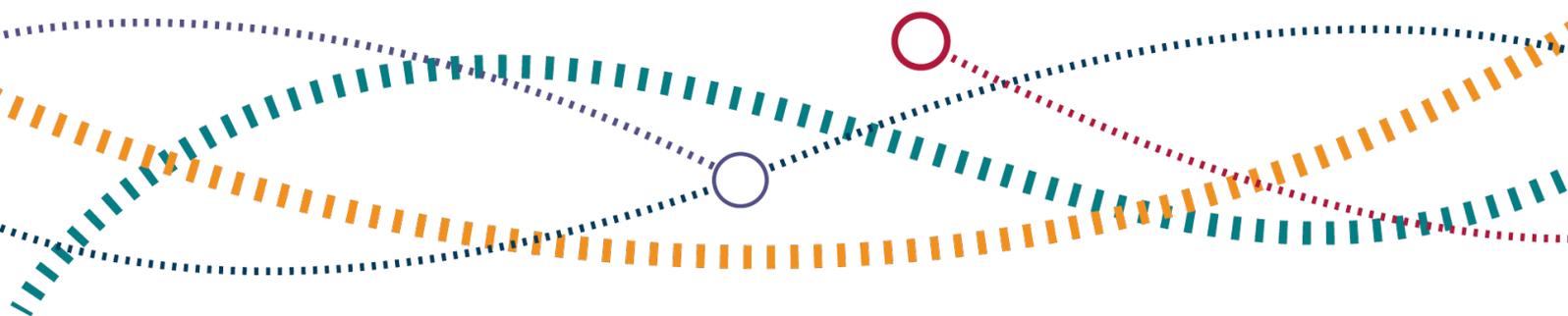# Annual assessment of Network Rail's stakeholder engagement

Business units' self-assessment guidance year 4 of CP6
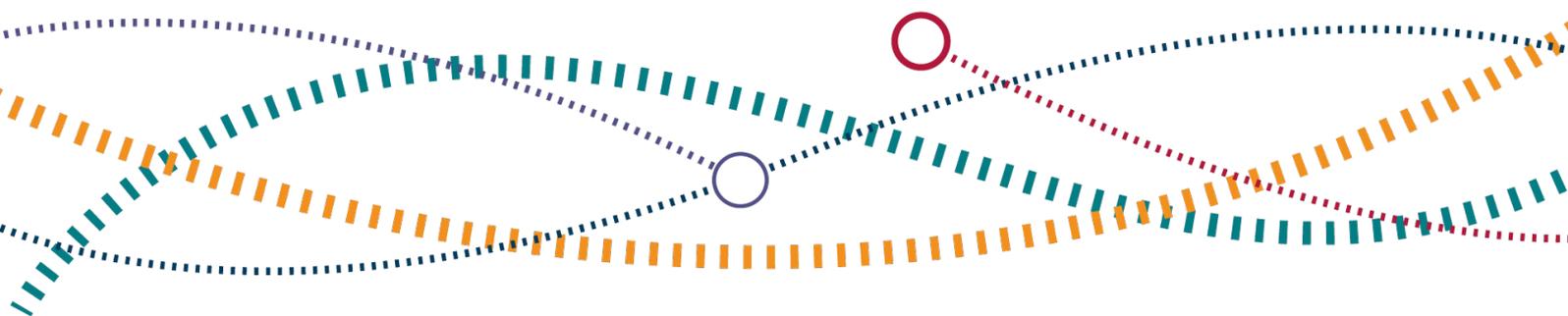
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Contents

1. Introduction

1. This document provides guidance to Network Rail on producing evidence of the quality of its stakeholder engagement activity in Year 4 of CP6. This evidence will be a key source of information for ORR's annual assessment of Network Rail's stakeholder engagement.

2. Each year ORR conducts an assessment of how Network Rail has performed against its licence requirements to:

    ● treat stakeholders in ways appropriate to their reasonable requirements

    ● engage with stakeholders with due efficiency and economy, in a timely manner and with the degree of skill, diligence, prudence and foresight which should be exercised by a skilled and experienced network facility owner and operator; and

    ● ensure that its engagement with stakeholders is effective, inclusive, well-governed and transparent.

3. ORR is not prescriptive about how Network Rail should carry out stakeholder engagement activity. We recognise the benefits of business units tailoring their engagement approaches to local requirements and stakeholders. However, Network Rail has to satisfy the licence requirements across its licensed business, meaning that it needs to ensure all business units and central activities achieve the required standard. This is particularly relevant for stakeholders who deal with multiple business units.

4. ORR is currently undertaking the periodic review PR23, and our assessment of Network Rail's Strategic Business Plans will include how Network Rail has engaged with its stakeholders in preparing its submissions for the review. This is a separate exercise to the one described here, although we will take account of the findings with respect to stakeholders in our annual assessment.

2. Information ORR will use in its assessment

5. Our year 4 assessment will cover Network Rail's stakeholder engagement across all five regions and System Operator.

6. We will use the following evidence, plus any other information that is appropriate:

- **Stakeholder survey:** ORR will commission a survey of Network Rail's stakeholders, which will run from mid-March to early May 2023. This will include questions about Network Rail's business as usual engagement and PR23 strategic business plan engagement.

- **Network Rail overall self-assessment:** A summary evidencing how Network Rail has met its licence requirements.

- **Self-assessments from the following Network Rail business units:**

  - Eastern
  - North West and Central
  - Scotland
  - Southern
  - Wales and Western
  - System Operator (including FNPO)

- **PR23 Strategic Business Plans**: We will assess how stakeholder engagement has informed the submitted plans as part of our PR23 assessment of the overall plans. We set out our expectations in the SBP Guidance and will assess the plans submitted on 24 February 2023 – reflecting the stakeholder engagement done to date (recognising that further engagement may be undertaken if the plans are refined to reflect the High Level Output Specifications and Statements of Funds Available). We will present the SBP assessments in our PR23 Draft Determinations in June 2023. We will also summarise the SBP stakeholder engagement assessment in our Year 4 stakeholder engagement report, alongside the relevant survey findings and SBP references in the self-assessments.

3. Self-assessments

7. The purpose of self-assessments is for the Network Rail to reflect on its stakeholder engagement activities during year 4 of CP6 and provide ORR with an assessment of its performance, areas of good practice and areas for continuous improvement. The guidance seeks to strike a balance between the business units' individuality and the need for comparison across different parts of the business.

8. For it to be valuable for both ORR and Network Rail, the self-assessment needs to be a candid self-evaluation. ORR will value self-critique, rather than penalise it; sincere and critical assessment of stakeholder engagement is itself an indication of the maturity of approach to stakeholder engagement.

9. A high-quality self-assessment would be:

   - **impact-focused**: the self-assessments should include the impact of stakeholder activities that took place during year 4 of CP6. For example, what stakeholder engagement took place, why this engagement was conducted, what the evidence was used for and how stakeholders were informed about the results of their engagement

   - **targeted:** the self-assessments should present information that is targeted to assess engagement across each of the four principles of good stakeholder engagement.

   - **comparable:** ORR holds Network Rail to account at both corporate and regional levels. Therefore, it is essential that the self-assessments allow for comparability across the relevant business units. While business units are free to design their own self-assessments, the executive summary should be structured around the four principles of good stakeholder engagement and focus on the performance of the whole business unit.

10. The overall self-assessment should provide evidence of how Network Rail has assured itself that the requirements of its network licence are being met across its organisation, in a way that supports empowered regions while also meeting the needs of national stakeholders and stakeholders who span regional units. This should include how the executive management and leadership team has provided overall leadership in stakeholder engagement and enabled business units to share good practice between regions to improve learning and consistency across the railway. Some regional business units may wish to conduct their self-assessment at

route level, reflecting the devolution within the unit. In these cases the executive summary should be at regional level and all the routes should be, where possible, equally covered, so that it is fully representative. Should more information be presented about one route than others, we recommend the business unit explains the reasons for this.

4. Scope

11. Our year 4 assessment covers all of the stakeholder engagement activities conducted during year 4 of CP6, across all of the key stakeholder groups in the rail industry.

Stakeholders

12. The main stakeholder groups are defined in Network Rail's network licence, which we have translated as follows:

   - Operators / customers (i.e., ERMA and non-ERMAs passenger operators, freight operators and open-access operators)

   - Passengers; passenger bodies and rail communities

   - Elected representatives / public affairs

   - Funders / regulatory bodies

   - Supply chain partners

   - Lineside neighbours.

13. We expect self-assessments to provide evidence of engagement across all of these groups and how the engagement has been tailored. However, evidence can also be presented for subgroupings where appropriate. Where relevant, business units can summarise their engagement across multiple groups provided that a justification is given for doing so. Where stakeholders are split across business units, for example TOCs and FOCs which operate across more than one region, these stakeholders should, where possible, be included in all business units concerned.

Activities

14. We want to see evidence of how stakeholder engagement informs all of Network Rail's activities. Self-assessments must include but should not be limited to the following:

   - Business planning

     – This should include both annual business planning and longer term (including PR23 / CP7). Self-assessments can point to, but should not duplicate, information set out in SBP documents.

- Day to day business performance issues

  – How engagement has informed the business in identifying and addressing day to day issues.

- Lineside neighbours

  – We will not survey lineside neighbours for Year 4 as the survey is less appropriate / relevant to them.

  – In lieu of this we expect business units to clearly set out in their assessment what activity they are undertaking in relation to lineside neighbours, and how they assess how satisfied these stakeholders are.

- Recommendations in the year 3 report

  – Each self-assessment should describe how each area has responded to the areas identified for development, and how they have maintained and shared the areas of good practice that were highlighted. These are summarised in Annex A: Summary of Key Findings of the Year 3 Stakeholder Engagement Assessment

- Consistent culture of stakeholder engagement

  – Self-assessments should provide evidence of how the business has built and maintained a culture of stakeholder engagement across business units, including cross-business unit sharing of good practice and how they have shaped the approach to stakeholder engagement.

5. Format

15. Each self-assessment should be a single, concise document of **no more than 50 pages.** Further information can be provided in appendices, but these should be used sparingly, and should not expect to be read.

16. The self-assessments should be well structured with clear navigation. They should include an executive summary, and the body of the documents should enable us to understand how each of the four principles of good stakeholder engagement have been met. Self-assessments should:

   - **summarise key engagement activities and methods**: the self-assessments should present a summary of the key engagement activities undertaken during year 4 of CP6, which stakeholder groups were targeted and why and how activities were tailored.

   - **summarise outcomes and results**: the self-assessments are intended to encourage the business units to reflect on their stakeholder engagement and the difference it made to the way the business units plan and conduct their business.

   - summarise any **stakeholder mapping.**

   - ORR would also be interested in hearing about any research or good practice undertaken, for example in the form of **case studies.**

6. Our assessment

17. We will assess the self-assessment submissions using criteria based on our four principles of good stakeholder engagement. We have provided examples in the table below.

18. Our assessment against each of the four principles will be weighted equally in our evaluation. We then combine these assessments with the findings of the survey, and other evidence, to produce our overall assessment.

Principle	Criteria
Inclusive	- Knowledge and understanding of who the stakeholders are –evidence of structured activity to identify and analyse stakeholders. - Evidence that a sufficient range of stakeholders were effectively engaged with during the year (including minority stakeholder groups and local stakeholders during the year, in a proportionate manner). - Evidence that stakeholder activities were effectively tailored to the needs of different stakeholder groups.
Transparent	- Evidence that the business unit proactively shared relevant information or data with stakeholders, prior to engaging them, in a clear and concise manner. - Evidence that stakeholders were given feedback on the engagement activities they took part in and how the business unit used the feedback received, including how this may have changed outcomes.
Well-Governed	Evidence that stakeholder engagement activities followed best practice and seeking ongoing improvements in their processes (e.g., strong evidence of clear roles and accountabilities in the organisation, meetings being organised in a timely manner, minutes taken and shared with attendees, actions assigned to key individuals to take forward).

Principle	Criteria
	• Evidence that stakeholders were able to provide candid feedback (e.g. in the case of focus groups – was Network Rail present or was this work undertaken by an independent 3rd party).
Effective	• Evidence that engagement activities were timely (e.g., before decisions were made). • Evidence that the Network Rail region or business function has understood the feedback and strong evidence that this has been used to inform their internal thinking/ business priorities. • Evidence of the business unit having followed up on the stakeholder feedback (e.g., informed them how their feedback was used). • Evidence that they are building and maintaining positive working relationships, to inform and educate stakeholders.
Overall	• Stakeholders responded positively about the engagement that has taken place, including across each of the four principles of good stakeholder engagement. • Evidence that they have learnt from and improved their stakeholder engagement following feedback provided in previous years. • Evidence of leadership in stakeholder engagement, for example through incorporating innovative methods to engage their stakeholders and setting new standards for the industry on stakeholder engagement. • Evidence of fully embedded stakeholder processes and cultures into their organisation.

19. We will allocate a notional grade to our assessment of each principle to inform our internal decision-making, e.g., very strong, strong, etc.

20. A selection of examples of good stakeholder holder engagement identified in our year 3 assessment may be found in Annex B: Good Practice Examples from Year 3 Self-Assessments.

7. Key dates

Milestone	Date
Strategic Business Plan Submissions	24 February 2023
Receipt of NR Stakeholder Contact Details	10 March 2023
Stakeholder Survey Launch	w/c 20 March 2023
Stakeholder Survey Close	w/c 01 May 2023
Self-Assessment Submissions	08 May 2023
Draft Determination Published	12 June 2023
Draft Stakeholder Engagement Report Shared with NR	w/c 28 August 2023
Stakeholder Engagement Report Published	September 2023

Annex A: Summary of Key Findings of the Year 3 Stakeholder Engagement Assessment

Business unit	Key Areas for Development
Eastern	**Inclusive** ● The region should outline how it shares good practice of inclusive stakeholder engagement from route level across the region as a whole. ● The region should provide evidence of stakeholder mapping at a regional level, or if this activity is carried out at route level, what steps it takes to coordinate and align its approach, noting that accountability under the licence is at route level. **Transparent** ● The region should review whether transparency is properly embedded across the region and ensure that data and information are shared in a timely manner to enable meaningful engagement by stakeholders ● The region should review whether the region needs to proactively improve on providing feedback to stakeholders on how their feedback was used. **Well-Governed** ● The region should clarify responsibilities between routes and the region to stakeholders, as appropriate. ● The region should continue to develop cross-route or cross-region working, as appropriate.

Business unit	Key Areas for Development
	Effective • The region should outline how it shares good practice of effective stakeholder engagement from route level across the region as a whole. • The region should provide less detail about its stakeholder activities and outline the impact of its stakeholder engagement activities and detail the results of its engagement more fully, explaining how stakeholder feedback has contributed to decision making.
North West & Central	**Inclusive** • The region should build on its understanding of inclusive stakeholder engagement and develop a more strategic and inclusive approach to its stakeholder engagement, addressing current gaps identified. **Transparent** • Review whether improvements are needed in the transparency of the North-West and Central region's engagement to ensure a transparent approach to stakeholder engagement is effectively embedded across the region. • Review whether the region consistently feeds back to stakeholders if further steps should be taken to address any gaps. Provide evidence of an organisational commitment to the importance of the feedback loop to stakeholders (i.e., "you said, and we did, or we did not and why") would address this. **Well-Governed** • The region should build on its post-reorganisation approaches to governance with a focus on stakeholder engagement. The

Business unit	Key Areas for Development
	development of its stakeholder strategy should include a review of the governance of its stakeholder engagement. Effective • The region should outline the impact of its stakeholder engagement activities and detail the results of its engagement more fully, explaining how stakeholder feedback has contributed to decision making.
Scotland	Inclusive • The region should provide stakeholder mapping at a regional level and show how it is systematically thinking about engaging different (especially minority) voices on activities or issues that might affect them. Transparent • Review whether the region consistently feeds back to stakeholders if and how their feedback was used, and if not, why not. Outline with examples how this has been carried out. This can include having a systematic approach to stakeholder engagement with a stakeholder engagement plan based on some principles of best practice such as providing feedback to stakeholders and using the information gained to influence key decisions at a strategic and local level. Well-Governed • Outline how the region has improved governance across the region. This can include a strategic review of the governance arrangements around stakeholder engagement to ensure there is clarity of roles and responsibilities and an emphasis to

Business unit	Key Areas for Development
	engage with a broad range of stakeholders to drive decision making and facilitate improvements. Effective • The region should outline the improvements it said it will make in relation to the support it offers to active travel projects (e.g., walking and cycling projects that interface with the railway) with a more proactive approach to understand phasing and how the region can better feed these into its strategic planning and enhancements; • The region should outline how it shares the success of improved governance structures across the region • The region should outline how it has reviewed ongoing worker behaviour complaints from lineside neighbours and improved the consistency of its lineside notification process, including planned works and clarity on points of contact for raising concerns or questions.
Southern	Inclusive • No Areas for Development were identified. Transparent • The region should develop its stakeholder feedback further and inform all stakeholders of how their feedback was used to aid decision making. Identify further measures to ensure engagement with all stakeholder groups and provide a consistent level of feedback and transparency.

Business unit	Key Areas for Development
	Well-Governed • Review what further steps should be taken to ensure that the region's engagement activities are well-run from the point of view of its stakeholders and follows best practice. It may be helpful if the region is clear about the wide range of governance mechanisms it has in place, how these work together and how they lead to improved outcomes. **Effective** • The region should consider further approaches to improve the timeliness of stakeholder engagement i.e. before decisions are made
Wales and Western	**Inclusive** • No Areas for Development were identified. **Transparent** • The region should reflect on the difference between its self-assessment and results of our stakeholder survey in relation to the principle of transparency given the sharp decline in stakeholder satisfaction between year 2 and year 3. ORR will work with Wales and Western to better understand this change in survey results. **Well-Governed** • The region has identified that it needs to build on its commitment to improve the governance structure in relation to its engagement with the supply chain.

Business unit	Key Areas for Development
	• The region should reflect on the difference between its self-assessment and results of our stakeholder survey in relation to the principle of 'well-governed' given the sharp decline in stakeholder satisfaction between year 2 and year 3. ORR will work with Wales and Western to better understand this change in survey results. Effective • The region should reflect on the difference between its self-assessment and results of our stakeholder survey in relation to the principle of 'effective' given the sharp decline in stakeholder satisfaction between year 2 and year 3. ORR will work with Wales and Western to better understand this change in survey results.
SO	Inclusive • No Areas for Development were identified. Transparent • Review whether transparency is properly embedded across the business unit. Well-Governed • No Areas for Development were identified. Effective • The SO should demonstrate more clearly that stakeholders are able to both participate in and effectively influence business decisions. The SO should provide evidence that

Business unit	Key Areas for Development
	there is a link between stakeholder views and the decisions and actions that it has taken. ● The SO needs to demonstrate that good practice is embedded across the business and that there is an SO corporate stakeholder engagement strategy, based on good practice principles, driving systemic and cultural change.
FNPO	Inclusive ● The business unit should provide evidence that the stakeholder mapping is used to support a holistic approach to stakeholder engagement. Transparent ● The business unit should review the merits of feeding back collectively or publicly on how stakeholder priorities were addressed, and if the priorities were not addressed, explain why not. Well-governed ● The business unit should detail how the various layers of stakeholder engagement activity connect and ensure that insight and learning flows across the organisation. It would also be useful to see evidence of strategic oversight of stakeholder engagement activity. Effective ● The FNPO should provide examples through short case studies of how the stakeholder engagement activity has

Business unit	Key Areas for Development
	been effective in driving service delivery and aiding decision making.
Enhancements Delivery Plan	Our year 3 recommendations relating to the effectiveness of Network Rail's EDP are that: ● The EDP should be published quarterly with clear milestones and updates on any changes ● Network Rail should undertake further work to identify what information is missing in the CP6 EDP and how this information gap should be addressed in future ● Network Rail should seek to understand the level of detail required by stakeholders to plan their business effectively ● The relevant business units should increase their use of the EDP as a tool for providing transparent information about enhancement projects to stakeholders.

Annex B: Good Practice Examples from Year 3 Self-Assessments

The following are specific examples of good practice but must be read alongside the areas for improvement.

Principle	Good Practice Examples from Year 3
Inclusive	**Wales and Western** • Stakeholder database refreshed across all routes, including comprehensive, segmented stakeholder map (with rationale for engagement), supporting tailored engagement. • Accessibility: joint working with access groups to enhance station facilities; early engagement at the design stage with passengers and representative groups on accessibility; use of a design advisory panel in development of wayfinding proposals for Paddington station. • "Day in the Life of" passenger experience group. The potential impacts of diverse events on passengers were able to be identified by those with lived experience and then planned into communications, alternative journey mapping and accessibility during a major engineering blockade. • Similar engagement with freight and its customers, e.g., Mendip Rail, Hanson, and Aggregate Industries. • Use of monthly deep dives with key stakeholders to address performance issues caused by all parties and with joint actions as a result.

Principle	Good Practice Examples from Year 3
	Southern • Detailed stakeholder map with information on the specific interests of a wide range of stakeholders. • Use of accurate and insightful data to improve engagement with lineside neighbours. • Community drop-ins used effectively to communicate and engage with lineside neighbours ahead of disruptive work. • Did work to identify MPs who are not particularly engaged with issues relating to the day-to-day operation of the railway (we noted potential to extend this to local councillors and public officials). • More generally development of hybrid approaches that blend the benefit of virtual engagement with personal touch of face-to-face interaction.
Transparent	**Wales and Western** • Areas for development identified in year 2 addressed with strong evidence of organisational commitment to transparency and of its value provided. • Clear evidence of transparency around performance challenges, for example, through openly, and mutually, sharing performance challenges with industry colleagues resulting in industry action plans and subsequent performance improvements. • Shared performance data with train operating companies and freight operators to produce joint action plans for improvement. • The Joint Performance Forum demonstrated a transparent approach to sharing performance data

Principle	Good Practice Examples from Year 3
	with stakeholders and using that data to learn lessons and improve performance going forward. ● Encouraged transparency from other industry stakeholders, through periodic reviews of performance data with the freight community giving visibility of performance to all stakeholders. ● Presented Periodic Review 2023 (PR23) process and timeline to stakeholders and in workshops about the challenges the industry is facing, and the funding scenarios being considered is a good example of open and honest discussion.
Well-Governed	**System Operator** ● Reviewed internal governance arrangements and employed an open approach to looking at best practice and continuous improvement. ● Improved governance of engagement activities and applied this in a systematic way across the organisation and with appropriate accountabilities. ● Good evidence of an open approach to best practice and to continuous improvement including well-structured approaches to the organisation of stakeholder activities and how they are undertaken effectively.

Principle	Good Practice Examples from Year 3
Effective	**Eastern** • Improved processes to respond to stakeholder feedback during year 2. For example, self–assessment described historically poor lineside neighbour engagement and outlined steps taken to improve. • Developed and presented an improvement plan to proactively listen to neighbours' complaints to understand their issues and concerns, and reviewed its processes accordingly, with input from experts inside and outside of the rail industry (e.g., customer service leaders outside of the rail industry). (Above example taken from year 2 stakeholder engagement assessment report)

Annex C: Principles of Stakeholder Engagement

21. Network Rail's Network Licence contains four broad principles of good stakeholder engagement which Network Rail as licence holder must adhere to:

- **Inclusive:** engagement seeks to involve all relevant stakeholders in a fair and proportionate manner, including by adopting different approaches to reflect stakeholders' different capabilities and interests;

- **Effective:** engagement supports delivery of a safer, more efficient and better used rail network, including by ensuring that stakeholders' views are duly taken into account;

- **Well-governed:** engagement is underpinned by effective processes and governance arrangements, this includes leadership from a senior level that encourage meaningful engagement; and

- **Transparent:** business units provide sufficient information to stakeholders to enable proper engagement; and can demonstrate how they have engaged with their stakeholders, and how this has influenced their actions and delivery.