

Press Notice

Independent Evaluation of the ORR's 2008 Periodic Review

The independent review panel appointed by the Office of Rail Regulation (ORR) to evaluate the effectiveness of the process of ORR's 2008 Periodic Review of Network Rail's Outputs and Funding publishes its report today.

Chair of the panel, John Nelson, said:

'We were impressed with ORR's conduct of the periodic review, which was the first under the 2005 Railways Act. Their programme was efficient and effective, but we believe there is scope to do even better in the next review, due to be completed in 2013.

- Next time we hope ORR will engage more fully with stakeholders to establish the objectives for the review, and test the options against those objectives at every stage
- The voice of passengers and freight customers was not always clearly heard at the last review, and we hope ORR will work on ways to engage with them more actively to put their priorities at the heart of the process next time.
- The 2008 periodic review made some use of high level international comparisons in measuring Network Rail's efficiency, and we believe ORR should build on this for the next review.
- Next time, ORR should be very clear with the directors of Network Rail at the outset, about what information it requires for the review and when, and should make sure that this information is provided as needed.

Now that the review is over ORR should also be very clear with Network Rail about how it is going to monitor the delivery of the capacity and service levels required by ORR's determination. The worst thing that could happen would be for Network Rail's Delivery Plan to fall short, especially during a period of historically high investment in railways and with the country facing tough choices on spending.'

Notes for Editors:

1. The independent review panel's report is published on ORR's website.
2. The Office of Rail Regulation is the independent safety and economic regulator of the railway in Great Britain. Amongst other things, the ORR determines at a periodic review the access charges that train operators must pay Network Rail for use of the infrastructure, other sources of funding, and the outputs that Network Rail must deliver.
3. The 2008 Periodic Review (PR08) was the third major review undertaken to establish funding and outputs for Network Rail (or its predecessor, Railtrack), but the first since the 2005 Railways Act, which created a new framework in which the high level outputs to be delivered by Network Rail were specified by government

through the High Level Output Specifications (HLOSs) for England & Wales and Scotland.

4. The independent review panel was established by ORR's board in February 2009, with the panel given freedom to consider any aspect of the periodic review process. The review panel's remit did not include evaluation of the actual decisions that ORR took as part of its periodic review determination. The review panel comprises:

John Nelson, who has forty years of experience in the rail industry, including spells as General Manager of British Rail Eastern Region, and Managing Director of Network South East. He is Chair of First Class Partnerships, which provides services to all parts of the industry.

Mike Toms, who is Chair of Northern Ireland Electricity plc and a director of Birmingham Airport. He was formerly planning and regulation director of BAA plc.

Peter Vass, who is Director of the Centre for Regulated Industries at the University of Bath.

John and Mike pay particular tribute to the contribution of Peter Vass who was taken seriously ill at the end of this review.

5. The panel consulted a wide range of industry stakeholders in forming its views, including Network Rail, the Department for Transport, Transport Scotland, HM Treasury, passenger and freight train operating companies and Passenger Focus, as well as staff and directors of ORR. The panel's conclusions are however their own.
6. A letter from Chris Bolt (ORR's previous chairman) outlining the independent evaluation is available on ORR's website at http://www.rail-reg.gov.uk/upload/pdf/independent_evaluation_cblet140509.pdf.

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