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List of addresses attached

Dear colleague

### **2013 periodic review**

The purpose of this letter is to update you on our plan and timescales for the 2013 periodic review (PR13).

As you know, a periodic review is one of our core functions and is a major programme of work for the whole industry. The decisions taken in a periodic review have significant implications for the industry, taxpayers and end-users. PR13 will establish Network Rail's outputs and access charges, and the wider regulatory framework for Network Rail and train operators, from 1 April 2014 to 31 March 2019 (control period 5).

On 29 October last year, I wrote to our stakeholders to set out our initial thinking on PR13, including the process and timeline<sup>1</sup>. In that letter, I said that we envisaged starting PR13 in October 2010 with a major open consultation on the objectives for the review and the issues that would require early public debate and resolution.

Since then, several major reviews have been started. These reviews include the 'improving rail value for money study' led by Sir Roy McNulty, and the Department for Transport's strategic reviews of franchising and Network Rail's structure. In addition, the comprehensive spending review will be published on 20 October 2010.

The outcome of these reviews may have significant implications for the industry and, therefore, the context and conduct of PR13. We have therefore decided to defer the start of PR13 until we have sufficient clarity on the outcomes of these reviews, and we all can take the outcomes into account in the work on and timing of PR13.

We are now working on the assumption that we will start the periodic review in April 2011. Despite deferring the start of the process we anticipate that the periodic review will proceed as planned in terms of the key milestones. We expect that these will be:

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<sup>1</sup> Looking ahead to PR13, 29 October 2009, available at <http://www.rail-reg.gov.uk/upload/pdf/pr13-orr-letter-291009.pdf>.

- April 2011 – we publish our consultation on our objectives for PR13 and the key regulatory framework issues which require early debate and resolution;
- September 2011 – Network Rail and its industry partners publish the initial strategic business plan (ISBP);
- February 2012 – we publish our advice to ministers and framework for setting outputs and access charges. This will contain our assessment of the ISBP, confirm the framework we will use to establish outputs and charges and set out the formal notice required by the Railways Act 2005 asking the governments in England & Wales and Scotland for their ‘high level output specifications’ (HLOS) and ‘statements of public funding available’ (SoFA);
- July 2012 – the Secretary of State and Scottish Ministers each publish their HLOS and SoFA;
- January 2013 – Network Rail publishes its strategic business plan;
- June 2013 – we publish our draft determination on Network Rail’s outputs and access charges for 2014-19; and
- October 2013 – we publish our final determination, which will take effect on 1 April 2014.

### **Network Rail’s information requirements**

Whilst we are deferring the start of PR13, we are continuing with our preparation, as is Network Rail and its industry partners in the planning ahead initiative. In November, we will provide to Network Rail and its industry partners our requirements for the information we expect them to provide us with to support our review of the industry’s ISBP. These requirements will be key to ensuring we all have the evidence we need to inform our judgements for the critical HLOS/SoFA stage of the periodic review.

### **Next steps**

Given the current uncertainty, we will be keeping these timescales under review. I will keep you informed of any material changes to our intended process or plan for PR13.

If there is any aspect of PR13 that you would like to discuss with us at this stage please contact Paul McMahon, deputy director, railway markets & economics (paul.mcmahon@orr.gsi.gov.uk, tel 020 7282 2095).

Yours faithfully



Bill Emery

## **Addressees**

ATOC

Department for Transport

Freight train operating companies

HM Treasury

Network Rail

London TravelWatch

Passenger Focus

Passenger Transport Executives

PTEG

Rail Freight Group

Rail Freight Operators Association

Railway Industry Association

ROSCOs

Train operating companies

Transport for London

Transport Scotland

Welsh Assembly Government