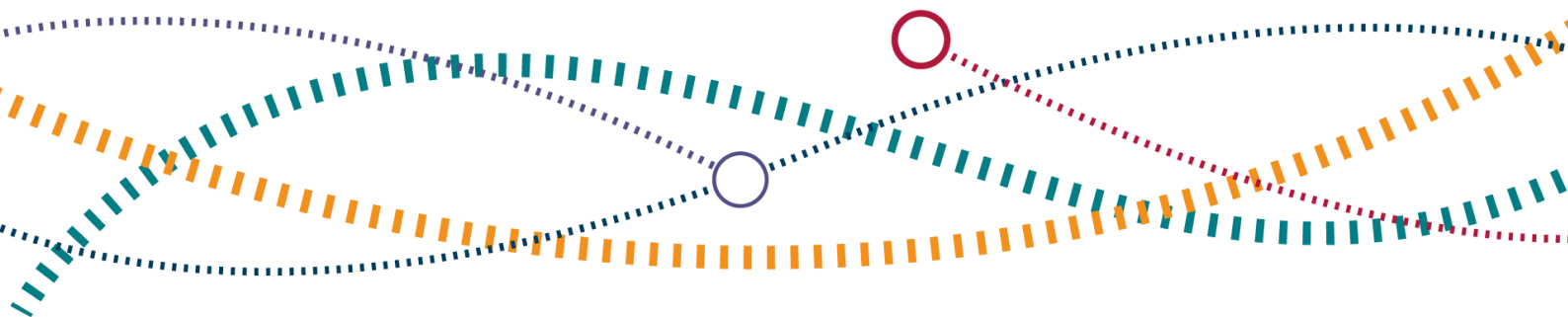# Annual Assessment of Network Rail's stakeholder engagement for Year 3 of Control Period 6 (April 2021 to March 2022)

22 September 2022

Contents

Executive Summary

1.1   Overall, Network Rail's performance on stakeholder engagement remains strong, as demonstrated by the survey results (which are covered in more detail below). There were no very significant outliers in the results to differentiate the regions and SO in terms of performance in the survey, although different business units had different areas of strength and areas for further development. We found good evidence in the self-assessments which pointed to some improvements the relevant business units have made in their approach to stakeholder engagement. When we asked stakeholders to rate the overall quality of Network Rail's engagement, we found this has declined slightly from our year 2 assessment.

1.2   We found that the quality of stakeholder engagement across the majority of relevant business units had either improved or stayed the same from the year 2 level (which was already good). However, when looking at the survey results in relation to the overarching principles of stakeholder engagement, Wales and Western and Scotland had declined when compared to year 2.

1.3   Interactions with other Government publications and reviews meant that Network Rail's Enhancement Delivery Plan was not published during year 3. However, Network Rail should continue to work with stakeholders to improve visibility of information and ensure stakeholders have the information they need to plan their business.

1.4   The stakeholder survey showed that, in general, respondents rated their engagement with regions and the SO more highly than when considering their engagement with Network Rail as a whole. As we outlined in our year 2 report, we again recommend that Network Rail's Senior Leadership Team and Board drive forward a strong culture of stakeholder engagement whilst continuing to support locally tailored engagement across the relevant business units. This is particularly the case in relation to business planning and CP7 planning engagement, where differences in the level of engagement from different business units was a key point raised. This will be particularly important as we move through the crucial next phases of PR23. We would also encourage Network Rail to continue to share best practice on stakeholder engagement between the business units.

1. Introduction

1.1   This report sets out ORR's assessment of the quality of Network Rail's stakeholder engagement, for the third year of Control Period 6 (CP6), April 2021 to March 2022 (referred to as 'year 3' throughout this document).

1.2   Our assessment is based on the requirements placed upon Network Rail in its network licence, in particular the extent to which Network Rail meets the four overarching principles of good stakeholder engagement:

(a)   **Inclusive:** engagement seeks to involve all relevant stakeholders in a fair and proportionate manner;

(b)   **Transparent:** engagement provides sufficient information to stakeholders to enable proper engagement; and they can demonstrate how they have engaged with their stakeholders and how this has influenced their actions and delivery;

(c)   **Well-governed:** engagement is underpinned by effective processes and governance arrangements that encourage meaningful engagement; and

(d)   **Effective:** engagement supports the delivery of a safer, more efficient and better used rail network, including by ensuring that stakeholders' views are duly taken into account.

1.3   Our year 3 assessment builds on our previous assessments of Network Rail's stakeholder engagement for year 1 (April 2019 to March 2020) and year 2 (April 2020 to March 2021). While we have updated our approach, we have still compared performance between years 2 and 3. (The year 1 stakeholder assessment used a different methodology).

Our approach

1.4   We assessed the stakeholder engagement activity for each of Network Rail's five regions, the System Operator (SO) and Freight and National Passenger Operators (FNPO) (which together we term the 'relevant business units'). Although FNPO has moved into the SO, we received separate evidence bases for each and therefore have reported our findings separately. We also looked at how well Network Rail engaged with stakeholders on its Enhancements Delivery Plan (EDP).

1.5   As part of our CP6 assessment of Network Rail's stakeholder engagement we have not assessed other business units such as the Technical Authority and Route Services – although this does not negate the need for these units to consider the needs of Network Rail's stakeholders in their activities.

1.6   In carrying out our assessment, we drew on the evidence set out below.

ORR independent online survey

- We commissioned Opinion Research Services, an independent social research practice, to conduct an online survey of Network Rail's stakeholders. This ran from 21 March to 19 April 2022. The survey collected both qualitative and quantitative data. The stakeholders were identified by Network Rail's business units. The survey invited respondents to identify themselves as belonging to one of twelve stakeholder groups.

- For each relevant business unit that they interacted with, stakeholders were asked to rate stakeholder engagement on each of the four overarching principles. They were also asked their perception of Network Rail's stakeholder engagement overall. For more specific activities, such as control period 7 planning, COVID-19 recovery and business performance management, respondents were only invited to answer questions if they indicated they engaged with Network Rail on these activities.

- A total of 288 stakeholders responded to the survey (a response rate of 9%). This includes partial responses where the respondent did not complete the full survey. Therefore, base numbers are included to indicate the number of responses to each question. We saw an increase in the number of respondents from the previous year's survey but the response rate for this year was at the lower range of our expectations. The survey report is published alongside this report and provides full details of the results.

Self-assessments

- The relevant business units self-assessed their stakeholder engagement against the four overarching principles. The purpose of self-assessments is for the business units to reflect on their stakeholder engagement activities during year 3 of CP6 and provide ORR with a candid assessment of their performance and areas for continuous improvement. These self-assessment reports were compiled based on guidance provided by both ORR and Network Rail's Planning and Regulation team. The self-assessments provide detail on their activities and the outcomes from their engagement.

1.7   We have sought to streamline and reduce the regulatory burden associated with our assessment. This year we decided not to conduct interviews with stakeholders, as we were already conducting a survey. We welcome any feedback from Network Rail and its stakeholders on this decision.

1.8   We have also taken advice from a sub-group of members of ORR's Consumer Expert Panel, who have experience across transport and other regulated sectors. The sub-group reviewed each of the self-assessments and provided input into our individual assessments and overarching conclusions and recommendations.

1.9   Our Senior Regulation Managers (SRMs) have also provided input into this assessment. Our SRMs co-ordinate our region-based regulation and hold Network Rail's regions and the SO (including FNPO) to account for delivery of the CP6 settlement.

Structure of this report

1.10   We bring together the sources of evidence, identify key themes emerging, examples of best practice and common problems and pinpoint any areas for development over the year ahead. Our findings are structured as follows:

- Network Rail overall – a summary of the findings across the relevant business units, as well as observations on Network Rail's central coordination of stakeholder engagement. We present findings by business unit, and against the principles, and also the survey responses in relation to specific business activities;

- By business unit – our assessment for each unit against each principle and provide any recommendations for improvement; and

- EDP – our assessment of stakeholder engagement on the EDP and recommendations for improvement.

Next steps

1.11   We will continue to engage with Network Rail's regions on the outcomes of this assessment. We will consider our approach to our assessment for year 4 (April 2022 to March 2023), including how to best assess the level of engagement in Network Rail's development of its Strategic Business Plan for control period 7. Our Periodic Review 2023 (PR23) policy framework consultation (published in July 2022) also seeks feedback on our approach to stakeholder engagement assessments.

2. Our key findings

2.1   This chapter summarises our key findings from survey results, by relevant business unit (across survey results and self-assessment) and in relation to specific activities.

Key findings across relevant business units

2.2   Our findings for the relevant business units bring together the results of the survey with the self-assessments conducted by Network Rail, and our analysis.

2.3   **Southern** and the **SO** improved their stakeholder engagement from year 2 both in terms of the survey results and the evidence they submitted as part of their self-assessments. These business units built on the areas of good practice we found last year and had broadly addressed the areas of development we identified.

2.4   **Eastern**, **North West and Central** and **FNPO** scored broadly the same compared to year 2.

(a)   The survey results for **Eastern** showed improvement against two of the principles of good stakeholder engagement ('inclusive' and 'transparent') however under the principle of 'effective' there was a decrease in comparison to year 2. Evidence in the self-assessment demonstrated the business unit had addressed some of the areas for development in year 2 however under the principles of 'transparent' and 'well-governed' these had not been fully addressed. We have therefore reiterated the relevant areas for development in year 3.

(b)   Last year **FNPO** scored highly in terms of its stakeholder engagement both across its self-assessment and survey results**.** This year, FNPO's survey results showed some further improvement against three of the overarching principles of stakeholder engagement ('inclusive', 'effective' and 'well-governed') and a deterioration under the principle of 'transparent'. However, this comes from a high year 2 survey score. The business unit remains the highest scoring for all four principles combined in year 3 and its self-assessment provides some evidence of good stakeholder engagement. However, it had not fully addressed the areas for development identified in year 2. As a result, we have reiterated these in year 3.

    (c)   **North West and Central** improved against the year 2 survey scores against the principles of 'inclusive' and 'well-governed' but scored lower compared to year 2 under the principle of 'transparent'. The region provided a good range of evidence of how it engages with its stakeholders against the four overarching principles, and while we acknowledge that it has addressed some of the areas for development we identified in year 2, further work is required which we outline in the relevant chapter.

2.5   The survey results for **Scotland** showed a decrease in stakeholder satisfaction against three out of the four overarching principles compared to year 2 ('transparent', 'effective' and 'well-governed'). Scotland scored relatively high in year 2, so we do not consider that these results are a cause for concern. Although Scotland provided some good examples of stakeholder engagement in its self-assessment it was light on overall detail and did not fully address the areas of development identified in year 2. Additionally, last year we highlighted some areas the region said it would be working on, but we have not seen evidence that this has been carried out.

2.6   Wales and Western produced the strongest self-assessment, providing strong evidence of good stakeholder engagement across all four principles with excellent examples and case studies. It also evidenced how it had addressed the areas for development identified in year 2. In comparison to year 2 however, the survey results for **Wales and Western** show a drop in survey scores, notably against the overarching principles of 'transparent', 'well-governed' and 'effective'. It also scored below the mean score of all business units in year 3. We are not clear as to the reason behind the contrast in its relatively weak survey scores and strong evidence submitted in the self-assessment. As set out in the relevant chapter, we recommend the business unit reflects on the causes behind this and how it can improve stakeholder satisfaction accordingly. ORR will work with Wales and Western to better understand these results.

High level survey findings

2.7   Figure 1.1 below sets out aggregated scores of Network Rail's performance overall against the overarching principles. These show that a majority of stakeholders consider performance is considered to be good or very good. When comparing this year's aggregated score against the overarching principles to year 2 we found that Network Rail had slightly improved on its overall score against 'inclusive', scored the same against 'well-governed' and had scored slightly lower against 'effective' and 'transparent'. However, Network Rail may wish to put more

focus on transparency and governance in year 4, as the scores in these areas are lower.

Figure 1.1:   *Proportion of stakeholders rating engagement as good or very good across each of the four principles, year 3*

Inclusive	Transparent	Well-Governed	Effective
72%	56%	57%	61%
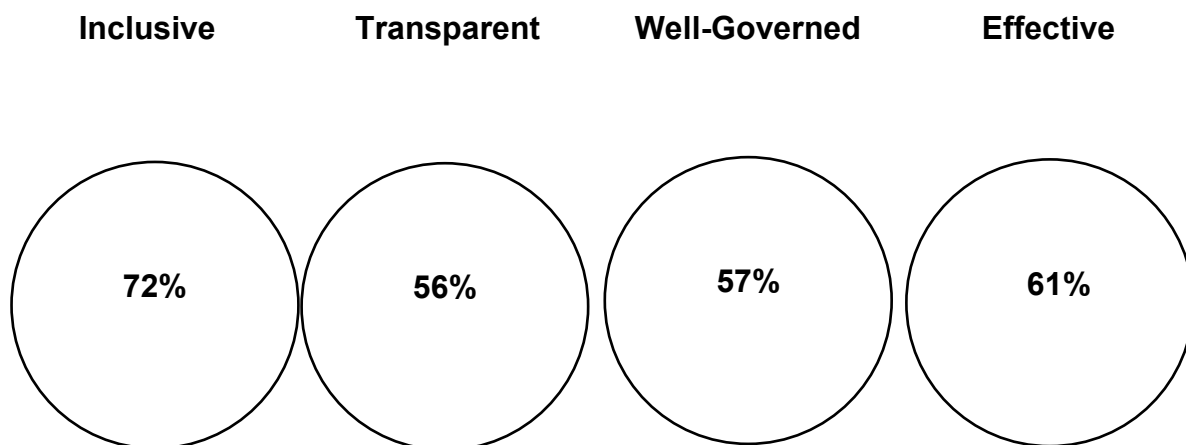
Survey question(s): "In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Inclusive; Transparent; Effective; or Well-Governed?"

2.8   The Opinion Report provides a useful narrative on the relative performance of Network Rail and the relevant business units. Opinion noted that:

> **....in general a higher proportion of respondents have rated their engagement with individual business units, in terms of the principles of good stakeholder engagement, as very good or good than when considering their engagement with Network Rail as a whole. This possibly suggests that, on the whole, stakeholders engage more closely with individual business units than with Network Rail more generally.**

2.9   Respondents were also asked to rate the overall quality of Network Rail's stakeholder engagement. The survey findings show that 60% of the 248

respondents who answered this question rated the overall quality of Network Rail's stakeholder engagement as good or very good, while 16% rated Network Rail's engagement to be poor or very poor. (See Figure 1.2).

Figure 1.2:   Perception of overall quality of Network Rail's stakeholder engagement during the last year
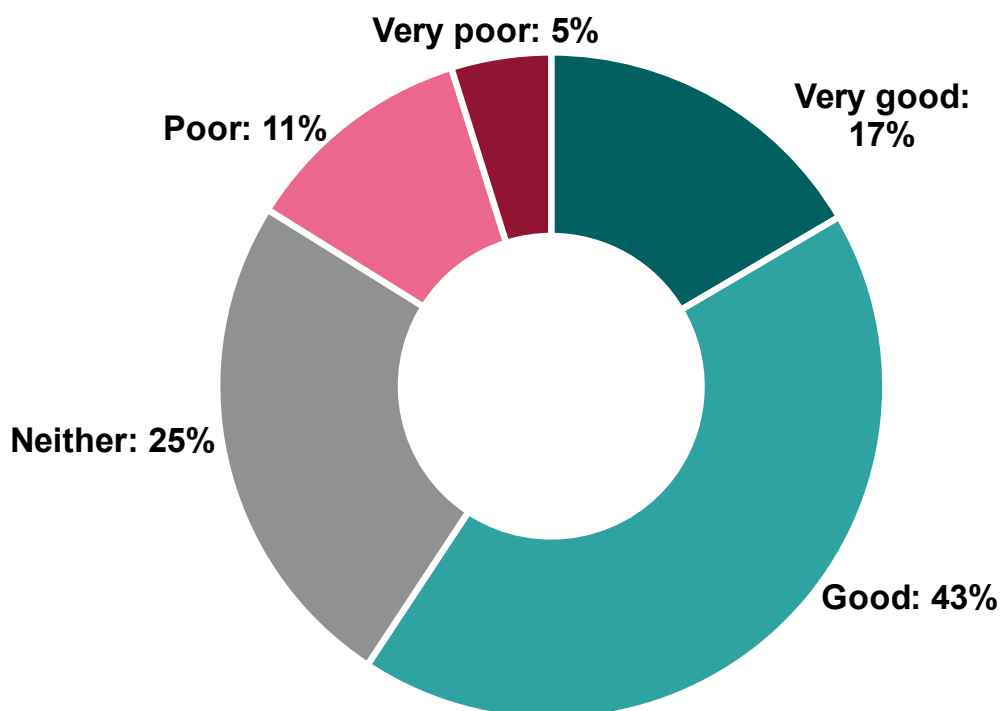
Survey question: "Overall, how would you rate the quality of Network Rail's engagement with you during the last year (01 April 2021 to 31 March 2022)?

Sample size: n=248

Source: ORR stakeholder survey

2.10   Although a good result, this is lower than in year 2, where 73% of the 234 respondents who answered this question rated Network Rail's stakeholder engagement as good or very good, while 7% rated it poor or very poor.

2.11   Our survey findings in year 3 also show that 41% of 238 respondents who answered this question thought that the quality of Network Rail's engagement had improved or somewhat improved, and 15% thought this had declined or somewhat declined (see Figure 1.3).

Figure 1.3   Perception of how the quality of Network Rail's stakeholder engagement has changed
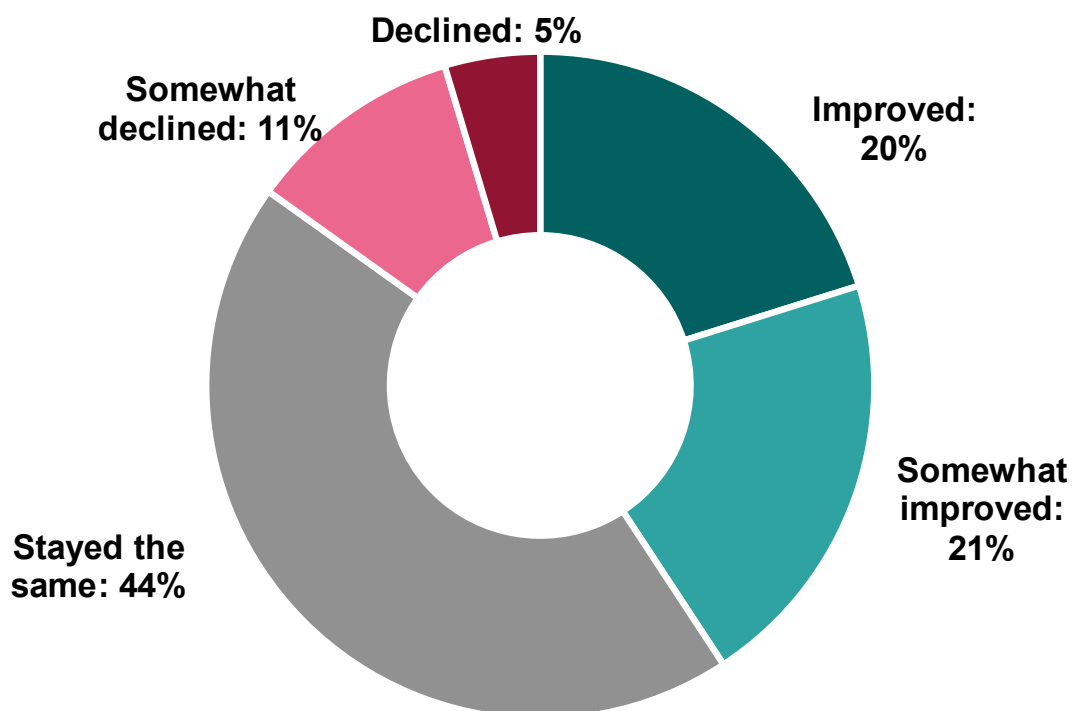
Survey question: During the last year, (01 April 2021 to 31 March 2022), in your opinion has the quality of Network Rail's engagement with you…

Sample size: n=238

Source: ORR stakeholder survey

2.12   Again, compared to year 2 this represents a reduction in performance. In year 2, 51% of the 234 respondents who answered this question thought that the quality of Network Rail's engagement had improved or somewhat improved, and 12% thought this had declined or somewhat declined. However, this is set against a relatively high baseline of satisfaction in year 2.
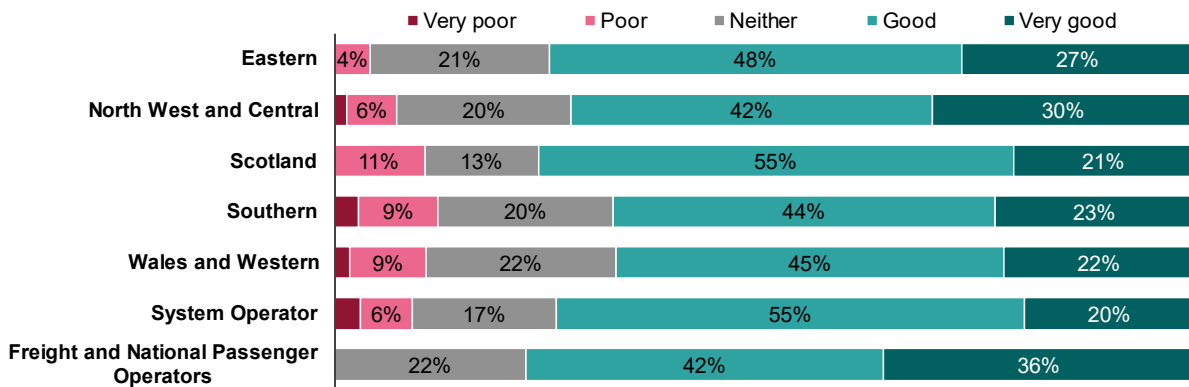
Key findings against the overarching principles

Inclusive

2.13   The survey results show that all the relevant business units' engagement with stakeholders is seen as inclusive, with well over half of the respondents rating it good or very good.

2.14   FNPO, SO, Scotland and Eastern scored particularly high with around three quarters of stakeholders rating their engagement as good or very good with respect to the overarching principle of 'inclusive'.

Figure 2.1: Stakeholder views on inclusive engagement, by business unit

Business Unit	Very poor	Poor	Neither	Good	Very good
Eastern		4%	21%	48%	27%
North West and Central		6%	20%	42%	30%
Scotland		11%	13%	55%	21%
Southern		9%	20%	44%	23%
Wales and Western		9%	22%	45%	22%
System Operator		6%	17%	55%	20%
Freight and National Passenger Operators			22%	42%	36%

Survey question: "In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Inclusive? Please rate the following parts of Network Rail you engaged with."

Sample Sizes: Eastern (n=96); North-West and Central (n=69); Scotland (n=38); Southern (n=108); Wales and Western (n=113); System Operator (n=66); Freight and National Passenger Operators (n=36).

Source: ORR stakeholder survey

Transparent

2.15   Across most relevant business units, the majority of stakeholders rated their engagement under the principle of 'transparent' as good or very good (ranging from 65% - 56%). Wales and Western only scored 46%. Again, FNPO scored highest with 65%.

Figure 2.2: Stakeholder views on transparent engagement, by business unit

Business Unit	Very poor	Poor	Neither	Good	Very good
Eastern	5%	9%	26%	43%	16%
North West and Central		11%	30%	41%	15%
Scotland	5%	16%	21%	45%	13%
Southern	6%	13%	22%	43%	15%
Wales and Western		14%	37%	32%	14%
System Operator		8%	31%	44%	15%
Freight and National Passenger Operators		6%	29%	50%	15%

Survey question: "In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Transparent? Please rate the following parts of Network Rail you engaged with."
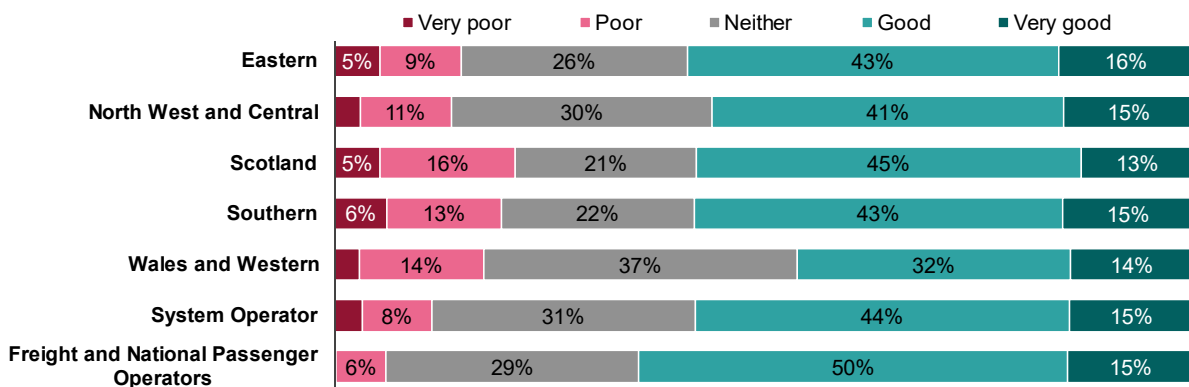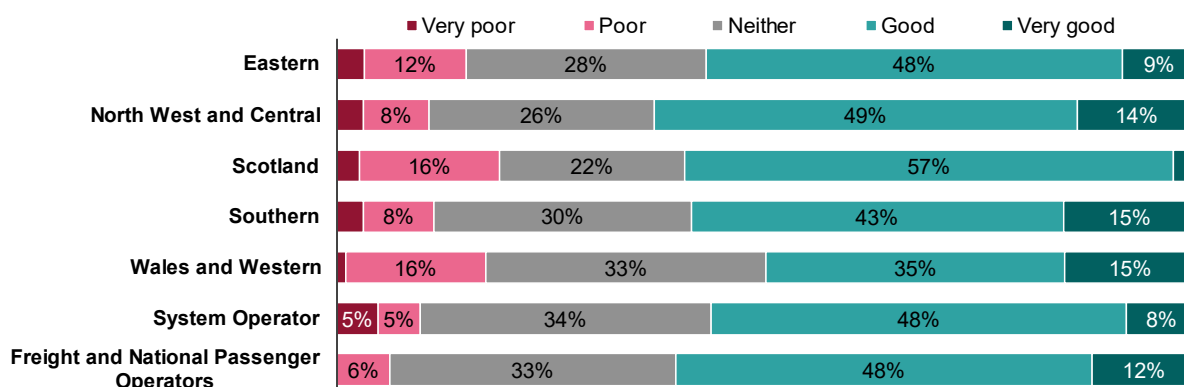
Sample Sizes: *Eastern (n=95); North-West and Central (n=66); Scotland (n=38); Southern (n=98); Wales and Western (n=104); System Operator (n=62); Freight and National Passenger Operators (n=34).*

Source: ORR stakeholder survey

Well-governed

2.16   The majority of stakeholders rated their engagement under the principle of 'well-governed' as good or very good across all relevant business units. Wales and Western scored lowest, with 50%, while North West and Central scored highest with 63%.

Figure 2.3: Stakeholder views on well-governed engagement, by business unit

Survey question: "In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Well-Governed? Please rate the following parts of Network Rail you engaged with."

Sample Sizes: *Eastern (n=93); North-West and Central (n=65); Scotland (n=37); Southern (n=97); System Operator (n=62); Wales and Western (n=98); Freight and National Passenger Operators (n=37).*
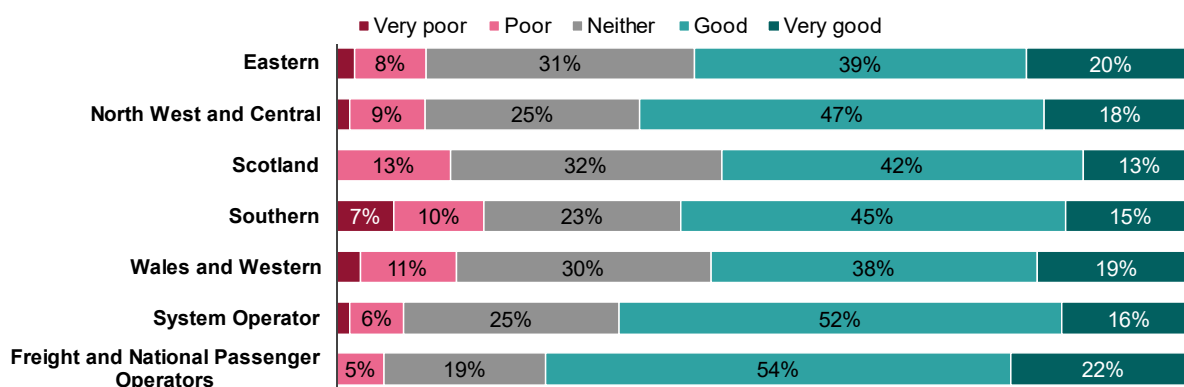
Source: ORR stakeholder survey

Effective

2.17   The majority of stakeholders rated their engagement under the principle of 'effective' as good or very good across all relevant business units. FNPO and the SO scored particularly highly with scores of 76% and 68% respectively.

Figure 2.4: Stakeholder views on effective engagement, by business unit

Legend: ■ Very poor ■ Poor ■ Neither ■ Good ■ Very good

Business unit	Very poor	Poor	Neither	Good	Very good
Eastern		8%	31%	39%	20%
North West and Central		9%	25%	47%	18%
Scotland		13%	32%	42%	13%
Southern	7%	10%	23%	45%	15%
Wales and Western		11%	30%	38%	19%
System Operator		6%	25%	52%	16%
Freight and National Passenger Operators		5%	19%	54%	22%

Survey question: "In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Effective? Please rate the following parts of Network Rail you engaged with."

Sample Sizes: *Eastern (n=96); North-West and Central (n=68); Scotland (n=38); Southern (n=105); Wales and Western (n=108); System Operator (n=64); Freight and National Passenger Operators (n=37).*

Source: ORR stakeholder survey

Key findings in relation to specific activities

2.18   Our year 3 assessment covers all the business unit's stakeholder engagement activities conducted during year 3 of CP6. The Opinion survey contained questions on stakeholders' engagement in specific Network Rail activities – annual business planning, CP7 planning, COVID-19 recovery, business performance management and the enhancement delivery plan. We asked stakeholders whether they had been engaged on any of these specific activities and, if so, what was the quality of that engagement.

2.19   We summarise the results below. We did not ask for specific evidence on these activities in the guidance for business units' self-assessment, but some units cited good examples which we have referenced.

Annual business planning

2.20   Network Rail's annual business planning includes activities such as setting priorities and planning activities to operate, maintain and renew the railway.

2.21   Overall, half of respondents said that Network Rail engaged with them about its business planning during the last year. Scotland (62%) and the FNPO business unit (61%) scored high in comparison to the other business units.

2.22   The majority of respondents who were engaged on annual business planning rated the engagement as good or very good with the exception of the SO where less than half (45%) rated this as good or very good, suggesting that the SO has more work to do in this area.

Control Period 7 planning

2.23   ORR launched PR23 in summer 2021. PR23 will establish the funding and outputs that Network Rail (or Great British Railways) must deliver CP7 (2024 to 2029). As part of the review, Network Rail has to produce a strategic business plan setting out its high-level plans for the five-year control period. This is an important part of the periodic review process and it is essential that this reflects stakeholder priorities, particularly in key areas such as train performance.

2.24   Almost three quarters (73%) of respondents who engaged with North West and Central said that it had engaged with them about CP7 planning, whereas this is the case for less than half (48%) of those who had engaged with Southern.

2.25   The remaining business units scored broadly the same with Scotland (65%), Eastern (63%), Wales and Western and FNPO (61%) and the SO (59%).

2.26   When rating the quality of CP7 engagement, this varies. 73% of respondents who engaged with FNPO rated their engagement regarding CP7 planning as good or very compared to 35% who engaged with the SO and 47% who engaged with North West and Central. However, the remaining business units scored well with Eastern (68%), Wales and Western (67%) Southern (66%) and Scotland (62%).

2.27   Network Rail has created CP7 Challenge Panels to provide independent challenge about how current and future passenger and freight user needs are reflected in its plans. Panellists represent a range of interests and experience across the communities and customers each region serves. We consider this supports inclusive engagement as it actively targets diverse stakeholders to support CP7 planning. It is a good example of best practice that is being driven from the Network Rail's central team.

2.28   In addition, we identified a number of examples of stakeholder engagement in support of CP7 planning in business units' self-assessments. Eastern provided two case studies of stakeholder engagement around their CP7 planning: CP7 Stakeholder Engagement (East Coast Route) and CP7 Business Planning and Development (East Midlands Route).

2.29 Wales and Western shared how, through its external listening programme, it is prioritising stakeholders' and passengers' priorities and reflecting these in its CP7 plans. FNPO outlined how its freight operating companies' customers have been brought into the Eastern region's work on CP7 planning with a region-wide session planned which will also enable a deeper discussion on route-specific plans.

COVID-19 recovery

2.30 The COVID-19 pandemic has had a significant impact on the operation and recovery of the railway. It is important for Network Rail's business units to engage with its stakeholders on the recovery plans for the rail network.

2.31 Overall, more than half of respondents said that Network Rail engaged with them about its covid recovery during the last year. Three quarters (75%) of respondents who engaged with Scotland said that it had engaged with them about covid recovery which was the highest compared to the other business units.

2.32 When rating the quality of covid recovery engagement, the majority of respondents rated this engagement as good or very good (and significantly higher than on annual or CP7 business planning). North West and Central scored particularly high with 80% of respondents rating the quality of covid recovery engagement as good or very good. Scotland and Eastern also scored high with 75% and 70% of respondents rating their engagement as good or very good respectively.

2.33 We identified a number of examples of stakeholder engagement in support of COVID-19 recovery in business units' self-assessments. Scotland provided an example of its online drop-in sessions which were originally introduced as part of a measure of responses to the pandemic which have now been introduced as a business-as-usual stakeholder engagement activity.

2.34 Similarly, many of the stakeholder engagement tools introduced by Wales and Western during the pandemic have also become business-as-usual, for example Viewpoint fixed terminals within stations, posters with QR codes linked to surveys and links via station Wi-Fi landing pages.

2.35 North West and Central worked with national colleagues to adopt the 'Travel with Confidence' campaign. Working with Imperial College London, it undertook a COVID-19 testing study at their managed stations and train services to understand if there were problems which needed to be addressed and to demonstrate the infrastructure was safe. The findings would inform its stakeholder and communications approach.

Business performance management – Network Rail scorecards

2.36   Network Rail scorecards capture key outputs that each business unit plans to deliver over (at least) the next year across a range of activities (financial, train performance etc). The scorecards provide a vehicle for recording what each customer wants, agreeing how it should be measured and what level of performance is reasonable.

2.37   Overall, 40% of respondents said they engaged with Network Rail on scorecards. We note that the survey was issued to a wide range of stakeholders, not all of whom would necessarily have detailed conversations with Network Rail about its scorecards. A large proportion of respondents (74%) who engaged with Scotland said they engaged with the region on business performance, the highest of any business unit. Network Rail's overall business performance engagement was rated by 60% of respondents as good or very good. North West and Central (76%) and FNPO (75%) had the highest proportion of respondents rating their business performance engagement as good or very good.

2.38   There was limited reference to scorecards in the self-assessments.

Enhancement delivery plan (EDP)

2.39   Chapter 9 of this report covers our findings on the EDP. In summary however, around half of respondents said that (considering all the sources of information on Network Rail's enhancements) they did not have the information they need to plan their business. However, we do note that due to interactions with other Government publications and reviews, the EDP was not published during year 3. We recommend that Network Rail work with stakeholders to improve visibility of information and ensure stakeholders have the information they need to plan their business. Stakeholders would like to see a proper plan with scope, milestones, dates and committed funding. Network Rail still needs to work with stakeholders to identify what gaps there are and understand the level of detail required by stakeholders to plan their business effectively.

2.40   Although the relevant business units did not mention the use of the EDP as a tool for engagement on enhancements there were examples of how they engaged with stakeholders on enhancements through focus groups and newsletters on key projects.

Recommendations for Network Rail's overall engagement

2.41   In our year 2 report we recommended that Network Rail build on and disseminate good practice to facilitate and continuously improve its engagement with its stakeholders. We expected each of the business units to actively look to find ways to incorporate shared learnings.

2.42   Network Rail has provided evidence of initiatives that show it is seeking to build a more consistent culture of stakeholder engagement in order to address this recommendation. However, at times we have encountered differing views within Network Rail on the balance between giving business units freedom to tailor their own approach to their stakeholders, with ensuring that consistent standards are met. Some consistency is necessary – for example to ensure that national stakeholders experience the same quality of engagement when they engage with more than one region. It is essential that Network Rail continues to drive the initiatives forward and embed them within its planning and delivery.

2.43   The introduction of a Governance, Risk, Assurance and Improvement (GRAI) process to ensure regional systems are robust is a good example of the application of Network Rail-wide methodologies. As a part of GRAI, the regions meet with the Head of Change and Improvement and discuss stakeholder engagement - bringing the engagement leads together and disseminating information and learning across Network Rail. Additionally, Network Rail outlined that regions with shared stakeholders meet on a more informal basis to tackle any large scale or reoccurring issues to improve stakeholder satisfaction and are looking to work closer together as they develop stakeholder engagement strategies. We are encouraged by these developments and support Network Rail's commitment to actively looking at increased cross-region knowledge sharing.

2.44   Taken together with the quantitative data – a number of qualitative comments received in the survey also support the need for a more consistent top-down approach to stakeholder engagement.

"Network Rail is stymied by its internal governance processes which have to go so far before it is able to engage with train operators, by which time projects are usually too far advanced for operators have any meaningful engagement."
Passenger Train Industry

"On the whole, I would say that Network Rail have been responsive to the needs of the organisations I have worked for. My general view is that there is a distinct disconnect between

departments which I have, on more than one occasion, seen TOC's needing to bridge ensuring that parties are aware of impacts to other sectors. On an individual level, the stakeholder relationships have built up rapidly and as a result, a symbiosis has developed. My biggest criticism is related to governance which I believe is not only incurring errors but I would suggest is resulting in significant financial losses that are not quantified or more troubling, not realised."
Passenger Train Industry

"Our scoring reflects Network Rail's engagement at leadership level which is good overall. This engagement can begin to fall away through the levels of the organisation and becomes less consistent, with opportunities to be more inclusive and increasingly cost-effective ignored, either through lack of understanding of the wider benefits of collaboration, cultural inability to trust their supply chain or failure to understand the drivers behind value for money and the levers that could be pulled"
Rail Industry Supplier

2.45   In our report in year 2 we also asked Network Rail's Senior Leadership Team and Board to "drive an organisation-wide culture of continuously improving stakeholder engagement" and "drive forward the areas for development outlined in the year 2 report". We said that Network Rail should "seek to build a more consistent culture of stakeholder engagement throughout the company."

3. Eastern

Summary

3.1   Network Rail's Eastern region manages the East Coast Main Line, Midland Main Line and the Great Eastern Main Line. The region links towns, cities, ports and freight terminals across the East of England. The region comprises four routes: Anglia, East Coast, East Midlands, and North and East.

3.2   Most passenger rail services are operated by London North Eastern Railway, Northern Trains, Cross Country, Govia Thameslink Railway, East Midlands Railway, c2c, Greater Anglia, Transpennine Express and Arriva Rail London.

3.3   Eastern promotes devolved local level stakeholder engagement. It segmented and assessed its stakeholder engagement in broadly functional ways: Supply Chain, Commercial, Freight and Community Rail and also, across four routes: Anglia, East Coast, East Midlands, North & East.

3.4   The majority of stakeholders rated Eastern's stakeholder engagement as good or very good (see Figure 3). Additionally, our survey results showed improvement against two of the principles of good stakeholder engagement ('inclusive' and 'transparent'). However, under the principle of 'effective' there was a decrease (see Figure 4).

3.5   Eastern provided a self-assessment which outlines its core approach to fully devolved stakeholder engagement. It segments its stakeholder engagement in broadly functional ways: Supply Chain, Commercial, Freight and Community Rail and, by the four routes: Anglia, East Coast, East Midlands, North and East. In the self-assessment, each of these nine segments are summarised and reported in line with the four ORR principles of stakeholder engagement. However, reflecting the region's devolved approach, different approaches are outlined across the 'segments'.

3.6   This approach allows a range of stakeholder engagement activities and methods to be evidenced and provides a very rich illustration of how Eastern has deployed a variety of approaches to meet the variety of its stakeholders and their needs.

Figure 3   Stakeholder views on Network Rail's Eastern region's engagement across the four principles
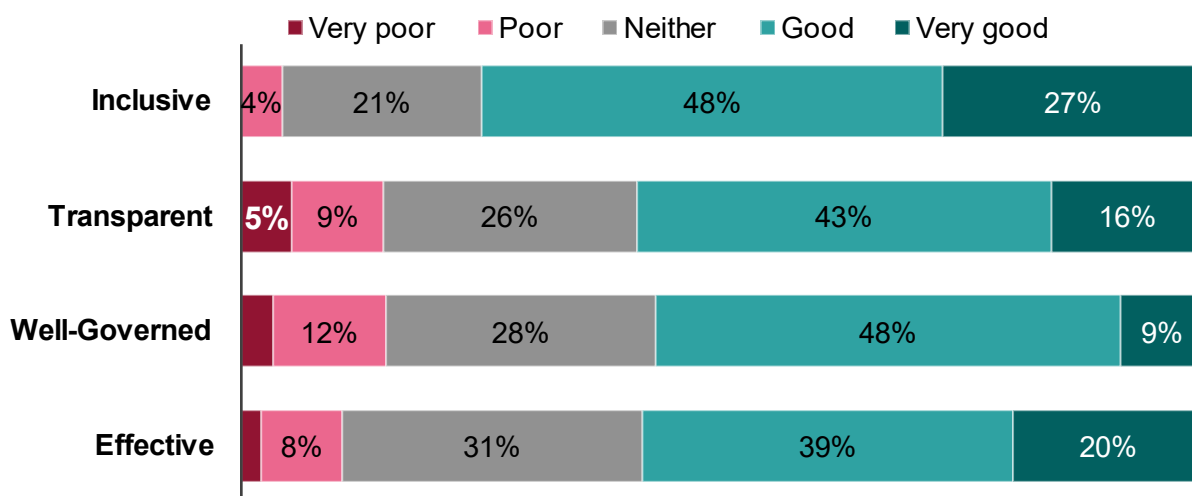
Survey question: *"In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Inclusive; Transparent; Well-Governed; or Effective."*

Sample Sizes: *Inclusive (n=96); Transparent (n=95); Well-Governed (n=93); Effective (n=96).*

Source: ORR stakeholder survey

Table 3.1   **Changing stakeholder views on Network Rail Eastern's engagement across the four principles**

Principle	Year 3	Compared with previous year
Inclusive	75%	▲ 5pp
Transparent	59%	▲ 4pp
Well-Governed	57%	0
Effective	59%	▼ -12pp

Based on a year-on-year comparison of the questions: 'In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Inclusive; Transparent; Effective; or Well-Governed.

Source: ORR Stakeholder survey year 2 and 3. Sample size is variable within and across years for each principle.

3.7 The region's drop in stakeholder satisfaction under the principle of 'effective' is also evidenced in qualitative feedback we received from respondents to our survey. The comments below are specific to Eastern.

"The governance arrangements are complex, and it is difficult to identify the individual accountable decision maker who takes joined up holistic decisions."
Public official

"It can be frustrating when a number of different departments are involved, all of whom are anxious to protect their area of responsibility without fully appreciating and acknowledging the end result for Network Rail overall"
Other (not specified)

"Processes are not clear, routes through the organisation are complex and not set out clearly. Individuals in Network Rail are excellent but finding the right person is difficult."
Public official

Our conclusions by principle

Inclusive

3.8 The evidence suggests that stakeholder engagement is inclusive in parts of the region, but not consistent across the whole region.

3.9 Generally, there is good, but inconsistent, evidence that engagement activity is tailored to the needs of different stakeholder groups. While we recognise that stakeholder engagement is devolved in Eastern, we didn't see enough evidence of a consistent approach. We note that Eastern devolves accountability to its routes. Under the Network Licence, accountability is set at regional level (as set out in ORR's letter dated 1 July 2020 on the interpretation of the Network Licence in CP6). Therefore, we consider that the region retains accountability even if in practice activities are carried out at a route level.

3.10 The East Midlands and North and East Routes have produced comprehensive, segmented stakeholder maps and a structured stakeholder engagement framework with a good focus on listening. The East Midlands Route provided a good example that this is developing well in its CP7 business planning.

3.11 The region addressed the areas for development we identified in year 2 and reviewed the accessibility of its engagement to all stakeholders.

3.12   The region has recognised that not every stakeholder has access to digital technology and has made a commitment to employ traditional methods in parallel. This is strong evidence of accessible stakeholder engagement. The region has also introduced Diversity Inclusion Assessments as part of its stakeholder plans which is extremely positive and should prove very useful if undertaken properly.

3.13   The region's community relations team has all also completed Tone of Voice/Speak Passenger training to understand how its written and verbal communications can be as open and inclusive. We would be interested to see an evaluation of the benefits of this training in next year's self-assessment.

Areas for Development from Year 3

3.14   We have identified the following areas for development under the principle of 'inclusive':

(a)   The region should outline how it shares good practice of inclusive stakeholder engagement from route level across the region as a whole.

(b)   The region should provide evidence of stakeholder mapping at a regional level, or if this activity is carried out at route level, what steps it takes to coordinate and align its approach, noting that accountability under the licence is at route level.

Transparent

3.15   The region gave an example in relation to CP7 planning where it has arranged bilateral sessions with lead operators to share their CP7 plans and seek to understand the operators priorities. It has also shared the forward plan with all their stakeholders and has tried to arrange sessions in order to discuss this.

3.16   The Safety Monitoring and Intervention Process (Supply Chain) is guided by some good principles of transparency. We understand that this is in the early stages of implementation and the region said it would be in a position to provide further information in our year 4 assessment when the initiative has been fully embedded and tested.

3.17   While examples of transparency are provided in case studies, there is no consistent evidence of an embedded, systemic approach to giving feedback to stakeholders on a consistent basis. The region did not outline an organisational approach and/or commitment to being transparent, nor did it demonstrate the importance of sharing information and data including how the region provides feedback to stakeholders on how their feedback has been used.

3.18   We found the region had not addressed the areas for development we identified in year 2. This included to review whether transparency is properly embedded across the region and ensure that data and information are shared in a timely manner to enable meaningful engagement by stakeholders. We also outlined that the region should review whether it needs to proactively improve on providing feedback to stakeholders on how their feedback was used.

Areas for Development from Year 3

3.19   Following our assessment, we have carried over the same areas for development we identified in year 2 under the principle of 'transparent':

(a)   The region should review whether transparency is properly embedded across the region and ensure that data and information are shared in a timely manner to enable meaningful engagement by stakeholders.

(b)   The region should review whether the region needs to proactively improve on providing feedback to stakeholders on how their feedback was used.

Well-governed

3.20   Overall, there is good evidence of solid governance. Several good examples are provided, for example, the Supplier Account Management Meeting Programme but they reflect business-as-usual processes and lack an outcomes focus. There is also some evidence of good governance in the sponsorship team, with the establishment of Programme Boards with Independent Chairs, and use of third-party assurance and maturity models.

3.21   The region also provided an example of good practice in the East Coast Digital Programme which is a new cross industry/stakeholder governance structure to achieve a "one-team" approach in the development of an enhancement programme.

3.22   However, it would have been useful if the systems used for good governance were clearly set out with a range of different examples in order to assess whether there is systemic good practice.

3.23   We consider that the commitment by the East Coast route to establishing an Assurance Panel to peer review CP7 stakeholder engagement is demonstrable good practice. There are also some good examples of effective governance processes, for example, in addition to seeking ISO 44001 accreditation the East Coast route is using cross network strategies such as Network Rail's Stakeholder Code of Practice.

3.24   The evidence suggests that some progress has been made on our year 2 recommendations. The region aligned its maturity assessment with the four overarching principles of good stakeholder engagement. However, we also recommended that the region clarify responsibilities between routes and the region to stakeholders and continue to develop cross-route or cross-region working as appropriate. We do not have evidence that these recommendations have been fully addressed.

Areas for Development from Year 3

3.25   Following our assessment, we have carried over the following areas for development we identified in year 2 under the principle of 'well governed':

(a)   The region should clarify responsibilities between routes and the region to stakeholders, as appropriate.

(b)   The region should continue to develop cross-route or cross-region working, as appropriate.

Effective

3.26   There is strong evidence of effective stakeholder engagement albeit, that the overall self-assessment is focused more on inputs rather than being results-focused, with the quality of effective engagement varying across each route and team.

3.27   The case study on the East Coast Timetable changes clearly demonstrated effective collaboration, inclusiveness and a focus on stakeholder focused results and outcomes. There was also evidence of good practice from the East Coast Mainline route and it may be useful for this to be shared with other routes in Eastern as well as regions across NR. For example, for TOCs, the route engages regularly through governance structures, joint meetings, pulse surveys and "you said we did" sessions. For elected representatives the route carries out biannual polling of key stakeholders and targeted constituency-based engagement on any significant plans to upgrade the railway. It has also trialled customer satisfaction surveys and these are due to be introduced.

3.28   Eastern has acted on our feedback in year 2 to develop its engagement with Community Rail Partnerships and with lineside neighbours. An improvement plan is in place and there is a good example of effectiveness in the delivery of reduced complaint response times. However, the overall evidence provided is restricted to outlining activities that have taken place without providing evidence of what has

changed as a result. The implementation of the forthcoming Community Rail Plan does look promising and is outcome-focused, so this should be welcomed.

Areas for Development from Year 3

3.29   Following our assessment, we have identified the following areas for development under the principle of 'effective':

(a)   The region should outline how it shares good practice of effective stakeholder engagement from route level across the region as a whole.

(b)   The region should provide less detail about its stakeholder activities and outline the impact of its stakeholder engagement activities and detail the results of its engagement more fully, explaining how stakeholder feedback has contributed to decision making.

4. North West and Central

Summary

4.1   Network Rail's North West and Central region runs from London Euston and Marylebone in the south to Gretna near the Scotland and England border.

4.2   Network Rail delivers in the region across three routes of North West, Central, and West Coast Mainline South, which is the busiest mixed-use railway in Europe.

4.3   The majority of stakeholders rated North West and Central's stakeholder engagement as good or very good (see Figure 5). Additionally, our survey results showed improvement against two of the principles of good stakeholder engagement ('inclusive' and 'well governed'). However under the principle of 'transparent' there was a decrease in comparison to year 2 (see Figure 6).

4.4   Overall, North West and Central submitted a well-structured self-assessment. Consideration of stakeholder survey findings suggests that stakeholder engagement in North West and Central is good. The self-assessment largely reflects a multiplicity of stakeholder engagement activity being undertaken. However, there is an unbalanced focus on activity, and plans for activity, rather than outcomes for the business and for its stakeholders.

Figure 5:   ***Stakeholder views on Network Rail's North West and Central region's engagement across the four principles***
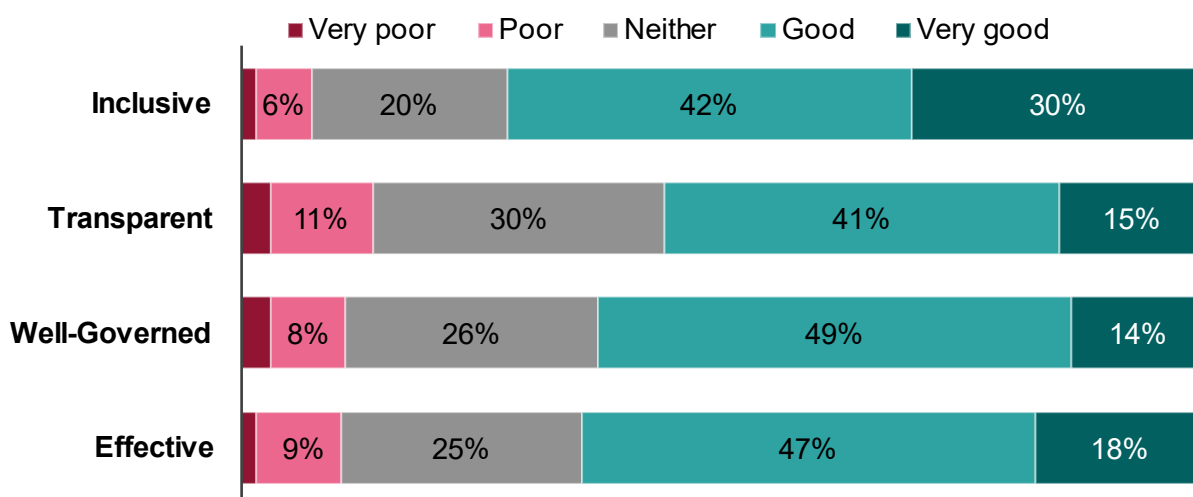
Survey question: "In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Inclusive; Transparent; Well-Governed; or Effective."

Sample Sizes: Inclusive (n=69); Transparent (n=66); Well-Governed (n=65); Effective (n=68).

Source: ORR stakeholder survey

Table 4.1   Changing stakeholder views on Network Rail North West and Central's engagement across the four principles

Principle	Year 3	Compared with previous year
Inclusive	72%	▲ 5pp
Transparent	56%	▼ -5pp
Well Governed	63%	▲ 3pp
Effective	65%	0

Based on a year-on-year comparison of the questions: 'In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Inclusive; Transparent; Effective; or Well-Governed.

Source: ORR Stakeholder survey year 2 and 3. Sample size is variable within and across years for each principle.

4.5   The region's drop in stakeholder satisfaction under the principle of 'transparent' is also evidenced in qualitative feedback we received from respondents to our survey.

"Information provision can be patchy and North West and Central are not always as readily open to stakeholder engagement as I would have liked."
Public official

Our conclusions by principle

Inclusive

4.6   We have seen some evidence North West and Central tailors its engagement activity to ensure inclusiveness by engaging with smaller local authorities and councils such as Staffordshire Moorlands Council, and also the use of digital technology to map and reach out to previously under-represented stakeholder groups such as the Commercial Directors Forum. The region has provided good examples of innovative digital approaches. The launch of a new information dashboard where passengers travelling through its four managed stations on North West and Central can access a number of features including live journey

information, station maps and retail discounts. However, it is unclear how those with accessibility needs, for example, are sought out and included.

4.7   North West and Central has responded positively to our feedback in year 2 where we outlined that it should review whether its engagement approaches are inclusive of all stakeholders. The region has recently reviewed and refreshed its stakeholder map at a regional level, devolving responsibilities, and therefore accountabilities. We welcome the region's candid self-reflection in that it considers it needs to adopt a more strategic and inclusive approach to its stakeholder engagement, and to address current gaps.

4.8   We recognise the steps the region has taken to identify and understand the importance of deploying different approaches in order to engage with all stakeholder groups to ensure that its plans and priorities present the true diversity of stakeholder opinion.

Areas for Development from Year 3

4.9   Following our assessment, we have identified the following area for development under the principle of 'inclusive':

(a)   The region should build on its understanding of inclusive stakeholder engagement and develop a more strategic and inclusive approach to its stakeholder engagement, addressing current gaps identified.

Transparent

4.10   The region's CP7 and Whole Industry Strategic Plan (WISP) roundtables demonstrates an organisational commitment to transparency and to sharing information and data with the right stakeholders in the right way and at the right time.

4.11   There is a good example of a supply chain governance structure which is based on a commitment to openness and transparency. This is followed through by the clear recognition of the importance of right time information to suppliers and the digital platforms that have been put in place.

4.12   However, it is not clear the extent to which North West and Central has taken on board the feedback in year 2 to review the transparency of its stakeholder engagement to ensure that it is effectively embedded across the region.

Areas for Development from Year 3

4.13   Following our assessment, we have carried over the following areas for development we identified in year 2 under the principle of 'transparent':

(a)   Review whether improvements are needed in the transparency of the North West and Central region's engagement to ensure a transparent approach to stakeholder engagement is effectively embedded across the region.

(b)   Review whether the region consistently feeds back to stakeholders if further steps should be taken to address any gaps. Provide evidence of an organisational commitment to the importance of the feedback loop to stakeholders (i.e. "you said and we did, or we did not and why") would address this.

Well-governed

4.14   The governance of stakeholder engagement in the region appears a work in progress possibly due to recent reorganisation. The region plans to develop its stakeholder strategy, which provides an opportunity to review the governance of its stakeholder engagement.

4.15   However, the Avanti West Coast Alliance is an excellent example of a joint industry governance structure that has clear accountabilities for delivery across the partnership.

4.16   The region has taken on board the areas for development outlined in year 2. As part of its refreshing of its stakeholder map and strategy, the region has set out to clearly assign executive ownership for stakeholders. For example, political stakeholders are assigned to individual executive members. This process is due to complete in the summer.

4.17   The region has been developing and documenting detailed route stakeholder engagement strategies. The region carried out route-led engagement with stakeholders in combined CP7 planning and WISP roundtables so as to understand stakeholders' plans and priorities for the future. These roundtables were led by the senior route representative with further rounds of meetings planned for early 2022-23.

Areas for Development from Year 3

4.18   Following our assessment, we have identified the following area for development under the principle of 'well-governed':

     (a)   The region should build on its post-reorganisation approaches to governance with a focus on stakeholder engagement. The development of its stakeholder strategy should include a review of the governance of its stakeholder engagement.

Effective

4.19   There are strong examples of effective stakeholder engagement in some parts of the report but overall the evidence provided is overly focused on inputs rather than being results-focused, and the quality varies across each route and team.

4.20   There is a clear account of outcomes delivered by North West and Central's work with the supply chain and project stakeholders. Additionally, the case study on the Joint Parliamentary Drop-In provided a welcome account of good industry collaboration and keeping stakeholders in the loop on actions taken as a result of the Drop-In.

4.21   The region has taken on board the areas for development in year 2 and provided many examples of good collaboration and partnerships but they do not always demonstrate the impact on how the region makes its decisions. The region also makes reference to meetings with stakeholders being documented via trackers including using a RAG status. This is shared with all stakeholders post-event. However, more evidence of the outcomes would have been beneficial such as how stakeholder feedback had influenced business decisions.

Areas for Development from Year 3

4.22   Following our assessment, we have identified the following area for development under the principle of 'effective':

     (a)   The region should outline the impact of its stakeholder engagement activities and detail the results of its engagement more fully, explaining how stakeholder feedback has contributed to decision making.
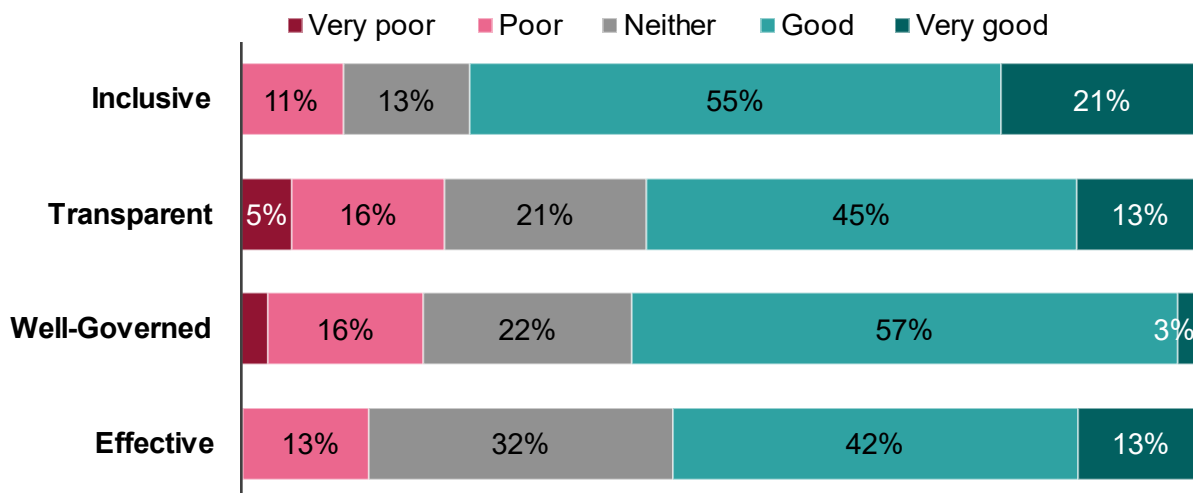
5. Scotland

Summary

5.1   Network Rail Scotland manages Scotland's rail infrastructure covering a large area from the Borders to Wick and Thurso in the far North East of Scotland.

5.2   Most rail services in Scotland from April 2021 to March 2022 were operated by Abellio ScotRail (ScotRail). Serco Caledonian Sleeper, London North Eastern Railway (LNER), Lumo, Avanti West Coast, CrossCountry, TransPennine Express and freight operators run rail services both within Scotland and between Scotland and England.

5.3   The majority of stakeholders rated Network Rail Scotland's stakeholder engagement as good or very good (see Figure 7) and the region scored particularly high under the principle of 'inclusive'. However, the survey results point to a decrease in stakeholder satisfaction against three out of the four principles compared to year 2 (see Figure 8) ('transparent', 'effective' and 'well-governed'). Although there was a marked drop in score under the principles of 'transparent' and 'effective', Scotland did score relatively high under these principles in year 2.

5.4   Network Rail Scotland provided a self-assessment which lacked sufficient depth of evidence. However, there were some good examples of stakeholder engagement in relation to communications and marketing to inform stakeholders.

5.5   There is only limited evidence of the impact of stakeholder engagement on service design or business operations. This suggests that there is not a strong or consistent understanding in the region of the difference between stakeholder communications to inform, persuade and enhance reputation compared with stakeholder engagement as an activity that is fundamentally about listening, and using stakeholder insights to drive continuous improvement in an organisation's business planning, performance and processes.

Figure 7: **Stakeholder views on Network Rail Scotland region's engagement across the four principles**

	Very poor	Poor	Neither	Good	Very good
Inclusive		11%	13%	55%	21%
Transparent	5%	16%	21%	45%	13%
Well-Governed		16%	22%	57%	3%
Effective		13%	32%	42%	13%

Survey question: "In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Inclusive; Transparent; Well-Governed or Effective."

Sample Sizes: *Inclusive (n=38); Transparent (n= 38); Well-Governed (n=37); Effective (n=38).*

Source: ORR stakeholder survey

Table 5.1 **Changing stakeholder views on Network Rail Scotland's engagement across the four principles**

Principle	Year 3	Compared with previous year
Inclusive	76%	▲ 3pp
Transparent	58%	▼ -10pp
Well Governed	60%	▼ -4pp
Effective	55%	▼ -15pp

Based on a year-on-year comparison of the questions: 'In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Inclusive; Transparent; Effective; or Well-Governed.

Source: ORR Stakeholder survey year 2 and 3. Sample size is variable within and across years for each principle

5.6   The region's high stakeholder satisfaction score under the principle of 'inclusive' is also evidenced in qualitative feedback we received from respondents to our survey.

"Strategy and Investment team in Scotland is the exception in terms of consulting on remits and ongoing inclusive involvement as schemes / initiatives develop."
Passenger Train Industry

Our conclusions by principle

Inclusive

5.7   The self-assessment does not include a stakeholder map or evidence of systematic thinking about how to engage with different groups. However, there is evidence that Network Rail Scotland has an appreciation of their stakeholder groups through the inclusion of discrete sections on engagement with customers, passengers, communities, and elected representatives. A specific example is the retention of on-line drop-in sessions for lineside neighbours affected by projects. This was an area for development we identified in year 2.

5.8   Additionally, there is evidence of some accessible engagement, for example, through the maintenance of non-digital channels for communications while acknowledging most public engagement is now digital. However, there were some significant gaps in the self-assessment, for example by not having a stakeholder map which risks the region not having measures in place to identify all its stakeholders. There was also no evidence of engagement with minority stakeholders and limited evidence in relation to accessibility as mentioned above.

Areas for Development from Year 3

5.9   Following our assessment, we have identified the following area for development under the principle of 'inclusive':

(a)   The region should provide stakeholder mapping at a regional level and show how it is systematically thinking about engaging different (especially minority) voices on activities or issues that might affect them.

Transparent

5.10   Overall, there is limited evidence of transparent stakeholder engagement through the provision of sufficient information to stakeholders around how their views are taken into account.

5.11   However, an example of good practice was the new user research / service design approach to the planned Argyle Line tunnel closure and community engagement around the new Strathbungo footbridge.

5.12   In year 2 we outlined that the region should review whether it consistently feeds back to stakeholders if and how their feedback was used, and if not, why not. The region has not fully addressed this area of development and demonstrated that it consistently feeds back to stakeholders.

Areas for Development from Year 3

5.13   Following our assessment, we have carried over the following area for development we identified in year 2 under the principle of 'transparent':

(a)   Review whether the region consistently feeds back to stakeholders if and how their feedback was used, and if not, why not. Outline with examples how this has been carried out. This can include having a systematic approach to stakeholder engagement with a stakeholder engagement plan based on some principles of best practice such as providing feedback to stakeholders and using the information gained to influence key decisions at a strategic and local level.

Well-governed

5.14   The region has taken on board our feedback in year 2 and made efforts to engage with new/returning MSPs following elections in 2021. The annual joint Network Rail/ScotRail Stakeholder Survey results for 2021 showed a 17% increase on favourability among Scotland's Railway's key stakeholders, including elected representatives.

5.15   However, there is insufficient evidence of well-governed stakeholder engagement in the self-assessment. Instead, it presents a picture of siloed activity without the strategic oversight which would allow it to identify good stakeholder engagement practice. This would help ensure that contributions from stakeholders were heard and understood in all the parts of the region where they could influence improvements.

Areas for Development from Year 3

5.16   Following our assessment, we have identified the following areas for development under the principle of 'well-governed':

(a)   Outline how the region has improved governance across the region. This can include a strategic review of the governance arrangements around

stakeholder engagement to ensure there is clarity of roles and responsibilities and an emphasis to engage with a broad range of stakeholders to drive decision making and facilitate improvements.

Effective

5.17   The region provided strong evidence of an emphasis on building and maintaining positive working relationships to inform and educate stakeholders through marketing and communication. There was some information about engagement activities being timely with examples provided about specific disruptive works. The region created "Passenger Handling Forums" where along with the TOCs they formalise and focus on early engagement ahead of major disruptive access.

5.18   One local example was in reference to the closure of the Argyle line in Glasgow where the region launched a passenger survey online, in stations and in the media. Over 750 passengers provided information through the survey that the region then used to plan the rail replacement bus service.

5.19   Although the region did not address the areas for development we identified in year 2 in its self-assessment, intelligence gathered from ORR's senior regulation manager for Scotland indicates that the region did take account of our feedback and works closely with Transport Scotland on plans to deliver enhancements.

5.20   Additionally, as part of its self-assessment last year, the region highlighted that further work was needed in a number of areas. However, the region has not provided evidence or further updates on its progress towards these. We therefore recommend the region provide an update on the work it highlighted was necessary in our year 2 review. We outline these below.

Areas for Development from Year 3

5.21   Following our assessment, we have carried over the following areas for development identified in year 2 under the principle of 'effective':

(a)   The region should outline the improvements it said it will make in relation to the support it offers to active travel projects (e.g. walking and cycling projects that interface with the railway) with a more proactive approach to understand phasing and how the region can better feed these into its strategic planning and enhancements;

(b)   The region should outline how it shares the success of improved governance structures across the region; and

(c)   The region should outline how it has reviewed ongoing worker behaviour complaints from lineside neighbours and improved the consistency of its lineside notification process, including planned works and clarity on points of contact for raising concerns or questions.

6. Southern

Summary

6.1   Network Rail's Southern region links major towns, cities, ports and freight terminals in the South of England. The region comprises three routes, Sussex, Kent and Wessex, but it does not cover Network Rail High Speed.

6.2   Most passenger rail services are operated by South Western Railway, Govia Thameslink Railway Ltd (GTR) operating Southern; Thameslink and Gatwick Express, Arriva Rail London (ARL) operating London Overground services and SE Trains operating Southeastern services.

6.3   The majority of stakeholders rated Southern's stakeholder engagement as good or very good (see Figure 9). Southern improved on its stakeholder engagement survey results from year 2 across three out of the four overarching principles of good stakeholder engagement ('inclusive,' 'transparent, and well-governed'), although it's score under the principle of 'effective' dropped (see Figure 10).

6.4   Southern built on the areas of good practice we found last year and had broadly addressed the areas of development we identified in year 2. The region produced a succinct, well-structed, self-assessment. The stakeholder mapping exercise is a good model for other business units to adopt.

Figure 9: **Stakeholder views on Network Rail's Southern region's engagement across the four principles**
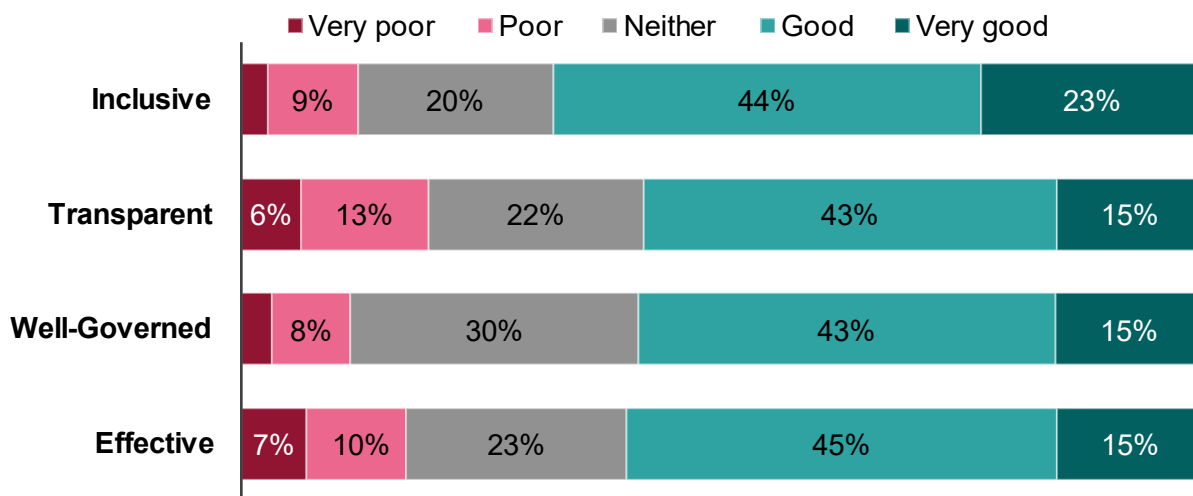
Survey question: "In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Inclusive; Transparent; Well-Governed; or Effective."

Sample Sizes: *Inclusive (n=108); Transparent (n=98); Well-Governed (n=97); Effective (n=105).*

Source: ORR stakeholder survey

Table 6.1 **Changing stakeholder views on Network Rail Southern's engagement across the four principles**

Principle	Year 3	Compared with previous year
Inclusive	67%	▲ 4pp
Transparent	58%	▲ 3pp
Well Governed	58%	▲ 2pp
Effective	60%	▼ -6pp

Based on a year-on-year comparison of the questions: 'In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Inclusive; Transparent; Effective; or Well-Governed.

Source: ORR Stakeholder survey year 2 and 3. Sample size is variable within and across years for each principle

6.5   Qualitative feedback we received from respondents to our survey highlights a mixed picture of stakeholder satisfaction.

"I have had regular contact with Network Rail. They have kept me informed of studies and consultations and have always stuck to dates laid out"
Infrastructure manager

"We are a London Borough and have had difficulties in engaging with Network Rail. In addition, our Transport Users Sub Committee has not seen a representative from Network Rail for a very long time, despite being invited and reminded how important their attendance is."
Public official

Our conclusions by principle

Inclusive

6.6   The region has provided a detailed stakeholder map with information on the specific interests of stakeholders. This covers operators, passengers, elected representatives, lineside neighbours, communities, funders and suppliers. Overall, this suggests the region has very strong evidence in relation to knowing and understanding who their stakeholders are. There is evidence that the region has a focus on ensuring there is accurate and insightful data to improve engagement with lineside neighbours. Additionally, community drop-ins have been identified as an effective mechanism to communicate and engage with lineside neighbours ahead of disruptive work. However, limited evidence has been presented in relation to accessibility.

6.7   The region has provided an example of good practice through its work identifying MPs who are not particularly engaged with issues relating to the day-to-day operation of the railway. The region may want to consider how it can use the same approach to target and engage further with local councillors and public officials given the qualitative feedback we received in our survey results.

6.8   Overall, Southern are to be commended on their work identifying stakeholders. Some of the initiatives employed are good practice and worth adopting across Network Rail. For example, it has developed hybrid approaches that blend the benefit of virtual engagement with the personal touch of face-to-face interaction. We would encourage the region to continue to do this and ensure all events are accessible for all stakeholders such as disabled people, those with caring responsibilities and / or those who have some distance to travel.

6.9   Following our assessment, we have not identified any specific areas for development under the principle of 'inclusive'.

Transparent

6.10   The region has built on the areas for development in year 2, where we said it should increase the transparency of its operational activities and stakeholder engagement and review whether a more holistic strategy should be implemented. The region ran periodic pulse checks in all of their customer train operating companies and among Network Rail colleagues who engage regularly with each other. This provided timely and relevant feedback from both parties that is used to identify improvements, identify any issues, or challenges and address them proactively. This process is transparent as the feedback is shared in both directions and fed into the various alliance boards and working groups. Further, as feedback is published, the commentary gives consultees the opportunity to see that issues are investigated and a line of sight to the resolution or outcome.

6.11   A further example is around website updates, where all major projects and blockades are communicated through the website to give passengers a single version of the truth. Everything is communicated at least three months in advance of disruptive works.

6.12   The region also provided feedback to stakeholders on the engagement activities they took part in, which was another area of development identified in year 2. However, these primarily focused on the "You Said We Did" sessions with train operating companies and their stakeholder conferences (attended by elected representatives, local authorities and other public affairs stakeholders). This is a positive method of providing feedback which should be extended to a wider range of stakeholders as part of a similar exercise.

Areas for Development from Year 3

6.13   Following our assessment, we have identified the following area for development under the principle of 'transparent':

(a)   The region should develop its stakeholder feedback further and inform all stakeholders of how their feedback was used to aid decision making. Identify further measures to ensure engagement with all stakeholder groups and provide a consistent level of feedback and transparency.

Well-governed

6.14   The region has provided examples of good practice and governance which demonstrates the region addressed the issues raised both in this area for

development in year 2 and in strategic engagement more generally. These include, for example the launch of its new Stations Experience Group to review customer satisfaction and share industry best practice and regular Supplier Account Management meetings which allow a more strategic approach to engagement and dialogue with key suppliers and provides greater oversight at a more organisational rather tactical level.

6.15   The region also provided an example of the pan-London engagement. At the outbreak of the pandemic, passenger and freight operators, Network Rail, TfL and the RDG all sought to respond to the specific needs of rail users in London as best they could. This is a good example of governance oversight that can be built upon moving forward to include an overall stakeholder governance structure.

Areas for Development from Year 3

6.16   Following our assessment, we have identified the following area for development under the principle of 'well governed':

(a)   Review what 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 follows best practice. It may be helpful if the region is clear about the wide range of governance mechanisms it has in place, how these work together and how they lead to improved outcomes.

Effective

6.17   The region has provided good examples of effective stakeholder engagement and has clearly been gathering evidence through a wide range of methods. These include setting up several board structures, pulse checks and 11 working groups to look at specific elements of where both train operating companies and Network Rail can jointly develop plans, initiatives and approaches to subjects.

6.18   The region has also used other methods and tools to provide effective engagement including their new passenger satisfaction survey, MP briefing programme, stakeholder conferences attended by elected representatives, local authorities and public affairs stakeholders as well as their innovative 'noiseapp' to gather evidence in relation to line side disturbance. The passenger satisfaction survey launched in May 2021 enables feedback to be used to help guide the region's business decisions which has strengthening the line of sight between stakeholder priorities and concerns and business decisions. This was an area of development we identified in year 2.

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6.19   There is some evidence that engagement activities were timely but this is mainly about engaging with lineside neighbours before disruptive work has begun. For example, the region launched a Kent Route webpage which details the disruptive work planned for the year ahead within that area.

Areas for Development from Year 3

6.20   Following our assessment, we have identified the following area for development under the principle of 'effective':

(a)   The region should consider further approaches to improve the timeliness of stakeholder engagement i.e. before decisions are made.
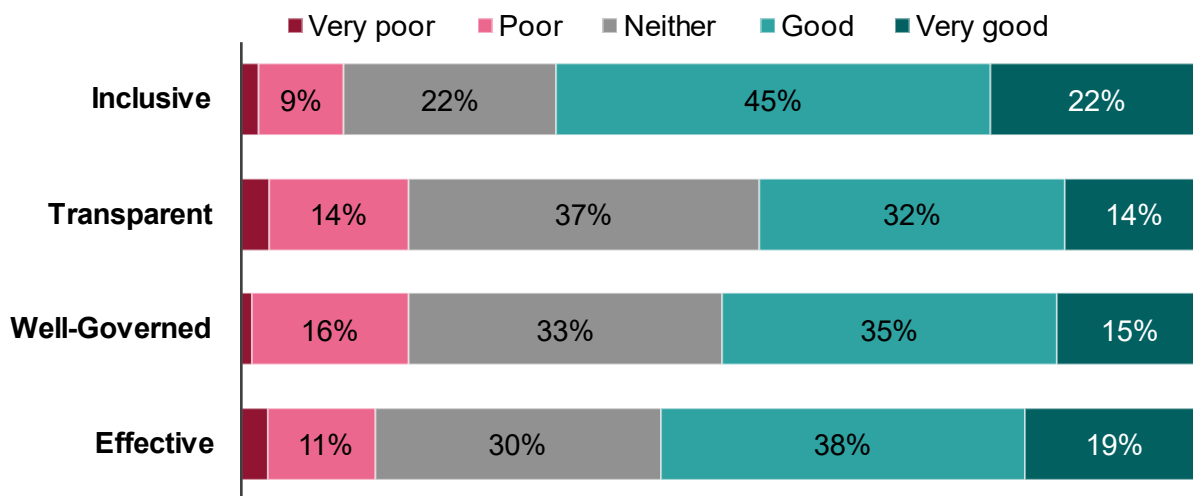
7. Wales and Western

Summary

7.1   Network Rail's Wales and Western region extends from London Paddington to Penzance via Reading, Swindon, Bristol, Exeter and Plymouth in the Western route and to key locations such as Cardiff and Swansea in the Wales route.

7.2   Most passenger rail services in the Wales and Western region are operated by Great Western Railway, Transport for Wales and CrossCountry. Rail freight services are also critical, moving various commodities within the region and beyond.

7.3   Wales and Western submitted a very strong, evidence-based and results-focused self-assessment which is well-structured against the four overarching principles of good stakeholder engagement. It is also well structured against the key stakeholder groups. However, a drop in stakeholder survey results indicate that the region needs to think further about how it manages stakeholder expectations and stakeholder satisfaction moving forward.

7.4   The majority of stakeholders rated Wales and Western's stakeholder engagement as good or very good (see Figure 11) in two out of the four principles of good stakeholder engagement ('inclusive' and 'effective'). However, less than half rated the region as good or very good under 'transparent' (46%) and only half (50%) rated it good or very good under 'well-governed'. In comparison to year 2, the survey results show a decrease in stakeholder satisfaction against the principles of 'transparent', 'well-governed' and 'effective' (see Figure 12).

7.5   We are not clear as to the reason behind the contrast in the lower survey scores this year and the very strong evidence submitted in the self-assessment. As a result, we have outlined this contrast and recommend the business unit reflects on the causes behind this and how it can build on the activities it is undertaking to improve stakeholder satisfaction accordingly. Our SRM team will work with the region on this.

Figure 11   Stakeholder views on Network Rail's Wales and Western region's engagement across the four principles

Legend: ■ Very poor   ■ Poor   ■ Neither   ■ Good   ■ Very good

Principle	Poor	Neither	Good	Very good
Inclusive	9%	22%	45%	22%
Transparent	14%	37%	32%	14%
Well-Governed	16%	33%	35%	15%
Effective	11%	30%	38%	19%

Survey question: "In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Inclusive; Transparent; Well-Governed or Effective."

Sample Sizes: Inclusive (n=113); Transparent (n=104); Well-Governed (n=98); Effective (n=108).

Source: ORR stakeholder survey

Table 7.1   Changing stakeholder views on Network Rail Wales and Western's engagement across the four principles

Principle	Year 3	Compared with previous year
Inclusive	67%	▲ 1pp
Transparent	46%	▼-20pp
Well Governed	50%	▼ -9pp
Effective	57%	▼-13pp

Based on a year-on-year comparison of the questions: 'In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Inclusive; Transparent; Effective; or Well-Governed.

Source: ORR Stakeholder survey year 2 and 3. Sample size is variable within and across years for each principle

7.6   Qualitative feedback we received from respondents to our survey also supports the drop in stakeholder satisfaction. However, we also received some positive comments in relation to the region's stakeholder engagement.

"We are working with Strategic Planning colleagues from Network Rail's Western region on the development of our local rail aspirations. Network Rail colleagues have been good at capturing our aspirations through regular meetings / discussions, which are informed by materials shared by Network Rail in advance of meetings."
Local enterprise partnership

"Although things have improved in the last ten years almost beyond recognition, there is still a lack of full transparency and you always have the feeling that the full game plan isn't being revealed. The system still doesn't seem to allow local intelligence to filter into it and populate long term plans"
Passenger representative

"Difficult to progress from engagement to actually making something change."
Public official

"My interactions with Western Route have been very positive. They've offered full support at many levels with my project deliverables."
Passenger train industry

Our conclusions by principle

Inclusive

7.7   The region's stakeholder database has been refreshed across all routes and contains a comprehensive and appropriately segmented stakeholder map. The rationale for engagement, and its value to the business and to stakeholders is detailed in each group section. This sets the right framework for engagement and should ensure that it is tailored to the right people in the right way and at the right time. The self-assessment contains many examples of tailored engagement activity.

7.8   The region addressed the areas for development identified in year 2 and reviewed measures in place to ensure that its engagement is accessible to all stakeholders. It also learned the lessons from its reactive engagement and applied this across all stakeholders, doing so in a proportionate manner. This is evidenced through joint working with access groups to enhance station facilities and early-stage engagement with passengers and representative groups on accessibility, with dialogue taking place at design stage rather than "after the event." The use of the

design advisory panel in the development of wayfinding proposals for Paddington station was a notable example.

7.9   The "Day in the Life of" passenger experience group demonstrates inclusive engagement achieving results. The potential impacts of diverse events on passengers were able to be identified by those with lived experience and then planned into communications, alternative journey mapping and accessibility during a major engineering blockade. Another good example is the engagement with the freight community and its customers, as evidenced in the work with Mendip Rail, Hanson and Aggregate Industries. Wales and Western convene all of the relevant stakeholders to conduct monthly deep dives to address performance issues caused by all parties and with joint actions as a result.

7.10   Following our assessment, we have not identified any specific areas for development under the principle of 'inclusive'.

Transparent

7.11   The region addressed the areas for development identified in year 2 and provided strong evidence of an organisational commitment to transparency and of its value. There was clear evidence of transparency around performance challenges, for example, through openly, and mutually, sharing performance challenges with industry colleagues resulting in industry action plans and subsequent performance improvements. Another example provided is the sharing of performance data with train operating companies and freight operators to produce joint action plans for improvement.

7.12   The Joint Performance Forum demonstrates a transparent approach to sharing performance data with stakeholders and using that data to learn lessons and improve performance going forward. Wales and Western encourage transparency from other industry stakeholders, for example through periodic reviews of performance data with the freight community giving visibility of performance to all stakeholders. The presentation of the Periodic Review 2023 (PR23) process and timeline to stakeholders and in workshops about the challenges the industry is facing and the funding scenarios being considered is a good example of open and honest discussion.

Areas for Development from Year 3

7.13   Following our assessment, we have identified the following area for development under the principle of 'transparent':

(a) The region should reflect on the difference between its self-assessment and results of our stakeholder survey in relation to the principle of transparency given the sharp decline in stakeholder satisfaction between year 2 and year 3. ORR will work with Wales and Western to better understand this change in survey results.

Well-governed

7.14 There is good evidence of ongoing continuous improvement in stakeholder engagement with a welcome focus on the use of independent assurance throughout, for example, through commissioning the Rail Delivery Group to undertake a review of its performance governance structure and reviewing the region's CP7 workshop methodology with Transport Focus and a third-party supplier. The region has addressed the areas for development identified in year 2 and has ensured governance is embedded across the region.

7.15 While the Governance, Risk, Assurance and Improvement (GRAI) process is used throughout Network Rail, Wales and West has evidenced its effective use of the process to enhance and continually improve stakeholder engagement at leadership and Board level. The region has provided examples of governance processes that are in place to ensure that engagement activity and outputs are addressed and discussed at senior leadership level. It has also been honest in reflecting that it needs to improve on the governance structure in relation to its engagement with the supply chain.

Areas for Development from Year 3

7.16 Following our assessment, we have identified the following areas for development under the principle of 'well-governed':

(a) The region has identified that it needs to build on its commitment to improve the governance structure in relation to its engagement with the supply chain.

(b) The region should reflect on the difference between its self-assessment and results of our stakeholder survey in relation to the principle of 'well-governed' given the sharp decline in stakeholder satisfaction between year 2 and year 3. ORR will work with Wales and Western to better understand this change in survey results.

Effective

7.17 There is evidence of a thorough, embedded and results-focused approach to stakeholder engagement. The unified structure in the report against all parts of the business and its stakeholder groups demonstrates a strategic approach from the

top of the business and evidence that it takes stakeholder engagement seriously. The self-assessment contains many examples of either Board or Executive level oversight of stakeholder engagement, and in being sighted on escalations or challenges.

7.18   The region addressed the areas for development identified in year 2 and reviewed how its stakeholder engagement is systematically influencing its plans and priorities in a timely manner.

7.19   There is a good case study showing how the listening exercise has been reflected in the CP7 business plan. Influencing business decisions is the key determinant of effective stakeholder engagement and Wales and Western has demonstrated here that it understands and acts on this.

7.20   The external listening programme provides good practice evidence of an open and timely approach to listening to stakeholders' own priorities rather than seeking to validate or endorse the region's views. The evidence also highlights how early engagement and feedback from workshops with operators, and independent passenger research, informed and justified the business plan prioritisations.

Areas for Development from Year 3

7.21   Following our assessment, we have identified the following areas for development under the principle of 'effective':

(a)   The region should reflect on the difference between its self-assessment and results of our stakeholder survey in relation to the principle of 'effective' given the sharp decline in stakeholder satisfaction between year 2 and year 3. ORR will work with Wales and Western to better understand this change in survey results.
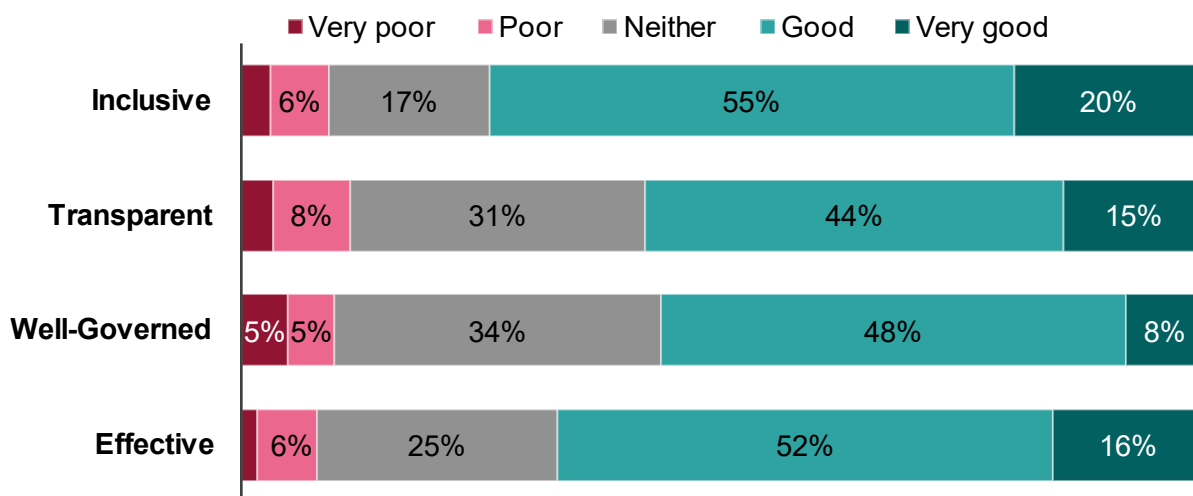
8. SO and FNPO

Summary

8.1   Both the SO and FNPO collaborate extensively with the Network Rail regions and the rail industry to carry out a range of important network functions. These include:

   (a)   strategic planning (it is accountable for Network Rail's long-term planning process);

   (b)   providing information about network capacity to train and freight operators and funders;

   (c)   managing operator access to the network;

   (d)   producing the timetable;

   (e)   providing technical expertise and co-ordinated management to deliver performance and safety improvements in network operations;

   (f)   improving the customer experience at managed stations; and

   (g)   managing Network Rail's customer relationships, including delivery to freight operators, national passenger operators, charter operators and potential future open access operators.

8.2   Although FNPO has merged with the SO, we received separate evidence bases for each and therefore have reported our findings separately.

SO

8.3   The majority of its stakeholders rated the SO's stakeholder engagement as good or very good (see Figure 13) and it scored particularly high under the principles of 'inclusive' and 'effective'. It improved its results across all four of the overarching principles (see Figure 14). However, the SO scored relatively low in comparison to the other business units under the quality of its engagement regarding annual business planning. Less than half (45%) of respondents rated this as good or very good, suggesting that the SO has more work to do in this area.

8.4   Overall, the SO submitted a strong self-assessment and has achieved a year-on-year improvement from the stakeholder findings. There is also good evidence to show that the SO has responded to feedback from year 2.

Figure 13   Stakeholder views on Network Rail's SO's engagement across the four principles

Legend: ■ Very poor   ■ Poor   ■ Neither   ■ Good   ■ Very good

Principle	Very poor	Poor	Neither	Good	Very good
Inclusive		6%	17%	55%	20%
Transparent		8%	31%	44%	15%
Well-Governed	5%	5%	34%	48%	8%
Effective		6%	25%	52%	16%

Survey question: "In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Inclusive; Transparent; Well-Governed or Effective."

Sample Sizes: Inclusive (n=66); Transparent (n= 62); Well-Governed (n=62); Effective (n=64).

Source: ORR stakeholder survey

Table 8.1   Changing stakeholder views on Network Rail's SO's engagement across the four principles

Principle	Year 3	Compared with previous year
Inclusive	75%	▲ 11pp
Transparent	59%	▲ 6pp
Well Governed	56%	▲ 14pp
Effective	68%	▲ 10pp

Based on a year-on-year comparison of the questions: 'In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Inclusive; Transparent; Effective; or Well-Governed.

Source: ORR Stakeholder survey year 2 and 3. Sample size is variable within and across years for each principle

8.5   Some feedback from respondents to the survey supports the high stakeholder satisfaction, though there are areas for development which we describe in our conclusions.

"We have a maturing relationship with System Operator in Network Rail. There is a high level of trust and senior executive level input to this. Relationships within this are clear, open and honest, providing gateways into each other's organisation by the other party."
Infrastructure manager (National Highways)

"The engagement from System Operator has been variable. Whilst a lot has been very good, there have also been areas of concern"
Passenger train industry

Our conclusions by principle

Inclusive

8.6   The extensive stakeholder mapping exercise undertaken by the SO, building on feedback from year 2 and applying learning from across Network Rail business units, provides strong evidence that it knows and understands who its stakeholders are. The evidence provided suggests the mapping exercise is designed to fully understand the stakeholder base and its engagement needs. There is also evidence that the mapping is being applied in practice within accountable areas in the business.

8.7   The Standing Advisory Group (SAG) is a good example of best practice – an independently chaired group, with a range of stakeholder representation and direct access both to stakeholder feedback and to the leadership team.

8.8   Following our assessment, we have not identified any specific areas for development under the principle of 'inclusive'.

Transparent

8.9   The SO has provided an example of its approach to transparency through stakeholders attending and representing the industry at its SAG meetings. The SAG supports independent governance activity for the business unit. It has dedicated channels for national-level industry engagement, scrutiny and consultation with groups of stakeholders. Aside from this example, it is unclear if there has been an overarching organisational approach and/or commitment to being transparent, for instance, examples of reviewing whether transparency is

properly embedded across the business. This was also an area of development we identified in year 2.

8.10   However, the SO has provided some good evidence on the systematic use of the "feedback loop" which we also identified as an area of development in year 2. The Smarter Information Smarter Journeys Programme is an excellent example of what is good practice in business-as-usual engagement and should be embedded across the broader stakeholder engagement programme. The Weather Risk Task Force is also a good example of sharing, reflecting and collaborating with stakeholders at an early stage through its Engage, Participate and Communicate strategy.

Areas for Development from Year 3

8.11   In light of our point above, we have carried over the following area for development identified in year 2 under the principle of 'transparent':

(a)   Review whether transparency is properly embedded across the business unit.

Well-governed

8.12   The SO provided good examples of where it has reviewed internal governance arrangements and employs an open approach to looking at best practice and continuous improvement. This was an area for development we identified in year 2. It has responded to the previous recommendation to improve the governance of its engagement activities and it is clear that this has been applied in a systematic way across the organisation and with appropriate accountabilities.

8.13   There is also good evidence of an open approach to looking at best practice and to continuous improvement including well-structured approaches to the organisation of stakeholder activities and how they are undertaken effectively. In larger projects with longer timescales, it was good to see evidence of an iterative, responsive and flexible process to working with stakeholders.

8.14   Following our assessment, we have not identified any specific areas for development under the principle of 'well-governed'.

Effective

8.15   The SO has provided good examples of effective, results-focused engagement in some key areas. It is also clear that stakeholder engagement activities are generally planned in a timely fashion and at an early stage of projects and before key decisions were made. There is also good evidence of building and maintaining

positive working relationships and gathering stakeholder views through a range of methods such as survey data, listening exercises, and a wide range of stakeholder forums organised in different and tailored ways.

8.16   The SO has reflected honestly that it is learning and seeking to improve, which demonstrates the development of a good culture and an understanding of why effective stakeholder engagement is so important.

8.17   In year 2 we asked the SO to strengthen its line of sight and demonstrate more clearly that stakeholders are able to both participate in and effectively influence business decisions. To address this, the business unit improved visibility of its stakeholder lists by sharing them with internal teams across the SO. The region should build on this work and outline how it uses stakeholder views to inform its decisions. We are keen that the SO provides evidence that there is link between stakeholder views and the decisions and actions that it has taken.

8.18   Whilst there is good case study evidence on effectiveness, the SO needs to demonstrate that good practice is embedded across the business and that there is an SO corporate stakeholder engagement strategy, based on good practice principles, driving systemic and cultural change.

Areas for Development from Year 3

8.19   Following our assessment, we have carried over the following area for development identified in year 2 and outlined a further area for development under the principle of 'effective':

(a)   The SO should demonstrate more clearly that stakeholders are able to both participate in and effectively influence business decisions. The SO should provide evidence that there is a link between stakeholder views and the decisions and actions that it has taken.

(b)   The SO needs to demonstrate that good practice is embedded across the business and that there is an SO corporate stakeholder engagement strategy, based on good practice principles, driving systemic and cultural change.

FNPO

8.20   The majority of stakeholders rated FNPO's stakeholder engagement as good or very good (see Figure 15) and it scored particularly highly against the principles of 'inclusive' and 'effective'. It also improved its stakeholder engagement survey results from year 2 across three of the four of the overarching principles (see

Figure 16). FNPO's survey scores were higher than the other business units generally. However, the business unit's survey score for the principle of 'transparent' dropped, but this was compared to a particularly high year 2 survey score.

8.21   FNPO has a devolved approach to stakeholder engagement. The business unit is aligned to Network Rail's operating model including freight teams as part of the Network Management structure. Customer account teams and other core functions remain nationally focussed. However, there is little evidence in its self-assessment of strategic oversight of stakeholder engagement activities. Nonetheless, it provided evidence of a range of stakeholder activities which demonstrated acceptable performance against the overarching principles.

Figure 15   **Stakeholder views on Network Rail's FNPO's engagement across the four principles**
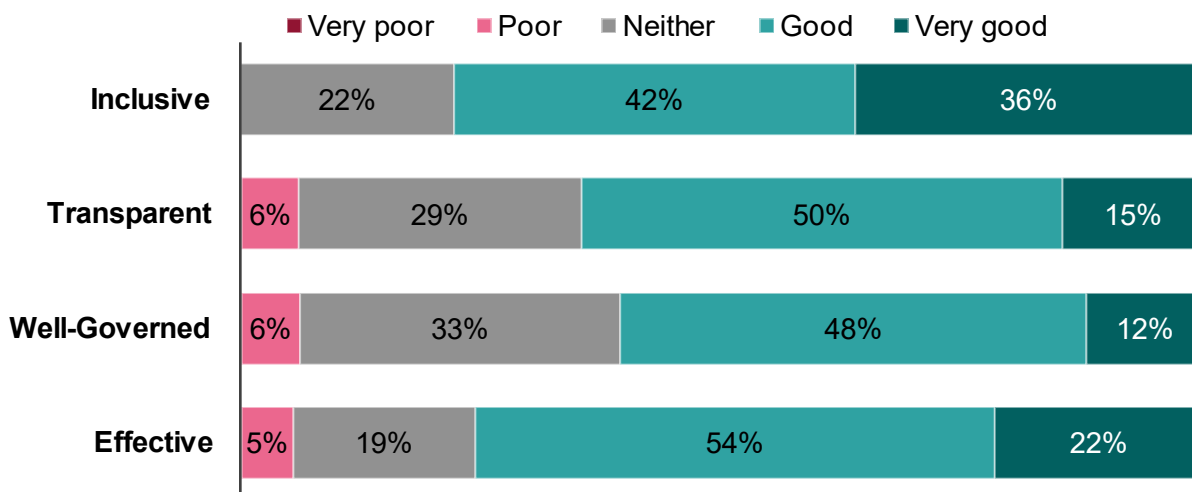
Survey question: "In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Inclusive; Transparent; Well-Governed; or Effective."

Sample Sizes: Inclusive (n=36); Transparent (n= 34); Well-Governed (n=37); Effective (n=37).

Source: ORR stakeholder survey

Table 8.2   Changing stakeholder views on Network Rail's FNPO's engagement across the four principles

Principle	Year 3	Compared with previous year
Inclusive	78%	▲ 4pp
Transparent	65%	▼ -13pp
Well Governed	60%	▲ 3pp
Effective	76%	▲ 1pp

Based on a year-on-year comparison of the questions: 'In your opinion, how would you rate Network Rail's engagement with you regarding the principle of being Inclusive; Transparent; Effective; or Well-Governed.

Source: ORR Stakeholder survey year 2 and 3. Sample size is variable within and across years for each principle

8.22   Feedback from survey respondents also supports the high stakeholder satisfaction score.

"The HQ freight team and the regional/route freight managers try very hard and often successfully to help freight customers. Well done. The system operator tries to be even handed in its work.
Freight Industry

"NR national and freight teams have been excellent support in developing railheads we have brought online and won an award in recognition of this collaboration."
Freight Industry

Our conclusions across each principle

Inclusive

8.23   There is evidence of positive and effective, solution-oriented engagement with the multiple stakeholder groups who have been identified and whose priorities are clearly set out. The business unit has continued to share plans on a page with its customers including freight-end users in the spirit of inclusivity. This has enabled it to amend key priorities throughout the year.

8.24   The FNPO has responded to our feedback in year 2 by updating its stakeholder lists and producing a stakeholder map. However, is not clear how the stakeholder

mapping activity supports a holistic approach to stakeholder engagement. We are keen to see evidence that the mapping provides a strategic underpinning of the business unit's stakeholder engagement as recommended in year 2.

Areas for Development from Year 3

8.25   Following our assessment, we have identified the following areas for development under the principle of 'inclusive':

(a)   The business unit should provide evidence that the stakeholder mapping is used to support a holistic approach to stakeholder engagement.

Transparent

8.26   While there is some evidence of transparency, there is limited indication that stakeholders are given feedback on how their input has been used, which was an area for development we identified in year 2. The business unit has acknowledged it continues to monitor this and is working towards an annual stakeholder publication.

Areas for Development from Year 3

8.27   Following our assessment, we have carried over the following area for development identified in year 2 under the principle of 'transparent':

(a)   The business unit should review the merits of feeding back collectively or publicly on how stakeholder priorities were addressed, and if the priorities were not addressed, explain why not.

Well-governed

8.28   The evidence provided is useful to explain the focus of engagement at different levels in the business unit. The business unit said it works closely with its customers to establish their key priorities. These are reviewed and developed at regular level one and two meetings, where the business unit meets with customers to discuss current business performance and future aspirations. The scorecard target, deliverables and customers' priorities are taken and the business unit works closely with other Network Rail teams – regions, routes and SO colleagues – to develop initiatives and plans that support delivery. However, the business unit has not provided evidence on whether or how it is achieving strategic oversight of stakeholder engagement at an organisation-wide level.

8.29   There are examples of good governance approaches. However, more specific examples of responses to stakeholders' issues, how they were addressed – who was accountable and what feedback was provided and stakeholder views on this

would have been beneficial. There is some evidence that stakeholder engagement by individual teams is responsive, for example by setting up operational performance quarterly meetings with senior route freight managers on key routes to enable closer working between parties; and establishing a business improvement forum that meets periodically to solely focus on improvement activity to support growth and profitability.

Areas for Development from Year 3

8.30   Although we did not identify any development areas under the principle of 'well-governed' in year 2, we have identified the following area for development for year 3:

(a)   The business unit should detail how the various layers of stakeholder engagement activity connect and ensure that insight and learning flows across the organisation. It would also be useful to see evidence of strategic oversight of stakeholder engagement activity.

Effective

8.31   The self-assessment presents a picture of embedded, granular, ongoing conversations that drive continuous improvement in business operations, with regular tweaks to meeting/engagement formats and audiences. It appears action-rich but the FNPO could provide much more rounded and compelling evidence that these actions really have been identified through stakeholder engagement.

8.32   Further information in short case studies would be a good way to evidence this level of detail and show the various stages of stakeholder engagement in practice and why and how the stakeholder engagement activity is effective. The evidence provided describes the business rather than the stakeholder engagement activity. For example, a number of case studies describe the environmental benefits of freight improvements, but not how good quality stakeholder engagement helped to bring them about.

Areas for Development from Year 3

8.33   Although we did not identify areas for development in year 2, following our assessment, we have identified the following area for development under the principle of 'effective':

(a)   The FNPO should provide examples through short case studies of how the stakeholder engagement activity has been effective in driving service delivery and aiding decision making.

9. Enhancements Delivery Plan

What is the Enhancements Delivery Plan (EDP)?

9.1 One of the ways Network Rail provides transparency to funders and stakeholders on its enhancements obligations is by publishing EDPs for England and Wales and Network Rail Scotland. The purpose of the plans is to:

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

● 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.

9.2 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:

● 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.

9.3 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 planning to deliver 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.

9.4   The EDP for England and Wales was last published August 2022 and the EDP for Scotland was last published September 2020. Network Rail usually publishes EDPs quarterly but did not do so during 2021/22 due to interactions with other Government publications and reviews. Following the August 2022 publication for England and Wales Network Rail will resume updating and publishing the document quarterly. The Scotland EDP update is pending decisions from Transport Scotland, but an update is expected in the next quarter.

Review of EDP

9.5   As for the relevant business units, we have assessed Network Rails stakeholder engagement with respect to the EDP using evidence from the Opinion survey and the business units' self-assessments. We have not assessed the relevant business units against the overarching principles, because we wanted to assess the specific awareness and use of the EDP.

9.6   The survey contained seven questions related to enhancements planning and the EDP. These questions are framed differently to those in the rest of the survey, as we wanted to understand stakeholders' views on the specifics of the EDP. We asked the same questions for year 3 as we did for year 2[1], and in the next section provide comparisons between the two years. In the subsequent section we assess the relevant units' self-assessments relating to the EDP.

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[1]Annual assessment of Network Rail's stakeholder engagement - Review of the effectiveness of Network Rail's Enhancements Delivery Plan (22 September 2021) here

Table 9.1   Knowledge of Enhancement Delivery Plan across year 3

Level of Knowledge	Year 3	Year 2	Difference between years
Strong	5%	4%	▲ 1pp
Good	29%	31%	▼ -2pp
Little	33%	34%	▼ -1pp
Some Awareness	18%	14%	▲ 4pp
Unaware	16%	1%	▲ 15pp

Survey question: "Which of the following best describes your knowledge of the Enhancements Delivery Plan?"

Sample size: April 2021 to March 2022 (n=252); April 2020 to March 2021 (n=224)

Source: ORR stakeholder survey

9.7   Figure 17 shows that in year 3 there were more stakeholders unaware of the EDP than in year 2 (16% in year 3 versus only 1% in year 2).

9.8   Around a third of respondents this year had only some or no awareness.

9.9   As there was only one update of the EDP this year it is not surprising to see that awareness has reduced. We recommend that Network Rail ensure stakeholders are briefed about the EDP so that it can be better used as a tool to update stakeholders on enhancement plans.

Table 9.2   Enhancement Delivery Plan as a business planning information resource across year 3

Level of Information	Year 3	Year 2	Difference between years
Fully	31%	10%	▲ 21pp
Partially	57%	62%	▲ -5pp
Not at all	12%	12%	0
Don't know		16%	

Survey question: "In your opinion, does the Enhancement Delivery Plan in its current format provide you with the information you require to plan your business?"

Sample size: April 2021 to March 2022 (n=252); April 2020 to March 2021 (n=224)

Source: ORR stakeholder survey

9.10   Around a third of respondents said the EDP provides them with all the information they need to plan their business, which means two thirds said that the EDP either only partially or doesn't provide them with the information that they need. However more respondents said that the EDP provided them with all the information they needed compared to year 2.

9.11   'Don't know' was not an option in year 3, which could have affected the comparison. Figure 18 shows the comparison of this year and last year.

9.12   We recommend that Network Rail ensures that the EDP is updated with clear milestones for planned work and works with stakeholders to ensure it contains the information that they need. Network Rail should undertake a gap analysis with stakeholder to understand what information is missing in the EDP and ensure this is updated for the next financial year.

Table 9.3   Required level of information from enhancements for business planning across year 3

Required Information	Year 3	Year 2	Difference between years
Yes	53%	39%	▲ 14pp
No	47%	45%	▲ 2pp
Don't Know		16%	

Survey question: "Considering all the sources of information you have on Network Rail's enhancements, in your opinion, would you say that you have the information you need to plan your business?"

Sample size: April 2021 to March 2022 (n=204); April 2020 to March 2021 (n=221)

Source: ORR stakeholder survey

9.13   Figure 19 shows the survey results with respect to the information provided in relation to enhancements. The option 'don't know' was not available to respondents this year.

9.14   Around half of respondents said that, considering all the sources of information on Network Rail's enhancements, they did not have the information they need to plan their business. We recommend that Network Rail work with stakeholders to improve visibility of information and ensure stakeholders have the information they need to plan their business. Stakeholders require better visibility and transparency of milestones.

Self-assessments

9.15   Appendix A provides key insights from the relevant business units' self-assessments in terms of the information they provided on enhancements engagement. The information included in the areas for development below is not exhaustive and draws out high level comments.

9.16   None of the regions' self-assessments mentioned the use of the EDP as a tool for engagement on enhancements. The regions gave examples of how they engaged with stakeholders on enhancements using tools such as focus groups and newsletters on key projects. To improve engagement the regions should focus on how they can use the EDP to supplement engagement with stakeholders on enhancements. The EDP could be better used as a tool to provide stakeholders with milestones on key enhancements.

Conclusions

9.17   Our review sought to understand how stakeholders engage with the EDP and if the document is effective in helping stakeholders to plan their business.

9.18   We received a reasonably high level of responses to the 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.

9.19   Similarities can be drawn to last year's report. Stakeholders still want to see increased clarity of enhancements plans. There were also several respondents who indicated that Network Rail has not engaged with them on the planning of railway enhancements in the last year. Network Rail should look at how they can improve engagement with stakeholders over the next year by providing clear plans with timescales for enhancements.

9.20   The EDP was not published during 2021/2022 financial year, therefore it is not surprising that we have seen little improvement on whether the document provides stakeholders with the information they need. Last year we said the EDP is not as transparent as it could be in terms of providing information to stakeholders that helps them to plan their business and we understand Network Rail has not been able to address this yet. We have followed this up with Network Rail and the team responsible for the EDP. Following the publication of the England and Wales EDP in August 2022, Network Rail have committed to updating the document quarterly. We will work with Network Rail to improve the transparency in the document. An update to the Scotland EDP is expected within the next quarter.

9.21   Stakeholders would like to see a proper plan with scope, milestones, dates and committed funding. Network Rail still needs to work with stakeholders to identify what gaps there are and understand the level of detail required by stakeholders to plan their business effectively.

9.22   In the absence of an updated EDP, stakeholders found that information was not easy to locate and were reliant upon existing relationships. Network Rail should address this by ensuring relevant information is available to all stakeholders via the EDP.

9.23   There was no reference to the EDP in the self-assessments. Our surveys have shown that the majority of stakeholders are aware of the EDP, so Network Rail are missing an opportunity by not using the EDP as a core part of their stakeholder engagement. The document should be re-established as a tool to update stakeholders.

9.24   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.

Areas for development

9.25   In summary, our recommendations relating to the effectiveness of Network Rail's EDP are that:

(a)   The EDP should be published quarterly with clear milestones and updates on any changes;

(b)   Network Rail should undertake further work to identify what information is missing in the CP6 EDP and how this information gap should be addressed in future;

(c)   Network Rail should seek to understand the level of detail required by stakeholders to plan their business effectively; and

(d)   The relevant business units should increase their use of the EDP as a tool for providing transparent information about enhancement projects to stakeholders.

Appendix A: Enhancements engagement – key year 3 insights

Eastern:

1. The region provided commentary on key capital projects delivered in the year including King's Cross and Werrington on the East Coast Mainline. The region held route-led engagement sessions with relevant stakeholders and identified opportunities to work closer with each other. The region has provided communications on enhancements and what is and isn't included in the CP7 rail investment planning process.

2. There was no reference to the EDP in the Eastern self-assessment.

North West and Central:

3. The region engaged with stakeholders on enhancement schemes through regular meetings. Regular meetings take place through the region's governance structures, along with established working groups attended by relevant stakeholders for specific pieces of work.

4. There was no reference to the EDP in the North West and Central self-assessment.

Scotland:

5. The region provided commentary on key capital projects including station enhancements at Montrose, Garrowhill, Aberdeen and Motherwell. The region engaged with stakeholders to develop enhancement plans.

6. There was no reference to the EDP in the Scotland self-assessment.

Southern:

7. Route specific newsletters were issued monthly. The content reflects feedback from stakeholders who wanted more information about the enhancement and project work, but geographically tailored to their area. The region engaged with stakeholders through governance forums and provided presentations on enhancements.

8. There was no reference to the EDP in the Southern self-assessment.

Wales and Western:

9. The region established stakeholder liaison groups to keep stakeholders informed and engaged on enhancement projects and other key local rail priorities. The region's

Industry Programme Directors have provided a single point of contact for regional stakeholders.

10. There was no reference to the EDP in the Wales and Western self-assessment.

System Operator

11. The SO has engaged with stakeholders on the enhancements pipeline. In the North the SO implemented improvements in the governance and communications around North of England Integration Board. The aim of this is to improve consultation with, and advice to, all stakeholders in the North on enhancements.

12. There was no reference to the EDP in the SO self-assessment

Freight and National Passenger Operators:

13. FNPO has worked with other parts of Network Rail to make sure freight customers' requirements are captured in future enhancements and development plans.

14. There was no reference to the EDP in the FNPO self-assessment.