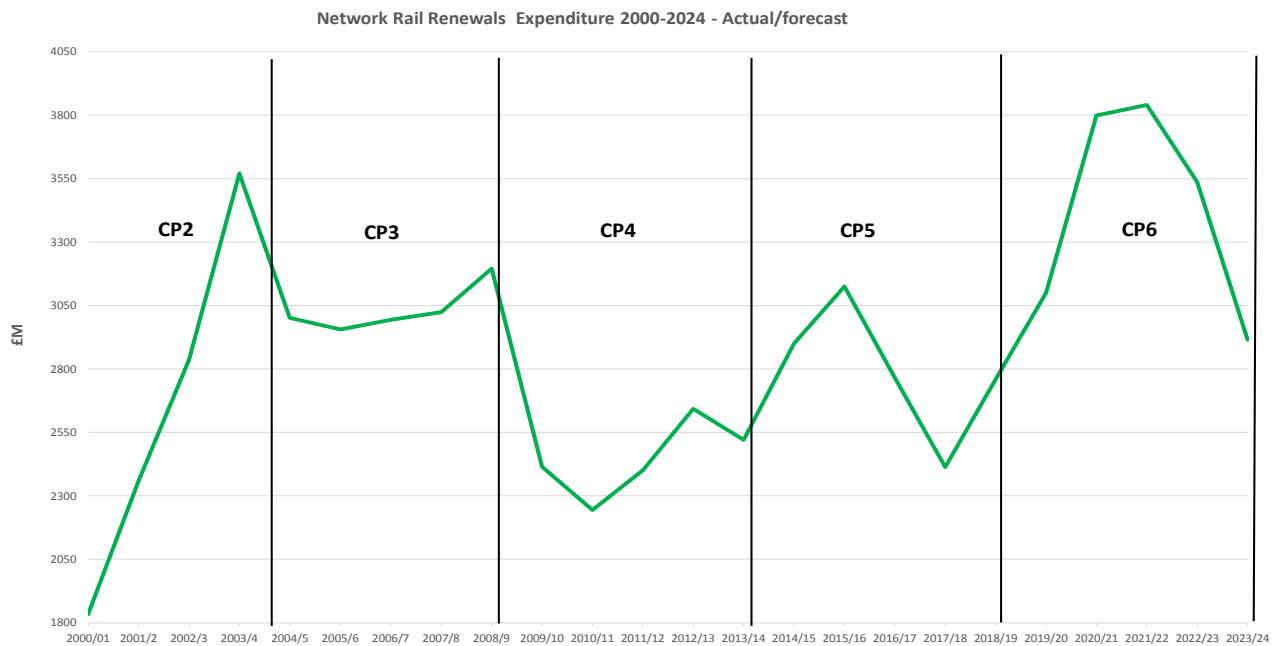
### **3. STAKEHOLDER ENGAGEMENT**

- 3.1 RIA welcomes the ORR's approach to support improvements in the quality of the Routes' / System Operator's (SO) stakeholder engagement. As set out in the consultation document, monitoring should be on an ongoing basis and supplemented by annual assessments of stakeholder engagement. As well as focussing on the Routes and the SO, it should also include Network Rail Infrastructure Projects (NRIP).
- 3.2 We note that, according to our search, the words 'supply chain' and 'suppliers' are not mentioned in the document. We have raised in previous responses, the apparent lack of recognition of the supply chain as stakeholders in the PR18 / CP6 process. This omission overlooks the significant role the rail supply industry plays, and can play, in delivering collaboration - thus a vital piece of the jigsaw is missing, not least as rail supply businesses are also Network Rail (NR) customers and contribute towards a successful railway.
- 3.3 RIA is pleased that the ORR has accepted our previous suggestion that there should be inclusion of a commitment by NR on supplier engagement; this recognises both the Government's objective of bringing track and train together and NR's Route devolution.

### **4. RESPONSES TO CONSULTATION QUESTIONS**

**Q1 DO YOU AGREE WITH OUR PROPOSAL TO FOCUS OUR ASSESSMENT IN THE FIRST YEAR OF CP6 ON THE ROUTES'/SO'S ENGAGEMENT ON ANNUAL BUSINESS PLANNING AND ON DEVELOPING AND AGREEING SCORECARDS? ARE THERE OTHER AREAS ON WHICH YOU THINK WE SHOULD ASSESS THE QUALITY OF THE ROUTES'/SO'S ENGAGEMENT? IF SO, WHAT SHOULD WE EXCLUDE FROM THE SCOPE OF OUR ASSESSMENT TO ACCOMMODATE THIS?**

- 4.1 RIA agrees that the approach proposed by the ORR for the first year of CP6 appears sensible. This highlights the importance of stakeholders in the process and the ORR's expectations regarding engagement between Routes and stakeholders, which must include the rail supply chain. This aligns with the requirement for the Strategic Business Plans (SBPs) to demonstrate evidence of stakeholder input. Furthermore, the SBPs should also include a Supply Chain strategy to help manage (financial) performance. These underpinning elements should be carried through to the ORR's approach to assessing the quality of NR's stakeholder engagement.
- 4.2 While we support the use of Scorecards in CP6, we believe consideration should be given to devising a process for each Route to measure the effectiveness of its engagement with the supply chain, e.g. in terms of overall communication, and also improved asset knowledge – particularly with reference to underground services, and also with respect to actual versus estimated spend, especially in respect of renewals. We have seen in the past the problems with the peaks and troughs in renewals expenditure across Control Periods – the graph below illustrates this issue of 'boom and bust' in renewals expenditure.



- 4.3 As we made clear in our responses to the ORR throughout PR18, this leads to increased costs, and a disincentive to invest in people, products, and process. We strongly suggest that the renewals volumes delivered during CP6 need to be very carefully monitored by the ORR and rapid and appropriate action taken should the planned smoothness not be achieved.
- 4.4 We would absolutely stress the importance of early-stage development of projects being critical to their success. RIA has repeatedly called for Early Contractor Involvement (ECI) to ensure projects are at an appropriate level of maturity before commitments are made. Naturally, this can be achieved only through early and high quality engagement with the supply chain.
- 4.5 We welcome the development of route based scorecards aligned to stakeholder priorities. Route-level considerations might include route level efficiency targets and other performance measures that enable benchmarking, not least to facilitate comparative competition between the routes (how routes perform relative to each other). Using scorecards to compare and benchmark performance across the Routes can also promote learning and best practice, and can help build and enhance reputation. They can also reinforce accountability and transparency. Being mindful of the need to compare and benchmark relative performance across the Routes, scorecards should include some core metrics common to all Routes. Otherwise there is a risk that local customers may decide metrics that do not facilitate such comparison, particularly in circumstances where the metrics are updated and changed each year.
- 4.6 Both the Route and SO scorecards, and the ORR’s assessments, need to speak to metrics that are meaningful to respective stakeholders. For example, for the supply chain:
- The degree of smoothing of work bank pipelines to avoid peaks and troughs, which reduce efficiencies – this may include confidence levels around achievability/deliverability of the pipeline against the proposed timescale and number/percentage of schemes delivered on time (in effect, the degree to which NR has smoothed the work bank pipeline)
  - With an eye on monitoring deferral of work, metrics might include in-year percentage of planned renewals delivered and year-on-year (cumulative) percentage of planned renewals delivered
  - Supply chain visibility of work/pipeline (i.e. ‘x’ months/ years forward) – the longer the time period, the more likely this will support supply chain investment in skills and innovation
  - Outturn of expenditure on renewals, to provide a more accurate picture than forecast spend

- Overspending against budgets, which could put at risk planned renewals programmes, particularly if NR is unable to vire monies between operations, maintenance and renewals
- Levels of track access for suppliers to carry out renewals and the level of booked possessions over e.g. the coming year
- An 'on-track' scale of expected efficiencies being delivered
- The proportion of planned work that has been designed, tendered, awarded
- The extent to which NR is engaging with suppliers (both Tier 1 contractors and Tier 2 / SME suppliers) before schemes and projects reach GRIP3
- How stakeholder/supplier engagement has influenced planning and delivery, i.e. in terms of what actions NR has taken on board
- Other behaviours which encourage transparency and information sharing and which ensure greater consistency, supply chain visibility and efficiency

4.7 In terms of the presentation of scorecards themselves, it might be worth adopting a RAG (Red, Amber, Green) approach. In cases where the rating is amber or red, mitigating actions being taken or needed to bring the metric back to green and over what timescale should be detailed. It may well be that the scorecards have both leading and lagging indicators – early notice when schemes and projects go off track is critical to the supply chain.

4.8 We would expect the Routes to have a Supply Chain Strategy against which their engagement and performance can be monitored and assessed. For example, the strategy might include a route's approach to alliances. 'Alliancing' allows the collective sharing of risks and can provide a smoother work pipeline and more certainty over project costs; and it can provide more opportunities for innovation and improve delivery performance. The strategy might also set out how Routes will achieve the Government's aspiration that 33% of procurement spend will be with SMEs by March 2022, and throughout CP6. Furthermore, SME spend needs to be measured and audited.

**Q2 DO YOU HAVE ANY COMMENTS ON OUR PROPOSED APPROACH TO ASSESSING THE QUALITY OF NETWORK RAIL'S STAKEHOLDER ENGAGEMENT IN CP6?**

4.9 The supply chain would be better able to deliver significant efficiencies if suppliers were able to enter into long term collaborative relationships with NR Routes, facilitated by NRIP. The performance of these relationships would be carefully measured and good performance would allow for them to be extended from one Control Period into the next. This would help deliver a smooth pipeline of work rather than the 'boom and bust' rail supply businesses have experienced under the current Control Period funding structure; whereby there has been a drop in work towards the end of one Control Period followed by a ramping up of work at the start of the next. This is an inefficient way of working and can add between 10- to 30% to costs.

4.10 A smoother and more visible work bank pipeline would support efficiency and help control costs. The ORR might consider monitoring the impact of dependencies in project delivery, such as the possessions regime and its effectiveness. It should be noted that the cost of contingency built into possessions is significant, given the financial cost of a possession overrunning coupled with reputational damage.

4.11 One of the key challenges to delivering efficiency is the uptake of innovation rather than the generation of good ideas. In the main, there is a creative supply chain in the UK, presenting innovations to the railway. It is the low rate of uptake that can result in smaller companies struggling to weather the so-called 'innovation valley of death', or larger companies having the confidence to invest in development. The client's, i.e. NR's, risk appetite can stifle innovation. RIA suggests NR consider looking at alliancing and innovation in tandem, which in turn could encourage specific ECI cases.

- 4.12 A whole life cycle view of costs and outcome specifications will support efficiency improvements. Focussing purely on first or lowest cost tenders stifles innovation and leads to longer-term inefficiency of the railway. NR would (continue to) improve its performance if it adopted this approach on a wholesale basis.
- 4.13 Successful delivery of NR's strategic business plans is vital to the future of our railway – achieving success requires early supplier engagement and a stable and visible workload pipeline for the supply chain. This will include the need to use sustainable procurement methodologies, covering issues such as whole life costing and outcome, rather than input, specifications. Furthermore, NR will need new suppliers, as well as existing ones. Importantly both large and small businesses need confidence to invest, based upon seeing a commercial return – this is particularly so for SMEs, where their specialist capabilities are able to deliver real value.

## **5. CONCLUSION**

- 5.1 RIA welcomes the opportunity to comment on the ORR's approach to assessing the quality of NR's stakeholder engagement in CP6.
- 5.2 The strong CP6 SoFA settlement provides an excellent opportunity for the industry collectively to make a step-change to our railway and its growing number of customers. We must also prove to our funders that the supply sector can deliver these substantial volumes of work, if we are to continue to secure such funding settlements.
- 5.3 The railway supply chain stands ready to play its part in a collaborative push to achieve this delivery. But in order to do so, we need in turn successful adoption of the points referenced in the Executive Summary.
- 5.4 We hope this response is helpful; and we stand ready to discuss any part of it with the ORR at any time.

**For further information, please contact RIA's Senior Policy Manager, Damian Testa.**

East Midlands Trains  
1 Prospect Place  
Millennium Way, Pride Park  
Derby  
DE24 8HG

Office of Rail & Road  
One Kemble Street  
London  
WC2B 4AN

(By email only)

25<sup>th</sup> January 2019

Dear Sir/Madam,

## **Stagecoach Group and Virgin Trains (incorporating East Midlands Trains and Virgin Trains West Coast) Response**

### **ORR's Approach to Assessing the Quality of Network Rail's Stakeholder Engagement in CP6**

Stagecoach Group and Virgin Trains (SG & VT) welcome the opportunity to comment on ORR's approach to assessing the quality of Network Rail's stakeholder engagement in CP6 published in November 2018. Our comments below have also been highlighted in our response to ORR's consultation on the new policy to hold NR to account for CP6.

#### **Scope of Assessment**

We are supportive of effective stakeholder engagement. However, there are many stakeholders and there needs to be some differentiation between direct customers i.e. train operators who have contractual relationship and the others whom are not i.e. those groups and organisations that are impacted by Network Rail but whom have no contractual relationship. We would expect train operators to have significantly more involvement in the engagement process given their ability to affect the outcomes delivered, and the efficiency with which they are delivered.

We believe that the ORR can only effectively assess the quality of routes' engagement with train operators based on documented plans with clear process governance. SG & VT have written to Network Rail and copied in the ORR during the PR18 process regarding 'Stakeholder Engagement and how stakeholders might add value through their engagement with the process of preparing the SBPs'. Our experience with regard to the engagement process was that they were more of a presentation of Network Rail's proposed plans and outputs from a 'show and tell' perspective, with an over-arching message that there are extreme funding limitations and, therefore, little opportunity to do anything more. There was no clear procedure (no guidance nor timeline) to follow as part of the SBP process in terms of our views being heard by Network Rail. We consider that the ORR should emphasise on a clear process and documentation procedure as part of its assessment so that ORR assess the routes' performance on Network Rail's strength with its engagement process and comparing the outcomes between routes.



The use of scorecards is a useful management tool for providing data and information. However, they are just a working document for discussion between Access Beneficiaries, stakeholders and Network Rail and nothing more. We would like to see Network Rail's customers i.e. TOCs to have a greater influence on what is included, and for the content to become more diverse and to include measures which reflect the commercial and customer performance of Network Rail's customers, recognising that incentives need to be aligned.

### **Approach of Assessment**

Whilst the ORR recognises the importance of effective stakeholder engagement and expect stakeholders to be able to influence priorities and challenge performance through stakeholder engagement, the fundamental problem remains when there is a lack of visibility and understanding of Network Rail's current status of assets, for example Network Rail's inability to meet the renewal delivery target in CP5; it is difficult for train operators to challenge this particular area if the data is not available and we cannot understand the reasons for the decline.

We acknowledge that not every aspect of Network Rail's performance can be captured through quantitative metrics, such as the quality and effectiveness of SO on how the network should be used or developed. Also, certain aspects of the SO's performance are not on its scorecards and the Routes are recipients of SO decisions and outputs as much as TOCs and FOCs are. We would welcome further detail on how the ORR sees the development of engagement between individual Access Beneficiaries and Network Rail concerning the SO function. There are many different and sometimes opposing views about the activities of the SO. It is therefore difficult to assess the quality of engagement and how well they perform based on the range of differing views.

We hope above inputs are useful. Should you require any clarification regarding any of the above or wish to discuss any points further, please feel free to contact me.

Yours sincerely,

Lanita Masi  
Track Access & Network Change Manager  
East Midlands Trains

## Stevenage Borough Council response

ORR consultation: ORR's approach to assessing the quality of Network Rail's stakeholder engagement in CP6

### **Question 1:**

**Do you agree with our proposal to focus our assessment in the first year of CP6 on the routes'/SO's engagement on annual business planning and on developing and agreeing scorecards? Are there other areas on which you think we should assess the quality of the routes'/SO's engagement? If so, what should we exclude from the scope of our assessment to accommodate this?**

We welcome the emphasis placed on improved stakeholder engagement and flexibility in terms of how best to achieve this.

However, the consultation doesn't state who is being referred to in terms of 'stakeholders'. It would be helpful to set out a minimum standard in terms of who Network Rail should be engaging to ensure some consistency in approach.

### **Question 2:**

**Do you have any comments on our proposed approach to assessing the quality of Network Rail's stakeholder engagement in CP6?**

We support the proposed approach to assessing the quality of Network Rail's stakeholder engagement.

Periodic Review 2018  
Office of Rail and Road  
One Kemble Street  
LONDON  
WC2B 4AN

Transport Focus, Fleetbank House  
2-6 Salisbury Square, London EC4Y 8JX  
[www.transportfocus.org.uk](http://www.transportfocus.org.uk)

23 January 2019

Dear Sir/Madam

### **Assessing the quality of Network Rail's stakeholder engagement in Control Period 6**

Transport Focus, the independent consumer watchdog representing the interests of Britain's rail passengers, is pleased to respond to ORR's consultation on its approach to assessing the quality of Network Rail's stakeholder engagement in Control Period 6.

Question 1:

*Do you agree with our proposal to focus our assessment in the first year of CP6 on the routes'/SO's engagement on annual business planning and on developing and agreeing scorecards? Are there other areas on which you think we should assess the quality of the routes'/SO's engagement? If so, what should we exclude from the scope of our assessment to accommodate this?*

Transport Focus agrees that ORR should initially concentrate on assessing how well Routes and the System Operator engage regarding annual business planning and developing and agreeing scorecards. It is particularly important that Network Rail ensures that passengers, the ultimate consumer of its product, are engaged effectively in this process. Transport Focus would be pleased to advise Network Rail and/or ORR about how this could be achieved.

An area that we encourage ORR to include within its assessment is the extent to which a Route/the System Operator has amended its initial proposals in light of stakeholder engagement. The exercise will have failed if it becomes purely a presentation of decisions Network Rail has taken already, rather than embracing stakeholder views to inform those decisions.

Question 2:

*Do you have any comments on our proposed approach to assessing the quality of Network Rail's stakeholder engagement in CP6?*

Transport Focus agrees that ORR should include the views of stakeholders in its assessment of Network Rail's success in engaging with them. To sit alongside Network Rail's evidence of its activity, it is vital that the views of stakeholders about how effective the process has been for them are reflected in the assessment.

Finally, Transport Focus wishes to reiterate that ORR should very early in Control Period 6 set out its expectations for passenger and stakeholder engagement in formulation of each Route/ the System Operator's Strategic Business Plan for Control Period 7. Arrangements this time were much better than for Control Period 5, however broadly speaking they were nearer to briefing stakeholders on a largely settled plan and not building that plan having first engaged effectively with stakeholders. Transport Focus wishes to see the latter approach adopted for the Periodic Review in 2023.

Yours faithfully

**Guy Dangerfield**  
Head of Strategy

# ORR’s ‘Consultation on ORR’s approach to assessing the quality of Network Rail’s stakeholder engagement in CP6

## A consultation on a ORR’s approach to assessing the quality of Network Rail’s stakeholder engagement in CP6

This pro forma is available to those that wish to use it to respond to ORR’s ‘approach to assessing the quality of Network rail’s stakeholder engagement. Other forms of response (e.g. letter format) are equally welcome, though we would be grateful if these could be structured broadly in line with the areas listed below (where you wish to comment), to aid our review of responses.

Please send your response to [pr18@orr.gsi.gov.uk](mailto:pr18@orr.gsi.gov.uk) by **25 January 2019**.

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<b>Job title*</b>	Deputy Head of Rail
<b>Organisation</b>	Transport for Greater Manchester
<b>Email*</b>	

\*This information will not be published on our website.

### Consultation on ORR’s approach to assessing the quality of Network Rail’s stakeholder engagement in CP6

**Q1. Do you agree with our proposal to focus our assessment in the first year of CP6 on the routes’/SO’s engagement on annual business planning and on developing and agreeing scorecards? Are there other areas on which you think we should assess the quality of the quality of the routes’/SO’s engagement? If so, what should we exclude from the scope of our assessment to accommodate this?**

TfGM support the approach, in particular commend the principle of accountability at a devolved level and greater focus on operational performance which impacts passengers.

In recognition of the development of a new framework and its implementation across the business; the focus on business planning and scorecards appears proportionate. We feel there is also scope for this to be extended into other areas (see below). We are hopeful improved engagement in Network Rail’s business planning process with stakeholders will drive transparency and allow organisations to align their priorities. The scorecards will provide a much needed focus on performance, an area which remains of real concern to passengers and the wider industry. We feel annual reporting should help healthy competition between routes and facilitate best practice.

#### Asset condition

Asset condition is used as an area where stakeholders ‘may not be well placed or focused on challenging Network Rail’s performance. TfGM would like to use this opportunity to make it clear that this is, in fact, an area where we have great concerns about Network Rail’s

performance and our challenges have often been met with process based rather than customer focused answers. We feel that Network Rail have continuously underinvesting in their assets and particularly stations in GM, and that this is storing up a problem for the future. A measure ensuring stakeholders are regularly consulted to quantify how Network Rail are maintaining and enhancing their assets would be welcomed. Perhaps a link to the station scores in NRPS could also be considered, or a quality regime to report on Network Rail's customer facing assets – (perhaps best assessed by the train operator).

#### Stakeholder survey

In addition to these measures, we suggest a stakeholder survey, similar to that carried out by the TOCs as a comparative 'temperature check' and would enhance ORR's understanding of how Network Rail are really performing in this area. It would also capture the qualitative factors of their delivery and engagement with stakeholders, as well as quantitative.

The numerical outcome would allow ORR and other interested parties to compare year on year as well as qualitative assessment to help shape improvements going forward. It would also provide an interesting comparison to TOC stakeholder surveys.

#### Major project delivery

The Glaister Review made clear recommendations to ensure better communication between stakeholders as projects develop. What are ORR doing to monitor the extent Network Rail have taken this on on-board?

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### **Q2: Do you have any comments on our proposed approach to assessing the quality of Network Rail's stakeholder engagement in CP6**

Network Rail stakeholder engagement is improving, but is still at a basic level. As new ways of working become embedded, they should be reviewed to ensure they are leading to active collaboration and encompassing the views of a wider range of stakeholders.

TfGM would also like to see sub-route level performance measures being developed as part of this process. It is our experience that route wide measures can hide bad performance at a more local level.

ORR stated in the stakeholder engagement session they held on this consultation in Manchester on 9<sup>th</sup> January that they saw the review mechanism for scorecards as the Supervisory Boards. We understand this is not currently happening. TfGM welcome the establishment of these boards but feel they need more guidance regarding governance, such as a core Terms of Reference and guidance on who should attend. If these meetings are where stakeholders ultimately raise and resolve issues with Network Rail we should, where appropriate, consider extending attendance to represent the broad stakeholder needs. At these meetings, ORR attendance could monitor consistency and openness of dialogue and facilitate an early examination of risks to avoid later punitive action and intervention.



Office of Rail and Road,  
One Kemble Street,  
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WC2B 4AN.

25th January 2019

Transport for London  
Palestra  
London  
SE1 8NJ

Dear Sir/Madam,

## **Consultation on ORR's approach to assessing the quality of Network Rail's stakeholder engagement in CP6**

This letter sets out our response to the ORR's consultation on their approach to assessing the quality of Network Rail's stakeholder engagement in CP6. We are content for our response to be published and shared with Third Parties.

We support the proposals outlined in the consultation to focus your assessment in the first year of CP6 on the routes'/SO's engagement on annual business planning and on developing and agreeing scorecards. In addition, TfL considers that ORR should also include engagement regarding operational performance as a key focus point from the start of CP6. Good, proactive performance from Network Rail in this area is a critical factor for Network Rail's stakeholders.

We also consider that Network Rail's stakeholder engagement should be proportionate and targeted. In our experience, Network Rail has held large scale stakeholder workshops on its strategic business plans with little detail being presented but has not either engaged individually with TfL or engaged with us as part of a small group of specifiers and funders. The level of engagement needs to be appropriate to the stakeholder.

Lastly, we would like to point out that we are currently working on your other consultation on Network Rail's network licence and that we should be able to provide more meaningful comments once we have more clarity on the final form of that licence. Notwithstanding, we would expect Network Rail to recognise our numerous and diverse roles as funders and specifiers of services, and provide a reasonable level of support in delivering our objectives, particularly the Mayor's Transport Strategy.

Yours sincerely,

**Alfonso Saco Díaz,  
Planner – Rail Development,  
Public Transport Service Planning,  
Transport for London.**