



**Anson Jack**  
*Deputy Chief Executive*

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

13 September 2012

Dear Andrew

Thank you for the opportunity to comment on the consultation document 'Rail Delivery Group, formalisation'. This response has been prepared following discussions at the RSSB Board on 6 September and a dinner that followed on the same day. It is written on behalf of RSSB.

RSSB was itself created through a mechanism similar to the proposals set out in the consultation document and we have extensive experience of working in an environment where members work together to achieve common objectives for the industry. One of the cross industry groups that RSSB facilitates under its governance structure is the Technical Strategy Leadership Group. This and other cross industry groups that RSSB facilitate under its governance structure do work that is material to the successful delivery of RDG's current work and its proposed functions. RSSB's membership has similarities to that proposed for RDG in that it embraces all licensed train operators and Network Rail, but it also includes ROSCO's, Suppliers and Infrastructure Contractors.

In parallel to the ORR consultation and conscious of the opportunity to support this initiative, the RSSB Board initiated a strategic review commencing in July 2012. The core objective of the strategic review is to equip RSSB to better support its membership (the rail industry) over the next 10 years. Included within the remit of the strategic review is to define the relationship between the RDG and RSSB and, in support of this objective, RDG was invited to participate directly in the Board sub-committee that is steering the review. Three full members of RDG are on the sub-committee and the work of this group is proceeding well.

In the RSSB board discussions, it has been agreed to respond to this consultation by **supporting** the proposal to formalise the RDG and to **highlight** that there are real opportunities for RDG and RSSB to work closely together in fulfilment of their respective purposes. In addition, the board confirmed that it is important to develop the relationship with RDG and reiterated its willingness to do so through its own strategic review and the involvement of the three RDG nominees on the sub-committee steering the review – a process that is proceeding very positively. In particular, the strategic review is expected to clarify that RSSB provides support to the industry in a number of key areas and that in providing that support it would generally expect to be working in such a way that explicitly takes account of appropriate RDG strategies. Having said that, some of the RSSB functions are ones where the industry expects it to show leadership, such as in the development of systems dealing with safety information and the management of the industry interface standards. We see no conflict between RDG's industry leadership role which is fundamentally strategic, and the act of showing leadership in areas where RSSB explicitly supports the industry.

In response to the specific questions contained within the consultation document:

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

We believe that RDG, as proposed, can provide leadership to the industry and develop plans and strategies. We further believe that by working transparently and openly with all the economic participants in the sector, these strategies will have the potential to pull the industry together and provide a real sense of direction for the future.

There is one clarification we would like to make in relation to the consultation. Paragraph 2.4(e) implies that all industry wide issues will be resolved through different types of groups **that RDG creates**. This will not always be necessary as RSSB is a significant existing technical body that is owned by the industry, established through an equivalent ORR licence process. The arrangements that are being developed through the RSSB strategic review are intended to establish a relationship where appropriate significant 'industry-wide issues' are addressed through RSSB or the resolution is supported using specific RSSB capabilities. Developing this relationship in a mutually beneficial way will also help to address two of the requirements set out in 2.5 (*not to duplicate existing industry relationships, structure or bodies; and not affecting the legal obligations of individual industry companies and their directors*).

We believe that in developing strategies as contemplated and working with the wider industry, as explained elsewhere, will give the industry the best chance of addressing the changes and improvements envisaged by McNulty.

**2.25 Question 2 – Are you content with the proposed structure of the RDG Board, particularly in terms of scope of representation and the criteria for membership?**

We respect the decisions taken about the structure and membership of the RDG and have already noted that RSSB has a wider industry membership than is proposed for RDG. The arrangements that are being developed to ensure a close working relationship between RDG and RSSB are in part a result of the differences in membership approach, but given the goodwill shown toward the developing relationship we do not see this as a problem. In fact, one benefit will be that for any cross industry issue managed or supported by RSSB, the wider participation in RSSB membership will make it easier to deliver and demonstrate cross industry buy in.

**2.30 Question 3 – Please comment on how you consider RDG can best engage with licensed and associate members?**

RSSB has no particular comment in relation to membership, but notes that a documented set of understandings is being developed between RDG and RSSB.

In fulfilling its existing functions RSSB often engages with what are described as 'licensed and associate members.' This is because all proposed RDG members are existing RSSB members. This is one of the reasons that it is recognised by both RDG and RSSB that it is important to establish clearly how the two organisations will work together. As described in the answer to question 2, this can be a benefit for RDG where it requests RSSB to pick up cross industry issues within RSSB's sphere of competency.

**2.41 Question 4 – (for licensed train operators and Network Rail)**

No Comment, other than that we have experience of being established through a similar regulatory process.

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

This is primarily an issue for those who would consider themselves in any way bound by such decisions.

Our observations are that the main success criteria for any leadership body will be the extent to which people and organisations are prepared to follow the lead given. Our experience is that the better the quality of the decision-making process, the more likely the industry is to willingly follow. Importantly, it is less the voting structure or rules than the quality of the work, data, analysis, consultation and argument that supports decision-making that generally determine the willingness of different players to follow a lead.

**2.53 Question 6 – Competition Law**

No comment

**2.55 Industry Relationships**

This section comments about relationships with three industry groups including the Technical Strategy Leadership Group (TSLG). This is one of the senior technical groups that RSSB facilitates for the industry. In developing the relationship between RDG and RSSB, the directors of RSSB have already proposed changes in the remit and governance of the TSLG to enable RDG to give strategic direction and appoint the chairman of the group. This has now been agreed and documented. In supporting this proposal, the members of the TSLG and directors of RSSB established that it continues to be an RSSB facilitated group supervised by RSSB governance with respect to financial control and investment in research etc. As the relationship between RDG and RSSB is developed further, we anticipate aligning the other technical groups that we facilitate more closely with appropriate RDG strategies and priorities.

**2.61 Question 7 – Please comment on whether you consider these funding arrangements to be appropriate?**

No Comment

Should you wish to discuss any of the points above please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Anson Jack', with a long horizontal flourish extending to the right.

Anson Jack

cc: Graham Smith, Secretary, Rail Delivery Group