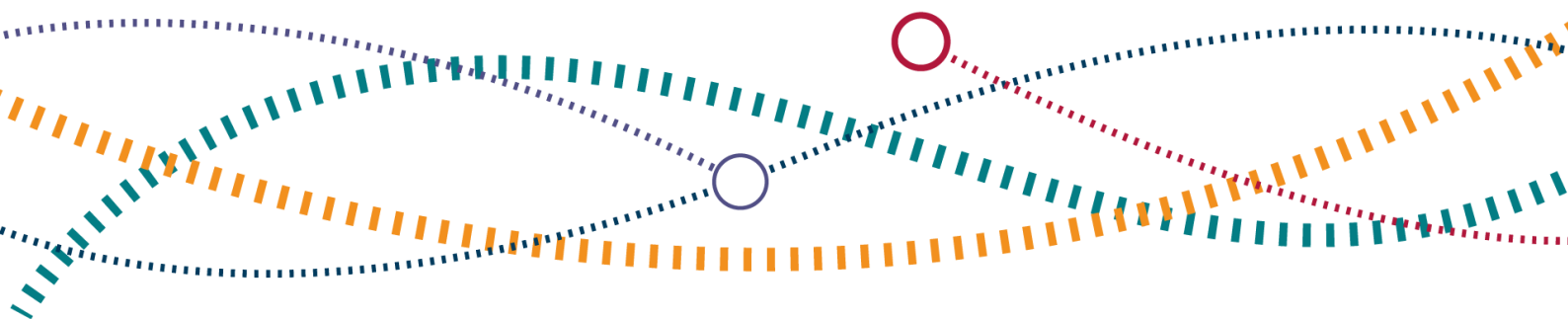




Annual assessment of Network Rail's stakeholder engagement

Review of the effectiveness of Network Rail's Enhancements Delivery Plan

22 September 2021



Review of the effectiveness of Network Rail's Enhancements Delivery Plan

Background

Our responsibilities in CP6

- 1.1 Our role in enhancements monitoring changed in Control Period 6 (CP6) to recognise the different approach to the governance of the enhancements portfolio compared to Control Period 5 (CP5). In summary;
- Network Rail was reclassified as a public sector body early in CP5. One of the consequences of this was that it no longer had the option to borrow from the market to cover rising costs in its business;
 - the enhancements portfolio in England & Wales came under significant cost pressures in CP5 (leading to three major reviews being commissioned: Bowe, Hendy, and Shaw). In response to these reviews DfT put in place a number of additional governance arrangements; and
 - investment decisions for enhancements are taken when projects reach defined levels of certainty in their project lifecycle, a new approach was developed referred to as the Rail Network Enhancements Pipeline (RNEP)¹ in England and Wales and the Team Scotland Execution Plan² for Scotland's Railway. This was a change from CP5 when enhancements were specified as part of the periodic review process.
- 1.2 Our roles and responsibilities³ were agreed with DfT and Transport Scotland at the start of CP6. Our role includes:
- monitoring the delivery of enhancements to enable a holistic view of Network Rail's performance across operations, maintenance, renewals and enhancements;

¹ Rail Network Enhancements Pipeline, A New Approach for Rail Enhancements, published March 2018 - [here](#)

² Rail enhancements and capital investment strategy, published March 2018 - [here](#)

³ CP6 roles and responsibilities, published March 2019, [here](#)

- providing an understanding of Network Rail’s broader capability to deliver its enhancements obligations;
- providing public accountability and transparency on Network Rail’s progress in delivering enhancements;
- informing an assessment of the risk to successful timetable changes, impacting on passenger and freight end-users of the railway, by providing an independent view on Network Rail’s delivery of infrastructure enhancements; and
- publicly reporting on the cost of enhancement projects as part of ORR’s annual efficiency and finance assessment of Network Rail.

1.3 For enhancements projects in Scotland, we also:

- monitor milestones that have been agreed between Transport Scotland and Network Rail; and
- provide advice to Transport Scotland (as requested) on the efficient cost and scope of delivering a specified output at investment decision points.

Providing Transparency to stakeholders through the Enhancements Delivery Plan

1.4 Network Rail, funders and other rail industry parties use various forums and channels of communication to inform stakeholders about enhancements. One of the ways Network Rail provides transparency to funders and stakeholders on its enhancements obligations is by publishing an Enhancements Delivery Plan (EDP) for both England and Wales⁴ and Scotland’s Railway⁵. The EDP is published quarterly with exact timings agreed between Network Rail and government funders.

1.5 The System Operator was responsible for publishing the E&W documents at the beginning of CP6, but this team recently moved to Network Rail’s rail investment centre of excellence. The Scotland EDP is collated and published by Scotland’s Railway. The purpose of the documents is to:

- allow railway undertakings to plan their businesses with a reasonable degree of assurance (fulfilling a network licence condition); and

⁴ Enhancements Delivery Plan – England and Wales (updated quarterly) [here](#)

⁵ Enhancements Delivery Plan – Scotland (updated quarterly), [here](#)

- provide transparency on enhancement commitments which should incentivise Network Rail to deliver a high level of performance and inform public and parliamentary debate around this performance.

1.6 In England and Wales and Scotland the EDPs should set out the enhancements commitments that Network Rail has made to its funders. In CP6, this includes the following information:

- schemes which are post-final investment decision as per DfT's Rail Network Enhancements Pipeline, or schemes which are post-Final Business Case as per the Team Scotland Execution Plan;
- milestones describing Network Rail's obligations to its funders and customers (for various key outputs where applicable);
- a brief narrative to enable stakeholders to understand how the scheme could impact on their business; and
- contact details, to facilitate stakeholders looking for additional information.

1.7 The Scotland EDP (or a separate document) should also include Network Rail's obligations for key schemes in the pipeline, but not committed for delivery by the Scottish Government, including:

- a brief description of schemes including their strategic fit with details of what Network Rail is delivering and how it might contribute to a future service output; and
- milestones describing Network Rail's obligations to develop projects in the pipeline as agreed with, and funded, by Transport Scotland.

Review of the effectiveness of Network Rail's Enhancements Delivery Plan

1.8 In October 2018 we committed to undertake a review⁶ of Network Rail's Enhancements Delivery Plan⁷ to understand if it provides stakeholders with sufficient information to plan their business.

1.9 We have undertaken this review alongside our wider assessment of Network Rail's stakeholder engagement, which took place in Spring 2021. The CP6 EDP was first

⁶ Letter to Network Rail re. CP6 Delivery Plan Notice, page 2, para 8 - [here](#)

⁷ From this point on when we say 'EDP' we are referring to both the England and Wales EDP and the Scotland's Railway EDP.

published in 2019 and our assessment in Spring 2021 has allowed time for stakeholders to engage with the EDP. The scope of our wider stakeholder engagement assessment was broadened to reflect the inclusion of enhancements and Network Rail's EDP, this was a change from the scope of our assessment in year one of CP6.

1.10 We have not assessed Network Rail's stakeholder engagement for enhancements against the four principles of good stakeholder engagement (inclusivity, effectiveness, good governance and transparency). This is because our assessment reviews the effectiveness of Network Rail's EDP against the requirements in the network licence.

1.11 Our review specific to enhancements sought to understand:

- if the CP6 EDP is effective in meeting the requirements set out in the network licence; and
- how stakeholders' access and engage with Network Rail's planning and delivery of enhancements.

1.12 Our review comprised three input areas:

- Network Rail business unit⁸ self-assessments;
- ORR online independent survey; and
- selected interviews from industry stakeholders.

1.13 Further details of the scope of our review are described in table 1.1 below.

Table 1.1 Structure of our assessment

Area of review	Detail
Network Rail business unit self-assessment	We asked business units to reflect on Network Rail's role in producing and sharing the EDP with its stakeholders and to provide commentary useful to our assessment.
ORR online independent survey	We asked four questions specifically related to enhancements and the EDP. These questions were designed to: <ul style="list-style-type: none"> • assess participants knowledge of the EDP;

⁸ In assessing the quality of Network Rail's engagement, we have focused on the engagement carried out by each of Network Rail's regions, as well as the SO and FNPO functions. Collectively, we describe these seven entities as Network Rail's business units.

Area of review	Detail
	<ul style="list-style-type: none"> • understand if the information included in the EDP allowed stakeholders to plan their business; • understand if stakeholders received their information from sources other than the EDP; and • provide an opportunity for stakeholders to add additional comments related to enhancements plans and the EDP.

Industry interviews

We held interviews with selected industry stakeholders as part of our wider assessment of Network Rail’s stakeholder engagement. Where appropriate the interviews included discussions on enhancements and the EDP. Outputs from these interviews have been included in our wider assessment of Network Rail’s stakeholder engagement.

- 1.14 Our review was limited in scope to those areas which are in Network Rail’s remit, for example production and publication of the EDP and Network Rail’s engagement with stakeholders on its planning and delivery of enhancements. We asked Network Rail business units to reflect on the EDP and provide supporting commentary in its self-assessments.
- 1.15 The below table provides key insights into the business units’ self-assessments in terms of the information they provided on enhancements engagement. It also provides detail on the inclusion of the EDP in the business units self-assessments. The information included in table 1.2 is not exhaustive and draws out high level comments from across Network Rail’s self-assessments.

Table 1.2

Business unit	Enhancements engagement – key insights	EDP references
Eastern	<p>Each route in Eastern Region provided commentary on their capital programmes in the self-assessment.</p> <p>Key stakeholders had the opportunity to discuss programmes at relevant forums, for example Enhancements Programme Boards.</p> <p>Key stakeholders were provided with programme documentation including Projects on a Page which show costs, schedule and progress.</p>	<p>There was no reference to the EDP in the Eastern self-assessment.</p>

Business unit	Enhancements engagement – key insights	EDP references
North West and Central	<p>The region provided commentary on its capital programmes.</p> <p>Key stakeholders had the opportunity provide input to enhancements planning at multiple forums.</p> <p>Forums provided information on capital works including programme progress, costs, knowledge sharing and best practice.</p>	<p>There was no reference to the EDP in the North West and Central self-assessment.</p>
Southern	<p>The region has engaged with key stakeholders on its enhancements programmes.</p> <p>Information on capital programmes is provided via regular updates on Network Rail’s website and social media channels.</p> <p>The region produces a newsletter for key stakeholders that provides updates on capital programmes as well as holding an annual stakeholder conference.</p>	<p>There was no reference to the EDP in the Southern self-assessment.</p>
Scotland’s Railway	<p>The Scotland’s railway website is the central hub for engaging on the enhancement programme.</p> <p>A list of key industry enhancements is shared with stakeholders.</p> <p>The region has worked closely with key stakeholders on enhancements programmes to jointly develop options.</p>	<p>There was no reference to the EDP in Scotland’s Railway self-assessment.</p>
Wales & Western	<p>The region has created new Industry Programme Director roles to provide engagement with key stakeholders on capital programmes.</p> <p>The region engages with stakeholders at different forums to provide key information on capital programmes.</p>	<p>Wales and Western provided an annex which included commentary on the usefulness of the EDP.</p> <p>The region noted key enhancements programmes that it has worked on collaboratively with stakeholders and said that some of these programmes are in the early phases of their project lifecycle. This means</p>

Business unit	Enhancements engagement – key insights	EDP references
		they are not included in the EDP but are regularly discussed with stakeholders.
Freight and National Passenger Operators (FNPO)	The FNPO has worked with other parts of Network Rail to make sure freight customers' requirements are captured in future enhancements and development plans.	There was no reference to the EDP in the FNPO self-assessment.
System Operator	The SO has engaged with stakeholders on the enhancements pipeline.	There was no reference to the EDP in the System Operator self-assessment

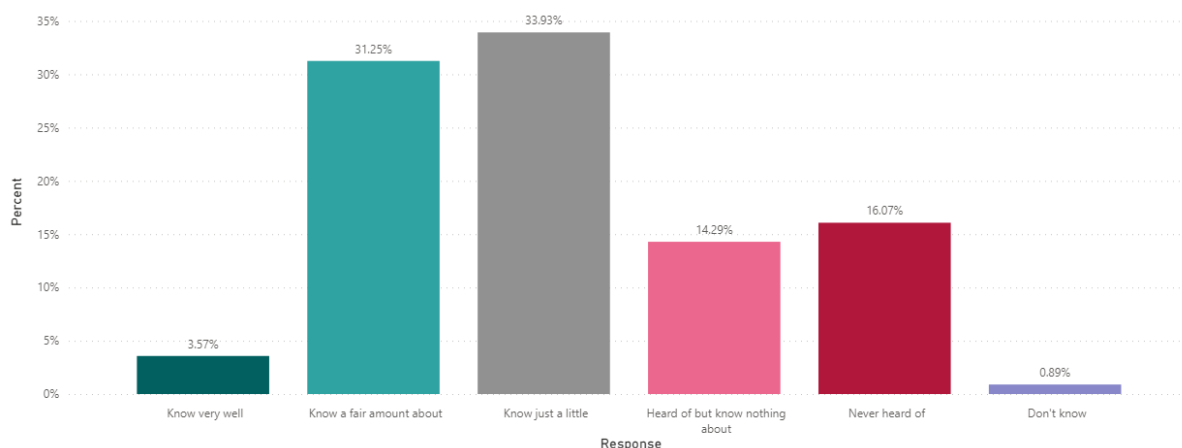
- 1.16 All of the business units detailed their engagement on capital programmes and enhancements plans throughout their self-assessments that demonstrated cross-industry collaborative working. Business units also provided evidence of how they have made changes to their engagement during the Covid-19 pandemic.
- 1.17 Wales and Western were the only business unit who explicitly commented on the EDP, other business units did not comment on the EDP in their self-assessments.

As part of our wider survey of stakeholders we asked four questions related to enhancements planning and the Enhancement Delivery Plan

- 1.18 Our first question asked stakeholders what their knowledge of Network Rail's EDP was. A total of 224 respondents answered this question, the outcome of responses is below:
- 3.57% of respondents said they knew the EDP 'very well';
 - 31.25% of respondents said they knew a 'fair amount' about the EDP;
 - 33.93% of respondents said they knew 'just a little' about the EDP;
 - 14.29% of respondents said they had heard of the EDP but knew nothing about it; and
 - 0.89% of respondents did not know.

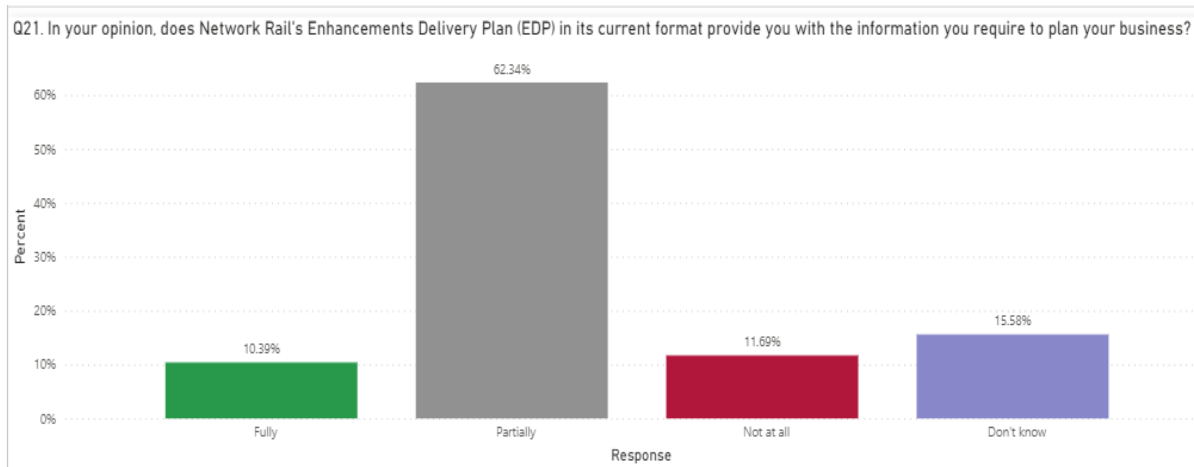
Figure 1.1 Stakeholders knowledge of the EDP 2020 – 2021

Q20. Which of the following best describes your knowledge of Network Rail's Enhancements Delivery Plan (EDP)?



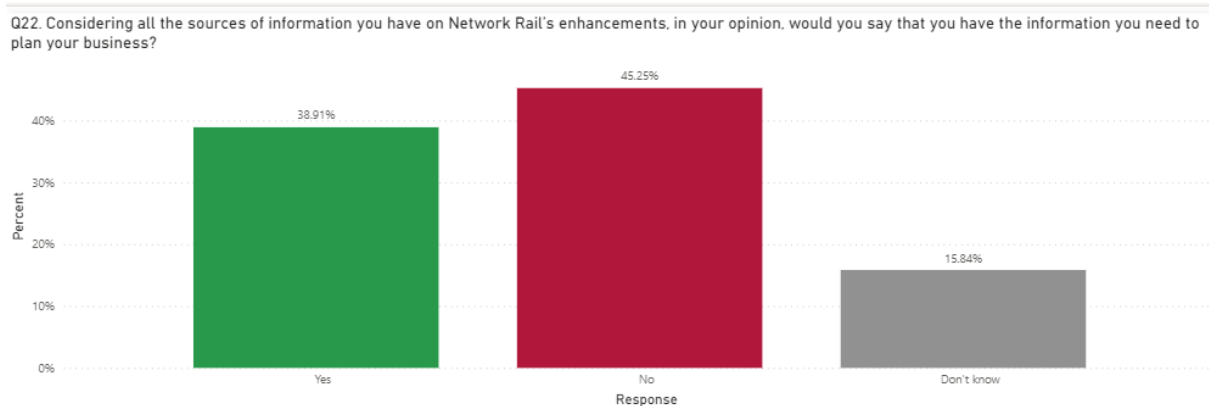
- 1.19 These results show a mixed picture across the range of available responses. Around two thirds of respondents said they knew the EDP 'just a little' (34%) or 'a fair amount' (31%). This suggests that stakeholders might not be using the EDP as their primary source of information to understand enhancements. Some of Network Rail's stakeholders will receive their information through other forums, for example annual events or meetings. That said, it is important that the EDP is accessible to all stakeholders who have an interest in Network Rail's enhancements programmes such as the supply chain and elected representatives. This will ensure stakeholders have access to timely and consistent information.
- 1.20 Our second question asked stakeholders if the EDP in its current format provided them with enough information to plan their business. A total of 154 respondents answered this question, the breakdown of responses is below:
- 10.39% said it 'fully' provided them with the information needed to plan their business;
 - 62.34% said it 'partially' provided them with the information needed to plan their business;
 - 11.69% said they didn't have the information needed to plan their business; and
 - 15.58% said they 'did not know'.

Figure 1.2 Does the EDP in its current format provide stakeholders with enough information to plan their business 2020 - 2021



- 1.21 These results show that the majority of people felt that the EDP only partially provided them with the information they need (62%). In the CP6 EDP, there is less information relating to project scope, outputs and timescales than there was in previous Control Periods. Stakeholders require a certain level of information to plan their business effectively. Further investigation would be required to identify the additional information required to meet stakeholders requirements.
- 1.22 Our third question asked stakeholders if, when considering all of the sources of information they had have on Network Rail's enhancements, in their opinion, they had all the information they needed to plan their business. A total of 221 respondents answered this question, the breakdown of responses is as follows:
- 38.91% said they had all the information they needed;
 - 45.25% said they did not have all the information they needed; and
 - 15.84% said they did not know if they had all of the information they needed.

Figure 1.3 Considering all sources of information do stakeholders have all the information they need to plan their business 2020 – 2021



- 1.23 These results show that more stakeholders feel they do not have the information they need on enhancements to plan their business than those who do when considering all of the information they receive on enhancements (45%) although 39% of stakeholders felt they had all the information they need. Network Rail has told us that it shares information with stakeholders in many different forums, for example, enhancements programme boards and industry meetings. Further assessment would be required to determine why stakeholders consider they are not getting the information they need on enhancements to plan their business effectively.
- 1.24 Considering stakeholders responses to the previous two questions, whilst only 10% of respondents said the EDP fully satisfied their needs, 39% were satisfied with the information provided when considering all channels of communication and information. This demonstrates the EDP is not the only source of information that stakeholders rely on.
- 1.25 Our final question gave stakeholders an opportunity to provide further comments related to the EDP or enhancements planning. We received 66 individual comments in response to this question. Responses in general focused on three areas:
- requests for increased transparency of enhancements plans;
 - the provision of information in the EDP was not always timely or did not provide enough detail; and
 - the process of enhancements can be difficult to understand, resulting in stakeholders not knowing when to engage with Network Rail.

- 1.26 In terms of the information provided in the EDP, stakeholders told us they feel there are gaps in the CP6 EDP and that it is not sufficiently output focused. One response suggested more information could be included on the scope of enhancements and the specific outputs an enhancement will deliver.
- 1.27 Stakeholders have told us they want more clarity on enhancements decisions and that it would help if the publication of the EDP was publicised more than it is now. This would enable greater understanding of the enhancements programmes which are in delivery and allow stakeholders to use the EDP as a source of information to complement existing knowledge and understanding of enhancements programmes.
- 1.28 Stakeholders recognised that the provision of information on enhancements was not always in Network Rail's gift to control. For example, DfT and Transport Scotland often take decisions on when to announce funding for enhancements programmes. At times, funding decisions also need to be approved by different Government departments such as Her Majesty's Treasury which stakeholders felt added time to the approvals process and meant decisions were less transparent.
- 1.29 Some stakeholders commented that communications had improved since the start of the Covid-19 pandemic and communication channels were now more open between suppliers and Network Rail. Network Rail was also more proactive in sharing information during regular meetings with stakeholders.

Conclusions on the effectiveness of the Enhancement Delivery Plan

- 1.30 Our review sought to understand how stakeholders engage with the EDP and if the document is effective in helping stakeholders to plan their business.
- 1.31 We received a reasonably high level of responses to the four questions that related to enhancements planning and the EDP. We are grateful to Network Rail for providing evidence in its self-assessments and to stakeholders for taking the time to participate in the industry-wide survey.
- 1.32 The CP6 EDP is not as transparent as it could be in terms of providing information to stakeholders that helps them to plan their business. The EDP could also describe Network Rail's obligations in delivering enhancements programmes more clearly.
- 1.33 Stakeholders would like increased clarity of enhancements plans to include scope, timescales and outputs. This information was provided in the EDP in previous

control periods. Network Rail should facilitate trilateral discussions between itself, government funders and ORR to identify what information is missing and how this information gap should be addressed.

- 1.34 Stakeholders recognised that there are other industry documents that provide information on enhancements such as the RNEP and that they also receive information on enhancements directly from Network Rail in industry forums. However, the feedback we received suggested that the EDP can compliment these documents / forums as it is a 'live' document, but that more detailed information is needed. Network Rail should facilitate trilateral discussions between itself, government funders and ORR to understand the level of detail required by stakeholders to plan their business effectively.
- 1.35 We welcome the feedback we have received and will work with Network Rail and our industry colleagues to understand if the EDP can be improved for the benefit of stakeholders who want more information on the delivery of enhancements programmes.
- 1.36 Table 1.3 below summarises the recommendations we have made in this report related to the effectiveness of Network Rail's EDP.

Table 1.3 Recommendations

Item	Recommendation
1	Network Rail should facilitate trilateral discussions between itself, government funders and ORR to identify what information is missing in the CP6 EDP and how this information gap should be addressed in future
2	Network Rail should facilitate trilateral discussions between itself, government funders and ORR to understand the level of detail required by stakeholders to plan their business effectively



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