



Andrew Eyles Esq
Office of Rail Regulation
1 Kemble Street
London
WC2B 4AN

11th September 2012

Dear Andrew

Eversholt Rail's response to ORR's consultation on the formalization of the Rail Delivery Group July 2012

This letter represents the response of Eversholt Rail (UK) Limited ('ERG') to the consultation paper on the proposed formalisation of the Rail Delivery Group.

Overview

ERG notes that the proposal to establish a Rail Delivery Group ('RDG'), on an informal basis initially before being placed on a formal footing, was one of the recommendations arising from the McNulty Rail Value for Money study

ERG has no objection in principle to the proposal to put the RDG onto a more formal footing. Indeed, since the Rolling Stock Owning Companies' ('ROSCOs') commercial interests will not be directly affected by the RDG (subject to clarification of the RDG's role in relation to rolling stock matters) and since we will only have an "associate member" status on the RDG with no membership costs to meet, we accept that our interests are not as great as those of the lead members.

However, the ROSCOs are clearly major stakeholders in the industry, and if the work of the RDG is to have credibility and legitimacy across the industry it is important that there is a strong understanding of what the benefits of formalisation might be. Our chief concerns with regard to the proposal can be summarised as follows:

- What will formalisation achieve that is not possible under the RDG's existing constitution?
- What has the RDG so far achieved?
- What tangible benefits will accrue from formalisation?
- What role, if any, will a formalised RDG have in relation to rolling stock issues?

We do not feel that the consultation paper has addressed these fundamental points as much as it usefully could and, below, we outline our thinking further.

Benefits of formalisation

With the RDG having been in operation for over a year we believe there is a case for a more rigorous assessment of what benefits might accrue from its formalisation, than is contained in the consultation paper. Clearly, the lead members of the RDG have the greatest interest in these proposals, and we note that the RDG itself has asked for it to be put on a more formal footing. However, as the wider industry has the opportunity to join the RDG as associate members it is obviously important that the proposals are seen to be credible with tangible benefits accruing. We feel this is especially important given that, rightly, no member of the RDG can be bound by its policies and strategies.

It is not wholly clear to us from the consultation paper what these tangible benefits might be, and what a “formalised” RDG might be able to achieve that it cannot achieve under its current more informal arrangement, especially given that a formalised RDG will gain no additional or special powers or authority. We think it would be helpful if these anticipated benefits could be spelt out in more detail, especially for those stakeholders in the industry who may have had little direct interface with the RDG.

On a similar vein, we think it would be helpful if the ORR or the RDG could set out in some detail what has been achieved over the past year. The consultation paper sets out what activities have been undertaken, but not what the results of these activities were. This is especially the case in relation to the work of the individual sub-groups that have been established.

We recognise that the RDG has in the past been reluctant to say too much publically about the work of the Group until more progress had been made and tangible results achieved. But with the plan to move the RDG onto a formal footing we feel it would now be appropriate to set out a clear statement on what has actually been implemented as a result of the RDG’s work to date.

I must stress that this should not be taken as any opposition to the proposals per se, simply that a clear statement of the achievements so far and of the benefits that will flow from formalisation would help to secure greater support for the proposals from all industry stakeholders.

Role of the RDG

We note the consultation sets out the general role and purpose of the RDG, and we have no further comments on this.

So far as ERG is concerned we would welcome a clear statement as to what role, if any, the RDG might be expected to have in relation to rolling stock strategies. Given that rolling stock procurement and deployment are essentially commercial matters between the ROSCOs and the TOCs, and given that the ROSCOs are already in dialogue with Association of Train Operating Companies (‘ATOC’) on rolling stock issues generally, we assume that the RDG will not have any mandate in relation to rolling stock or rolling stock change. Nonetheless we would welcome an explicit statement on what role, if any, the RDG might be expected to have on rolling stock issues.

We note that it is proposed that the RDG will over time seek to take back to the industry from government key roles and responsibilities. This is clearly consistent with the conclusions of the McNulty review that the industry should take on greater responsibility for its own affairs, and is consistent with general policies towards the railways that the DfT should have a less

hands-on role than hitherto. We would however like to understand whether any views have yet been reached as to what roles and responsibilities the RDG might take back.

Director General and Secretariat

We note that the McNulty review envisaged that any support staff to serve the RDG would be provided by member companies and ATOC, but that it now proposed that a Director General and small secretariat should be appointed. Given that the costs of this will only be met by the RDG lead members we recognise this will have no direct impact on us or other associate members.

However, as with any secretariat function such as this, there is always the potential for the roles to expand, especially if it is envisaged that the RDG will take back certain roles and responsibilities from the government. We wonder therefore if the ORR and the RDG has given any thought to the longer term staffing requirements of the RDG and how these might be controlled. We recognise this may be a premature issue at this stage, but for the longer term there is clear a risk of “organisational creep”. We think it is important that this is recognised from the outset and that the aim must be to keep the RDG secretariat small in scale, consistent with the concept that it should (rightly in our view) only be a “light touch” organisation. We would welcome the ORR’s thoughts on this issue.

I and my team are naturally at your disposal to discuss the contents of this letter with you and we are keen to be as constructive and co-operative as possible as these proposals are taken forward.

As requested I am copying this response to Graham Smith.

Yours sincerely



Mary Kenny
Chief Executive Officer

Cc: Graham Smith