



Martin Jones
Deputy Director, Access & International
Office of Rail and Road
25 Cabot Square
London
E14 4QZ

Network Rail
1 Eversholt Street
London
NW1 2DN

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Dear Martin

Update on CP6 Commitments: Freight and National Passenger Operators (F&NPO)

In response to ORR's PR18 Draft Determination, we committed to several specific actions in relation to F&NPO's governance, accountability, stakeholder influence and transparency. We provided an update on progress against these commitments in September 2019 as part of the Putting Passengers First programme.

Since then, in February 2021, we announced organisational changes that will see the dissolution of the Network Services function, with the F&NPO team moving to the System Operator (SO). In this context, I have provided a further update on progress against our F&NPO CP6 commitments below, explaining the progress we have made under the Network Services directorate before we become part of the System Operator on 29 March 2021.

Governance and reporting framework

We published the F&NPO governance and reporting framework in December 2020, so that our stakeholders can understand the interfaces between F&NPO, regions, the SO and other parts of Network Rail. We consider this to have fulfilled the commitment in our PR18 Draft Determination Response. We will continue to review and manage the framework as business as usual activity.

We are continuing, as part of Network Rail's Governance, Risk, Assurance and Improvement (GRAI) workstreams, to define and document a number of core F&NPO processes which we discussed with ORR in late 2020. We will continue to provide updates on this work through our regular discussions with ORR.

Supervisory Boards

We reviewed the approach taken by the SO for its Advisory Board and considered whether it would be appropriate to implement elements of this approach for F&NPO. We concluded that any F&NPO Supervisory Board would be duplicative of the existing RDG Freight Board, with the same representatives for both. This is even more relevant in the context of the Covid-19 pandemic which has introduced another level of industry engagement to manage the unique challenges presented. In addition, Network Services will no longer exist as a function, and SO already has a well-established Advisory Board in place. We will therefore consider how F&NPO issues are best represented through wider SO industry engagement, including the Advisory Board. We have reviewed this option fully and consider this commitment to be closed as we do not plan to create a separate supervisory board for F&NPO.

Annual report on activities and achievements

We published our first annual report of F&NPO's activities and achievements in September 2020, looking back over our 2019/20 challenges and successes for each of our customers and fulfilling the commitment for the first year of the control period. We will continue to consider how to align our public reporting to provide accessible information that is valuable to the audience it serves when the F&NPO team becomes part of SO.

Annual stakeholder survey

Our approach to wider stakeholder engagement has been to use periodic and year end customer scorecard achievement, as well as our level 1 and 2 customer meetings, to give an indication of customer satisfaction and measure our delivery to customers. A number of customers opted to include 'pulse checks' as a measure on their customer scorecards, which we continue to review, and which contributes to F&NPOs overall scorecard achievement. In addition, we introduced regular reviews of customer priorities. We engage with our customers quarterly to understand their priorities and jointly review progress against them. This gives us an opportunity to pick up on satisfaction in specific areas of our business and address them as required through our regular customer engagement.

We have also adapted our engagement with customers in response to the Covid-19 pandemic, initially implementing daily calls to understand and support evolving priorities, which have now reduced to weekly calls. There has been good engagement with this approach, with senior representation from Network Rail and customers. Overall, we have received positive feedback through our customer relationships.

As ORR is aware, SO already undertakes its own review of stakeholder engagement which, from 2021/22 onwards, will include F&NPO activities. Additionally, ORR's own approach to assessing stakeholder engagement has developed over the first two years of CP6. We provide evidence of all the engagement described here to ORR annually, which informs ORR's stakeholder survey and assessment.

Recognising the extensive engagement already in place, we considered the value that an additional survey might provide and consider this commitment to be closed as we have decided not to introduce an annual stakeholder survey. We will continue to discuss our stakeholder engagement with ORR through the business as usual annual assessment of stakeholder engagement.

Freight end-user scorecard

We have carefully considered the best way to represent Freight End Users' (FEU) priorities through our internal monitoring framework. Through ongoing dialogue with FEUs, we identified that maintaining a forward-looking focus on business development and growth is a key priority.

We therefore worked with FEUs to develop plans on pages reflecting these priorities. The plans on pages highlight the opportunities for development and growth and identify specific milestones to monitor progress against, as well as a customer satisfaction score. The plans on pages are reviewed with FEUs every four months, enabling us to understand their business and prioritise aspirations to develop realistic milestones. F&NPO then collaborates with regions and functions to build these milestones into the relevant plans. We consider that we are capturing and tracking FEU priorities in the most appropriate way, which fulfils this commitment.

Identify and publish milestones for F&NPO plan

We updated our F&NPO plan in January 2020, identifying and confirming all milestones as part of the Delivery Plan Update. In October 2020 we shared this plan with customers as part of a now regular cycle of sharing and getting feedback on plans every four months. We have therefore fulfilled this commitment and will continue to keep stakeholders including ORR up to date on progress against our plan.

I would be happy to discuss this further with you and your team if it would be helpful.

Yours sincerely,



Andy Saunders
Head of Strategic Capability