Responses on invitation to comment on Network Rail's strategic business plans (SBPs)

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Office of Road and Rail
One Kemble Street
London

Date: 27 February 2018

Reference: Abellio UKs Response to the Consultation on Network Rail Strategic Business Plans

Introduction

This submission provides a specific Abellio UK response to the above consultation. It includes a collated set of responses from all of our UK Train Operating Companies, including feedback from Executive Team members in the following companies:

- Abellio UK – Chief Operating Officers' Organisation
- Greater Anglia
- Merseyrail
- ScotRail
- West Midlands Trains.

Abellio UK Approach

In our approach to this consultation, we have looked at the overarching Strategic Business Plans and each of the Network Rail Strategic Business Plans that are aligned to our businesses, specifically; London North Western, Anglia, Scotland and the central corporate function plans.

We are broadly happy and supportive of the SBPs and have welcomed the Route based plans which allow for localised priorities.

Our Key Concerns from the SBPs:

1. **Alignment of objectives**

The focus of Operators and Network Rail still seem to be misaligned. Performance measurement to right time is a step in the right direction, however:

- This does not align with the measures in the franchise agreements and therefore does not aid the performance strategy process of setting bilateral performance targets.
- Is dependent upon the signalling and control systems being accurate to the minute, which is not currently the case.
- Department for Transport and ORR need to work together in the development of future franchise metrics to ensure shared vision and objectives can be established and achieved.

2. Performance Forecasting and CP6 exit targets

The performance trajectories and therefore the CP6 exit targets proposed are not aligned to the committed franchise benchmarks.
The view from our Operators is that the CP6 exit targets are unambitious and do not challenge Network Rail to deliver improved performance. It would seem that performance risk has been factored into forecasts, but performance benefit has not; particularly when looking at fleet introductions, timetable changes and increased passenger demand, without counterbalancing the extra capacity provided.
There are specific concerns around the London North Western Strategic Business Plan and the lack of a mitigation plan for HS2 and the West Coast refranchise.
We believe that more substantial evidence is required to fully understand the proposed exit targets.

3. CP5 exit targets

There is little confidence in meeting the current CP5 exit targets, therefore we need to understand the impact of this on the CP6 targets this will ensure that we are starting from the correct base.

4. Management of Operator on Operator delay

It is not evident from the Strategic Business Plans how Network Rail plans to manage Operator on Operator delay in CP6.

We believe that this is a fundamental aspect of Network Rail's role under the Network Code and this area seems to have been given far too little consideration. It is imperative that we understand how each Route plans to drive performance improvement through minimising Operator on Operator impact.

5. Renewals and Enhancements

Postponing renewals may impact the Network Rail supply chain, which would benefit from a constant and steady flow of work. It is questionable how Network Rail's supply chain can resource a large volume of renewal work in a condensed period immediately after a Control Period where there was a shortfall in work.
A large volume of deferred renewals will cause a peak in works in the early part of the next control period (CP6). This will almost certainly impact passengers in terms of disrupted journeys, but also in respect of the advance planning and timetable work that may risk the industry failing to meet its informed traveller commitments.
Removing enhancements from the control period process and funding each programme as it is developed requires Network Rail to have adequate development funding and clear direction from DfT as to where to prioritise this funding. This process needs to be robust.

6. Engagement

Very little, and in some cases no engagement took place during the creation of the SBPs, with Abellio HQ or our Operators with their corresponding Network Rail Routes.

Whilst our Operators were consulted after the SBPs had been produced, we feel that the forecasting of performance trajectories would have been more accurate and aligned to the business objectives had the Operators been involved in the planning process.

7. Corporate/Central function Strategic Business plans

It is not clear how the Routes will interact with the central Network Rail functions in a devolved environment.
As outlined above, for enhancements, the process around IP needs to be robust. It is unclear from the SBPs how the Routes and Infrastructure Projects will interact in future, under a more devolved environment in order to deliver a better and timelier solution for the railway. We would recommend local execution of IP via the Routes.

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5th March 2018

Re: National System Authority Strategic Business Plan

Arriva sees the establishment of an effective and fully functioning National System Authority (NSO) as one of the most important structural changes currently being made in the UK rail industry. This, together with increasing devolution to the Routes, will allow the rail industry to deliver benefits to end users, the communities we serve and to funders more cost effectively.

Arriva welcomes the ORR's approach through PR18 to establish direct Regulation of the devolved Routes and the NSO linked to the delivery of published Strategic Business Plans (SBPs).

Arriva has reviewed the NSO SPB (plan) and see it as well structured. It provides a clear and comprehensive explanation of complex concepts by deploying an understandable operating model for the NSO and the other parts of the rail industry that it links too. The outputs the NSO intends to deliver and the activity it plans to undertake are laid out clearly with good linkages provided. With regard to future developments though, Arriva would like to consider further the proposal that the NSO lead on rolling stock strategy before endorsing this idea.

In many respects, Arriva would like to see the plan going further with greater ambition. In particular, Arriva is not certain that the plans on staff resources and competence and on technology are sufficient to address the challenges identified.

The centralised Capacity Planning function faces significant workload and employment market challenges in the southeast and a more strategic response than that outlined is almost certainly required.

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It is Arriva's view that the current rail industry planning systems are not well integrated, take significant skill to work with, do not optimise their outputs and require excessive time and resource to produce these outputs. In a world of "big data" and a rail industry that is pursuing real-time traffic management solutions through the Digital Railway programme more fundamental change than that proposed is needed.

The plan does not fully explain the role of the NSO with regard to the delivery of enhancements. In addition, the relationship between the NSO and the Routes in this area needs to be laid out clearly. At present, the NSO SBP talks about the NSO being the "client" for enhancement projects without defining what responsibilities this role encompasses. The Route SBPs talk about the Routes acting as "sponsor" for the same enhancement projects – again without clearly identifying the associated roles and responsibilities involved.

The principles for ongoing stakeholder engagement are well explained and the structures proposed appear broadly fit for purpose. However, Arriva still feels that too much emphasis is placed on the engagement delivered by existing arrangements put in place to deliver specific workstreams and outputs. Arriva would also want to see the number of posts on the NSO Advisory Board expanded to include separate participants nominated by Freight and Passenger operators rather than having a single post covering both constituencies. This would go a long way to delivering the principle that the NSO needs to be seen to be acting independently.

While Arriva welcomes the proposed review of the Sale of Access Rights process, we would like to see this undertaken with some urgency as the current arrangements are not effective and do not meet the expectations of rail operators. In particular, Arriva would want to see the NSO taking a decision making role in this process and not only roles associated with managing the process and providing advice. This would align better with the NSO overall role and purpose. In addition, Arriva would like to see opportunity for access applicants to directly participate in the Sale of Access Rights process alongside the Routes.

In this context, Arriva would suggest that the NSO's Priorities listed as A ("providing effective capacity advice – for franchises and for track access decision") and D ("Greater involvement in Franchising") are reviewed and streamlined as they appear to overlap currently.

The structure of Scorecards proposed by the NSO is clear and is aligned with the operating model and organisation structure. Given the complex and varied matters being addressed together with the immature nature of the NSO arrangements, it seems likely that further refinement of the specific metrics to be included in the Scorecards can be undertaken in the medium-term.

Yours sincerely,

Richard McClean
Managing Director, Grand Central

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6th March 2018

Re: Digital Railway Programme Strategic Plan

We are broadly supportive of Network Rail's approach to digital railway transformation. In particular, we see the opportunity to introduce digital rail to the south ECML as having significant benefits in terms of creating the momentum and competence to achieve the wider transformation to digital rail efficiently and effectively.

We note that significant efficiencies (30%) are claimed relating to Early Contractor Involvement and alternative procurement methods. Whilst we do not disagree that there are significant efficiencies available in this area, realisation of the benefits appear to be dependent on the Sector Deal, setting up the Joint Delivery Group and a committed programme of works, which does not appear to align with the uncertainty generated by the proposed scheme by scheme funding strategy.

Securing third party funding and financing is also rightly, being considered. Early guidance from DfT/ORR on how this might work in practice would be beneficial.

It is not clear from the plans how savings relating to business change e.g. processes and organisation, have been taken into account.

We note that DRP are reviewing the conventional signalling workbank, with results being shared with ORR 'in coming months'. What impact will this have on the SBP and the PR18 process?

In terms of input from stakeholders, we note that the DRP SP references the MoU between RDG and the DRP. This MoU pre-dates the recently introduced DRP governance arrangements and is currently under review. We were not aware that a specific DRP Strategic Plan was being created, and we are disappointed that no specific input was requested to the concept or any drafting.

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Yours sincerely,

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CrossCountry response

Most Route business plans refer the reader to the FNPO appendix for details on plans for national passenger operators but within this appendix the vast majority of plans refer only to freight operators. This despite writing to the Routes with our priority areas as a business and, more specifically, on the individual Routes.

The plans contained in the FNPO plan are predominantly around freight and the performance plans for CrossCountry sit mainly with FNPO as the owner. As FNPO are not an asset manager or operational strategy manager and don't seem to have been given a provision for passenger operator performance improvement schemes, they cannot be held solely accountable for delivery of CrossCountry performance. Around 60% of all delay minutes and PPM failures for CrossCountry are attributable to Network Rail which is essentially a culmination of 7 Route delivery plans and outputs. Therefore it is essential that any Route in which we operate includes a measure of delivery on their scorecard which they can be held accountable for.

There is no measure for CrossCountry on either the LNE or Anglia Scorecards. We currently feature on the LNE Scorecard so this omission for CP6 is unexpected and has not been explained.

A common theme is a lack of clear definition of the relationship and roles between Route and System Operator in respect of the management of enhancements and Event Steering Groups for example. There is little clarity on how a national overview of access requirements will be achieved to support national operators and the delivery of projects efficiently.

Operations and Performance plans are not comprehensive and performance trajectories do not appear to have been developed bottom up. No detailed methodology has been applied to the targets for CrossCountry, rather a review of historic numbers and very minor uplifts (if any) applied.

In summary, there is very little meaningful inclusion of CrossCountry in most of the Route SBPs (with the exception of Western) despite us being fully engaged with the process and setting out our priorities in writing. If it is assumed that FNPO will be solely accountable for CrossCountry benefits realisation, performance delivery and risk management then the plan to do this in collaboration with the Routes is not visible and further development is needed.

We have specific feedback available relating to particular Route SBPs if required.

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9th March 2018

Dear John,

Opportunity to comment on Network Rail's Strategic Business Plans for Control Period 6

Thank you for the opportunity to provide high level comments on Network Rail's Strategic Business Plans. This response is made by FirstGroup on behalf of our Rail Division and its train operating companies: Great Western Railway; TransPennine Express; Hull Trains; East Coast Trains Ltd; and South Western Railway (which is a joint venture between FirstGroup and MTR).

FirstGroup has had some opportunity to engage with Network Rail during the development of the relevant Route and National System Operator (NSO) Strategic Business Plans (SBPs). FirstGroup notes that there are a number of other SBPs that were published on the Network Rail website on 8th February. This was unexpected as no prior information or notice had been given that such plans were being developed or in fact were going to be published. This response therefore focuses on those SBPs that we have had dialogue with Network Rail on, i.e. those published by the Routes and the NSO, whilst providing some limited commentary on the other SBPs. We would ask that the ORR takes into account our comments on the NSO provided in our letter of 21st September 2017 in response to the ORR consultation on the Overall Framework for Network Rail and on the Possible Measures of the System Operator's Performance, as this is pertinent to the NSO SBP. FirstGroup has also provided feedback through the Rail Delivery Group on the level of engagement that we have had with Network Rail on the development of the SBPs. We would be happy to provide this separately to ORR, if required.

Before turning to our comments on the relevant SBPs, it is worth making some comments on the additional SBPs which cover: Asset Information Services; Digital Railway Programme; Finance; Property; Route Businesses; Route Services; Telecoms; Coms; HR; Safety, Technical & Engineering; Legal; and Infrastructure Projects. As noted above, Network Rail had not provided any prior notice that plans for these central functions would be published or indeed that they would exist. Whilst to a certain extent FirstGroup welcomes their publication it is difficult to provide any detailed commentary as we have had no involvement in their development, and had previously understood that funding for these functions would be derived from the settlement from the 10 Routes plus the NSO. Also, given the timeframe that we have had to make our comments, and the natural focus that our business has on the Routes and the NSO we have had a very limited opportunity to review these additional plans.

FirstGroup would observe that these appear to be drafted as internal Network Rail documents and do not appear to be overly strategic or easily identify the specific funding required for the forthcoming Control Period. Of particular concern is the Infrastructure Projects plan given that this functional part of Network Rail is responsible for delivering a substantial amount of CP5 related enhancement work during CP6. However, it does not appear to actually reference what will be spent in CP6 in any detail on enhancements. Rather, the focus appears to be limited to reprising the Route SBPs proposed spend on renewals, which seems to imply that the Infrastructure Projects function of Network Rail will be the de-facto delivery agent for the Routes.

Turning to the Route and NSO SBPs, such documents are not easy to digest given that they are largely a statement of engineering intent by the Infrastructure Manager. In some ways it is interesting to see the differing presentational approach taken by each Route in their individual CP6 plans given that ultimately they are about quantities of work to be undertaken each year in each of the asset disciplines. The plans themselves are constrained to just Operations, Maintenance & Renewals, rather than being particularly strategic, and therefore operators' ability to critique or comment meaningfully is somewhat restricted to those areas that directly affect our operation or to which we have relevant expertise. Our engagement to date has largely been focused on scorecards and in particular on those elements specific to each operator. We have used this as a basis to attempt to influence priorities by each Route, which may not match the engineering need or criteria that the relevant Route has applied. We are hopeful that in CP6 Network Rail will be able to deliver renewals that are fit for the current system, i.e. modern equivalent form, rather than purely like for like.

Before addressing some of the specific plans there are some overarching comments, as follows:

- Engagement – this has been very mixed and in fact can be characterised as being of a much poorer level and quality as compared with the similar process for CP5. It seems that this is because the performance targets and requirements that Network Rail will be regulated against for CP6 are solely based on its own delay minutes rather than the shared measure of PPM. The SBP which FirstGroup has had the most engagement on is for the NSO, rather than the Routes;
- Funding – it is not clear that the SBPs have reflected in full the value of the SoFA identified by Government in October 2017. We are unclear if this is because NR has retained funding for the central functions (although we understood that these are to be funded out of the 11 settlements for the Routes and the NSO as noted above) or because of an inherently cautious approach. It would be helpful to understand at a high level how Network Rail would ideally split the available funding across its Routes and functions and indeed by category of spend; and
- Performance – As noted above, we are concerned that Network Rail has taken a very risk averse approach to performance. It has not attempted to reflect the industry's own long term plans insofar as they require delivery during this 5-year period or indeed the ambition of funders and franchises that have been let with clear performance targets to deliver, which are clearly known and expected and in many cases have received infrastructure funding to facilitate.

Turning to the Route SBPs themselves, we have some specific observations, as follows:

The SBPs should be useful baselines from which to develop bilateral scorecards for CP6 and associated metrics. So, whilst there are Route Scorecards, bilateral ones for operators are not yet developed. The priority within Network Rail has been on developing the CP5 final year scorecards. We are hopeful that the CP6 versions will take place in due course. It seems logical that the creation of TOC scorecards for CP6 will be a natural progression following the Final Determination and the creation by the Routes of their individual Delivery Plans.

Western Route

With regard to operations, Western Route has acknowledged the challenge offered by the step change in service levels east of Reading post 2019, with a planned increase in front line response staff numbers and the proposal to replace the remaining track circuits with axle counters over the same route section also reflects the intention to seek resilience in day to day operations. Other than the commitment for Level 2 fitment over the first 12 miles of infrastructure from Paddington to Airport Junction for Crossrail operation no allowance is given for the introduction of Digital Railway technology, perhaps reflecting the uncertainty of what that concept is and what precise benefit it actually brings.

On performance, colleagues in the Great Western Railway (GWR) team advise they are engaged with Western on discussions and negotiations around CP6 Performance trajectories, to a general level of satisfaction. The dialogue has been with their Western Route counterparts, on the assumption that they are leading with the other Network Rail routes baselining interdependent GWR service groups for CP6 accordingly, although this has not been validated. We have yet to confirm any performance targets as the feeling remains within GWR that the trajectory is dampened towards the latter half of the Control Period, and needs attention.

Wessex Route

The process has seemed somewhat informal. However, given that the Wessex SBP that was presented to ORR in December appears to be the same version as the one dated 18 September, that has meant that South Western Railway (SWR) has not had much involvement, given the franchise only started in August. There was some informal discussion between First/MTR being announced as the franchisee and franchise start.

We feel that for something this important, particularly given the alliance based relationship, a more controlled process should be in place with set dates and timescales to respond to.

The process seemed not to take account of the possibility that a franchise might change hands during the plan preparation. This meant that the incumbent franchisee was not wholly engaged as they did not know whether they would be operating the franchise in the longer term and were not asked to engage as if they were, which meant that initially Network Rail did not have significant dialogue. There was no defined process for then engaging with the preferred bidder or as it turns out taking account of the franchise specification, or proposals within the winning bid, despite Network Rail having reviewed the franchise submission for DfT. This probably needs addressing by DfT, ORR and Network Rail in the future with DfT insisting that incumbent participates fully and briefs and involves both DfT and incoming franchisee and that Network Rail's NSO ensures the details of the franchise specification and commitments are reflected.

The most obvious example of the disconnect between the franchise specification, our winning bid and the SBP is in relation to the performance trajectory. Where, despite the involvement of Network Rail in the franchise process, the proposed outcomes for the franchise and the plans of SWR have not been reflected by the Route. The overall approach to the trajectory is also of concern as it appears to always be dependent on the previous year, which has meant that the CP6 trajectory has also become a downward one overall, as the previous year had this trend. We would normally expect that once the reasons are fully understood as to why there has been a reduction in a previous year, coupled with planned interventions, should mean that a forecast is based on what is to come rather than what went before.

We are also disappointed that a summary SPB has been published without review by SWR, which would have picked up the small number of errors that it contains.

London North Eastern & London North Western

The vast majority of engagement with TransPennine Express (TPE) has been on performance, although the focus has been on 2018/19 rather than CP6. The performance forecast for CP6 when originally shared in November was a Network Rail based version that in a similar way to Wessex did not take account of the franchise specification or intended outcomes. As with the other Network Rail Routes there is a risk averse approach to performance when faced with prospect of increases in services despite these being a franchise commitment facilitated by investment being delivered by Network Rail and funded by DfT. Since Christmas TPE has managed to have some engagement on performance and the start point for CP6 has improved.

National System Operator

The NSO SBP is a well-structured document that does articulate well the role of the NSO for CP6. We are also encouraged that Network Rail is proposing to run the NSO in shadow form for the final year of CP5. However, we still remain concerned about the governance structure and whilst we welcome the recent decision to have an operator / owning group representative on the Advisory Board, limiting this to one post means that it is unlikely that there will be a balanced view from both passenger and freight operators. Resolving this through the appointment of separate freight and passenger operator representatives elected by their peers (as proposed by Network Rail for the single representative) would assist with the aim of the Advisory Board to provide true governance and independence. We are hopeful that the NSO will address this in the review planned for later this year.

In our response to ORR on the performance measures for the NSO in September we also noted some elements of the NSO approach that we were in support of and which we would therefore encourage funding to be made available for during CP6. These areas are:

- *The Long Term Planning Process (LTPP)* – The NSO has a vital role to play in leading this work and in doing so fulfilling the legal requirement placed on Network Rail. The leadership of this work, with full engagement from the rest of the industry particularly operators is crucial in helping to determine outcomes for future franchises and to identify tactical solutions to deliver strategic aims. However, it should be noted that there are numerous ways to provide capacity on the Network, including: timetabling; rolling stock; infrastructure; and signalling.
- *Timetabling and Capacity Planning Processes* – The interaction between the NSO and the Routes in this area is of vital performance, as whilst the NSO will lead on planning the timetable, when operators seek additional rights or capacity engagement is with

both Routes and the NSO. The Network Rail Sale of Access Rights process is welcome in that it provides consistency, however it is overly bureaucratic, lacks agility and the focus all too often, led by the Routes, tends to be on performance, rather than considering the needs of additional or different service requirements. Network Rail all too often treats SoAR as part of the industry capacity and rights process rather than recognising that it is internal.

There also appears to be a disconnect in Network Rail between capacity planning and timetabling. These are two distinct activities and we welcome the emphasis placed on increasing capacity planning capability by the NSO. However, there needs to be further consideration by Network Rail as to how to encourage retention of staff in this challenging role, particularly given that this function is centrally located in Milton Keynes which restricts the market for appropriate resources.

Agreeing access rights should not solely be an exercise in writing timetables, as there are often numerous ways to deliver the outcomes that are desired by operators which may be to meet franchise commitments, other service specifications or service changes to meet commercial imperatives. For franchise operators in particular there is often a clear link between the franchise specification or required outcomes and investment that has already been delivered which Network Rail needs to consider holistically and not just from the perspective of a particular performance concern associated with one possible timetable.

- *Franchising* – We are supportive of the proposals for the SO to have a dedicated team to lead the Network Rail input to franchise bidders and provide advice to DfT. This should not be about Network Rail assessing bids as it is not responsible for funding the Network or determining outcomes. These are roles for the funder and letting authority. There is, however, a role for Network Rail to continue to play in providing advice to DfT ahead of ITTs ensuring that there is a link back to the Long Term Planning Process and strategic aims. Network Rail should also be providing a review of the plans contained within bids to DfT, particularly in relation to those activities that have been discussed with prospective franchisees during the bidding phase.

Once again, thank you for the opportunity to comment on the SBPs. Should the ORR wish to discuss any aspect of this response in more detail please do not hesitate to contact me. We will provide a copy of this response to RDG and Network Rail.

Yours sincerely

Russell Evans

Policy & Planning Director, First Rail

Freightliner response

FNPO Strategic Business Plan

The FNPO scorecards outlines support for rail freight in CP6 and includes many positive action plans to support growth and a safer and more efficient rail freight services during CP6 and beyond, In particular the plans include:

Scorecard

Freightliner welcomes the updated scorecard – in particular:

- The inclusion of Operator Lost Time Incidents on NR infrastructure – we would like to see this measure rolled out to be on the SBPs of all routes.
- The introduction of standard measures across FOCs in place of individual FOC measures including average speed, Strategic Capacity and Service Plan reviews (to support longer trains)
- the inclusion of Delay per Incident (DPI) for FOC attributed incidents (as DPI has increased by 50% since the beginning of CP5) is strongly supported - we look forward to engaging with the FNPO about the detail of this measure and the targets

Freight Delivery Metric

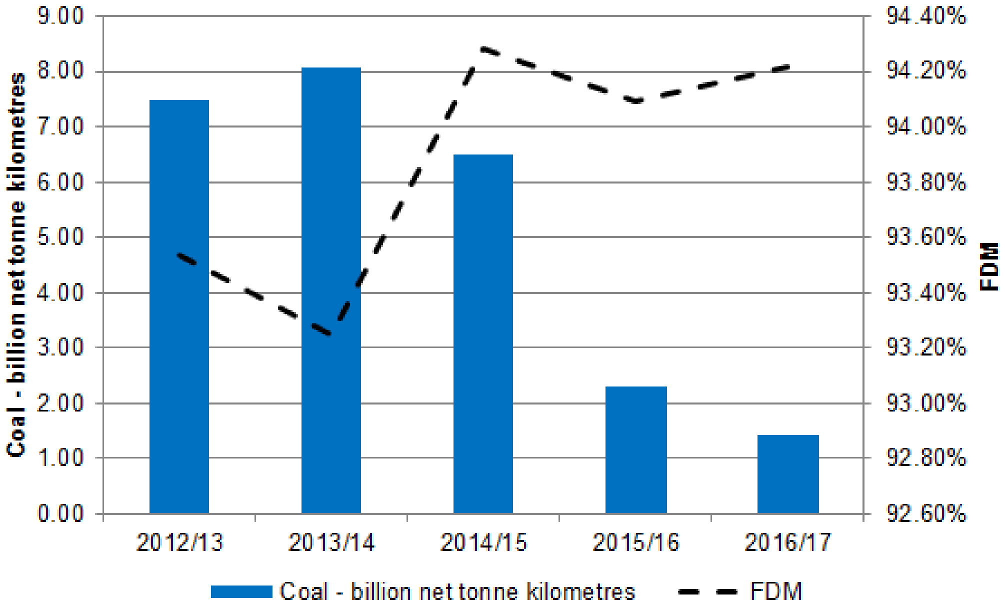
Freightliner welcomes the decision to retain the Freight Delivery Metric (FDM) as the key regulatory measure for freight performance in CP6. Freightliner has found this to be a helpful performance metric – it is focussed on delivery to end customers and easy for Network Rail staff to understand whether they have succeeded or failed.

We are concerned however that the CP6 objective of 94.0% lacks ambition. Network Rail has delivered FDM that exceeds 94% every year so far in this control period and by forecasting that FDM will decline in CP6 we are worried that this would project a negative view of rail freight.

We note that at a high-level Network Rail is expecting performance to improve in CP6. Network Rail has set a "target of a 15% reduction in the number of trains that are delayed". Against this backdrop, and over the same timescales, it does not appear consistent to be forecasting a decline in FDM.

The rationale for Network Rail's expected decline in FDM in CP6 is explained in the draft FNPO SBP. It is explained that the decline is expected to be driven by two factors, 1) decline of coal traffic (which saw better performance) and 2) that anticipated traffic growth will predominantly be on the busier parts of the network. We understand that there are many different factors that influence performance but we are concerned that these two factors may have been overstated and their impact on FDM is overly pessimistic.

The chart below shows the relationship between coal volumes moved on the network and FDM performance. Contradictory to Network Rail's commentary in the FNPO SBP, it suggests that as coal volumes declined FDM performance has actually improved.



As most of the coal decline has already happened and we are not expecting a much of a further decline in CP6 it is difficult to understand how the decline of coal will have a material impact on reducing FDM performance between 2019-2024.

It is clear that the network overall will get busier in CP6. Most of the Route SBPs forecast traffic growth across CP6. As the network gets busier there will inevitably be an impact on performance. While traffic growth is noted as being a driver for the expected deterioration in CP6 FDM, it is not clear what assumptions have been made about this growth. We understand that most of the expected traffic growth will happen during the control period itself and not from day 1 of CP6. How this has been factored into an FDM figure, which is set from day 1 and fixed for the entire five years is not clear.

We note that in its previous draft of the FNPO SBP Network Rail suggested that FDM would be set at 94.5%. Given that Network Rail achieved an FDM of 94.3% in 2016/17 (a year with low coal volumes) a target FDM of 94.5% in CP6 would appear to be consistent, achievable and positive. It is not clear why this target has been revised down in the latest iteration.

Allocation of fixed costs

The allocation of fixed costs to the FNPO Route, that do not vary with traffic even in the long term remains a concern for us, though the improved wording to identify these costs as Minimal network geographic route costs allocated to FNPO is helpful.

We do not understand why the identified as Minimal network geographic route costs allocated to FNPO vary between £1089m and 1232m – as these are the fixed costs of the network that do not vary over time.

Freight runs about 6% of trains - yet these cost allocations appear to be in the order of 15% of overall costs. Network Rail stated in their consultation that weight is not a great factor in the cost causation, so we do not understand this.

Despite the improved wording we remain concerned regarding the allocation of these fixed cost that will result in a large Network grant being allocated to the FNPO Route. The grant will place rail freight in a position where it is seen to be subsidised well below a negative value for money ratio. Yet if as a result rail freight reduces the equivalent cost savings will not be made. This could impact on future decisions about investment in rail freight and access charges (even if not immediately). We expect that road hauliers will quickly be talking about the subsidy of rail freight - even though the equivalent costs of the road network are simply not understood.

We do support the allocation of transparent avoidable costs of rail freight - these can be used as a basis for cost causation understanding and management action to try and reduce them.

Growth Forecast

We have responded separately to Network Rail's consultation on their growth forecast. Whilst with a few exceptions we support the MDS outlooks for different scenarios we do not support the proposal by Network Rail to use the average of the forecasts in their SBP. Using an average rather than one of the modelled scenarios makes no sense to us and will make it difficult to measure actual volumes against a scenario and in this respect we would suggest a base of no change in policies, oil price, wage differentials would be clearer, and create a base where changing outcomes could be measured.

However, given the known opportunities ahead, including new projects and major infrastructure as well as constraints being lifted at Felixstowe and Southampton ports following SFN investments being completed we are of the view that 15.7% growth over 7 years is conservative. We would support a more ambitious target set that galvanised Network Rail Routes to take actions to support freight growth. If the target is quickly reached, what incentive will there be on the Routes?

Overall we suggest a clear base based on existing scenarios in the MDS model and a realistic but ambitious growth forecast overlay.

Route scorecards

The only freight measure on the Route scorecards remains FDM. While we support FDM being measured at a Route level, it is important that such performance measures are part of a balanced scorecard that measures other factors that are important for freight operators and their customers, including freight growth and safety,

By solely measuring freight performance at a Route level there is a significant risk that performance is disproportionately incentivised. Freightliner is already seeing evidence of this. We recently had an application for access rights for new freight traffic, transporting aviation fuel to Heathrow airport, rejected on the basis of Route concerns over performance. Despite fully validated, compliant paths being identified, the Western Route did not support the application at the Sale of Access Rights (SOAR) panel, citing performance concerns. Were Network Rail Routes better incentivised to accommodate new rail freight traffic it is conceivable that the Western Route's decision may have been different.

Freightliner is concerned that without balancing freight measured on the Route scorecards, performance will continue to be disproportionately prioritised and that this will lead to a continued lack of support from the Routes to support access rights applications.

We note that the ORR suggested in its 'Route requirements and scorecards' consultation in July 2017, an intention "to introduce a separate route scorecard measure for passenger and freight services based on the volume incentives metrics". We firmly support the need for such volume incentives to be on all the Route scorecards. Given the Routes' role in supporting access rights applications it is not sufficient for the volumes metric to sit solely on the FNPO scorecard and we would strongly support the introduction of a freight volume measure on all of the Route scorecards.

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5th March 2018

RE: London North Eastern & East Midlands Route Strategic Business Plan

The London North Eastern & East Midlands Route Strategic Business Plan (LNE RSBP, the plan) is a comprehensive document which lays out a detailed asset management strategy based on a well expressed and accurate understanding of the current position of the Route together with the challenges and opportunities it faces over the course of CP6.

The plan lays out a revised asset management approach involving "a significant shift of activity from Renewals to Life Extension and refurbishment". While this approach reflects a recognised asset management strategy, it is not clear that the plan addresses the potential risks associated with this change in sufficient detail and does not identify specific initiatives to control and mitigate such risks.

The plan also articulates a well thought through and deliverable approach to securing the benefits of Digital Railway approaches should funding be secured to progress this. However, the plan does not address what would happen if the proposed Digital Railway schemes are not funded or do not otherwise progress.

It is clear that the plan has been built "bottom up" locally using an activity based planning approach – there is a consequent real sense of local "ownership" of this plan and a confidence its deliverability. The improvements in asset performance that the plan will deliver are clearly laid out and reflected in the appropriate Scorecard metrics.

The Operations and Performance elements of the plan do not appear to be as comprehensive or coordinated as the asset management elements. While the Operations and Performance elements of the plan lays out a series of recognisable challenges (mainly associated with the expected 15% increase in the number of train services to be operated in CP6 compared to now), it does not address these challenges with targeted initiatives. Many aspects of the initiatives that are included appear vaguely expressed and aspirational. For example, the development of a "precision timetable", the implementation of revised train operating principles, delay reporting apps for drivers". It is unfortunate that the offers made by train operators to engage in joint development of the Operations and Performance elements of the plan have not taken up as yet – this could still be done before the start of CP6. It appears likely that a joint operations and performance would be a cost effective approach to addressing the projected shortfall in Performance delivery.

The performance trajectories included in the Scorecard are not supported by bottom up data driven analysis – the PPM "waterfall" graphs provide some form of rational for the projections of this metric but are not supported by analysis for the various impacts included. In addition, the impacts projected for the new Thameslink service do not appear to be consistent with the analysis undertaken as part of the implementation of this project. Overall, across the different Operational Performance Metrics listed in the Scorecard, the "shapes" of the trajectories are inconsistent with each other and between different Operators.

To date, Grand Central has had no meaningful engagement with the LNE Route team to review and understand the methodology used to derive the performance trajectories included in the Scorecard, to understand the factors that drive these and to address the concerns that Grand Central have in this area.

A repeated theme in the plan is that "the increased volume of services … will present a challenge in the context of the restricted funding levels available during CP6, which will limit our ability to meet the performance targets and commitments of our customers". It is difficult to fully understand this theme without details of what is driving this suggested funding shortfall given the nature of the access charges regime and the statement of funds available provided by DfT.

Inevitably, the life cycle of assets will produce "peaks and troughs" in asset management costs between successive Control Periods. The plan highlights that many key assets on the East Coast Mainline Line are reaching the end of their operational lives – indeed, some should have been renewed in previous Control Periods. This suggests that LNE is facing a "peak" in required asset management expenditure. In this context, the ECML supplementary plan has much to recommend it although it is not clear what process might be used to allocate the additional funding required to deliver this plan.

As highlighted above, a joint Operations and Performance plan developed with Operators is likely to be a cost effective approach to addressing the projected shortfall in Performance delivery. Indeed, expenditure associated with initiatives relating to rolling stock and traincrew may deliver greater performance benefit at lower cost than additional expenditure on infrastructure.

Regardless, Grand Central sees it as essential that LNE's Settlement provides it with the income needed to deliver the activities required to deliver the outputs required – both in terms of train service volume but also quality as measured by the operational performance metrics.

Clearly, if the Route is unable to deliver train service volume and quality outputs as anticipated when current train operator business plans were developed, this will have a direct impact on Grand Central's ability to meet the expectations of passengers with an associated impact on revenue. Grand Central therefore expects the calibration of Schedule 8 to be undertaken in a manner that makes good this predictable shortfall in revenue generation. For Grand Central, this issue has a direct impact on our business while for Franchised Operators the impact is likely to transfer to DfT via the Franchise Change mechanisms. Given this broader economic architecture, it seems more efficient to fund the Route directly to deliver the required outputs.

The safety plans detailed are comprehensive and focused. However, a priority identified by Operators is a need to focus on cost effective reduction of risk to passengers associated with train collision risk. This does not seem to have been addressed in the safety plan.

The relationship between the Route and the NSO does not seem to have been comprehensively laid out in the plan. The plan refers to Event Steering Groups, the development of a "precision timetable" and to the management of enhancements without making clear the respective leadership roles to be played by the Route and the NSO. This is a particular concern with regard to enhancements as clear accountability for delivery is key to success. The plan refers to the Route's "sponsorship" role without making clear what this role entails. Separately, the NSO Strategic Business Plan refers to the NSO as being the "client" for enhancement projects – also without making clear what this role entails.

The Scorecard provided in the plan only include metrics for Operators for which LNE are "lead" Route – this is unacceptable and does not reflect the understanding that suitable metrics would be included for all Operators who have significant operations on the Route and wish to see key metrics associated with these operations included.

It is encouraging that the plan includes a contingency budget (described as "route headroom"). It is inevitable that the plan will need adjustment during the course of CP6 and the ability to manage such adjustments without unpicking every element of the plan is essential.

It is unfortunate that the "Joint performance activity prioritisation" table included for Grand Central remains generic and does not address the priorities expressed by Grand Central. To date, no specific engagement with Grand Central has been undertaken to develop this table. As similar tables for all the operators follow this same pattern, it would appear that there has been a consistent gap affecting all operators in the process for developing the plan.

While the plan does detail the process of engagement used in the development of the plan (separate feedback has been provided to ORR on this engagement), the proposals in the plan for ongoing engagement are entirely based on existing working arrangements which currently have their own targeted remits. In addition, none of the fora listed involve all Route Stakeholders, many are bilateral and some Stakeholders will not be involved in any. This suggests that there are no plans for multi-lateral engagement focused on reviewing progress in the delivery of the LNE RSBP overall with all Stakeholders involved which is a disappointment. In this context, it seems odd that the plan does not reference either the current ECML Supervisory Board or the soon to established Northern Supervisory Board.

Grand Central sees the LNE RSBP as a key tool in the overall approach to the rail industry delivering the best outcomes to end users, the communities we serve and to funders throughout CP6. Grand Central has therefore put significant effort into supporting the development of the plan to date and will continue to do so up and beyond the start of CP6.

Yours sincerely

Richard McClean
Managing Director

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Response from London TravelWatch

Dear John,

You asked for feedback on these in a recent consultation. I have briefly read through each of the route strategic business plans that affect our area. My main comment is the same as when Joanna came to speak at our Board meeting, that only some of the routes consulted with us or invited us to meetings that they had arranged to discuss these. In the case of London North Eastern and East Midlands, and the London North Western routes there was no contact at all from these routes and no opportunity for us to comment. In the case of Western we were invited but the dates clashed with other commitments and we were unable to go and subsequently weren't really able to comment on the plans. In the case of LNE+EM and LNW this was regrettable.

Yours sincerely

Tim Bellenger
Director, Policy and Investigation

John Larkinson
ORR
One Kemble Street,
London,
WC2B 4AN

Date: 6th March 2018

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Dear John,

Opportunity to comment on Network Rail's strategic business plans

Thank you for the opportunity to comment on Network Rail's strategic business plans. Our comments are divided into two sections: the first as a customer of Network Rail, and the second as a regional stakeholder in the development of rail services in North East England.

Nexus as a customer of Network Rail

Nexus is the owner and operator of the Tyne and Wear Metro which accounts for around 37 million passenger journeys each year. A significant proportion of these journeys is taken on Network Rail infrastructure between Pelaw and South Hylton via Sunderland. Overall we do not feel that that this significant flow of passengers is represented in the draft LNE & EM Strategic Business Plan, where Nexus' role as a TOC and therefore a customer of Network Rail is barely recognised.

We feel the effect of this in two ways: firstly, in operational performance where during disruption it can be the case that Metro services are given lesser priority than services of other TOCs and FOCs using the same section of route; and secondly in infrastructure investment where we believe that power supplies, track and stations (especially Sunderland station) that are critical to our operation are often not given the same level of attention as those that are of greater importance to other TOCs.

To attempt to address this problem we would suggest that Nexus is recognised as a customer in all of the scorecards proposed in section 3 of the draft LNE &

EM Route Strategic Plan, and anywhere else in the document where customers or TOCs are mentioned such as the 'Joint Performance Activity' prioritisation grids in Appendix A. We would be pleased to help Network Rail to develop suitable wording and measures to recognise our own targets and plans.

Furthermore we are in the process of procuring new rolling stock on the Tyne and Wear Metro, with a fleet of 42 4-car EMUs expected to be phased in from late 2021. We would request that this major investment, and the need for Network Rail to support it, be recognised in Table 3 of the draft LNE & EM Route Strategic Plan. In addition to continuation of the existing positive engagement in as regards acceptance and approvals, we would like to see Network Rail develop plans for the 1500v DC overhead line system being overhauled and made more reliable so that the benefits of new trains are not diminished.

Nexus as a regional stakeholder

We are generally supportive of the structure within the suite of business plans for CP6. It is clear that there has been a significant shift in the industry since the last business plan was produced. It is recognised that there is significantly more detail in the route plans built up from their work banks and this should bode well in terms of deliverability of the various components. It would however be useful for local stakeholders to be able to drill down to the local level to identify works within their area that may lead to opportunities to match local funding to increase the benefits whilst work is being undertaken in any particular location.

We also welcome the focus on maintenance and renewal, and we identify with Network Rail's recognition that the benefits of CP5 and CP6 investments on ECML are at risk of not being realised due to the age of existing infrastructure.

We are however very concerned about the East Coast Programme, particularly in how it relates to the capacity of the section of route between Northallerton and Newcastle. An old CP5 scheme has been named in the business plan for CP6 delivery (Northallerton to Newcastle Freight loops) however we are aware that this scheme is under review. There is insufficient capacity available on this section of the ECML to accommodate services that are covered by existing franchise commitments in CP6. Furthermore, further increases in capacity will be needed beyond CP6 to accommodate HS2 and NPR services on the ECML, and this issue is only likely to be resolved by a four-track railway being in place between York and Newcastle. We believe that Network Rail and the DfT need to work with the North East Combined Authority and the Tees Valley Combined Authority to agree a plan that can accommodate the level of services anticipated in CP6 and beyond.

On the TransPennine route upgrade project it needs to be recognised that significant impact on inter regional services (TPE) will affect those without the extents of the physical works as well as those within. A robust mitigation plan should be agreed with ORR to minimise the performance impact on those TPE services.

We support the creation of the Strategic Freight Network and would seek close working with the System Operator and LNE & EM Route to agree a shared plan to deal with the competing demands on the ECML between Northallerton and Newcastle.

Thank you for your consideration of these comments and hope you find them useful.

Should you require any further information, please do not hesitate to contact me.

Yours sincerely

Tobyn Hughes
<u>Managing Director, Nexus</u>

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Joanna Whittington
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EC2B 4AN

1 February 2018

Dear Joanna,

Network Rail's Strategic Business Plans for CP6

This letter seeks to outline to ORR the concerns of Northern relating to the engagement by Network Rail with itself and wider operators during the development of its Route Strategic Business Plans (SBPs).

Context

As you will be aware Northern is driving an ambitious programme of transformation. As well as featuring an additional 2000 services per week by December 2019, we will introduce 98 new trains and acquire further vehicles cascaded from the wider network. The step change in journey times, capacity increases and improved customer experience delivered by these initiatives will be key in attracting more passengers onto the railway. The ability of Network Rail to effectively plan its business activities is absolutely critical to realising the benefits of our plans. As we move into CP6, a safe, reliable railway with attractive journey times and strong connectivity is vital for rail being a viable transport mode, and by extension the success of our business.

Amidst the backdrop of poor CP5 performance, evident from the deferral of £3.7bn of renewals into CP6, Network Rail's CP6 SBPs represent an opportunity for the National System Operator (NSO) and Route businesses to innovate to generate efficiencies and strong performance through planning strategically. We are concerned however that as traffic grows over an ageing asset base, increase in unit cost and below-target efficiency, and the level of expenditure outlined will not deliver the capability we need from the network in CP6.

Engagement

In the spirit of our Alliance, we have a strong working relationship with Network Rail LNW and LNE&EM Routes, featuring regular engagement on day to day operations and longer term planning. The lack of engagement with the Network Rail routes during the CP6 Strategic Business Planning process, has been disappointing, and on the whole inconsistent, with no clear engagement strategy in place. Over the last year we have been invited to attend two tranches of formal stakeholder Route workshops per route to receive an update on the plan and provide feedback.

My team have taken a proactive approach with the routes, initially sharing a letter stating our priorities for CP6, and seeking bi-lateral meetings with both the LNW and LNE&EM Route SBP teams. Whilst these meetings have been useful to help us follow the development of the SBPs and provide more specific feedback, the wider engagement approach has lacked process and been inconsistent between the routes. LNW Route for example provided regular updates at quarterly Route Investment Review Group (RIRG) meetings, however did not share an iteration with ARN between June and December 2017. LNE Route provided no regular updates but was more forthcoming in sharing iterations of its SBP both pre-and post-SoFA publication.

It is our understanding that no operators have had visibility of the NSO SBP until December 2017. This is a cause of great concern given the importance of its strategic vision to support the routes and develop enhancements of nationally strategic importance. It is also critical that the NSO has the resource and skill to work with operators to develop a high quality timetable that is robust and maximises available capacity. ARN is yet to be assured that this will be case in CP6.

Maintenance vs Renewal

Accepting that enhancements are beyond the remit of the Route SBPs, we are deeply concerned by the reactive approach Network Rail plans to take towards its assets in CP6. Described by LNW Route as 'fix on failure', this sees a shift from planned renewals towards maintenance and life-extension. We are concerned by the implications of this approach for asset deterioration and the impact on performance and safety at a time of forecast growth and greater demand for network capacity.

Network Rail has not been sufficiently ambitious with their renewals plans, and we continue to encourage Network Rail to renew assets with their modern equivalent form. Both the LNW and LNE&EM SBPs appear to focus on lowest initial cost and like-for-like asset replacement, rather than maximising value for money through whole life cost.

Performance Trajectory

The CP6 performance trajectories proposed within both Routes' SBPs are not acceptable and we have repeatedly emphasised this to Network Rail. Both documents place our CP6 outturn performance at a level lower than that committed to as part of our Franchise Agreements. Evidence or justification to support the proposed performance trajectories has not been provided, and we believe are not sufficiently challenging to incentivise Network Rail to improve performance.

With our network evenly split between the two routes, it is crucial that the operational teams within both LNW and LNE&EM take joint accountability for performance and place the same value on this as longer-distance operations that operate within the confines of one route.

Strategic Thinking

As part of the engagement process we have encouraged both routes to develop a coherent operations strategy to balance the asset-focused nature of the plans. It is imperative that the Routes work closely with the NSO to develop timetables that are robust, and that operational work streams are developed to effectively manage traffic on the network. We do not believe that there has been sufficient wider industry involvement in this process thus far, and is therefore imperative that Network Rail commits to working with operators to further develop these plans as we move into CP6.

Other examples of areas where Network Rail's plans lack a proactive strategy include Level Crossings and Vegetation Management. Both are fundamental to the safety and performance of the railway. We are extremely concerned not to have seen within either Route's SBP ring-fenced funding to manage Level Crossing Risk or Vegetation Clearance, beyond that available in CP5, in a structured and consistent manner.

Scorecards

The ownership of each scorecard within the route appears inconsistent. The incentive qualities of the scorecard overall seem to be diluted by not only the volume and variety of metrics, but also that the targets do not appear sufficiently challenging for Network Rail. We have not been presented with underlying assumptions applied to the targets to validate this. Network Rail also needs to provide information on how CP6 performance targets will translate into Schedule 8 Performance Benchmarks.

As an operator that operates over two routes it's viral that a structure is in place to facilitate cross-route engagement and accountability. Scorecard metrics must also reflect the geography of operators' full scope of operations.

Conclusion

Network Rail has not applied the necessary structure and consistency to its engagement with operators in the development of its SBPs. Through proactively seeking interaction with the teams that are leading on the SBPs within the Routes however, we have had productive dialogue on the plans and an opportunity to input that we would have not otherwise had.

Should you require any further clarification on the issues raised in this letter please don't hesitate to contact me.

Yours Sincerely

David Brown
Managing Director

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www.railnorth.org

Our ref: DH/NS

Date: 12th March 2018

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Tel: 0113-2123261

Dear Sir / Madam,

Thank-you for the opportunity for Rail North to comment of the Network Rail Strategic Business Plans (SBPs) for CP6. We apologise for responding slightly after the 6th March, but as you recognise there was a relatively short period in which to respond and we understand various bodies have been responding in the days after the 6th.

Rail North Limited brings together 25 local transport authorities across the North of England into one cohesive and proactive body which works in a partnership (the Rail North Partnership) with the Department for Transport to manage the Northern and TransPennine Express (TPE) franchises. The Rail North Partnership is responsible for ensuring that the Northern and TPE franchises fulfil all the obligations set out in their franchise agreements, including the stipulated levels of performance. It is therefore a matter of considerable concern that the London North East (LNE) and London North West (LNW) Route Business Plans make it clear that the infrastructure will not be capable of delivering the level of reliability (PPM and CaSL) required by the Northern and TPE franchise agreements.

From 1 April 2018, Rail North will integrate with Transport for the North and therefore become a statutory sub-national transport authority and have a 'statutory partner' role in rail investment covering the TfN area as well as the joint franchise management role outlined above.

We commend the plans of both LNE and LNW Routes to increase the volume of works on various key elements of the infrastructure that have a direct effect on train performance, including earthworks, drainage and structures. And we welcome the increased levels of renewals that should bring significant improvement in reliability, as is reflected in the LNE and LNW Route Business Plans. Nonetheless, the fact is that even with improvement from those things, these 2 Route Business Plans recognise that performance will not meet the levels required in the Northern and TPE franchise agreements at any point in CP6. That is clearly unsatisfactory, given that the Northern and TPE franchise agreements represent the combined requirements of both the Secretary of State for Transport and the 25 local transport authorities across the North of England. It should also be noted that, year after year, reliability consistently tops the list of passenger requirements in the National Passenger Surveys.

We therefore urge that sufficient resources and priority should be allocated within both the LNE and LNW Routes to allow the infrastructure in the North of England to be brought to a state which would permit delivery of the levels of PPM and CaSL stipulated in the Northern and TPE franchise agreements.

Due to the importance of this issue, Rail North and TfN would be keen to meet with you to discuss this further.

Yours faithfully

D Hoggarth

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Rail North Director

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ORR CONSULTATION: NETWORK RAIL'S STRATEGIC BUSINESS PLANS FOR CP6

1. INTRODUCTION

1.1 This submission is the response from the Railway Industry Association (RIA) to the above consultation, published on 13 February 2018.

2. BACKGROUND TO RIA

2.1 RIA is the trade association for UK-based suppliers to the UK and world-wide railways. It has over 200 companies in membership covering all aspects of rolling stock and infrastructure supply and covering a diverse range of products and services. As well as the vast majority of the larger, multi-national companies, 60% of RIA's membership base is comprised of SMEs.

2.2 The recently launched report from Oxford Economics shows that the UK rail sector contributes annually over £36 billion Gross Value Added (GVA) to the UK economy, employs 600,000 people and generates £11billion in tax revenues. It is also a growing industry with the numbers of rail journeys expected to double in the next 25 years along with significant growth in rail freight traffic. The full report can be accessed via the following link:-
https://www.riagb.org.uk/RIA/RIA_new/Press/Oxford_Economics.aspx

2.3 RIA provides its members with a wide range of services, including:

- Representation of the supply industry's interests to Government, Network Rail (NR), TfL, HS2, ORR and other key stakeholders
- Opportunities for dialogue and networking between members via a number of Special & Technical Interest Groups
- Supply chain improvement initiatives – e.g. the RIA Value Improvement Programme (VIP)
- Provision of weekly technical, commercial and political information
- Export promotional activity via briefings and outward and inward missions
- Organising UK presence at overseas exhibitions.

3. EXECUTIVE SUMMARY

- **Smooth, visible and constantly updated workload profiles for both renewals and enhancements are essential in providing the supply chain, including SMEs, with the confidence to innovate and invest to achieve optimum efficiency in CP6**
- **Routes should engage with suppliers as well as customers during their CP6 planning**
- **There needs to be a way of establishing earlier in the CP process a baseline level of renewals**
- **ORR needs to carefully monitor CP6 renewals volumes and RIA notes the marked dip in planned renewals expenditure for the final year of CP6 which is sub-optimal**
- **Network Rail needs appropriate financial flexibility within its various CP6 programmes**
- **The key renewals cost drivers need to be understood – and unit costs need to be properly analysed and not used as an end in themselves**
- **Successful delivery of the Digital Railway is vital to the future of the network**
- **Earlier production of the Final Determination would be helpful**
- **The response period for this consultation was sub-optimally short.**

4. STRUCTURE OF RESPONSE

4.1 The ORR invitation on 13 February to respond recognises that the consultation period is very short and that responses are expected to be limited to high-level and material issues only. However, given the huge amount of material contained in the suite of Strategic Business Plans (SBPs) **it is our view that such a short response window is sub-optimal**.

4.2 Given that, we have structured the paragraph headings of the following response to mirror those of the NR Strategic Business Plan Summary dated 9 February rather than comment on the individual SBPs (but see para 6.4 and separate attachment).

5. SBP SUMMARY – FOREWORD

5.1 Page 4 - it is good to see NR's commitment towards gender-balancing and this should go hand-in-hand with diversity and inclusivity. NR should be encouraged to continue to be ambitious here.

5.2 Page 4 – we strongly welcome the proposition to transform supply chain relationships to better align incentives, enable development of automated modular designs, and drive down the cost of delivering the Digital Railway; and we agree that CP6 must mark a turning point for the UK railway. The supply chain, including SMEs, needs to have a committed volume of activity to be able to make the investments in people and process which will reduce costs and, without this, there is a real risk that it will become unaffordable to deliver the 60%+ of signalling renewal needed in the next 15 years or so, leading to reduced services and a signalling supply chain that continues to contract.

5.3 Page 5, second paragraph, says that in developing their own plans, each route has engaged with wider stakeholders**.** To date we are unaware of any significant engagement at route level with the supply chain and we would stress that **as the routes continue to develop and strengthen their stakeholder engagement, they need to ensure that that includes the supply chain – either at**

local level or via RIA – and ideally both. **Perhaps ORR could consider some way of measuring this.**

6. SBP SUMMARY – ECONOMIC BENEFITS OF THE RAILWAY

6.1 We refer in 2.2 above to the recently published Oxford Economics (OE) report.

6.2 The OE report builds on the earlier OXERA studies and goes wider to include the benefits accruing from TfL, Northern Ireland, metro systems and also the more indirect benefits provided by the railway. Some of the key headline numbers are referenced in 2.2 above and demonstrate conclusively how vitally important our rail industry is to the UK economy.

6.3 In respect of Environmental Benefits (p7) and Environmental Performance (p10), we note and support the intention to develop the most appropriate train technologies to help reduce total carbon emissions. We would however highlight the RIA position that electrification is the most efficient way to operate an intensively-used railway, providing the cost is acceptable. RIA have been undertaking an electrification cost challenge which demonstrates that electrification can be delivered at an acceptable cost and should therefore be considered as the first option for decarbonising the network, ahead of other options such as bi-mode or energy storage on trains. We would also draw attention to the importance of addressing local air quality and the need to avoid damaging the capability of rail freight to drive modal shift whilst pursuing the objective of decarbonising rail.

6.4 We also welcome the commitments to reduce traction and non-traction energy consumption, to reduce waste, protect the natural environment, encourage bio-diversity and to maximise opportunities for socio-economic growth. However, from our membership of the Sustainable Development Steering Group we understand they will be feeding back a concern about the inconsistent level of ambition across the Route Business Plans and we have specific feedback (attached separately) from the Rail Infrastructure Sustainability Forum (RISF) relating to the Infrastructure Projects Business Plan. From work RIA has done with the supplier members of both these groups we know that sustainable procurement, including the adoption of the principles of ISO20400, is something that the supply chain would welcome greater commitment towards.

7. SBP SUMMARY – NETWORK RAIL'S PLAN FOR CP6

Asset Sustainability and Efficiency (p13-15)

7.1 Asset condition and efficiency are the key areas. Given that CP6 enhancements (other than the 'Hendy tail') are going to be delivered via separate arrangements outwith the SoFA/ Periodic Review, the main focus for our members in CP6 will be on the renewals programme; however, some visibility of the expected SoFA spend profile on enhancements, including Scotland, would also be very helpful.

7.2 The problems experienced with the renewals programme during CP5 are widely known. NR's renewals budget was effectively exhausted with roughly 18 months of the Control Period remaining, leaving a shortfall of some £500 million. As a result of concerted lobbying by RIA and by Network Rail, agreement was eventually reached for NR to vire £200m to renewals from elsewhere within their CP5 allocation. Although not ideal, this did go some way to redressing the shortfall.

7.3 As well as creating a backlog of renewals, with consequent impact on asset condition, these breaks in renewals activity are also highly detrimental to the supply chain – for example: -

- Such peaks and troughs in workload sap confidence from the supply chain, reducing the incentive to invest in new kit, new processes and personnel (including apprenticeships)
- It can threaten the survival of some of the smaller supply chain companies who cannot survive the troughs
- All of which leads to a sub-optimal supply chain in terms of both delivery and efficiency.

7.4 Such peaks and troughs are not limited to CP5. As RIA Chief Executive Darren Caplan pointed out at his appearance before the Transport Select Committee on 29 January 2018, the supply chain has been faced with significant peaks and troughs in activity in Control Periods 2,3 and 4 also. This is an inefficient and unsustainable way of tackling renewals. The transcript of the TSC appearance can be accessed via the following link: http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/transport-committee/rail-infrastructure-investment/oral/77855.html

7.5 RIA believes that in the longer term, some way needs to be found of changing the Periodic Review (PR) process so that early in the process **a minimum guaranteed baseline of renewals expenditure is established for each year in the Control Period**. This will give the supply chain some confidence to invest and the baseline can be adjusted upwards following the Final Determination if required.

7.6 For CP6 specifically, RIA welcomes the roughly £19bn allocated to renewals as part of the SoFA settlement. This is recognition by the Government of the importance of the railway industry to UK plc and the need to address the current renewals backlog. It is, however, critical for our credibility as an industry that, collectively, we deliver it efficiently. In order to do that there needs to be a smooth and predictable renewals volumes profile. The projected profiles shown in both the SBP Summary and also at the NR Infrastructure Projects Day on 5 February show a welcome "smoothness" when compared with outturn numbers in previous Control Periods. (NB. It would also be helpful to have a rough indication of what the estimated renewals expenditure for the first two years' of CP7 might look like).

7.7 However, it should be noted that, although the overall CP6 national profile is relatively smooth, there are more obvious peaks and troughs in individual routes (eg Western and Anglia) and looked at by discipline, there appears to be a spike in signalling renewals around 2021/ 2022, (around £1bn) followed by a fairly significant drop in the final year (£0.77bn) – some further smoothing of this would be helpful. Overall, the expectation is that the regime – new to CP6 – of individual routes creating their own estimates on a bottom-up basis will create a more robust bedrock for renewals planning. RIA would hope that this proves to be the case, but **we strongly suggest that the renewals volumes delivered during CP6 be very carefully monitored by ORR and rapid and appropriate action taken should the planned smoothness not be achieved.** The renewals supply chain, indeed the industry, cannot afford another CP5.

7.8 Regarding the long-term expenditure by asset histogram on p14, the reasoning behind the spike in CP7/8, needs to be carefully understood as it forecasts significantly higher levels of renewals expenditure.

7.9 Regarding "Technology" (p14), the supply chain, as demonstrated by their support for the UKRRIN initiative, recognises the importance of delivering research and technology development activity, aligned to a coherent, industry-endorsed, strategy and plan to maximise the benefits that new technologies and capabilities can deliver to the railway. Therefore, we fully support the inclusion - within the Safety, Technical and Engineering Strategic Plan – of £440m funding for the 'Building New Technical Capability through the Rail Technical Strategy Capability Delivery Plan'. This investment is vital and will allow the industry to create a sustainable and affordable railway that delivers for passengers and freight customers in CP6 and beyond. This funding will leverage in matched 3rd-party funds from, amongst others, the supply chain and will require continued, careful collaboration and alignment of priorities to realise its full potential. RIA believes there is an enthusiastic supply chain which generates lots of world class ideas, but the rate of uptake can result in smaller companies struggling to weather what is colloquially known as the innovation "valley of death" and larger companies not having the confidence to invest in development.

Funding (p15-16)

7.10 One of the problems with renewals funding in CP5 was the fact that, following reclassification, NR did not have the flexibility it previously enjoyed to enable suitable funding adjustments to be made. It remains a concern for CP6 that, in continuing to be subject to Government accounting procedures, NR may be subject to an unwelcome financial straightjacket which could prevent them taking timely and appropriate action prudently to move money between budgets and between regions/routes in the event of over or underspends in particular disciplines. It is also a concern should routes be required to operate under an annual budget regime, and we believe that routes should have similar financial agility to move money between years, should that be prudent and necessary. **We would urge ORR and DfT to look at this to ensure NR has the appropriate level of financial flexibility to smooth work profiles should problems arise in CP6.**

7.11 On page 15 we note that the routes' assessments of the probability of delivering their plans are currently only around 50:50 and a contingency of £2.6bn has been provided to mitigate that risk. We would urge ORR to require a higher level of certainty to be reached before physical work commences to ensure that the industry can continue to rebuild its reputation for delivery.

Renewals efficiency (p17)

7.12 As mentioned in 7.6 above, efficient delivery of renewals in CP6 is essential. It is therefore important that any efficiency targets set by ORR are realistic – there is, we believe, general agreement that the efficiency target set for CP5 (roughly 18%) was too rigorous in the light of the aggregate 40+% combined efficiencies made in CPs 3 and 4. Additionally in CP5, the actual level of track access achieved has been roughly 20% less than that predicated when the 18% efficiency target was set – making achievement even more difficult.

7.13 As outlined by RIA Renewals Working Group members at the ORR Efficiency Seminar held in September 2017, track access was one of four key cost drivers behind the increase in renewals costs during CP5. The others were – lack of work bank stability and visibility and scope creep/re-design; changing in standards; and a blurring between enhancements and renewals.

7.14 These four cost drivers were largely responsible for the increase in renewals unit costs during CP5. Work bank stability and changes in standards are self-explanatory but It must be stressed that, in any establishment of unit costs and comparison with previous CPs, what has become a blurring between enhancements and renewals is fully understood and properly reflected (it does not appear to be mentioned as a key cost driver in the SBP Summary).

7.15 In order to optimise levels of track access it has become commonplace for renewals projects to have an element of enhancement added to them. This makes logical good sense but when all the costs are then attributed to renewals, it inflates renewals unit costs whilst taking no account of the benefits the enhancement element is affording the network. So, we have a paradox whereby an activity that in itself is a more efficient use of resources, is actually seen as increasing renewals unit costs. One possible way of addressing this would be to set up a specific enhancement fund to cater for these additions. **But it is of critical importance that in any future analysis of unit costs like is compared with like and the benefits to the network of a particular piece of work are properly assessed**. **It is also important that unit costs are not seen as the sole arbiter of efficiency where other benefits may be being delivered but not properly recognised.**

7.16 RIA's Renewals Cost Working Group mentioned above, which currently includes NR (Matthew Tattersall) and ORR (Gordon Cole) representatives along with suppliers, will be looking to unpack these costs drivers further during the coming year. In order to get a better grip on access issues we will be adding TOC representation (probably via the RDG) and DfT representation onto the Group. We note here that p17 of the SBP Summary states that improved work bank stability could deliver nearly £200m savings and optimisation of access a further £190m. RIA would like to work with industry partners to help understand how these potential savings can be arrived at and how we can help to jointly deliver them.

Importance of the supply chain (p19)

7.17 The recognition of the importance of the supply chain is welcome, as is the understanding that "Stable and consistent activity levels are critical for efficient delivery by the supply chain". Also welcome is the intention to publish an integrated, co-ordinated CP6 procurement pipeline, with early supplier engagement. It is important to point out too that this needs to include direct engagement with SMEs to ensure that their specialist capabilities are properly recognised and used to improve efficient delivery. **It is of paramount importance to the supply chain that these pipelines are freely available, as accurate as they can be, avoid project 'bunching', and are updated as soon as inevitably things sometime change.**

Enhancements (p20)

7.18 The need for a smooth and visible pipeline of work is just as important for enhancements, including Scotland, as for renewals. As mentioned earlier, future enhancements will be treated outside the Control Period/SoFA process. Whilst it is disappointing that the DfT has not yet made its CP6 enhancements announcement, despite committing to do so before Christmas 2017, we look forward to the eventual publication of its consultation on the enhancements pipeline and the accompanying advice to potential third-party investors. Further, we will continue to work with key stakeholders on both the development of that work and also the implementation of the Professor Hansford recommendations published in summer 2017.

Digital Railway Strategy

7.19 **Successful delivery of the Digital Railway (DR) is vital to the future of our railway** and the same key requirements of early supplier engagement, a firm delivery timetable and a stable and visible workload pipeline apply here too. DR is also one of the fundamental planks of the supply sector's Rail Sector Deal arrangement with Government, which will also include the need for using sustainable procurement methodologies, covering issues such as through-life costing and output, rather than input, specifications.

7.20 RIA strongly supports the specific proposals within the SBP to develop new ways of working with the supply chain and alternative procurement models through joint working with suppliers to achieve outcomes based on whole of life costs. This applies of course to all procurement and not just that for Digital Railway. The supply chain is ready to respond to this challenge and would encourage wider use of this approach.

Risks and Opportunities (pps 24-25)

7.21 There would appear to be no reference here to the risks around the volatility of commodity prices (e.g. steel) and although there may be downward pressure on some of these at the moment, they can fluctuate quite significantly – this should be borne in mind and recognised as a potential risk. We would also note that commodity pricing risk can be directly related to the procurement strategies employed by NR. For example, NR procurement via a centralised Route Services contract for strategically important materials offers economies of scale and should be recognised, particularly with reference to the debate around devolution. Some steel products are sourced via an extended supply chain (eg steel sections used for catenary) where NR does not currently utilise its purchasing power to produce supply chain economies. In general, product procurement strategies that provide volume commitment and long-term contracts will drive down costs compared to existing zero-value frameworks.

7.22 We have mentioned above in 7.10 RIA's view that NR needs to have an appropriate level of financial flexibility in order efficiently to deliver CP6 volumes – this is not reflected in the chart on p24.

7.23 One other key risk to avoid is that of bringing large, complex, projects to the market before they are sufficiently mature. This happened with GWEP in CP5 and we cannot afford for this to happen again – both in terms of cost overrun and reputational damage to the industry.

7.24 RIA welcomes the recognition on p24 that the supply chain's overall delivery capability will be critical in delivering a planned increase in volumes, and the intent to work together over the next year to avoid a repeat of the challenges faced at the start of CP5. We also notice that the risk chart shows (lack of) supply chain capacity as a high likelihood – we strongly believe that collaboration and increased confidence around volumes can mitigate this and would in turn support supplier investment in capacity, capability and productivity.

7.25 We also believe that the failure to use outcome-based specifications as a significant risk to efficient delivery.

<u>Further details and next steps (p27)</u>

7.26 We have mentioned in 7.5 above our view that for future CPs a baseload level of renewals needs to be set earlier in the Determination process.

7.27 In terms of the key milestones, RIA has for some time now advocated that the end part of Final Determination process is too constricted and that, ideally, **the Final Determination should be arrived at earlier – eg for CP6, NR's decision on acceptance of the Final Determination happens as late as February 2019, only a few weeks ahead of the start of the CP.**

<u>Development of the CP6 Plan (p29)</u>

7.24 It is noted that there is now a continuous business planning process in place through which route plans are regularly based on projections for the next eight years and that these plans are informed by on-going "customer" engagement. No mention is made of engagement with the supply chain and we believe that needs to happen in order to optimise outcomes.

8. Conclusion

8.1 RIA welcomes the opportunity to comment on the Strategic Business Plans although, as mentioned earlier, more time to consider this wealth of data would have been much preferred.

8.2 The welcome SoFA settlement provides an excellent opportunity for the industry collectively to make a step-change to the UK's railway and its growing number of customers. However, our sector also needs to prove to our funders that we can deliver these substantial volumes of work efficiently if we are to continue to receive such funding settlements.

8.3 The railway supply chain stands ready to plays its part in a collaborative push to achieve this delivery. In order to do so, we need in turn successful resolution of the issues referenced in the Executive Summary (p2, Section 3).

8.4 We hope this response is helpful and stand ready to discuss any part of it with the ORR at any time.

For more information, please contact either RIA Policy Director Peter Loosley or RIA Policy Manager Damian Testa.

RIA
March 2018

Technical note

Project:	-	**To:**	Railway Industry Association
Subject:	Network Rail CP6 SBP Comments	**From:**	Nick Hunter (RISF Vice Chair)
Date:	3 Mar 2018	**cc:**	

Infrastructure Projects Strategic Business Plan (V4, Jan 2018)

This SBP is of highest relevance for the RISF membership and comments as to its scope, ambitions, inclusions and omissions can be summarised as below:

IP SBP Section / Page no.	RISF Comments
Strategic objectives (Page 5)	Objectives listed to help deliver vision miss key influence and opportunity to embed sustainability and create legacy – passing mention to safety of delivery only in this space.
1.4 Contestability (Page 7)	With increasing competition for IP as a function in terms of internal use from Routes and being the delivery unit of choice with different funding streams, there doesn't appear any further mention of how IP will balance these competing pressures and still deliver sustainability? The "iron triangle" of cost, time and quality can be only focus sometimes.
1.7 Supply chain strategy (Page 9)	The use of proposed frameworks for delivery offers degree of forward-planning and potential for consistency in sustainability delivery but measurement of frameworks needs to be better than in CP5. Noting the proposed action for the creation of a "Sustainable Development Framework" due 31/03/2019. Tenderers already responding to CP6 opportunities will not have priced in or prepared budgets to meet this if implemented into GRIP stage gates.
Long-term scorecard for CP6 (Page 15)	These measures are not aligned with some of the key strategic objectives or wider sustainability targets such as biodiversity gains.
	Carbon measures are aspirational and unclear as to how a 20% initial reduction in capital carbon would be achieved when IP opt-out projects below £20M for this form of assessment and only commitment is for a generic 'saving'.
Supply chain management (general)	Acknowledgement of need for SMEs and new market entrants but distinct lack of narrative on wider social agenda, skills gap and under-representation that Network Rail can play a key role in supporting.
4.3 Key risks and opportunities (Page 22)	Fails to acknowledge the key constraint during delivery of IP projects around lack of awareness of Sponsor and wider Network Rail entity in paying for and supporting sustainable development. Normative behaviours are to reduce cost and limit potential improvements in the process.
Appendix A - Functional strategy	Defining sustainable targets around a capital spend of £20M is short-sighted and needs further consideration and repetitive lower value schemes will still have risks and opportunities that will be missed as this document stands.

National Union of Rail Maritime and Transport Workers

RMT

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Office of Road and Rail

05 March 2018

Dear colleagues

Invitation to comment on Network Rail's Strategic Business Plans for CP6

I am writing in response to the invitation to comment on Network Rail's Strategic Business Plans for CP6.

To begin, I wish to underline RMT concerns regarding the process as a whole, including the very short period over which this "invitation to comment" is being carried out. A three week period is obviously insufficient to analyse the content of the Strategic Business Plan documents in any depth. It is noted that in PR13, the ORR allowed six weeks for comments.

This is compounded by the impact the devolution/fragmentation plans have had on the periodic review process, and the resulting sheer volume of material published. The ORR has itself, during this periodic review process, acknowledged the lack of resources to undertake full scrutiny of the plans.

It is further compounded by Strategic Business Plans themselves, and in particular the lack of detail in the High Level Summary and so-called Comprehensive Executive Summary.

In total the summaries and the regulated documents include 32 documents of almost 2000 pages. This contrasts sharply with the CP5 Strategic Business Plan for England & Wales of 90 pages and the CP5 Strategic Business Plan for Scotland of 88 pages which were not only more accessible but were considerably more definite in detail.

Furthermore, references to other documents/processes including the Government's Strategic Vision for Rail and Network Rail's ongoing Transformation Plan (which may have severe adverse consequences for the workforce) further obscure the intentions of Network Rail throughout CP6 and raise concerns as to the validity of the SBPs. The question must be asked as to what is the status of the Strategic Vision for Rail and Network Rail's Transformation Plan in the periodic review process?

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For these reasons, RMT believes it is not possible to state whether the efficiency proposals in the plans are realistic or whether the overall volume of maintenance and renewals is deliverable in practice.

Of particular concern, however, are the following cuts. It should be noted that these cuts are being proposed despite an increase in operations, maintenance, support and renewals spend.

- Efficiencies in operations and maintenance costs of 10% are being sought (in addition to the 40% cuts experienced in CP4 & CP5).
- The documents claim that the overall cost of running the railway per passenger kilometre will reduce by 9%.
- It is stated that "the efficiency savings will represent a reduction of eight per cent in operating costs, or five per cent taking into account headwinds". This includes the national operating strategy which is forecast to deliver savings of £89m. There are plans for reorganisation and changes to terms and conditions leading to a strong possibility of industrial action.
- No ringfenced funding to remove level crossings (as was the case in CP5).
- Moving to risk-based maintenance which means taking risks with safety.
- Gross renewals "efficiencies" of 11%.

It is clear that the priorities of stakeholders and end-users have not been appropriately taken into account. It is also clear that Network Rail intends to continue to pursue what has been demonstrated to be a wholly inefficient efficiency drive. No significant changes are proposed to the mode of operation, being significantly based on negative employment practices by subcontractors and it is clear that no lessons have been learned from the failures of CP5, and in particular the renewals crisis.

Yours sincerely

Mick Cash

Mick Cash
General Secretary

Mr John Larkinson
Office of Rail and Road
One Kemble Street
Westminster
London
WC2B 4AN

06 March 2018

Dear Mr Larkinson,

This email is in response to your invitation, on 13 February 2018, to comment on Network Rail's strategic business plans.

RSSB is committed to the delivery of high quality research and development for and on behalf of the rail industry. Furthermore, we recognise the importance of delivering research and technology development activity, aligned to a coherent and industry endorsed strategy and plan, in order to maximise the benefits that new technologies and capabilities can deliver to the railway. Therefore, we fully support the inclusion - within the Safety, Technical and Engineering Strategic Plan - of £440m for 'Building New Technical Capability through the Rail Technical Strategy Capability Delivery Plan'. This investment is vital and will allow the industry to create a sustainable and affordable railway that delivers for passengers and freight customers, in CP6 and beyond.

RSSB is supporting the Rail Technical Strategy Capability Delivery Plan by establishing a cross-industry delivery team, which will be the industry focal point for technology development. This will allow the CP6 activity to be integrated with other key functions including RSSB's ongoing R&D programme, standards and safety. This will be important for successful delivery allowing the full range of R&D capabilities, technical expertise and safety and risk knowledge to inform the development and deployment of new technologies. Likewise, standards can be developed in preparation for the arrival of new technologies and impact scenarios applied to the risk model of implementing new systems and approaches.

Yours sincerely

Mark Phillips
Chief Executive

Letter from Graham Hopkins (Network Rail) – Chair of Technical Leadership Group (RSSB)

Dear Mr Larkinson,

This is in response to your invitation, on 13 February 2018, to comment on Network Rail's strategic business plans.

The industry's Technical Leadership Group (TLG) recognises the importance of delivering research and technology development activity, aligned to a coherent and industry endorsed strategy and plan, in order to maximise the benefits that new technologies and capabilities can deliver to the railway. Therefore, we fully support the inclusion - within the Safety, Technical and Engineering Strategic Plan - of £440m for 'Building New Technical Capability through the Rail Technical Strategy Capability Delivery Plan'. This investment is vital and will allow the industry to create a sustainable and affordable railway that delivers for passengers and freight customers, in CP6 and beyond.

Yours sincerely

Graham Hopkins
Chair, Technical Leadership Group

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06 March 2018

Dear Sir/Madam,

Consultation Response on Network Rail's strategic business plans for CP6

I am as writing as chairperson on behalf of the Sustainable Development Steering Group (SDSG) to comment on Network Rail's Strategic Business Plans for 2019-2024. SDSG is the governance group for the rail industry's Sustainable Rail Programme and the Rail Sustainable Development Principles. SDSG reports to the RSSB Board and is a senior cross-industry group with representation from the organisations directly responsible for funding, specifying and operating the railway. Sustainable Development is a priority for the rail industry and is critical to meeting the travel needs of society without compromising future quality of life. This group has a number of comments on material issues for ORR's consideration.

Sustainability objectives for CP6

In February 2017, the ORR provided guidance for Network Rail's Strategic Business Plans that for routes 'as a minimum we would expect consistently defined metrics in a number of areas to appear in scorecards, including: traffic levels; asset performance and sustainability'[1]. In addition to this, in July 2017 the Secretary of State required that the ORR has 'regard to the industry's Sustainable Development Principles. In particular, he wishes ORR to monitor and benchmark industry progress against and capability to deliver those Principles'[2].

Network Rail has individually developed and published 23 Strategic Business Plans (SBPs) for each route and each national function. Including the summaries, a total of 34 documents have been published. Of the 34 SBPs, most, but not all, state a high level generic commitment to a sustainable railway. A minority (six) detail some measurable metrics for sustainable development. London North Eastern and East Midland have the most detailed route level metrics, and Infrastructure Projects has the most detailed function level metrics. Table 1 details examples of the best practice commitments and the SBPs committing to this best practice.

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[1] ORR's guidance on Network Rail's strategic business plans: conclusions. 23 February 2017. http://orr.gov.uk/__data/assets/pdf_file/0018/24174/orr_guidance_on_network_rails_strategic_business_plans_conclusions.pdf

[2] Guidance to the Office of Rail and Road. 20 July 2017. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/629698/guidance-to-the-office-of-rail-and-road.pdf

Sustainable Development related commitment made in the SBP	Which SBP makes this commitment
Environmental management Accredited to ISO14001 or equivalents	Wessex Route and Safety, Technical & Engineering
Energy management Accredited to ISO50001 or equivalents	Scotland, LNE, EM and South East Routes
Energy use Non-traction energy use is reduced by 25%	LNE, EM and STE have committed to this target; It is also listed in the Comprehensive Executive Strategy
Sustainable procurement Procurement practice is independently assured as being in line with ISO20400 (Sustainable Procurement)	IP include reference to BS8903, Wales has referenced sustainable procurement
Waste 90% by weight is recycled or beneficially re-used	IP, LNE and EM have committed to the 90% target.

Table 1. Good practice commitments as found in the SBPs

There is no consistency across the SBPs. They are lacking any sustainable development commitments or objectives that are reflected in all plans. SDSG would like to recommend that the ORR challenges Network Rail to fully embed robust and consistent sustainability commitments across all business plans. These must align with best practice and contribute to future proofing of its operations. A consistent approach to sustainable development commitments would support straightforward monitoring and benchmarking of the performance of each of the devolved functions and routes within Network Rail.

Previously, the rail industry has endorsed sustainable development metrics for Network Rail that were included in the Initial Industry Advice for England and Wales for Control Period 6. The metrics were developed and agreed with cross industry support and are in line with the established requirements that have been built into the rail franchising process over the last five years. The metrics are included as an appendix to this letter.

I would like to propose that ORR should utilise these in determining Network Rail's sustainable development metrics for CP6. These metrics will support the ORR in meeting the Secretary of State's requirement to monitor and benchmark industry progress against and capability to deliver the Rail Sustainable Development Principles.

Thank you for the opportunity to comment and contribute to your review of the Network Rail Strategic Business Plans 2019-2014. Should you have any questions following this letter, please feel free to make contact directly with me.

Yours faithfully

Clive Burrows

Clive Burrows
Chair, Sustainable Development Steering Group

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1. Appendix 1

CP6 Outcome	Expected end CP5 position	Proposed CP6 ambition / indicator measures
Network Rail meets industry good business practice in managing sustainability impacts	• Framework developed for Network Rail Environmental Management System (EMS) to ISO14001 and ISO50001 standard, as part of the Network Rail integrated management system	• Compliant to ISO14001 and ISO50001 or equivalents
Network Rail reduces its environmental impacts	• Robust measurement of non-traction energy use will be in place • Robust measurement of waste streams will be in place • Biodiversity pilot projects complete and baselines understood	• Non-traction energy use is reduced by 25% • Zero waste is sent to landfill (non-hazardous), 90% by weight is recycled or beneficially re-used • Major infrastructure projects (above £20m) have a net positive effect on biodiversity • All maintenance and renewals activities (above £5,000 or 150 metres in length) require a biodiversity risk assessment and evidence of opportunities taken to maximise biodiversity gain (following the mitigation hierarchy)
Resilience of the network is increased	• Adverse weather days result in a c.3% reduction in performance compared with normal weather days	• 1% improvement on PPM performance on adverse weather days (assuming proposed funding is realised)
Network Rail has a positive social impact	• Framework developed for a business-wide system for management of positive Social Performance, as part of the Network Rail integrated management system	• All projects over £20m, suppliers and contracts have Social Performance Plans in place, with clear measures and evidence of benefits delivered
Assets are built and managed sustainably	• All projects above £20m to have capital carbon reduction plan • Sustainable development criteria are embedded in asset policy, GRIP and contract requirements • Contract Requirements Environment and Social Performance updated and established within new contracts. Systems in place to ensure supply chain is managed against agreed requirements	• All projects above £20m can demonstrate savings in capital carbon • Sustainable Development criteria, including climate change margins, are being used in all renewals, maintenance and new build scopes • Procurement practice is independently assured as being in line with BS8903 (Sustainable Procurement)

Table 1. Network Rail Sustainable Development Metrics for CP5 and CP6 (as included within Initial Industry Advice England and Wales Proposals for Control Period 6 and beyond January 2017)

Email for responses:
pr18@orr.gsi.gov.uk

9 March 2018

Network Rail's Strategic Business Plans for CP6

Southeastern's response

Dear Sir/Madam,

Thank you for providing London & South Eastern Railway Ltd. ('Southeastern') with the opportunity to comment on Network Rail's Strategic Business Plans for CP6. We understand that the invitation is for us to give our views on high-level and material issues regarding the CP6 Network Rail Strategic Business Plans (SBPs), to inform the assessment of the SBPs which will then lead to the draft determination in June 2018, setting out the proposed decisions on what Network Rail should deliver in CP6 and the funding it should have for this. Further consultation on the draft determination will take place over the summer.

Southeastern would like it noted that there has been consultation with Southeastern and a full range of stakeholders from the Network Rail teams on their development plans. We welcome the aims of improving transparency, quality and accountability by setting out the expectations upfront; facilitating train operators, "end users and other stakeholders" engagement in the SBPs.

However, the improved outputs Southeastern are looking for are not included within the current proposals. The plans for CP6 include expenditure of £47bn (in 2017/18 prices) to operate, maintain, renew and enhance the railway. Network Rail's plan includes a Group Portfolio Fund of £2.6bn which they have held back to provide for risks that could materialise during CP6 or to release for investment in improving the railway within the Control Period. Southeastern are concerned that this contingency fund is not reflected in the committed performance outcomes and artificially suppresses the outputs against the income Network Rail will receive. Network Rail has based their performance outcomes at a 'high' 80% confidence level, a methodology which is unusual in these circumstances meaning that both the constrained base plan and the plan with vision schemes will lead to a decline in performance and passenger satisfaction for Southeastern customers, which we believe is unacceptable.

Areas where funding is reduced are at stations and depots. Increased capacity at stations, improvements to passenger flows and essential works at depots are all critical elements where in Southeastern's opinion further funding is required.

It is noted that the plan is split into two parts:

- a "**constrained base plan**" costing around £3.5bn which "will not fully deliver what customers have asked for and will not be whole-life cost efficient", and;

- "**Vision schemes**" to improve performance, safety and efficiency that will require separate business cases. These include £166m for performance improvements, £63m for electrical safety improvements, £39m on proactive underbridge work, £27-41m on refurbishment of Hungerford Bridge, and £49m on renewal of Victoria station roof. It is a major concern to us though that these do not meet our expectations in CP6 with a deterioration through the period, albeit this has reduced from the constrained base plans. To plan for a worsenment is very disappointing.

Network Rail states that historic funding levels have not matched the economic or social significance of the route which has lead to a "steady deterioration of railway system resilience and dependability", new technologies have not been exploited and some of the basics such as vegetation management and trespass mitigation have not been fully delivered. Train performance in CP5 has been the worst in the country and there is an ongoing risk of sudden deterioration in performance.

Network Rail's PPM forecast for Southeastern during CP6 shows a significant deterioration in performance from 2018/19 onwards, with a recovery only happening later in CP6 with the delivery of the Digital Railway programme. Asset age and condition has worsened due to the deferral of CP5 renewals with a number of critical assets degrading beyond a condition which can be addressed by preventative interventions.

On the introduction of the Thameslink timetable, Southeastern service performance is predicted to decline.

South East Route Strategic Plan

A number of statements are of concern. On page 10, it states that "Within the £3.529bn constrained base plan funding envelope, this is the best plan for the route. However, it does not deliver a sustainable set of outcomes into CP7, and does not move the route towards delivery of the vision. It will not meet customers' and stakeholders' expectations; anticipated National Rail Passenger Survey (NRPS) outcomes under the constrained base plan are shown below."

On page 11 the table references a NRPS of 88% for the base plan for Southeastern. This is not accurate. Results of passenger satisfaction (NRPS) from the Autumn 2017 survey showed an 80%

satisfaction level. Southeastern believes that correlation between PPM and passenger satisfaction is misleading, with the figures suggesting that a 90.4 PPM level would lead to a resulting 94% NRPS result.

The constrained base plan alone evidentially comes at a lower immediate cost, but does not fully redress deferred CP5 renewals (making up 25% of capital funding). Route sustainability will fall, posing a significant performance risk to the service, building up a bow wave of renewals for future control periods; and does not deliver customer and passenger expectations.

Although the vision schemes address some of the problems, Southeastern believe that much more can be achieved. On page 20 the ‘Time to 3’ references do not meet the objectives or align to the PPM forecasts; a decline in performance is not good enough.

On page 31 Network Rail state that “our strategic plan includes **£109m** of route headroom, which has been created by holding back some SoFA funding from Network Rail’s overall CP6 plan. This route headroom is particularly for the business performance risk we face in the control period”. Southeastern question the reasoning that in addition to the contingency pot of funds, the Route holds a contingency pot too which is not reflected in the outcomes.

There are a number of omissions in the works planned at depots that are important requirements. Further explanation of these is noted later in this letter.

Context and key points

Passengers using Southeastern’s services during CP5 have experienced a significant level of disruption due to the Thameslink Programme for very little benefit. Without an increase in funding, there are real risks that performance will continue to decline with the subsequent impacts of deteriorating passenger satisfaction and passengers looking to alternative forms of travel. It is stated that performance will become worse. With this predicted performance worsenment, Southeastern believes that the inputs are insufficient to meet the necessary outputs. The outputs fall below what is required in terms of performance for our passengers.

Southeastern understand and support the South East Route's vision schemes but these do not go far enough. These are seen to be essential for supporting ongoing operations, sustainability and meeting future demand. The plans are credible as far as they go and Network Rail are well placed to deliver these, **but** Southeastern has significant concerns that the end to end plans are insufficient, not fully recognised or committed to at this stage and do not adequately meet the customer requirements.

Changes in passenger demand will be impacted through the introduction of the Thameslink services into Kent, Crossrail, London growth, signalling improvements (Angerstein, Hither Green, Ashford); continued growing popularity of HS1 and several housing and business developments in

Kent. The intensive use of the railway requires an appropriate level of investment to maintain and continuously renew. The level of funding for asset maintenance and renewals is low and in our view, a constrained base plan will lead to a decline in performance and passenger satisfaction which is not acceptable.

Areas of deficiency in the Network Rail plan include a reduction in renewals volumes, deterioration in the condition of structures and earthworks, no investment in conductor rail heating, little in bridge protection and a disappointing level of investment in depots and stabling facilities. More details on this are covered below.

Performance

It is acknowledged that the improved modelling techniques used by Network Rail in calculating the trajectory and the levels of confidence contained within them and that there are a number of ‘known unknowns’ regarding the expansion of train services through the Core. The Route have expressed their concerns regarding this by adopting a P80 stance rather than the normal P50 expression of confidence. The impact of this approach could mean a shift of performance risk to train operators through lower benchmarks within the CP6 Final Determination.

Southeastern are of the strong opinion that the level of performance improvement funding (currently £166M across the Route as a whole) will be insufficient to drive the levels of performance that form the reasonable expectations of passengers in Kent and East Sussex.

There are many concerns about the message that the performance trajectory sends out and Southeastern believe that, given the importance of South East Route to National Performance, there is a strong case for a different methodology for funding being applied.

A few of the concerns are detailed below.

The Route have approached their performance trajectory based on risk management given the expected amount of money to be provided through the CP6 Final Determination and holding back a contingency amount. Even with the added value from the Vision Schemes we believe performance remains supressed in comparison to a reasonable passenger expectation. DfT have also expressed concerns regarding this.

The projected fall in performance in the opening years of CP6 is likely to place the new franchisee in an invidious position with regards to customer management and contribute towards the worst possible start for the new franchisee.

This will put greater pressure on the relationships within the proposed Alliance between Route and Operator contained within the ITT that may lead to long term damage.

To provide evidence of this, on page 16 Network Rail state that "Using this model, performance targets in the Long Term Scorecard have been set at an 80% confidence level to reflect the limitations of the model and uncertainty on assumptions around the impact of the new Thameslink facilitated timetable." Southeastern believe that an 80% confidence demonstrates a risk adverse stance by Network Rail and transfers the risks to customer satisfaction and levels of performance on to any future operator.

Southeastern believe that a costing of what would be required to provide higher levels of performance at the same confidence level would be appropriate to allow Government bodies to make a realistic cost / benefit assessment. There is a requirement to independently review what an appropriate level of confidence would be.

Given the projected risks contained within Schedule 8 from a low base trajectory, Southeastern believe it is important that both TOC and Route should retain a reopener of benchmarks within the Final Determination due to the levels of known unknowns.

The new franchisee will not be able to deliver the performance improvements necessary to meet passenger expectation during CP6 and CP7 as a result of the South East Route being inadequately funded to meet these challenges. Additionally, while a low regulatory base target may be in line with the Schedule 7.1 benchmarks set within the ITT, these do not provide sufficient impetus for improvement and the new franchisee may be placed at financial risk due to Schedule 8 benchmarks that do not promote the right endeavours within Network Rail.

Operations

The vision schemes described on pages 104 and 105 are all very important to Southeastern. Charing Cross Hungerford Bridge works are a critical route into one of the major London termini which requires significant renewal works; Victoria station as stated is the UK's second busiest station requires works to protect passengers during all weathers and to provide a safe environment for staff and passengers. etc

During CP5 the many speed restrictions and track conditions have proved to be detrimental to performance with funding for track improvements low. As there have been problems experienced in CP5, Southeastern are looking for evidence, with robust plans covering works which will lead to improvements. In addition to funding for track works, there is also little increase in projects covering building improvements, which also require additional funding.

Southeastern strongly support the plans to mitigate weather challenges covered on page 53 and would like to see more expenditure in this area. Given the issues encountered during CP5 (e.g. Dover sea wall, various landslides, the ability to mitigate against snow, ice and frost etc.) activities including the expansion of conductor rail heating in particular in the Metro area and points heating across network are required to improve resilience.

Assurance is requested too that there is sustainability of the fleet the Network Rail operates, at least that level is maintained.

Depots & Stabling; Buildings workbank CP6 SE Route v2

With reference to the Network Rail Senior Asset Surveyor email dated 1 February 2016, which set out a draft list of renewals for CP6. This listed 22 key items at £20m and was explained as a first stage top level data collection of the issues and requirements highlighted by Southeastern within our depots and sidings. Southeastern note the latest draft property element of the CP6 document is now valued close to £16m; a reduction of 4m. Given the amount of dialogue on enhancements required at depots, the scale of the changes covered for depots is disappointing.

Raised Walkways

On reviewing the latest Network Rail draft CP6 document, Southeastern are concerned that out of the original 22 listed items, 11 have now been omitted. It is of greater concern to Southeastern that 4 items out of the 11 omitted are the repair/renewal to raised walkways at the following locations:

1. Gillingham Light Maintenance Depot (LMD)
2. Grove Park LMD
3. Orpington LMD
4. Slade Green LMD

The safety concerns regarding operating these walkways became well known and high profile to Southeastern, Network Rail and the ORR during CP5 to the extent that Southeastern took the decision to cease operating from all raised walkways at Grove Park. This decision followed site visits undertaken by the ORR and the subsequent ORR publication ref RGD-2016-6 titled ‘Safety principles for train servicing work in conductor rail premises’. This document includes specific reference to raised walkways, which has wider implications re the use of raised walkways across all rail locations.

For example, point 34 states platforms should be adequately wide to accommodate safely any persons working on or passing along them. Activities undertaken from such platforms should be carefully risk assessed, taking account of falls, passing trains and the proximity of live conductors, and, where necessary, additional risk control measures, such as edge protection barriers or railings, should be provided. Point 35 acknowledges the realities of the inherited infrastructure, but states risk from using narrow platforms can be reduced by actions such as the following:

- Installing fall-prevention railings
- Where applicable, move the conductor rail from the near to the distant side of adjacent lines
- Cutting back the conductor rail from buffer stop train boarding/alighting points.

By omitting raised walkways from CP6 the concern is that known risk items are being overlooked and neglected. Furthermore, it must be acknowledged that in several locations the removal and full renewal of raised walkways to ensure compliance with the most recent standards, should be considered and adequate funding made available; which ideally should include monies drawn down in CP5 to undertake a detailed site survey to identify the full scope of the works required and estimated costs.

Network Rail Network Sidings

The latest CP6 submission details works associated with Network Sidings and raised walkway replacements at various locations. A £1.5m provision has been allocated. Southeastern consider this investment insufficient when concerned with improving the standard of the raised walkways, as defined by the guidance notes published in the ORR Safety principles for train servicing work in conductor rail premises: especially given the risk profile of these sites being elevated due to their remoteness and the scale of the issue considering the age, asset condition and volume of narrow walkways. i.e. Folkestone East, Faversham and Bellingham.

Racour Points

During CP4 Southeastern suffered several derailments and damage to our trains. To compensate Southeastern Network Rail committed to fund over CP4 and CP5 the retrospective installation of Racour points at Grove Park, St Leonards, Gillingham, Victoria, Ramsgate & Slade Green upside. In CP4 only St Leonards was completed in full and Grove Park still has a balance of Racour points to be installed. No funding was made available in CP5 to complete this project despite written confirmation from Network Rail that they were still obligated to complete this work. This needs to be corrected in CP6.

General Depot Maintenance & Renewals

Using Depot asset inventories Southeastern presented to Network Rail information on asset performance, age and remaining useful life. This included items such as:

- Mechanical and electrical installations i.e. Controlled Emission Toilet (CET) installations
- HVAC i.e. boilers
- Overhead cranes
- CCTV
- Lighting Installations
- Site Security i.e. power gates
- Washer plants

Southeastern's concern is that whilst we pay rent to Network Rail for this equipment at depots there appears to be no provision allocated within the CP6 listing to allow for planned renewals on condition. Furthermore, this is demonstrated in the remaining 7 items removed from the first CP6 draft document issued to Southeastern listed below. They are:

	Location	Item
1	Gillingham LMD	Air handling unit AHU refurbishment and calorifier & pipework
2	Gillingham LMD	Renewal of key element of emission toilets
3	Gillingham LMD	Renewal of train roller shutter doors
4	Grove Park LMD	Shed steel work repairs and painting
5	Slade Green	Refurbish and strengthen train shed
6	Slade Green	Watermain renewal to berthing shed
7	Victoria	Masonry/concrete repairs within the shed

Station Capacity Improvements

It is key that the London termini stations and other stations such as Lewisham are developed to cater for the growth in capacity. Currently, the plans for Lewisham, Victoria, Charing Cross and Cannon Street (the latter is not included) will not be sufficient.

Conclusion

Southeastern remains supportive of the continued commitment to delivering the proposed enhancement programme for CP6 and notes that Network Rail has involved stakeholders with the process of developing their CP6 plans. However, we remain very concerned that there are substantial items missing from the CP6 plans and would expect to see the additional funding that is required to maintain and improve performance levels projected. The outputs from a passenger perspective are unacceptable as they stand. Rigorous review and challenges are required with additional funding made available to make sure that additional appropriate performance improvement schemes are identified and agreed and included in CP6.

If there are any queries on these points raised, please do contact me.

Yours sincerely,

Ellie Burrows

Director, Train Services

Southeastern

Copied to: David Statham, Anne Clark, Stuart Freer – Southeastern
Paul Harwood – Network Rail

STAGECOACH GROUP
greener smarter travel

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Mr Mark Carne
Chief Executive
Network Rail
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London NE1 2D

05 March 2018

Dear Mark

Response to Network Rail Strategic Business Plan 2019-2024 for an on behalf of Stagecoach Group and Virgin Rail Group

I write on behalf of Stagecoach Group and Virgin Rail Group with regard to the Control Period 6 (CP6) consultation process currently being undertaken by Network Rail; in particular with reference to Network Rail's Strategic Business Plan 2019-2014.

Virgin Trains East Coast (VTEC), East Midlands Trains (EMT) and Virgin Trains West Coast (VTWC) have now received the final version, of the Route by Route Network Rail (NR) Strategic Business Plans (SBP) for which I thank you. I understand we are now starting to receive summary booklets covering all Routes. These documents are crucial to ensure transparency of future industry plans, and form the bedrock of NR's input to the CP6 Regulatory Output to be determined by the Office of Rail and Road (ORR).

In your team's communications to our TOCs, NR cites its extensive, collaborative engagement process consisting of a multitude of *"stakeholder workshops and additional sessions"*, as well as extensive engagement through Route Investment Review Groups on development of route scorecards. Unfortunately, this does not reflect the experiences of VTEC, EMT or VTWC.

The respective TOC Managing Directors may well have corresponded informally with your Route Managing Directors. However, I wanted to write to you from a wider Stagecoach and Virgin perspective.

Whilst we accept that stakeholder workshops did take place, our experience was that these were more of a presentation of plans and proposed outputs from a 'show and tell' perspective, with an over-arching message that there are extreme funding limitations and, therefore, little opportunity to do anything more. They did not feel like the engagement exercise that I am sure they were intended to deliver.

There appears to be no clear procedure (no guidance nor timeline) to follow as part of the SBP process in terms of our views being heard by NR. It has also been unclear how NR would take TOCs' comments into consideration when compiling the SBPs. The SBP is crucial to forming the basis of the Final Determination for CP6 – yet it is unclear what, if any cognisance is actually taken of TOC views.

Our TOC MDs will be feeding back their comments formally to your Route MDs, as has been requested recognising that this particular exercise is not a formal consultation. In addition, I have copied this letter to the ORR; my teams having recently been interviewed by the ORR regarding its review into collaborative working - this represents a current and relevant case study.

As much as CP5 has not delivered what was intended in the original Enhancement Delivery Plan from March 2014 (which as you know has had significant impact upon VTEC's plans in particular), the perception of engagement for CP5 was actually greater than the CP6 equivalent exercise. For example, in the lead up to CP5, (and I cannot speak for VTEC as at the time we did not hold that franchise) the TOCs were actively involved with the development of the Initial Industry Plan (IIP) and choices to funders.

Of great concern for me, particularly in the light of the wider ongoing discussions at National Task Force, is the proposed worsening of PPM. For example, the SBP proposes a worsening of EMT's PPM at the end of CP6 by 0.4%, despite incredible sums being spent to improve asset condition and enhancements providing resilience and capacity For VTEC, this is even worse. NR has a regulatory target to achieve 88% at the end of CP5 (NR is now targeting 83.8%) and NR is proposing an end of CP6 target of 85.5%. The bounds of credibility are seriously being stretched for VTEC, whereby NR has been funded in CP5 and will be for CP6, to deliver an end of CP6 target that is 2.5% less than the target set for the end of CP5 in 2014 – this is a ten-year funding plan to achieve -2.5%.

Similarly, for VTWC, CP5 had an agreed exit target of 88%, which NR has now requested be lowered to 87%. It is disappointing to see that NR in its business plan is stating a lowering of the forecast and targeting for CP6 (including on-time) to take account of the removal of public book time differential, amongst other things. We cannot subscribe to this position when VTWC continues to have regular high performing days with PPM above 95%.

Delays to trains en-route for a number of network management reasons contributes to the overall loss of time to services and it is our view that NR can and should give some priority to our services given their economic value and the markets they serve. NR continues to state risk that various signalling schemes and HS2 plans are the reasons behind their cautious forecast for performance during CP6 but has yet, not provided any detailed information to support this forecast decline, or indeed suggested any mitigations. We therefore cannot help but conclude that your position is driven by a desire to see the Schedule 8 benchmarks reduced thereby reducing financial risk rather than delivering reasonable levels of performance to customers on our routes.

We have to have more aligned targets. These targets as proposed by NR are not good enough for our customers. If things do not change, the result is that NR will be rewarded for poorer performance, which in turn means TOCs are less able to hold NR to account through the SPP mechanism in the Track Access Contract in the same way that we have been able to during CP4 and CP5, and the alignment between revenue and Schedule 8 being lost - this is unacceptable. Richard Price, in his position as CEO of ORR in 2013, stated that it is important poor performance is not rewarded. These current CP6 targets represent exactly that. Quite rightly, our customers will not accept these targets, resulting in lower farebox income and consequently, wider ramifications on the economics of UK Rail.

I do, of course acknowledge the very substantial enhancement schemes and timetable changes that will be happening (from May 2018) over the next three/four years. However, from a customer perspective, it is very difficult to communicate "that we are running more trains, with faster journeys, but they will be running later than they are today" in a positive light.

The SBP Consultation Process for CP6 has been wholly unsatisfactory, and unfortunately the expected outcomes appear to reflect that.

I do of course remain open to further discussion to see if we can progress from this extremely poor position to provide something better for customers, staff, stakeholders and the taxpayer.

Yours sincerely

Tim Shoveller
MD Stagecoach Rail

Cc: Martin Griffiths, CEO, Stagecoach Group plc

Patrick McCall, Senior Managing Director, Virgin Group

Bernadette Kelly, Permanent Secretary, DfT

Joanna Whittington; CEO, Office of Rail and Road

NETWORK RAIL - Route Business Scotland Route Strategic Plan - February 2018

SPT observations:

It is noted that predicted capacity increase in Strathclyde at 7% is considerably lower than in other parts of Scotland – this is presumably due to the existing situation of a more concentrated local network, frequent service pattern, numerous stations and the historical investment made by previous regional public bodies. However, despite starting from this position of some strength this Strategic Plan does not appear to be as ambitious for west central Scotland as similar documents have been in the past. It is true that there are greater challenges associated with growing an already mature network and market but there is evidence – most notably via boarding and alighting figures published by the ORR - that demand on the Strathclyde network remains high, is growing, and capacity issues continue to exist. In seeking to address this the Strategic Plan is proposing important, but potentially limited, improvements regarding in-fill electrification as well as some much needed capacity enhancements at Glasgow Central (which are not fully specified at this stage). SPT would hope that these capacity increases will ensure that longer trains can be accommodated in multiple formations at all platforms at Central Station. SPT would seek to engage with NR at an early stage to ensure that future developments of the rail network in Strathclyde are perhaps more agile, potentially offering an expanded network – perhaps a "metro-type" network, possible conversion and/or on-street local networks, where appropriate, should be considered as well as utilisation of existing non-passenger lines or specifically identified feasible former alignments and potentially some new build, if appropriate.

Identified Infrastructure works – Carstairs junctions remodelling, Maryhill electrification, East Kilbride + Barrhead electrification, electrification and enhancement to Kilmarnock / Barassie, Greenhill grade separation, EGIP (incl. Shotts line), Glasgow Central High Level Station Enhancement, Craigendoran and Saltcoats weather protection, slab track renewal, vegetation, structures, maintenance of rolling stock, maintenance of infrastructure, signalling, power supply, junctions, engineering disruptions.

SPT would strongly support these proposals and would assume that appropriate rolling stock will be procured timeously for new routes and that the protection of the network from weather events will be on a pre-emptive basis.

Other – Timekeeping, network capacity, on-train capacity, provision of information, impact of climate, wider freight issues, Timetable amendments Glasgow Queen Street, Train lengthening Glasgow Low Level corridors, Train lengthening Ayrshire and Inverclyde, Glasgow to Carlisle via Dumfries gauging, structure stabilising

General:

The identification of climate as an increasing danger to an inevitably ageing infrastructure is to be welcomed, and predicting and future-proofing for, increasingly inevitable events is to be applauded. These infrastructure investments will require to be considered alongside the renewal of some relatively new infrastructure such as slab-tracking and possible some over-head equipment in addition to routine infrastructure renewals. Recognition of these issues at an early stage will enable

NR to continue to deliver a robust network which will be required to accommodate increasing numbers of passengers and services.

Inevitably value for money, seat availability, frequency and punctuality will dominate passenger priorities although increasingly there are newer issues by which passengers will judge the travel experience such as the ability to easily and transparently purchase the most appropriate ticket and the availability of wi-fi and other social networking type facilities on trains. SPT would concur with the stated passenger priorities in addition to the raft of interventions outlined in the documentation but would suggest that the over-arching priorities for NR should be an amalgamation of a robust, fit-for-purpose, modern rail network which will enable the operation of a fast, frequent, cost effective and punctual rail service that can accommodate an increasing number of passengers.

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PR18
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Thursday 8th March 2018

Comments on Network Rail's strategic business plans for CP6

Thank you for the opportunity to comment on the Network Rail Strategic Business Plan for England & Wales, covering control period 6 (2019-2024).

We welcome the commitment to sustain growth whilst meeting the challenges posed by an increasingly busy network and the construction of HS2.

Overall we found the Business Plan documents to have a clear focus on maintenance and renewals, HS2 provision and Transpennine Route Upgrade (TRU), however they are light on detail. We look forward to more specific information on enhancements such as plans for the Northern Hub package through the forthcoming Enhancements Delivery Pipeline.

After reviewing the documents, we have identified areas where additional development work and clarity would be of benefit:

Cross boundary coordination

Whilst we recognise the benefits route devolution can bring in terms of driving local focus and autonomy across the organisation, there is a risk this has shifted too much towards internal routes with little recognition of cross-boundary interactions and how they will be managed. This is reflected in the development of TRU, which rests within the LNE/EM route despite less than half of the TransPennine rail mileage falling within the LNE/EM route. This suggests a significant mismatch in responsibilities and it is unfortunate that responsibility for this economically vital line is split between two routes, with a consequential lack of strategic planning.

A similar issue is evident with Hope Valley as the boundary allocates the route within LNW, although it is clear that the improvement will impact on the LNE section between Dore & Totley and Sheffield. It is important to ensure the scorecards align credibly between routes to prevent adverse impacts across route boundaries. The Shaw Report recommended the setting up of a Northern route to provide better management of the cross-Pennine flows, this was subsequently changed to the appointment of a Northern Director. We are concerned this appointment is not mentioned in any of the documents.

Collaboration with third parties

Following the recommendations of the Shaw Report, we welcome the reference to providing a seamless service for customers across all modes of transport. TfGM have previously highlighted the requirement for Network Rail to better engage and collaborate with local Transport Authorities and sub-national transport bodies, including simplifying internal processes to encourage third party involvement.

Incremental enhancements and renewals

In light of the change in funding mechanism, we could not find reference to how Network Rail will pursue incremental enhancements on the back of the planned renewals. We would wish to avoid a situation whereby a series of like-for-like renewals is immediately followed by a plan to change the layout to improve network capacity or capability. This process is already disjointed and there is a risk this could be worsened as funding for enhancements and renewals are separated further.

Train performance and passenger requirements

We noted that Northern Trains has a Franchise Commitment for a PPM MAA in 2023/24 of 93.5%; which is described as “ambitious”. This target may be ambitious given current performance, however it is not from the perspective of passenger requirements. Network Rail are forecasting to deliver a PPM MMA above 91.1% falling below the target and with no consideration to how passenger and operator expectations can be met. Network Rail expect a steady improvement on Transpennine Express performance despite enhancements such as TRU and ECML works and forthcoming timetable changes.

TransPennine Route Upgrade (TRU)

The description of TRU highlights that there are a range of options/outputs the Department for Transport has to consider before a business case can be developed. The TRU, however, is expected to result in an improvement in passenger satisfaction, although it is not clear how this will be achieved nor whether the project will represent good value for money.

TfGM supports the TRU project, including electrification of the Diggle line, but believes it is important that the railway is considered as a network, and not as a series of lines. Therefore it is important that the TRU looks at how the enhancements between Manchester and Leeds/Selby/York relate to the train services to Liverpool, Middlesbrough and Hull, for example – including a thorough assessment of the benefits and dis-benefits (including environmental impacts from increased energy consumption) of bi-mode trains.

System Operator

This Plan contains more detail than other documents in the SBP, therefore requiring additional time to adequately assess if the Plan is fit for purpose than is available in this short consultation period. Examples throughout the document appear London and South East orientated, which gives an impression of a bias in priorities of the System Operator function.

The relationship between “System Operator” and Franchise Specifiers/Funders needs to be more coherent. The funded Franchise Specifications/Commitments should be the lead with TOC proposals following and the System Operator role as an enabler. This Plan implies System Operator leads “planning of new train services” including “specifying the service output requirements of any new infrastructure”. Proposals under “Franchising” may help to address this however, messages are mixed between Network Rail acting as an integral part of the process or leading it.

Digital Railway Programme Strategic Plan

The SBP appears to place undue confidence in the role of Digital Railway to address the forthcoming large scale signalling renewal programme. The Plan comments that 63% of signalling on the network requires renewal over the next 15 years, however, there is little in the Plan to provide confidence that the Digital Railway programme would fully address this level of renewals – unless the CP8 work plan is considerably greater than that implied for CP6 and CP7.

In support of this view it is noted that very little detailed work has yet been undertaken to date on Digital Railway Solutions for the TransPennine Route Upgrade (although it is stated as a CP6 scheme), Crewe Hub (although on HS2 Phase 1 route) or Central Manchester (which is not defined). The role of Digital Rail seems to be primarily focussed upon delivering signalling renewals cost effectively (full life cost), with little reference to impacts upon potential customers/user benefits. Digital Railway needs to address the network issues in a holistic manner, considering not just economy of costs, but also what it can do to improve train performance and service levels for the travelling public.

At a more local level, TfGM, as the responsible organisation for Manchester Metrolink, looks forward to discussing the implications of the Digital Railway where Metrolink operates adjacent to Network Rail infrastructure (e.g. at Manchester Victoria on the TransPennine Route Upgrade and at Deansgate/Castlefield in the Central Manchester area) or under Network Rail signalling control (e.g. between Timperley and Altrincham).

Stations

We welcome the recognition that stakeholders' needs must be integrated early in the business planning process and the proposal of an annual workshop is encouraging. However, more consideration is needed of the planning/funding cycles of third-party investors to ensure opportunities are not missed at a local level. This highlights the importance of a collaborative approach through the Integrated Station Plan and for Network Rail to ensure the requirements and aspirations of PTEs and Local Authorities are considered in the delivery of maintenance, repairs and renewals.

Although covered within the risk section of the plan, we would welcome further details on the possible mitigation plans if funding is not secured to manage increasingly congested stations. Given the demand growth at GM stations, we feel that this is a key risk and has a direct effect on the requirements for future asset interventions. One possible mitigation we have noted is the reliance on possible partnerships and alliance and we recognise that these approaches can support a longer-term asset base.

Finally, it is a concern that the plan suggests a reduction in the overall share of the stations repairs budget and priority given to other assets. We would welcome clarity on how this shortfall will be addressed in the long term and how third party investors could be better utilised.

TfGM welcome this engagement and is willing to offer further assistance in the development of Network Rail's final settlement for CP6.

Yours sincerely,

Caroline Whittam
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[redacted]

6 March 2018

Dear Sir/Madam,

Network Rail's Strategic Business Plan

This letter sets out TfL's comments on Network Rail's Strategic Business Plan. TfL is content for its responses to be published and shared with Third Parties.

TfL has focused on the plans that are most relevant to the London area including the Anglia, South East, London North Western and Western routes and the System Operator. Some of our comments are generic and apply across several routes where others are specific to an SBP. The plans are not entirely consistent in their format and metrics and it would be good to have common set of metrics such as PPM for all routes.

TfL is disappointed that the performance targets in the route level SBPs are unambitious and tend to be at or below the current performance level. We would have expected to see more challenging performance targets for CP6.

Network Rail considers that additional passenger demand is a factor that will worsen punctuality over time. However the demand effect can also be mitigated by increased capacity so it is important that Network Rail takes due account of this in its planning processes, rather than assuming that an increased volume of train service will always worsen performance. Increased rail services and new trains are also given as a reason for flat and declining performance. New trains may impact adversely on performance at first but should then deliver higher levels of performance than old rolling stock.

TfL is also concerned about the lack of reference to TfL's concessions in SBPs other than Anglia route SBP. For example there is no mention in the text of the South East SBP to London Overground or the ELL 20 tph proposal which is relevant to the section on Digital Railway. TfL needs to have confidence that the relevant Routes will give reasonable attention to the development of the London Overground service.

It is not clear how well joined up the route SBPs are and whether the interaction between other operators' services and TfL concession operated services are reflected fully in the performance figures in the Anglia SBP.

Network Rail’s assessment of capacity should take account of both track capacity and other constraints such as power supplies and level crossing capacity which have proved to be a constraint recently in delivering service increases on the Anglia route.

Anglia Route Strategic Business Plan

The proposed long term scorecard (pages 13 and 16) shows no improvement in performance for London Overground and a deterioration for TfL Rail. The TfL Rail forecast at 93.9% in the Anglia and Western SBPs is below the 95% PPM which was a Sponsor’s Requirement for Crossrail. New fleet and timetables should be delivered in such a way as to deliver improved performance and in any case should have a limited impact on the Elizabeth Line. The investment proposed in asset performance and new technology should drive at least some degree of improvement as should any increases in capacity provided.

Page 61 refers to the Route’s strategy for securing third party investment. The strategy should also mentions opportunities to let third parties undertake projects on Network Rail infrastructure to ensure these can be implemented in a timely and cost efficient fashion in line with the principles of the Hansford Review. This is supported by TfL.

TfL welcomes the reference to Liverpool Street congestion relief.

South East Route Strategic Business Plan

Annex B shows exceptionally high forecast growth of 178% on East London Line over 10 years which is not explained in the text. TfL will work with Network Rail to understand its plans for the route.

We welcome the reference to the Brighton Main Line Upgrade and Croydon Area Remodelling Scheme (CARS) which are key schemes that will bring benefits to both long distance and metro operations in South London.

Wessex Route Strategic Plan

TfL welcomes the reference to Clapham Junction enhancement and would like to see more information on the proposals.

System Operator Strategic Plan

Network Rail is proposing the creation of a team within the System Operator to support franchising authorities with the development of ITT specifications and the evaluation of bids. However, the System Operator SBP refers only to franchises let by DfT, Transport Scotland and Transport for Wales, and does not refer to TfL's role as the concessioning authority for the London Overground and Elizabeth line concessions. Whilst the timescales for these procurements would place work towards the end of CP6, the table in 7.2

includes DfT franchise procurements within a similar timeline. Network Rail should be resourced to input effectively into TfL's concession letting process.

Freight and National Passenger Operator Strategic Plan

The plan states that FNPO is working with Charter customers to secure a number of 'Strategic Charter Paths', which would provide guaranteed gauge and vegetation cleared paths on core charter routes. This is something that could be of concern in the London area, with capacity potentially being reserved for trains that rarely operate and limiting access for regular passenger services.

Yours sincerely,

Carol Smales
Rail Development Manager

West Midlands Rail Ltd
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6 March 2018

Office of Rail and Road
PR18 / Network Rail CP6 Business Plan Team

Dear Sir/Madam,

West Midlands Rail Ltd Response to ORR PR18 Consultation on Network Rail's Strategic Business Plan for Control Period 6

Thank you for the opportunity to comment on your consultation in respect of Network Rail's Strategic Business Plan.

West Midlands Rail (WMR) is a partnership of sixteen Metropolitan District, Shire and Unitary local transport authorities which has been working alongside DfT to specify, procure and jointly manage the new West Midlands Trains franchise which commenced in December 2017.

Network Rail's Strategic Business Plan (SBP) is of critical importance to both West Midlands Rail and its partner authorities. The SBP not only encapsulates Network Rail's plans for the next Control Period in relation to its stewardship of our regional rail network, but also sets out how Network Rail's new devolved route structure will function and relate both to the Systems Operator section and to the wider rail industry and stakeholders.

This is a key issue because, whilst Network's Rail's SBP reflects its own internal devolution of control to the routes, it still doesn't appear to fully reflect the wider devolution in rail transport governance that has occurred in the West Midlands, and in particular the establishment of bodies such the West Midlands Rail partnership and Midlands Connect.

There is a wider issue in respect of recognition of the role of these new devolved regional transport bodies which was raised with Joanna Whittington during round table discussions at the workshop on the ORR's own Business Plan which was held at your offices in February.

WMR also has a number of other specific issues with reference to the SBP which we would like to raise as part of this consultation and which are attached to this letter.

Please do not hesitate to contact me, should you require any further clarification in respect of this response. It should be noted that individual WMR member authorities may also have their own specific positions in relation to the issues raised by this consultation and may respond accordingly.

Yours faithfully,

Toby Rackliff

Toby Rackliff

Strategic Lead, Rail Policy
West Midlands Rail

West Midlands Rail Ltd response to ORR PR18 Consultation on Network Rail's Strategic Business Plan for Control Period 6

West Midlands Rail warmly welcomes Mark Carne's acknowledgement that Network Rail's Strategic Business Plan (SBP) for Control Period 6 provides opportunity for:

- *close alignment with customers; track and train coming together in the interests of passengers*
- *local innovation and for competition between routes to drive new ways of working*
- *benchmarking and a spirit of healthy competition*

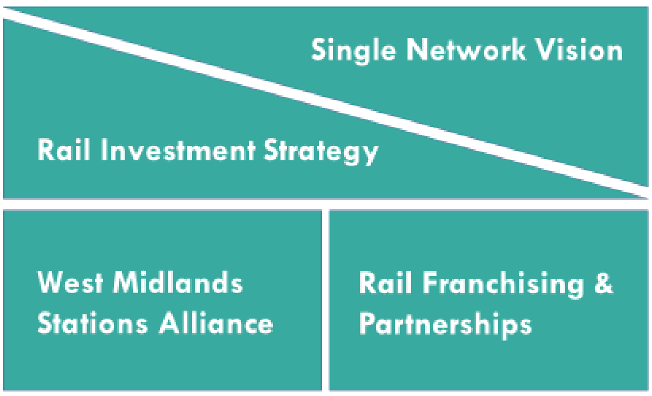
We also welcome the

- commitment that each route "*will continue to strengthen the depth and quality of engagement (with customers, and wider stakeholders) over the coming months, and throughout CP6*"
- separate CP6 determinations for each route and the System Operator by ORR in order to "*reinforce the importance of devolved businesses making decisions at a local level*"
- proposal to place the new performance scorecards "*at the heart of the regulatory framework*"

However, WMR is not yet wholly convinced that Network Rail's new devolved arrangements take proper cognisance of the devolution in wider transport governance that has taken place in recent years and, in particular, the role that West Midlands Rail now has in terms of:

- specification and management of the new West Midlands Trains franchise
- progressing a new approach (in partnership with Network Rail and WM Trains) to station asset management and enhancement through the creation of a new tripartite West Midlands Station Alliance (Appendix 2)
- co-ordinating a new, evidence-based Rail Investment Strategy for the wider West Midlands region
- delivering a "Single Network Vison" across the regional rail network (Appendix 3)

WMR Strategy



Other Specific Comments in Relation to the overall SBP

1 WMR welcomes the prospect of greater flexibility in the application of government accounting rules for routes to be able to make the optimum trade-offs between Schedule 4/8, maintenance and renewals to improve reliability and decide on the best time to deliver the work.

However, as joint specifiers and managers of the West Midlands Trains franchise, with a high degree of local democratic accountability, WMR would obviously wish to be involved in these discussions and decisions which impact on the delivery of both services and a reliable rail network.

2 The creation of a new “Advisory Board” for the System Operator is also welcomed. However, ideally this board should include a suitable representative from the devolved rail bodies in the English regions.

3 There is a welcome focus on continuing to improve train service performance.

However, it needs to be acknowledged that there is a tension between train service performance targets and the need, especially in the congested West Midlands metropolitan area, to increase the quantum of rail services to meet growing demand and to cater for new rail markets.

There may be instances where a trade-off in terms of performance may need to be considered if the industry is to maximise rail network utilisation to meet demand

4 There is a similar focus on Network Rail continuing to improve efficiency but this must not be at expense of the infrastructure owner having insufficient resources to meet its maintenance, renewal and enhancement commitments.

5 Similarly there are historical examples (e.g. Water Orton corridor re-signalling) where a desire to drive down costs has led to project de-scoping by the infrastructure owner, based largely on short term views of costs and network requirements. Such an approach can be significantly more costly and disruptive in the longer (or even medium) term, when the business need for the previously de-scoped elements becomes unavoidable.

6 The confirmation of the System Operator’s role, in leading the industry process of developing a major recast of the West Coast Main Line timetable to maximise the benefits of capacity released by the new High Speed line, is welcomed.

This process, and indeed all timetable planning work streams affecting services in the West Midlands area, must include appropriate representation from West Midlands Rail as a specifier and manager of the current (and future) West Midlands franchise.

Specific Comments in Relation to the Strategic Business Plan for LNW Route

7 WMR welcomes the principle of LWN's "One Team" approach which "*works collaboratively across all parts of the regional transport industry".*

However, WMR are slightly disappointed not to be listed alongside Transport for the West Midlands (TfWM) and Midlands Connect in this context, especially as WMR has recently amalgamated TfWM's rail team into our organisation.

8 As a specifier and manager of the current West Midlands franchise, WMR will continue to make the case for our membership of LNW's two Route Supervisory Boards and would welcome ORR support in this regard.

9 The current LNW SBP helpfully groups performance forecasts and Scorecard measurements by Train Operating Company, which should prove invaluable in informing the Route Supervisory Boards, the individual operators, DfT and ORR.

However, WMR specifically requests that LNW splits the West Midlands Trains Scorecard so that it reflects the two new separable Business Units ("West Midlands Railway" and "London Northwestern") which will be established in 2018/19.

Separate Scorecards for the two Business units would reflect both the management responsibilities within the West Midlands Trains franchise and assist the joint management of the franchise by West Midlands Rail and the Department for Transport.

10 The LNW SBP should also ideally reflect proposed (as well as committed) timetable changes by West Midlands Trains and, in particular, the franchise requirement for the new operator in relation to new approaches to managing the leaf-fall season on Birmingham's Cross City line.

11 Given the amount of joint working on the innovative West Midlands Stations Alliance concept by both LNW and WMR, we are surprised that this project does not appear to be specifically referenced (e.g. in the "Buildings" section) in LNW's SBP.

12 WMR strongly supports the transfer of our Worcester area into the LNW Route at the start of the Control Period which makes huge sense from an operational, political, economic and strategic perspective.

13 WMR welcomes the network resilience work proposed in relation to HS2, but would argue that as part of the "One Team" approach, the SBP specifically references Network Rail working with Transport for West Midlands, Highways England and other transport bodies in terms of adopting a multi-modal, whole transport network approach to this key issue.

14 Finally, in terms of the wider context, the text of LNW's SBP should be updated to specifically reference two major events which are now set to take place in the West Midlands during CP6:

- Coventry City of Culture 2021
- Birmingham 2022 Commonwealth Games

Meeting the transport requirements of these two high profile events will be a major undertaking and Network Rail, in partnership with Transport for West Midlands, West Midlands Rail, the wider rail industry and others, will have a key role to play in ensuring the successful implementation of such arrangements as may be required.

Appendix 1: About West Midlands Rail

West Midlands Rail Ltd, which represents the region's metropolitan, shire and unitary authorities successfully gained greater influence and control over local rail services provided by the new West Midlands Trains franchise from December 2017.

WMR is a partnership of 16 Metropolitan District, Shire and Unitary local transport authorities that cover the proposed map of the devolved rail services. Participating authorities are:

- Birmingham
- Coventry
- Dudley
- Herefordshire
- Northamptonshire
- Sandwell
- Solihull
- Shropshire
- Staffordshire
- Telford and Wrekin
- Walsall
- Warwickshire
- Wolverhampton
- Worcestershire
- *Cheshire East**
- *Stoke-on-Trent"*

**Affiliate Members*

What are we delivering?

Agreement with the Secretary of State for Transport has led to WMR having a meaningful level of influence over the specification of the new franchise, and leading the management of the franchise in relation to "West Midlands Railway" local services, through the creation (by December 2018) of a discrete business unit within the new franchise for West Midlands train services and stations which is being ***managed locally* by WMR** rather than by DfT.

WMR believes this approach will deliver significant benefits in the longer-term, with an opportunity to realise many of the benefits in the early years of the franchise.

Franchise Management Arrangements

The West Midlands franchise is managed jointly between DfT and WMR as follows.

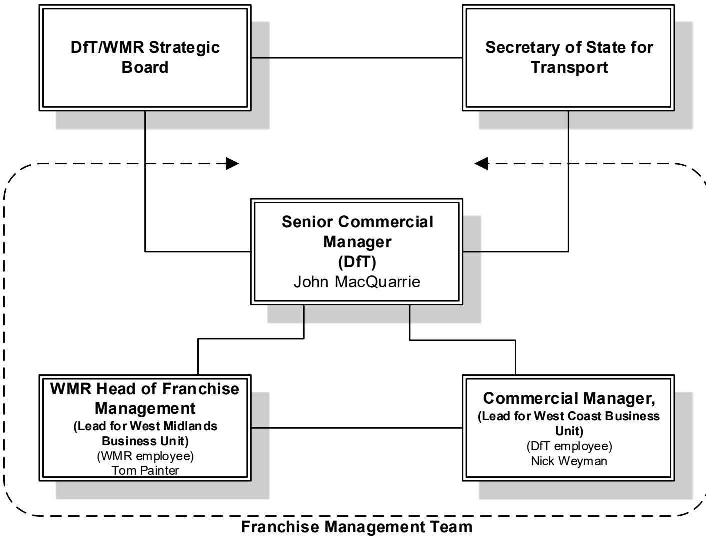
Joint Strategic Board

Joint arrangements are overseen by a Strategic Board, with senior level representation from both organisations. The first Board meeting was held in February 2018, and will continue to meet on a Quarterly basis.

Franchise Management Structure

The structure for the management of the franchise has one full-time post responsible for each of the two business units. The post for the West Coast Business Unit is employed by the DfT, whilst the equivalent post for the West Midlands Business Unit is employed by WMR.

Whilst both work closely together, WMR takes the lead for the West Midlands Business Unit, and the DfT does similarly for the West Coast Business Unit. For the purposes of franchise management, both posts are overseen by a DfT employed Commercial Manager, although the WMR employed individual reports to the WMR Director.



Further Development of WMR Responsibilities

WMR responsibilities for franchise management are dynamic, and allow the local leadership of the West Midlands Business Unit to develop and grow. Boundaries of responsibilities are expected to change over time, with more control transferring to WMR as our capability and experience grows.

The schedule of responsibilities that will set out the boundaries of responsibilities for WMR is subject to an annual review, although it can be reviewed at any point with the agreement of both DfT and WMR.

The key principle is that those boundaries can shift as WMR builds capability and credibility with the Secretary of State for Transport to enable WMR to take on additional franchise management responsibilities as appropriate.

Appendix 2: WEST MIDLANDS RAIL / NETWORK RAIL STATIONS ALLIANCE CONCEPT

The West Midlands Stations Alliance (WMSA) concept seeks to address issues of:

- lack of co-ordination between the various parties responsible for station assets
- insufficient incentives to invest in significant station enhancements

Crucially the WMSA approach works *within* the rail industry's existing station ownership and contractual structures with partners working together to identify and secure funding to enable an agreed programme of station enhancements to be developed and delivered.

The West Midlands Stations Alliance ultimately aims to create a long term sustainable solution that delivers the West Midlands Rail's Single Network Vision in respect of stations and aligns with the objectives set out in the forthcoming West Midlands Rail Investment Strategy to transform stations into true community assets which:

- provide quality gateways supporting the changing needs of passengers, residents and visitors
- support the wellbeing and development of the areas they serve

Current Situation

WMR and Network Rail have both recognised that the current arrangements for the management of stations are not designed to deliver the level of sustained improvement that is needed to support the development and growth of the region. In particular, the asset management approach does not encompass passenger experience nor recognise the full potential role that can stations play as community assets for the areas which they serve.

With a couple of exceptions Network Rail own all stations in the West Midlands and are responsible for their long term maintenance and renewal. However, Network Rail are currently only funded by Government to maintain these station assets in their 2004 (Control Period 3) condition.

Excepting Birmingham New St, the day-to-day responsibility for upkeep of the passenger facing elements of these stations falls to one of the train operators who lease the station from Network Rail and act as "Station Facilities Owner" for the duration of their franchise.

The relatively short length of franchises, typically seven to nine years, does not generally incentivise the train operator to invest in significant station improvements and their main obligation is to return the station asset in the same condition as when they took over as Station Facilities Owner.

Any substantial enhancements to station facilities therefore generally require wholly separate funding and approvals processes progressed (if at all) on a case by case basis.

It has therefore become clear that the current asset management processes do not allow for a coherent long term plan as the incentives are fractured and unclear. No single rail industry organisation is responsible for looking at the whole life costs, and each is generally incentivised only to maintain the status quo.

The West Midlands Stations Alliance Approach

Having jointly developed the West Midlands Stations Alliance concept, Network Rail and West Midlands Rail Ltd have developed a **draft Head of Terms** for the WMSA as follows:

Network Rail Infrastructure Limited (NR) and West Midlands Rail Limited (WMR) and the new West Midlands Trains operator will work together in an Alliance to achieve a shared long term vision for stations in the West Midlands.

1.1 The shared Vision is:

"We will develop stations as quality gateways between communities and the railway, supporting the changing needs of our passengers, residents and visitors.

Stations in the West Midlands will be community assets, supporting the wellbeing and development of the areas they serve."

1.2 The strategic objectives of the West Midlands Stations Alliance will be to develop and ensure delivery of projects which:

- *Secure a long term improvement in the Stations consistent with the Vision*
- *Support the values of the WMR brand*
- *Support economic regeneration of the areas served by the Stations*
- *Promote efficiency and a reduction in whole life costs where this can be achieved*

1.3 The West Midlands Stations Alliance will seek to secure funding for projects from a wider range of sources than is the current norm and to lever in third party funding.

1.4 The West Midlands Stations Alliance will aim to ensure that NR's current responsibilities for the Stations can continue to be delivered.

Next Steps – Realising the West Midlands Stations Alliance

It is envisaged that, subject to agreement, the new franchise operator West Midlands Trains (and potentially other appropriate Station Facilities Owners) will be a future partner in the West Midlands Stations Alliance.

In the meantime, Network Rail and WMR are progressing a pilot project with local partners and the incumbent operators through a study which seeks to test the WMSA approach at local stations on two WMR rail corridors:

- the "Stour Valley Line" between Wolverhampton and Birmingham (exclusive)
- the Cannock "Chase line" between Rugeley Trent Valley and Walsall (exclusive)

Following an initial gap analysis of interventions required (in the short, medium and long term) to achieve the WMSA "Vision", the study will develop a Masterplan for each prioritised stations.

The intention is that WMSA can then use these Masterplans to bid for funding and/or proceed to implementation on an opportunistic basis if funds become available.

Appendix 3: The West Midlands Single Network Vision

West Midlands Rail's aspiration is to create a consistently high standard of customer experience and service delivery across the rail network in the West Midlands, regardless of the identity of the service provider or geographical location. Ultimately, the ambition is for the West Midlands to be recognised as the country's best region for rail, characterised by an easy to understand and resilient network, widespread innovation, and collaborative working between all interested parties.

What is the Single Network Vision?

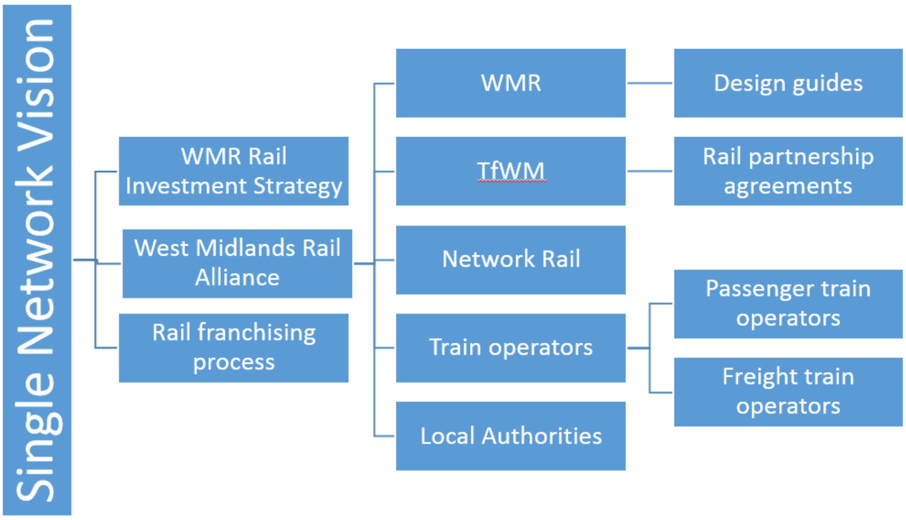
To work in partnership with train companies and Network Rail to create the sense of a single rail network in the West Midlands for passengers, ensuring the delivery of a uniform, consistent and high quality customer experience across all areas of rail delivery in the region.

What will the Single Network Vision mean for passengers and the region?
• *A single, high standard for customer experience across the rail network in the West Midlands regardless of the rail operator, delivering increased passenger satisfaction*
• *Innovation in customer experience for passengers, establishing the region as a leader in the provision of a best in class rail network*
• *An easy to understand, consistent rail network through the delivery of a unified identity, marketing, fares structure and information*
• *Minimising the impacts of road and rail transport disruption in the region through a coordinated approach to managing planned and unplanned disruption, resilience and information*
• *The development of schemes to deliver the needs and aspirations of passengers and the region's economy, bought into and driven by all parties and aligned with the WMR Rail Investment Strategy*
• *A greater opportunity to secure funding and investment opportunities to allow scheme delivery in line with required timescales*
• *A single voice to represent and promote the rail network and leisure, tourism and business in the region*

Single Network Vision Objectives

- Become the best in class region for rail customer satisfaction
- Increase rail patronage
- Reduce the impact of disruption to the wider transport network
- Make the rail network easier to use and remove barriers to use
- Attract more visitors and business to the region
- Increase investment in rail services
- Increase regional public transport modal share
- Lead on the development and delivery of rail innovation
- Improve the reality and perceptions of safety and security
- Support the delivery of the WMR Rail Investment Strategy

How will the Single Network Vision be delivered?



Towards a West Midlands Rail Alliance

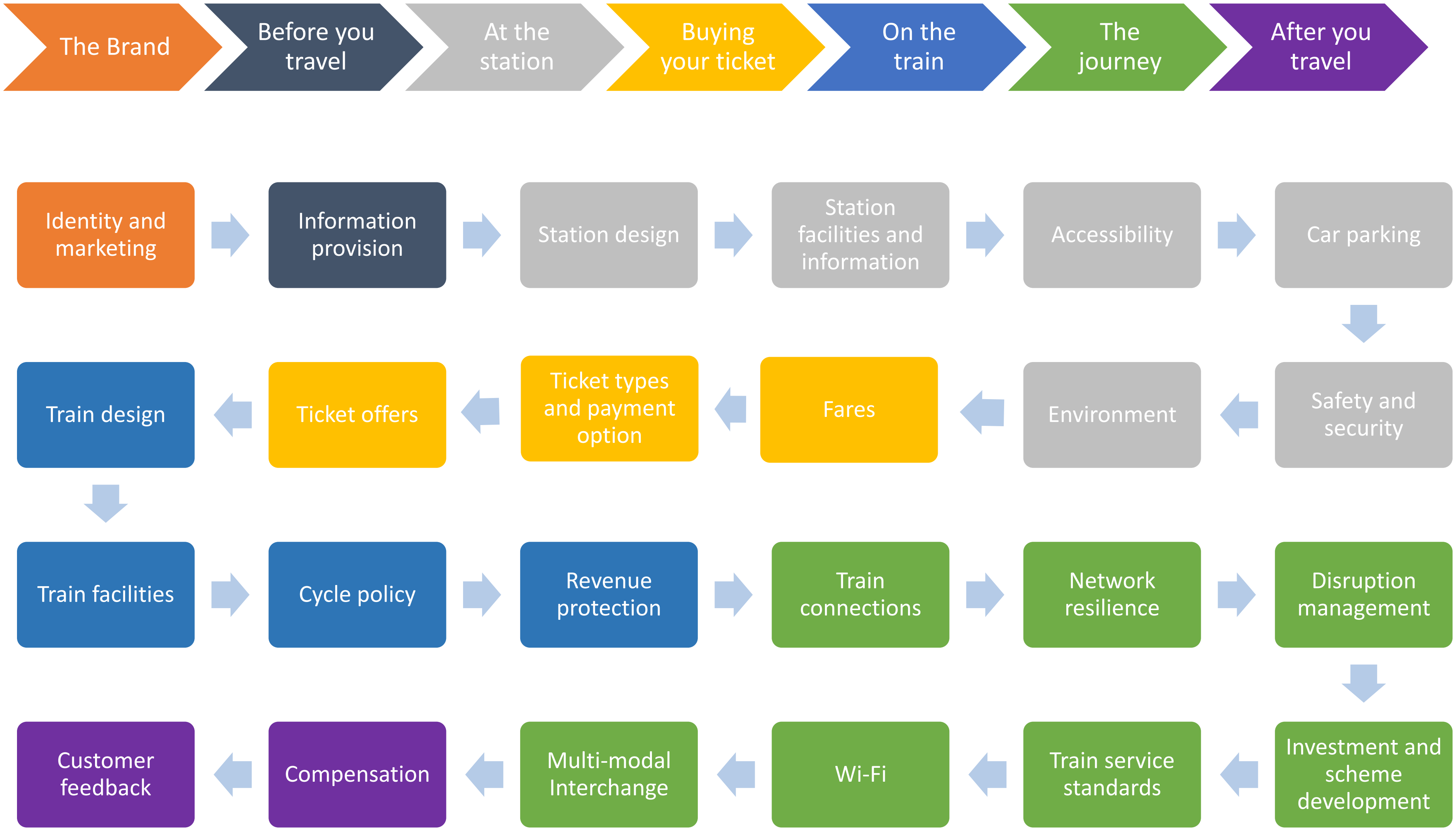
The primary mechanism for the delivery of the Single Network Vision will be through the creation of strong partnerships involving all key industry partners involved in passenger rail journeys in the region, including journey planning, the trip to and from the station, at the station and on the train.
It is envisaged that this close partnership working will form the basis of a new West Midlands Rail Alliance which will work jointly to identify the requirements and aspirations of the region's rail passengers and what needs to be delivered to achieve the objectives of the Single Network Vision. It will put policies and processes in place to identify funding, provide/deliver the required improvements and measure progress through continual liaison with customers and partners.

The Single Network Vision and the Whole Journey Experience

WMR has identified 24 aspects of the passenger experience that relate to the SNV. These can be broadly categorised into six distinct themes:

- Before you travel
- At the station
- Buying your ticket
- On the train
- The journey
- After you travel

These aspects are by no means exhaustive, but are meant to represent the most pertinent aspects of the overall rail experience from a passenger's perspective. They are shown schematically below.



Single Network Vision and the Whole Journey Experience

consultancy engineering business environment

Network Rail's Strategic Business Plans for Control Period 6

ACE response

March 2018

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Contents

Consultation timeframe

ACE is disappointed by the short timeframe provided by the Office of Rail and Road (ORR) to respond to this important consultation on Network Rail's initial proposals for investing £47.9 billion in the rail network from 2019 to 2024. The consultation is seeking feedback on nearly 1800 pages of regulated plans published by Network Rail yet only provides 14 working days to respond.

We acknowledge the delay on the Statement of Fund Available (SoFA) for Control Period 6 (CP6) and the knock-on effect for Network Rail's planning. However, the reduced planning time along with challenges experienced in the current control period warrants an increase in industry engagement to help develop the final plans for CP6. The short timeframe does not allow industry to truly share its experience and feedback on proposals for the final CP6 plans. The short timeframe does not align with the UK Government's stated consultation principles, particularly given the scale of investment discussed in the plans.

We have decided to provide high-level feedback on Network Rail's summary of CP6 strategic business plans. We are not in a position to endorse the strategic business plans one way or another and can only offer our views on the high-level summary. Additionally, we have included feedback from two 'deep dives' of regulated plans for Infrastructure Projects (a national function) and the Anglia route. Feedback from these reviews may be applicable to other regulated plans.

Targeting rail investments to maximise benefits

The rail network is one of the UK's most valuable infrastructure assets, providing critical connections between the country's cities, towns and villages. These connections deliver a range of social and economic benefits for businesses and communities across the UK. The rail system is also an important part of the UK's global brand, given its iconic status around the world.

Given the unparalleled social and economic benefits, the UK rail network must be seen as a key growth enabler for regions across the country. Any investment in the UK rail network should have this as the primary consideration by focusing on how it can unlock growth, productivity and jobs across a region.

The rail network also acts as an important link between other transport modes. Intermodal transport connections are facilitated largely by the rail network with many of the country's major airports and ports being connected by rail. We must consider how rail investments can impact other transport modes and pursue options with the broadest benefits.

In order for benefits of the rail network to be fully realised, there needs to be a sufficient and sustainable funding programme in place that can deliver within proposed timeframes. Failure to deliver rail projects to time and budget has the potential to not only have a negative impact on the rail network but will also hinder most aspects of the UK economy. The importance of carefully considering how we invest in the UK's rail network cannot be underplayed.

Response to summary on Network Rail's CP6 plans

Network Rail's key responsibilities

ACE agrees with the key responsibilities outlined by Network Rail. These target all of the right areas and deliver on the needs of rail industry, wider businesses and the general public. Below are our key recommendations on Network Rail's responsibilities, most of which are also discussed in detail in our submission.

Responsibility	Recommendation
Safe network	Include targets on cyber security breaches, similar to the safety targets
Reliable railway	Work with TOCs on data sharing to improve passenger experiences
Efficient network	Embracing digital technology must be a core focus in CP6
Growing network	Highlight projects open to third party involvement in enhancements pipeline

Safety targets

Improvements in the last 50 years in terms of passenger and workforce safety have been positive. Network Rail should build on this success and further strengthen safety standards over CP6 by continuing to invest in enhancing safety for passengers, its workforce and the wider supply chain.

An area requiring more attention is trespassing. Trespassing incidents have risen by more than 30% since the start of Control Period 5 (CP5), and we recommend Network Rail implement new measures to tackle the problem. For example, Network Rail could do more by targeting investments to improve the security of the rail network in problem areas and informing the public about dangers of trespassing.

Asset reliability and sustainability

In order to improve asset reliability, ACE recommends Network Rail explore ways to capture more data. For example, where Wi-Fi is available on trains, Network Rail could request franchises to share this data to improve the reliability of the rail network by identifying failure trends and targeting maintenance investments in these areas. Network Rail's procurement approach should be focused on ensuring new assets or upgrades to existing assets can create data to inform investment decisions.

ACE is also concerned CP6 investment decisions are too dependent on Network Rail delivering on efficiency savings. An increase in rail infrastructure funding is welcomed, however we believe efficiency targets should be achievable to ensure CP6 plans are deliverable without any funding gaps towards the end of the control period.

Technology and digital railway strategy

Research and development (R&D) funding in the rail sector is very low compared to other sectors, and Network Rail must play a more proactive role in increasing R&D investment.

45% of Europe's congested railways are in the UK. Our solution in the past has been to build more infrastructure but this is no longer a viable option in many places. We need more capacity and more reliability, and to find it at lower cost than traditional methods. Reporting on the consensus of the industry as we find it, the view is that digital railway is the only way we can achieve this. In the next three control periods, 63% of signalling needs to be replaced or renewed. We must take the opportunity to install modern digital systems rather than replace with another generation of traffic lights, and the process of full transformation must commence in CP6.

There are many challenges and disruptors to the rail network in the UK and the rail industry does not have a divine right to survive. The Department for Transport (DfT) noted a 9.4% annual drop in season ticket sales between July and September last year, and ORR show season ticket journeys for the same quarter were at their lowest. Digital railways are about providing a connected, intelligent and integrated service to customers so they know where they are going, how they will get there and what their choices are. If the rail sector does not embrace these new technologies, customers will move to other forms of transport which are providing a better customer experience through modern practices. Every opportunity must be taken to invest in digital technology and digital readiness in CP6 and Network Rail's proposed digital funding pipeline is a step in the right direction.

Potential further investment

The Group Portfolio Fund is not a sustainable means of funding control periods in the future. ACE recommends Network Rail and the UK Government explore ways of increasing the probability of delivering on control period plans independent of support from this fund. Network Rail should be aiming for far greater efficiency to ensure the risk of overspending is reduced. This could be achieved through closer collaboration with industry and ensuring the rail supply chain is engaged and consulted early in the process.

There is also an opportunity to move away from the delivery of schemes and assets (and the hope they add up to a timetable change or a new rail service) to investments that optimally and efficiently deliver the capability. Such an approach would ensure the constituent parts, including people, are coordinated thus delivering revenue collecting services more quickly and with less waste. ACE recommends DfT consider piloting a capability investment approach.

Efficiency requirements and headwinds

Targets set out in the plan for delivering efficiency must be challenging but also achievable. The plan should discuss how the targets are structured noting the headwind of 2% may be required simply because the real terms efficiency target of 10% is too high.

ACE also believes there is a strong case to reinvest efficiencies back in the rail sector to help spread the benefits of savings from a more productive rail industry.

Operations and maintenance efficiency

Over the last two control periods, Network Rail has reduced operating and maintenance costs per passenger kilometre (pkm) by around 40%. A saturation point may have been reached in terms of a blanket efficiency target approach and we recommend the Government look at applying efficiency targets on individual schemes and assets, as this is a smarter and more targeted approach to finding savings.

National functions efficiency

ACE supports an approach to find efficiencies within Network Rail's national functions, particularly if this results in more funding on the ground for rail infrastructure projects. We note there are significant overheads charged by Network Rail and believe finding efficiencies in national functions would help to reduce these costs.

Importance of the supply chain

Network Rail's desire to be an industry client of choice is extremely positive. The commitment to regularly publish an integrated, coordinated CP6 procurement pipeline and engage early and regularly with industry stakeholders is supported by ACE.

Enhancements

ACE supports a longer-term approach to planning enhancements however we would like to see more detail on what this change will entail. A longer-term pipeline that looks at enhancements on a case-by-case basis should also provide further information about a project's funding status, if it is open to third party involvement and the preferred start date. Network Rail should also provide a definition on what "suitably developed" means.

Third party investment

Network Rail's 'open for business' commitment is positive in response to the Hansford Review. The commitment to introduce contestability, enable third parties to carry out projects and streamline third party funding opportunities will significantly improve the rail network if successfully implemented.

Network Rail should take practical steps to encourage third party investment, particularly from Train Operating Companies (TOCs). One way is through a government backed residual mechanism. For example, if a TOC who has a seven-year franchise was in a position to pay 7/40th of asset costs and remaining liability were passed on to the next franchise period, then third-party investment would be easier to justify. A similar mechanism in the past was the 'facility charge' and we recommend its reintroduction in CP6.

Network Rail should also consider redesigning internal processes to be friendlier to third party investors. Currently, third party investors must engage Network Rail Asset Protection resources to 'watch' works via a complex Asset Protection Agreement (APA). The APA generates a lot of paperwork, overheads and delays work. These APAs still need to be in place even when approved competent contractors are used. We recommend the Government should create incentives encouraging Network Rail to embrace third parties where possible. This would encourage a shift in practices to make the organisation a more desirable place for third party investors, particularly when competing against investment opportunities in other sectors.

Deep dive on regulated plans

ACE is not in a position to provide feedback on all regulated plans (close to 1800 pages) within the three-week timeframe for this consultation. ACE have therefore decided to conduct two ‘deep dives’ on the regulated plans produced by Network Rail. Feedback from these reviews may be relevant for other regulated plans.

Infrastructure Projects strategic plan

Network Rail’s Infrastructure Projects Division (IP) should have a more ambitious vision. We believe IP should look beyond the UK’s rail sector and strive to be better than similar organisations in other countries and for other infrastructure types, such as roads.

ACE notes there is no strategic objective for IP to deliver their work programme through a simpler and smarter approach. The plan implies that higher value works will continue to have overly bureaucratic processes and procedures by discussing the need to remove these from low risk/low value work. We believe there is a case to simplify and streamline all types of processes and procedures by ensuring they are adaptable, proportionate and result in logical decisions.

IP’s plan is too focused on enhancements and should focus more on the renewals approach. As flagged in the SoFA, a significant focus of CP6 will be renewals and it is concerning that IP has flagged their process for allocating renewals work is less defined than enhancements and that there is currently an ongoing engagement process to improve this. ACE recommends IP outline its renewals approach in its CP6 plan to ensure it is appropriately ‘stretch-tested’ by governments and other stakeholders. The recent work by Ernst and Young recommending changes on how renewals are allocated between IP and routes and the report’s findings being ‘unsubstantiated’ highlight why it is critical for Network Rail’s renewals approach to be clear in the CP6 planning phase, as opposed to a deferable issue for the CP6 delivery phase.

When outlining the supply chain strategy for CP6, IP flags its approach has incorporated lessons learnt from CP5. It would be useful for IP to also state these lessons learnt and report progress on solutions throughout CP6.

The plan highlights how IP has engaged with small and medium-sized enterprises (SMEs) to ensure Network Rail's contracting strategy allows for appropriate relationships with SMEs. There is a strong case for Network Rail to have similar engagements with SMEs in the consulting engineering community and we are happy to help facilitate these for Network Rail.

The plan must do more to highlight passengers as the most important stakeholder for IP and Network Rail. IP's plan currently outlines route clients as their primary stakeholders and lists passengers as an external stakeholder. A whole-of-rail sector stakeholder matrix placing passengers at the heart will help create a more customer focused organisation. We believe a passenger focused approach would significantly change IP's stakeholder analysis in its plan and would include needs such as regular and clear communication about works (which not currently included).

The plan has outlined some significant changes internally for IP, primarily a significant headcount reduction at the start of CP6. While these changes may be required to reflect an increase in the number of projects being delivered by third parties and/or by routes, our concern is this isn't resulting in a decrease in the overheads charged by IP. Instead, the overheads charged by IP increases by 1% between the last year of CP5 and the start of CP6 (24% to 25%) and stays at this percentage before increasing to 26% for the last year of CP6. Overheads for IP should be reduced to reflect a reduction of around £250 million in corporate costs between the two periods.

Anglia route strategic plan

The Anglia route plan centres around increasing capacity in the region but does not adequately consider implications for passengers on the network. The plan highlights new schemes that are coming online, such as the Elizabeth Line and Thameslink and suggests that these will increase the capacity of the network. This is true in the sense that it allows more passengers to use Anglia's rail network, but it may also maintain levels of congestion, or increase in certain areas, if the necessary supporting infrastructure is not in place.

There are proposals in the plan that would help ease congestion through the implementation of new technology, however these are not yet funded. Additionally, increasing the capacity of a line to run more trains per hour could have detrimental impacts on rail services as it may afford more opportunities for delays and increase the stress on existing infrastructure. We know from Network Rail's own analysis that 70% of delays are caused by poor reaction to previous delays. Recovering with good information to drivers and other staff would provide a huge improvement. The number of trains currently working to timetable is very low and an effective Traffic Management System would help to transform this situation.

The plan explores increasing levels of East-West connectivity. More could be done in this respect by taking advantage of additional connection opportunities from better East-West connectivity. For example, with the Government's proposals to improve connections between Oxford-Milton Keynes-Cambridge, there may be an opportunity for further connections to Ipswich, Chelmsford and Colchester to drastically improve the economies in these areas. Exploring greater East-West connectivity also presents an opportunity to improve connections in the interior of the region between Cambridge, London and Ipswich, as well as being able to unlock productivity across the region.

It is problematic that currently one quarter of proposed projects in the plan are not fully funded. We would like to see greater detail on how Network Rail will secure funding for these projects. One of these projects includes the rollout of digital traffic management technology on the mainline, key branch lines, the North London line and the West Anglia line. This constitutes a significant part of the region which would benefit significantly from having funding secured for this project.

Finally, the benefits of the region's airports for commercial and leisure activities should be highlighted further. The route plan acknowledges the existence of both Stansted and Southend airports as commercial hubs, however the plan lacks detail on how these links can be improved further by the rail network.

About ACE

As the leading business association in the sector, ACE represents the interests of professional consultancy and engineering companies large and small in the UK. Many of our member companies have gained international recognition and acclaim and employ over 250,000 staff worldwide.

ACE members are at the heart of delivering, maintaining and upgrading our buildings, structures and infrastructure. They provide specialist services to a diverse range of sectors including water, transportation, housing and energy.

The ACE membership acts as the bridge between consultants, engineers and the wider construction sector who make an estimated contribution of £15bn to the nation's economy with the wider construction market contributing a further £90bn.

ACE's powerful representation and lobbying to governments, major clients, the media and other key stakeholders, enables it to promote the critical contribution that engineers and consultants make to the nation's developing infrastructure.

Through our publications, market intelligence, events and networking, business guidance and personal contact, we provide a cohesive approach and direction for our members and the wider industry. In recognising the dynamics of our industry, we support and encourage our members in all aspects of their business, helping them to optimise performance and embrace opportunity.

Our fundamental purposes are to promote the worth of our industry and to give voice to our members. We do so with passion and vision, support and commitment, integrity and professionalism.

Further information

For further details about this consultation response, please contact:

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A CRH COMPANY

Office of Rail and Road

pr18@orr.gsi.gov.uk

6th March 2018

Dear Mr Larkinson,

Re: Opportunity to comment on Network Rail's strategic business plans

Thank you for the opportunity to contribute towards Network Rail's strategic business plans.

Tarmac, a CRH company, is the UK's leading sustainable building materials and construction solutions business. Our innovative services and solutions help to deliver the infrastructure needed to grow the economy today and create a more sustainable built environment to support our future prosperity. We employ approximately 7,000 people at more than 350 operational locations across the UK and are the largest manufacturer of cement and lime with facilities based in England, Wales and Scotland.

Tarmac welcomes the Network Rail FNPO team's approach to engagement and consultation throughout the construction of the CP6 business plan document and this level of engagement is most welcome. In terms of the 8 geographic routes, Tarmac responded directly to the two that did reach out specifically for our views (South East & Scotland).

The process that Network Rail have adopted whereby they consult on future volume forecasting, alongside a '4 box scenario' planning process to determine likely levels of tonnage in the 5 year period is positive, although despite the process not yet ending, the business plan has been completed. Tarmac suggests that the potential volumes should be finalised before the plan, to enable Network Rail to publish a strategy to deliver them.

The FNPO route appears sound, indeed Tarmac works well with them, however, there needs to be more detail with regards to a clear plan and actions for engagement and communications, specifically:

1. Internally (most importantly) for FNPO to influence the other areas of Network Rail.
2. Outside industry - to promote rail freight.

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These plans are less tangibly managed via a KPI suite but Tarmac believes that value and significant management time should be given to these in order to help both FNPO and the wider industry.

Network Rail could play a key role in the industry, in helping facilitate and develop new technology and innovation, yet the plan does not develop this point into the detail required to achieve the desired results. It is important to note the FNPO route has a different role in the market to the geographical routes.

Major projects such as HS2, Heathrow and significant nuclear will need the necessary rail capacity to enable construction materials to be delivered to the point of use. Whilst there is some uncertainty in these projects, the required development work is not covered in the plan to the levels needed.

Overall, Tarmac is supportive of the document. Recognition and inclusion of the above feedback within the final document would ensure a holistic approach with full support from Tarmac.

I hope that you find the above comments of interest and use. If you do have any questions resulting from the above, or would like to discuss the points raised in more detail, then please do not hesitate to contact me.

Yours faithfully,

Chris Swan
Head of Rail

Summary:

The West Yorkshire Combined Authority wants our region to be recognised globally as a strong successful economy where everyone can build great businesses, careers and lives. Part of this involves creating modern, efficient transport infrastructure that supports communities, the environment and our economy.

The Combined Authority is concerned that despite significant investment by the train operating companies in new rolling stock, train service benefits to Leeds City region residents may not be realised without similar commitment by Network Rail. A major concern is the lack of agreed funding to ensure that renewals and capacity improvements on the East Coast Main Line are undertaken. Failure to do so will have a detrimental impact on the Leeds City Region economy.

Detailed Response:

1. The West Yorkshire Combined Authority works in partnership with local councils and businesses to ensure that everyone in our region benefits from a strong, successful economy and a modern, accessible transport network. By championing the region's interests nationally and internationally, we secure investment to deliver better transport and housing, help businesses to grow and create jobs.

2. The Combined Authority geography is covered by the London North Eastern & Midlands Route SBP and the response is based on proposals set out within this plan.

3. The Combined authority welcomes the SBP and recognises that Network Rail has made progress in control period 5 (CP5) reducing passenger delays, completing more maintenance tasks and enabling more train services to operate. The SBP acknowledges that there has been a significant cost escalation with regards to renewals and this has resulted in many CP5 schemes being deferred to CP6. It is imperative that the delayed CP5 programme including Transpennine route upgrade is delivered in full.

4. Over the next few years passengers will benefit from a 15% growth in train services[1] as a result of investment in new rolling stock by the train operating companies. This will require significant timetable changes to deliver the new services.

5. As part of their franchise commitments, the train operating companies have a number of performance targets. Network Rail state in their SBP that they will be unable to meet these and instead they have provided their own performance trajectories which they feel are more achievable

[1] Page 7 - LNE& EM Route Strategic Plan. Available from https://www.networkrail.co.uk/who-we-are/publications-resources/strategicbusinessplan

within the funding available. The differences in the public performance measurements (PPM) between the franchise commitment and what Network Rail believe they can achieve is set out below.

Franchise Commitment (PPM)	Network Rail CP6 (PPM)
Northern 93.5%	Network Rail 91.1%
TransPennine 91.7%	Network Rail 89.0%
Virgin Trains East Coast 90.0%*	Network Rail 85.6%

Table 1 - LNE & EM route strategic plan - Performance targets (see footnote 1)

* These targets may not apply when under the East Coast Partnership proposals

6. If the respective franchise operators are unable to meet their legally bound franchise commitments with regards to performance, then it could lead to financial claims by the companies to Department of Transport / Transport for the North for compensation. The Combined Authority believes that this would be unacceptable and it would be more prudent to providing more money to Network Rail in the first place to provide a more robust and reliable network.

7. The Combined Authority is concerned that the local rail operators have some of the lowest passenger satisfaction scores in terms of punctuality and reliability and this is will remain an issue over the next control period unless PPM targets are more challenging.

Train operator	% Satisfied or Good
Northern	*77% (significant decline on previous results)*
TransPennine	*74% (significant decline on previous results)*
Virgin Trains East Coast	*87% (no change on previous results)*

Table 2 - Transport Focus - Punctuality / Reliability Autumn 2017[2]

8. A major concern relates to the East Coast Main Line (ECML) which Network Rail acknowledge is nearing the end of its design life. The SBP plan states that 'performance improvements desired by our ECML customers and stakeholders would require a significant programme of renewals beyond baseline funding'. Network Rail have produced a supplementary plan with investment options which range between £66 million and £1.5 billion.

9. The ECML is of strategic importance and the Leeds City Region is dependent on it for intercity links to London, Scotland, the North-east and the Home Counties, amongst many other places. Without the

[2] Transport Focus National Rail Passenger Survey – Autumn 2017. Available from https://www.transportfocus.org.uk/research-publications/publications/national-rail-passenger-survey-nrps-autumn-2017-main-report/

additional funding for renewals and capacity upgrades then it will have a negative impact on ECML performance and as a result a detrimental impact on the city region economy. This needs to be considered in the ORR's determination response to Network Rail.

10. The Combined Authority welcomes the continued investment in the Midland Mainline Improvement Programme which must be delivered in full. There are significant connectivity gaps between the Leeds City Region and the East Midlands Region[3] which hopefully will be addressed when the invitation to tender for the new East Midlands franchise is announced.

11. We do recognise that the ORR is not seeking views on detail but there is one aspect with regards to service recovery protocols that the Combined Authority does wish to comment on. Whilst we support the proposals to 'reset' the network (proposal on page 66 of the LNE & EM Route Strategic Plan) to ensure that trains running late do not compromise the evening peak, the Combined Authority does not support train services skipping stops or terminating early to achieve right time starts where passengers do not have a frequent service. We feel that this would provide operational convenience for Network Rail at passenger's expense. Whilst we recognise that putting plans in place for service recovery is important, it should be led by what is the right outcome for customers. Putting customers at the heart of decision making and plans for the country's railways is after all at the heart of Government's strategy for rail.

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[3] See East Midlands Rail Franchise Consultation response - http://westyorkshire.moderngov.co.uk/documents/s3797/Item%207%20-%20East%20Midlands%20Rail%20Franchise%20Consultation.pdf

Response from Birmingham Friends of the Earth

To whom this may concern,

I am contacting you on behalf of Birmingham Friends of the Earth in response to the consultation on railway spending. Please see our comment below.

Planning for population growth forecasts show that growth will be concentrated in urban centres in the coming years. We need to undertake upgrade works now to meet the needs of cities and their growing populations.

The doubling of passengers in just twenty years is putting a strain on our railway. The most cost effective way of increasing capacity is using longer trains. Where this isn't possible, infrastructure based projects are required, but these are expensive and disruptive to existing passengers.

In the West Midlands there is widespread support for a new station for Kings Heath (Birmingham) that is to be installed in Control Period 6. Not mentioned in the plan. There is also in Route Utilisation Study call for new 'grade separated junctions' at Barnt Green and at Kings Norton – these require land acquisition and design. Again not mentioned in the plan.

Warm wishes
Libby Harris
Birmingham Friends of the Earth, Campaign Support Worker

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Campaign for National Parks
Keeping beautiful places safe

Response to consultation on Network Rail's Strategic Business Plan 2019-2024

March 2018

1. The Campaign for National Parks is the independent national voice for the 13 National Parks in England and Wales. Our mission is to inspire everyone to enjoy and look after the National Parks – the nation's green treasures. We have been campaigning for over 80 years to ensure that our National Parks are beautiful, inspirational places that are relevant, valued and protected for all.

2. Our organisation was originally founded to secure improved access to the countryside and this remains an important part of our work today. We believe that everyone should be able to visit and enjoy the National Parks and this is clearly the Government's ambition. The 8-Point Plan for National Parks, published in March 2016, includes targets to increase the annual number of visitors to National Parks from 90 million to 100 million and to encourage more diverse visitors to National Parks.

3. We support these aspirations and want to see more people benefitting from the health, well-being and spiritual inspiration that National Parks provide. Visitors to our National Parks also make a huge contribution to the rural economy, spending more than £5 billion each year and supporting 75,000 full time equivalent tourism related jobs[1]. However, we want to enable everyone to visit a National Park, whether or not they own a car and ensure that the high quality environment in National Parks continues to be protected and enhanced for future generations to enjoy.

4. It is essential that Network Rail's Strategic Business Plan recognises the importance of providing improved access to and around National Parks for both visitors and residents and includes measures that support this. High volumes of traffic already have a negative impact on the tranquillity and natural environment in some parts of our National Parks. Providing good public transport ensures that increased numbers of people can visit without damaging the special qualities for which these areas are valued.

5. The high level summary document highlights that new links or stations improve access to towns and cities for "communities that have traditionally been cut off". But both new and existing rail services can also play an important role in providing improved access to the countryside for those that live in urban areas and we would like to see more recognition of this. The Plan should include support for initiatives which make it as easy as possible for people to use sustainable transport for their whole journey. This would include for example, encouraging secure cycle parking and the provision of bike hire facilities at stations in both rural and urban areas.

[1] http://www.nationalparksengland.org.uk/__data/assets/pdf_file/0015/1070313/INFOGRAPHIC-2017-hi-res.pdf

6. Network Rail should also recognise the importance of tourism for the economy of areas such as National Parks and take this into account when making decisions which have an impact on visitor access. For example, it is particularly important to ensure that there are frequent, reliable public transport services on all days of the week including Sundays and public holidays as these are the days when most people choose to visit the countryside. Careful consideration should be given to the scheduling of rail engineering work to ensure that disruption to visitor travel is avoided, wherever possible.

7. In some National Parks, the rail network is used for the transportation of freight as well as passengers, for example, for the movement of minerals products in the Yorkshire Dales. This provides significant benefits to the environment and local communities as a result of reduced HGV movements in sensitive areas. It is important to ensure that proper weight is given to such benefits when considering whether freight access should be reduced in order to increase capacity for passenger trains.

8. National Parks' statutory purposes as set out in the *Environment Act 1995* are:

- to conserve and enhance natural beauty, wildlife and cultural heritage; and
- to promote opportunities for public enjoyment and understanding of their special qualities.

9. Good public transport contributes to National Park purposes by ensuring everyone can visit National Parks while also providing a less environmentally damaging option for residents and visitors who do own cars. All public bodies have a duty to take account of the potential effect of their decisions and activities on National Parks, including activities undertaken outside National Park boundaries which may affect land within them[2]. Ensuring that the Strategic Business Plan addresses the needs of visitors to National Parks would help demonstrate that Network Rail is meeting this duty. Network Rail must also take account of the statutory purposes when designing any new rail infrastructure which affects National Parks.

10. Over the past year we have been undertaking research into ways of making the National Parks more accessible by sustainable transport and we will be published a report on this shortly. We would welcome an opportunity to meet with Network Rail to discuss how our research could contribute to the development of a Strategic Business Plan which best meets the needs of visitors to National Parks.

For further information about any aspect of this response, please contact Ruth Bradshaw, Policy and Research Manager [redacted]

[2] This requirement is in Section 11A(2) of the *National Parks and Access to the Countryside Act 1949* as amended by Section 62(2) of the *Environment Act 1995* and is often referred to as 'the S62 duty'.

CfR
Campaign for Rail

Network Rail's CP6 Business Plan

Consultation response from Campaign for Rail

- **Introduction**

Campaign for Rail is an organisation based in the West Midlands that advocates both general railway development and the best interests of all rail passengers and groups, including Rail User Groups. We are particularly interested in the development of passenger services, facilities for passengers at stations and on trains, freight development, new stations and, where appropriate, the re-opening of lines for new passenger services.

We welcome this opportunity to comment on Network Rail's CP6 Business Plan. Please note that the following comments will generally be confined to aspects of the London North Western Route plan.

- **Our Comments**

The steady progress with re-signalling the West Midlands and Chilterns area is welcomed, particularly as it looks as if virtually all of the West Midlands Region, including the complex New Street station area, will be controlled from WMSC at Saltley by the end of the Control Period.

We note that further adjustments to the present Regional Boundaries (around Worcester and north of Lichfield) are anticipated and this is also welcome as the signalled area will closely match the local passenger network area.

We welcome the progressive elimination of single lead junctions but note that a major constraint to enhanced capacity in the region does remain in the four long single track sections between Leamington Spa - Kenilworth, Droitwich - Stoke Works Jn, Evesham - Worcester (in the Western Route area) and Ledbury - Shelwick Jn (also in the Western Route area). Hopefully, at least two of these important enhancements can be brought forward in CP6.

We note that the elimination of diamond crossovers at relatively quiet junctions (such as Galton Junction and Soho North, both of which were remodelled in CP5) is expected to result in easier maintenance.

However, we are disappointed to see that the need to clear trackside rubbish promptly is not mentioned in the Business Plan. Since 2001 the Code of Practice on Litter and Refuse based on the Environmental Protection Act has set standards and firm targets for the clearance of trackside litter, in both public areas and other operational areas.

Sadly there are several locations in the West Midlands Region - e.g. on the Chase Line south of Bloxwich and several locations on the Cross City line - where household rubbish has been left alongside the track for several years. As a result, it is now impractical for BTP to prosecute the offenders as they are likely to have left the property.

We suggest that Network Rail should have their own specific targets, aligned with the Code of Practice, for the clearance of all parts of its property; including both urban trackside and station areas.

Clearly, in addition to its scrap value, removing surplus sleepers and rail promptly from the trackside after renewals will also contribute to a safe working environment for rail employees.

One of the major disappointments in CP5 was the drastic cut-backs to the "Access for All" and "Small Stations" funding, leaving many small communities without the new, accessible, footbridge they had been promised. Since its inception in 2005 the Access for All scheme has been progressively downgraded in each successive Control Period. We hope to see this funding restored in CP6. Accessible trains need accessible stations!

Peter Cousins
Campaign for Rail

April, 2018

Response to Network Rail's Scotland Route Strategic Plan (February 2018)

1 Friends of the Far North Line (FoFNL), established in 1994, has over 180 members, including several Community Councils, and supports the railway line from Inverness to Thurso and Wick. This line is dependent on, and integrated with, feeder rail services from Perth and Aberdeen to Inverness and (in the absence of other rail user groups) FoFNL does considerable work in support of these lines also.

2 We welcome the opportunity to comment on Network Rail's strategic business plans. Following the instruction set out in ORR's letter of 13 February 2018 we are confining our response to "high-level issues". This is not to say that we have no lower-level concerns: merely that this is not the place to voice them. We shall be writing to Transport Scotland (TS) and the ScotRail Alliance in due course.

3 It is no secret that all parties to the England and Wales HLOS setting out the CP5 plans have come in for heavy criticism in the informed trade press. NR's plans are seen to have been vastly over-ambitious, driven perhaps by DfT officials with limited railway knowledge about what is, and is not, achievable in the time, and for the funds available. ORR has not escaped criticism for, in the words of one commentator, not saying "steady on, chaps".

4 We hope that these criticisms have been heard, and that the appropriate lessons have been learned, particularly by DfT officials and ORR who are, in effect, the referee in these matters.

5 We pay tribute all players in the rail industry in Scotland who have avoided most of the problems which have beset the railway south of the Border. Scottish Ministers, guided by TS, have not bitten off more than they can chew. Most of what was set out five years ago for delivery in CP5 has been, or will be, delivered with only minor delays. A project delivered late is a project delivered; a project de-scoped is a project left incomplete.

6 We particularly welcome the "pipeline" approach to planned enhancements which TS will use in CP6. Projects will come forward only when the appropriate detailed work has been carried out. We know what is on Scotland's wish list for Santa; we also know that Santa's sack is not of infinite size, nor that all the goodies therein can come down the chimney at the same time. This valuable insight was missing south of the Border five years ago.

7 We have not concerned ourselves with Route Strategic Plans for routes in England or Wales, but we make the assumption that the bases underlying them will not differ greatly from those of the Scottish document.

8 In his Foreword Alex Hynes emphasises the need to "invest in infrastructure to address the weather challenges seen in recent years". We applaud this. Climate change is undeniable and climate change is very unlikely to make things easier - the experiences at Lamington (river scour following heavy rain), Dawlish (high storm tides) and Exeter (flood-plain) are stark warnings that life is going to become harder for the railway for the rest of this century. As protection against such occurrences comes under the "safety" label we do not think that expenditure should be stinted. It must have the highest priority.

9 We are pleased that in its list of Stakeholders (on p7) the ScotRail Alliance places passengers first, even before Scottish Ministers and Transport Scotland. Too often we hear that passengers must come first, and too often the parsnips remain unbuttered by these fine words. It is good to see them spelled out by Alex Hynes.

10 In the same paragraph it is disappointing that freight consignors are not accorded (almost) the same prominence: indeed they are wholly absent. Freight operators (who get a mention) rapidly go out of business in the absence of freight consignors. We applaud Alex Hynes's commitment to building up "new and sustainable [freight] markets".

11 With Governments in both Edinburgh and Westminster affording high priority to emissions it will be vital to see, not merely to encourage, modal shift from the private car to rail. We are encouraged that one of the stakeholder priorities acknowledges "the need to consider the barriers to modal change from *those who are not currently train passengers*" (italics added). This seems to have lain in the 'too difficult' box for too long. We are aware of a piece of research carried out by the Rail Passengers' Committee for Scotland some 15 years ago which, while being far too small a sample upon which to base firm conclusions, disclosed a much greater degree of willingness to change than had been expected.

Mike Lunan
on behalf of Friends of the Far North Line

2 March 2018

Response from Lake District National Park Authority

Thank you for giving us the opportunity to comment on Network Rail's strategic business plans for CP6.

The Lake District National Park Authority would like to make the following comments:

- Rail is a vital sustainable transport mode for work and for leisure. This is particularly important for the Lake District, which has a national and international role as a visitor destination, receiving over 17 million visitors per annum. To consolidate this role and build on its recently gained World Heritage Site status requires strengthening the accessibility of the destination by sustainable transport. This was identified in the Government's 8 Point Plan for National Parks.
- For the Lake District and its visitor economy it is important that planned engineering work takes place away from bank holidays and weekends when at all possible.
- Ensure that the provision of HS2 doesn't disadvantage rail travel north of Birmingham and that capacity remains for trains to stop at Oxenholme and Penrith.
- Investment is needed in rural rail as well as the main lines to ensure sustainable travel advantages are realised.
- Please include National Park Authorities as key stakeholders in consultations around routes which affect us.

Yours sincerely

Steve Ratcliffe

Acting Chief Executive

Lake District National Park Authority

Comments on Network Rail CP6 Plans

From Chris Brown (former manager of rail research & innovation at DfT)

Date 14th February 2018

My high level points relate to the Safety, Technical and Engineering Strategic Plan.

Page 21: I strongly support NRs aims to develop technology demonstrators to the value of £1.3bn during CP6. Some of these I believe will lead to significant long term benefits. I would also urge NR to look to extract value from past demonstrators; for example look at saving the cost of electrification of the Welsh Valley Line by introducing battery/supercapacitor trains with the necessary charging infrastructure at depots and possible terminal stations.

I strongly support the involvement of NR in the RTS CDP. I believe many billions of savings are achievable if the achievable if the whole industry can work together to innovate and develop new solutions to the industry's key challenges. These challenges are now well understood, though the work in CP5, but now need significant funding to ensure that credible trusted solutions can be developed rapidly making up for the slow progress in CP5.

I strongly support a major effort to develop and roll out independent non-diesel powered trains (p22). I agree with the current rail minister that the industry should be developing cost-effective alternatives to diesel (though I would advise a wider focus than hydrogen power).

I strongly support the plans to drive intelligent infrastructure (p17). These I believe are very likely to lead to significant improvements in productivity in the long term, worth at least £10 bn.

I also support the plans to exploit the opportunities opened up by digital railway (p14). These need to be implemented quickly and with greater ambition, as the most significant benefits only come when closer running reduces the need for expensive infrastructure projects (such as new lines or platform lengthening).

Response from Mr. J Baker

Dear Sirs,

In the short time available for this consultation, I would like to make 2 points about the SouthEast plan please:-

1. I did not see a reference to the **electrical control facility at Roper Road, Canterbury**, behind Canterbury West Station. I am told by managers that this facility is life-expired and needs replacing elsewhere, but there seems to be no plan to address this. Please could this be included.

2. I am very surprised not to see a reference to **income from Car Parking at Stations**, in the Property section. This is an increasingly important way of bringing in revenue and is being rolled out at an increasing number of stations. Yet, by contrast, there are several places where Network Rail's land has lain dormant for decades when there is unmet demand for parking and the land could and should be put to use for parking. I personally am aware that this has been the case since the 1990s at both Bearsted and Canterbury West Stations. It is scandalous that publicly-owned land is left in a derelict, overgrown state instead of being put to use, and Network Rail needs to greatly increase its efficiency at putting such land to use to maximise income for the railway. Please could this be added as a target.

To illustrate this problem, I attach a Business Case which I sent to Network Rail on 22/11/17 regarding overgrown land in Station Road West, Canterbury, which is desperately needed for commuter car parking. Despite the self-evident justification and very good return on investment, I was told that Network Rail does not have any money at all, even for a "spend to save" project of this nature, so the land continues (for its 22nd year) to lie unused. This is unacceptable, and please could I ask you to ensure that Network Rail addresses this sort of problem in the next Control Period?

I look forward to hearing from you.

Yours faithfully,

J.D.I. Baker

Buckden Parish Council
Chairman: Ian Carter

Buckden Parish Council

Office of Rail and Road
One Kemble Street
London
WC2B 4AN

Clerk to the Council
Buckden Village Hall
Burberry Road
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St Neots
PE19 5UY

15th March 2018

Sir

I have recently written to The Secretary of State for Transport expressing my Council's concerns regarding the continued safe use of the level crossing situated on the East Coast Main Line at Offord Cluny in Cambridgeshire, and to state that I share the concerns recently raised to Network Rail by Ian Weitzel, Chair of the Parish Council of Offord Cluny and Offord Darcy.

In response to my letter I received a reply from Mr Bertie Bricusse of The Railway Industry Competitiveness Team suggesting that I write directly to you. He recognised that your current consultation closed for input on 6th March but felt that the nature of the proposals and the degree of congestion described were such that they should be taken into consideration as part of your final determination of the SBP for London North eastern and East Midlands Route.

I hope that you will agree that the following comments should be included in your final report:

In November 2017, the Secretary of State for Transport confirmed that the Abbots Ripton Level Crossing could be closed, enabling the reinstatement of the fourth track between Huntingdon and Woodwalton. The reinstating of this fourth track will allow additional capacity on the East Coast Main Line.

Whilst we applaud the increase in capacity, we are concerned that the wider implications of increased capacity are not being addressed appropriately. In particular, we are concerned about both the viability and safety of the Level Crossing in Station Lane, Offord Cluny.

Our principal concerns are:

i. The level of traffic on the ECML already results in the crossing being closed for over 30 minutes in every hour, and often considerably more at peak times. Additional capacity will only increase the amount of time the crossing remains closed. The road that the crossing is part of is a vital route for both the residents of both Buckden and the Offords and any increase in the time the crossing closed would make the route almost unviable. The detour required to avoid the crossing, via either St Neots or Godmanchester, adds approximately 8 miles to the length of the journey.

ii. The approach from the Buckden side towards the crossing is particularly challenging as it narrows to a single lane in 3 separate places as it negotiates the River Ouse, the difficulty compounded by negligible sight lines. When the crossing is closed, the traffic queuing on the Buckden side can stretch back over half a mile.

iii. The relatively short length of Station Lane means that queuing traffic on the approach from the Offord side often stretches back far enough to block the busy Godmanchester to St Neots road. This is both a frustration and a hazard to users of the road.

iv. The presence of an industrial site next to the railway on the Buckden side, with frequent access required by HGVs and other large vehicles, is a very major concern. Such vehicles have to approach from the Offord side because of the single lane bridges over the Ouse, turning right into the site. The queues from the Buckden side 'blocking' the entrance to the site results in traffic potentially backing across the railway and at great risk. I personally have seen such an incident result in a vehicle being trapped the 'wrong' side of the barriers. Fortunately, with the co-operation of other vehicles, the driver was able to mount the pavement and get the 'right' side of the barriers some 20 or seconds before the train passed (with no observable reduction in speed)

v. Currently some 20000 vehicles use the crossing weekly, along with 560 cyclists and 100 pedestrians. The current A14 development often results in the closure of the A1 in either direction. As a consequence, the volume of traffic using the crossing is significantly increased.

vi. Highways England are predicting a 20% increase in the volume of traffic using the crossing as there will be a restriction on northbound vehicles using the A1 accessing the eastbound A14 towards Cambridge

What makes the current situation more disappointing is that, in 2015, Network Rail established a Technical Working Group to examine the closure of all level crossings on the ECML. After the conduct of a feasibility study and formal consultations with the affected villages, a preferred option for the Offord Level Crossing was identified and gained the support of Huntingdonshire District Council. Much to the relief of many in the county, the imminent submission of a Transport and Works Act order was anticipated.

Unfortunately, the strategic review of NR's Investment Programme by Sir Peter Hendy resulted in the entire ECML project being scrapped, with a 'promise' that each crossing would be considered separately, aligning any closures with other schemes in the area.
Since then, and despite repeated enquiries and letters of concern from various individuals and bodies, there has been no progress on the future of the Offord crossing.

I would urge that the provision of an alternative route over the ECML, as proposed in the previously agreed preferred option, and the closure of the Offord level crossing, are considered a priority by Network Rail

Yours faithfully

Ian Carter

Cc The Rt Hon Chris Grayling MP, Secretary of State for Transport
Jonathan Djanogly, MP
James Palmer, Mayor, Cambridgeshire and Peterborough Combined Authority

Comments on Network Rail CP6 Strategic Business Plan

London & North Eastern Region

I write as Chair of the Parish Council of Offord Darcy and Offord Cluny.

The forecast increased numbers of train movements published by LNER cannot be achieved without investment in the Level Crossing infrastructure. In particular, we in the Parish have grave concerns regarding the impact of the CP6 Strategic Business Plan on the Level Crossing at Offord Cluny.

Network Rail's own figures (April 2016) show that 288 trains, 2,230 vehicles and 72 pedestrians and cyclists use this crossing every day. On average the crossing is closed for 35 minutes every hour – considerably more if there are problems on the railway. It is not unusual to be held up in excess of 10 minutes while a number of trains in each direction pass through. On many occasions the gates are open for less than 30 seconds before closing again. Traffic issues on the A1 or A14 – which frequently occur - can cause many more vehicles to use this route as a rat run, especially at rush hour, causing gridlock across the region.

The local topology is hazardous as the road to the west of the railway line is single track and has to negotiate two bridges and a blind corner. There is an industrial site some 20 metres to the west of the crossing, where traffic is held up by vehicles turning right into the site, potentially causing a tailback of vehicles stranded across the lines.

There was a proposal in CP5 to close the crossing and provide a bridge over the railway, sited just to the north of Offord Cluny. In the event, due to Network Rail's overspending on other projects the project was cancelled. We were assured that this would be given priority in the next budget round for 2019 – 2024 generally referred to as CP6.

So you can imagine our disappointment when lengthy perusal of the document "London North Eastern and East Midlands Route Strategic Plan 2019 – 2024" failed to make any mention of the Offord Cluny Level Crossing. Even more alarmingly the intention to close most, if not all of the Level Crossings between London and Peterborough still appears to be included as part of the Digital Railway aspiration.

To add further concern, Network Rail are forecasting a 45% increase in rail traffic by 2021. This will effectively mean that the crossing gates will be down permanently and will result in the road route becoming impassable. We feel that Network Rail cannot be allowed to ride roughshod over the community in this way – as has been pointed out, this is not a bridleway or pedestrian only route, it is a busy road and a vital link for residents of the Offords and Buckden. We do not consider that the aspirations of CP6 can be realised without proper mitigation of the effects on the local population of virtually continuous downtime of the Offord Cluny Level Crossing.

Ian Weitzel

Chair of the Parish of Offord Darcy and Offord Cluny