Annual Assessment of Network Rail's stakeholder engagement April 2023 to March 2024

Executive summary

This report focuses on the final year of Control Period 6 (CP6), which came to an end in March 2024. It also marks the end of the first control period that the stakeholder engagement requirement was in Network Rail's licence. Throughout this period, we have seen a positive outcome, with Network Rail placing more emphasis and focus on its stakeholders and demonstrating a self-reflective approach in an effort to improve.

The landscape may have changed over the past five years but the fundamental principles of Network Rail engaging with its stakeholders has become even more important as a result. Throughout this period Network Rail's performance has been broadly strong, but material opportunities for improvement remain. Network Rail needs to do more to demonstrate that it has matured its approach and embedded high quality stakeholder engagement processes across its organisation.

Network Rail has delivered its best overall year-on-year improvement in stakeholder engagement. It has reflected and responded to last year's report, recommendations and feedback from the workshop we held with its business units. We are pleased that it has demonstrated it can deliver positive change and improvements, with some business units being able to consistently demonstrate high-quality engagement and others making significant improvements.

Network Rail now needs to demonstrate it has consistently high-quality stakeholder engagement that is embedded across the organisation. We have seen instances of best practice being shared this year and we encourage Network Rail and individual business units to continue this approach.

As with last year, we have focused on the relative comparative performance of Network Rail's

business units. This does not necessarily mean that the lowest ranked business units are poor performing, or their overall position denotes a reduction in stakeholder engagement performance, but instead reflects each unit's performance relative to the others.

When comparing business units, we found that Southern region continues to be the best performing; Eastern, Wales & Western and Scotland were mixed performers with strengths; while North West & Central and the System Operator were – comparatively – the weakest within the scoring of the assessment and criteria used. Network Rail Scotland demonstrated the biggest year-on-year improvement. Table 1 below sets out our summary findings.

Table 1: ORR's comparative ratings of each business unit

Business unit	ORR assessment
Southern	Strongest performance
Eastern	Strong with areas for improvement
Scotland	Strong with areas for improvement
Wales & Western	Strong with areas for improvement
North West & Central	Mixed performance with areas for significant improvement
System Operator	Mixed performance with areas for significant improvement

Our year 5 recommendations are aimed at ensuring consistently high-quality stakeholder engagement is embedded across Network Rail and that it effectively coordinates and monitors quality of its engagement. Network Rail's overall governance of its stakeholder engagement,

particularly for stakeholders engaging with more than one region, remains an area of concern.

In control period 7 (CP7) we are challenging Network Rail to address this and have requested further detail on its governance and how it assures itself, its stakeholders and ORR on the effectiveness of its engagement. We have also made recommendations to each of the business units, including how to evidence and articulate the impact of their stakeholder engagement.

Our CP6 approach has provided a good baseline understanding of Network Rail's stakeholder engagement and has supported improvements in its approach. This enables our work across CP7 to be more streamlined by focusing efforts on the issues identified, including increasing our focus on Network Rail's governance and assurance, a more streamlined approach to monitoring and targeted deep-dive reviews of specific issues, if required.

In the event that substantive issues arise with Network Rail's stakeholder engagement in CP7, we will work with it to understand and address the causes and will highlight to Network Rail areas for improvement.

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