

# National Union of Rail Maritime and Transport Workers



Operations and Network Regulation,  
Railway Planning and Performance  
Office of Rail Regulation, 3rd Floor,  
One Kemble Street,  
London  
W2B 4AN

02 February 2015

To whom it may concern

## **RMT response to Office of Rail Regulation Economic Enforcement Policy and Penalties Statement Review, Consultation on options for improvement**

RMT believes that Network Rail, as the publicly funded owner and operator of the rail network, should not be subject to the same enforcement provisions as the private sector. Furthermore, RMT believes that this should be true for every public operator where appropriate governance arrangements are in place such as those contained within the framework agreement between Network Rail and the Department for Transport (September 2014). The DfT now has governance powers over Network Rail and enforcement should be carried out through those channels.

The current approach to enforcement on public sector organisations can lead to the ORR compounding problems on the network through cost cutting, resulting failure, financial penalties, compounded failure, cost cutting and so on, where this would not necessarily be the case with a dividend paying private venture where the penalties would simply reduce the level of financial leakage from the industry to private shareholders.

RMT believes that there are other avenues through which efficiency could be improved at Network Rail, such as through the removal of the so-called Financial Value Added scheme and directly challenging the bonus culture for directors where it drives inefficiency. We have noted the ORR commissioned year-end review 2013/14 undertaken by Arup which highlights that much of what is claimed as "efficiencies" could not actually be considered as such because they have not made the organisation more efficient. This is a direct result of the bonus culture for directors which ORR encourages.

Yours Sincerely

A handwritten signature in black ink that reads 'Mick Cash'. The signature is written in a cursive, slightly slanted style.

**Mick Cash**  
**General Secretary**

**Head Office** Unity House 39 Chilton Street London NW1 1JD

**Tel:** 020 7387 4771 **Fax:** 020 7387 4123 **Helpline:** 0800 376 3706 **Email:** [info@rmt.org.uk](mailto:info@rmt.org.uk)