

5th September 2012

Andrew Eyles
Office of Rail Regulation
1 Kemble Street
London
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Dear Andrew

Response of DB Regio Tyne and Wear Ltd (DBTW) to the ORR Consultation on the formalisation of the Rail Delivery Group

This is the response of the DBTW to the consultation by the Office of Rail Regulation ('ORR'): *'The Rail Delivery Group Consultation on the formalisation of the Rail Delivery Group July 2012'*

DBTW is content for the entirety of its response to be placed on the ORR's website.

The creation of the Rail Delivery Group was an early indication that the rail industry recognised that it had to be proactive in working together to provide leadership and improve efficiency. DBTW was supportive of this early step and remains supportive of the activity that RDG has lead since.

Although the RDG is focusing on industry-wide issues it is clear to DBTW that it is not duplicating or over-ride the primary accountability for delivery in the UK rail industry, which remains with the passenger and freight train operators and Network Rail.

The involvement of senior industry figures in the RDG continues to be voluntary but it is clear that as commercial and political imperatives change it will be more difficult to maintain involvement on this basis. DBTW therefore supports the moves towards formalisation that creates an obligation amongst the senior executives of the industry to participate in the work of the Group. The establishment of RDG as a body with formal status and recognised links to wider stakeholders will be helpful in enabling the Group to fulfil its proposed purpose. The Government's Command Paper expects the Rail Delivery Group to take a leadership role within the rail industry in order to drive efficiency and improve value for money for the passenger, freight customer and taxpayer. Formalising the Group will also reinforce RDG's ability to fulfil this role.

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The Governments' plans for growth in the railways that are set out in the High Level Output Specifications build on the recent growth experienced by the industry. Central to those plans for growth are the efficiency improvements described in the Command Paper. Responding to the challenge from Governments requires effective industry leadership and it is the Rail Delivery Group that will provide that leadership. Formalisation of the Group is an essential element of the RDG's development into the leadership role that will enable the industry to meet the needs of passengers, freight customers and taxpayers.

Response to Consultation questions

Please comment on whether you consider that the purpose of RDG set out in paragraphs 2.3 to 2.5 will drive the changes and improvements envisaged by the McNulty study (paragraph 2.6).

DBTW considers that the purpose and role of the Group described in paragraphs 2.3 to 2.5 will enable it to drive the changes and improvements envisaged by the Rail Value for Money Study. Equally important DBTW believes that the purpose and roles will also enable RDG to lead the industry's response to the Command Paper and the High Level Output Specifications whilst meeting the needs of users and taxpayers.

Are you content with the proposed structure of the RDG board set out in paragraphs 2.16 to 2.24, particularly in terms of scope of representation and the criteria for membership (paragraph 2.25)?

DBTW agrees that the proposed a membership structure for the Board delivers the required participation from those companies best placed to influence the efficient delivery of rail services. The structure provides for leadership members to join and leave the Group in accordance with transparent membership criteria.

Please comment on how you consider RDG could best engage with licensed and associate members (paragraph 2.30)?

Formalising the Rail Delivery Group will place greater obligations on the Group to be transparent about its activities and to communicate within and beyond the rail industry.

DBTW notes that the RDG is formalising its leadership role and much of its communication will derive from this role as it explains and justifies the policies and strategies that it is adopting. In part these will be connected to the production of the Strategic Business Plan and other communications related to the industry planning process, the High Level Output Specifications and the Periodic Review.

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(For licensed train operators and Network Rail) - in view of these proposals would you be content to agree to the introduction of the new condition at Annex B into your licence? If not, what changes would you wish to see which would allow you to provide that agreement (*paragraph 2.41*)?

Yes

Will the proposed voting and quorum arrangements set out in paragraphs 2.45 to 2.47 provide you with assurance that any decisions taken by RDG had sufficient cross-industry support to justify implementation (*paragraph 2.50*)?

DBTW agrees that the voting and quorum arrangements proposed by the RDG ensure that cross-industry support is needed to ensure strategy and policy implementation.

Are there any specific commercial protections that you feel will need to be included within the competition compliance document (*paragraph 2.53*)?

No.

Please comment on whether you consider the funding arrangements proposed in paragraphs 2.59 and 2.60 to be appropriate (*paragraph 2.61*)?

The proposed funding arrangements have emerged from discussions amongst the existing RDG members. The current limited funding is provided by Network Rail and ATOC. Network Rail has agreed to provide additional funding until March 2014. Network Rail has stated that it is willing to provide 50% of the RDG's funding thereafter, which reflects the scale of Network Rail's activities within the industry as a whole. RDG members believe that dividing the other 50% of the funding equally between the other leadership group members is an administratively simple and transparent approach to funding.

Yours sincerely



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