Annual assessment of Network Rail's stakeholder engagement 2020-21
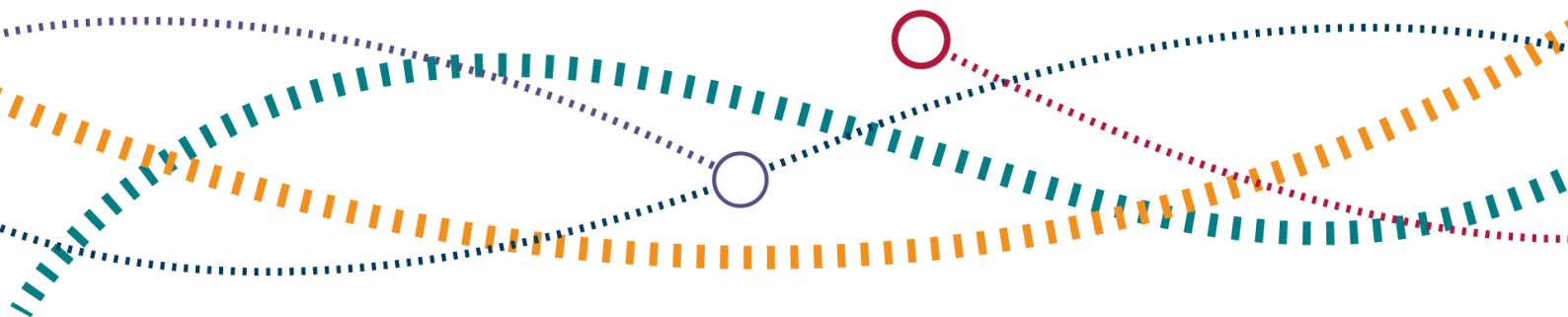
Southern region

22 September 2021

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Southern region

Introduction

1.1   This report presents our key findings and recommendations on the quality of the Network Rail Southern region's stakeholder engagement during the second year of Control Period 6 (CP6), from 1 April 2020 to 31 March 2021. Alongside this report we have separately published our key findings and recommendations on the quality of Network Rail's stakeholder engagement as a whole during year 2 of CP6, as well as individual assessments for:

        (a)   each of the remaining Network Rail regions;

        (b)   the Freight and National Passenger Operator (FNPO) function;

        (c)   the SO; and,

        (d)   Network Rail's engagement on its Enhancement Delivery Plan.

Summary

1.2   Network Rail Southern region's stakeholders were positive about the engagement that took place during the year. 70% of our survey respondents rated its engagement as good or very good, and 54% thought engagement improved over the last year. In addition, most of the region's stakeholders rated its engagement positively across the four principles of engagement (Figure 1.1), although the results do not compare well to the other business units.

Figure 1. Stakeholder views on Network Rail's Southern region's engagement across the four principles, 2020-2021
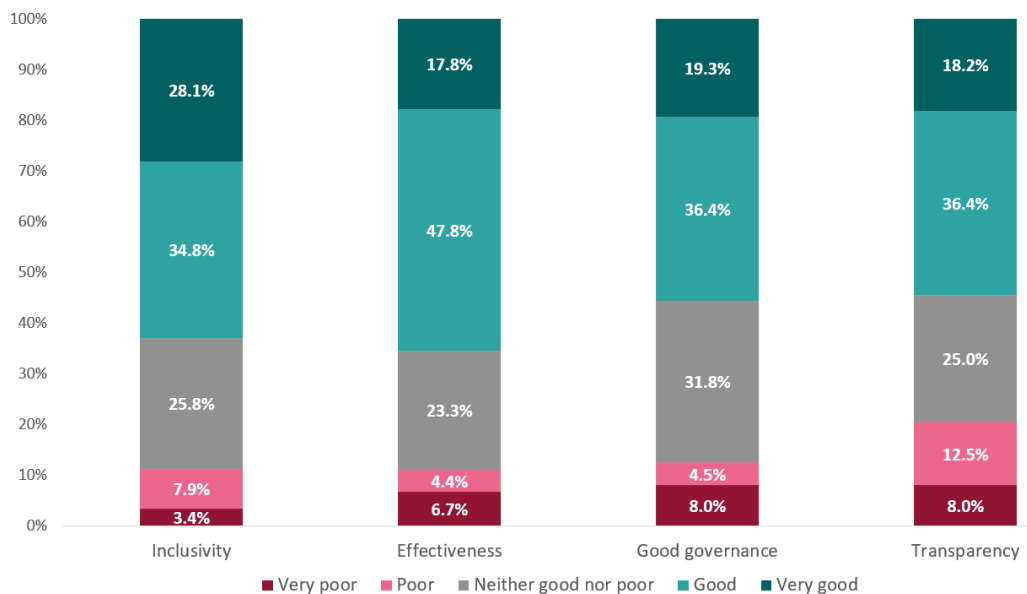
Survey question: "In your opinion how would you rate Network Rail Southern's engagement with you on Network Rail's Network Licence obligations of inclusivity, effectiveness, good governance, and transparency?"

Source: ORR's stakeholder survey

1.3   The region's own self-assessment showed that it had designed a robust strategy for developing its engagement with all stakeholder groups which was endorsed at senior level. The region was progressively implementing its plans and taking actions. If it is successful in following through its plan and building this approach into its culture, its future stakeholder engagement work should be on a firm foundation and have every chance of driving improvements and delivering positive outcomes.

1.4   The region's self-assessment was very honest and displayed a genuine willingness to improve based on feedback received. It recognised a number of improvements, including:

(a)   Improving its engagement with small and medium sized stakeholders as a priority for year 3 of CP6;

(b)   Continue to improve its engagement and service delivery with its lineside neighbours, including with more proactive communications; and,

(c)   Improving its communications with its stakeholders and the provision of information to them, for example on ongoing projects and priorities.

1.5   Our view is that these are broadly right, but need to be supplemented by:

(a)   Continuing to take action to better include its wider stakeholders in the region's engagement activities and to ensure engagement activities are accessible to all of its stakeholders;

(b)   Strengthening the line of sight between stakeholder priorities and concerns and Network Rail Southern region's business decisions;

(c)   Ensuring that stakeholder engagement remains primarily aimed at securing business improvements for its stakeholders; and,

(d)   Improving the transparency of the region's engagement activities.

Key conclusions across each principle

Table 1. Key conclusion(s) across the four principles

Principle	Key conclusion(s)
Inclusiveness	**Our evidence showed that Network Rail's Southern region had a good knowledge of its stakeholders and adapted its engagement approach according to stakeholder needs and priorities.** ● In its self-assessment, the region stated it had carried out various stakeholder mapping exercises and demonstrated it had identified in detail its stakeholder groups and specific organisations within these groups. It also presented some analysis of these groups, outlining their priorities and how they are perceived within the region (or more widely within the company). ● Furthermore, the region used a range of engagement formats and methods to engage with its stakeholders, and there was some indication that its approach was adapted to its stakeholder priorities and their capabilities. For example, the region used formal means of engagement with stakeholders e.g. through Alliance Boards with train operators, conference calls with suppliers. More informal engagement was preferred for local stakeholders e.g. an increased used of social media with passengers, the provision of drop-in and meet the manager sessions with local stakeholders. **However, similar to other regions, Network Rail Southern's engagement was more developed with some stakeholder groups than others.** ● Its engagement was stronger with passenger train operators and suppliers and our evidence showed particularly strong collaboration with these stakeholders, notably throughout the Coronavirus (COVID-19) pandemic. ● In contrast, engagement was less developed with public officials, the freight industry, and the region's smaller stakeholders (e.g. small suppliers, local users and neighbours). These stakeholder groups were much less engaged with on business planning

	matters and reviewing business performance and, in general, they responded less positively on the region's engagement in our survey. Network Rail's Southern region recognised this in its self-assessment and provided evidence of it taking steps to improve its engagement with public officials and local stakeholders (in particular Community Rail Partnerships and its lineside neighbours). These efforts are acknowledged by us, and our survey results indicated a positive progression with these groups.

Key strengths

- The region ensured that it rigorously identified all relevant stakeholders, by mapping them out.

- The development of clear stakeholder engagement objectives (e.g. clearly setting why it engages with each stakeholder based on their level of influence/ interest).

Effectiveness	**We have strong evidence that the region had sought regular feedback from its stakeholders and reflected on it honestly**. - In addition to its regular engagement, the region undertakes a stakeholder survey twice a year to collect feedback from its stakeholders to better understand their concerns and their priorities. The region presented an honest assessment of the survey results and the feedback collated, along with plans or ideas where improvements must be secured. **There was also some evidence that the region had effectively responded to stakeholders' priorities and their views.** - For example, following feedback received, the region had developed a plan to improve its engagement with public officials and its lineside neighbours, and was honest in its assessment that more needed to be done with its Community Rail Partnerships. Positive improvements were secured for public officials who responded more positively on their engagement with the region, and lineside neighbours as time taken to handle complaints was significantly reduced. - Nonetheless, in general, the evidence on how stakeholder feedback has influenced business decisions and priorities (other

than communication priorities) was sparser. The region should review whether further steps are needed to strengthen its line of sight between its stakeholder priorities and its business decisions. This is important for the region to ensure that its stakeholder priorities are robustly recorded and acted upon, and for it to be able to demonstrate to its stakeholders that their views have effectively been taken into account.

Furthermore, Network Rail's Southern region developed particularly collaborative relationships with its passenger train operators and suppliers.

- The region had collaborated closely with train operators through various forums, which has, for example, made it possible for it to work with its train operators to make common strategic decisions around train services and timetabling. We also noted a collaborative and thorough process between the region and its passenger train operators around the definition of scorecard measures and targets.

- With suppliers, the region adapted its engagement to effectively support suppliers through the Coronavirus (COVID-19) pandemic and Brexit, for example by implementing specific engagement activities e.g. fortnightly Coronavirus (COVID-19) pandemic conference calls and engagement activities to discuss and understand the challenges raised by Brexit. Suppliers recognised these efforts in our survey and reported a significant improvement in the region's engagement which was helpful to them during the Coronavirus (COVID-19) pandemic.

> *"Network Rail Southern's engagement with the supply chain has been exemplary during the Covid period. Regular Teams calls, regular emails, proactive behaviour in terms of Covid working methods and prompt payment." **(A Southern region stakeholder).***

	• Nonetheless, it is worth noting that engagement can be less developed with smaller suppliers, which the region recognised in its self-assessment.

Key strength

- Strong evidence of actively seeking stakeholder feedback and reflecting candidly on it.

- Robust working relationships with passenger train operators and suppliers.

Area for development

- The region should strengthen the line of sight between stakeholder priorities and its business decisions.

Well – governed	**Network Rail's Southern region implemented a robust internal governance underpinning its stakeholder engagement**. • The region put significant efforts into identifying and understanding its stakeholders and defining an engagement strategy with each stakeholder group. It also implemented quantitative measures to track the implementation and performance of its stakeholder engagement strategy which were reviewed periodically at senior level. All of this highlights a senior level buy-in on stakeholder engagement and a strong focus on continuous improvement. **However, in the evidence we collected, we noted a strong focus on communication activities aimed at improving stakeholders' perception of Network Rail and securing support from them on the Southern's region's own priorities**. We also noted from reading its self-assessment that communication activity seemed to be the dominant response to stakeholder concerns, potentially overtaking material action to address concerns. While stakeholder communication is a legitimate business activity, it is important that driving stakeholders' perceptions of Network Rail does not overtake the primary purpose: to secure business improvements. We will seek further reassurance on this. **In addition, the region's stakeholders responded less positively on the governance of its engagement in our survey.**

	• 56% of respondents thought that the governance of the region's engagement was very good or good, and 32% thought that it was neither good nor poor. While this is in line with the other regions, it suggested that, for stakeholders, its engagement is less strong on governance. We understand that this was partly due to unclear roles and accountabilities set at working level, which could make it challenging for stakeholders to identify the right point of contact. A respondent also expressed concerns about resourcing and staff turnover within the region. • The region should review whether further steps should be taken to ensure that stakeholder engagement activities are well run from the point of view of its stakeholders and to follow best practice.

Key strengths

- A robust governance structure and strategy implemented to drive stakeholder engagement, with engagement at senior level.

Area for development

- Review whether further steps should be taken to ensure that the region's engagement activities are well-run from the point of view of its stakeholders and to follow best practice.

Transparency	**Our evidence on the transparency of the region's engagement was not strong, and less positive than with other principles.** • Stakeholders had mixed views about the transparency of the region's engagement in our survey, suggesting that further improvements should be secured. In our survey, a small majority (55%) of respondents rated transparency as good or very good, which does not compare well to the other business units. Some stakeholders, particularly among suppliers, public officials, infrastructure managers, and lineside neighbours, reported that it could be difficult to obtain information from the region about current projects but also upcoming engagement activities. **Network Rail's Southern region took positive steps to improve the transparency of its engagement activities.** • The region sought to share information more regularly with its stakeholders about key projects and priorities (e.g. newsletters,

project updates and briefings, social media), which should support meaningful engagement with stakeholders.

- In its stakeholder engagement strategy, the region also stressed the importance of delivering clear and consistent messages to its stakeholders across the region and to stakeholder groups, and is designing tools to do this. The transparency of the region's engagement should improve if planned initiatives such as creating a set of clear key messages relevant to each stakeholder group, providing staff with templates and case studies to use externally are well implemented. While these initiatives are positive, the region should review whether a more holistic strategy should be implemented to increase the transparency of its engagement with all stakeholder groups.

Furthermore, whilst this features in the region's stakeholder engagement plan, we did not see evidence of it following up on the engagement activities stakeholders took part in to inform them of how it responded or not to their feedback (and why).
- During further discussions, the region indicated that it feeds back regularly to stakeholders through newsletters and engagement activities e.g. conference calls to explain why it has or has not taken suggestions on board. Similar to other regions, the region also implemented a "you said we did" initiative with operators. The region should review whether the "feedback loop" is consistently implemented with all stakeholder groups and take action if any gaps are identified. This is crucial to maintain stakeholders' trust in the meaningfulness of their engagement with Network Rail's Southern region.

Areas for development
- Implement initiatives to increase the transparency of the region's operational activities and stakeholder engagement. Review whether a more holistic strategy should be implemented to increase the transparency of the region's engagement.

- Review whether the region consistently feeds back to stakeholder and if further steps should be taken to address any gaps.