



How the Office of Rail and Road will facilitate improvements in the quality of Network Rail's stakeholder engagement in CP6

27 March 2019

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1. Introduction

- 1.1 In control period 6 (CP6, which will run from 1 April 2019 to 31 March 2024), Network Rail should engage with its stakeholders in a way that improves delivery for passengers and freight end users and enhances value for money. Network Rail and its stakeholders have indicated that they share our vision of good stakeholder engagement as a driver of good performance on the railway.
- 1.2 We made it clear in our 2018 periodic review (PR18) final determination that, while we recognised the efforts Network Rail is making to become more responsive to its stakeholders' priorities, we expect it to continue to improve the quality of its engagement throughout CP6. We are encouraged by the commitments that Network Rail has made in this area, but we still need to see this translated into an improved experience for stakeholders on the ground. We also expect customers and wider stakeholders to engage constructively with Network Rail.
- 1.3 The main purpose of this document is to confirm our approach to assessing the quality of Network Rail's stakeholder engagement in CP6, following the consultation we undertook between November 2018 and January 2019¹. It also sets out our broader approach to facilitating improvements in Network Rail's stakeholder engagement in CP6, to help provide clarity to Network Rail and its stakeholders about our expectations in this area.
- 1.4 This document is structured as follows:
- Chapter 2 sets out our approach to assessing the quality of Network Rail's stakeholder engagement in CP6;
 - Chapter 3 summarises the broader set of actions ORR is taking to facilitate improvements in the quality of Network Rail's stakeholder engagement in CP6; and
 - Annex A sets out a summary of responses to our November 2018 consultation and our replies to them.

Assessing the quality of Network Rail's stakeholder engagement in CP6

- 1.5 One way in which we will incentivise Network Rail to improve the quality of its engagement and promote the spread of good practice across the routes and the SO²

¹ Consultation on ORR's approach to assessing the quality of Network Rail's stakeholder engagement in CP6. This can be found [here](#).

² Although see Box 3 for a discussion of the possible implications of Network Rail's Putting passengers first programme on how we will carry out our assessments.

will be to carry out annual assessments of the quality of Network Rail's stakeholder engagement.

- 1.6 We consulted on our proposed approach to carrying out these assessments, including their scope, in November 2018. We received 16 responses, from a wide range of stakeholders³.
- 1.7 Stakeholders were largely supportive of our proposed approach to the assessment. There were some suggestions on ways we could change our approach, as well as other types of engagement that we could include within the scope of our assessment. After considering these matters carefully, we have decided not to make any material changes to our proposed approach or to the proposed scope we set out in our consultation document. However, we have clarified a number of matters and will, where appropriate, take stakeholders' priorities into account in the way that we implement our high-level approach.
- 1.8 In essence, and reflecting stakeholders' views on our draft proposals, we will assess the extent to which the stakeholder engagement carried out by each of the routes and the SO is aligned to our four principles of good stakeholder engagement (effectiveness, inclusiveness, good-governance and transparency). We will publish our assessments annually; they will be primarily qualitative, and likely supplemented by a numerical grade. We will compare the quality of engagement across the routes and the SO, as well as identifying good practice and areas for improvement.
- 1.9 Our confirmed approach to the assessment (including its scope) is set out in detail in Chapter 2 of this document.

Our broader approach to facilitating improvements in the quality of Network Rail's stakeholder engagement

- 1.10 Assessing the quality of Network Rail's stakeholder engagement is just one of the ways in which we will look to facilitate improvements in the quality of Network Rail's stakeholder engagement.
- 1.11 With effect from 1 April 2019, the obligations in Network Rail's network licence with respect to its stakeholder duty will be strengthened, raising the duty's prominence and making it one of Network Rail's three core duties (alongside the general network management duty and the passenger information duty). The new licence will also

³ Department for Transport; Govia Thameslink Railway; Heritage Railway Association; Manchester Airports Group; Midlands Connect; Natural England; Network Rail; Nexus; Rail Delivery Group; Railway Industry Association; a joint response from Stagecoach Group, East Midlands Trains and Virgin Trains West Coast; Stevenage Borough Council; Transport for Greater Manchester; Transport for London; and Transport Focus. One further stakeholder asked for its response to be treated as confidential.

broaden the definition of “stakeholder” and require Network Rail to comply with the four principles of good stakeholder engagement.

1.12 In addition to this, and to setting further clear expectations for how Network Rail should engage with its stakeholders in our final determination, we will monitor the quality of Network Rail’s stakeholder engagement on an ongoing basis and take the quality of stakeholder engagement into account in our approach to regulating the routes and the SO.

1.13 Chapter 3 discusses these actions in more detail.

2. Assessing the quality of Network Rail's stakeholder engagement in CP6

- 2.1 This chapter discusses how we will assess the quality of Network Rail's stakeholder engagement in CP6. We will publish our assessments each summer, based on the quality of engagement in the previous financial year.
- 2.2 Box 1 discusses what entities and persons are considered to be Network Rail's stakeholders.

Box 1: What is a stakeholder?

Network Rail's network licence defines "stakeholder" broadly, as:

- any person with which Network Rail has (now or in the future) a significant relationship;
- any person who may be impacted by the activities of Network Rail; and
- any person who has expressed a serious interest in providing railway services, facilities or networks.

In the interests of clarity, we expect that Network Rail, in complying with this licence condition, will consider that stakeholders include, but are not restricted to:

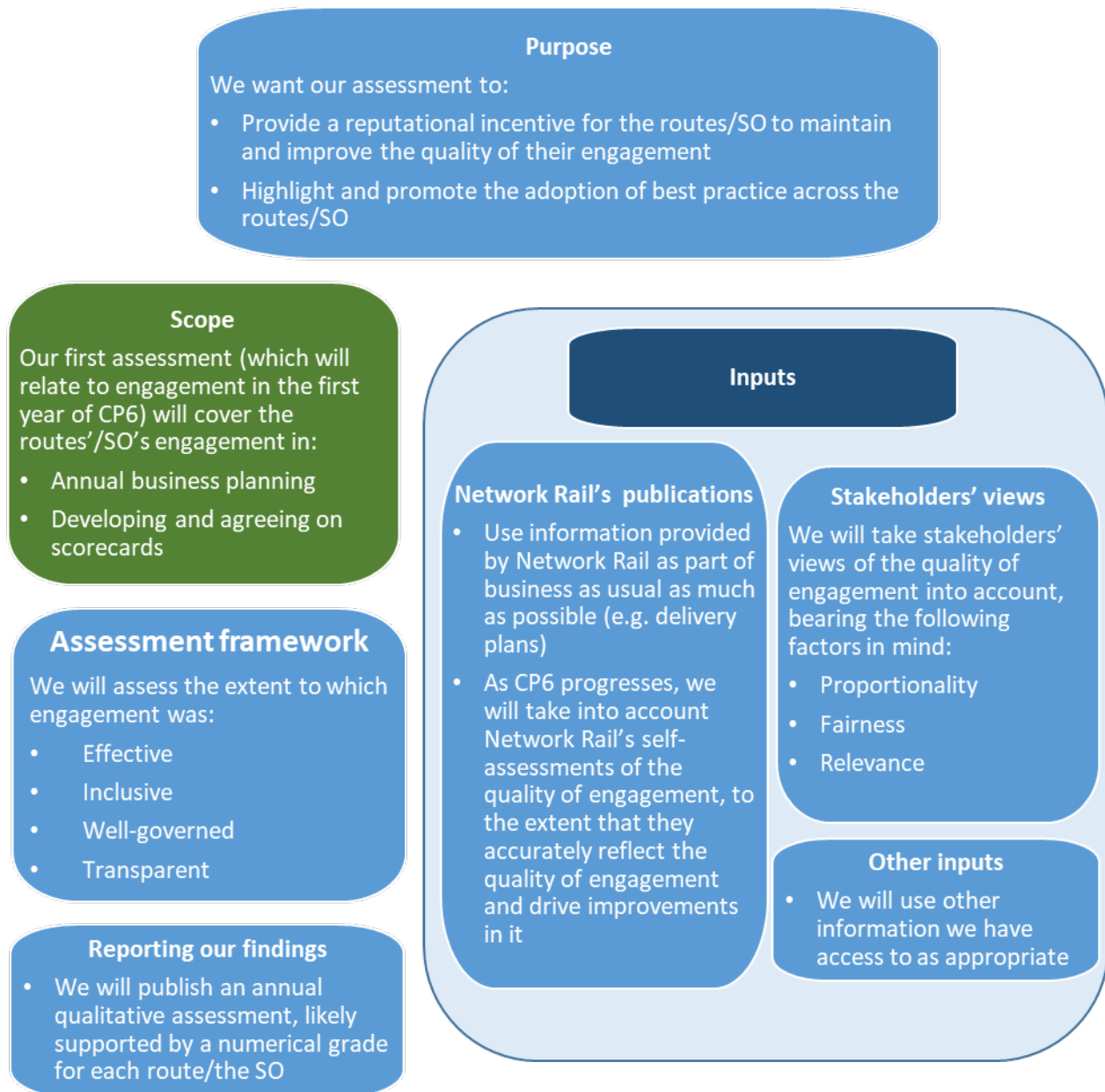
- passengers, and their representative groups;
- freight customers;
- all operators (including passenger, freight, open access, heritage, charter and prospective operators);
- line-side neighbours;
- current and potential and national and local funders; and
- sub-national and statutory transport bodies.

The routes and the SO should also engage with their suppliers as appropriate.

Notwithstanding the above (and the principles of good stakeholder engagement set out below), it remains the responsibility of Network Rail to decide which of its stakeholders to engage with and how it should do so.

2.3 Figure 2.1 gives an overview of how we will assess the quality of Network Rail’s engagement with its stakeholders in CP6.

Figure 2.1: Overview of our approach to assessing the quality of the routes’/SO’s stakeholder engagement in CP6



Assessment framework

2.4 We expect Network Rail to observe our four principles of stakeholder engagement (as set out in Box 2) in the way it engages with its stakeholders. We will assess the quality of Network Rail’s stakeholder engagement according to the extent to which it complies with these principles.

Box 2: Principles of good stakeholder engagement

In general, we will not be prescriptive about how Network Rail engages with its stakeholders. Rather, we will expect it to follow our broad principles of good stakeholder engagement. We expect Network Rail's engagement to be:

- **effective**, in that it supports delivery of a safer, more efficient and better used rail network (in terms of performance and capacity), including by ensuring that stakeholders' views are duly taken into account. For example, when engaging on strategic matters (such as annual business planning) Network Rail should ensure that its engagement allows its stakeholders to influence its priorities. Network Rail should also engage with stakeholders in a way that enables them to challenge its performance (where necessary);
- **inclusive**, in that the engagement seeks to involve all relevant stakeholders in a fair and proportionate manner and adopts different approaches to reflect stakeholders' differing capacities and interests;
- **well-governed**, in that it is underpinned by effective processes and governance arrangements that encourage meaningful engagement and accountability, as well as providing mechanisms for challenge and escalation; and
- **transparent**, in that Network Rail provides sufficient information to its stakeholders to enable them to engage properly with it, and is able to demonstrate how it has engaged with its stakeholders and how this has influenced its actions and delivery. Further: (i) in their engagement on performance, the routes/SO should provide accurate and appropriate information and data to enable stakeholders to understand, influence and challenge its performance in an effective and timely way; and (ii) in their engagement on annual business planning and other strategic matters, the routes/SO should keep a record of key points made by different stakeholders and explain how it has acted on these (or, if not, why not).

Engagement should be proportionate to what it is seeking to achieve, so that money on engagement is well spent.

Scope of our assessment

- 2.5 There is a broad span of activities in which good stakeholder engagement by the routes/SO is likely to lead to improved outcomes for end users and the taxpayer. These range from strategic matters, such as annual business planning, to detailed

tactical decisions, such as planning individual possessions. It is important that the routes/SO engage with their stakeholders in all of these areas.

- 2.6 In the interest of proportionality and of using our resources well, we will focus our 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.
- 2.7 **In the first year of CP6, we will focus our assessment on how well the routes/SO engage with their stakeholders on annual business planning and on developing and agreeing scorecards.** This reflects that:
- the routes'/SO's engagement on annual business planning and scorecards is at a relatively early stage of development, and our assessment could help the routes/SO to unlock significant additional benefits;
 - securing stakeholder input to business planning is crucial to ensuring that the routes/SO are seeking to deliver the outputs and outcomes that matter to their stakeholders; and
 - our review of engagement on scorecards during and after the strategic business planning (SBP) process raised a number of concerns that need to be addressed in CP6⁴.
- 2.8 We will be open to changing the focus of our assessment for subsequent years. We may do this, for example, if we become aware that Network Rail's engagement in some areas is falling below (or rising above) the standard we expect of it and this is having an impact on delivery for end users and the taxpayer (in addition to any other action we might take in such situations). Our ongoing monitoring of Network Rail's stakeholder engagement could help to inform our decisions in this area.

Inputs to our assessment

Information and self-assessments produced by Network Rail

- 2.9 A significant input to our assessment will be information provided by the routes/SO in the normal course of their business. For example, we would have regard to information on stakeholder engagement produced by Network Rail as part of its delivery plans. Where we require further information we will ask Network Rail to provide it.

⁴ We discussed these in 2018 periodic review final determination: Supplementary document – stakeholder engagement. This is available [here](#).

- 2.10 We understand that the routes/SO will carry out annual self-assessments of the quality of their stakeholder engagement, supported by internal Network Rail moderation and assurance. We will take these self-assessments into account in our own assessment, to the extent that this is appropriate.
- 2.11 However, to ensure that stakeholders have confidence that Network Rail is being properly held to account for the quality of its stakeholder engagement, we will continue to carry out independent assessments until Network Rail has established that:
- the self-assessments (supported by the centre’s moderation and assurance) are a robust reflection of the quality of engagement by each route/the SO; and
 - they effectively drive improvements in the quality of engagement by the routes/SO.
- 2.12 We will keep these matters under review throughout CP6, but will not increase our reliance on Network Rail’s self-assessments until we are satisfied that these conditions have been met.

Stakeholders’ views on the quality of engagement

- 2.13 We think that an important element of our assessment of the quality of stakeholder engagement will be understanding what stakeholders themselves think about how Network Rail has engaged with them. As such, **we will incorporate stakeholders’ views in our annual assessments of the quality of Network Rail’s stakeholder engagement during CP6**, while taking steps to ensure that these views are a fair reflection of the activities that took place.
- 2.14 We will ask stakeholders for their views on the quality of the routes’/SO’s stakeholder engagement annually, following completion of Network Rail’s annual business planning and scorecard development and agreement processes. We will develop our detailed approach to doing this in due course. This could involve a mix of surveys and in-person or telephone interviews. In deciding how to gather stakeholders’ views, we will have regard to the following factors:
- **Proportionality.** Any burden imposed on stakeholders should be proportionate.
 - **Fairness.** Any method we use should facilitate both positive and negative feedback on the routes’/the SO’s engagement and should limit the risk of inaccuracies.

- **Relevance.** The focus should be on obtaining stakeholders' views to inform our assessment of whether engagement was effective, inclusive, well-governed and transparent.

Reporting our findings

2.15 We will publish the findings of our assessment each year, most likely in the summer (and taking into account our broader suite of publications on Network Rail's performance). These will likely include a numerical grade for the quality of engagement by each route and the SO, as well as a description of good practice and areas for improvement.

Network Rail's 'Putting Passengers First' programme and its implications for our assessment

2.16 We note that Network Rail is making some changes to the way the organisation works and is structured. Box 3 discusses the possible implications that this programme of changes (called the Putting passengers first programme) might have on our approach to assessing stakeholder engagement.

Box 3: Network Rail's Putting passengers first programme and its implications for our assessment

On 12 February 2019, Network Rail announced the findings of its 100-day review that focused on how different parts of the organisation work together and how it can improve its service to customers.

In short, these changes – which Network Rail is implementing through its new Putting passengers first programme – will involve the creation of five new regions, with 13 routes (up from the existing eight) report to them. Network Rail is also devolving the Infrastructure Projects directorate to the five regions (so that they are accountable for enhancing their part of the network) and establishing a new directorate called Network Services that will incorporate the Freight and National Passenger Operators route (as well as elements of Group Digital Railway and certain national services). In addition, it is devolving some aspects of the SO's activities and the Safety, Technical & Engineering directorate to the new regions/routes.

While we do not anticipate that the principles of our assessment will change, the changes arising from the Putting passengers first programme may result in a new allocation of accountability between routes, regions and other parts of Network Rail that may impact stakeholder engagement activities and, as such, what we consider in our assessment. While we continue to monitor the implementation of these changes, for the purposes of our assessment of the quality of Network Rail's stakeholder engagement, we intend to focus on the quality of engagement by those who are accountable for it.

3. Facilitating improvements in the quality of Network Rail’s stakeholder engagement

3.1 Table 3.1 sets out the main actions we have taken and will take to facilitate improvements in the quality of Network Rail’s stakeholder engagement in CP6:

Table 3.1: How ORR will facilitate improvements in the quality of Network Rail’s stakeholder engagement

<p>Broadening and updating Network Rail’s stakeholder duty in the network licence</p>	<p>A number of changes to the stakeholder duty in Network Rail’s Network Licence will come into force on 1 April 2019.</p> <p>These will raise the prominence of the stakeholder duty and make it one of Network Rail’s three core duties (alongside the general network management duty and the passenger information duty).</p> <p>The new licence will also broaden the definition of “stakeholder” and require Network Rail to comply with the four principles of good stakeholder engagement (that engagement should be effective, inclusive, well-governed and transparent).</p>
<p>Setting clear principles and minimum expectations for good stakeholder engagement</p>	<p>We set out in our final determination more detail on the four principles of stakeholder engagement that we expect Network Rail to comply with. This should serve as a guide to Network Rail in how it engages with its stakeholders. It will also form the framework against which we will assess the quality of its engagement.</p> <p>We also established three minimum expectations regarding Network Rail’s stakeholder engagement.</p>
<p>Ongoing monitoring of stakeholder engagement</p>	<p>We will monitor the quality of the routes’/SO’s engagement on an ongoing basis throughout CP6, as part of our broader monitoring of the strength of route and SO level accountability. We will use this to:</p> <ul style="list-style-type: none"> ■ understand whether Network Rail is complying with its stakeholder duty under the network licence; ■ identify and address issues with the quality of Network Rail’s stakeholder engagement; and ■ inform how we hold the routes/SO to account. <p>We will base our monitoring on our engagement with the routes/SO and their stakeholders, on documents produced by the routes and the SO and our attendance at relevant meetings. We will also engage with the chairs of Railway Boards and the System Operator Advisory Board and attend meetings of these groups as appropriate. We will establish robust internal procedures to govern our monitoring, to ensure that our judgments are robust and evidence-based.</p>
<p>Annual assessments of</p>	<p>We will supplement our ongoing monitoring of the quality of Network Rail’s stakeholder engagement with in-depth annual assessments. These will provide a reputational incentive for the routes and the SO to</p>

stakeholder engagement	maintain and improve the quality of their engagement, as well as highlighting and promoting the adoption of good practice across Network Rail. Our approach to carrying out these assessments is discussed in Chapter 2 of this document.
Taking account of the quality of stakeholder engagement in our regulatory approach	We said in our final determination that we could take account of the quality of the routes'/SO's stakeholder engagement in how we monitor their performance and in our decisions on whether and how to take action in case of poor performance. We also said that we could take account of Railway Boards in the way we monitor and hold Network Rail to account in CP6 if they met a set of five conditions.

Annex A: Summary of responses to our consultation

3.1 This annex sets out a summary of responses to our November 2018 consultation on our approach to assessing the quality of Network Rail's stakeholder engagement in CP6. We discuss stakeholders' views on each of our two consultation questions and set out our conclusions on each of them. We also discuss other comments raised by stakeholders.

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?

Summary of responses

3.2 Most respondents were supportive of our proposal to focus our assessment for the first year of CP6 on how well the routes/SO engage with their stakeholders on annual business planning and on developing and agreeing scorecards.

3.3 However, some respondents said that we should include other areas of engagement in the scope of our assessment. The Rail Delivery Group (RDG) said that ORR should not rule out looking into other areas of engagement on a case-by-case basis. Transport for London (TfL) said that ORR should assess Network Rail's engagement regarding the latter's operational performance. Transport for Greater Manchester (TfGM) noted concerns around Network Rail's engagement on asset condition, and suggested that ORR's assessment could also cover this area. On a related note, Stagecoach Group and Virgin Trains (in their joint response) said that Network Rail does not provide its stakeholders with enough information on asset status, making it difficult for them to challenge Network Rail in this area.

3.4 Govia Thameslink Railway (GTR), the Railway Industry Association (RIA) and RDG said that ORR's assessments of stakeholder engagement should cover engagement by Network Rail's Infrastructure Projects division (IP) as well as by the routes/SO. RDG said that engagement by Network Rail's Technical Authority should also be covered.

Our conclusions

3.5 We confirm our intention to focus our assessment of the quality of stakeholder engagement over the first year of CP6 on how well the routes/SO engage on annual business planning and on developing and agreeing scorecards.

- 3.6 We note the suggestions from stakeholders of other areas we could consider assessing the quality of stakeholder engagement in. We will keep the scope of our assessments for subsequent years of CP6 under review, and we will adjust our focus where it is appropriate to do so and feasible given the resource available (and indeed some of the areas highlighted by stakeholders, such as engagement on asset condition, could be touched on by our assessment of engagement on annual business planning).
- 3.7 As well as carrying out detailed annual assessments of the quality of the routes'/SO's stakeholder engagement, we will monitor the quality of the routes'/SO's stakeholder engagement on an ongoing basis throughout CP6. Our monitoring, while less detailed than our ongoing assessment, could have a wider scope, and could help us to identify any additional gaps in the quality of engagement. We could use findings from our monitoring in considering whether and how to adjust the focus of our assessments.
- 3.8 We agree with stakeholders that it is important that business units in addition to the routes and the SO, such as IP and the Technical Authority, are, where appropriate, responsive to Network Rail's stakeholders' needs. Our broader monitoring of the strength of Network Rail's route and SO-level accountability, as described in our holding Network Rail to account policy⁵, will include consideration of the ability of routes and the SO to hold national functions to account. However, the focus of our annual assessments of the quality of stakeholder engagement will be on stakeholder engagement by the routes and the SO. We will review whether our focus should change based on changes to Network Rail's structure as a part of its Putting passengers first programme.

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

Summary of responses

- 3.9 Stakeholders were generally supportive of the proposed approach to assessment that we outlined in our consultation. Nexus said that it saw the use of stakeholder surveys and Network Rail's self-assessment as a minimum expectation for ORR's assessment. RDG said that it was vital that ORR's assessment is evidence based. DfT offered support for assessing stakeholder engagement against our four principles of stakeholder engagement.
- 3.10 Network Rail agreed that stakeholders' views should be used to support the assessment, but said that these must be evidence based. TfGM supported the idea

⁵ This can be found [here](#).

of carrying out stakeholder surveys and suggested that these should have a numerical outcome.

- 3.11 A number of respondents commented on the potential role of Network Rail's self-assessment in ORR's assessment of the quality of Network Rail's stakeholder engagement. GTR said that it would like to see evidence that Network Rail has implemented a robust process for self-assessment before ORR considers discontinuing its independent assessments. Midlands Connect said that an assessment relying on Network Rail's self-assessments would not be sufficient.
- 3.12 RDG said that there would remain a need for ORR to carry out independent assessments, as these play an important role in supporting reputational incentives. However, it also said that once there is reassurance around the quality of Network Rail's self-assessments and their ability to drive improvements to future engagement, that need may become less intense.
- 3.13 Network Rail welcomed ORR's proposal to review the extent to which it takes Network Rail's self-assessments into account as and when ORR judges these to be robust and effective in driving improvements in the quality of stakeholder engagement. DfT supported ORR's proposal to continue to conduct independent assessments until these requirements are met.
- 3.14 RDG and Network Rail said that stakeholder engagement is a two-way process requiring commitment from both sides, and that ORR should consider this in its assessment.
- 3.15 Midlands Connect and Stevenage Borough Council said that ORR should provide a consistent definition of "stakeholder". Stevenage Borough Council said that ORR should set a minimum standard as to what organisations and individuals Network Rail should engage with.
- 3.16 Midlands Connect said that the definition of "effective" as one of ORR's principles of good stakeholder engagement was unclear, and suggested that the definition be made consistent with that in the Highways England Licence.
- 3.17 Transport Focus said that the assessment should consider whether routes and the SO have amended their initial proposals in light of stakeholder engagement.
- 3.18 Stagecoach Group and Virgin Trains said that ORR should emphasise the importance of a clear process for and documentation of engagement, and that it should take this into account in its assessment.
- 3.19 RDG emphasised the importance of broad and transparent stakeholder engagement plans and clear governance arrangements between routes, the SO and operators.

3.20 DfT supported ORR's proposal to report the findings of its assessment publically. TfGM said that it would like to see sub-route level measures of performance in stakeholder engagement.

Our conclusions

3.21 We consider that our proposed approach to assessing the quality of Network Rail's stakeholder engagement in CP6, as set out in our November consultation, remains appropriate, with some minor clarifications. We set out our approach to carrying out our assessments in Chapter 2 of this document.

3.22 In particular, we have confirmed our intention to incorporate stakeholders' views in our assessment, while noting the importance of these being evidence based. We will develop our detailed approach to gathering stakeholders' views and incorporating them in our assessment in due course.

3.23 We welcome stakeholders' views on whether and how we could incorporate Network Rail's self-assessments into our assessment. We remain of the view that, if and when Network Rail clearly establishes that its self-assessments are both robust and effective in driving improvements in the quality of stakeholder engagement, we will look to increase our reliance on these in our assessments. This would mitigate the risk of duplication of effort, provide an incentive for Network Rail to improve its self-assessment and potentially allow for both a better assessment and a clearer view of how its findings can be implemented.

3.24 We recognise stakeholders' concerns about relying on Network Rail's self-assessments prematurely. We will not rely on Network Rail's self-assessments until we are convinced that our expectations for them have been met. We will continue to engage with and support Network Rail as it develops its self-assessments.

3.25 We agree that good stakeholder engagement requires commitment from both sides, and we expect both Network Rail and its stakeholders to engage with each other constructively.

3.26 We agree that a clear definition of "stakeholder" is important. However, we also think that it is important to avoid being unduly prescriptive about which entities Network Rail engages with and how it does so. Changes to Network Rail's network licence that will come into force on 1 April 2019 establish a new, broader definition of "stakeholder" for CP6. We have supplemented this elsewhere⁶ with a list of stakeholder groups that may fall within this definition and that we would expect

⁶ Statutory consultation on proposed changes to Network Rail's network licence. This is available [here](#).

Network Rail to engage with, although the responsibility for deciding both how to engage, and who to engage with, remains with Network Rail.

3.27 We think that the four principles of good stakeholder engagement (that engagement should be effective, inclusive, well-governed and transparent) and their definitions strike an appropriate balance between setting out what Network Rail should do to engage well with its stakeholders without being unduly prescriptive. We will monitor how the principles work in practice throughout CP6.

3.28 A key element of our assessment will consider whether the routes and SO have amended their plans in light of stakeholder feedback (which is necessary for the engagement to be effective).

3.29 We agree that it is important that the routes and the SO set out a clear process for engagement and document their engagement well (in line with the principles of well-governed and transparent engagement). This will be something that we consider in our assessments.

3.30 We confirm that we will report the outcome of our assessments publicly.

Other comments

3.31 Stakeholders also made a number of comments that were not directly related to our consultation questions.

Network Rail's engagement

3.32 Some stakeholders commented on how Network Rail should engage with its stakeholders. Nexus said that Network Rail should offer stakeholders at least a half-yearly review of business plans and scorecards, which would ensure that engagement is not a one-off annual event. Nexus further said that the routes/SO should include in their annual business plans a section on their approach to stakeholder engagement.

3.33 Stagecoach Group and Virgin Trains said that Network Rail should engage differently with different stakeholders. In particular, they said they would expect train operators to have a more significant involvement in the engagement process because of their ability to affect the outcomes delivered and the efficiency with which they are delivered. They also said that they would welcome greater clarity on expectations around interactions between operators and the SO.

3.34 Some stakeholders commented on which stakeholders Network Rail should engage with. RIA said that routes should engage with the rail supply chain and should measure how effectively they do so. Transport Focus argued that it is important that Network Rail engages effectively with passengers, as the ultimate consumers of its

product. Manchester Airports Group (MAG) said that it wants to be recognised as a key stakeholder by Network Rail and ORR, and asked for direct engagement from Network Rail. Midlands Connect said that it and similar bodies should have the ability to feed-in to Railway Boards and routes directly, and that its views should be taken into account in business planning. The Heritage Railway Association said that it expects Network Rail to engage with its members that currently use Network Rail's infrastructure or will do in future.

- 3.35 Transport Focus said that Network Rail should build its Strategic Business Plans (SBPs) for Control Period 7 (which will run from 2024-2029) having first engaged with stakeholders, rather than briefing stakeholders on a largely settled plan, which it said was largely the case for the recent development of the CP6 SBPs.
- 3.36 TfL said that Network Rail's stakeholder engagement should be proportionate, targeted and appropriate to each stakeholder.
- 3.37 Midlands Connect raised concerns that stakeholders had insufficient visibility of and ability to input into future enhancements.
- 3.38 Manchester Airports Group raised a number of concerns with the way that Network Rail engages with it, and offered some suggestions on how this could be improved.
- 3.39 Natural England said that stakeholder engagement by Network Rail with regard to management of lineside vegetation would be critical.
- 3.40 TfGM asked what ORR is doing to monitor the extent to which ORR has taken on-board the recommendations of the Glaister review with regard to better communication with stakeholders as projects develop.

Railway Boards and the System Operator Advisory Board⁷

- 3.41 Stakeholders made a number of comments on Railway Boards. TfGM said that Railway Boards should have core terms of reference and guidance on who should attend; it said that if Railway Boards are the main forum for stakeholders to raise and resolve issues, it should be considered whether a wider range of stakeholders should attend. TfGM also said that ORR could attend Railway Boards to monitor consistency and openness of dialogue and facilitate early resolution of issues.

⁷ Midlands Connect has separately raised concerns around local representation on Railway Boards and how Railway Boards consult on annual business planning. In line with our broader approach of establishing principles that we expect Network Rail to comply with in its engagement, while avoiding being prescriptive about exactly how it should do so, it is our view that these are matters for Network Rail to decide on. However, in our monitoring and assessment of the quality of Network Rail's stakeholder engagement, we will consider the extent to which its choices in this area comply with our principles of good stakeholder engagement.

Scorecards

- 3.42 A number of stakeholders commented on the use of scorecards in CP6. DfT said that funders and franchising authorities should be considered alongside customers in the development of scorecards.
- 3.43 According to Stagecoach Group and Virgin Trains, and GTR, scorecards are an important tool for providing data and information useful to measure how Network Rail is performing against key metrics. TfGM pointed out that scorecards will provide a focus on performance, an area of real concern to passengers and the wider industry. RIA said that using scorecards to compare performance across the routes could promote learning and best practice, build and enhance reputation, and reinforce accountability and transparency.
- 3.44 GTR said that operators crossing more than one geographic route have in the past experienced different levels of engagement, and that including engagement on developing and agreeing scorecards within the scope of its assessment should give ORR an insight into this.
- 3.45 Stagecoach Group and Virgin Trains suggested that train operating companies should have more influence over what is included in the scorecards, and that their contents should be more diverse and reflect the commercial and customer performance of different customers.
- 3.46 RIA agreed that it is important to compare and benchmark relative performance across routes. It said that scorecards should also include some core metrics common to all routes, and that metrics should be meaningful to stakeholders. It suggested that scorecards could be presented in a RAG (red/amber/green) format.
- 3.47 Midlands Connect said that it was concerned that Network Rail scorecards do not include early transparency and consideration of how future enhancements will affect their programmes. It also expressed concern that scorecards are based on relative metrics and do not offer clarity on how improvements to long-term outcomes will be considered.

Our conclusions

- 3.48 We note stakeholders' comments on the quality of Network Rail's engagement, including on when and how it should engage, with which stakeholders and on what subjects. As we set out above, stakeholders' views of the quality of Network Rail's engagement will be an important element of our assessments, and we will remain receptive to stakeholders' comments in this area throughout CP6 (including by gathering stakeholders' views as part of our assessment process).

- 3.49 With regard to Railway Boards and the System Operator Advisory Board, we will consider how effective these bodies are at holding the routes and the SO to account, and the extent to which it would be appropriate for us to rely on them in our approach to regulating the routes and the SO, as part of our ongoing monitoring of stakeholder engagement in CP6. We set out expectations in this area in our final determination.
- 3.50 We agree that good engagement by Network Rail on developing and agreeing scorecards is important. We will assess the quality of this engagement as part of our assessment of the quality of Network Rail's stakeholder engagement for the first year of CP6. We expect Network Rail to be responsive to the needs of its stakeholders as it develops its scorecards throughout CP6, and will assess the degree to which this is the case.



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