railfuture

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For the attention of Chris Littlewood

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Consultation on Network Rail's output framework for 2014-19

Dear Sir,

We are pleased to submit this consolidated national response on behalf of *railfuture*, which has been prepared by the Policy Group, with contributions from individual branches and groups. The document has been reviewed and approved by the Group.

Railfuture is a national voluntary organisation structured in England as twelve regional branches, and two national branches in Wales and Scotland.

We support the concept of simplifying regulation, aligning incentives and focussing on customers to create profitable growth in rail's modal share and move Network Rail toward the long-term goal of operating as a self-financing commercial business.

If you require any more detail or clarification please do not hesitate to get in touch.

Yours faithfully

Chris Page

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Railfuture
Policy Group

Response to Network Rail's output framework for 2014-19 consultation.

Outputs and indicators must be simple but avoid perverse incentives. Simple does not necessarily mean low volume, just simple to collect and analyse. Unless there is a good reason to change the measures from the previous control period, they should be kept the same to avoid adding to Network Rail IT costs to collect the data. Measures should be disaggregated to route level if the measure is within Network Rail's control, or to TOC if control is shared with the TOC – except that measures which are directly relevant to passengers, eg service punctuality/reliability, should be disaggregated to a level relevant to individual passengers, ie station or service. Although a measure of percentage right-time performance per station represents a lot of data, it should be simple to collect since actual service times are reported by NR systems.

Measures should be directly controllable by Network Rail – therefore higher (UK) economic output should not be a measure, since NR cannot effect it. However improved NR financial performance and rail demand growth are directly controllable, so are valid measures which can be taken as proxies for higher economic output.

Q1. Do you agree with our proposals for outputs and indicators for passenger train service performance? Should we retain the sector level outputs for PPM and CaSL (for England & Wales)? Is there more we need to do to ensure consistency with franchise obligations?

There should be greater emphasis on right-time than PPM measures in the outputs and indicators. We see no need to retain sector level outputs. From the passenger's perspective, disaggregation by sector, operator or service group is too remote; what matters to an individual passenger is performance at the stations that they use. Therefore we would like to see indicators of right-time performance by station, or small group of stations served by a common service, broken down into figures for peak and off-peak periods. This level of disaggregation should be available at least for the worst performing routes in this control period, with a view to extending it to all routes for CP6. Measures should not act as a perverse incentive in how delays are handled: for example it may be more effective from the passenger perspective to run the whole peak schedule a few minutes late in the event of a delay, rather than cancelling trains or turning trains back short, but this approach may have a greater negative impact on the measured output as currently calculated.

Q2. Do you agree with our proposals for an output and indicators for freight train service performance?

There should be an indicator which gives a measure of availability of paths – for example the number of occasions on which a freight operating company has requested a path which cannot be made available.

Q3. Do you agree that outputs for Network Rail in relation to named projects, capacity metrics and funds should be project-specific milestones defined in the enhancements delivery plan? Do you have any comments on how useful the enhancements delivery plan has been in CP4? What are your views on indicators to measure the efficiency and effectiveness of the use of the funds?

Outputs or indicators which are based on achievement of project delivery must be clearly defined and quantified – eg how much office space created, standard of renewals, how much extra capacity generated – so that they can be measured, to avoid changes in scope which reduce the achievement from what was expected.

Enhancement schemes should be measured on the basis of predicted extra passenger-km generated by the scheme (with the caveat that if the scheme results in an increased distance for the same journey, that extra distance should not be counted).

Network Rail's performance in the use of ring-fenced investment funds should be measured by achievement, for example:
- the strategic freight network can be measured by the number of miles brought up to the required standard and into use
- Passenger journey improvement can be measured by the journey time saving per passenger arising from the improvements, multiplied by the number of passengers using them. The

measure should also take into account the number of additional passengers attracted to rail as a direct result of the journey time saving
- Innovation is not easy to measure – by definition, if we knew what development to measure, it would not be innovative. However the development of potential future schemes should be measured on the basis of the number of extra passenger journeys that will be generated as a result
- Level crossing safety should be measured by the reduction in the number of level crossing accidents.

Q4. We propose to define delivery plan milestones to ensure Network Rail delivers a plan to reduce risk at level crossings, and to use certain indicators to monitor Network Rail's delivery of these outputs and its wider legal obligations. Do you agree with this approach?

Safety improvement should be measured by the reduction in the number of accidents or deaths, not by a theoretical assessment of risk. The passenger safety index should be based on deaths, accidents and assaults per passenger km.

Q5. Do you have a proposal for an alternative to the existing network availability (for reducing disruption from engineering works) outputs, which could be viably implemented in time for the start of CP5? If the existing outputs are retained do you have any proposals to improve them?

If the current output measures are generally recognised as effective, change should be avoided.

Q6. Should we introduce a measure of the efficiency of the use of possessions, and if so how could this be defined?

The possession indicator should be measured on the basis of the number of passengers (or freight movements) impacted, as a percentage of the total number of journeys in the reporting period.

Q7. Do you agree that we should retain the CP4 network capability output? Do you have a view on the usefulness of the indicators suggested, or any further suggestions for improvement?

It is not clear how to tell whether this output has improved, and if so by how much. The measures identified do not by themselves determine capacity – it is also necessary to take account of permissible headways and required margins.

Q8. We want to improve the definition of the existing station condition output (SSM – station stewardship measure) and introduce a new measure – SSM+ – which provides a clearer disaggregation for measuring condition and better, value based, weights. Do you agree with this new approach?

The proposed station stewardship measure is extremely theoretical and it is difficult to see how it would apply in practice, or how the travelling public could relate to it. For example, if a new footbridge is built under the Access for All programme, what value should be assigned to whether or not it has a roof, and should the decision on whether or not a roof is provided depend on passenger footfall and average rainfall at that location? A less complex approach is required.

Q9. Do you agree that we retain the current CP4 measure of depot condition but treat this as an indicator rather than an output?

If the TOCs see no value in the measure, then depot condition should not be treated as an output. Does this show a disconnect between TOCs and their depot staff, and therefore should staff views be taken into account in the regulation of TOCs?

Q10. Do you agree with the proposed new approach to strengthen the focus on further asset management improvements? Do you have any specific comments on the detailed measures?

There should be a measure to demonstrate how expected service lives are being extended. It is not the volume of renewals that is important – what matters is the life extension, ie a renewal which provides 10 years life until more work is required is worth twice as much as a renewal which provides only 5 years life.

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Q11. Which, if any, of the asset management measures do you think should be regulatory obligations (equivalent to outputs), and which should be enablers/indicators?

Asset data quality to some extent duplicates asset management excellence trajectory – ie asset management excellence cannot be achieved without improving asset data quality. In addition to asset management excellence trajectory and ORBIS/operating strategy milestones, asset quality (not asset data quality) should be an output, to demonstrate that the quality of the network is being maintained.

Q12.Recognising that certain indicators are needed to monitor HLOS delivery, and that Network Rail is in the process of deciding on further indicators, do you have views on specific environmental indicators which we should monitor?

For simplicity, what is being proposed is sufficient.

Q13. Should we introduce a new indicator of changes in journey times? Do you have views on how this measure should be calculated? Should we also introduce a measure of accessibility to stations?

In indicator of journey times is important to focus Network Rail on improving network connectivity. Any measure of journey times should be weighted by the number of passengers making the journey being measured. However the number of journeys available on the network makes this a very complex measure. We would suggest that initially this measure should be based on a basket of journeys which are made by a reasonably large number of travellers and have been the basis of passenger complaints about connection times, missed connections or difficult interchanges during CP4.

There should be a simple measure of accessability to stations, based only on the availability of level access to all platforms from the street.

Q14.Should we introduce a new indicator designed to measure improvements in passenger information provision and how should this be measured?

The primary responsibility for passenger information provision should be with TOCs.

Q15. Should we also consider new indicators for example covering Network Rail's supply chain management and approach to innovation?

The supply chain should be measured in terms of availability of components or materials when required, and in unit costs.

The risk in attempting to measure innovation is that the development would not be innovative if we knew how to measure it, and so the measure that we try to devise may be too theoretical. The best approach is to take a company which is generally accepted to be innovative, for example Apple Inc, and to consider how to assess its success. The obvious measure of Apple's success is its customer satisfaction and growth levels. The same measures can be applied to the rail industry as a whole as a proxy for Network Rail's performance.

Q16. Do you have views on the introduction of a new measure of how Network Rail is developing its capability as a system operator, and what the measure should cover?

Provision of sufficient capacity is a key measure of Network Rail's success as a system operator. Available capacity should be calculated on the basis of trains being operated at the maximum possible frequency and maximum possible length, to take out the effect of TOCs not running a sufficient number or length of trains. This produces a theoretical available capacity which should be related to the demand at peak to determine the theoretical utilisation factor. This is a measure of NR performance – the factor should approach but not exceed 100%, to give a margin for service reliability (CRRD), whilst not providing more capacity (at greater cost) than is needed. The actual utilisation may of course be higher if the TOCs do not use all the available capacity.

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Q17. Should we have a mechanism to allow formal trade-offs to be made between high level outputs during the control period?

Trade-offs should not be allowed. However there should be a facility to change outputs during the control period if circumstances change significantly, in the same way as reopeners are used for financial performance.

Q18. What do you think of the idea of a scorecard to provide context to our assessment of Network Rail's performance in CP5? Do you have views on our proposed scorecard, and do you have alternative suggestions?

A simple scorecard which will be easily understood by everyone is an excellent idea. The key objective for Network Rail should be profitable growth in rail's passenger and freight modal share. Therefore the key measures of success are:

- increased revenue, without increasing fares
- profitable demand growth, in passenger-km and freight tonne-km
- reduced unit costs
- increased customer satisfaction
- optimised asset and resource utilisation.
- no degradation in network condition

 Measures should focus on results, not how outputs are being delivered.