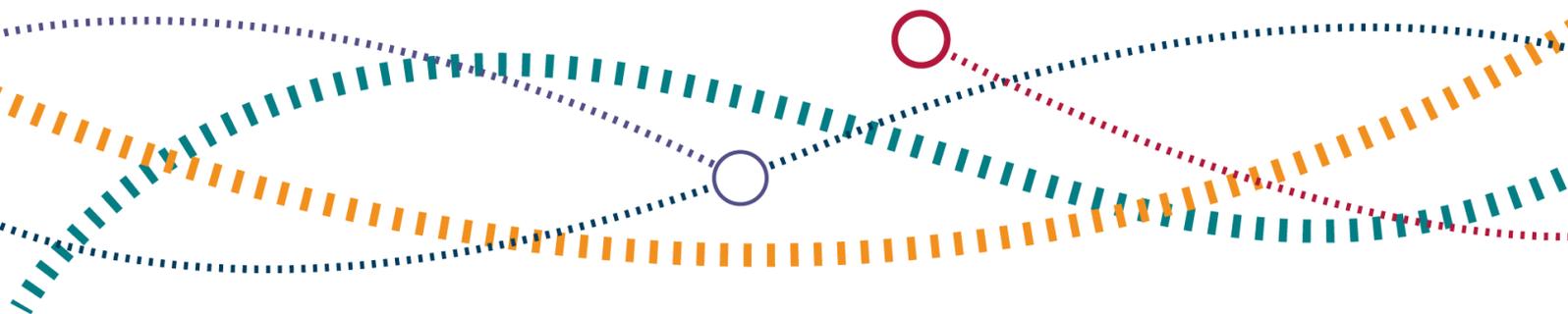




Annual assessment of Network Rail's stakeholder engagement

Business units' self-assessment guidance year 5 of CP6

Shared: 12 December 2023



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1. Introduction

- 1.1 This document provides guidance to Network Rail on producing evidence of the quality of its stakeholder engagement activity in Year 5 of control period 6 (CP6). Network Rail's submission of evidence will be a key source of information for ORR's annual assessment of its stakeholder engagement.
- 1.2 Each year in CP6 ORR has conducted 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.
- 1.3 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, stakeholder engagement is a core duty for Network Rail as a whole. Network Rail must 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.
- 1.4 In October 2023, ORR published its [final determination](#) for the periodic review 2023 (PR23). This included a [delivery plan notice](#) setting out ORR's requirements for Network Rail's control period 7 (CP7) delivery plan. Network Rail has committed to engaging with stakeholders on its delivery plan in a manner consistent with requirements set out in the High-Level Output Specifications (HLOSs). As the delivery plan will set out how Network Rail will engage with its stakeholders in CP7, we will consider any stakeholder engagement material within the plans as part of our year 5 annual assessment.

2. Information ORR will use in its assessment

- 2.1 Our year 5 assessment will cover Network Rail's stakeholder engagement across each of Network Rail's regions and the System Operator (SO).
- 2.2 We will use the following evidence, plus any other information that is appropriate from our routine monitoring and engagement:
- **Network Rail overall self-assessment:** A summary evidencing how Network Rail has met its licence requirements relating to stakeholder engagement.
 - **Self-assessments from the following Network Rail business units:**
 - Eastern
 - North West and Central
 - Scotland
 - Southern
 - Wales and Western
 - System Operator (including FNPO)
 - **CP7 delivery plan:** We will assess how stakeholder engagement has informed and been reflected in the CP7 delivery plan.
- 2.3 We will not be commissioning a survey of Network Rail's stakeholders as part of the year 5 assessment. Instead, Network Rail should explain in its self assessments how it has obtained the views of its stakeholders on the quality of its engagement with them, what those views were, and how it is responding to feedback.

3. Self-assessments

- 3.1 The purpose of self-assessments is for Network Rail to reflect on its stakeholder engagement activities during year 5 of CP6 and provide ORR with an assessment of its performance, areas of good practice and areas for continuous improvement. This guidance seeks to strike a balance between the business units' individuality and the need for comparison across different parts of the business.
- 3.2 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.
- 3.3 A high-quality self-assessment:
- **Is aimed primarily at ORR:** While we welcome engaging, readable reports, the self-assessments are produced for the purposes of informing our assessment of Network Rail's stakeholder engagement and their content should reflect this. The self-assessment submissions may therefore differ from reports written for the general public or a particular stakeholder audience.
 - **Demonstrates the measurable impact of stakeholder engagement:** in addition to outlining the key stakeholder engagement activity which took place during the year, self-assessments should illustrate the impact of those stakeholder activities. For example, why was the engagement conducted? What was the resulting evidence used for? How did it impact what the business unit did? How were stakeholders informed about the results of their engagement?
 - **Is targeted:** the self-assessments should present information that is relevant to the stakeholder engagement duty and enable ORR to assess the quality of engagement across each of the four principles (set out in Chapter 6).
 - **Is comparable:** ORR holds Network Rail to account at both corporate and business unit 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 unit.

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- **Explains the overall approach to engagement:** while case studies and examples can be used as illustrations, ORR's assessment (particularly against the principle of well-governed engagement) will consider the quality of the overall approach to stakeholder engagement, including the process of planning, implementation and usage of results.
- **Clearly responds to all ORR recommendations:** including recommendations specific to the business unit and those applying across Network Rail. The business units should set out how they have, or are intending to, action any recommendations from last year or previous years.

3.4 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 business units while also meeting the needs of the **broad range of national stakeholders and stakeholders who engage with multiple business units**. This is an important point which we highlighted in both our Year 4 annual assessment and in our PR23 Final Determination. Network Rail should set out how its 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, for the benefit of stakeholders.

3.5 Regional business units may choose 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.

3.6 Annex A of this guidance summarises our year 4 recommendations. Examples of good practice can be found in the year 4 stakeholder engagement annual assessment report.

4. Scope

4.1 The assessment will cover all stakeholder engagement activities conducted during year 5 of CP6, across all key stakeholder groups in the rail industry.

Stakeholders

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

- Operators / customers (i.e., public sector contract, open-access contract passenger operators, freight operators, freight customers and charter operators);
- passengers; passenger bodies and rail communities;
- elected representatives / public officials;
- funders / regulatory bodies;
- supply chain partners; and
- lineside neighbours.

4.3 Self-assessments must provide evidence of engagement across all of these groups and how the engagement has been tailored to that group. 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 one stakeholder deals with multiple business units (e.g. freight or Northern Rail), business units should demonstrate how they have worked together in a joined-up way to deliver high quality engagement.

Activities

4.4 Self-assessments **must include but not be limited to** the following:

- Business planning
 - Set out how both annual business planning and longer term priorities (including CP7) have been developed using stakeholder input. Self-assessments can point to, but should not duplicate, information set out in the delivery plan.

- **Day to day business performance issues**
 - Demonstrate how engagement has informed the business in identifying and addressing day to day issues, including and how it has shaped any subsequent decisions and activity.
- **Lineside neighbours**
 - Provide an update on your engagement with lineside neighbours.
 - All business units should provide information on number of complaints and enquiries they received, and the target and actual time taken to respond to them in a consistent format (to be agreed within Network Rail), with a particular focus on lineside neighbours.
 - Explain what your business unit did to learn from lineside neighbours' complaints and enquiries and how any best practice has been shared.
- **Recommendations in the year 4 report**
 - Describe how previous recommendations have been addressed. Recommendations for Year 4 are summarised in Annex A of this guidance.
- **Consistent culture of stakeholder engagement**
 - Provide evidence of how Network Rail has built and maintained a culture of high-quality stakeholder engagement, including cross-business unit sharing of good practice.
- **Approach to obtaining assurance of stakeholder views on Network Rail's engagement**
 - Set out how your business unit assesses stakeholders' level of satisfaction with their experience (e.g. surveys, focus groups, complaints, correspondence, social media).
 - Explain how these insights have been used or will be used in future.
- **Enhancements Delivery Plan (EDP)**
 - Demonstrate how you use the EDP in discussions with stakeholders about enhancements.

5. Format

- 5.1 Each self-assessment should be a single, concise document of **no more than 50 pages**. Self-assessments should be provided in accessible format, ideally in line with [ORR guidance for writing accessible reports](#). At minimum the reports must be provided in Word document format with suitable alt text for all charts and images.
- 5.2 While self-assessments may make use of photographs and other visuals with suitable alt text, the focus of the self-assessment should be to demonstrate to ORR how the stakeholder engagement duty is being complied with.
- 5.3 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 5 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. Where possible, business units should reflect on, and demonstrate, the measurable benefits of engagement.
 - summarise any **stakeholder mapping**.
 - present any research or good practice undertaken and how it was (or will be) used, for example in the form of **case studies**.

6. Our assessment

- 6.1 Stakeholder engagement is a core duty under Network Rail's [network licence](#). The licence requirements are set out at paragraphs 1.7 and 1.8, and at Condition 12. This includes four broad principles of good stakeholder engagement, which Network Rail as licence holder must adhere to (inclusive, transparent, well-governed, effective).
- 6.2 We will assess the self-assessment submissions using criteria based on the four principles of good stakeholder engagement (see examples in the table below). Our assessment against each of the four principles will be weighted equally in our evaluation. We then combine these assessments with the findings of any other evidence to produce our overall assessment.

Principle	Criteria
Inclusive	<p>Knowledge and understanding of who the stakeholders are with evidence of structured activity to identify and analyse stakeholders.</p> <p>Evidence that a sufficient range of stakeholders were effectively engaged with during the year (including minority stakeholder groups and local stakeholders in a proportionate manner).</p> <p>Evidence that stakeholder activities were effectively tailored to the needs of different stakeholder groups.</p>
Transparent	<p>Evidence that the business unit proactively shared relevant information or data with stakeholders, prior to engaging them, in a clear and concise manner.</p> <p>Evidence that stakeholders were given feedback on the engagement activities they took part in and how the business unit used the feedback received. This could include how feedback changed outcomes or explaining to stakeholders how it considered feedback even if it decided not to act on it.</p>
Well-Governed	<p>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).</p> <p>Evidence that stakeholders were able to provide candid feedback (e.g. in the case of focus groups or surveys: did Network Rail carry these out or was this work undertaken by an independent third party?).</p> <p>Evidence of a methodical, coherent approach to stakeholder engagement embedded across the business unit's activities.</p>

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Principle	Criteria
Effective	<p>Evidence that engagement activities were timely (e.g. before decisions were made and in sufficient time to allow proposals to be adapted).</p> <p>Evidence that the Network Rail business unit has understood the feedback and that this has been used to inform their internal thinking / business priorities.</p> <p>Evidence of measurable benefits and the impacts of any engagement conducted.</p> <p>Evidence that they are building and maintaining positive working relationships, to inform and educate stakeholders.</p>

Overall

Evidence the business unit has sought assurance of its stakeholders' views on its engagement and put processes in place to learn from this.

Evidence that stakeholders responded positively to 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.

6.3 We will rate our assessment of each principle to inform our overall assessment and to compare the relative performance of business units across the sources of evidence. We may include such a rating in our annual assessment report.

7. Key dates

Milestone	Date
Self-assessment guidance shared with Network Rail	December 2023
Draft delivery plan submission	by 31 January 2024
Network Rail business units self-assessment submission	20 May 2024
Final delivery plan published	by 31 March 2024
Draft stakeholder engagement report shared with Network Rail	August 2024
Annual Assessment of Network Rail's stakeholder engagement report published	September 2024

Annex A: Summary of Year 4 recommendations

Recommendations applying across Network Rail

General

- A.1 Network Rail should foster a culture of continuous improvement in stakeholder engagement, consistently looking to improve processes to benefit stakeholders.
- A.2 Network Rail should measure and demonstrate the impact of engagement, as opposed to simply identifying that it took place.
- A.3 Network Rail should effectively share best practice and stakeholder insight between business units.
- A.4 Network Rail should embed genuine transparency of engagement, both by keeping stakeholders informed in an open and candid way, but also by demonstrating to stakeholders how their feedback has impacted business decisions, or by explaining to stakeholders how it considered feedback even if it decided not to act on it.
- A.5 Network Rail should ensure that engagement is inclusive to a range of stakeholders within different categories, for example including small and medium (SME) suppliers as well as larger suppliers.
- A.6 Network Rail should investigate effective or innovative approaches to stakeholder engagement in other sectors, applying any learning to its own approach to stakeholder engagement.

EDP

- A.7 Network Rail should continue to publish quarterly EDP updates, making it clearer to stakeholders when new versions are available and where to find them.
- A.8 Network Rail should undertake a gap analysis to identify what information is missing in the CP6 EDP and how this information gap should be addressed in CP7.
- A.9 Network Rail should use the EDP as a main reference document when briefing stakeholders on enhancement projects, linking its focus groups, press releases

and newsletters to what is in the plan, and ensuring this is reflected in its stakeholder engagement self-assessments.

Recommendations applying to specific business units

Eastern

Activity to continue or build on:

- A.10 **Well governed, transparent:** Eastern should continue to develop processes for sharing knowledge, feedback and best practice between routes more widely. ***This recommendation builds on year 2 and year 3 recommendations.***
- A.11 **Inclusive, effective:** Eastern should ensure that the good practice relating to lineside neighbours and communities highlighted in its case study on the Broxbourne Closures is embedded across all its routes.

Areas requiring improvement:

- A.12 **Effective:** Eastern should consider how to evidence and articulate the impact of its stakeholder engagement.
- A.13 **General:** Eastern should ensure it clearly responds to our recommendations in the evidence it provides to us on its stakeholder engagement activity.

North West & Central

Activity to continue or build on:

- A.14 **Well-governed:** NW&C should build on its post-reorganisation approaches to governance with a focus on stakeholder engagement. The development of its stakeholder strategy should include a review of the governance of its stakeholder engagement, including setting clear milestones on commitments made. ***This recommendation builds on our year 3 recommendation.***
- A.15 **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 pre-existing gaps identified. ***This recommendation builds on our year 3 recommendation.***
- A.16 **Transparent:** NW&C should continue to reflect and embed a consistent approach to transparency across the region, enabling stakeholders to see how their feedback has been taken onboard in the decision-making process.

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A.17 **Effective:** Continue to build processes to enhance the region's lineside neighbour relationships, including considering how proactive, tailored engagement can improve stakeholder's experience.

Areas requiring improvement:

A.18 **Inclusive, well-governed:** NW&C should consider its approach to engaging with its supply chain and whether the current governance structures in place enable frequent enough engagement with its customers.

A.19 **Well-governed:** NW&C should implement (or at a minimum confirm implementation timelines) local-level stakeholder engagement strategies and put relationship managers for key stakeholders in place.

Scotland

Activity to continue or build on:

A.20 **Effective:** This year has seen Network Rail Scotland taking positive steps to improve the quality and consistency of the information provided to lineside neighbours. We would encourage it to maintain this progress moving into year 5.

Areas requiring improvement:

A.21 **Well-governed:** Clarify how the region has improved governance across the region. This could include a strategic review of the governance arrangements around stakeholder engagement to ensure there is clarity of roles and responsibilities and an emphasis to engage with a broad range of stakeholders to drive decision making and facilitate improvements. ***This recommendation has been carried forward from years 2 and 3.***

A.22 **Effective:** The region should outline how it shares the success of any improved governance structures across the region. ***This recommendation has been carried forward from years 2 and 3.***

A.23 **Inclusive:** Provide further evidence that Network Rail Scotland have engaged with all operators in Scotland, noting that these operators are not mentioned in its self-assessment material.

A.24 **General:** Provide more evidence of how the region has a consistent and well-embedded approach to stakeholder engagement.

Southern

Activity to continue or build on:

- A.25 **General:** Continue to maintain the level of ambition and quality of engagement externally and to work internally to create value from the engagement for the company and its customers.
- A.26 **Transparency:** Continue to focus on how stakeholder feedback is used to aid decision making (including areas where it did not influence the final decision/position).

System Operator:

Activity to continue or build on:

- A.27 **Effective, inclusive:** Building on work with charter operators to identify strategic priorities, demonstrate how stakeholders can participate and effectively influence decisions. ***This builds on our year 2 and year 3 recommendation.***
- A.28 **Well-governed, effective:** Demonstrate the impact and influence of the SO Advisory Board.

Areas requiring improvement:

- A.29 **Transparent:** Review the merits of feeding back collectively or publicly on how priorities were addressed and if not, why. ***This recommendation has been carried forward from year 2.***
- A.30 **Transparent:** Review whether transparency is properly embedded across the business unit. ***This recommendation has been carried forward from year 2.***
- A.31 **Effective:** 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 ***This recommendation has been carried forward from year 2.***
- A.32 **General:** Reflect on approach to the self-assessment, in particular how evidence is presented and signposted, ensuring all evidence presented clearly illustrates how it meets the principles of stakeholder engagement. The SO should ensure the evidence it provides in its self-assessment addresses to the recommendations we have made.
- A.33 Specifically in relation to BTPF:

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- (a) **Well-governed:** Ensure that groups established or designated to oversee key decisions and programmes are kept active and consulted on key changes within their remit until the decision has been made or the programme delivered.
- (b) **Inclusive, effective:** Ensure that engagement is conducted with an empowered and engaged range of stakeholders from any organisation the SO is engaging.
- (c) **Effective, well-governed:** If individuals are to be engaged with as representatives an organisation or group, ensure they are accountable for communicating across their organisation or constituency.
- (d) **Effective, well-governed:** Ensure that key decisions made as part of engaging with stakeholders are clearly agreed, recorded and confirmed in writing if necessary.

Wales & Western

Activity to continue or build on:

A.34 **Transparent:** W&W should ensure it shares good practice on accessibility (station audio maps and BSL information) more widely across Network Rail and the industry (e.g. with train operating company managed stations).

Areas requiring improvement:

- A.35 **Effective, transparent:** W&W should demonstrate how (or if) simplified ownership of stakeholder groups has impacted visibility and ease of contact for stakeholders, particularly supply chain.
- A.36 **Effective:** W&W should consider how to evidence and articulate the impact of stakeholder engagement activities more effectively, including how stakeholder feedback influenced plans and how this impact was communicated to stakeholders.



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