

System Operator and Measures Consultation Response - Stagecoach

Q1. What are your views on the functions we have mapped out, and their ability to facilitate delivery of the system operation outcomes?

System operation functions, as applied to the UK rail network, were discussed during the McNulty Value for Money study. They were captured in various reports which discussed possible options concerning the structure of infrastructure management, and in particular, Network Rail.

McNulty introduced three concepts, namely system authority roles, system planning roles and system operator roles. What he found that the vast majority of activity could be devolved, leaving a few co-ordination and national planning issues at the “centre”.

System operation was described (p79) as:

- standards for interoperability
- capacity allocation;
- timetable co-ordination;
- high level possession co-ordination;
- National IT systems;
- a single desk for network-wide operators;
- charges collection;
- Signalling priority rules;
- Strategic planning, including leadership of Route Utilisation Strategy (RUS) programme; and
- Asset management strategy co-ordination.

McNulty also observed that Network Rail is unique among regulated utility networks in the UK in that it is one company. Gas has 8 regional entities, electricity 14, water and sewerage 11, roads 3. To us, the system operator role is what is left in the centre after devolution to local level.

The definition of system operations was also developed further by the Planning Oversight Group, when the rail industry proposed a suite of measures based on interfaces across NR routes. The emphasis was very much on the co-ordination function between routes.

The common theme to both these pieces of work is the need to keep the system operator function to a minimum, and encourage local measurement of system performance.

Q2. What are your views on the outcomes of good system operation that we have set out in this consultation?

Whilst there may be benefit to ORR in discharging its duties, we see little benefit to our operations of the outcomes proposed. Our rail operations are confined, in the main, to one NR route. We enjoy business-like relations with NR, through their lead route, who co-ordinate with the routes over which we run less trains.

In terms of long term planning, the length of franchises dictates that we have a more limited horizon than NR. Whilst we contribute to the long term planning process, the outcomes from it have limited implications for our current operations.

An example of good system operation could be the electrification of the ECML in the 1980s. This was delivered in 6 ½ years from approval to completion, including the design, build and introduction of a new train fleet and re-signalling between Heck and the Borders, all under the control of one project director. To have an enhancement programme that was considered just over a year ago 'deliverable' to where we are today, it could be argued that the 'system' is not functioning properly.

Q3. Can you give us any examples, based on your experience, where these functions improve outcomes?

We believe that the better the individual routes perform, the better the result will be at a system level. We would therefore like to see ORR undertake its regulatory duty of monitoring the monopoly that currently exists "below rail", and hold NR to account for delivering to its access beneficiaries. For example, the better the punctuality of one route, the better the punctuality will be for our cross-route trains.

Q4. Do you have any views on what the desired outcomes and functions associated with system operation might mean for the regulation and incentivisation of network system operation?

We would again stress the need for ORR to hold NR to account on its current system of measurement, before developing further metrics. Unfortunately, the current industry structure does not support a good system operation, particularly when it comes to the allocation of capacity. A funder can specify and invest in new infrastructure to create additional capacity, it can specify a franchise and hold a franchise competition to get the best price and overall deal for the taxpayer and 'system' but the new franchise holder may not be granted the necessary capacity to fulfil its obligation to deliver the carefully thought through, developed and contractualised plans. For the system to work in this place, long term track access contracts should be in place prior to a franchising competition or alternatively there could be a presumption in favour of allocating capacity to Franchisee. The CMA's work in this area may address some of these 'system failures. In terms of Performance targets, there should be consistency between the targets stated in the Final Determination and Franchise Agreements.

In terms of incentivisation of the network system operation, the money must flow through the industry properly. The Network Grant distorts the market and the more income to Network Rail that flows from customers would allow customers to better hold Network Rail to account for delivery. Network Rail is simply not incentivised to create additional capacity to sell additional train paths.

Network Rail's "Dashboard"

In response to NR's proposed "dashboard" of measures, we do not see significant benefit of implementing this suite of measures at this stage. We believe that NR should be focussing on its main task of maintaining and renewing the network and operating it in an efficient manner.

NR should set out how its customer satisfaction measurements will reflect the SO capability – including the effective management and delivery of interfaces between the access beneficiary and NR where services cross Route boundaries.

The quantitative measurement of SO performance should be based around a sample of boundary points and flows (passenger and freight) that reflect both the volume of traffic and the operational significance. This does not need to be comprehensive across the network and should focus on outcomes;

Service performance indications are already captured through PPM and freight delay metrics. It is recommended that operational performance in terms of Cross Country PPM and freight will provide a sufficient proxy as to whole-network delivery and that no specific metrics are required beyond this.

There is already activity to support network access and possessions management through freight planning. Metrics on capacity and network availability, targeted at the top ten boundary points (see below), will demonstrate the level of access provision available to operators. It is important to note that these are not necessarily qualitative given the need to plan engineering access and maximise value to operators and NR.

There is merit in developing a journey time indicator for significant cross-boundary flows, using an identical process to the NR Route-based indicators currently being iterated. This needs to be aligned with the services that are included above so that the suite of indicators is consistent. Over time these indicators will demonstrate both the delivery and qualitative perceptions of SO outputs.

Issues around delivery of NR cross-industry obligations, such as the LTPP, as well as its responsibilities and timescales for access and engineering planning, are likely to be captured within wider NR indicators and enablers, as well as through licence obligations. The delivery of effective cross-boundary timetables is likely to be picked up through the capacity, performance and journey time metrics identified above.

Definition of key cross-route boundaries

There are a significant number of boundaries, of which only a few are likely to be material with respect to operational delivery of the network. For discussion, it is proposed that the following list represents those routes that should be prioritised in CP5:

Carlisle area
Berwick
North Trans-Pennine

Derby/Birmingham
Birmingham/Bristol
Birmingham/Oxford
Thames Gateway /East Anglia
Reading/Basingstoke
North London Line/ECML/WCML
Severn Tunnel

These will be subject to review and consultation as well as more precise definition.

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