



OFFICE OF RAIL REGULATION

**John Larkinson**  
**Deputy Director, Access, Planning & Performance**  
Telephone 020 7282 2193  
Fax 020 7282 2042  
E-mail [john.larkinson@orr.gsi.gov.uk](mailto:john.larkinson@orr.gsi.gov.uk)

9 February 2007

Paul Plummer Esq  
Director, Planning & Regulation  
Network Rail Infrastructure Limited  
40 Melton Street  
London  
NW1 2EE

Dear Paul

### **Review of RUSs**

We have spoken about ORR's RUS review and I briefed your colleagues on our emerging findings on 11 December 2006.

This letter briefly summarises the review, our conclusions, and sets out how we want to take forward the conclusions.

### **Background**

We had previously undertaken to review our RUS guidelines, in the light of experience to date. In the course of doing this we decided it was appropriate to expand the remit to review the purpose of RUSs, the industry RUS development process (including the guidelines and relevant parts of Network Rail's Licence), the role of ORR and how we engage with the development process to perform that. As part of the review we took informal soundings from stakeholders.

We specifically asked five questions:

- how well is the RUS process working to date;
- what is the appropriate role of RUSs in the industry planning context;
- do we need to amend the RUS guidelines to help deliver that role;
- are there other changes we need to make to improve RUSs; and
- what are the internal implications for ORR?



Doc # 262802.02





## **Progress to date**

Our view – and the view of stakeholders – is that the RUS process is sound, it delivers good outputs and that Network Rail and stakeholders are working well together. Only two RUSs have been established to date, fewer than expected, but there are no major concerns.

There are many strong positive points. For example we noted that the process managed by Network Rail is more inclusive and transparent than the previous SRA approach.

There is also a consensus that the RUSs are improving as everyone gains in experience.

## **Role of RUSs**

But we thought it was important to step back a bit and reconsider the role of RUSs in the industry planning context.

A fundamental question is the weight to be given to RUS conclusions. A RUS could be regarded as little more than a 'collection of options' which stakeholders may wish to bear in mind. Or it is possible to envisage reaching a point where a RUS represents a 'blueprint' which must be followed – so that, for example, a track access application would simply be approved if it were consistent with a RUS and rejected if it were not.

To position RUSs as blueprints for the future would effectively freeze route planning for the intervals between successive RUSs. Even if the timing of each RUS were fully aligned with the programmes for franchising, track access applications and funding (which, even if it were possible, would be highly inefficient in its consumption of resources) it would still inhibit the response to changes from other sources.

But RUSs must be more than a collection of options. In our view a RUS should provide quantitative assessment of the main options for a route, leading to a preferred strategy based on a set of consistent packages of (service planning and/or investment) initiatives which can be implemented over time as circumstances dictate. This would become the 'default' strategy for utilisation of the route. Specific committing decisions (commissioning investment, granting track access, etc) would then be made against that background, but could depart from the RUS if there were convincing evidence that this provided significant net benefits. If the departure were so great as to undermine major elements of the existing RUS it might trigger a review of the RUS concerned.

We believe that the existing RUSs are close to that aim, but that there is still room for improvement (see below).

## **Review of RUS guidelines**

I can summarise our findings in this area very quickly. We found no evidence that changing the guidelines would improve the RUS process or its outputs. The guidelines are comprehensive and all parties say they find them understandable. While there might be debate over the exact meaning of each phrase there is no indication that semantics are affecting how the RUSs progress. Any changes would create more work to little effect.

## **How to improve the RUSs**

It might be useful to briefly tell you about some of the changes we considered but decided not to propose.

We looked at governance. The programme has top-level governance through the Planning and Franchising Steering Group and the wider Rail Industry Planning Group. Individual RUSs have stakeholder management groups (SMGs) comprising local operators and funders, plus other members as applicable. We did not see any case for proposing changes. Specifically we believe it is important that there continues to be a RUS programme and a change control process for the programme.

We reviewed the workings of the overall process. The main options centre on whether we should move to a 'stage gate' process along the lines of the Office of Government Commerce approach on project control. This would potentially mean that Network Rail would get clearer assurance at each stage and would make 'quality checks' a more formal part of the process. Against this must be set the fact that RUSs are not like capital projects – they do not move in simple defined stages. On balance we do not see merit in this.

We considered trying to improve outputs by having a three stage process – an initial draft report, formal draft and final report. This would allow the assessments to be refined in a more formal way with clear stakeholder feedback. However there is a danger of consultation fatigue and again we rejected this.

The three areas where we do feel changes are required are in:

- application of the guidelines;
- content and role of the draft report; and
- monitoring implementation of the RUSs.



While the RUSs broadly follow the guidelines there are two aspects where we believe improvements need to be made. So far as is reasonably practicable, we want to see:

- fuller scope RUSs, covering all the issues in the guidelines (performance, rolling stock issues and engineering access are not being effectively covered at present);
- a deeper assessment of non-enhancement options, including the hard timetabling choice analysis that some of the SRA RUSs contained. While the industry financial outlook has improved since the SRA RUSs and hence there is more scope for considering enhancement schemes, this should not be to the neglect of addressing issues through making trade offs.

On the draft reports, as we discussed at one of our meetings, we do not believe that the drafts are currently well formed enough on which to base a good consultation. Hence we want:

- consultation on a “full draft” RUS, with sufficient detail on both the options and your proposed prioritisation, to allow stakeholders to take a better informed view;
- more analysis of the Route Utilisation Objective for each route, and demonstration that the RUS has satisfied that objective.

Monitoring the implementation of the RUSs has not been a major issue to date with only two established, but it is essential we put a process in place. We would like to discuss this with you, but in summary our proposal is that:

- a method of reporting whether RUS recommendations have been implemented is needed. This could be achieved by requiring Network Rail’s business plans to cover this area.

As more RUSs become established and circumstances in the industry move on, we also need to develop robust and transparent processes to trigger and undertake reviews (which may be limited in scope or cover an entire RUS).

More generally, given that the RUS process as managed by Network Rail is still at an early stage, we propose a further review of the position in Q4 2007-08 when a full set of HLOS compatible ‘route strategies’ (part of the Strategic Business Plan) will be available from Network Rail and more RUSs will have been completed.

We also considered RUSs in the overall planning process – in particular whether RUSs and RPAs duplicate each other in some areas. There may be a case for clarifying the interface between RUSs and RPAs. We plan to arrange a discussion between ORR, Department for Transport, Transport Scotland and yourselves on this.

**Internal implications for ORR**

We are putting in place some changes to our internal procedures for handling RUSs which we will discuss with you.

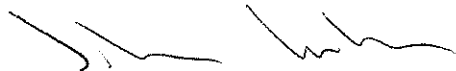
**Next steps**

We are copying this letter to members of the Rail Industry Planning Group and intend to table it at the next meeting. We do not see a need for a blue document style consultation, but we will publish this letter after the RIPG.

We hope you will agree to the recommendations and we can move forward on this basis. We will need to discuss how this will affect ongoing RUSs.

Nearer the time we will contact you to discuss the terms of reference for the further review in Q4 2007-08.

Yours sincerely

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

**John Larkinson**