Responses to consultation on route requirements and scorecards

Industry Stakeholder	Pack Page number
Abellio	2
Arriva	7
Bootham Network Solutions Response	21
Freight Transport Association	29
GB Railfreight	36
McLachlan and Tiffin	46
MTR Crossrail	57
Network Rail	60
Peninsula Rail Task Force	76
Rail Freight Group	84
Railway Industry Association	91
Transport Focus	96
Transport for London	104
XC Trains Limited	112

Office of Road and Rail
One Kemble Street
London

Date   18 September 2017

Reference: Abellio UKs Response to the Consultation on Proposed System Operator Measures and Regulation of Network Rail

Introduction

This submission provides a specific Abellio UK response to the above consultation. The System Operator (SO) plays a pivotal role to allow TOCs to meet their franchise targets. Abellio UK welcomes the opportunity to provide further input to shape the regulatory regime in CP6 for the SO alongside that submitted by the RDG. We agree and support both the RDG and ORR's expectation that: "industry will increasingly rely on a SO that is proactive, transparent, evidence-based and independent and impartial of any particular interests to help them deliver for passengers and freight customers".

Abellio UK Approach

In our approach to this consultation we have not attempted to respond to specific questions set out by the proforma return; we have instead set out our key priorities which should be considered along with the RDG's response to the SO operator measures and the wider regulation of Network Rail.

Our Key Priorities from the Consultation Documents

These are as follows:

1. **SO Measures – clearly defined priorities and terms of reference**

   - We would like to see a defined and clarified Terms of Reference for the SO in the final documentation. This should clearly set out priorities, goals and system outputs for the SO along with balanced KPIs that are carefully aligned to Owning Group and TOC franchise requirements. Consideration should also be given to the prioritisation of measures within the scorecard to ensure that the priorities of customers and clients are appropriately weighted. Network Rail needs to manage the long term sustainability of the network to ensure delivery of safe, reliable, affordable infrastructure for future users of the railway. This should be recognised in the overall

assessment of the SO's approach to both supporting the railway and managing its business in a sustainable railway.

- In line with the RDGs response to SO measures, we would also like to emphasise the point that the SO should be facilitating optimisation of the network in order to deliver a growth in output through improved journey times, increased track capacity and optimised costs. This will require innovative solutions and the ORR should ensure that measures and Terms of Reference are geared towards the delivery of these improvements by the SO. Support for the transferal and sharing of innovative solutions should be strongly encouraged by the ORR and seen as highly important to the role of the SO.

- Critically important to the terms of reference is a clear direction from the ORR that a balanced and multi-dimensional approach must be taken when making decisions on performance strategy and regimes. We have seen examples in the recent Control Period where one dimensional performance initiatives and strategy has been put together and implemented with limited TOC consultation which may lead to at best short term performance benefits without consideration for wider industry impact in the long term. The opportunity to change the one dimensional approach to resolving performance issues must be not be missed in the next Control Period. The approach to performance has to be multi-dimensional and take into account all elements of cost and benefit. This should include discussion and agreement on schemes which look to improve performance with Routes and TOCs/FOCs at the outset, including balancing performance improvement benefits against journey time improvement, capacity and associated revenue and cost benefits or impacts.

- We would support further devolution of some aspects of the timetabling and train planning roles within the SO; while still allowing Validation and cross checking centrally by the SO.. The ORR should consider encouraging the SO to devolve these processes in order to achieve greater efficiencies and a better overall result for our customers and the railway.

2. Addressing and tackling Under Performance in Network Rail in CP6

- The RDG consultation response outlines support for the requirement for a proportional response and approach to regulation of the SO. We believe that a more detailed framework and structure for managing under performance must be set out by the ORR.

- It is mentioned in the consultation document overarching consultation on the regulatory framework for Network Rail that: "As a general principle, where there are strong mechanisms for customers and other stakeholders to work with Network Rail to agree and deliver appropriate

action, we will give the space for these mechanisms to be used, supporting the relationship between Network Rail and its customers."

We believe it is fundamentally important that Network Rail and its customers should be allowed to develop mechanisms to support action and this approach should continue. In addition we would like to see much clearer levels of minimum engagement set out by the ORR. Whilst not being overly prescriptive, it should set out an outline of minimum joint outputs expected from the engagement as well as agreement on the recovery plans that are developed.

- The management of Network Rail's under performance by the ORR needs to be strengthened within CP6. During CP5, we have seen examples of underperformance being tackled in an ineffective manner. Improvement notices and similar regimes have been too slow to deliver the correct results in the right timescales. In the consultation document on the overarching consultation on the regulatory framework for Network Rail, it describes "We are consulting on introducing a number of new incentives, including reputational, procedural and management. We wish to signal the types of responses we will be likely to consider in different performance situations, giving a clear message to Network Rail and its stakeholders about how we may escalate performance issues using an incremental approach to reflect Network Rail's progress in addressing any issues".

We would like to see Owning Group involvement in these discussions on the initiatives, to ensure that they have high impact and will deliver results in the timescales required. We must see a step change in enforcement of measures to tackle underperformance and the timescales in which results must be achieved. This is a common view across all of our TOC and one of the most important aspects to Abellio UK.

3. **Creation of an SO Supervisory Board**

- In line with our comments in section 2, and our response to the Route Requirements and score cards document, we would like to see the creation of an SO Supervisory Board, with the sole purpose of monitoring delivery of system outputs from the SO and ensuring that under performance is tackled using the correct measures. We would strongly support this approach and believe there would be great benefits in this being a cross industry oversight body for a critical function in the UK rail industry. In line with the RDGs view, we look forward to Network Rail setting out further development of SO measures and means by which stakeholders can continue to play a substantive role in the SO's governance.

Response to ORR's consultation on 'route requirements and scorecards', part of the overall framework for regulating Network Rail (PR18)

This pro-forma is available to those that wish to use it to respond to our consultation. Other forms of response (e.g. letter format) are equally welcome.

Please send your response to pr18@orr.gov.uk by **21 September 2017**.

Full name	Mary Hewitt
Job title	Strategy and Policy Director
Organisation	Arriva plc, its subsidiary Arriva UK Trains Limited and its wholly owned train operating companies (TOCs), Arriva Rail London Limited, Arriva Rail North Limited, Arriva Trains Wales/Trenau Arriva Cymru Limited (ATW), Grand Central Rail Company Limited, The Chiltern Railway Company Limited (CR) and XC Trains Limited (XC). In addition, this response also covers Alliance Rail Holdings Limited and the Great North Western Railway Company Limited. Arriva is a wholly owned subsidiary of Deutsche Bahn AG (DB AG).
Email*	
Telephone number*	

*This information will not be published on our website.

Section 2: Health and safety
Do you have any comments on our proposed approach to the health and safety aspects of route scorecards?
Arriva agrees that ORR should focus its activities to regulating Network Rail's delivery of appropriate health and safety risk management through the HMRI using such measurement tools as the RM3 index and associated intervention processes.   However, the policy intention behind establishing HMRI as part of ORR was to ensure that safety and economic Regulation should be undertaken in a joined up manner. It is therefore important that these two Regulatory activities, both undertaken by ORR, are delivered with full and transparent integration.   On that basis, the primary functions of the Scorecards in the area of Health and Safety should sit be to: • Enable appropriate comparisons of performance between business units of Network Rail   • To ensure alignment between Network Rail's activities and the relevant priorities of its customers

- To make visible a linkage between the activities Network Rail is undertaking to drive safety performance and the trends in safety performance that result through a series of linked activity and outcome indicators
- To support appropriate management response to result trends.

It seems likely that RM3 audit results would be useful metrics in this context alongside others.

It should be expected that Network Rail would establish appropriate safety activity and outcome indicators in its Safety Plan – using the higher levels of these measures in the Scorecards seems appropriate.

With regard to the key priorities for Network Rail's customers in this area, Arriva would suggest that the Scorecards should include measures need to cover all aspects of risk managed by Network Rail including that associated with its own staff and contractors, Operators' staff and passengers. Given the wide range of potential consequences of the risks being managed, a specific "high hazard" risk metric is needed to ensure an ongoing focus on low probability but high consequence accidents such as train collisions or high speed derailments.

Section 3: Financial performance

Would financial performance measures on scorecards provide useful information to customers and other stakeholders? If you think they would, which ones would be most helpful?

Given that Network Rail's funding is likely to remain capped by the debt ceiling put in place with reclassification, visibility of Network Rail's financial performance will provide useful information to customers and stakeholders by providing early warning of the need for Network Rail to take action if trends are adverse or to develop new initiatives if trends are favourable. This will enable collaborate approaches to be developed at an early stage – particularly where this could unlock better outcomes and improved efficiency.

However, making information on Network Rail's financial performance visible to customers and stakeholder should not be allowed to dilute Network Rail's responsibility to manage its financial affairs or for the ORR to Regulate Network Rail.

To be of benefit to customer and stakeholders, metrics are needed that separately reflect Network Rail's operations, maintenance and renewal activities so that results in one area do not mask delivery trends in another as is the case currently with the Financial Performance Measure. The metrics deployed should allow the monitoring of spend rates and also the financial efficiency achieved. Where appropriate, details of progress made in securing 3rd party funding and financing should be reported.

The metric included in the Scorecards should be reported in the context of both:

- Annually reset forecast to be used at a Management level
- The original Settlement to ensure appropriate Regulatory oversight.

The current process of only reporting against the current annual forecast masks performance relative to the original Control Period Settlement.

Should ORR specify the financial performance measures to be included on the scorecards and the rules for calculating them?

ORR should agree with Network Rail on a consistent set of financial performance measures to be included in scorecards and the rules for calculating and reporting them. The ORR should also layout the content of the Settlement expressed in the same terms for each year of the Control Period. This will enable:

- Transparent comparisons between Network Rail Business units

- Regulatory oversight of the delivery of the Settlement

- Appropriate Change control.

This should not preclude Network Rail, after engagement with its customers, including additional financial performance measures in the scorecards or setting management targets against the ORR specified financial performance measures.

Should we set a minimum level of financial performance requirement?

The financial performance required to deliver the Settlement should set a minimum level of financial performance.

Should we specify that an efficiency measure should be included on the scorecards?

Arriva would anticipate that the Settlement would include a required level of efficiency and efficiency improvement over the Control Period. If this is the case, no ORR set efficiency measure should be needed.

However, a Route and its customers may choose to include additional efficiency indicators to enable monitoring and management intervention associated with the delivery of the efficiency improvement initiatives that are included in the Route Strategic Business Plans.

Should we specify that diagnostic information and leading indicators of efficiency delivery should be included on the scorecards?

Diagnostic information and leading indicators are necessary in this area and ORR should agree with Network Rail how appropriate visibility is provided in the Scorecards. Developing proposed arrangements should be a matter for local Route management teams and their customers aligned with the detail of the efficiency improvement initiatives that are included in the Route Strategic Business Plans.

Do you have any views on the financial performance measures that should be used for the FNPO and SO business units?

The financial performance measures for the FNPO and SO should cover the same elements as those included in the financial part of the Settlement for those Network Rail business units. Given the nature of the FNPO and SO, this is unlikely to cover asset maintenance or renewal

related costs but will likely include comparisons of actual spend against the Settlement in areas such as:

- Staff costs

- Charges from other Network Rail functions

- Performance costs related to SO activity (if Network Rail were to "trade" these internally beyond the Routes)

- External contractor costs

- Capital costs

- Costs associated with system development or innovation activity included in the relevant Strategic Business Plan.

Section 4: Asset management

Do you have any comments on whether we should require a measure of network sustainability and the proposed measure selected?

Given the long-term nature of network sustainability in contrast to the necessarily more immediate focus of Route and Network Rail's customers' management teams, the inclusion of a measure of network sustainability in the Route Scorecards is an essential requirement to enable appropriate Regulatory oversight. It would also be useful in supporting Network Rail making informed decisions through the Control Period by making longer-term impacts visible.

Arriva's experience of working with the current Scorecards is that the current asset management related measure is too complex and built up of too many sub-elements to be of practical use at a management level. However, such an aggregated metric may still be of benefit in the context of Regulatory oversight.

All of the aspects of asset sustainability listed have merit. However, Arriva would like the focus to be on asset condition and on the cost of returning assets to a sustainable condition. As Network Rail develops more effective maintenance regimes, it should be hoped that the sustainable life of assets would increase.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

Nothing further.

Chapter 5: Train performance

Route performance – passenger market

Do you agree our proposed approach to the having a consistently calculated route measure? We would like to hear views in consultation on the respective merits of imported and indirect reactionary delay with regard to its inclusion in this measure.

As observed by ORR, operational performance is one of the most pivotal aspects of the service delivered by the rail industry to passengers with the level of performance experienced by passengers correlating directly to all key measures of passenger satisfaction including overall satisfaction and value for money. While other parties do contribute significantly to overall operational performance levels, Network Rail Routes play a major and direct role through a wide range of the activities it is responsible for as:

- infrastructure asset maintainer,
- renewals and enhancement deliverer,
- traffic manager,
- Major Station operator.

Metrics are needed on Scorecards that reflect the Routes' role in all these areas. In additional, all industry performance metrics are needed although these would not be a measure of Network Rail's delivery solely.

As one of the purposes of Scorecards is to enable comparison of delivery across different Routes, it is necessary that a consistently defined and calculated set of metrics is used. These metrics should cover delivery to all the customers of each Route with their aggregation reflecting Network Rail's national performance. To reflect the different requirements of Network Rail's customers in the light of the different needs of passengers and freight customers, separate measures should be used for delivery to Passenger and Freight customers where it is feasible and relevant to do so.

The Scorecard for each geographic Route should reflect the delivery to each Operator who uses the service of that Route, even if a Route is not "Lead" Route for that Operator. In addition, each "Lead" should report aggregate Network Rail Performance for each Operator for whom it acts as "Lead" Route.

As proposed by ORR, the consistent "whole Route" results should sit alongside and complement the separate tailored metrics agreed between Network Rail and its customers.

The distinction being made between "direct reactionary delay" and "indirect reactionary delay" is entirely arbitrary reflecting as it does a net of Route boundaries which may change over time. In its role of traffic manager, it is vital that Network Rail's Route teams deal with all delay in the same effective manner – regardless of the categorisation of root cause by industry party or geography.

Arriva has already started to see an unacceptable trend of Route establishing "border" train regulation policies that intervene differently to the comparable train regulation policies within the borders of a Route. With most train operators receiving service from more than one Route, this is unacceptable.

Further, the development of the Network though projects such as Thameslink and HS2 will see the management of indirect reactionary delay becoming an increasing part of the role of each and every Route.

The argument put forward by Network Rail that a Route should not be held responsible for something supposedly "outside their control" on the grounds that it was generated elsewhere on the network does not reflect Network Rail's core responsibility to manage the consequences of all delay no matter where how or where it was originated.

Do you agree with the approach to normalisation of the consistently calculated route measure?

Careful selection of the Scorecard metrics will enable simpler comparisons between Routes but equally important will be determination of the results that each Route is expected to deliver against each metric taking account of the factors which influence delivery on that Route – it cannot be an expectation that every Route will be able to deliver the same absolute level of outcome for every customer against every metric.

The use of a normaliser may assist in this area.

Based on Arriva's experience in this area, train kilometres has been the most effective normaliser as it reflects both network utilisation and scale. There may be merit in reflecting the level of capacity that is utilised on a Route or part of a Route. However, in the absence of a valid "service intensity" measure, Arriva supports ORR's conclusion that this additional step would add an additional and not necessarily helpful level of complexity.

Do you have any comments on the options for setting a regulatory minimum floor?

Arriva has significant concerns about the ORR's approach to the setting of targets for the scorecard metrics in general and for Operational Performance in particular. The identification of a Regulatory minimum floor may have some benefits in communicating clearly when and how ORR may intervene if performance is not achieving the required level. This should not be a substitute for a clear and unambiguous statement of what level of performance Network Rail is required to deliver in exchange for the funds it receives.

While the Scorecards may be a simple way of recording the outputs that Network Rail is required to deliver and of highlighting specific customer and funder requirements and priorities, there needs to be separate processes established to enable these parameters to be agreed. In particular, Arriva is concerned that securing agreement to key levels of output on a bilateral basis between Routes and their individual customers will prove to be extremely challenging as there appears to a significant gap between what Network Rail currently suggests is deliverable and the existing expectations of Network Rail's customers. For example, in the key area of operational performance, the gap to what Network Rail's customers were previously led to expect is significant. The use of regulatory minimum floor levels of delivery is a useful backstop but the need to establish such a floor highlights the weakness of the customer position in this key area.

Ironically, setting some key measures as "reasonable requirements" without supporting Network Rail's customers in their relationship with a dominant monopoly supplier may actually make reaching agreement of acceptable targets harder. Particularly, if Network Rail were to react in a risk averse manner to the perceived additional jeopardy associated with failing to deliver a "reasonable requirement". This support was available in the PR13 process by ORR setting clear targets which could be transparently disaggregated – similar support is needed in the PR18 process if the ORR's expectations are to be achieved. At present, it is not clear from ORR's proposed approach as to how a failure of Network Rail and its Customers to agree a Performance trajectory is to be addressed.

Arriva recognises the concern that the process followed in PR13 may have caused Network Rail to look to the ORR as its customer rather than Operators. However, the use of the Scorecard development process, if underpinned by ORR target (as opposed to floor) setting will reinforce the position of Operators as Network Rail's real customers. The ORR's role would therefore be to enable the Operators in this key negotiation.

As highlighted by ORR, it should be noted that some of the targets established in the 2016/17 customer-led scorecards often do not reflect the PR13 regulated outputs or Franchise trajectories. This reflects the position of the current Route Scorecards as local management tools and not Regulatory enforcement mechanisms. Merging these two functions in CP6 without other supporting arrangements for target setting as outlined above is likely to lead to the Scorecards failing to support either process effectively. Indeed, Network Rail's current and proposed approach of rebasing the Scorecards each year to reflect emerging results is appropriate for the use of the Scorecards as a management tool but would be totally inappropriate in a Regulatory environment where a "line of sight" back to the original Settlement expectations is essential.

While we recognise the challenges associated with setting targets over a whole Control Period, Arriva sees this as entirely parallel with the challenges that Franchised Operators have in contractualising Franchise Business Plans over similar timeframes. In this context, while it is useful to see Network Rail outlining how they will work with Franchise Bidders in developing Scorecards, this will only benefit a small number of Network Rail's customers who enter into new Franchise Contracts during a Control Period. In addition, it is unclear how Network Rail will engage with individual Franchise Bidders on a bilateral basis and still maintain a level playing field between all Franchise Bidders involved.

Arriva sees a particular challenge arising with the Operational Performance metric and its link to the calibration of Schedule 8 if Network Rail's proposed approach were to be adopted. The approach of having forecast trajectories (and associated ranges) potentially fits with the use of these trajectories as management reporting and incentive tools but it is not consistent with the need to set Benchmarks for Schedule 8 for the whole Control Period. It therefore remains unclear how Schedule 8 is to be calibrated and the Benchmarks derived. Arriva suggests that a

clear operational performance Output trajectory established for the whole Control Period and disaggregated to each Operator should be the basis for the setting of Network Rail Benchmarks. For passenger Operators, the ORR's proposed consistent route measure for passenger performance (Network Rail caused primary and reactionary delay minutes) would be an appropriate metric.

Continuing to align the metrics, targets and results detailed in the Scorecard to Network Rail's management incentive schemes will assist in incentivising appropriate local management actions but it will not be sufficient to drive Network Rail as a whole.

Do you agree this measure should be on geographic route scorecards and not FNPO, and in particular, that this will afford appropriate protection to national passenger operators as well as those operators aligned to a geographic route?

All Route Scorecards should include some form of Operational Performance Metric.

For the Geographic Routes this should reflect:

- Their aggregate delivery to all Operators on that Route
- An aggregate score across the whole of Network Rail for Network Rail's delivery to each Operator for which that Route performs the Lead Route role

For the FNPO Route, this should reflect an aggregate score across the whole of Network Rail for Network Rail's delivery to each Operator for which that the FNPO Route performs the Lead Route role

---

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

Nothing further.

Route performance – freight market

Should ORR require measures on the FNPO scorecard, the geographic route scorecards or both?

In order to make it clear that equivalent but focused attention is paid by Network Rail to all its customers, suitable performance measures in Scorecards are required for Freight. As noted

above, all Routes should report on the performance they deliver to all Operators who make use of the services of a Route – even when that Route is not the "Lead" Route for that Operators.

The FNPO should report an appropriate aggregation of the results delivered across all Routes for the Operators (Passenger and Freight) for whom it acts as "Lead" Route.

Should ORR set a regulatory minimum floor in relation to freight performance as we propose to do for passenger performance?

Yes, subject to comments made above about the role of a regulatory minimum floor in this area. It will also be necessary to ensure that the arrangements established do not lead to Network Rail providing unequal treatment to different Operators.

Should FDM-R be used to provide a view of how well routes are delivering to freight (whether on geographic route scorecards or just as background monitoring data) or should a delay minutes measure be adopted/developed?

This should be a matter for Network Rail's Freight customers to determine.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

Nothing further.

Section 6: Other customer measures
End user experience - passenger
Does the inclusion of these proposed consistent passenger-related measures, collectively and individually, add value in terms of increasing the transparency and accountability of the impact of each route's service delivery on the passenger experience?

Arriva feels that it would be important and appropriate for passenger experience related measure to be included in Route Scorecards:

- Indirectly through the "Customer Scorecard" element of the Route Scorecard using metrics selected by the operator involved

- Directly in the Route Scorecard where Network Rail is providing services directly to passengers such as at Major Stations.

Existing measures of passenger satisfaction are captured on an Operator basis not a Route basis – generating a consistent measure of passenger satisfaction for passengers served by all operators within the borders of that Route does not feel like a good use of resources.

It is important that the primary relationship with passengers and freight customers should lie with the relevant Operators. This includes operators being the primary channel to:

- Communicate passenger and freight customer requirements and priorities to Network Rail

- To challenge Network Rail to deliver the outputs needed to address these priorities.

While Network Rail's performance will influence the level of growth in discretionary journeys, a high-level metric such as proposed by ORR is unlikely to provide meaningful insight into the relative contributions of the myriad influences separately affecting this industry level outcome.

Noting that the managed station measure would not apply to the Wales route, are there any other routes to which these measures, collectively or individually, would not be relevant (or less relevant / add less value)?

As suggested above, Arriva would recommend that the focus on passenger experience and behaviour results should come through the selected metrics agreed for inclusion in the customer scorecards and only metrics where a Route directly delivers service to passengers should be included directly in the Route Scorecard itself.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

Nothing further.

Use of the network – TOC/FOC

Do you agree the volume incentive measures should be included as a scorecard measure to encourage Network Rail to support passenger and freight traffic growth? If no, please say why or suggest another form of measure we should consider?

It is difficult to reach conclusions on what Network utilisation metrics should be included in which Scorecards without a clear understanding of the relative roles of different parts of Network Rail in this area. Including a measure associated with the outcome of a process "owned" by a different part of Network Rail is unlikely to have an incentivising benefit.

However, Arriva believes that Network Rail requires well-formed and strong incentives in order to create and implement a dynamic and proactive process for the sale of access rights. The Network Usage Metric could provide the incentivisation to drive a change in behaviours in Network Rail to seek ways to get more capacity from the existing network or enhancements. Arriva would suggest that for CP6, a base level of capacity usage is determined by individual route sections. Once this has been established then Network Rail should be rewarded for proactively identifying capacity. Arriva does not believe that it is necessary to establish a national capacity metric – we believe that such a metric could be route focused and determined by passenger demand. In addition, the development of such a metric could be used to drive down industry costs where more could be delivered from the existing network.

Arriva believe that the Route performance metric is also an important tool for the industry (we discuss Route performance above). However, we would urge the ORR to develop both the Route Performance Metric and the Network Usage Metric as being linked so that where capacity has been identified the perceived threat of a performance metric does not result in a refusal of the sale of additional capacity.

Based on Arriva's understanding of the relative roles of the Routes and the NSO, it appears that it is most appropriate for measures associated with the effective use of the Network should sit in the NSO Scorecard. However, in this strategic context, the metrics proposed seems somewhat simplistic.

.

If yes, which of the freight and passenger metrics should be used?

See above

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

Nothing further.

Section 7: Investment

What do you think should be measured in this area to support the objective of maximising new sources of funding, and ensuring that Network Rail treats these sources fairly?

As with metrics associated with the use of the Network, it is difficult to reach conclusions on what metrics should be included in which Scorecards to reflect the successful securing of new sources of funding without a clear understanding of the relative roles of different parts of Network Rail in this area. Including a measure associated with the outcome of process "owned" by a different part of Network Rail is unlikely to have an incentivising benefit.

In this area, the key function carried out by Routes would appear to be associated with the operation of Network Rail's asset protection policies which have created significant "friction" in delivering new sources of funding to date.

In areas associated with producing investment cases for new sources of funding, the NSO would appear to be more central than the Routes.

Section 8: Other 'output' requirements

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

Nothing further.

Do respondents have views on how our monitoring of capability should or could change?

Any Network capability metric needs to take account of the reduction in capability caused by issues such as "temporary" or "emergency" speed restrictions – particularly when these remain in place for a prolonged period of time or a high number of different speed restrictions affect the Network.

In addition, Network Rail should be funded to ensure that when they undertake infrastructure renewal projects, they install modern equivalent assets that ensure that overall network capability is sustained despite the increased utilisation of the network and the operation of faster, longer or heavier trains. In this environment, it is likely that a "like for like" renewals approach will lead to progressive network capability reduction.

Do respondents have any proposals for how capacity issues should be reflected at route level?

Despite it reflecting a key output, defining an effective measure of Network capacity appears to be an intractable challenge given the significant influence of the wide range of different service types that we seek to operate on the same infrastructure.

At a Route level, it may be more appropriate to focus on what level of utilisation is delivered in the short-term by measuring something simple like train miles given that service patterns tend not to change quickly or often.

Any other points that you would like to make

The current Scorecards are becoming established as potential effective tools for incentivising action focused on key outputs at a management level in Routes. In addition, the opportunity for Network Rail's customers to establish Customer Scorecards including specific metrics focused on the Operator's priorities has started to enable more effective communication between the Routes and their Customers.

Processes are now emerging whereby Routes can review the results trends made evident by the Scorecards with their Customers and Stakeholders – these have the potential to create an environment whereby coordinated responses to trends may be developed where appropriate.

Adding a Regulatory aspect to these developing roles for Scorecards has the potential to hamper the progress being made.

With this in mind, Arriva sees it as important that the local management purpose and the Regulatory purpose remain suitably separate in the structure of Scorecards and the process for establishing the Scorecards themselves. In particular, it is essential that the Regulatory elements of the Scorecards show transparently the Outputs that Network Rail is required to deliver for the funds it is allocated in the Settlement.

Arriva would observe that the metrics being consulted on for the FNPO Route are currently heavily focused on freight customer priorities. Arriva is working closely with the FNPO to develop appropriate metrics to reflect the priorities of passenger operators.

In all cases, there needs to be a clear cascade flowing from the Outputs required to be delivered through the activities included in the Strategic Business Plan to the metrics to be used monitor progress. The overriding principle being that the visibility of the metrics included in the Scorecards should incentives behaviour that supports the delivery of the overall objectives of the Route.

As ORR has highlighted, the effectiveness of the engagement that the Routes have with their stakeholders will be a significant driver of the Routes' ability to address their purpose successfully. Therefore, a fuller understanding of how the Routes propose to undertake that engagement is necessary before reaching final conclusions on the Route Scorecards. However, some metrics measuring the effectiveness of the Routes' stakeholder engagement activities will clearly be needed.

Response to ORR's consultation on 'route requirements and scorecards', part of the overall framework for regulating Network Rail (PR18)

This pro-forma is available to those that wish to use it to respond to our consultation. Other forms of response (e.g. letter format) are equally welcome.

Please send your response to pr18@orr.gov.uk by **21 September 2017**.

Full name	Chris Polack
Job title	Director
Organisation	Bootham Network Solutions Limited
Email*	
Telephone number*	

*This information will not be published on our website.

Section 2: Health and safety
Do you have any comments on our proposed approach to the health and safety aspects of route scorecards?
No comment.

Section 3: Financial performance
Would financial performance measures on scorecards provide useful information to customers and other stakeholders? If you think they would, which ones would be most helpful?

Yes - for the reasons set out in paragraph 3.1 it is important to include financial performance measures in scorecards. It is especially relevant to the proposal to compare the performance of the geographic routes.

Stakeholders will be primarily concerned to ensure that Network Rail carries out the planned renewals and enhancement works. The concern is that the scope of these works could be reduced in order to manage costs - as has been seen recently with the Great Western and Midland Mainline electrification. Stakeholders should be less concerned about Network Rail's operational expenditure which is for Network Rail to manage in the same way that any commercial business manages its expenditure. The one caveat to this is that stakeholders will be deeply concerned if overspends in opex impact on renewals and enhancements.

So the proposed financial measures should focus on renewal and enhancement expenditure and include rate of spend, to highlight deferred works; and the effectiveness of actual expenditure.
For the effectiveness of expenditure the ORR FPM would be suitable.

Should ORR specify the financial performance measures to be included on the scorecards and the rules for calculating them?

In this instance it should be the responsibility of Network Rail to propose the measures. ORR should review the proposed measures to ensure they meet the criteria laid down in paragraph 3.7.

Should we set a minimum level of financial performance requirement?

No comment

Should we specify that an efficiency measure should be included on the scorecards?

No. Efficiency is vitally important and ORR should monitor Network Rail's performance at a route level on increasing efficiency. However this should not be a priority for the scorecard. The purpose of the scorecard should be to focus on relatively few measures (the key performance indicators) and leave other performance indicators, such as efficiency, to be monitored in a different way.

Should we specify that diagnostic information and leading indicators of efficiency delivery should be included on the scorecards?

See answer above.

Do you have any views on the financial performance measures that should be used for the FNPO and SO business units?

No comment.

Section 4: Asset management

Do you have any comments on whether we should require a measure of network sustainability and the proposed measure selected?

Yes - A Network sustainability measure should be included. The proposal in paragraph 4.6 is preferred as it is a more accurate assessment of sustainability.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

No comment.

Chapter 5: Train performance

Route performance – passenger market

Do you agree our proposed approach to the having a consistently calculated route measure? We would like to hear views in consultation on the respective merits of imported and indirect reactionary delay with regard to its inclusion in this measure.

The proposed approach is agreed.

To be meaningful it should include all delays. If delays on route B are caused by route A then inclusion of the indirect reactionary delay in route B's scorecard will provide an incentive for route B to work with route A to solve the problem. Otherwise route B could take a "not my problem" approach and the customer would see no improvement.

Do you agree with the approach to normalisation of the consistently calculated route measure?
Yes, the use of the train kilometres is agreed. However ORR should review the operation of this measure after, say, 12 months to ensure that it is providing a representative picture of the performance of individual routes.
Do you have any comments on the options for setting a regulatory minimum floor?
No comment.
Do you agree this measure should be on geographic route scorecards and not FNPO, and in particular, that this will afford appropriate protection to national passenger operators as well as those operators aligned to a geographic route?
Yes
A draft impact assessment is included in the annex to this document. Do you have any comments on this?
No comment.
Route performance – freight market
Should ORR require measures on the FNPO scorecard, the geographic route scorecards or both?

It is important that the information/measures on the scorecard are relevant and appropriate as the scorecard will incentivise Network Rail's behaviour. Train performance is as important for freight operators as it is for passenger operators and a freight performance metric should be included on the geographic route scorecard to highlight this importance.

The Overall Framework consultation stated it is essential that "freight and national passenger operators' interests are appropriately represented in geographic route scorecards" to ensure that they are not discriminated against. (paragraph 3.28). Including a freight performance metric on the geographic route scorecard will appropriately represent the interests of freight operators.

Should ORR set a regulatory minimum floor in relation to freight performance as we propose to do for passenger performance?

Yes; for the reasons given above to ensure that freight operators are not discriminated against. See Bootham Network Solutions Limited's response to Q3 of the Overall Framework consultation.

Should FDM-R be used to provide a view of how well routes are delivering to freight (whether on geographic route scorecards or just as background monitoring data) or should a delay minutes measure be adopted/developed?

There is benefit in continuing with the FDM/FDM-R regime which is understood by both operators and Network Rail.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

No comment.

Section 6: Other customer measures

End user experience - passenger

Does the inclusion of these proposed consistent passenger-related measures, collectively and individually, add value in terms of increasing the transparency and accountability of the impact of each route's service delivery on the passenger experience?

No comment.

Noting that the managed station measure would not apply to the Wales route, are there any other routes to which these measures, collectively or individually, would not be relevant (or less relevant / add less value)?

No comment.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

No comment.

Use of the network – TOC/FOC

Do you agree the volume incentive measures should be included as a scorecard measure to encourage Network Rail to support passenger and freight traffic growth? If no, please say why or suggest another form of measure we should consider?

Agreed.

If yes, which of the freight and passenger metrics should be used?
For passenger, no comment. For freight "freight train miles". This relates to the number of trains - which is a key indicator of capacity/ Freight gross tonne miles is not directly related to the number of trains and is not an appropriate measure.
A draft impact assessment is included in the annex to this document. Do you have any comments on this?
No comment.

Section 7: Investment
What do you think should be measured in this area to support the objective of maximising new sources of funding, and ensuring that Network Rail treats these sources fairly?
No comment.

Section 8: Other 'output' requirements
A draft impact assessment is included in the annex to this document. Do you have any comments on this?
ORR's preference for option 1 is noted. Availability of the Network is a critical issue for all operators. See Bootham Network Solutions Limited's response to Q2 of the Overall Framework consultation. Inclusion of an availability measure in the route scorecard would provide a more balanced scorecard.

Do respondents have views on how our monitoring of capability should or could change?
For freight operators the important capabilities of the Network are: - Loading gauge - Train length - Axle weight - the ability to operate at 25.5 tonnes - Average train speed - as opposed to line speed. To note that Network Rail's own figures suggest the average speed of freight trains is c 23 mph. ORR's monitoring of capability should include each of these measures.
Do respondents have any proposals for how capacity issues should be reflected at route level?
No comment.

Any other points that you would like to make

Thank you for taking the time to respond.

Response to ORR's consultation on 'route requirements and scorecards', part of the overall framework for regulating Network Rail (PR18)

This pro-forma is available to those that wish to use it to respond to our consultation. Other forms of response (e.g. letter format) are equally welcome.

Please send your response to pr18@orr.gov.uk by **21 September 2017**.

Full name	Chris MacRae
Job title	Head of Policy – Rail Freight and Scotland
Organisation	Freight Transport Association
Email*	
Telephone number*	

*This information will not be published on our website.

Section 2: Health and safety
Do you have any comments on our proposed approach to the health and safety aspects of route scorecards?
It is vital obviously that these are included.

Section 3: Financial performance
Would financial performance measures on scorecards provide useful information to customers and other stakeholders? If you think they would, which ones would be most helpful?
Yes these would be helpful as a measure of overall performance.

Should ORR specify the financial performance measures to be included on the scorecards and the rules for calculating them?
Yes, in consultation with stakeholder.
Should we set a minimum level of financial performance requirement?
Yes, in consultation with Network Rail
Should we specify that an efficiency measure should be included on the scorecards?
Yes, as this would help avoid the issues seen recently with CP5 Renewals
Should we specify that diagnostic information and leading indicators of efficiency delivery should be included on the scorecards?
Yes, as a measure of performance.
Do you have any views on the financial performance measures that should be used for the FNPO and SO business units?
These should be set with both bodies and with consultation with stakeholders.

Section 4: Asset management
Do you have any comments on whether we should require a measure of network sustainability and the proposed measure selected?
This seems reasonable.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

Again, this seems reasonable.

Chapter 5: Train performance

Route performance – passenger market

Do you agree our proposed approach to the having a consistently calculated route measure? We would like to hear views in consultation on the respective merits of imported and indirect reactionary delay with regard to its inclusion in this measure.

No comment

Do you agree with the approach to normalisation of the consistently calculated route measure?

No comment

Do you have any comments on the options for setting a regulatory minimum floor?

No comment

Do you agree this measure should be on geographic route scorecards and not FNPO, and in particular, that this will afford appropriate protection to national passenger operators as well as those operators aligned to a geographic route?
No comment
A draft impact assessment is included in the annex to this document. Do you have any comments on this?
No comment
Route performance – freight market
Should ORR require measures on the FNPO scorecard, the geographic route scorecards or both?
Both, so that freight as a cross-Route border activity is properly catered for.
Should ORR set a regulatory minimum floor in relation to freight performance as we propose to do for passenger performance?
Yes, and for same reasons as stated above.
Should FDM-R be used to provide a view of how well routes are delivering to freight (whether on geographic route scorecards or just as background monitoring data) or should a delay minutes measure be adopted/developed?
What is important is to measure delivery to end-customer, e.g. shunted into freight terminal rather than arrival as timetabling point outside.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?
Yes, this seems reasonable.

Section 6: Other customer measures
End user experience - passenger
Does the inclusion of these proposed consistent passenger-related measures, collectively and individually, add value in terms of increasing the transparency and accountability of the impact of each route's service delivery on the passenger experience?
No comment
Noting that the managed station measure would not apply to the Wales route, are there any other routes to which these measures, collectively or individually, would not be relevant (or less relevant / add less value)?
No comment
A draft impact assessment is included in the annex to this document. Do you have any comments on this?
No comment

Use of the network – TOC/FOC
Do you agree the volume incentive measures should be included as a scorecard measure to encourage Network Rail to support passenger and freight traffic growth? If no, please say why or suggest another form of measure we should consider?
Yes.
If yes, which of the freight and passenger metrics should be used?
Freight train miles; and freight gross tonne miles as the latter also includes a measure of efficiency of how operators use the network.
A draft impact assessment is included in the annex to this document. Do you have any comments on this?
This seems reasonable.

Section 7: Investment
What do you think should be measured in this area to support the objective of maximising new sources of funding, and ensuring that Network Rail treats these sources fairly?
For freight what is important is a safeguarding of access to the facility that may have been built or had its access enhanced by third party contribution.

Section 8: Other 'output' requirements
A draft impact assessment is included in the annex to this document. Do you have any comments on this?
No, seems reasonable.
Do respondents have views on how our monitoring of capability should or could change?
It is vital that gauge capability for freight is correctly measured.
Do respondents have any proposals for how capacity issues should be reflected at route level?
Capacity for cross route freight must be adequately captured.

Any other points that you would like to make
It is vital to remember that freight operates across GB in response to customer demand that can and does change, unlike passenger that is operated to state funder set specifications. Therefore the need for the ability to flex operations is key.

Thank you for taking the time to respond.

Response to ORR's consultation on 'route requirements and scorecards', part of the overall framework for regulating Network Rail (PR18)

This pro-forma is available to those that wish to use it to respond to our consultation. Other forms of response (e.g. letter format) are equally welcome.

Please send your response to pr18@orr.gov.uk by **21 September 2017**.

Full name	Ian Kapur
Job title	National Access Manager
Organisation	GB Railfreight Ltd.
Email*	
Telephone number*	

*This information will not be published on our website.

Section 2: Health and safety

Do you have any comments on our proposed approach to the health and safety aspects of route scorecards?

GB Railfreight would support some meaningful and measurable targets to be included on scorecards that are agreed directly between Network Rail and GBRf.

As GBRf has had safety concerns with numbers of incidents and irregularities with possession site activities, including the operational aspects of running trains into and out of possessions, a scorecard measure including this aspect of our customer/supplier relationship would be very relevant.

Section 3: Financial performance

Would financial performance measures on scorecards provide useful information to customers and other stakeholders? If you think they would, which ones would be most helpful?

Yes. FPM measures should be contained within all route scorecards, including FNPO, but there should be no minimum level set.

GBRf would be keen to see actual efficiency measured compared to the CP6 baseline determination. This would be clearer to follow and help in the preparation and development for subsequent Control Periods.

GB Railfreight would also support the inclusion of a 'likelihood' scale so it could gain a better understanding, sooner, of what chance there is in efficiencies being delivered.

Too often we see very little efficiency savings made within Network Rail whereas the Freight Operating Company lives or dies based on its ability to constantly be more and more efficient.

Should ORR specify the financial performance measures to be included on the scorecards and the rules for calculating them?

Any performance measures that are set need to be realistic and achievable. The freight operator is much closer to the day-to-day performance detail on the network. Any performance measure is likely to be a 'high-level' number. GBRf believes that any performance measure should be set between Network Rail and the TOC/FOC.

Should we set a minimum level of financial performance requirement?

GBRf does believe ORR should set a minimum level of financial performance.

Should we specify that an efficiency measure should be included on the scorecards?

GB Railfreight would welcome the inclusion of an efficiency measure. We should start to analyse this as GBRf has no real transparency on how far Network Rail has moved forward in becoming more efficient, at a financial level, from CP4 into CP5, or for the first three years of CP5.

Should we specify that diagnostic information and leading indicators of efficiency delivery should be included on the scorecards?

Yes. GBRf would be happy to support in the development of this.

Do you have any views on the financial performance measures that should be used for the FNPO and SO business units?

Network Rail cannot perform efficiently, at a financial level, if all parts of the business have not bought into, or own, elements of FPM. If each Route & FNPO are committed to managing a budget then there should be an on-going challenge that it operates as a financially efficient and sustainable sector, particularly as there is a significant level of fixed cost that requires challenging. Some work does need to go into demonstrating how this can measured on a scorecard.

Section 4: Asset management

Do you have any comments on whether we should require a measure of network sustainability and the proposed measure selected?

History shows us that maintaining the baseline network from CP4 into CP5 has not gone particularly well and a similar trend appears through the first three years of CP5. There have been many rail defects and an increasing number of overhead line (OHL) incidents, across the network, but especially on the East Coast and West Coast Main Lines.

There has also been an increasing number of published gauge-clearance failures, and reductions, for both freight vehicles and some passenger rolling stock.

There have also been far more temporary speed restrictions turned into permanent speed restrictions, by Network Change, that GBRf would have liked. This has, obviously, led to a reduction in capacity and performance robustness and definitely needs attention.

Not maintaining the agreed and published capability of the network, in full, has also caused GB Railfreight many issues over the last 5 years. These are well documented and have led to access disputes, appeals and independent adjudications, with Network Rail's asset management found wanting and its attitude to this stewardship, and the industry processes involved, very poor in GB Railfreight's view.

With this in mind, there must be several measures for network sustainability and published capability conformance.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

Targets definitely need to be set in this area. GB Railfreight is concerned that slow data movement (e.g. annually) will grind down any proposed measurements. Data collection and analysis must be fast-moving, updated every quarter perhaps, for any action to be meaningful and useful.

Chapter 5: Train performance

Route performance – passenger market

Do you agree our proposed approach in having a consistently calculated route measure? We would like to hear views in consultation on the respective merits of imported and indirect reactionary delay with regard to its inclusion in this measure.

Whilst each route has number of consistent and varying performance challenges, GBRf believes that, on the whole, consistency is a good thing. It also allows greater ability for comparison and we would expect there to be some competition to deliver the best performance statistics and improvements.

GB Railfreight supports the consensus on applying direct and reactionary delay measure to the relevant route. We do, however, struggle to see how indirect reactionary delay can be attributed at route-level. It feels that unnecessary time could be consumed with understanding and reacting to the root causes of performance issues that are not in fact relevant to the route in question. We would expect routes to be working collaboratively with each other to manage recurring performance issues.

Do you agree with the approach to normalisation of the consistently calculated route measure?

GBRf agrees with the normalisation suggested. We feel that a 'Service Intensity' measure may result in data which simply excuses poor performance due to high intensity of trains run. One measure (Train km) for all routes seems a sensible way forward.

Do you have any comments on the options for setting a regulatory minimum floor?

We agree that having a regulatory floor would be sensible, however GBRf would like to gain more of an understanding of what would *actually* happen next if the minimum floor were not to be met? Fining Network Rail is hardly an incentive if it is just going to put the industry under greater financial pressure by doing so.

Do you agree this measure should be on geographic route scorecards and not FNPO, and in particular, that this will afford appropriate protection to national passenger operators as well as those operators aligned to a geographic route?

It is important that freight measures are included on ALL scorecards. Whilst avoiding 'double-counting' is likely important, the moment freight measures are removed from Route Scorecards, the Freight Operator will be forgotten about as Network Rail turns its focus to Scorecard management to deliver satisfaction to rail users.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

Option 1 should apply. No further comment.

Route performance – freight market

Should ORR require measures on the FNPO scorecard, the geographic route scorecards or both?

Freight measures must be present across all scorecards. The route scorecard must have both performance measures relevant to the route, as well as a comparison of how this compares to the overall freight performance measure, that will likely be included in the FNPO scorecard. Considering there isn't yet a final Strategic Business Plan for FNPO, it is challenging to assess what these measures should be and how they will drive areas of the SBP.

Should ORR set a regulatory minimum floor in relation to freight performance as we propose to do for passenger performance?

Yes, although there are likely to be some very different drivers in delivering any regulatory performance measures between passenger and freight. We also need to be mindful that a sharp increase in freight growth could likely see a temporary dip in performance on both sides as the freight miles run increase in line with a network that is not expanding at the same rate. Any measure needs to be developed with care as there are a multitude of factors that can affect freight performance, some very much not under the control of the Network Rail nor the FOC.

Should FDM-R be used to provide a view of how well routes are delivering to freight (whether on geographic route scorecards or just as background monitoring data) or should a delay minutes measure be adopted/developed?

Both should apply ideally as we should not just be relying on one measure to analyse freight performance. Each route should own and deliver an FDM target with a clear ability to compare it to the national figure and other route results. It is also worthwhile stating that a route should have

a thorough understanding of Freight TDA and how it is working with all operators to limit the impact of network delay.

Were the latter to be developed, GBRf would expect to be heavily involved to ensure that both the input and output data is accurate and set to deliver what it should.

In truth, we do not need increasing amounts of measures but definitely do need accuracy and deliverable KPIs.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

Option 2 should apply, though GBRf agree that further work is required.

Section 6: Other customer measures
End user experience - passenger
Does the inclusion of these proposed consistent passenger-related measures, collectively and individually, add value in terms of increasing the transparency and accountability of the impact of each route's service delivery on the passenger experience?
No comment.
Noting that the managed station measure would not apply to the Wales route, are there any other routes to which these measures, collectively or individually, would not be relevant (or less relevant / add less value)?
No comment.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

No comment.

Use of the network – TOC/FOC

Do you agree the volume incentive measures should be included as a scorecard measure to encourage Network Rail to support passenger and freight traffic growth? If no, please say why or suggest another form of measure we should consider?

GBRf have heard very little mention of Volume Incentive in CP5 so fail to see why it should be included as a measure as it appears to be unimportant to the routes.

On paper the incentive works but it is important to analyse what the expected/estimated freight growth is and have a fair incentive to deliver beyond that.

GBRf would not be willing to share any downside, if in fact the scheme were to be developed in a similar vein to Schedule 8 performance regime.

Lastly, it currently isn't clear, at all, how Network Rail is demonstrating that it is truly developing freight growth. The FOCs often develop and deliver their own new traffic growth in spite of Network Rail and often there is very limited involvement in the implementation process of freight growth.

If yes, which of the freight and passenger metrics should be used?

Freight Train Gross Miles is the sensible measure. It makes no sense to try to increase freight train miles only as the movement of freight volume is, often, more important than total number of trains. If GBRf can move the same amount of volume with fewer train movements then, of course, that is the more efficient and financially viable solution.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

Option 1 should apply. Comments above.

Section 7: Investment

What do you think should be measured in this area to support the objective of maximising new sources of funding, and ensuring that Network Rail treats these sources fairly?

GB Railfreight feels that there needs to be a measure of how effective Network Rail is at sourcing funding for major projects which are not, simply, reliant on the CP6 settlement. With the size and scope of work that Network Rail is involved in, there are a myriad of touchpoints that the business has with existing developers, private businesses, local councils and public bodies – all of whom can be approached to assist in developing funding streams. GBRf would really like to understand to what extent Network Rail pursues this and delivers new funding into the industry.

GBRf feels it is most important to measure the various flows of funding, how much has been raised and to what extent it helps to deliver value-for money enhancements and upgrades. GBRf already must do this with much of its new-to-rail traffic.

Section 8: Other 'output' requirements

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

There must be some new and meaningful freight measures on each of the Route and FNPO scorecards. The "Volume Incentive" mechanism is not really of any use and does not, in GBRf's view, incentivise Network Rail routes in any way.

The possible lack of an easy measure, or suite of measures, should not detract from there needing to be more meaningful and incentivising measures in place for the start of CP6.

Do respondents have views on how our monitoring of capability should or could change?

The subject is discussed, to a degree, elsewhere in this response. Needless to say, there is an urgency for CP6 baseline capability to be strictly monitored and action taken if correct industry processes are not followed.

As present, if ORR were to take today's network capability as a baseline for CP6, it would not be correct as the CP5 base, itself, wasn't accurate. Pieces of "disused" infrastructure and required gauge capability were not accurately carried forward from CP4 into CP5. Some disagreements between TOCs/FOCs are still on-going.

GB Railfreight is not aware of any easily available and current measures (either by route or nationwide) whereby it can scrutinise the legally agreed published capabilities of routes against what is, actually, in place and compare the gaps in capability.

This is becoming an increasing problem and more than one measure is needed, and strict enforcement action taken, where capabilities have been allowed to be breached.

Measurement that GB Railfreight would welcome would be:

1) Number of pieces of infrastructure removed without a consulted and established Network Change.

2) Number of instances of section of route permitted to fall outside of agreed published capabilities.

The naming and shaming of individual routes may well be an incentive not to be on the league tables in this matter.

Do respondents have any proposals for how capacity issues should be reflected at route level?

Capacity and use of capacity is absolutely at the heart of TOCs' and FOCs' businesses. There is, almost certainly, no greater issue for many of them. As such, the measuring and monitoring of capacity usage is key to everyone and it is surprising how little data exists for each route.

There doesn't appear to be any published or live data on what capacity is currently available for any of the Routes. A measure such as a capacity utilisation index, or a suite of more meaningful measures should be at the heart of each route's plans.

Far more time and energy should be spent on optimising capacity, in and across each of the routes, to encourage more traffic on to rail. There's currently a feeling that routes are actively discouraging new traffic on to rail and they don't understand how much capacity there actually is and don't want performance to suffer at any cost.

Any other points that you would like to make
Capacity and capability of the network are key to GB Railfreight's business and there needs more time and energy spent in ensuring these aspects of the network are always at their optimum and agreed published status respectively.

Thank you for taking the time to respond.

Response to ORR's consultation on 'route requirements and scorecards', part of the overall framework for regulating Network Rail (PR18)

This pro-forma is available to those that wish to use it to respond to our consultation. Other forms of response (e.g. letter format) are equally welcome.

Please send your response to pr18@orr.gov.uk by **21 September 2017**.

Full name	Ralph Tiffin
Job title	Director
Organisation	Tiffins Consultancy McLachlan+Tiffin
Email*	
Telephone number*	

*This information will not be published on our website.

Section 2: Health and safety

Do you have any comments on our proposed approach to the health and safety aspects of route scorecards?

No comments

Section 3: Financial performance

Would financial performance measures on scorecards provide useful information to customers and other stakeholders? If you think they would, which ones would be most helpful?

Financial performance details of revenues, costs both capital and operational are vital in understanding and monitoring any business.

A constraint seems to be that revenue is seen to be a matter for others, for example, the DfT and passenger and freight operators. It is true that a Route director has virtually no control over revenue but they do influence it.

However the performance of a route, sustainability and investment are ultimately linked to present and future revenues and cash flows. One has to assume that the DfT and the ORR look at the grand picture over both short and long term periods. Further for freight, commuter and rural services public and other intangible (from a measurement point of view) benefits are assumed to be included in decision making. However as an observer you get the impression that UK rail is possible fatally fragmented from an objectives and thus strategic perspective.

The calculation and use of full access charges would bring financial cohesion and UK rail would truly be a business. NR would have to consider real revenue cash flow and not simply rather fluffy measures of customer experience.

There should be calculated and published access costs for all routes. The impression you get is that these would be too embarrassing for the Treasury, the DfT and politicians – it is a topic that is avoided.

Also the scorecards simply looking at routes as though passenger services are of one type could lead to misinterpretations. (eg Passenger experience 6.5)   For example Greater Anglia or Great Western are routes with at least 4 businesses,: metro/ commuter, intercity, rural and freight. The revenues and costs for these business need to be split and reported separately – presumably they are. When it comes to taxpayer supporting rail should we or certainly the ORR not know whether for example Great Western or Great Anglia metro/commuter services subsidies intercity or vice versa?

Should ORR specify the financial performance measures to be included on the scorecards and the rules for calculating them?

Yes as I'd take this to be a regulatory role

Should we set a minimum level of financial performance requirement?

Yes - we learn from bench marks – this would be a start

Should we specify that an efficiency measure should be included on the scorecards?

Yes, I appreciate efficiency is a term defined and used by ORR however the economists use of the often differs from an accountant's use and again from an engineer's definition. The word is used loosely – at one time I counted it used in at least 3 different ways in NR reports. It is helpful always to repeat just what is meant by 'efficiency'

Should we specify that diagnostic information and leading indicators of efficiency delivery should be included on the scorecards?

Yes

Do you have any views on the financial performance measures that should be used for the FNPO and SO business units?

Yes for FNPO - revenues (including for example the intangible benefits of freight) versus costs – using true access costs.

There should be calculated and published access costs for all routes. The impression you get is that these would be too embarrassing for the Treasury, the DfT and politicians – it is a topic that is avoided.

Section 4: Asset management

Do you have any comments on whether we should require a measure of network sustainability and the proposed measure selected?

It is essential   - for measure see comments on the impact assessment

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

Firstly overall comments on your recommendations

A measure should be included in a route scorecard as a top-level measure to enable route comparison. However the data is slow moving and only updated annually.

Routes have diverse lines and an overall score is far too crude a measure. NR will be monitoring all conditions and I presume you watch detailed trends, even so any agglomeration of data seems pretty meaningless.

We are liaising with Network Rail to develop the details of a practicable measure based on the proposed approach. Good

We note that this issue is less directly of interest to Network Rail's customers and funders.

I would have thought the use of money being spent by funders, primarily the tax payer, passengers and freight users is of fundamental interest, or ought to be. Are we all paying for degenerating infrastructure?

The condition on track, signalling, bridges and so on is something that has to be known for day to day safety apart from efficient operation. There are the measurement trains and inspections.

I appreciate the route score cards give overviews but some real technical data (with UK and international benchmarks) is surely far more pertinent than notions such as:

a) the preferred approach is to assess the value of the residual life or asset condition score for each principal asset group (including stations) and for each route, or b) the cost of delivering any shortfall in the planned renewals, in effect the future liability

These may work for IFRS, "true and fair" numbers in annual accounts but are not detailed enough for useful comparisons of route sustainability.

Chapter 5: Train performance

Route performance – passenger market

Do you agree our proposed approach to the having a consistently calculated route measure? We would like to hear views in consultation on the respective merits of imported and indirect reactionary delay with regard to its inclusion in this measure.

It seems that NR is deemed the primary cause of delays. Presumably NR is to 'blame for trespass and suicides? Also presumably operator caused delays are insignificant.

To me the key figures on route (management) performance are NR caused delays, the data on operator delays and imported and indirect reactionary delays are simply a consequence of the primary – surely we need to focus on the primary causes and who is accountable for them, and thus how they might be mitigated?

Do you agree with the approach to normalisation of the consistently calculated route measure?

Train kilometres as the normalisation factor is too simplistic.

Service intensity is a highly significant issue and links with passenger views, the poor delayed commuter will make a lot of noise – there a lot of them, and some important people!

As you say in 5.32 *Whilst there are merits to the service intensity measure, it was felt that this introduced an additional level of complexity, which would increase the difficulty of understanding of the measure*

Difficulty in understanding is a challenge – the implications is that clearly there is something to understand.   I appreciate the scorecards are meant to be simple to understand, but we are not dealing with a simple industry nor with simple managers.

One (simple solution) would be to normalise on both a train kilometre and service intensity bases.

Do you have any comments on the options for setting a regulatory minimum floor?

Surely it would help ORR regulate

Do you agree this measure should be on geographic route scorecards and not FNPO, and in particular, that this will afford appropriate protection to national passenger operators as well as those operators aligned to a geographic route?
Yes - BUT operator caused delays need to be identified. eg if a multi route operator runs defective rolling stock and causes delays across the network – how does this show up? Or again is it the case that the route scorecards are to be a simple overview of route performance?
A draft impact assessment is included in the annex to this document. Do you have any comments on this?
Route performance – freight market
Should ORR require measures on the FNPO scorecard, the geographic route scorecards or both?
Option 2 Data on both scorecards. This data is important – and may also afford a simple and maybe interesting check, for example if freight runs through two routes – what do the individual scores reveal and what does the national route show as the combined score?
Should ORR set a regulatory minimum floor in relation to freight performance as we propose to do for passenger performance?
There ought to be some minimum level of performance.

Should FDM-R be used to provide a view of how well routes are delivering to freight (whether on geographic route scorecards or just as background monitoring data) or should a delay minutes measure be adopted/developed?

Some measure is needed

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

Section 6: Other customer measures

End user experience - passenger

Does the inclusion of these proposed consistent passenger-related measures, collectively and individually, add value in terms of increasing the transparency and accountability of the impact of each route's service delivery on the passenger experience?

Satisfaction of users has to be the aim of any viable and sustainable business. For railways this will include price, reliability (punctuality), comfort safety availability and other criteria.

6.6a   It may be that an aggregated score will give an overall picture of NR route performance but it may not be clear where problems lie and what action to correct is needed.

Passengers will primarily judge experience from the bias of their classification eg. commuter, intercity, rural. The quality of rolling stock is dictated by DfT, the quality of service by the operator but heavily influence by the franchise conditions.

Routes are being judged on enforced service criteria.

6.6b -

Off peak utilisation makes sense due to the high track and rolling stock fixed costs but running trains for the sake of it can be neither economical nor profitable.

There has to be a distinction between commuter, rural and intercity

commuter services are essential for economic activity support for off-peak eg late evening services makes sense and thus commuter route tax subsidies are more than covered by returns from theatre, dining etc activity, never mind improving the human condition.

likewise for rural and local journeys. Here the economic case to subsidise empty trains may be weaker – this is a local and national political issue. Running empty trains costs money

Intercity rail services are but another mode of transport (There is off-rail competition) This, I believe, quite erroneously is a justification used to support the argument for monopoly short term franchises. Rail is a mode of transport with clear advantages over road and air - environment, customer service reliability, price and so on. But as long as we have the present franchise set up there is no commitment or investment from operators. We have a Stalinist approach to travel – dictated service levels with very little choice.

Existing monopoly franchise operators have incentives to run more trains Their drive will be to generate cash flow – profit can be marginal and positive cash flow on effectively zero investment yields infinite returns – the arithmetic cannot be denied.

Noting that the managed station measure would not apply to the Wales route, are there any other routes to which these measures, collectively or individually, would not be relevant (or less relevant / add less value)?

Stations should be scored, but nor so much for shopping facilities etc. They are not places to hang around – the principal criteria are that they should be safe and sanitary.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

Use of the network – TOC/FOC

Do you agree the volume incentive measures should be included as a scorecard measure to encourage Network Rail to support passenger and freight traffic growth? If no, please say why or suggest another form of measure we should consider?

It is revenue growth and thus profitability more than a simplistic driving up train kilometre volumes that matters. There are the public service and environmental drivers which must also be considered.   If UK rail is to be financially sustainable and induce investment simplistically running trains for the sake of it is not wise.

This may deny freight and other profitable services - profits are needed to maintain and enhance the UK rail network. Over occupied routes impact heavily on costs of maintenance and renewals, especially availability of access for such work.

As set out in 6.6b the drive for running off-peak trains maybe attractive to the monopoly franchise holders – any marginal surplus cash flow is a boon.

If yes, which of the freight and passenger metrics should be used?

Freight has to be commercial from the operator's point of view

Under the UK franchising system – the question arises – is UK rail earning the money it might?

Revenue per passenger would be an interesting measure – by individual route.   It is possible such a study has been done.

To the rail user there are rather odd ranges of ticket prices. For Greater Anglia services to Norwich from Liverpool Street the range is 10, 52, 65 single. You have to wonder why there is a half hourly service out with peak commuter times. Do the advance and off-peak fares really bring extra travellers?

For example in Germany there is nothing like the range in price of fares.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

Section 7: Investment

What do you think should be measured in this area to support the objective of maximising new sources of funding, and ensuring that Network Rail treats these sources fairly?

Data could include

Number of potential offers of funding
Estimated benefits to UK rail
Estimated return to investor

Then reported actuals if projects proceed

Investors need assured returns – they will not invest without guarantees of some sort. The myth of the private sector sharing risk is just that, a myth.

Protection of the taxpayer is paramount **– this is not really a route issue.**

Take two extremes>

Depot facilities built by a freight operator (possibly shared with others) – funded with purely privately raised equity /loans. The freight operator takes the risk.

High Speed line built with tax payers' money and government borrowing. Cost 60 billion. After completion the line sold for a long term period by the government for 40 billion to private investment funds. With government controlled and necessarily (to induce people to use rail) uneconomical access charges the funds have calculations to demonstrate that they only make a return of 3.75% on the 40 billion investment. However 3 years later the funds sell the rights to access charges for 48 billion.

The taxpayer loses 20 billion, subsidises fares and loses further returns from future use of the track.

Section 8: Other 'output' requirements

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

Do respondents have views on how our monitoring of capability should or could change?

Is this not purely technical. Surely no route could arbitrarily change loading gauge etc?

Would changes for the worse or better not have to be reported and approved by other means?

Do respondents have any proposals for how capacity issues should be reflected at route level?

*8.15 whether that capacity is being put to **the best use** in terms of balancing passenger and freight volumes, reliability and engineering access (noting that how 'well' capacity is used is subjective)*

Maybe we should have a measure of '**economic capacity**'

For routes (and a clear definition of what is a route is required) – then presumably thought has gone into the HLOS as to ranking for "best use".

Thus if the HLOS 'budget' for dictated services is met then presumably we have 'best use'?

However the approach of running more trains and especially off peak services (6.22) simply to increase the use of capacity could be flawed without consideration of the revenue, including intangible benefits from freight, from social benefit or also cost reduction from availability to maintain and renew the infrastructure.

Any other points that you would like to make

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

20 September 2017

Dear David

PR18 Consultation

MTR Crossrail welcome the opportunity to comment on the ORR consultation to inform policy development for Network Rail Control Period 6 (PR18). We have provided our comments below:-

Scorecards

MTR Crossrail supports in principle the concept of Route Scorecards.

Network Rail Anglia Route has recently introduced a Scorecard for MTR Crossrail, although this is in its infancy and some of the measures are still in discussion and have not been fully developed.

MTR Crossrail currently operates services on Anglia Route but in due course we will also operate on Western Route and will run parallel to the Southeast Route at Abbey Wood. We have some concern as to how Scorecards will be aligned between routes and the national 'System Operator' function.

Whilst we understand the reasons for 'benchmarking' and encouraging 'competition' between Routes, MTR Crossrail needs a degree of consistency across the Network Rail routes.

We would also like to understand how CP6 funding will be aligned with measures agreed in Route Scorecards and what will happen in the event of a target set in a Scorecard not being sufficiently funded or resourced.

The Scorecard measures put in place need to reflect the operations of the route in question and the requirements of the train operators that run on the route.

It would be helpful if the ORR could provide greater clarity as to how it will decide the appropriate action to take in the event of Network Rail targets not being met.

Consideration also needs to be given to train services that run on/off the Network Rail network – for example, MTR Crossrail will be operating services that run from Network Rail to Rail for London Infrastructure, and then back onto Network Rail infrastructure again. It is important that whatever route-level regulation is put in place, it encourages Network Rail to work with other infrastructure managers or local transport authorities to ensure that through services operate well.

MTR Crossrail (and the MTR Corporation) are keen to invest in the rail infrastructure in the UK, but our efforts to date have been frustrated due to the governance associated with funding and financing rail investment through Network Rail. We would welcome a Scorecard measure that is linked to third party investment in Network Rail infrastructure.

Overall Framework for Regulating Network Rail

MTR Crossrail supports in principle the concept of Route Scorecards, although we have some concerns as detailed above.

In particular we are keen to make sure that Network Rail is sufficiently funded to meet the targets that have been set by Crossrail (for example MTR Crossrail has a target of 95% PPM) and that these are funded and deliverable across all of the relevant Network Rail routes.

We would expect the ORR to step in and take appropriate action should Network Rail not deliver on some key targets included in the Scorecard.

Systems Operator Performance

We remain concerned about the disconnect that we sometimes see between planning undertaken at a Route level and planning undertaken centrally as part of the System Operator function.

Whilst we understand and support the concept of a 'System Operator' we are concerned that this will prevent the 'System Operator' function from developing a close working relationship with the Network Rail routes, and therefore providing a consistent and 'joined-up' position to train operators.

We have been disappointed that a number of 'System Operator' led projects in CP5 have not resulted in material benefits, in particular projects related to Access Planning and improvements to the Timetable Planning Rules.

In addition we would like to see greater transparency in CP6. For example the Network Rail Sale of Access Rights (SOAR) panel is not open to train operators and as a result there is a risk that decisions will be made without understanding all of the implications associated with a timetable change (for example; efficient rolling stock and train crew diagramming and the impact on customer experience). A more transparent, inclusive, consistent, risk based process may be more appropriate in CP6.

Planning of an integrated transport system in London is complicated, with several infrastructure managers (IMs) involved, including London Underground Limited (LUL), Network Rail, High Speed 1 (HS1), Heathrow Airport Limited (HAL) and Rail for London Infrastructure (RFLI) as well as several Network Rail routes. The Network Rail System Operator function also needs to integrate with the other IM's in London.

The timetable development process can be over-complicated, slow and labour intensive. The timetable process needs to be more dynamic supported by a closer working relationship between Network Rail and operators. The ability to quickly simulate the impact of a timetable change needs to be available. MTR Crossrail is taking some initial steps to help with integration, such as adopting the ITPS planning system that is used by Network Rail.

There does not seem to be a common understanding of how congested each part of the network currently is – or in other words how much of the capacity is currently used, how much is available for new services and what the impact is on train performance as more capacity is utilised.

There needs to be a more detailed understanding of network capability and a consistent way of measuring capacity and modelling performance. This should also identify where capacity is not efficiently utilised - perhaps due to the type of rolling stock, length of trains, stopping patterns or other timetable constraints. It may be appropriate to charge a premium to operators that do not use capacity efficiently (i.e. an operator wanting to depart at a certain time). This in turn should help with making informed decisions at the SOAR panel.

The process could also identify timetable, rolling stock or infrastructure enhancements that could release additional capacity in the future.

Consideration should also be given to service recovery in the event of an operational incident to make sure that capacity is prioritised appropriately, including the implications on other Routes.

We therefore encourage the 'System Operator' Scorecard to take into account these issues.

We look forward to working with ORR, Network Rail and other industry colleagues to inform the development of the strategy for PR18.

Yours faithfully

Mark Eaton
Concession Director
MTR Crossrail
63 St Mary Axe, London, EC3A 8NH

mtrcrossrail | ❀

Network Rail's response to ORR's consultation 'route requirements and scorecards' part of the overall framework for regulating Network Rail (PR18)

21 September 2017

Executive Summary

We accept ORR's proposal to include a small number of additional measures on scorecards as it allows scorecards to be the central reflection of all of our customers', funders', ORR's and broader stakeholders' priorities.

We believe that the way in which the proposed measures are used to compare routes' and the SO's performance may vary depending on the measure. For some measures, comparison of routes and the SO may be more meaningful by comparing trends over time. For other measures, there may be a forecast performance range meaning a comparison of variance to target would be more suitable. We would welcome further discussion with ORR to consider how these measures are presented, taking into account the purpose of our scorecards to assess business performance every period and to incentivise employees throughout the year.

We accept the principle of ORR setting a regulatory floor for some scorecard measures, but believe that a floor should only be set for measures where (i) Network Rail has sole accountability (ii) a breach of that floor may be indicative of systemic failure, and (iii) is set at a level that is likely to represent an unacceptable outcome for end-users.

This response sets out our views on each of the measures that ORR has proposed. Where relevant, we have proposed alternative methods of reporting performance in key areas.

A summary of our position in relation to ORR's proposals and how we intend to take these forward to the SBP is included in the Appendix.

Responses to ORR's consultation questions

Section 2: Health and safety

Do you have any comments on our proposed approach to the health and safety aspects of route scorecards?

Network Rail is a safety critical business, applying the highest standards for the safety of passengers, the public, employees and suppliers. We currently include measures of safety on our scorecards through a basket of measures which are consistent across routes. Assessment of routes', the SO's and Network Rail's central functions' delivery of our safety commitments is, and will continue to be, a critical part of our assessment of overall route performance. We will continue to include measures of safety on our scorecards in CP6 as it is fundamentally important to our organisation.

We agree that it would likely be appropriate to maintain a level of consistency both across routes and throughout the control period, but consider that there may also be a need to adjust or change measures at different times to drive behavioural and cultural changes. If this is required, we will follow a transparent and robust change control process to assure the integrity of our use of safety measures on scorecards.

We support ORR's position set out in its consultation with regards to not specifying safety measures or targets on scorecards. We support ORR's continued use of wider information to assess our management of health and safety, which may incorporate the measures we choose to include on our scorecards.

Section 3: Financial performance

Would financial performance measures on scorecards provide useful information to customers and other stakeholders? If you think they would, which ones would be most helpful?

We include our Financial Performance Measure (FPM) (excluding enhancements and for enhancements) on route scorecards because financial performance is a core priority in driving overall performance in Network Rail. The measures currently included on our route and SO scorecards clearly and simply signal financial successes and challenges. We agree that including financial performance measures on our route and SO scorecards will continue to be essential in CP6.

We also agree that these measures may provide useful information to customers and other stakeholders, particularly to understand the context within which routes and the SO are delivering plans. We agree with ORR's proposal that, in order for measures to be truly useful, they should be transparent. We do not believe that ORR specifying multiple additional measures for scorecards will increase transparency for stakeholders; rather we believe that including a limited number of key indicators of financial performance provides a clear line of sight to the factors impacting Network Rail's decisions.

We agree with the principle of enabling consistent assessment of progress over time and comparison of the relative performance of routes and the SO. We intend to continue to include consistent measures of financial performance across our scorecards, particularly as customers and stakeholders will often be impacted by decisions related to the financial performance of more than one route.

We agree that Network Rail and ORR should use consistent methodology to calculate financial performance metrics. We strongly believe that using a baseline which reflects annually updated budget figures (including any changes at route level after the PR18 determination) will be more beneficial to customers and stakeholders, as it reports our performance against the plan on which we will have consulted with our stakeholders. It will be important for us to transparently explain any changes in our annual plan. Our annual budgets will have regard to the PR18 baseline and we recognise that ORR will need to understand the differences in performance against both the PR18 baseline and annual budgets, but we feel that emphasis should be placed on performance against annual budgets as this provides useful insight to customers on the driving factors in Network Rail's decisions.

We believe that FPM, already included on our scorecards, is well understood and embedded within our business and with our stakeholders. This makes it effective in driving behaviour and enabling understanding of successes and challenges. We therefore intend to continue to use FPM as the primary measure of financial performance across our route and SO scorecards.

Should ORR specify the financial performance measures to be included on the scorecards and the rules for calculating them?

We agree that FPM should continue to be calculated consistent with the method used for ORR's calculation of financial performance. We will continue to include FPM against our annual budgets in our route and SO scorecards in CP6.

As stated previously, we believe that this will continue to drive behaviours within Network Rail and clearly report on our performance to stakeholders. Our annual budgets will be set with regard to the PR18 baseline position, but we need the ability to adjust our plans to respond to changing circumstances. We recognise that ORR will want to understand performance against the PR18 baseline, but do not believe that including this on scorecards will provide a useful explanation of our performance and what has affected decisions. Therefore, we do not believe that ORR should specify that we include a measure of financial performance against the PR18 baseline on our route and SO scorecards.

Should we set a minimum level of financial performance requirement?

We agree with ORR's position set out in its consultation and do not believe that ORR should specify a minimum level of financial performance. As ORR's Final Determination will set out CP6 income, we do not believe that a regulatory floor will provide any additional incentive.

Should we specify that an efficiency measure should be included on the scorecards?

Network Rail builds efficiency challenges into annual business plans. As we intend to measure financial performance against the annual budget which already incorporates efficiency challenges, we do not believe that it is necessary for ORR to specify an additional measure of efficiency. Further, we do not believe that ORR specifying a measure of efficiency would provide incentive beyond our existing processes to set efficiency challenges through business planning.

Should we specify that diagnostic information and leading indicators of efficiency delivery should be included on the scorecards?

Scorecards are intended to provide focus on a core set of priorities and an at-a-glance summary of performance. While we accept that ORR may wish to monitor detailed diagnostic information and leading indicators of efficiency delivery, we do not believe that including this level of detail on scorecards would provide the intended high level summary of performance. Efficiency challenges are built into our annual plan, therefore reporting FPM against annual budgets will demonstrate whether we are achieving those efficiency targets. We are mindful that scorecards do not try to be 'all things to all people' and we are concerned that including multiple additional requirements would dilute the value of scorecards as our focus could be spread too thinly and it will be difficult to form a clear view of our overall performance.

Do you have any views on the financial performance measures that should be used for the FNPO and SO business units?

We believe that, as far as possible, measures of financial performance should be consistent across Network Rail. As FNPO and the SO will develop plans and operate within their own budgets in CP6, we would support the use of FPM against annual budgets in both scorecards.

Section 4: Asset management

Do you have any comments on whether we should require a measure of network sustainability and the proposed measure selected?

In principle, we support ORR's requirement of a measure of network sustainability on our scorecards. The sustainability of the network is essential for future users of the network and therefore an important component to ensure a balanced scorecard.

While we currently propose to include forecasts of residual life or asset condition score for the principle asset groups in each route strategic plan for CP6, our ability to do this meaningfully varies across assets. Further work is necessary before we can reliably forecast these measures for all principle asset groups.

Residual life and asset condition are very slow moving measures and activity can take a long time to impact on these measures. These metrics are complex and are therefore not effective drivers of behaviour. In addition, recording a measure of sustainability for each asset type in each route would dilute scorecards by including too many additional rows of data. These characteristics mean that they do not naturally suit a scorecard framework, which is based around employees clearly understanding the impact they have on our overall performance. We are therefore considering the inclusion of a single measure in each geographic route scorecard in CP6 that would allow us to monitor network sustainability. This measure would provide a link to the performance of the underlying asset sustainability measures to enable any issues to be flagged. The scorecard measure would be supported by monitoring a broader suite of network sustainability metrics

by asset type and by route. This suite of metrics will be included within our SBP. Given that these are new measures, we would monitor them over the remainder of CP5. This would allow us to calibrate the measures and to fully assess their effectiveness before determining whether it is appropriate to include on scorecards in CP6. We will continue to discuss the approach to sustainability measures with ORR in more detail as part of our ongoing regular dialogue in this area.

Regardless of how sustainability is reported, we support ORR's proposal to set a minimum regulatory floor in this area. The consultation refers to the principle of a floor only having an effect if there is a material shortfall. We support this concept and welcome the recognition that forecasting residual life or asset condition is not a precise calculation. It will be important to quantitatively define 'material shortfall' and how this might vary by asset given the differing confidence levels in our ability to model the various asset classes.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

We recognise all of the observations ORR makes in the draft impact assessment and agree with the recommendation to continue engagement to develop a practicable measure. We particularly agree with ORR's comment regarding the slow moving nature of remaining life and asset condition score measures. We accept ORR's proposal to set a minimum performance level in this area.

Section 5: Train performance

Route performance – passenger market

Do you agree our proposed approach to the having a consistently calculated route measure? We would like to hear views in consultation on the respective merits of imported and indirect reactionary delay with regard to its inclusion in this measure.

We support a consistent measure based on delay minutes.

Network Rail can see the merits of a consistently calculated route metric in order to measure the contribution of each route to overall passenger train performance. Network Rail currently monitors the performance of each route on a daily, periodic and yearly basis through the use of Network Rail caused delay minutes attributed to incidents which occurred on that route. This method has been in place throughout Network Rail's history and is well understood. In recent years, we have enhanced this by also tracking the number of Public Performance Measure (PPM) failure incidents that each Network Rail route has caused. Both of these metrics have targets set at the beginning of the year and we compare and publically report on delivery against target and also monitor long term trends. The advantage of these metrics is that we are able to further break these down into the contribution of each area of the route and Network Rail responsible manager. The same logic is used to set TOC-on-self targets within industry reporting.

We recommend the inclusion of cancellations to provide transparency in our decisions at times of service recovery.

While we continue to monitor routes on Network Rail caused delay minutes, we have gradually been moving away from delay minutes as our main metric as they do not show the full impact of the disruption to the passenger. At a minimum we consider that cancellations should be included in the measure. Excluding cancellations could cause distrust between TOCs and Network Rail if TOCs believe that cancellations during service recovery are intended to minimise the impact on a performance metric, rather than resolve issues for passengers as quickly as possible. We propose that cancellations could be included in any scorecard metric by applying the Schedule 8 cancellation penalty to convert each cancellation into a 'deemed' level of delay minutes.

We do not support the inclusion of TOC caused delay as this is not the route's responsibility and therefore makes the metric less credible and easy to understand.

We recognise ORR's aim to have a consistent measure across all routes which captures the level of reactionary delay occurring within a route which our current approach does not cover. We acknowledge that ORR's proposed metric is a sensible measure of industry performance. However, we do not believe that it is appropriate for ORR to prescribe this as a Network Rail scorecard measure with a regulatory floor as we estimate that around 30 per cent of the delay measured by the proposed metric would originate from a non-Network Rail incident. We believe that this would convey a message that a Network Rail route should be held accountable for all reactionary delay occurring within its route boundary. The inclusion of TOC caused delay, reactionary or otherwise, is a departure from the industry principle of prime cause responsibility. This would create confusion and would not align with other incentives such as Schedule 8.

Network Rail will continue to work in partnership with operators to reduce delay but in some instances reactionary delay will be the result of activity which routes have no control over (for example, TOC resource levels). In these cases, we do not believe that routes should be held fully accountable to reduce delays. Schedule 7.1 metrics within franchises incentivise TOCs to take the lead on resolving incidents for which they are accountable. We believe that, like the TOC-on-self delay metric in franchise agreements, a Network Rail only metric would still provide the incentive to work with operators to reduce reactionary delay, which would still account for around 70 per cent of a Network Rail only metric.

Determining a regulatory floor for a metric which includes TOC caused delay would automatically make investigation of any fall below the floor a more complex, costly and contentious exercise. It also creates greater uncertainty for Network Rail to forecast long term targets as we do not always have detail of TOC plans. This is especially true if a TOC is subject to an upcoming franchise change.

If a route comparison metric is based on suffered delay we would prefer the inclusion of all Network Rail caused delay which is suffered within the route (no matter where it was caused) to make the metric easier to understand and to remain transparent in routes efforts to work together to minimise disruption across the network.

We see some benefit in measuring delay where it is suffered rather than where it is caused as it provides clearer incentive to manage the delay which aligns with our Delay per Incident (DPI) programme. However this would need to be done alongside measuring delay caused. Routes will continue to work together to best manage network performance. We are mindful of incentivising the right behaviours and consider that the proposed metric has the potential to drive perverse behaviours at route boundaries. By way of example, a late train crossing into a route has a higher chance of causing more disruption in that route. A route may therefore be unwilling to accept late trains on to busy parts of the network. Currently the causing route has an incentive to improve the punctuality of the train before it crosses the route boundary as they will be held responsible for all future delay (this incentive would remain through Schedule 8).

The proposed metric depends on consistent delay attribution principles. We propose that the measure only uses above threshold delay minutes (as do targets within schedule 7.1 of TOC franchises), removing any disincentive for Network Rail to attribute more sub threshold minutes. We also stress that this would be the first official metric to use the primary/reactionary coding and would therefore require extra assurance processes to be put in place within the attribution process.

We believe that there is a risk that using a nominal metric will not provide an effective comparison across routes, while comparison to target may not capture how challenging targets were.

As with all measures proposed for the comparison of route performance, we believe that it is important to take care in interpreting and presenting the data in any league tables as currently proposed by ORR. The metric and the normalisation are necessarily simplistic, to allow the measure to drive behaviour effectively. While we recognise a more simplistic measure provides a degree of transparency, we believe that care

must be taken to interpret and present results in a meaningful way. We are therefore concerned that reporting route performance in league tables based on the proposed metric may fail to give a clear indication as to which routes are performing best within the environment that they are operating within (e.g. how challenging targets were and how feasible performance improvements are).

Below, we provide a list of suggested alternatives to ORR's proposed metric in order of preference:

- **Network Rail caused disruption minutes from incidents occurring in the route, normalised by train kilometres travelled on the route.** We recognise the limitations of the proposed method of normalisation, as delay may be suffered in other routes. This retains the principle that the party which causes the incident is responsible for all resulting disruption.

- **Network Rail caused disruption minutes suffered in the route (no matter which route caused it) normalised by train kilometres**. The average level of Network Rail caused delay that passenger operators experience as they travel within a route. By removing TOC delay and limiting the delay to that suffered in the route, this metric provides more transparency and clearer accountability.

- **Network Rail caused primary disruption minutes from incidents occurring in the route, normalised by train kilometres**. The average level of primary disruption that Network Rail causes to passenger operators in the route. By removing reactionary delay, this metric has much clearer Network Rail accountability. We believe that operator metrics on scorecards already incentive routes to work together with operators to minimise reactionary delay.

- **Network Rail route caused total passenger lateness (or financial loss).** This metric is already used internally to drive route finances through the Schedule 8 performance regime.

- **All disruption minutes suffered in the route (no matter who or where it was caused) normalised by train kilometres.** The average level of delay that passenger operators experience as they travel within a route. If TOC reactionary delay is included in the metric, it is already dependent on TOC behaviour so further including TOC primary delay would not alter the effectiveness of the metric.

In our geographic route scorecards in our SBP, we are proposing to include the first or second metric from the list above. Both metrics measure Network Rail accountability and we are able to forecast this measure using Network Rail data. Based on our latest analysis, we would welcome further discussion with ORR to agree the most suitable metric for CP6.

Do you agree with the approach to normalisation of the consistently calculated route measure?

Recognising that the approach to normalisation is necessarily simplistic, we consider that the use of train kilometres to normalise the proposed metric is acceptable and preferable to service intensity because it is more clearly understood.

Do you have any comments on the options for setting a regulatory minimum floor?

Network Rail is comfortable with the concept of a regulatory floor against a passenger train performance metric on our scorecard, as long as it is set taking account the natural variability in annual performance. We also believe that a regulatory floor should reflect the passenger experience, and be set at a level that a failure to deliver would represent unacceptable performance for end-users (rather than slightly below target).

Through operator scorecard targets and the Schedule 8 performance regime, routes are already incentivised to manage and improve performance and therefore the floor should be seen very much as a back stop (akin to the breach level in franchise agreements). We would like to work with ORR to examine how the floor level could link to the breach levels in franchise agreements to further the alignment between track and train, and incorporate the minimum performance that funders will accept (on behalf of end-users).

Setting the floor too high, at a level where a route can fall below due to variations in weather or external incidents will divert resources and increase cost unnecessarily. We also recommend that, to allow for natural fluctuations in performance, any floor should be set on a Moving Annual Average (rather than periodic) basis. We propose to include forecasts for floors for our proposed route metric for passenger train performance within our SBP.

Do you agree this measure should be on geographic route scorecards and not FNPO, and in particular, that this will afford appropriate protection to national passenger operators as well as those operators aligned to a geographic route?

As a geographic route based metric, we do not believe that it would be possible to meaningfully include route delay minutes on the FNPO scorecard. In principle, the metric will provide some protection to all operators on a route as the metric is not limited to lead operators. However, geographic routes will engage with national operators to agree the most appropriate way to incentivise performance to ensure appropriate protection for national operators. Therefore we agree with ORR that it would not be useful to require this measure on the FNPO scorecard.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

We have already discussed the issues included in the impact assessment in our response to the first question of this section.

Route performance – freight market

Should ORR require measures on the FNPO scorecard, the geographic route scorecards or both?

The FNPO route was established as Network Rail's ninth operational route. It is different in scope and scale to the eight geographic routes in that it does not physically manage infrastructure. However, as Network Rail devolves more accountability to the eight geographic routes, FNPO provides a single point of contact and has overall accountability for delivery of performance and other outputs for customers who operate nationally, across multiple routes. FNPO achieves this by working closely with geographic routes, the SO and its customers and stakeholders.

As the FNPO route develops and the relationships between FNPO and geographic routes evolve, we want to retain the flexibility to alter how we monitor and hold our routes to account in the way that most appropriately reflects our organisational dynamic. Therefore, we do not believe that ORR should require freight measures on geographic route scorecards for the duration of CP6. We are content that ORR may require a measure on the FNPO scorecard. Were we to propose a change to how we monitor the route contribution to the Freight Delivery Metric (FDM-R) we would work with key stakeholders to demonstrate how our governance structure supported the delivery of their priorities.

Should ORR set a regulatory minimum floor in relation to freight performance as we propose to do for passenger performance?

We consider that if ORR sets a floor in relation to passenger performance, it would be consistent to also set a regulatory minimum floor in relation to freight performance. Following from our response to the previous question, we do not believe that ORR should require measures on geographic route scorecards and therefore the only regulatory floor that ORR should set in relation to freight performance would be for national FDM. We consider that FDM is a suitable measure to set a regulatory floor for because Network Rail has sole accountability for the measure and it is a meaningful and widely understood metric.

In line with our comments on the principle of regulatory floors more generally (in the overall framework consultation response and in relation to a passenger performance floor), we believe that any floor should

be set at a level where breach of the floor is indicative of systemic failure which is likely to warrant further investigation.

Should FDM-R be used to provide a view of how well routes are delivering to freight (whether on geographic route scorecards or just as background monitoring data) or should a delay minutes measure be adopted/developed?

FDM-R is currently used on geographic route scorecards and provides an indication of how well Network Rail is delivering freight performance. It is well understood by routes and operators. While we propose to continue to use FDM-R to monitor route delivery of freight performance, we do not consider that this should be a specific ORR requirement for geographic route scorecards as set out above. We currently monitor delay minutes per 100km, but we do not believe this has the same meaning to the industry and therefore do not believe it should be a required scorecard measure.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

We believe that ORR should only require FDM on the FNPO scorecard and that it would be appropriate to set a floor for this measure to ensure a consistent approach with passenger performance (i.e. option 1).

We consider that option 2 would restrict our ability to respond to changes to the FNPO/geographic route relationship.

We think that option 3 would remove the national focus and has the potential to undermine the purpose of FNPO.

Section 6: Other customer measures

End user experience – passenger

Does the inclusion of these proposed consistent passenger-related measures, collectively and individually, add value in terms of increasing the transparency and accountability of the impact of each route's service delivery on the passenger experience?

We agree that passenger experience is a key outcome for rail, and recognise the role that Network Rail's routes and the SO play in the satisfaction of rail users. Despite this, we believe that the purpose of scorecards is to drive performance for core priorities. Network Rail's performance can only have a limited influence on two of the three measures proposed by ORR (overall passenger satisfaction by route and rate of change in off-peak journeys). Therefore we do not believe that including these on our scorecards would provide internal focus. We also consider that the way these measures may be used to compare routes will influence how they could be presented most effectively taking into account the purpose of our scorecards to assess business performance every period and to incentivise employees throughout the year. For example, it may be more valuable to compare routes using the change in passenger satisfaction levels over time to examine the trend in performance, rather than comparing routes on the outturn of a passenger satisfaction survey relative to a forecast.

We will continue to report to ORR on the areas of our performance that impact passenger satisfaction, some of which will be visible through other areas of our scorecard (e.g. train performance and asset management), but we do not consider that it would be appropriate for ORR to hold Network Rail to account for performance against measures that could be largely outside of Network Rail's control. Furthermore, we do not believe that including three measures for one area is aligned with the purpose of focusing on core priorities. We are concerned that scorecards could become diluted and spread focus too thinly.

While we recognise that some route scorecards already include passenger satisfaction by route, we believe that, as stated by ORR, this measure is affected by a broad range of factors. Therefore we believe that routes should retain choice over whether it should be included on their scorecard. Where routes have

worked with their customers and stakeholders to understand underlying factors and do not determine that Network Rail can drive substantial improvements in the measure, the route should not be held to account to deliver against the measure.

We recognise ORR's proposal that improved passenger satisfaction may result in an increase in the number of off-peak journeys, but again we do not feel that the proposed metric is sufficiently linked to behaviours and actions that are within Network Rail's control. While the number of journeys is likely to rise where standards meet passenger expectations, Network Rail can only ever have a limited impact on this. Demand is also influenced by a series of factors external to the rail industry. We believe that Network Rail's contributions to passengers' satisfaction with their journey (outside of managed stations), including train performance and asset reliability, will already be incorporated into our scorecard. We do not feel that this measure would provide a meaningful comparison of Network Rail's routes' performance due to the variety of other factors that could affect results. Therefore, we do not consider that this metric is appropriate for our scorecards. However, given that it is an important outcome for the industry, we consider that it is sensible for ORR to monitor how the industry is delivering against the outcome in relation to the constituent factors that fall under the control of different industry participants.

We accept ORR's proposal to specify satisfaction with managed stations as a scorecard measure. We believe that this measure falls largely within Network Rail's control, and therefore provides focus and drives behaviours within our business, which is the purpose of scorecard measures. We propose that, due to potential changes in the ownership and management of stations over time, ORR does not determine precisely which stations should be included on route scorecards. This will also likely affect the comparability of the metric over time.

Noting that the managed station measure would not apply to the Wales route, are there any other routes to which these measures, collectively or individually, would not be relevant (or less relevant / add less value)?

We believe that this measure could be included in the scorecard for any route which has a managed station. This should be flexible throughout the control period to allow for stations moving in and out of Network Rail's management.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

As described previously, we do not believe that it would be appropriate for ORR to specify scorecard measures which could be largely outside of Network Rail's control. We believe that ORR should continue to monitor the industry on performance in this area, but including the first and second measures on scorecards would not necessarily deliver the required outcomes, and may negatively affect Network Rail's motivation if it is unable to influence the results. We propose that as well as Option 0 and Option 1 described in the draft impact assessment, a third option (Option 2) should be considered, whereby ORR monitors performance for the first and second proposed measures outside of scorecards, specifying only satisfaction at managed stations for inclusion on scorecards.

Use of the network – TOC/FOC

Do you agree the volume incentive measures should be included as a scorecard measure to encourage Network Rail to support passenger and freight traffic growth? If no, please say why or suggest another form of measure we should consider?

Network Rail has previously stressed the importance of having appropriate incentives to grow traffic on the network. Such incentives include access charges, the performance and possessions regimes and flexibility around train performance measures on the CP6 scorecards. In addition, the Volume Incentive (VI) provides the opportunity to earn additional funds to grow traffic.

We agree that it would be useful to provide visibility of how passenger and freight traffic across the network is growing. Visibility could be achieved by reporting measures such as those used in the current VI which would show how each route is performing against pre-determined annual passenger and freight traffic growth baselines.

We also support the use of measures that are based on data that is currently available therefore avoiding the creation of new reporting requirements. The exception to this is our proposal to use freight net tonne miles rather than the current freight gross tonne miles for the freight metric (which we discuss further, below), subject to the availability of the data at route-level. We consider that reporting freight net tonnes will provide better information on how freight trains are efficiently using the network

However, we do not consider that scorecards are the most effective method of reporting this information (for example, this information could instead be reported in the Annual Return or Regulatory Accounts as is currently the case).

We are also mindful that ORR plans to consult on VI policy for CP6 in November 2017. If VI measures are to be included on CP6 scorecards, it will be important that they are consistent with any changes that ORR makes to the VI as part of its PR18 Final Determination. We will work closely with ORR and industry on developing VI policy for PR18. In particular, our key priorities will be to consider its effectiveness as an incentive to grow traffic, as well as looking for opportunities to simplify its structure.

By consulting on the inclusion of VI measures on CP6 scorecards, we note that ORR is keen to encourage competition between routes in meeting passenger and freight operators' needs to make "maximum" use of the network. It would be helpful for ORR to clarify what 'maximum use of the network' means in practice. The more congested the network becomes, the more likely it will be that other measures of performance, such as train performance, asset reliability and stakeholder satisfaction, will be impacted.

While we recognise the benefits of being able to compare routes' VI performance, we consider that the ability to make meaningful comparisons would be limited. There are a number of factors which vary across routes (e.g. how 'full' a route is, enhancement delivery and economic factors), which would need to be normalised for any meaningful comparison to take place. In addition the operation of train services is rarely confined to just one geographic route. It will be important to understand how multi-route traffic would be taken account of as part of any route comparisons.

We are also mindful that while reporting performance against VI baselines would show the extent of traffic growth (or otherwise) on each route, it would not provide a complete picture of how routes are responding to their customers' needs to make increased use of the network. These needs may not always be focused on accommodating additional train services (e.g. they could be focused instead on changes to calling patterns). It will therefore be important to recognise that customers may not prioritise making maximum use of the network if it will negatively impact performance in other areas. We need to ensure that route scorecards represent customer priorities, therefore a nominal comparison of this metric would not fairly represent the 'best' and 'worse' performing routes.

We support ORR's proposal that the VI measures should be for geographic routes (as they currently are in the Regulatory Accounts) and the FNPO as both will have a role in dealing with requests to accommodate additional traffic. However, it will be important to consider the way in which the VI measures are reported, including the frequency of any reporting, such that it provides useful information for all stakeholders. VI baselines for CP5 are currently set by geographic route and by year. Historic data could be used to further disaggregate the relevant VI baselines by period (which would then be reported against each period); although we consider that annual reporting against the annual baselines would provide a more accurate assessment of routes' overall performance. These factors mean that we are considering whether to include a scorecard line, without a forecast, in route scorecards in our SBP and will continue to discuss with ORR where it is most appropriate to report on and monitor these measures in CP6.

We also agree with ORR's proposal that it would not expect to set a target for the VI measures because the VI already sets out expectations about what traffic growth should be over the control period.

We note ORR's proposal that there could be a role for the System Operator to report how the network is used. However, we believe that a VI based measure of the System Operator's performance would not be appropriate. It is the geographic routes that make a decision whether to accept or reject a new service request and not the System Operator. Therefore a VI measure should not be included on the System Operator scorecard.

If yes, which of the freight and passenger metrics should be used?

Assuming that the structure of the current VI does not change significantly, we agree that reporting of VI measures should be limited to two components. This is consistent with our view that the VI is in need of simplification more generally, in particular that we consider that the number of VI components should be reduced from four to two for CP6.

We note ORR's proposal to use freight train miles as the metric for freight traffic growth. We consider that it could be more appropriate to use freight net tonne miles (subject to being able to accurately disaggregate the data to route-level). The VI does not currently include a baseline for freight net tonne miles. However, we consider that it would provide better information on how freight trains are efficiently using the network (since freight trains should be running and filled to capacity).

Freight net tonne miles data is currently available at network-level. We will investigate the possibility of being able to accurately disaggregate the data to route-level and will also feed this into our discussions with ORR and industry regarding the structure of the VI for CP6. If it is not possible to develop an accurate disaggregation of freight net tonne miles data at route-level, we consider that freight gross tonne miles should be used as the best alternative.

We agree with ORR's proposal to not use passenger farebox as a CP6 measure, since we have very limited influence over the baseline and do not control the data.

We note that ORR expects to consult on VI CP6 policy in November 2017 and we will respond accordingly. Network Rail's key priorities will be to consider the effectiveness of the VI in incentivising traffic growth and simplification.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

We believe that all the issues which are contained within the draft impact assessment have been included in our responses above.

Section 7: Investment

What do you think should be measured in this area to support the objective of maximising new sources of funding, and ensuring that Network Rail treats these sources fairly?

We agree with ORR's view that it is difficult to set out detailed proposals for the measurement of investment at the current time, and we will continue to work internally and with our stakeholders to develop appropriate monitoring mechanisms.

We believe that we are incentivised through obligations in our network licence not to abuse our monopoly position. We therefore do not agree with ORR's comment that our monopoly position could have a negative effect on how we deal with third parties who wish to invest on the network. We recognise that ORR will want to monitor this area, but believe that monitoring our compliance with our licence obligations will require qualitative assessment of our behaviour, which would not naturally provide a measure that would be useful within our scorecards.

ORR proposes that it could monitor Network Rail's success in obtaining third party funding through financial targets on our scorecards. While we recognise the merit in this type of measure, it is important to recognise that success in relation to this measure would not solely be within Network Rail's control. The amount of funding that routes are able to secure would depend on a range of factors including the prevailing economic and political environment. Dependent on investment priorities across rail and other industries, there may be more or less opportunities to obtain investment in each route. Additionally, including targets on our scorecards could flag our intentions to the market which may affect our position in securing funding. As with all scorecard measures, we recommend that we should be able to adjust any such measure where the circumstances are appropriate.

We support the use of a quantitative assessment of 'opportunity assessments' undertaken by routes, as this would align with our commitments to seek new opportunities to secure alternative funding and drive positive behaviours. We are conscious that ORR's assessment of this area should also contain a qualitative element, and should not solely rely on scorecard measures.

We intend to assess satisfaction of possible third party funders through our normal assessment of stakeholder satisfaction. As we are considering the inclusion of this measure as a whole (as detailed in our response to ORR's overall framework consultation) within our scorecard, we do not see the value in including a separate measure for only a selection of our stakeholders.

Section 8: Other 'output' requirements

Network Availability

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

We welcome ORR's acknowledgement of the significant issues with the calculation of the Possession Disruption Index (PDI) during CP5. The PR13 Final Determination set outputs for PDI-P and PDI-F. The inaccurate calculation of PDI in CP5 means that ORR cannot rely on our reporting of PDI as a measure of network availability in CP5. For the remainder of CP5 we have therefore proposed to monitor two early warning indicators (EWIs) to ensure we can continue to report to ORR on our obligations in relation to the Final Determination.

The two EWIs that we have proposed are:

- **Notification Discount Factor**
  This encourages early notification of Restrictions of Use and better timetable planning. Network Rail is incentivised by notice periods which attract discounts on the Schedule 4 payment rates. This is a lagging indicator. This information will provide reassurance that Network Rail is developing access plans in line with industry processes and that late change is not increasing over time.
- **Levels of Access Dispute - CPPP and EAS**
  The level of access disputes escalated to the Access Disputes Committee (ADC) through the engineering access planning (EAS) process, or after the Confirmed Period Possession Plan (CPPP). This is a leading indicator. This assesses whether the access planning processes are working as they should. TOCs and FOCs are incentivised to look after the best interests of the end customers, and if Network Rail are getting the access plans wrong, and disadvantaging the end customer, they have the clear opportunity to dispute the access plans.

Our Possession Indicator Report (PIR) is being updated to include these new indicators with a view to start reporting alongside the existing PIR in period eight 2017/18 for three periods to ensure the update is fit for purpose. The updated PIR will then replace the existing report.

We propose to engage with our customers through the Operational Planning Practitioner Group to assess the suitability of the EWIs on an ongoing basis. We will also maintain visibility of this assessment through the Operational Planning Strategy Group.

For CP6, we consider that option 0 is the preferred option. Network Rail is strongly motivated to effectively plan possessions and focus on the availability of the network by the existing Schedule 4 regime and our network licence. Schedule 4 drives our route businesses to plan engineering possessions with minimum disruption to operators. Schedule 4 works effectively at a route level and route teams are already fully engaged with this regime because there is a direct link to their performance targets. PDI has never been a driver of the decision making process for possessions. We therefore see an opportunity to revise the way that network availability is monitored in CP6 by using existing and real drivers of decision making – Schedule 4 and our licence.

To date, there has been no customer demand to monitor network availability through specific metrics. However, were there to be a significant demand for specific measures of network availability from our customers (either through the responses to ORR's consultation or as we engage with customers on the suitability of our proposed EWIs), we consider that option 1 would be the most appropriate option.

We do not think that network availability should be a scorecard measure because we are already effectively incentivised through the Schedule 4 regime.

Network Capability

Do respondents have views on how our monitoring of capability should or could change?

We recognise that our reporting of network capability in CP5 has been an issue of concern with our stakeholders and ORR. We also recognise that maintaining network capability against a baseline will continue to be important in CP6. We are in the process of improving reporting of network capability, and will engage with our stakeholders to meet their expectations through our reporting.

We support ORR's continued monitoring in this area. The general duty within our network licence incentivises us to maintain and enhance the capability of the network. Therefore we do not believe that it is necessary to duplicate this responsibility through a separate licence condition or 'reasonable requirement'.

Network Capacity

Do respondents have any proposals for how capacity issues should be reflected at route level?

We agree that capacity will remain an important issue for the national rail network, and we are looking at innovative ways of using our existing rail network to address this.

We recognise that there is an industry interest in monitoring how much capacity is available, and whether the capacity is being put to good use. We are conscious that any measure should be easy to understand to ensure that it is meaningful and drives positive behaviours, but there are risks in oversimplifying a measure of capacity which has proven to be complex to capture. We will continue to engage with ORR to develop an effective measure of capacity within some key, overarching principles.

It is important to recognise that the effective use of capacity does not necessarily mean that we maximise our use of capacity. It is also important to recognise that each of these measures will be of varying importance on different routes, and to different customers

The more congested the network becomes, the more likely it will be that other measures of performance, such as train performance, asset reliability and stakeholder satisfaction, will be impacted. It will therefore be critical that performance on our scorecards is assessed in the round.

Any measures or targets that we work towards should drive optimum results for a specific route, where stakeholder priorities have been considered and balanced to understand what the performance target

should be. A nominal representation or comparison of capacity will not necessarily reflect what ideal performance would be in each route.

We do not feel that it would be appropriate to propose any specific measure at the current time, as more work is required throughout the industry to develop a meaningful way to drive positive behaviours in this area.

Appendix: Summary of our position in relation to ORR's proposals

Scorecard	Area	ORR's proposal	Network Rail's position
Geographic route	Health & safety	A degree of consistency in measures	• A suite of consistent measures will be included in route/SO scorecards
	Financial performance	Consistent measure	• FPM on all route/SO scorecards
	Asset management	Network sustainability	• A single measure on geographic route scorecards • Wider data set included in SBP • Accept principle of floor
	Train performance	Route performance – passenger	• Network Rail delay minutes measure on geographic route scorecards • Accept principle of floor
		Route performance – freight	• Position of FDM-R on geographic route scorecards being considered
	End user experience	Overall passenger satisfaction	• NRPS included on all route scorecards
		Rate of change in off-peak journeys by route	• Not supportive on scorecards • Further discussion required
		Passenger satisfaction with the station	• Support in principle • Included in some geographic route scorecards
	Use of the network	Passenger train miles	• Passenger train miles as metric • VI baseline forecast due in 2018 • Included as a line on all geographic route scorecards with no data, pending forecast
		Freight train miles	• Freight net tonne miles as metric if able to be disaggregated • Included as a line on all route scorecards with no forecast, pending further work
FNPO	Freight performance	National FDM	• National FDM on FNPO scorecard • Accept principle of floor on national FDM
Non-scorecard requirements	Network capability	Baseline to be maintained	• Not a scorecard measure

Response to ORR's consultation on 'route requirements and scorecards', part of the overall framework for regulating Network Rail (PR18)

This pro-forma is available to those that wish to use it to respond to our consultation. Other forms of response (e.g. letter format) are equally welcome.

Please send your response to pr18@orr.gov.uk by **21 September 2017**.

Full name	John Hillman
Job title	Programme Manager
Organisation	On behalf of the Peninsula Rail Task Force
Email*	
Telephone number*	

*This information will not be published on our website.

Section 2: Health and safety
Do you have any comments on our proposed approach to the health and safety aspects of route scorecards?
The Peninsula Rail Task Force (PRTF) supports the approach taken in respect of Health and Safety data on the route cards. We would advocate the use of 'leading' KPI's where necessary to allow preventative action to be taken rather than reactive actions.

Section 3: Financial performance
Would financial performance measures on scorecards provide useful information to customers and other stakeholders? If you think they would, which ones would be most helpful?
The inclusion of financial information has some merit but for the purposes of the stakeholders should be focused in the areas of planned cost v actual delivery costs and an understanding of variations with possible impacts on planned schemes.
Should ORR specify the financial performance measures to be included on the scorecards and the rules for calculating them?

We do not believe that this would be helpful and would expect NR to be able to define and deliver meaningful measures that meet stakeholder's aspirations. However we would expect to see a mechanism where by cross route comparison can take place.

Should we set a minimum level of financial performance requirement?

We do not believe that this would be helpful.

Should we specify that an efficiency measure should be included on the scorecards?

We do not feel that an efficiency measure is needed if the rest of the scorecard is sufficiently robust as it will be clear from the overall scorecard that the level of delivery and output is poor and efficiency targets can be difficult to enforce and different areas have different situations. There is however an area around scheme development and planning where this may be a useful comparison.

Should we specify that diagnostic information and leading indicators of efficiency delivery should be included on the scorecards?

Only if there is a need and the other elements of the scorecard do not make it clear.

Do you have any views on the financial performance measures that should be used for the FNPO and SO business units?

No

Section 4: Asset management

Do you have any comments on whether we should require a measure of network sustainability and the proposed measure selected?

We believe that there should be a measure on the suitability of stations to meet the challenge for today's needs rather than the condition of the asset, which even if good may not meet its needs.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

No Comments

Chapter 5: Train performance

Route performance – passenger market

Do you agree our proposed approach to the having a consistently calculated route measure? We would like to hear views in consultation on the respective merits of imported and indirect reactionary delay with regard to its inclusion in this measure.

We support the proposals as stated.

Do you agree with the approach to normalisation of the consistently calculated route measure?

We support the method of normalisation proposed, but would question why it is based on kilometres when all the other normalisations are discussed in miles.

Do you have any comments on the options for setting a regulatory minimum floor?

Whilst we agree with the concept of the minimum floor, we are surprised and disappointed that it is a static level and not one that is set at a % below the target. As it stands there is no demonstration of continuous improvement being defined or targeted.

Do you agree this measure should be on geographic route scorecards and not FNPO, and in particular, that this will afford appropriate protection to national passenger operators as well as those operators aligned to a geographic route?
We support this proposal.
A draft impact assessment is included in the annex to this document. Do you have any comments on this?
No Comments
Route performance – freight market
Should ORR require measures on the FNPO scorecard, the geographic route scorecards or both?
No comment
Should ORR set a regulatory minimum floor in relation to freight performance as we propose to do for passenger performance?
We support this proposal.
Should FDM-R be used to provide a view of how well routes are delivering to freight (whether on geographic route scorecards or just as background monitoring data) or should a delay minutes measure be adopted/developed?
No comment

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

No comments

Section 6: Other customer measures

End user experience - passenger

Does the inclusion of these proposed consistent passenger-related measures, collectively and individually, add value in terms of increasing the transparency and accountability of the impact of each route's service delivery on the passenger experience?

There is no doubt that NR's performance has an impact on the customer experience and whilst setting a series of key targets and deliverables is important, it must not be forgotten that the customer experience is a much wider area than just NR's delivery against a balanced scorecard.

For example the use of the NRPS can be a 'blunt' instrument if not clearly understood. For example overall customer satisfaction is led predominately by 'open access' operators rather than franchises and they operate over the same sections of railway that NR maintain for other parties who achieve lower scores which raises some interesting questions.

Noting that the managed station measure would not apply to the Wales route, are there any other routes to which these measures, collectively or individually, would not be relevant (or less relevant / add less value)?

No comments

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

No Comments

Use of the network – TOC/FOC

Do you agree the volume incentive measures should be included as a scorecard measure to encourage Network Rail to support passenger and freight traffic growth? If no, please say why or suggest another form of measure we should consider?

Yes we support its inclusion, we would question why it is measured in miles when most other metrics are kilometres.

If yes, which of the freight and passenger metrics should be used?

Passenger train miles Freight gross tonne miles

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

No comments

Section 7: Investment
What do you think should be measured in this area to support the objective of maximising new sources of funding, and ensuring that Network Rail treats these sources fairly?

Defining and income generated measure is acceptable but there must be a recognition that external income is already committed to the industry so setting of the base must be established with the stakeholders and funders to ensure it is clear which is new money and which is already committed.

We would suggest that a qualitative measure is introduced that identifies the level of benefit to the industry and the stakeholder on externally funded investment.

Section 8: Other 'output' requirements

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

No comments

Do respondents have views on how our monitoring of capability should or could change?

No comments

Do respondents have any proposals for how capacity issues should be reflected at route level?

No comment

Any other points that you would like to make

Within the South West much of the capacity (5.7% passenger growth) has been achieved thorough local marketing and targeting train services at known passenger and economic needs through the operator and the Devon and Cornwall rail partnership which is funded by the operator and external parties. It is not clear from your proposals how a method of monitoring NR on more passenger journeys can be a true representation of NR's involvement.

Thank you for taking the time to respond.

ORR's Consultations on the Overall Framework for Regulating Network Rail Route Requirements and Scorecards, and System Operator

Response from Rail Freight Group

September 2017

1. Rail Freight Group (RFG) is pleased to respond to the ORR's consultations on the overall framework for regulating Network Rail, and on route requirements and scorecards. We have responded to these three documents together given their overlaps. No part of this response is confidential.

2. RFG is the representative body for rail freight in the UK, and we campaign for a greater use of rail freight, to deliver environmental and economic benefits for the UK. We have around 120 member companies including train operators, end customers, ports and terminal operators, suppliers including locomotive and wagon companies and support services.

General Comments

3. Overall, we support the broad framework that ORR is proposing for CP6, noting the balance it seeks to achieve between flexibility and strong regulation. The approach appears to align with the aims of route devolution, benchmarking and encouragement of closer alignment.

4. That said, as minority operators on the network, freight operators and users remain concerned that the right incentives and governance are in place to support delivery of freight objectives, and that ORR's key role in regulating a monopoly provider can still, if required, be strongly enforced.

5. We are also concerned that the emerging framework might be seeking to compensate for a lack of effective internal governance at Network Rail. In particular, it remains wholly unclear how the interfaces between SO, FNPO and the geographic routes will function to deliver freight outcomes which sit on the FNPO scorecard but not elsewhere. ORR should resist seeking to manage this through scorecards and its regulation, and encourage Network Rail to have effective internal management in place for the start of CP6.

Questions 1-3

6. Scorecards are most likely to be effective as a management tool, which can be shared with operators and used to drive actions and improvements. To that end, we agree that there should be a limited approach to regulating the scorecard requirements. They should remain customer facing, not regulator facing. This may mean that ORR will have to place more emphasis on other areas of monitoring and regulation alongside.

7. We agree that there should be sufficient common metrics to enable benchmarking between the routes on key measures, but also allowing space for flexibility.

8. As noted in para 3.28, it is important that the geographic route scorecards reflect all operators including freight. However, it is difficult to see how this can be achieved without other suitable controls within Network Rail. As there is only likely to be a single freight measure on the route scorecards (performance), how will other outcomes such as velocity, new flows, investment – and other measures in the SBP for the FNPO – be delivered? We do not see how this can be remedied through scorecards alone.

9. Scottish Ministers have asked for specific freight targets in their HLOS which could be one model used elsewhere. Management incentives, or a more formal inter-route governance agreement, might also be ways of closing this gap.

10. We note the proposal to set a minimum floor for performance, and consider that the same approach must be taken for passenger and freight to avoid distortion in Network Rail's management of performance (albeit that the targets differ). ORR must assure itself on how it can validate and regulate overall network outcomes to ensure that the network as a whole is delivering as expected, as end to end performance is the most important for freight customers, not route by route.

Questions 4-6

11. Network Rail needs to engage effectively with a range of stakeholders. For freight, this can include operators, end customers, developers, ports, local and regional bodies, planning authorities, rolling stock businesses and so on. It would be counter-productive for ORR to seek to determine who that engagement should be with, or at what frequency.

12. The nature of engagement is also varied, but in many cases, it is the quality and speed of follow up actions that determine how satisfied stakeholders feel rather than just the frequency of engagement.

13. This is an area where light touch regulation is necessary. Some periodic measure of customer satisfaction may be one approach.

14. ORR should also be clear that engagement needs to focus on the delivery of desired outcomes which improve stakeholders business, rather than expecting them play to a significant role in the regulation of the monopoly.

Questions 7-10

15. We broadly support the proposed approach. ORR must maintain a strong ability to regulate and enforce at a national level. At a route level, reputational measures seem most likely to be effective, but ORR also must be able to act if one route is consistently failing.

16. We agree that the measures of SO performance are as likely to be qualitative as quantitative, particularly as it is becoming established. There could be specific targets, for example on the introduction of new technology, although we would generally expect this to be an internal management matter.

Questions 11-13

17. We support these proposals. However there is a danger that well performing routes will 'lose money' to support poorly performing routes, and ORR should consider how that perverse incentive might best be monitored and managed.

18. We are unclear how much stakeholders can realistically influence this area; nonetheless they should be appropriately consulted.

Route Requirements and Scorecards consultation

Questions Para 3.11

19. ORR must assure itself of Network Rail's financial management and efficiency; however we are not convinced that it necessarily adds customer value to require this to be measured on a scorecard. Customers may choose to ask for this if required, and there should be flexibility to choose appropriate measures.

20. ORR's other monitoring activities may be a better way of ensuring financial monitoring, and ORR will need to consider how it collates such information, including at route level, if this is not on scorecards.

Questions 4.13, 4.14

21. Again, we are unclear that having this measure on a scorecard adds particular value to customers. ORR must however have clear ways of monitoring and enforcing this, as end customers, particularly in time limited franchises, may not place particular value on it.

22. Long term sustainability is of importance to freight users, including in Network Rail managed yards and sidings.

Questions 5.55- 5.58

23. As outlined above, scorecards cannot be used as a substitute for effective cross route governance. Absent this, it will be necessary for freight performance (and arguably other measures) to be both on the FNPO scorecard and those of the geographic routes.

24. FDM has proved a better and more useable measure than delay minutes and should be retained, including at route level.

25. The regulation of freight performance should be done in the same way as that of passenger to avoid distortion and as such a minimum floor should be set.

Questions 6.10-6.12

26. An equivalent approach to freight user satisfaction should be considered, to ensure that freight customers' voices are considered on an equal footing with passengers.

27. Although we understand the desire to grow off peak ridership, the off peak periods are also where most freight is able to operate. Increasing off peak passenger services can therefore be detrimental to freight growth. A balanced approach to considering the best service mix here could avoid the need for some enhancements in future, and as such we do not support specific targets in this area.

28. If off peak growth is however included as a scorecard measure for the geographic routes, then we consider that freight growth should also be included, as set out in the Scottish HLOS.

Questions 6.22 – 6.24

29. We agree with this proposal. As both ORR and Network Rail measure freight in net (not gross) tonne miles, this would be the preferred metric for the industry. Freight miles (and indeed passenger miles) tends not to reflect the efficiency of use – so for example, a better loaded, longer train would not reflect in a freight miles measure but would be a good outcome for both the customer and Network Rail.

Question 7.10

30. This is a complex area, as the potential sources of funding and the interaction with Government enhancements is unclear. As such we think it is difficult to include a freight measure at this stage.

31. However, where freight customers are looking to invest in specific schemes, such as new connections to terminals, there must be sufficient leverage on the geographic routes to facilitate this.

Question 8.11

32. Maintaining access for freight through devolution is likely to be an important area, and one where we expect the SO to have a strong oversight. We would support the inclusion of a scorecard measure in this area, which encourages the routes to facilitate freight access and diversionary capability.

Question 8.14

33. This is a critical area and we would support strong monitoring and enforcement of it. The Scottish HLOS refers to this for gauge, and we support this approach, including for other areas such as route availability.

Question 8.19

34. This is most likely to be a matter for the SO, and for the franchising authorities.

Possible Measures of the System Operator Consultation

35. We strongly support the establishment of the SO, and an appropriate regulatory framework to oversee its performance and outputs. An effective SO is critical to protecting the rights of freight in an increasingly devolved railway.

36. We are keen however that the regulatory approach is proportionate, and allows the SO flexibility to manage its activities. As the SO is still newly established, this is particularly important. Whilst this consultation is right to explore regulatory options, we consider that fewer rather than more targets is likely to be appropriate, with an equivalent focus on qualitative oversight of internal programmes such as technology development necessary to fully develop the SO capability. Monitoring of the SO's SBP outputs may be an appropriate approach.

Question 1

37. For freight users, the key elements of SO activity relate to capacity and timetabling. There is a strong focus on improving the outcomes for freight, for example in attained velocity. This focus on improvement is not clear in the discussion in this section.

38. SO also has a strong role in protecting strategic capacity and in securing the outputs of freight enhancements.

39. Investors such as terminal developers may look to the SO (with FNPO)for strategic studies to support their planning application. SO's responsiveness to wider end customers (not just operators) is therefore important.

40. Engineering access planning remains a critical issue, and one where SO should have strong oversight. This is only referred to in passing.

Question 2

41. We note that there are a significant number of potential measures listed, and that including even a fraction of these on a scorecard could be counter-productive. Selected measures need to be most closely aligned with the principle role of long term planning, improving capacity and timetabling and responsiveness as well as maintaining and enhancing systems to enable planning to be undertaken most effectively.

42. Qualitative measures are most likely to be useful for the majority of these areas.

43. Some measures, such as Network Change, link to previous discussions on network capability. As this is a mandatory process, we are unclear that it needs to be on a scorecard.

44. Measures such as A1, A10, B1, B8, B10, B12 would support the delivery of SO objectives and are easy to produce and understand. Other measures are more subjective and it is not clear that they would appropriately focus SO activities.

Question 3

45. We support the inclusion of a small number of metrics, which consider the responsiveness of the SO, its ability to improve network capacity and in timetabling.   Again, there are many suggested measures, which is likely to be unmanageable.

46. We support the inclusion of a measure on development of freight capability, such as Strategic Capacity, and measures on outcomes such as velocity should be aligned with any comparable measures for FNPO (noting previous comments on cross route governance).

Question 4

47. Broadly, we consider this is a matter for Network Rail. However, SO should have sufficient regard to customer outcomes, via its governance processes, or by customer survey and monitoring, which may need to be more qualitative than numerical.

Question 5

48. We think the proposed approach is reasonable.

September 2017

ORR CONSULTATIONS ON:-
THE OVERALL FRAMEWORK FOR REGULATING NETWORK RAIL;
ROUTE REQUIREMENTS & SCORECARDS;
POSSIBLE MEASURES OF THE SYSTEM OPERATOR'S PERFORMANCE

1. INTRODUCTION

1.1 This letter constitutes the formal response from the Railway Industry Association (RIA) to the above consultations.

2. BACKGROUND TO RIA

2.1 The Railway Industry Association is the long-established representative body for the UK-based railway supply sector, with nearly 200 member companies from across the entire field of railway supply with over 30,000 employees and turnover of around £6bn, covering most of the UK rail supply base. Members include manufacturers, consultancies, contractors and numerous specialist service providers. Most major supply companies are members, together with many SMEs.

2.2 RIA provides its members with extensive services, including:

- representation of the supply industry's interests to Government, Network Rail (NR), TfL, HS2, ORR and other key stakeholders
- providing opportunities for dialogue and networking between members, including a number of Special Interest Groups (see 3 below)
- supply chain improvement initiatives
- provision of technical, commercial and political information every week
- export promotional activity, through briefings, visits overseas, hosting inwards
- visits
- organising UK presence at exhibitions overseas.

3. RIA'S RESPONSE

3.1 We have seen the responses from both the Rail Delivery Group and the Rail Freight Group and we are in broad agreement with the thrust of both. There are however, one of two other points we would like to make from a RIA perspective.

3.2 We support the broad framework that ORR is proposing but there clearly needs to be a balance struck between appropriate regulation to achieve the desired results and over-regulation which could lead to stifling Network Rail and making the process of compliance counter-productive in terms of delivering the 'day-job'.

4. SPECIFIC RIA COMMENTS ON THE OVERALL FRAMEWORK CONSULTATION

4.1 We note that, according to our search, the words 'supply chain' are mentioned only once in the document on page 55. We have raised in previous responses, the apparent lack of recognition of the supply chain in the PR18 process. Paragraph 1.4 of the consultation states the PR18 aim as "a safer, ==more efficient== and better used railway, delivering value for passengers, freight customers and taxpayers in control period 6 and beyond". Regarding the highlight (ours) we believe that the supply chain has a crucially important role to play in helping deliver further efficiency – particularly in respect of renewals, so the lack of reference to it is disappointing – eg page 35, para 4.6 makes no reference to the supply chain in the list of key stakeholders.

Bearing that in mind, paragraph 3.13 of the consultation refers to Network Rail's route-level customer-led scorecards for freight and passenger operators which are summarised as a single entry in the relevant route scorecard. While we support the use of Scorecards in CP6 (page 33 Q1) and also that the measures need to be balanced to allow NR adequate flexibility (Q3) we believe consideration should be given (Q2) to devising a process for each Route to measure the effectiveness of its engagement with the supply chain, eg in terms of overall communication. We believe the issue of asset knowledge is something that should also be measured via a scorecard, especially in terms of buried cables etc. The Hansford Review, and Network Rail's response, encourage outside investment in the railway but a significant obstacle in the way of such investment is the inability to map utilities and describe the "as is" condition.

4.2 We believe it would also be useful to consider some sort of measure around actual v estimated spend – especially in respect of renewals. We have seen in the past the problems with the peaks and troughs in renewals expenditure across Control Periods – the two slides embedded below provide examples of this:- *(ORR Note: These slides are included below the response letter).*

Renewals Peaks
and Troughs by CP.p

Renewals
CP5-6.pptx

4.3 And as we made clear at the ORR Efficiency Seminar on 19 September this leads to increased costs, and a disincentive to invest in people, products, and process. We also note that it is the intention to allow Routes the flexibility to vire money from one to the other which might also help smooth out expenditure profiles. We have a meeting with John Larkinson scheduled for 16 October to discuss how we might take forward the key findings of that Seminar where we would be happy to discuss this and the issues described in 4.1 & 4.2 above. This is relevant to Q's 4-6 on page 42, and Qs 11-13 on page 64.

With respect to Qs 7-10 on page 54, we are broadly supportive of approach proposed.

ROUTE REQUIREMENTS & SCORECARDS;

5.1   We believe that our main comments are outlined above.

POSSIBLE MEASURES OF THE SYSTEM OPERATOR'S PERFORMANCE

6.1   We agree the need for the establishment of an appropriate regulatory measure for the System Operator (SO)

6.2   With respect to Q1 on page 11, 'smart' engineering access planning is very important to the supply chain as outlined at the Efficiency Seminar on 19 September.

6.3   With respect to paragraph 3.12 and 3.14 on page 21 and Box 3.1 on page 22, we would absolutely stress the importance of early-stage development of projects being critical to their success. In many other responses and forums, RIA has repeatedly called for early contractor involvement to ensure projects are at an appropriate level of maturity before commitments are made. There seems to be no reference to supply chain involvement here, or indeed elsewhere in the document – see 4.1 above.

6.4   Regarding 3.24 on page 24, we strongly agree that the impact of enhancements on renewals activity is likely to become increasingly important and needs to be undertaken to a high standard to support orderly and efficient change-control.

6.5   Regarding 3.28 on page 25, we would refer you to our comments on underground services in 4.2 above

CONCLUSION

7.1   We hope these high-level comments are useful. As mentioned earlier, we would be happy to discuss these further in our upcoming meeting, and at subsequent regular bilaterals between ORR and RIA.
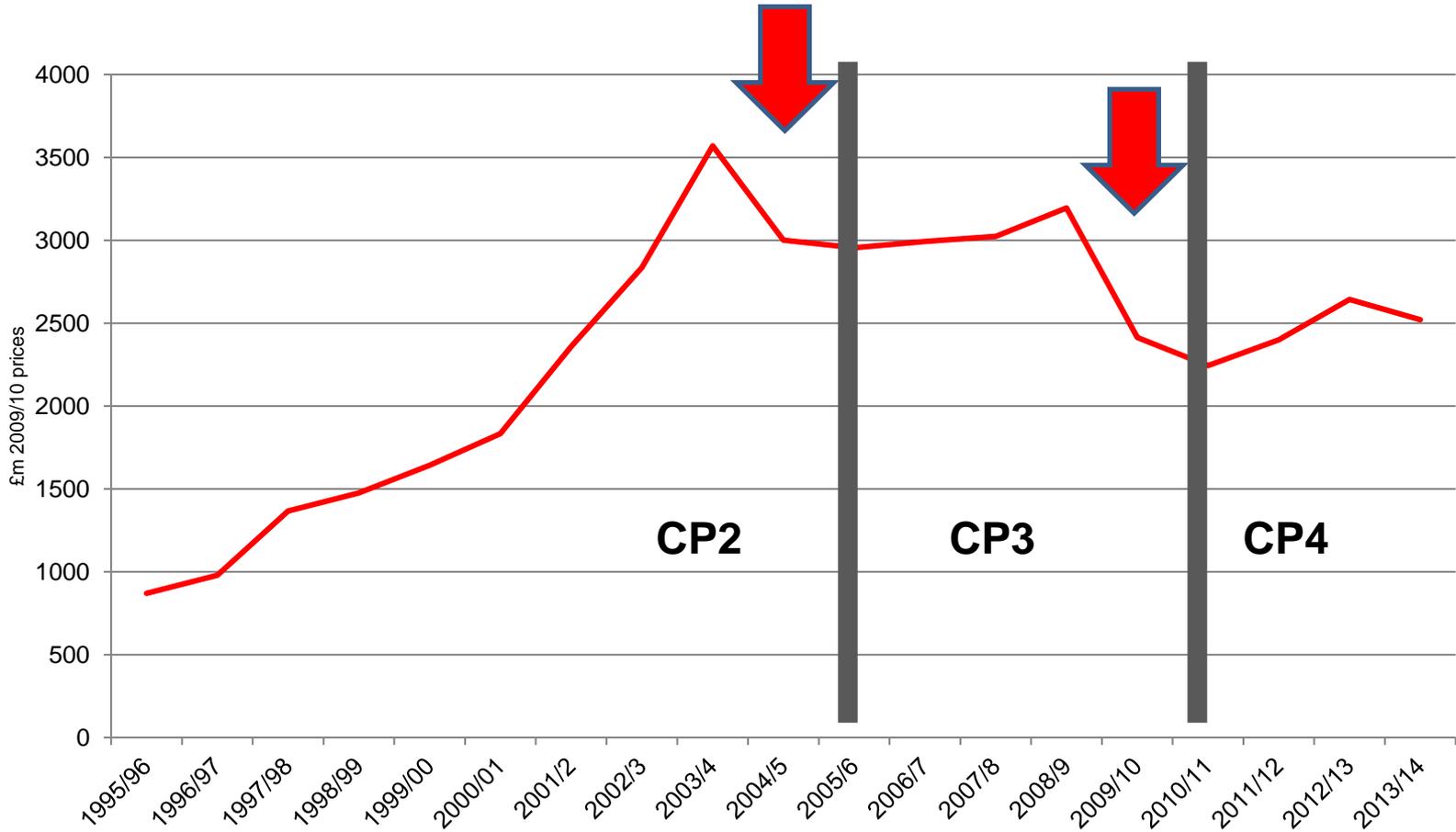

Peter Loosley
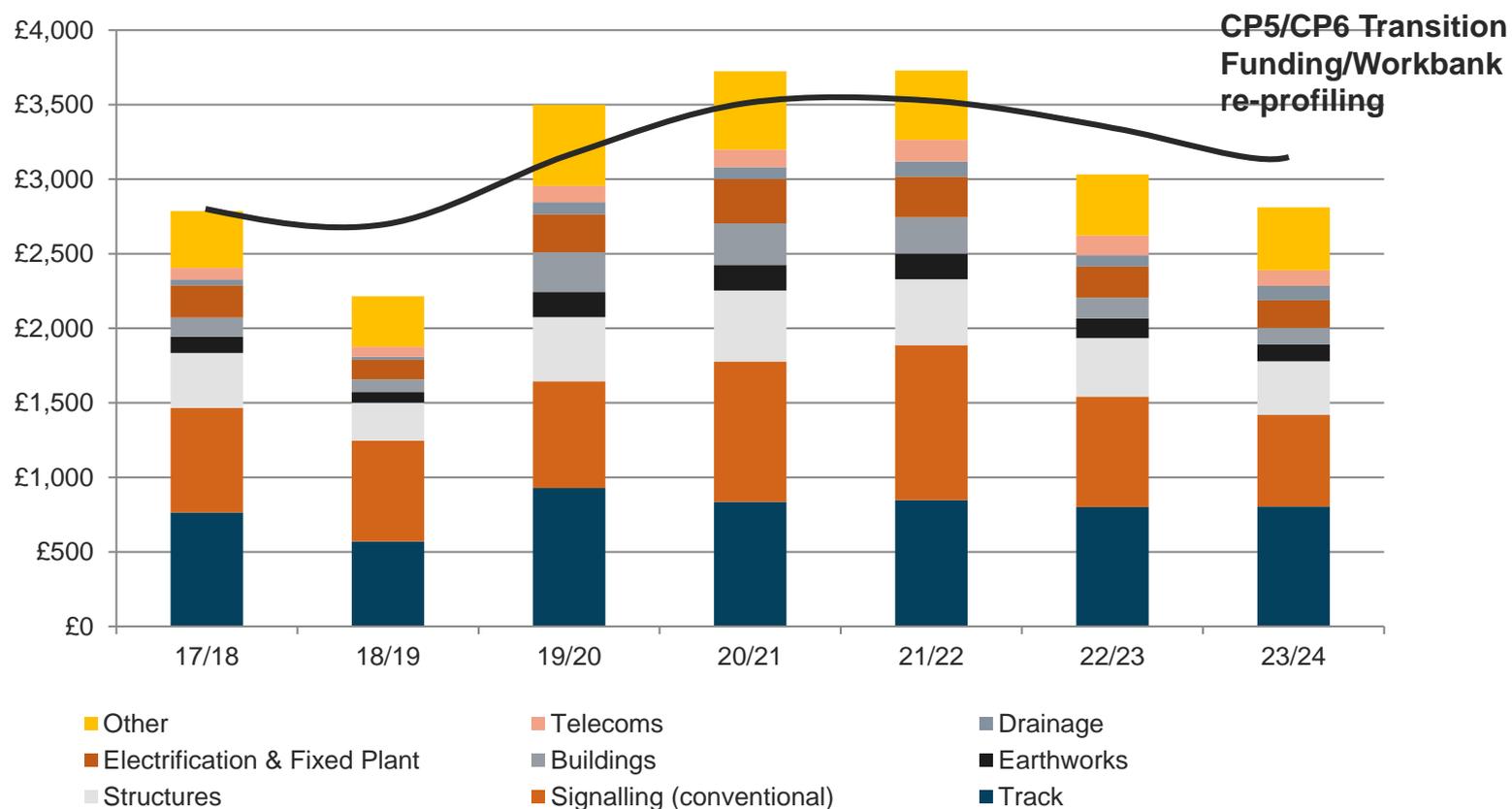
Peter Loosley
Policy Director

Railway Industry Association
22 Headfort Place
London SW1X 7RY

Company No. 10036044
Company Limited by Guarantee registered in England & Wales

Network Rail renewals expenditure 1995/6 – 2013/14

Renewals Spend Profile - RF2

CP5/CP6 Transition Funding/Workbank re-profiling

Legend: Other, Telecoms, Drainage, Electrification & Fixed Plant, Buildings, Earthworks, Structures, Signalling (conventional), Track

* Based on RF2 inputs – subject to Business Planning and ORR Determination

A better railway for a better Britain

Periodic Review 2018
Office of Rail and Road
One Kemble Street
LONDON
WC2B 4AN

20 September 2017

Dear Sir/Madam

Period Review 2018 – consultation responses from Transport Focus

Transport Focus is the statutory independent watchdog for rail passengers in Great Britain. We welcome the opportunity to respond to the Office of Rail and Road's (ORR) three current consultations about the Period Review 2018. We see the Periodic Review as an important opportunity to ensure that the outcomes expected of the railway between 2019 and 2024 are closely aligned with passengers' needs. In the attached document, Section A deals with the overall framework consultation; Section B with the scorecards consultation; and Section C with the System Operator consultation.

Much of what ORR is proposing Transport Focus strongly supports, including Route-based regulation as a principle. However, in two areas we have significant concerns. In summary we believe:

a. Drawing on best practice from other regulated sectors, ORR should require Network Rail to engage with passengers, as the ultimate customer of its product, to a greater degree than is proposed;
b. ORR should require Network Rail to define success primarily in terms of passenger outcomes rather than technical or financial inputs or outputs; and
c. ORR should use the new 'on time, all stations' measure to compare performance across the Network Rail Routes rather than delay minutes as is proposed.

We would be pleased to elaborate on the points above or any other comments in this document.

Yours faithfully

Guy Dangerfield
Head of Strategy

Encl.

Transport Focus is the operating name of the Passengers' Council

A. PR18 Overall Framework consultation

Transport Focus has confined its comments to areas which seem most directly relevant to passengers' interests. If we have made no observations in relation to particular themes we are broadly supportive of ORR's proposals.

Chapter 2 – Route-based determination

Transport Focus welcomes the intention to regulate each Route and the System Operator separately. In addition to the 'rivalry' benefits that benchmarking will bring, it is clear from the National Rail Passenger Survey and from research carried out in relation to franchising that passenger expectations differ from route to route.

Chapter 3 – scorecards

Our response to ORR's scorecards consultation is provided in Section B, which includes our major concern that it is not proposed to use the new 'on time, all stations' measure as the consistent comparator between Routes, but delay minutes. Transport Focus believes that every scorecard should include the new metric, alongside cancellations and the number of 'severely disrupted days', even if train companies and others argue in favour of other measures being used as well. We know from the joint Transport Focus/ORR research that this is what passengers want. We also know from our research that punctuality is the foundation on which trust between the industry and passengers is built. Incentivising Network Rail on the basis of how passengers define punctuality is surely the right thing to do.

We nevertheless welcome the concept of Route scorecards and the intention to use the National Rail Passenger Survey within them to track consumer satisfaction. The scorecards should help ensure that Network Rail focusses on what passengers really want on that route, reducing the potential to focus on asset management for its own sake or allow financial considerations to override those of passengers. We say *should* because it will depend on the extent to which the priorities *are* consistent with those of end users in the way you expect and whether passengers can *genuinely* hold Network Rail to account for delivery. We expand on our major concerns about this under 'engagement' below.

Transport Focus is broadly content with there being a small number of measures specified, so long as they are closely aligned with passengers' interests. We understand the concept of a target and a regulatory floor, but we think there is a significant danger that the floor will become the *de facto* target. Will passengers' interests be best served if the impression is given that ORR won't take much interest until performance gets close to or below the floor?

Chapter 4 – engagement

Passengers now provide the majority of the railway's income. Therefore it is more important than ever to focus on the identification and delivery of the outcomes passengers want. We recognise and welcome ORR's expectation that each Route and the System Operator must

meet the minimum requirements set out in 4.11 of the consultation and the principles set out in 4.16.

However, we think ORR should go further in requiring each part of Network Rail to focus more clearly on consumer benefits and in defining success in terms of delivery of clear consumer outcomes. While the analogies are not exact, the Civil Aviation Authority (CAA) in relation to Heathrow Airport and Ofwat in relation to water companies are focusing on the consumer to a much greater extent than ORR is proposing for Network Rail. The requirement on Routes and the System Operator to engage with the ultimate customer, passengers, appears weak and should be strengthened.

The CAA has rejected the view that airlines are an adequate proxy for the consumer interest, recognising the primacy of the airlines' financial interest. They are therefore proposing that the focus of the Heathrow business plan, and associated financial incentives and penalties, reflect not inputs or outputs, but consumer outcomes – with Heathrow charged with proposing these outcomes as a result of consumer engagement.

While we do not advocate independent Customer Challenge Groups similar to the water sector, we think ORR should go further in ensuring that Network Rail engages effectively with passengers and incorporates their views in its plans. Despite the guidance ORR has already given in relation to preparation of strategic business plans, the level of engagement with passengers does not give us confidence that this will happen during Control Period 6 unless you strengthen what you require. We also recommend that you strengthen the focus on meeting the needs of vulnerable consumers, an area where Ofwat (see paragraph 3.1, Page 35 of Delivering Water 2020: Consulting on our methodology for the 2019 price review) and the CAA are expecting more.

Transport Focus remains ready to discuss with Network Rail how we can help in this area through conducting a programme of passenger research, articulating the findings and helping Network Rail draw conclusions about the implications for its business. We see this as supplementing the passenger representative role that we hope to play, subject to funding, on the various Route Supervisory Boards (we currently sit on the pilot Western Route supervisory board and have been invited to sit on its East Coast Main Line and Wales equivalents).

In response to your questions, we believe ORR should set a clear expectation that it expects the Routes to involve passengers in shaping outcomes in the following areas:

- The standard of train performance that should be provided, which is likely to include levels of punctuality, cancellations and number of 'severely disrupted days'

- How engineering work should be planned and delivered to minimise disruption to passengers

- Defining the medium and long-term vision for the passenger services Network Rail should be able to facilitate.

Chapter 5 – incentives

In response to your questions, we agree that Network Rail's incentives as a government-owned company are more reputational – both to the entity and to its senior managers as individuals – and what ORR proposes appears appropriate. ORR should seek to guard against Network Rail becoming overly risk-averse or less ambitious as a result of reclassification.

Regarding data, the power of transparency as an incentive should not be underestimated. More should be done to help passengers and their representatives – elected and otherwise – access the information they need to hold Network Rail to account. While Network Rail makes a huge quantity of train performance data available through open data feeds, there is no official (or unofficial) consumer-friendly portal through which these can be readily interrogated. The Rail Delivery Group-sponsored www.mytrainjourney.co.uk website goes some way in this area, but further development is required if it is to truly deliver what is necessary. It is important that ORR secures genuine transparency in key areas as a means to empower passengers and stakeholders. Research suggests that passengers would rather the information came from an independent body like ORR, or was at least endorsed by one, than from the industry itself. ORR should therefore consider who is best placed to publish these data.

In a scenario where Network Rail performance is between 'regulatory floor' and the scorecard target and it has offered no credible proposals to narrow the gap, passengers would expect 'the authorities' to be intervening on their behalf. Whether improvement is best secured by making the scorecard target itself specifically enforceable, or by requiring an action plan that is reasonably likely to deliver it – and holding Network Rail to milestones – is difficult to predict. Perhaps it should be a horses for courses decision?

Chapter 6 – managing change

In 6.19 you anticipate that Network Rail would lead the change management process when there was a proposal to amend the outputs and/or targets within the Control Period. While that is fair enough, we strongly encourage that whatever is agreed by ORR at the end of that process is clearly articulated in the public domain. The purpose being that passengers, and stakeholders, can see clearly what has changed from the original determination and the rationale for that change. This will reduce the risk that change causes distrust of 'the system'.

B. Route requirements and scorecards

Chapter 3 – financial information

While passengers will, generally, be less interested in financial information than in that about the service they receive, an area that ORR may find useful to include in all scorecards for comparison purposes is the unit costs of key types of renewal activity.

Chapter 4 – asset management

First, it is vital that scorecards include a target for sustaining asset condition. We say this because of the disruption to passengers caused by infrastructure failure as track and signalling approaches life expiry. ORR's preferred approach, in 4.6, appears appropriate. We stress, however, that ORR must ensure transparency around whether the rate of renewal being achieved by each Route is keeping pace with the rate of deterioration – allowing action to be taken if not.

In 4.11 you are clear that you expect to see an asset condition score for the principle asset groups within each Route's strategic plan. We encourage you to require some geographic disaggregation, particularly within the larger Routes. An average for a Route, while self-evidently better than one national figure, could still mask undesirable variation. Regarding the station condition score, you will need to consider the implications of the various 99-year lease arrangements that now exist with a number of train companies.

Transport Focus strongly encourages ORR to expect Network Rail to be constantly striving to improve the capability of its product over time – and without an expectation that government or customers (direct or 'end user') should necessarily have to pay more. In a conventional market situation a supplier would need to improve its product, and without necessarily being able to increase the price, simply to stay in business. As a monopoly supplier, Network Rail needs to be required to do so. Transport Focus believes that ORR should require that Network Rail develops a vision for each line within each Route; and require that renewals always move things one step closer to that vision. This would allow Network Rail to break out of the 'ossification' caused by the capability that existed in 1994 being the objective for ever more. It would require Network Rail to rediscover the art of small incremental improvements towards a long-term goal. It would put a stop to the catch 22 situation in which signalling is renewed to match the historic capability of the track, and then a couple of years later the track and points are renewed to match the capability of the brand new signalling.

Chapter 5 – train performance

Transport Focus welcomes ORR's intention to have a consistent Route-level measure of performance in all scorecards, alongside other measures train companies and/or funders might propose. However, we are baffled that it is not intended to use the recently launched 'on time, all stations' metric which the industry, working closely with DfT, ORR and Transport Focus has developed. The proposal to instead use 'delay minutes', divided into primary delay, direct reactionary delay and indirect reactionary delay appears to run contrary to recent direction of travel. It also appears to satisfy few of the key objectives you set out in 5.23 – in particular ease of calculation (you are proposing weighting between Routes to account for greater reactionary delay being generated on busier routes) and credibility (it is highly likely that it will not be understood by passengers – a key stakeholder). Our strong view is that the only measure which meets your objectives is 'on time, all stations'. This will increasingly become the headline metric for the railway; it is surely appropriate for ORR to use the same measure to compare performance between Routes. Transport Focus encourages you to revisit this proposal.

Chapter 6 – passenger experience

Transport Focus welcomes the intention to use the National Rail Passenger Survey (NRPS) to provide a consistent, comparable measure of overall passenger satisfaction across each geographic Route. NRPS should also be included in the Freight & National Passenger Operators (FNPO) scorecard – passenger satisfaction must also matter to the FNPO, even if it is delivered primarily via the eight geographic Routes. We see merit in Route scorecards containing NRPS scores (the station aspects) for relevant Network Rail Managed Stations.

Chapter 8 – network availability

Transport Focus recognises the deficiencies of the Possession Disruption Index for Passengers (PDI-P) and we welcome ORR's intention to continue monitoring in what we agree is an important area. In terms of the most appropriate metric, we believe that measuring how much of the base timetable is altered on a given day to accommodate engineering works should be considered. It would be sensible to disregard inconsequential changes like re-platforming and very minor retimings, but we think a measure of 'timetable change', while not perfect, may offer a reasonable proxy for passenger impact.

ORR should also consider monitoring the number of days on which it is not possible to travel by train between key origins and destinations. This should encourage Network Rail to avoid closing parallel routes at the same time, and should encourage Network Rail to develop options that do not close lines entirely – or if that is necessary to offer an alternative route.

A crucial issue when it comes to engineering works is the accuracy of timetable information, including it being correct twelve weeks in advance (T-12) and amended thereafter in only exceptional circumstances. The System Operator has an important role in delivering this, which we discuss in Section C, but so do the geographic Routes. The System Operator tells us that there is a strong correlation between whether a train company bids accurately at T-18 and the timetable being correct in the public domain at T-12. Train operators tell us that a principal cause of their failing to bid on time at T-18 is that the Network Rail Route has not confirmed the detail of the possession in time for them to do so (and in some cases doesn't for weeks after T-18 has passed). Transport Focus therefore recommends that all scorecards measure Network Rail's success at planning possessions so train companies can bid accurately at T-18 without the need for subsequent change.

C. Measures for the System Operator's performance

Leading strategic planning

Our views about Network Rail's role in developing a vision for the network are covered in Section B. In terms of measuring the System Operator's effectiveness in this area, while there will be elements of its role in strategic planning that lend themselves to a quantitative measure, ORR should consider requiring Network Rail to canvass views among those they involve the process to establish how well it is working for them.

Producing the timetable

On a day-to day-basis, the System Operator's role in producing the timetable is vitally important to passengers – whether it be the quality (in a 'does the timetable deliver high performance' sense), or in terms of timely publication of amendments to the base timetable because of engineering works or other reasons. Many of the proposed measures of the System Operator's performance look valuable, however it appears that D2, D3 (which we assume should read 'delay minutes', otherwise D3 and D4 look identical), D7, D8, D9 and D10 look most critical.

T-12 informed traveller

It is vital to have transparency about the level of post T-12 change, irrespective of who caused it. The level of post T-12 change for which the System Operator alone is responsible should also be reported. As mentioned above, whether a train company bids accurately at T-18 is closely linked to whether the timetable is correct in the public domain at T-12. We believe the System Operator should be responsible for reporting T-18 adherence by train company on a regular basis, allowing light to be shone on problems that would otherwise be hidden.

Improving the timetable

Clearly, the System Operator must invest in systems development to markedly reduce planning errors that will inevitably cause delay. Transport Focus also sees a key role for the System Operator in continually improving the timetable, 'consuming' as much data as it can from as many sources as possible to understand how the timetable 'behaves' in practice and where there are opportunities to improve it. The improvements might be to underlying reliability, to journey times or to safety (for example, by identifying timetable adjustments that would make a Signal Passed at Danger less likely to have catastrophic consequences). We believe that the System Operator financial settlement, and obligations, should be sufficient to revolutionise capability in this area.

Facilitating high quality passenger information

The System Operator should invest to support train companies in providing high quality information to passengers, particularly when there is disruption. The better the information published by the System Operator, the nearer passengers will be to having a single source of the truth'. In particular:

- The System Operator should dramatically reduce the time it takes to publish a revised timetable, for instance in the event of heavy snow being forecast. While the part-year only 'day A for day B' process is better than the underlying 'day A for day C', it remains insufficiently agile to deliver what passengers need. A decision by the train company is still required earlier than is desirable (the weather forecast may change) and once a decision has been made it takes too long for the revised timetable to 'hit' the journey planners passengers use.

- The System Operator should, through its output from the Train Planning System (TPS), help passengers understand what is happening when timetables are temporarily amended. Journey planners have no means of knowing that the trains they are 'returning' are different from normal – they give no context in which passengers can assimilate the information provided. For example, when a freight train derailed recently near Ely most journey planners did not explain why there were no through trains from Cambridge to Leicester. The System Operator should work with train companies and journey planner suppliers to deliver a 'single source of the truth' that TPS can provide in these circumstances.

Network Change process

In 3.29 and 3.30 you refer to the fact that the System Operator has a key role in the Network Change process but is not always accountable for producing the documentation relating to it. It appears that this is an area where absolute clarity about the Routes' obligations and the System Operator's would be helpful.

Transport Focus
September 2017

Response to ORR's consultation on 'route requirements and scorecards', part of the overall framework for regulating Network Rail (PR18)

This pro-forma is available to those that wish to use it to respond to our consultation. Other forms of response (e.g. letter format) are equally welcome.

Please send your response to pr18@orr.gov.uk by **21 September 2017**.

Full name	Alan Smart
Job title	Principal Planner, Rail Development team
Organisation	Transport for London
Email*	
Telephone number*	

*This information will not be published on our website.

Section 2: Health and safety
Do you have any comments on our proposed approach to the health and safety aspects of route scorecards?
The absence of specific targets is an obvious concern that is likely to result in the absence of improvement and could eventually lead to a deterioration due to complacency. The ORR should have a view on the level of performance that can be achieved given its role as the safety regulator for the industry and should enumerate this through the CP6 target setting process, rather than letting Network Rail set its targets solely through collaboration with operators.

Section 3: Financial performance
Would financial performance measures on scorecards provide useful information to customers and other stakeholders? If you think they would, which ones would be most helpful?
Financial performance measure would be useful to customers and stakeholders. These should focus on the efficiency of delivery i.e. the outputs achieved for the funding provided to allow trends in this key area to be understood and addressed. This would also enable the comparison of performance and the identification of best practice, realising the intended benefits of regulation at the Route level.
Should ORR specify the financial performance measures to be included on the scorecards and the rules for calculating them?

The ORR should specify the measures and the rules for calculating them to ensure the independence and credibility of the measurement process.

Should we set a minimum level of financial performance requirement?

Yes, to ensure that there is an expectation on Network Rail to deliver a certain level of performance.

Should we specify that an efficiency measure should be included on the scorecards?

Yes, as financial efficiency is crucial to the ongoing willingness of funders to invest in the rail network.

Should we specify that diagnostic information and leading indicators of efficiency delivery should be included on the scorecards?

Yes, given the importance of the measure to the ongoing development of the industry and its attractiveness to funders.

Do you have any views on the financial performance measures that should be used for the FNPO and SO business units?

TfL has no comment to make in response to this question.

Section 4: Asset management

Do you have any comments on whether we should require a measure of network sustainability and the proposed measure selected?

A measure of Network Sustainability should be included in the Route level Scorecards. The concept is important as the industry needs to have confidence that the network is being managed in a sustainable fashion that will enable the continued achievement of reliable performance over time. Any minimum floor set should be adjusted to account for the performance that is possible given the funding envelope provided. It is important that any potential for improvement is captured by the target setting process.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?
TfL has no comments on the draft impact assessment.

Chapter 5: Train performance
Route performance – passenger market
Do you agree our proposed approach to the having a consistently calculated route measure? We would like to hear views in consultation on the respective merits of imported and indirect reactionary delay with regard to its inclusion in this measure.
Consistent calculation of this key measure is important to ensure the comparability of performance across routes. Disaggregation of the measure to at least the operator level is also critical to ensure that there is sufficient focus on the requirements of those operators with a relatively small presence within the individual Routes. Imported and indirect reactionary delay should be included in any performance measures to ensure that due focus is given to the management of train movements between Routes as part of an integrated approach to network management.
Do you agree with the approach to normalisation of the consistently calculated route measure?
Train kilometres is an acceptable metric to use for normalisation purposes, as this does generally reflect the intensity of train service provided and therefore the relative challenge of delivering a reliable service.
Do you have any comments on the options for setting a regulatory minimum floor?
The minimum floor should be set through reference to recent performance levels, measured using a metric that best reflects the impact of delays on the customer, such as Average Minute Lateness (AML). Recent moving annual average values for this measure could be used to set the minimum floor provided that these are not distorted by the impact of other, one off factors. Liaison with operators should also be undertaken to understand what their own contracts

require in terms of performance; these should be considered as part of the target setting process.

The ORR must retain control of any measures set in this area to ensure they are sufficiently rigorous and challenging for Network Rail. It is unlikely that the operators can achieve this on their own without support from the Regulator.

Do you agree this measure should be on geographic route scorecards and not FNPO, and in particular, that this will afford appropriate protection to national passenger operators as well as those operators aligned to a geographic route?

TfL agrees that this measure should be on geographic route scorecards provided that it is disaggregated to the operator level. It is critically important that the interests of minor operators within Routes are protected in the process, with Network Rail being given direct incentives to meet their requirements.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

TfL has no comment to make on the draft impact assessment.

Route performance – freight market

Should ORR require measures on the FNPO scorecard, the geographic route scorecards or both?

Both would be preferable to ensure that there is a focus on freight performance at all levels within Network Rail given the breadth of the geographic scope of most freight operations.

Should ORR set a regulatory minimum floor in relation to freight performance as we propose to do for passenger performance?

Yes. It is important that all parties are incentivised to ensure freight performance is as good as possible. Delays caused by freight services often have significant impacts on passengers services when they are travelling through heavily used networks in urban areas, so it is important that there are appropriate incentives to minimise this type of delay.

Should FDM-R be used to provide a view of how well routes are delivering to freight (whether on geographic route scorecards or just as background monitoring data) or should a delay minutes measure be adopted/developed?
An approach based on delay minutes would be preferable as this would capture all delay minutes of interest rather than a subset of delays where freight trains arrive 15 minutes late at their destination.
A draft impact assessment is included in the annex to this document. Do you have any comments on this?
TfL has no comments on the draft impact assessment.

Section 6: Other customer measures
End user experience - passenger
Does the inclusion of these proposed consistent passenger-related measures, collectively and individually, add value in terms of increasing the transparency and accountability of the impact of each route's service delivery on the passenger experience?
The value of including measures related to overall passenger satisfaction and the rate of change in off peak journeys per route is questionable as these will be determined at least in part by factors outside Network Rail's control. The inclusion of a measure for passenger satisfaction with stations in relation to those stations managed by Network Rail has more merit as Network Rail has direct responsibility for these stations. Network Rail's performance regime should always be focused on those items over which Network Rail has a high degree of control, enabling it to focus its management efforts in the most appropriate manner.
Noting that the managed station measure would not apply to the Wales route, are there any other routes to which these measures, collectively or individually, would not be relevant (or less relevant / add less value)?
Refer to the response to the previous question.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

TfL has no comments on the draft impact assessment.

Use of the network – TOC/FOC

Do you agree the volume incentive measures should be included as a scorecard measure to encourage Network Rail to support passenger and freight traffic growth? If no, please say why or suggest another form of measure we should consider?

A volume incentive measure should be included on the scorecards to support an achievable level of passenger and freight growth. This will ensure that the scorecards are balanced, particularly from the perspective of the relationship between performance and service capacity.

If yes, which of the freight and passenger metrics should be used?

Based on the choices available passenger train miles should be used as this is a metric over which Network Rail has direct control, unlike passenger revenue which can be influenced by factors beyond Network Rail's control. Passenger vehicle miles would represent a better short term metric to incentivise train lengthening where this is possible. In future it would be desirable to replace this metric with a more sophisticated one taking into account journey time using the Generalised Journey Time measure that is already widely used throughout the industry for planning purposes. Passengers are looking for services that minimise their journey time; this challenge needs to be met through the provision of services that do this effectively e.g. by operating at even intervals. The volume of service provided is not necessarily a good indicator of how these passenger requirements are being met.

Passenger/vehicle train miles should be awarded at least a regulatory minimum floor to guard against the reduction of capacity to protect performance, in the absence of a measure related specifically to Journey Time

TfL has no comment on which of the proposed freight metrics is the most suitable.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

TfL has no comments on the draft impact assessment.

Section 7: Investment

What do you think should be measured in this area to support the objective of maximising new sources of funding, and ensuring that Network Rail treats these sources fairly?

The volume of Third Party funding received (including funding received from devolved transport bodies such as TfL) should be measured to ensure this area is the subject of sufficient focus within Network Rail. Assessments of the satisfaction of Third Party funders (including devolved transport bodies such as TfL) with Network Rail should also be undertaken with follow up improvement actions being monitored until they are delivered.

Section 8: Other 'output' requirements

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

The regulatory framework should seek to incentivise the availability of the network. Currently this is not the case as there is no real incentive for any party to attempt to reduce the Schedule Four payments that are made to compensate for revenue loss during engineering works. Consideration should therefore be given to an incentive that would encourage Network Rail and the operators to work together to reduce Schedule Four payments where possible without compromising on the volume or quality of work that can be achieved during periods of planned disruption.

Do respondents have views on how our monitoring of capability should or could change?

The maintenance of network capability should be an explicit license requirement as this is critical to operators and funders of rail services.

Do respondents have any proposals for how capacity issues should be reflected at route level?

As mentioned previously in this response TfL considers that the industry should move towards metrics that are journey time based rather than based on measures of capacity only. The Generalised Journey Time measure that is widely used for planning purposes within the rail industry would provide a basis for such a metric, accounting for customer requirements to achieve the shortest journey time possible and driving planning behaviours that incentivise customer friendly services with characteristics such as even service intervals that maximise the value of the infrastructure provided.

Any other points that you would like to make

The ORR's general approach to target setting during CP6 does appear to be rather limited and unambitious, apparently accepting that Network Rail's current performance is likely to be the best that can be achieved. This manifests itself either through the absence of target setting or the setting of minimum floors / baselines for a limited basket of measures at the Route level (network sustainability / capability and performance) rather than aiming for improvement which should be the objective. Increasing weight is being placed on Network Rail and the operators working together to develop performance targets for route level scorecards. Whilst a greater degree of collaboration in this regard is desirable it needs to be backed up by firm regulatory oversight and governance to ensure that Network Rail does not abuse its monopoly position and is challenged robustly to improve its own performance.

Scorecard measures should be adjusted to reflect the anticipated impact of enhancements wherever this is appropriate to ensure that Network Rail delivers on forecast levels of improvement arising from such enhancements. The ORR should take a role in reviewing scorecards which have been developed between Network Rail and its customers and, if necessary, adjust the measures.

The disaggregation of scorecard measures to the Operator level (at least) is very important to those operators who only deliver a small proportion of the train services on a particular Route e.g. London Overground in the context of the Anglia Route. This is particularly important in the context of train service performance. Without this there is a significant risk that Network Rail will not focus on the requirements of these operators to a sufficient extent, leading to a deterioration in performance on the routes concerned which are often key parts of their local travel network, as is the case with London Overground.

Thank you for taking the time to respond.

Response to ORR's consultation on 'route requirements and scorecards', part of the overall framework for regulating Network Rail (PR18)

This pro-forma is available to those that wish to use it to respond to our consultation. Other forms of response (e.g. letter format) are equally welcome.

Please send your response to pr18@orr.gov.uk by **21 September 2017**.

Full name	Pauline Rawlings
Job title	Head of Planning and Performance
Organisation	XC Trains Limited
Email*	
Telephone number*	

*This information will not be published on our website.

Section 2: Health and safety
Do you have any comments on our proposed approach to the health and safety aspects of route scorecards?
As per Arriva Plc response.

Section 3: Financial performance
Would financial performance measures on scorecards provide useful information to customers and other stakeholders? If you think they would, which ones would be most helpful?
As per Arriva Plc response.
Should ORR specify the financial performance measures to be included on the scorecards and the rules for calculating them?

As per Arriva Plc response.

Should we set a minimum level of financial performance requirement?
As per Arriva Plc response.

Should we specify that an efficiency measure should be included on the scorecards?
As per Arriva Plc response.

Should we specify that diagnostic information and leading indicators of efficiency delivery should be included on the scorecards?
As per Arriva Plc response.

Do you have any views on the financial performance measures that should be used for the FNPO and SO business units?
As per Arriva Plc response.

Section 4: Asset management
Do you have any comments on whether we should require a measure of network sustainability and the proposed measure selected?
We would like to see a measure included on the FNPO Scorecard focused on lines of routes operated by Freight and National Passenger Operators to ensure the routes that are core to our business are not at risk of deterioration that is then masked by the overall sustainability measure being achieved on key lines of route for the geographical routes.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?
Nothing further.

Chapter 5: Train performance
Route performance – passenger market
Do you agree our proposed approach to the having a consistently calculated route measure? We would like to hear views in consultation on the respective merits of imported and indirect reactionary delay with regard to its inclusion in this measure.
In addition to the Arriva Plc response, as a national operator it is important that <u>all</u> delay is included in this measure so that Network Rail are not incentivised to do anything other than operate the network holistically. XC are concerned that a measure that is only concerned with delay minutes and ignores cancellations may lead to perverse behaviour from Network Rail such as insistence of the cancellation of trains with relatively small levels of delay which could be recovered. As a long-distance operator serving a significant discretionary travel market, this risk is unacceptable. Consideration should be given as to how to incorporate the impact of cancellations perhaps using the deemed minutes approach taken for Schedule 8.
Do you agree with the approach to normalisation of the consistently calculated route measure?
As per Arriva Plc response.
Do you have any comments on the options for setting a regulatory minimum floor?

As per Arriva Plc response.

Do you agree this measure should be on geographic route scorecards and not FNPO, and in particular, that this will afford appropriate protection to national passenger operators as well as those operators aligned to a geographic route?

In addition to the Arriva Plc response, XC strongly disagree that the FNPO scorecard should not include this measure. It cannot be relied upon that delivery of better than floor levels by a geographic route will equate to delivery of acceptable levels of performance to national operators, particularly where we do not operate on the principal line of route or operate comparably few route miles. If FNPO are not accountable for the overall delivery of XC performance we have significant concerns that there will be no visibility of under-delivery to XC by Network Rail and therefore no incentive will exist for Network Rail Routes to develop and deliver improvement plans to address sub-target performance. What is the role of FNPO if not to be accountable to its customers for whom it acts as a 'Lead Route'?

A draft impact assessment is included in the annex to this document. Do you have any comments on this?

Nothing further.

Route performance – freight market

Should ORR require measures on the FNPO scorecard, the geographic route scorecards or both?

As per Arriva Plc response.

Should ORR set a regulatory minimum floor in relation to freight performance as we propose to do for passenger performance?

As per Arriva Plc response.

Should FDM-R be used to provide a view of how well routes are delivering to freight (whether on geographic route scorecards or just as background monitoring data) or should a delay minutes measure be adopted/developed?
As per Arriva Plc response.
A draft impact assessment is included in the annex to this document. Do you have any comments on this?
Nothing further.

Section 6: Other customer measures
End user experience - passenger
Does the inclusion of these proposed consistent passenger-related measures, collectively and individually, add value in terms of increasing the transparency and accountability of the impact of each route's service delivery on the passenger experience?
In addition to the Arriva Plc response, XC would like to see a quality measure for Major Stations included on all Route Scorecards where Major Stations exist.
Noting that the managed station measure would not apply to the Wales route, are there any other routes to which these measures, collectively or individually, would not be relevant (or less relevant / add less value)?
As per Arriva Plc response.

A draft impact assessment is included in the annex to this document. Do you have any comments on this?
Nothing further.
Use of the network – TOC/FOC
Do you agree the volume incentive measures should be included as a scorecard measure to encourage Network Rail to support passenger and freight traffic growth? If no, please say why or suggest another form of measure we should consider?
As per Arriva Plc response.
If yes, which of the freight and passenger metrics should be used?
As per Arriva Plc response.
A draft impact assessment is included in the annex to this document. Do you have any comments on this?
Nothing further.

Section 7: Investment

What do you think should be measured in this area to support the objective of maximising new sources of funding, and ensuring that Network Rail treats these sources fairly?
As per Arriva Plc response.

Section 8: Other 'output' requirements
A draft impact assessment is included in the annex to this document. Do you have any comments on this?
Nothing further.
Do respondents have views on how our monitoring of capability should or could change?
As per Arriva Plc response.
Do respondents have any proposals for how capacity issues should be reflected at route level?
As per Arriva Plc response.

Any other points that you would like to make