

Chris Littlewood Esq.
Office of Rail Regulation
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Dear Chris

Direct Rail Services (DRS) is pleased to respond to the ORR's August 2012 consultation on Network Rail's (NWR) output framework for CP5. DRS appreciate the importance of this particular subject given that NWR ability or inability to deliver outputs could have a direct impact on train operator's performance/finances. DRS do not have any issues with this content being published on the ORR website.

Summary

A large percentage of industry inefficiencies are attributable to NWR and we are pleased to see that some of these inefficiencies are being addressed through this document through the use of enablers and indicators. We welcome the simplification of the framework.

DRS will support any reasonably sound incentives proposals to assist in the delivery of the HLOS/outcomes to improve the efficiency of the railways which would bring benefit to the taxpayer, passenger and freight fraternity and its customers.

As previously stated we do have concerns that aligning incentives, alliances, bespoke arrangements, changes to schedule four and eight, devolution to the routes and disaggregation of costs to the routes has the potential to increase operator administrative staff/costs and this would be a perverse outcome.

Whilst we would support a more integrated approach to delivering rail services, in the knowledge that certain facets of NWR will have to remain centralised, we do have some reservations regarding the cost of disaggregation/devolution.

Specific Questions

Please note that DRS have 'no comment' at questions which we feel for technical, political reasons or for which we believe to be more appropriate to future consultations.

Q1. Do you agree with our proposals for outputs and indicators for passenger train service performance? Should we retain the sector level outputs for PPM and CaSL (for England & Wales)? Is there more we need to do to ensure consistency with franchise obligations?

No comment

Q2. Do you agree with our proposals for an output and indicators for freight train service performance?

We agree with the ORR proposal but have concerns over disaggregation and potential complexity/additional costs to the FOC's to manage this.

Q3. Do you agree that outputs for Network Rail in relation to named projects, capacity metrics and funds should be project-specific milestones defined in the enhancements delivery plan? Do you have any comments on how useful the enhancements delivery plan has been in CP4? What are your views on indicators to measure the efficiency and effectiveness of the use of the funds?

Yes. We believe the CP4 enhancement plan (severe weather permitting) was effective. Indicators to measure efficiency and effectiveness of funds would help transparency and could give early indication of overspend/underspend.

Q4. We propose to define delivery plan milestones to ensure Network Rail delivers a plan to reduce risk at level crossings, and to use certain indicators to monitor Network Rail's delivery of these outputs and its wider legal obligations. Do you agree with this approach?

No comment

Q5. Do you have a proposal for an alternative to the existing network availability (for reducing disruption from engineering works) outputs, which could be viably implemented in time for the start of CP5? If the existing outputs are retained do you have any proposals to improve them?

Incorporation/formalisation of JNAP/RNAS?

Q6. Should we introduce a measure of the efficiency of the use of possessions, and if so how could this be defined?

As above?

Q7. Do you agree that we should retain the CP4 network capability output? Do you have a view on the usefulness of the indicators suggested, or any further suggestions for improvement?

We agree that there should be a minimum capability along with the continued use of the CP4 output/CP5 outline proposal.

Q8. We want to improve the definition of the existing station condition output (SSM – station stewardship measure) and introduce a new measure – SSM+ – which provides a clearer disaggregation for measuring condition and better, value based, weights. Do you agree with this new approach?

No comment

Q9. Do you agree that we retain the current CP4 measure of depot condition but treat this as an indicator rather than an output?

No comment

Q10. Do you agree with the proposed new approach to strengthen the focus on further asset management improvements? Do you have any specific comments on the detailed measures?

We agree with the proposed new approach especially up to date asset data.

Q11. Which, if any, of the asset management measures do you think should be regulatory obligations (equivalent to outputs), and which should be enablers/indicators?

Up to date and accurate asset data as a regulatory obligation.

Q12. Recognising that certain indicators are needed to monitor HLOS delivery, and that Network Rail is in the process of deciding on further indicators, do you have views on specific environmental indicators which we should monitor?

No comment

Q13. Should we introduce a new indicator of changes in journey times? Do you have views on how this measure should be calculated? Should we also introduce a measure of accessibility to stations?

No comment

Q14. Should we introduce a new indicator designed to measure improvements in passenger information provision and how should this be measured?

No comment

Q15. Should we also consider new indicators for example covering Network Rail's supply chain management and approach to innovation?

No comment

Q16. Do you have views on the introduction of a new measure of how Network Rail is developing its capability as a system operator, and what the measure should cover?

Many of the proposals within the output framework would appear to be new measures and if adopted and successful should be built upon.

Q17. Should we have a mechanism to allow formal trade-offs to be made between high level outputs during the control period?

The possibility of a trade-off should not automatically be discounted, if it was assessed as a win win situation that achieved the outcome(s) and did not disproportionately affect the balance set at the final determination then why not have this flexibility?

Q18. What do you think of the idea of a scorecard to provide context to our assessment of Network Rail's performance in CP5? Do you have views on our proposed scorecard, and do you have alternative suggestions?

We agree with the principal of a 'scorecard' but we are not so sure that the title 'whole industry scorecard' to be apt for an important measure of NWR performance. Perhaps something along the lines of whole industry performance indicator?

Yours sincerely

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