

Martin Jones
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Dear Andy

Update on CP6 Commitments: Freight and National Passenger Operators (FNPO)

Thank you for your letter of 26 March 2021 which helpfully outlined your progress against your CP6 commitments¹ in advance of the transfer of the FNPO teams from Network Services to the System Operator.

Governance arrangements

I welcome the publication of your governance framework², and consider that in doing so you have met the requirement to “*detail the governance and framework arrangements which it would share with ORR and stakeholders during September 2018.*” As you explained in your September 2019³ letter, this work was necessarily delayed to consider the implications of the Putting Passengers First transformation programme, and I also recognise the impact that the pandemic subsequently had on the team’s workload.

¹ The CP6 settlement document for the FNPO is available here:

<https://www.orr.gov.uk/sites/default/files/om/pr18-final-determination-freight-and-national-passenger-operator-route-settlement-document.pdf>

² The Network Rail Freight Governance Framework is available here:

<https://www.networkrail.co.uk/wp-content/uploads/2021/02/Freight-Governance-Framework.pdf>

³ Network Rail’s 30 September 2019 letter to ORR on the FNPO’s progress on its commitments is available here: <https://www.orr.gov.uk/sites/default/files/om/fnpo-response-to-orr-letter.pdf>



I note that this is an area that will continue to evolve, particularly in light of your move to the System Operator and as part of Network Rail's ongoing improvement processes under the "GRAI" (Governance, Risk, Assurance and Improvement) framework.

Supervisory Board

The position on Supervisory Boards (latterly referred to by Network Rail as Railway Boards) has evolved since the Final Determination. During PR18, it was agreed that you would *"establish the FNPO Route Supervisory Board with terms of reference that are consistent with other route boards. It would engage with customers to agree how meetings were arranged to meet the specific needs of their customers"*. This is something we have discussed a number of times, and when you wrote in September 2019, the industry was anticipating the outcome of the Williams Review and you were intending to review the position in light of the review.

Although the Williams Review has not yet been published, you have continued to give this consideration. I accept your conclusion that a separate Railway Board would have a large overlap with the work of the RDG Freight Board. I additionally note that freight interests are represented on the System Operator Advisory Board⁴. As the FNPO functions are integrated more fully into the System Operator, I will be monitoring how the relationship with the Advisory Board progresses.

Annual reporting to stakeholders

Your publication of your annual report last year completed the requirement *"to collate the activities undertaken by the FNPO as part of its annual reporting to stakeholders for each key customer group it manages"* for the first year of CP6. While it is important that your stakeholders have good visibility of your activities, we do not intend to prescribe how this is achieved. I agree that it is sensible for Network Rail to continue to review how best to deliver a transparent account of your engagement with stakeholders, and I recognise that alternative approaches to setting this down in a detailed set-piece publication may be taken in future. As you are aware, we have been impressed this year by the targeted, customer centric approach developed by your team in documenting customer priorities to support consistency in engagement and clear tracking of progress.

Stakeholder surveys

I am content that you are meeting the requirement to *"continue its stakeholder surveys and pulse checks, providing improvements to these and acting on the*

⁴ Information on the System Operator Advisory Board is available here:
<https://www.networkrail.co.uk/who-we-are/about-us/system-operator/>

information received from stakeholders.” You have evolved your approach, so that rather than relying on an annual survey, your teams are triaging information from a range of customer interactions, and regularly reviewing customer priorities. Our Annual Assessment of Network Rail’s stakeholder engagement 2019-20⁵ reflected the clear line of sight that this was creating between stakeholder requirements and your business plan. Your published governance framework also shows the breadth of your interactions with freight industry.

Freight end user scorecards

You have developed a “plan on the page” for freight end users, rather than a scorecard. I am content that this is an acceptable alternative to the requirement to *“develop end user scorecards in which drafts had already been shared with a number of stakeholders and for which feedback would be incorporated in finalised versions.”* I note in particular that you are conducting ongoing dialogue with freight end users, and review the “plan on a page” every four months.

Publication of milestones

I note that you published a revised delivery plan with the “TBC” references removed. This meets the requirement to *“clarify of all the milestones in the FNPO RSP with all ‘TBC’ references removed and an updated iteration shared with stakeholders”*. Additionally I note that you have provided updated information to your customers on your plans and progress against milestones.

Summary

While it has taken longer than originally anticipated in the Final Determination, the FNPO has now made good progress on its governance and transparency. We will reflect on your progress in our next Annual Assessment of Network Rail.

We will publish this letter, along with your letter of 26 March 2021 on our website.

⁵ Annual Assessment of Network Rail’s stakeholder engagement 2019-20 is available here: <https://www.orr.gov.uk/sites/default/files/2020-08/annual-assessment-of-network-rail-stakeholder-engagement-2019-20.pdf>

Yours sincerely

A handwritten signature in black ink that reads 'Martin Jones'. The signature is written in a cursive style with a long horizontal stroke at the end of the name.

Martin Jones