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Dear Chris,

Consultation on Network Rail's Output Framework for 2014-19

This letter sets out TfL's responses to the questions posed by the consultation. TfL is content for the contents of this response to be published.

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?

Generally the proposals for passenger train performance are satisfactory.

Consideration should be given to making reductions in Network Rail caused passenger train delay minutes an Output rather than an Indicator to give Network Rail a further incentive to improve reliability. It is evident from research undertaken by Passenger Focus that passengers are sensitive to delays even when they are of a small magnitude so it is important that Network Rail are incentivised to improve in this area. This research also suggests that it would be worthwhile having average lateness as an Indicator to better reflect actual passenger experience along the entire route traversed by a service. The Public Performance Measure (PPM) does not do this as it only measures performance at the terminus. It is therefore important that the Outputs governing the measurement of performance are not solely reliant on PPM.

TfL supports the proposals to make use of right time performance data in future when incentivising Network Rail to encourage a strong focus on

addressing delays of a small magnitude.

Sector level disaggregation of PPM and Cancellations and Significant Lateness (CaSL) Outputs is not necessary as such targets would be too broad to be meaningful. Outputs for these items by Train Operating Company (TOC) are preferable, as proposed. This approach also ensures that TOCs are not disadvantaged by being subject to route based targets where their services represent a very small percentage of the total operated on the route concerned.

Consideration should be given to generating all the reliability based measures at service group level. These could then be used as Indicators to inform progress towards the Outputs and also to encourage partnership working with TOCs (through Joint Performance Improvement Plans for example) and funders to improve performance at a local level to the benefit of passengers. This would represent a more detailed and productive approach than having Indicators focusing solely on the worst performing routes.

Franchise obligations should reflect or better the Outputs that are set for passenger train service performance to ensure there is commonality of approach across the industry and to facilitate joint enforcement when required.

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

It would be preferable for the Output specified to include PPM performance targets for freight, rather than focusing purely on CaSL. It is important that Network Rail and the freight operators are incentivised to keep freight trains operating as close to their booked timetable path as possible, to minimise the adverse impact they have on other operations. Monitoring only Significant Lateness (i.e. lateness of 30 minutes or more) does not provide an adequate incentive for good timekeeping. Network Rail caused freight delay minutes should also be an Output to ensure that Network Rail is fully incentivised to improve its performance in this important area.

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?

TfL agrees that project specific milestones are an appropriate milestone for named projects. These should be integrated as far as possible with the GRIP process to ensure that each of the stages of a specific project are covered. The assessment of GRIP Stage 8 (project close out) should include consideration of whether or not the project has made the contribution

intended to the enhancement of capacity as required by the HLOS specification.

The Indicators used to measure the effectiveness and efficiency of the use of the funds should focus on the extent to which the project has delivered the enhancements required within the overall scope of the budget set by HLOS. It is important that measures of capacity focus on the precise HLOS scope of works by route where appropriate, not just by terminus. The emphasis within the Output Framework should be on ensuring that the projects proposed within the HLOS are delivered within the scope of the Statement of Funds Available.

The industry should collectively ensure that where funds for specific purposes are made available by the HLOS (for example the journey time improvement fund) there is appropriate corporate governance in place covering the disbursement of these funds. This will ensure that any expenditure made represents value for money and is properly aligned with the objectives of these funds.

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?

TfL accepts the approach proposed.

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 the next control period? If the existing Outputs are retained do you have any proposals to improve them?

TfL considers that it is very important that there is an Output measure requiring Network Rail to reduce disruption from engineering works, given the identified wish of passengers to have a reliable and frequent train service throughout the week. Any measures relating to possessions need to take into account enhancement programmes where these are expected to have a significant impact on network availability.

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

Potential measures could include completion of the agreed work programme during a possession and the proportion of possessions that overrun.

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?

This Output measure used should be adjusted throughout CP5 to reflect the expected changes to the network generated by the HLOS schemes as well as other major projects including Crossrail and the electrification of various routes. The measure can then be used as an additional check on the achievement of these schemes within the required timescales.

This Output measure needs to be calibrated carefully at the start of CP5 so it represents the correct network capability, excluding any reductions to capability made during CP4 that have not been agreed by the industry through the Network Change process.

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?

Station condition measures need to be developed in conjunction with station operators to ensure that they have practical value. Any weightings used should reflect the value placed by passengers on different station facilities, as far as is practicable.

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

Depots remain a key part of the rail network. Their condition forms an important part of the safe and effective delivery of the train service. Further consideration should therefore be given to developing an Output based measure for depots that is useful to operators and focuses attention on depot maintenance and the timely provision of upgraded facilities.

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?

The proposals are acceptable to TfL.

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?

The regulatory framework should focus on improving performance through the reduction of failures and the time taken to fix faults when they do occur. Where services are intensive (as on the Overground network) the aim should be to deliver reliability and response times that are akin to those found on

metro railways around the world.

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?

There is a general lack of consistency and therefore strategic clarity about what Network Rail and the ORR is planning to achieve relating to sustainability. The consultation document states that Network Rail wants to achieve better *environmental sustainability* (page 4) and that environmental sustainability is one of five strategic outcomes (Page 33). There is also a statement that Network Rail is developing its own *sustainability* strategy (page 34). There is a requirement (page 34) to set out plans for embedding *sustainable development* principles, whilst table 11 sets out some useful Indicators for environmental sustainability. All of the above suggest that there remains a need for a full and detailed strategy to guide the process of setting Outputs, Indicators and Enablers in this key area.

It would be preferable to aspire to full sustainability (including social and economic elements), rather than sometimes referring to 'environmental sustainability'. Network Rail and the ORR could follow the Department for Transport's 'Delivering a Sustainable Transport System' framework to ensure consistent definition and delivery of sustainability.

TfL therefore considers that further activity is required to develop a coherent and comprehensive sustainability framework for Network Rail against which Outputs, Indicators and Enablers can then be set, covering important areas including carbon emissions and climate change adaptation. Climate change adaptation is particularly important and TfL would like to be involved in the development of Outputs, Indicators and Enablers in this area.

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?

A new indicator on changes in journey times is not required, as this would represent a significant constraint on the ability of operators and funders to prepare timetables tailored to customer demand. Changes to the capacity of the network should be measured on a project specific basis through the framework for named projects, capacity metrics and funds.

An Indicator covering the accessibility of stations would be useful given the degree of investment that is continuing to be made in this important area. This could measure the proportion of stations with step free access between the street and the platform to demonstrate the progress made using HLOS and other funds. Such a measure would need to be weighted by customer demand at the station concerned to ensure that it fully reflects the utility of the

new facilities provided.

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

TfL would support such an Indicator provided that it was focused on ensuring demonstrable compliance by Network Rail with the ATOC Code of Conduct for the delivery of passenger information. It should aim to ensure that Network Rail fulfils its obligations to supply accurate and timely information to other industry parties.

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

TfL does not consider that such Indicators are required, as the overall efficiency targets given to Network Rail should be sufficient to stimulate and maintain activity in this important area. This does depend on the generation and enforcement of stretching efficiency targets of Network Rail; this activity is critical given the need for cost reduction across the industry.

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?

TfL has no views concerning the development of such a measure. In terms of the actual measurement of capacity any new process created should take account of the impact of the key aspects of capacity under the control of Network Rail, covering signalled headways, line speeds, junctions and termini. London Underground developed a spreadsheet based Capability Model which attempted to quantify the capacity of each Underground line for the purposes of the Public Private Partnership. Whilst this was designed for metro style services it may still be of interest to Network Rail. TfL would be willing to share further information on the Capability Model to assist Network Rail with the development of its own capacity modelling.

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

TfL does not consider that there should be such a mechanism. The focus of the Output Framework should be the delivery of the HLOS as specified at the start of the Control Period within the Statement of Funds Available.

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?

TfL agrees that the idea of a scorecard is sensible in this context, provided that it shows changes to the measures covered since the start of the Control Period. There seems little value in including the GDP growth or connectivity measures mentioned as the railway has little control over these items. Specific projects improving connectivity (including new stations and rail routes) could be measured as named projects under the related framework. Ticket and freight revenue should be shown under industry finances as this is the category to which they are most directly related.

Yours sincerely,

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Rail Planning team.**