

## **Rail Update**

### **1. INTRODUCTION**

- 1.1** To update the Forum on current consultation and events progressed by SEStran in relation to Rail since the last scheduled Rail forum meeting.

### **2. BACKGROUND**

- 2.1** SEStran have informally responded with comments/observations to consultation from the Office of Rail Regulation (ORR) regarding the 2018 period review (PR18) and the proposed draft guidance to Network Rail on the preparation of its strategic business plans and developing a regulatory settlement. A copy of the responses are provided in Appendix 1.
- 2.2** The Consortium of East Coast Main Line Authorities (ECMA) have recently published research which shows investing £3 billion in the East Coast Main Line can deliver a £9 billion boost for UK plc, and improve services for the 20 million people who use the line each year. The independent research report was conducted by JMP and is now available on ECMA's website, along with a research summary that highlights its key findings. To download a copy of the research please visit: [www.investineastcoast.co.uk](http://www.investineastcoast.co.uk)
- 2.3** The publication was support by Parliamentary events at Holyrood and Westminster, the independent research shows every pound spent on work to improve the UK's eastern rail spine will deliver £3.33 of wider economic benefits in addition to transport benefits. The Holyrood parliamentary reception on November 1, which attracted MSPs and businesses from along the East Coast Main Line, and was addressed by Scottish Minister for Transport and the Islands, Humza Yousaf MSP. A separate event was held in Westminster on November 29.
- 2.3** The next scheduled High Speed Rail Scotland Group meeting in scheduled for 31 January in Glasgow. A verbal update will be given to the meeting on any outcomes of the meeting.

### **3. CONCLUSION / RECOMMENDATIONS**

- 3.1** The Forum are invited to note the content of the report.

George Eckton  
**Partnership Director**  
27<sup>th</sup> January 2017

**Appendix 1 – Copies of ORR Consultation Responses**

**Consultation on the Development of the Regulatory Settlement for the Network Rail System Operator in CP6 - SEStran comments**

In respect to some of the specific issues raised in your consultation paper, I would like to offer the following high level comments.

In terms of the proposal for disaggregation of measures, SEStran would welcome further articulation of how this will be reflected to stakeholders across the different geographies of the UK. We would hope that any capability measures would focus on outcomes and would be disaggregated to a geography that allows local transparency and scrutiny by stakeholders. In terms of capability measures it may be helpful in future to provide further worked examples.

We would also welcome further discussion and detail on how effectively the application of a “penalty clause” approach on underperformance would work towards driving better performance. It doesn’t immediately seem apparent from the proposals as to how varying revenue, presumably negatively, would help deliver the overall goals of the process. It is presumed that the performance would be rated against the scorecard proposals of Section 2. Also as mentioned in Section 3 about organisational risk, we would welcome further detail on the proposed assessment/analytical frameworks for deriving a financial penalty effectively for NSO. The opportunity to earn additional revenue for the NSO potentially sets a right organisational culture in progressing its objectives alongside a potential penalty clause. Further, it would be helpful before providing a final comment to have further information on where any revenue would be “lost” to where its removed due to NSO under-performance and where further monies would be earned from and against what scorecard to achieve additional revenues. There would also need to be a balance on incentives on some volume measures which could have negative impacts on other performance measures.

In terms of the scorecard, for stakeholders it may be helpful to have a “red/amber/green” summary but this may not fit with a revenue varying approach. Further, it will be important presumably to recognise and articulate to stakeholders that some NSO outputs will be positive but not necessarily tangible or easily measurable.

With regard to the proposals for NSO regulation and monitoring, if NSO performance is an indicator, would any process devised need to ensure avoidance of any unintended “double regulation” of a singular process or a situation where an impact of a certain decision by the NSO may only partly reflect its role as outlined in the document.

Concerning the long-term system operation settlement, we would also suggest that in the LTPP process there is specific reference to the need to work with regional land-use and transport planning authorities.

It would be helpful to have NSO performance to below Scotland level and we welcome the suggestion to disaggregate information further, which would help in the

making and evidence proofing of some of NSO's difficult trade-off decisions between different customers and geographies.

We welcome the suggestion for further ways of NSO to secure stakeholder input and enable further engagement. Certainly at a more local level, the existing RTP rail forums in Scotland may provide a further engagement route.

With reference to limits of regulations, it would seem there might be parallels with other regulated industries where Network Rail remains a single company which could be learned from and perhaps inform a tailored and more focussed approach to regulating.

## **Consultation on draft guidance on Network Rail's Strategic Business Plans - SEStran comments**

In respect to some of the specific issues raised in your consultation paper, I would like to offer the following high level comments. We welcome ORR's broad continued support for Network Rail's move to "continuous business planning". This would, for us, fit well with a wider landscape of varying timescales for national, regional and local strategies/plans across a number of subject areas.

We would welcome further clarification as to whether there will be one strategic plan for Scotland, in terms of a consolidated version that includes all routes, and support the proposal for at least a decade context for the determination, given this fits with the timescales for local development plans and shorter horizons for initiatives such as City Region Deals.

We also welcome the proposal in paragraph 20 for routes to share with their stakeholders a much wider range of material and would hope that would also be in a non-technical format to enable even greater engagement with communities.

In regards to wider stakeholder engagement for CP6 and the question of who are relevant stakeholders, we would welcome inclusion with the list in paragraph 33 of communities, councils, planning authorities and also regional authorities such as Regional Transport Partnerships in Scotland. Furthermore, in terms of efficiency and financial performance in paragraph 53, it would also be helpful to make mention of communities rather than taxpayers.

We would presume that in terms of scorecards and route objectives, that the format of presentation will enable comparison and longitudinal measurement and recognise the potential difficulty of devising objectives prior to the publication of HLOS and SoFA. In terms of appraising proposed improvements in a proportionate form to inform funding choices, will this be undertaken via some form of scenario planning, with a strategic and inter-connected appraisal, where not doing a certain project is recognised in terms of its impact on other related projects?

With reference to supporting comparison between routes, will there be some form of benchmarking process developed or formalised, via annual public reporting on scorecards and consolidated plans to enable a systematic analysis? Will the consistently defined metrics for route forecasts be measurable and tangible?

With regard to safe asset performance, it may be helpful for non-expert stakeholders to have further detail on how you could depart from the first outcome of "safe" without being clear on the definition of "safe" as it will be subjective for certain communities of interest.

Finally concerning the proposals for Network Rail's approach beyond the SBP and during CP6, is there an implied consultation on the update of the annual business plan when new information is available, will this be a wide ranging engagement opportunity or specific to the new information?

In terms of the grading of route SBPs, is there an opportunity through this process to publish good practice guidance?