

# CP6 route strategic plan review summary

## Anglia route

### Purpose

This document provides a summary of the key proposals in the Anglia route strategic plan for control period 6 (CP6)<sup>1</sup> and a short high level overview of our review of this, as part of our 2018 periodic review (PR18). For our more detailed assessment of this and the other strategic plans, please see our PR18 draft determination [supplementary documents](#).

Over summer 2018, Network Rail's routes will be making targeted updates to their plans in line with our overall proposed decisions in the draft determination. For the final determination in October 2018, this summary will be expanded to include more detailed information on the settlement we are setting for the Anglia route in CP6.

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### Summary of key proposals by the route

1. In its route strategic plan (RSP), Anglia route outlined the following key objectives for CP6<sup>2</sup>:
  - provide a safe, high performing, efficient, and sustainable railway;
  - grow capacity in Anglia to enable an uplift in passenger and freight volumes;
  - provide increased connections from East to West and through London; and
  - attract and realise investment.
2. Some of the key characteristics of its operating environment include the following:
  - a wide range of service types, including freight, intercity, commuter and rural;
  - passengers numbers continue to grow substantially, leading to greater capacity demands on the route;
  - new trains, new services (the Crossrail/Elizabeth Line) and new stations; and
  - an ageing asset base with some significant renewals deferred from CP5.
3. The route also set out the following changes to its renewals programme and its approach for improving efficiency, where it has proposed:
  - A substantial increase in renewal work, particularly on signalling where some significant schemes were deferred from CP5. However, funding constraints will restrict renewal activity for some asset types, such as structures. For those, the

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<sup>1</sup> CP6 will run from 1 April 2019 to 31 March 2024.

<sup>2</sup> In addition, it identified the importance of teamwork to deliver these objectives.

emphasis is on using inspection and maintenance work to keep them safe and reliable.

- Improvements to efficiencies from better access arrangements (e.g. multidisciplinary renewals), use of technology (e.g. more use of intelligent infrastructure techniques), better delivery, less complex design requirements and improved contracting arrangements.
4. Anglia's RSP contains £10m of enhancements for CP6. Most enhancements are not within the scope of PR18, as the UK Government has decided that new enhancement decisions in England & Wales will be made through the Department for Transport's enhancements pipeline process.
  5. Anglia's RSP (available [here](#)) sets out more fully what the route proposed to deliver in CP6. Within this, it included a scorecard containing:
    - measures that have been developed with customers/local stakeholders, including particular train operator performance measures; and
    - a set of 'consistent measures' that apply to all of Network Rail's geographic routes and which will enable comparison across routes during CP6.
  6. The scorecard included the targets that the route has set itself against these measures. While the full scorecards are available within the [RSP](#), Table 1 below sets out the route's targets for the consistent measures. The measures included in bold are those that we specifically required routes to include a target for<sup>3</sup>.
  7. Some of the targets and trajectories over CP6 for train performance and asset sustainability are likely to change to reflect the process we have asked Network Rail to undertake in response to our draft determination decisions, as discussed later in this document.
  8. Table 2 below then sets out its expenditure and income forecasts from the RSP.

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<sup>3</sup> There will also be other consistent measures that the route will report against in CP6 (but will not necessarily have a specific target for), including end-user measures such as passenger satisfaction with the route. These are discussed in our [scorecards and requirements](#) supplementary document.

**Table 1: Route consistent measures on Anglia's scorecard<sup>4</sup>**

Area	Metric	CP6				
		2019-20	2020-21	2021-22	2022-23	2023-24
Safety	Lost time injury frequency rate (LTIFR)	0.529	0.439	0.349	0.260	0.170
	Train accident risk reduction measures	80%	80%	80%	80%	80%
	Top 10 milestones to reduce level crossing risk	8	8	8	8	8
	Railway management maturity model (RM3)	This measure remains in development by Network Rail				
Train performance	<b>Consistent route measure – passenger performance (CRM-P)</b>	<b>1.46</b>	<b>1.47</b>	<b>1.46</b>	<b>1.46</b>	<b>1.46</b>
	<b>Freight delivery metric – route (FDM-R)</b>	<b>92.9%</b>	<b>92.9%</b>	<b>92.9%</b>	<b>92.9%</b>	<b>92.9%</b>
Asset management	<b>Composite sustainability index (CSI)</b>	-	-	-	-	<b>-1.8%</b>
	Reduction in service affecting failures (SAF)	0.5%	0.8%	0.8%	0.6%	0.4%
	Composite Reliability Index (CRI)	-0.1%	0.3%	1.1%	2.2%	3.3%
	7 key volumes	95%	95%	95%	95%	95%
	Top investment milestones	80%	80%	80%	80%	80%
Financial performance	Financial performance measure (FPM) – gross excluding enhancements	£0m	£0m	£0m	£0m	£0m
	Financial performance measure (FPM) – gross enhancements only	£0m	£0m	£0m	£0m	£0m
	Cash compliance – income and expenditure	£0m	£0m	£0m	£0m	£0m

<sup>4</sup> Definitions of the measures are available [here](#).

**Table 2: Summary of Anglia's proposed expenditure and income for CP6<sup>5</sup>**

£m (2017-18 prices)	CP5 total	CP6					Total
		2019-20	2020-21	2021-22	2022-23	2023-24	
Support	192	49	50	48	50	48	245
Operations	246	57	54	54	54	54	274
Maintenance	667	135	136	128	127	127	654
Renewals	1,194	265	348	345	385	260	1,603
Schedule 4&8	172	37	49	42	57	30	215
Traction electricity, industry costs and rates	318	80	88	88	96	96	448
System Operator	12	5	6	6	6	5	28
Route controlled risk funding	0	12	12	12	12	12	61
Route contribution to group portfolio fund	0	17	24	43	43	57	184
<b>Gross revenue requirement</b>	<b>2,800</b>	<b>657</b>	<b>767</b>	<b>766</b>	<b>830</b>	<b>690</b>	<b>3,710</b>
Other single till income	(327)	(47)	(47)	(46)	(46)	(47)	(234)
FNPO recharge	0	(62)	(73)	(68)	(78)	(59)	(341)
<b>Net revenue requirement</b>	<b>2,473</b>	<b>549</b>	<b>647</b>	<b>652</b>	<b>705</b>	<b>583</b>	<b>3,136</b>
<u>Recovered through</u>							
Variable charges	(504)	(126)	(147)	(140)	(157)	(130)	(700)
Fixed charges / Network Grant	(2,313)	(423)	(500)	(512)	(549)	(453)	(2,436)
<b>Total SOFA related income</b>	<b>(2,816)</b>	<b>(549)</b>	<b>(647)</b>	<b>(652)</b>	<b>(705)</b>	<b>(583)</b>	<b>(3,136)</b>

<sup>5</sup> In the CP5 total column, all of the numbers represent actual income and expenditure (including a forecast for the rest of the control period). This means that in the CP5 total column, the fixed charges/network grant number includes income for expenditure that in CP6 is outside of the SoFA and not included in this table (British Transport Police costs, financing costs and corporation tax). For CP6, Network Rail has calculated: the gross revenue requirement to be equal to its proposed expenditure; the net revenue requirement to be equal to the gross revenue requirement less other single till income; and the fixed charges/network grant line to be equal to the net revenue requirement less variable charges. Also, some total values are affected by rounding applied to constituent values.

**Table 2a: Anglia's proposed support costs for CP6**

£m (2017-18 prices)	CP5 total	CP6					Total
		2019-20	2020-21	2021-22	2022-23	2023-24	
Route support costs	6	5	5	5	5	5	27
Central support costs	186	44	44	43	44	42	217
<b>Total support costs</b>	<b>192</b>	<b>49</b>	<b>50</b>	<b>48</b>	<b>50</b>	<b>48</b>	<b>245</b>

**Table 2b: Anglia's proposed operations costs for CP6**

£m (2017-18 prices)	CP5 total	CP6					Total
		2019-20	2020-21	2021-22	2022-23	2023-24	
Route operations costs	251	57	53	53	53	53	271
Central operations costs	(5)	1	1	1	1	1	3
<b>Total operations costs</b>	<b>246</b>	<b>57</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>274</b>

**Table 2c: Anglia's proposed maintenance costs for CP6**

£m (2017-18 prices)	CP5 total	CP6					Total
		2019-20	2020-21	2021-22	2022-23	2023-24	
Route maintenance costs	638	134	133	127	126	126	646
Central maintenance costs	29	1	3	1	1	1	8
<b>Total maintenance costs</b>	<b>667</b>	<b>135</b>	<b>136</b>	<b>128</b>	<b>127</b>	<b>127</b>	<b>654</b>

**Table 2d: Anglia's proposed renewals costs for CP6**

£m (2017-18 prices)	CP5 total	CP6					Total
		2019-20	2020-21	2021-22	2022-23	2023-24	
Route renewals costs	987	198	267	275	305	175	1,221
Central renewals costs	206	67	81	70	80	85	382
<b>Total renewals costs</b>	<b>1,194</b>	<b>265</b>	<b>348</b>	<b>345</b>	<b>385</b>	<b>260</b>	<b>1,603</b>

## Our approach to assessing the plan

- Our assessment of the RSP involved a mix of scrutiny at a route-level and of individual activity types.

10. We reviewed the proposed costs in the plan, along with asset management, health and safety, scorecards and performance, and stakeholder engagement aspects. In particular, we carried out:
  - three ‘main’ meetings with the route overall, including with the route managing director. This included the route presenting its plan to us. These built on our engagement with the route prior to the SBP submission;
  - several ‘deep dive’ meetings including on: level crossings, drainage, electrification & plant, health and safety and structures. We also held meetings on performance, efficiency, risk and uncertainty, and other single till income. These allowed the ORR teams to meet with the specialists in each relevant area. Our targeting of deep dive meetings was risk based. Where we did not hold deep dive meetings on particular assets/areas with the route, the deep dive meetings that we held with other routes on these helped to inform our assessment<sup>6</sup>. We also put questions to the route via correspondence; and
  - a cross-route deliverability assessment.
11. We also considered as part of our review the comments we received from stakeholders. This included responses to our invitation to stakeholders to provide their high-level and material points on the SBPs to inform our review.
12. In addition:
  - our consultants Gleeds met with the route to discuss its approach to cost planning (i.e. the process to understand the cost of delivering each item of work). Understanding what drives cost is important to the effective scoping of work and selection of the preferred option or technical solution, and as such has a direct effect on efficiency; and
  - together with Network Rail, we commissioned Nichols, an independent reporter, to provide assurance to us on the reasonableness of the efficiency plans of each of the geographic routes. As part of this, Nichols met with all the routes, including Anglia.
13. We also discussed, with Gleeds and Nichols together, the conclusions of both of their studies. This was so that we could draw out any common issues, check that the boundary between their reviews was clear and decide how we could incorporate their work into our draft determination. We also considered whether there was any cross-over between these two workstreams and the study we commissioned by our consultants CEPA on Network Rail’s financial risk assessment and management.

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<sup>6</sup> This was also supplemented by information gained from other aspects of our review. For example, our discussions with Network Rail’s Safety, Technical & Engineering (STE) directorate’s technical specialists for each asset type, consideration of Network Rail’s STE’s assurance review of all the routes, and responses from the ‘main’ route SBP meetings.

## Our draft determination

14. As set out in our PR18 draft determination overview, we found the route plans to be an important step forward. The evidence from our work – informed by conclusions from our consultants – was that the RSPs were broadly fit for purpose, and the process followed to prepare them was an improvement on PR13. Further, we welcome the ownership that the routes have demonstrated of these plans. However, we have identified a number of significant adjustments – including to efficiency – that should be made and which provide sufficient funding to allocate at least a further £1bn to improving asset condition across England & Wales.
15. Reflecting this, we are not requiring detailed top down changes to be made to any of the England & Wales RSPs as part of our draft determination. Instead, we have agreed with Network Rail a process for the routes to make targeted adjustments to all of the route plans.
16. Deliverability is also an important issue as overall activity levels peak in years three and four of the control period, especially in signalling. Network Rail has not yet provided sufficient assurance that its proposed profile of work is deliverable and that it would be the most efficient way of delivering the work, after taking account of the supply chain.
17. These issues will likely have implications for the Anglia Route, and below we highlight these links and include references to where they are discussed in more detail.
  - **Asset sustainability:** the Anglia Route set out plans that would result in an overall fall in asset condition over CP6. This reflects a broader trend across England & Wales, and we have asked Network Rail to add around £1bn of additional work for England & Wales to improve asset condition within CP6, and to set out proposals for how this should be allocated across the routes. More information is available in our [draft determination overview document](#).
  - **Safety expenditure:** As part of the additional work that Network Rail will consider in respect of improving asset condition (discussed above), we have asked it to consider prioritising certain assets (including earthworks) where this is needed to control precursors to catastrophic failure. More information is available in our supplementary document on [health & safety](#).
  - **Efficiency:** we did not consider that Network Rail had provided sufficient justification for its overall efficiency challenge, and have asked the company to identify a further £586m of savings in England & Wales, to be found across the company, including within the Anglia route. More information on this (and deliverability) is available in our supplementary document on our [review of Network Rail's proposed costs](#).

- **Performance:** across England & Wales, we are providing an additional opportunity for routes and passenger operators to agree suitable targets for delivery across CP6. This includes Anglia route, as it relates to c2c, Greater Anglia, London Overground, TfL Rail (MTR Crossrail) and CrossCountry. More information is available in chapter 3 of our supplementary document on [scorecards and requirements](#).

To support our review, Arup (an independent Reporter) carried out a review of train performance across Great Britain. The Anglia route performance model methodology gave rise to concern, because it treated each year independently. This meant that performance improvements / deteriorations forecast early in the control period were not carried through to later in the control period. We have required that the route considers our findings and amends this element of its modelling methodology. If the Anglia route concludes this update is not required, it should explain why. The outcome of this may affect the CP6 targets that the route agrees with train operators. This issue is discussed further in paragraphs 3.75-3.79 of our scorecards and requirements document.

## Route stakeholder engagement

18. As part of our SBP review, we have assessed how well Network Rail's routes and the System Operator (SO) engaged with their stakeholders to inform their strategic plans. We wanted the routes/SO to engage with their stakeholders to help them to understand and meet their stakeholders' requirements, and to allow them to use operators' railway expertise and understanding of operations, access and costs to make their plans more efficient, realistic and credible.
19. We have assessed the Anglia route's approach with respect to three areas (scope and methods of engagement; recording and analysis of priorities; and trade-offs and line of sight)<sup>7</sup>. Our findings with respect to each of these three areas are discussed below.

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<sup>7</sup> We have summarised our assessment of the route's engagement using the following terminology:

**Effective:** The engagement is effective in supporting delivery of our overall PR18 aims and, specifically, that it enables stakeholders to influence priorities and challenge performance (where necessary). The engagement should also be proportionate to what it is seeking to achieve (so that money on engagement is well spent);

**Inclusive:** The overall engagement should seek to involve all relevant stakeholders (without undue discrimination) and should adopt different approaches to reflect differing stakeholder capabilities and interests;

**Well governed:** There should be processes that encourage meaningful engagement and accountability, as well as providing mechanisms for challenge and escalation; and

**Transparent:** On **performance:** There should be provision of appropriate and relevant information and data to enable stakeholders to influence and challenge in an effective and timely way. On **engagement:** It should be clear how engagement arrangements have been implemented and what impacts they have had on Network Rail's actions and delivery. For example, there should be a record of key points made by different stakeholders and how they have been acted on (or, if not, why not).



## Scope and methods of engagement: Which stakeholders did the route engage with and how well did it do so?

20. The Anglia route engaged with a good variety of stakeholders. This included engagement with port stakeholders (reflecting the significance of inter-modal freight traffic to the route) and Highways England.
21. The Anglia route used a variety of methods to engage stakeholders. The route engaged via workshops, briefings, questionnaires, 'light-touch sessions' (covering issues such as coordinating improvement work with neighbouring operators) and 'deep dive' sessions.
22. The Anglia route's workshops incorporated presentations from operators, as well as from the route and Transport Focus. Some operators commented that the workshops were ineffective, in part because the broad range of stakeholders present prevented sufficient attention being given to operators' priorities. However, other stakeholders said that the route's engagement activities worked well.
23. In communicating how the route engaged with its stakeholders, the Anglia route's plan included a good summary table listing the stakeholder groups, the stakeholders in each group, why they are a stakeholder, and how the route engaged with them. The route has put a focus on engaging on how it will deliver its CP6 plan and how it will minimise any disruption caused by engineering works.
24. Overall, the Anglia route seems to have adopted a **well governed** and **inclusive** approach to engagement, showing a good understanding of its stakeholders and applying a range of approaches depending on the stakeholder group and purpose of engagement. However, the route's engagement may in practice have seemed more **effective** to some stakeholders than others.

## Recording and analysis of priorities: How well has the route recorded, analysed and reflected on its stakeholders' priorities?

25. The Anglia RSP listed some prioritised stakeholder needs, but did not explain how these were chosen over other needs. The RSP also explained how the route proposed to address each prioritised stakeholder need.
26. The supporting information supplied with the Anglia RSP includes a clear summary of feedback received at the workshops, setting this out in detail as well as summarised into themes. However, stakeholders have expressed mixed views on whether and how the route recorded their priorities and reflected them in its plan.

27. The Anglia RSP did not refer to research on passengers' priorities or discuss how the route had reflected on this to ensure its RSP met the needs of passengers.
28. While the Anglia route appears to have recorded the feedback received at the workshops well, it could have been more **transparent** about how this and other feedback was analysed into the prioritised needs included in the RSP.

**Trade-offs and line-of-sight: Has the route demonstrated a robust process for deciding between competing stakeholder priorities? Has it demonstrated a line-of-sight between stakeholder priorities and the actions it has committed to in its RSP?**

29. The Anglia RSP did not clearly explain how the route traded-off competing stakeholder priorities to decide which ones to act on, and did not do enough to demonstrate a line of sight between stakeholders' needs and the route's commitments for CP6.
30. Stakeholders reported that they were given the opportunity to give feedback to the Anglia route and challenge its plans, but were not all convinced that this mechanism was effective.
31. In general, the Anglia route could have done a better job of **transparently** communicating the outputs of its engagement process to its stakeholders.

### **Next steps**

32. Each of Network Rail's England & Wales routes will now undertake a targeted update of their route business plans. We expect this update to build on the existing stakeholder engagement, by ensuring that operators have an opportunity to comment on the proposed updates to the plan.
33. We will then review the updates to Anglia's RSP, alongside the evidence of meaningful stakeholder engagement, when reaching our final determination. At this point, we will set out more detail on what this means for the Anglia route.



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