



**Arriva's comments on ORR Business plan consultation  
Financial Year 2013-14,  
January 2013**

These comments are made on behalf of Arriva plc, its subsidiary Arriva UK Trains Limited and its wholly owned train operating companies, Arriva Trains Wales/Trenau Arriva Cymru Limited (ATW), DB Regio Tyne & Wear Limited (DBTW), The Chiltern Railway Company Limited (CR), Grand Central Railway Company Limited (GC) and XC Trains Limited (XC). Arriva is a wholly owned subsidiary of Deutsche Bahn AG (DB AG).

*Q.1. Does look like the right balance of activity bearing in mind where we are in the regulatory cycle?*

We consider there is a lack of clarity of ORR's overall objectives, what it is aiming to achieve as a complete picture of regulation and the timescale intended. We have sought through ATOC to establish closer understanding and engagement prior to the production of the ORR Long Term Regulatory Statement in the summer. Without seeing such a long term statement we are unable to agree that the balance of work proposed is correct or optimum. Indeed at this stage of the regulatory cycle we consider the completion of PR13 to be the highest priority.

We consider more effort should be applied in the final processes of PR13 to clarifying outcomes, including what is intended to be achieved by HLOS specified projects.

*Q 2. Do our proposed areas of activity on customer experience and transparency have the right focus?*

We do not have a clear picture of the purpose or objective of this work. We are concerned that it may in part be duplicative of work being done by Passenger Focus. Given the record levels of patronage and high levels of satisfaction currently being recorded, we find it difficult to believe that applying as much as 21% of staff resource to this area of activity is appropriate.

Without such clarity of the overall regulatory model and the extent to which that would lead to additional duties or obligations on train operators, we consider regulatory risk has been created. This makes it difficult for persons providing railway services to plan the future of their businesses with a reasonable degree of assurance, especially for existing franchises with some years to run. For future franchises such risk is likely to be priced by bidders and represents a cost for the taxpayer and passenger against which we are unaware of any commensurate benefits.

*Q 3. Does our activity to promote a dynamic and sustainable sector have the right level of ambition?*

We share the aspiration to promote a dynamic and sustainable sector. We are, however, concerned that some of the planned initiatives do not recognise the business model of

franchised rail businesses and may in consequence introduce risk and hence impair sustainability.

*Q 4. Have we demonstrated sufficient depth of aspiration in our activity?*

As indicated earlier, we have concerns over the lack of clarity in the direction of some apparent aspirations.

*Q 5. Do we have the right organisational capacity to carry this out?*

As noted below under Q8, we believe there are areas of regulation of Network Rail that need more capacity and we believe this is a higher priority than work proposed on the customer experience.

*Q 6. Have we done enough to monitor Network Rail's efficiency and performance? Is there anything you think would get better outcomes?*

We consider that regulation of Network Rail, as the monopoly provider of infrastructure, is the fundamental role of the regulatory (as opposed to safety) part of ORR. We are concerned that the Business Plan does not clearly show this priority. Also see comments on Q8.

*Q 7. What measures would you want to see us use to measure our own efficiency and effectiveness?*

We suggest some value for money testing of proposed initiatives, to establish whether a benefit exists, whether or not the initiative is or could be more efficiently performed by another body and whether the costs are reasonable in relation to the benefits.

*Q 8. Are there any major omissions of activity?*

We would expect to see initiatives around:

- How to take advantage of the greater transparency and additional evidence of best practice arising from Network Rail's devolution
- Efficiency and scope for improvement of the core of non-devolved activities
- Review of progress made by Network Rail on asset management and understanding, particularly having regard to the emergence during 2012 of the lack of data and processes around stations, which played a large part in frustrating the then planned move to long leases
- Further work on level crossings (including footpath and accommodation crossings) with a broad range of stakeholders to establish a toolkit and consensus that would enable many more closures to be achieved on a timely basis.