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**Date:** 15 August 2012

Dear Andrew,

**Response from National Express Group to the ORR Consultation on the formalisation of the Rail Delivery Group.**

I write in response to the consultation by the Office of Rail Regulation (ORR) regarding the formalisation of the Railway Delivery Group (RDG). This response represents the views of National Express Group plc (NX) and the Train Operating Company c2c.

***NX involvement in RDG to date and commitment***

NX is an active founder member of RDG contributing to a number of the work streams during the last year. In addition NX has been a key contributor to the proposal for formalisation of the group.

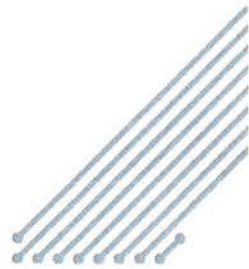
NX remains committed to the concept of RDG as a key response to the McNulty study conclusions and as a means of providing government with confidence to stand-back and allow the industry members to provide the most effective leadership of the railway.

NX believe that the RDG has made a positive start to its remit and that formalisation is a positive next step to provide further momentum to the projects that have been developed during the last year. NX believe that there is benefit in RDG being a stable group that will provide continuity of purpose. The provisions in paragraphs 2.16 and 2.17 to commence the formal role of RDG with the *founder* leadership members are of particular importance. NX particularly support the lower turnover threshold of £100m for founder members.

***The importance of industry leadership***

NX believe that effective industry leadership is essential to deliver the government objectives as a response to McNulty and the challenges of the next Control Period CP5. RDG can, indeed must, provide the leadership by involving the key industry players in the development and implementation of new policy and strategy. The involvement of operators and Network Rail as equitable partners is a key aspect of the proposal, notwithstanding Network Rail's effective block on proposals described in paragraph 2.47.

However, it is important that the individual companies and groups within the rail industry are able to innovate and differentiate their businesses with minimal restriction, continuing to bring the private sector discipline and drive to the rail market. NX, therefore, support the non-binding arrangements described in paragraph 2.8 and the primacy of contractual rights, while recognising that industry consensus can enable substantial progress.



**1. Please comment on whether you consider that the purpose of RDG will drive the changes and improvements envisaged by the McNulty study.**

The RDG has been developed to be the driving force for change and improvement in the industry where the normal contractual and commercial arrangements are not sufficient to do so. NX believes that the structure provides the best route for effecting the change envisaged in McNulty where it is possible to be implemented.

**2. Are you content with the proposed structure of the RDG board, particularly in terms of scope of representation and the criteria of membership?**

NX support the board and membership structure proposed. In particular NX believe that the continuity provided by the 'founder' members is very important at this early stage of development. The members represent the companies best placed to provide leadership to the rail industry.

**3. Please comment on how you consider RDG could best engage with licensed and associate members.**

The RDG will develop a communications plan to enable engagement with industry parties and stakeholders. RDG will invite licensed and associate members to engage and contribute to the work-streams being undertaken. This should generate better solutions and broader support for change.

RDG leadership and involvement in the industry planning process will provide for formal engagement with all interested parties.

**4. Would you be content to agree to the introduction of the new condition at Annex B into your licence?**

Yes .

**5. Will the proposed voting and quorum arrangements provide you with assurance that decisions taken by RDG will have sufficient cross-industry support to justify implementation?**

Yes.

**6. Are there any specific commercial protections that you consider will need to be included within the competition compliance document?**

RDG recognises the importance of compliance with competition laws and will seek expert advice if required.

**7. Please comment on whether you consider these funding arrangements to be appropriate.**

The arrangements are acceptable.

Best regards,

Andrew Chivers  
Managing Director Rail

cc: Graham Smith – Secretary, Rail Delivery Group