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OFFICE OF RAIL REGULATION
SUSTAINABILITY BENCHMARKING

FINAL REPORT

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1. INTRODUCTION

1.1 Background

We have worked with the Office of Rail Regulation (ORR) since 2006, providing expert advice on developing the ORR sustainable development policy. This work involved undertaking a benchmarking study, a review of documents developed to consult the rail industry on the SD policy proposals, an evaluation of the consultation responses and expert advice on the draft conclusions.

In conducting its operations, the Office of Rail Regulation has a number of duties, including:

- ◆ To contribute to the achievement of sustainable development;
- ◆ To have regard to the effect on the environment of activities connected with the provision of rail services; and
- ◆ To have regard to the purpose of conserving biodiversity.

These duties have to be balanced alongside other statutory duties including:

- ◆ To ensure that Network Rail manages the network effectively;
- ◆ To develop policy, ensure regulatory compliance, and encourage improved performance in health and safety; and
- ◆ To license operators of railway assets, set access terms to the network and other railway facilities, and enforce competition law in the rail sector.

In April 2007, ORR published its sustainable development conclusions and policy statement.

The Sustainable Development Policy explains how ORR is going to discharge its SD duties by using its regulatory powers and influence to work to develop a more sustainable railway as part of a sustainable transport system. In practice (and recognised in the policy) this means implementing procedures to ensure consideration of the environmental, social and economic effect of delivering the rail industry's activities alongside other duties. Since the policy was published, ORR has primarily focused on environmental initiatives as that was the weakest area in which ORR considered it could add most value.

ORR also has a key role in ensuring that the railway industry better understand its performance in terms of sustainable development by effectively measuring and improving it and by sharing information and best practice and by introducing new targets and incentives to promote sustainable development.

Following on from the published SD policy and in light of the previous benchmarking study completed in 2006, ORR commissioned Enviro to complete a further benchmarking exercise to evaluate improvements achieved in light of this policy.

The benchmarking study aims were to:

- ◆ Indicate to what extent ORR has implemented measures which meet its sustainability duties, as far as possible in comparison with other relevant organisations;
- ◆ Identify key elements of good practice in relation to SD and the role of organisations such as those benchmarked; and
- ◆ Make recommendations on how ORR could further implement good practice in order to meet its SD duties.

Enviros has conducted the benchmarking exercise involving comparison with the following organisations:

Civil Aviation Authority (CAA)

Maritime and Coastguard Agency (MCA)

OFWAT

OFGEM

International Union of Railways (UIC)

International Union of Public Transport (UITP)

Federal Railroad Administration (FRA)

These organisations were chosen as having similarities to ORR through their regulatory and/or influencing roles on 'industry sectors' including rail and other forms of transport, both in the UK and overseas. The methodology employed for the benchmarking study is set out in more detail in the following chapter.

1.2 Key Developments since the 2006 Study

ORR

Since the 2006 benchmarking study, ORR has revised and republished the Environmental Policy Guidance for license holders (reference n15) including a set of required environmental KPIs agreed with the rail industry. ORR has also published its Sustainable Development & Environmental Duties report (reference n17), including sustainable development objectives, the sustainable development policy statement and ORR's proposals for delivering this policy.

In July 2008, in the National Rail Trends publication (reference n16), ORR reported on the performance of the rail industry in terms of traction energy consumption and carbon emissions from traction. Some additional data, such as traction energy efficiency and carbon intensity of rail operations, will be available later in 2009. Additional environmental indicators covering noise, non-traction energy use, waste and water, have been proposed for potential reporting to ORR.

Cross industry

The cross-industry Sustainable Development Steering Group (SDSG), comprising industry and Government executives supported by the Rail Sustainable Development Group (RSDG), has been established. Its members include executive director-level representation from Network Rail, train operating companies, the Rail Safety and Standards Board, the Association of Train Operating Companies (ATOC), the Department for Transport (DfT) and the Office of Rail Regulation (ORR).

The first sustainable development review of the mainline railways of Great Britain has been established by the SDSG, The case for rail 2007 (reference 81). This document explores sustainability in the context of rail, summarises the current sustainability performance and illustrates the industry's response to the sustainability challenges and opportunities. This includes the Sustainable Rail Programme (SRP) established to support the industry in reaching its full potential.

The SRP focuses on areas where collaboration across the industry or with government is required to address issues or take initiatives forward. In the SRP, a long term strategy - 30-year plan - has been developed.

The RSDG/ RSSB ,with involvement and support from ORR, also undertook scenario modelling work which was published in December 2007, "SRP: Foresight studies in Sustainable Development – Strategic implications". The work identified the main drivers of change and gave an overview of the future scenarios which emerged through analysis and exploration of the drivers.

Recently, in January 2009, the SDSG also agreed the Sustainable Development Principles, part of the Sustainable Rail Programme. These principles have been created to inform and become an integral part of the industry's culture and decision making processes taking account of whole system and whole life cycle approaches.

The next steps in moving forward with the creation of the sustainable development strategy are:

- ◆ Rail Sustainable Development Group (RSDG) to review, modify where necessary, and agree the proposed route map.
- ◆ RSDG to agree which people/organisations will carry out each of the tasks identified in the route map, and who else is involved.
- ◆ Create a programme plan,
- ◆ Work streams to be taken forward in parallel by the most appropriate party for each, guided by RSDG

Many Research Programmes around sustainable development and energy efficiency have been carried out by Rail Safety Standards Board; many of which have involved the ORR.

Government

In July 2007, the UK Government issued a White Paper entitled "Delivering a Sustainable Railway". This paper acknowledges the achievements to date, and challenges ahead, for the railway industry and sets out ORR role and responsibilities. It takes a view on the performance of rail and sets out plans for growth and development to unlock the potential of rail as a "green" transport choice for the public.

A further paper was issued by DfT in October 2007, "Towards a Sustainable Transport System (TaSTS): Supporting Economic Growth in a Low Carbon World". This outlines transport-related investment and policy plans with the aim of ensuring that the UK transport system is well-placed to play its part in the fight against climate change. The DfT is currently consulting on 'Delivering a Sustainable Transport System' which sets out the action plan to deliver the TaSTS in the short, medium and long-term.

ORR needs to ensure that its role and responsibilities in the rail industry and any Sustainable Development strategy, objectives, plans and policy planned or implemented, are in accordance with the Sustainable Rail Programme and the different White Papers above.

These developments and publications have been taken into consideration in conducting the revised benchmarking study.

2. METHODOLOGY

2.1 General Approach and Methodology

In an initial meeting with ORR, it was agreed that the same methodology and report format for the previous benchmarking study would be used for the revised work. This would ensure consistency and allow meaningful comparisons to be made.

To establish the benchmarking organisations progression in terms of sustainable development, Enviro reviewed the measures implemented by each organisation since the last benchmarking report.

A 'traffic light' scoring system (green, orange, red) has been used to demonstrate the level of formal measures in place and the clarity of the information that the organisation provides.

To measure and map the improvements since the 2006 benchmarking study, we also set a "star code" with '**' representing a significant improvement, '*' progression and '0' no progression.

Examples:

- ORR has made significant progress in terms of Sustainable Development Policy since the previous benchmarking report, this is therefore coded as '**' and the case will be highlighted green (previously it was orange).
- CAA already had very comprehensive measures in place in terms of Climate Change and Energy in the previous analysis (denoted green), but, they have also added some improvements; therefore this key CAA area will still be denoted green with one star to represent the improvements.

As OFGEM was not included in the previous benchmarking exercise, we were unable to measure its improvement.

2.2 Benchmarking Frameworks

As agreed during the initial meeting, Enviro reviewed the benchmarking organisations' duties in order to redefine and agree the organisations to use in this benchmarking study – see Summary of Regulators Duties in Appendix' 2. The same organisations have been benchmarked, except that OFSTED has been replaced with OFGEM as it has greater relevance to ORR.

As for the previous analysis, the benchmarking was conducted using a series of frameworks developed for the task. Each framework was prepared by extracting appropriate elements from existing 'standards' to create sets of criteria against which benchmarking could be carried out. The selected standards were as follows (further explanation of each is provided later):

- ◆ UK SD Strategy Guiding Principles (subsequently not used – see below);
- ◆ UK SD Strategy Priorities;
- ◆ Sustainability Appraisal of Regional Spatial Strategies - Guidance; and
- ◆ BS 8900:2005 'Guidance for Managing Sustainable Development'.

2.3 Application of Company Information

In the case of the seven external organisations, the information used to complete the benchmarking was taken from publicly available sources. In the main part, these included annual reports and web-based material – in those versions currently available at the time of benchmarking. The quantity and quality of information varied considerably between organisations. However each had at least a comprehensive website which included specific information on their role and key activities. From these sources it was possible to identify –

1. Specific SD related measures, and/or
2. Activities which, whilst not necessarily focused on SD, have a relevant impact (for example, operational efficiency measures which by their nature will result in reduced resource use).

Benchmarking was conducted by working through the frameworks for each organisation in turn, where possible entering a summary of current activities against each criterion, as far as could be determined from the available information.

In the case of ORR, as well as publicly available information Enviros was provided with a range of documents along with details provided in response to specific requests. For this reason it was assumed that a lack of available information on any particular subject indicated that there was no activity in this area (however, it is accepted that discussion of the outcomes of this project may bring to light previously unrecognised activity). Chapter 4 of this report lists the sources of information which were used in completing the benchmarking exercise.

2.4 The Standards Used

The following is a description of each standard used in the benchmarking, along with a rationale for its selection. As agreed with ORR, these standards are similar to the previous ones as no significant new policy or standard has been established since the last assessment.

2.4.1 UK SD Strategy Guiding Principles/Priorities

In 2005, the Government published 'Securing the Future' - the UK sustainable development strategy. This sets out the agenda for achieving sustainable development (SD) across the UK and includes five guiding principles and four priorities for National action. ORR has accepted the Strategy's definition of SD and for this reason the principles and priorities were chosen as elements in the benchmarking process.

The guiding principles are presented in the Strategy as conceptual statements, whilst the priorities are presented in the form of actions at a largely national level, along with potential indicators of performance. Because of their general nature, there are limitations in the use of the principles and priorities as criteria for assessing organisational SD activity. This is particularly so in the case of the guiding principles, and because of the difficulty in linking specific organisational actions with particular principles these were excluded from the final frameworks. In the case of the priorities, however, as far as possible relevant measures were identified from each organisation which could be considered relevant to particular criteria within the framework.

2.4.2 Sustainability Appraisal of Regional Spatial Strategies - Guidance

In 2005, the UK Government published guidance to assist regional and local planning bodies in carrying out sustainability appraisal (SA) of strategies and development plans, in order to meet the requirements of the European Strategic Environmental Assessment Directive. Whilst obviously not written for this purpose, aspects of the guidance can be considered relevant when examining the outward-facing role of regulatory bodies (such as policy making, industry guidance etc). In particular, the headline SA objectives outlined in the guidance were adapted to produce a framework covering a wide range of SD-related issues.

2.4.3 BS 8900:2005

BS 8900:2005 'Guidance for Managing Sustainable Development' has been developed by BSi British Standards to provide guidance on managing SD to enhance organisational performance and effectiveness. This is the first UK standard outlining how organisations should approach internal sustainability management. A framework was prepared based on Section 4 of the standard: 'Putting Sustainable Development into Practice' which includes particular actions against which benchmarking can be conducted. It was agreed with ORR that corporate SD activity should not be a major element in the benchmarking, however the framework was used to take a brief look at what internal management measures are currently in place in ORR alongside CAA and MCA (as comparable UK organisations in contrasting industry sectors) – particularly with respect to the issue of leading by example.



3. RESULTS & RECOMMENDATIONS

The detailed results of the benchmarking against each framework are provided in Appendix 1.

3.1 Summary Framework

The key results from each framework were combined to produce a summary framework, shown in table 1, overleaf.

Table 1 Summary Framework

Key Area	Summary of Best Practice	ORR	CAA	MCA	OFWAT	OFGEM	UIC	UIPT	FRA
Sustainable Development Policy	- Published policy statement on SD role/aims - Strategy for fulfilling SD role defined	**	*	*	**		0	0	0
Climate Change and Energy	- Regulatory/advisory measures in place to ensure reduction in energy use/greenhouse gas emissions	**	*	*	**		*	*	0
Environmental Management	- Regulatory/advisory measures in place to ensure prevention/correction of environmental damage - Advisory measures in place to encourage EMS implementation	**	*	*	0		0	0	0
Health & Safety Management	- Regulatory/advisory measures in place to ensure high health & safety standards (industry and public) - Advisory measures in place to encourage H&SMS implementation	**	*	*	*		*	0	*
Performance Measurement and Reporting	- Establishment of appropriate indicators of industry SD performance - Reporting of industry SD performance	*	0	0	0		0	0	*
Social Impact	- Regulatory/advisory measures to ensure effective management of social issues (incl diversity, access, crime) and ethical commercial and operating practices	*	**	*	*		*	*	0
Sustainable Economic Development	- Regulatory/advisory measures in place to ensure efficiency - Regulatory/advisory measures in place to ensure fair commercial practices and competition - Financial incentive/disincentive mechanisms to ensure sustainable operational practices	*	0	0	0		0	0	*
Sustainable Development Research	- Conducting research to improve industry sustainability (incl appropriate technology) - Encouraging/supporting relevant research by external bodies (incl universities)	*	0	*	0		*	*	0
Leading by Example	- Internal measures in place which demonstrate best practice, setting a good example to industry (incl policy, management measures, performance reporting in relation to SD)	*	*	0	*		0	0	0

	= Comprehensive, formal measures in place which are specific to this key area
	= Limited range of formal measures in place, including measures which have relevance but are not specific to this key area
	= Few or no formal measures identified (from information available)
**	Significant improvement
*	Improvement
0	No change or very limited

In order to produce this framework, nine key areas were identified which could be considered as summarising best practice taking into account which SD measures organisations such as ORR (i.e. bodies with a remit to regulate/influence/represent particular sectors, and in particular transport) could be expected to implement given the nature and scope of their roles.

The following section aims to:

- ◆ Provide examples of best practice in each of the nine key areas (above), and outline ORR's performance;
- ◆ Measure the improvements compared to the 2006 benchmarking report within ORR and make recommendations on measures ORR should implement as part of a future SD strategy; and
- ◆ Cross reference the above with the key elements of the UK SD Strategy.

3.2 Detailed Analysis of ORR's Performance and Recommendations

3.2.1 Sustainable Development Policy

Within the benchmarked organisations, improvements around sustainable development policy can be observed either at an internal or an external level. However, only half of the benchmarked organisations have a formal Sustainability or Environmental Policy in place in order to bring and motivate continual improvement of the sustainability performance in their related industry.

Some policies are more focused on the environmental aspects of sustainability and others more broadly cover all the dimensions of sustainable development. These policies are named "Environmental Policy", or "Sustainable Development Policy", but generally, the policy title does not correspond directly to their content. A specific example is the OFWAT Climate Change Policy Statement which, despite its name, includes environmental, social and economical aspects.

Since the last benchmarking study, various consultation exercises have been carried out around sustainable development policy; as an example, one of OFWAT's consultations set out a tentative proposal for a series of criteria or questions that they might use to assess policies against sustainable development principles.

Examples of Best Practice

Publication of a sustainable development or/and environmental policy such as Sustainable Development and Aviation Environmental Policy or Environmental Policy Committee (CAA)

Environmental Policy Guidance for license holders (ORR)

Establishing a Sustainable Development Policy Group – a working group to progress and implement SD strategy (ORR)

Sustainable Development Operations Policy Statement (MCA)

OFGEM Operations Environmental Policy Statement

OFWAT's strategy – taking a forward look

ORR's Current Position / Improvements

In December 2007, ORR published the Environmental Policy Guidance for license holders. This document includes the commitments, objectives and management arrangements that the policy should cover. This also sets out the KPIs to measure sustainable performance, for which the rail industry has agreed to produce accurate and verifiable data for.

In the ORR's Sustainable Development & Environmental Duties report, published in April 2007, ORR provides the sustainable development objectives, a policy statement and ORR's proposals for delivering this policy.

The terms of reference for the ORR Sustainable Development Policy Group have been revised to ensure a regular review of ORR's sustainable development policy with respect to its duties as defined by Section 4 of the Railways Act 1993. The policy will be formally reviewed by the SDPG every two years, or earlier if issues impacting upon ORR's role are identified.

In the last ORR SDPG meeting, it has been reported that the Environmental Advisory Group agreed that an ORR corporate environmental policy, based on Environmental Management System principles, should be drafted for presentation to the group for discussion. No details were provided about policy content or timeline.

Recommended Measures

ORR performed quite well compared to the other organisations with an Environmental Guidance Policy and a Sustainable Development Policy Statement. Consideration could be given to how sustainable procurement issues could be further influenced.

ORR should plan to establish an internal environmental and sustainability policy in order to demonstrate that internally ORR's operations are carried out in accordance with SD principles. This could relate to resource efficiency of energy, water, paper and other consumables in the ORR offices together with a policy statement relating to travel etc.

Reference to UK SD Strategy

This key area relates to all elements of the Strategy, rather than any particular principal or priority.

3.2.2 Climate Change and Energy

Climate Change and Energy is now a key consideration within government targets and regulations. There have been notable improvements in this area within most of the benchmarked organisations. There are however different levels of involvement and measures in place.

Some of the regulators, such MCA, CAA and OFGEM have set some internal targets for reducing energy or utilities consumption. More specifically, CAA monitors energy use and reports data annually comparing to their initial targets. Last year CAA reported a reduction of energy use within their offices.

Other regulators, such as ORR, OFWAT or UITP, developed guidance, best practice examples or published some KPIs in order to encourage the whole industry to reduce carbon emissions and energy use.

As an example, OFWAT, in its Climate Change Policy Statement provides some recommendations and measures to implement the current achievements and future targets for many aspects of sustainability such as carbon management, renewable energy, competition and innovation, etc to the water industry.

OFGEM has proposed reforms that would provide financial incentives for electricity transmission companies to expand capacity ahead of demand from new generation sources; it would facilitate connection to renewable and other low-carbon energy sources. This reform is intended to help spread the energy renewable implementation in the UK.

A particular tool that UIC has developed which encourages public engagement is 'Eco Passenger' and 'Eco Transit'. These internet tools calculate and show in detail to every customer the energy consumption, CO2 emissions and local pollutants for each selected route.

Examples of Best Practice

Development of performance monitoring

Research into energy efficiency technologies, cleaner diesel and renewable energy sources

Ongoing work on the EU Emissions Trading Scheme (OFGEM)

A review of the Energy Efficiency Commitment 2005-2008 (OFGEM)

Internal targets - Climate Change and Energy - in the Sustainable Development Action Plan (SDAP), June 2008, (OFGEM)

Carbon Reduction Working Group - CRWG (ORR)

Climate Change and CO2 emissions & Energy Efficiency chapters of the Railway and Environment, EU facts and figures report, presenting statistical and factual evidence on the impact of the different transport modes (UIC with the Community of European Railway and Infrastructure Companies).

Developing metrics and benchmarking for sustainable development in the rail industry, November 2007 - Environmental metrics related to climate change and energy (RSSB).

Improving Rail's Energy Efficiency (RSSB)

SD principles – Carbon Smart and Energy Wise Principles (Sustainable Rail Programme)

ORR's Current Position/ Improvements

The Rail Sustainable Development Group has selected 11 metrics from the 50 sustainability performance metrics of the "Developing metrics and benchmarking for sustainable development in the rail industry" report (Nov 07), to be monitored in future; it is stated that the 8 environmental metrics need to be reported to ORR. Most of the environmental metrics are related to climate change and energy.

In December 2007, ORR published its Environmental Guidance Policy and some associated KPIs to measure and report sustainable performance in the rail industry. In July 2008, ORR published their first environmental indicators in the National Rail

Trends - Sustainable Development - reporting on traction energy consumption and related carbon dioxide emissions.

As mentioned in Chapter 1 (1.2), some additional indicators, such as traction energy efficiency and carbon intensity of rail operations, will be available later this year as their associated KPIs have been required by ORR for the second half of 2008.

ORR supported the establishment of the Sustainable Rail Programme' SD principles which aim to achieve long term reductions in carbon emissions through improved energy efficiency, new technology and lower carbon power sources and facilitate modal shift, helping others make more carbon efficient journeys. The SD principles have been agreed by the SDSG in January 2009.

As stated in the last Carbon Reduction Working Group, ORR continues to facilitate the promotion of energy efficiency.

Recommended Measures

ORR published some data around the KPIs of traction energy consumption and carbon emissions from traction and will be able to publish data against further environmental indicators this year. Therefore, ORR could establish an individual environmental performance review, not part of the National Rail Trends report.

All environmental metrics selected by RSSB - to be reported to ORR - need to be included in the ORR Environmental Policy Guidance and reported in the ORR annual environmental indicators reporting.

As suggested in the last Carbon Reduction Working Group, ORR could support and lead the creation of a cross industry metering steering group.

ORR could set some specific improvement targets to be achieved by the rail industry to help minimise the climate change impact of the rail industry. These targets could be provided in a broader ORR Sustainable Development Strategy with specific Climate Change and Energy Actions Plans for the rail industry; that might also include the establishment and publication of a Toolkit for reducing carbon emissions from transport.

ORR could also gather and publish best practice examples looking at other European regulators performance in the rail industry.

Generally, more work could be established internally and for the rail industry within the fields of Energy Efficiency Technology, Climate change, Carbon emissions etc:

- more information could be published (e.g. leaflet or Information sheet)
- Specific working groups could be created such as a Energy Efficiency Technology working group
- Deeper considerations of financial measures implementation could be taken such as environmental charging and incentives in order to penalise/ reward energy related performance including the rate of uptake of efficient technology

As stated in the previous benchmarking report, ORR should consider their internal impact on energy and climate change and look to collect data in this area to understand their current impact and consider improvements which could be made to reduce energy consumption internally.

Reference to UK SD Strategy

This key area relates to 'Climate Change and Energy'.

3.2.3 Environmental Management

The importance of preserving the environment has intensified over the last few years and consequently so have regulators duties to ensure prevention/correction of environmental damage.

There has therefore been a significant improvement amongst the majority of the benchmarked organisations in terms of available environmental guidance and advisory measures.

In comparison to the other benchmarked organisations included in this study, OFWAT was found to have limited environmental information; as such there has been no significant improvement identified from the previous benchmarking exercise.

UIPT also has limited information on environmental damage and therefore there also appears to be limited progress from the previous benchmarking study.

Examples of Best Practice

Environmental Research and Consultancy Department provides environmental advice and information (CAA)

Environmental Information Sheets (in various forms for operator and in some cases the public e.g. CAA in relation to noise) (CAA).

Quality Assurance Branch – Auditing both to ISO and ISM standards (MCA).

Environmental Management System certified to the ISO 14001 standard (OFGEM).

ORR's Current Position / Improvements

ORR has a statutory role to have regard to the effect on the environment of activities connected with the provision of rail services. ORR has updated the document 'Railway Operations and the Environment – Environmental Guidance'. The guidance provides advice on issues that each enterprise should address in its environmental policies and practices and includes guidance on policy, objectives and management arrangements. The new guidance includes, for the first time, a requirement to contribute to industry-wide reporting against a number of environmental performance indicators. These indicators have been developed by the industry. ORR monitors the environmental performance of the industry against the indicators and the results are published annually in ORR national rail trends.

Tracking the indicators over time will bring the improving performance and environmental benefits of railway services to a wider audience, whilst encouraging the industry to improve its performance year by year.

Recommended Measures

ORR's position in terms of environmental management has improved significantly from the previous benchmarking study in 2006. ORR already has measures in place to assist prevention/correction of environmental damage.

The previous benchmarking report recommended that specific guidance could be developed for operators/inspectors in specific areas, including energy use/vibration, visual intrusion. These recommendations haven't been implemented and have therefore been repeated as a recommended measure.

ORR should consider providing further guidance to licence holders in terms of Environmental Management Systems and encourage licence holders to develop an ISO 14001 accredited systems to demonstrate internal commitment to SD and environmental improvements. ORR should also consider developing this also, internally.

Reference to UK SD Strategy

This area relates to the priorities 'Climate Change and Energy' and 'Natural Resource Protection and Environmental Enhancement'.

3.2.4 Health & Safety Management

'Improving Health and Safety performance' is an important objective for all of the benchmarked organisations. There has been some notable progress in terms of their health and safety management since the 2006 study. A small number of examples of improvements are listed below.

CAA, has made progress in a range of areas, but health and safety reporting and publicly available safety information were noted improvements.

MCA statistics and accident reports showed a substantial increase in the number of workplace related accidents. In response to this the MCA made a commitment to issue more information in the form of posters, leaflets and booklets on occupational Health and Safety. This is one example of good practice that MCA has demonstrated improvement in.

FRA has made significant progress, one example being the launch of a new web site. This was established for the purpose of making railroad safety information readily available to a broad constituency.

Examples of Best Practice

Aviation Occupation Health and Safety Steering Group (CAA)

General Aviation Safety Awards (CAA)

Safety Management Systems (CAA)

Safety Platform Groups - Human Factors Working Group, Occupational Health and Safety Group, Safety database development (UIC)

Theme-based groups -Border crossings, building on the work of the SchenegenRail group, Security of international freight corridors, Terrorism including institutional relations (UIC).

Railroad Safety Advisory Committee (FRA)

National Rail Safety Action Plan (FRA)

European Road Safety Charter (UITP)

Railway Industry Advisory Committee (ORR)

Health and Safety Policy Group (ORR)

Railway Safety and Statistical Report (2007) – The Safety and Economic Regulator of Britain’s railways (ORR)

Promoting Safety and Value in Britain’s Railways: ORR Strategy for 2009-2014 (ORR)

Federal Railroad Administration Railroad Safety Advisory Committee (FRA)

ORR’s Current Position / Improvements

Excellence in health and safety culture and risk control is an important goal for ORR and there are a wide range of measures in place to achieve this goal. These measures have improved significantly since 2006, particularly in terms of reporting and strategies to achieve improved safety performance. Other measures which ensure high standards of health and safety include inspections and audits to check that rail industry has the management systems in place effectively controlling health and safety risks. The goal to introduce a process of systematic audit and inspection of duty holders’ management systems, incident investigations and action tracking processes is a new approach for ORR and is expected to have significant benefit for the industry. Provision of site and written advice and guidance on how to comply with the law is another positive measure.

A Health and Safety Policy Group was established in July 2008. The objective of this group is to ensure that emerging and existing health and safety policy issues are: identified; discussed; prioritised; communicated; and resolved.

Recommended Measures

Further emphasis could be placed on increasing regulatory action so that all duty holders implement good practice. To track progress a more systematic audit system should be put in place.

The previous benchmarking report recommended that the area of health and safety should be recognised and promoted as a key aspect of ORR’s SD Duties and is incorporated into future SD Policy and strategy. In ORR Sustainable development policy statement published in 2007, there is no reference to Health and Safety. Enviro recommends that health and safety is recognised as a key aspect when updating the sustainable development policy.

Employee safety was demonstrated as one area of weakness in the ORR Annual Report. Improvements could be made by increasing awareness through further training and information leaflets.

Reference to UK SD Strategy

This key area related to the priority ‘Sustainable Communities’.

3.2.5 Performance Measurement and Reporting

Organisations are required to publish an increasing amount of information due to regulations such as the Freedom of Information Act. Due to such legislation organisations are tending to report and measure against a greater number of indicators.

The majority of the benchmarked organisations have made progress in performance and reporting, however much of the performance measurement is still focused around health and safety.

Examples of Best Practice

The case for Rail 2007 (SDSG)

Development of measurement and reporting framework for H&S (ORR)

The Mandatory Occurrence Reporting (MOR) Scheme (CAA)

Monitoring and reporting of SD related performance by operators (ORR)

Reporting against safety indicators (ORR)

Monitoring of the allowance market's development and OFGEM annual monitoring supplier performance (OFGEM)

ORR's Current Position / Improvements

ORR produces a large number of publications throughout the year. These include fact sheets on environmental, health and safety and other SD issues. However detailed reporting is focused mainly around health and safety including the Railway Safety Statistical Report.

ORR's April 2007 policy document indicated that it would work with the industry to develop a limited number of KPIs, the data for which should be produced, verified and owned by the rail industry to provide credibility. Following on from this, the RSSB, on behalf of the industry, agreed in December 2007 on a range of KPIs that ORR should publish. The first of these, initially published in July 2008, related to:

- ◆ Total traction energy consumption (aggregated) and
- ◆ Total carbon dioxide emissions from traction energy (aggregated)

The industry has also committed to publish of the following KPIs, and ORR will be working with the industry to develop the methodology for data collection and development:

- ◆ Traction energy efficiency and carbon intensity indicators
- ◆ Air emissions
- ◆ Noise impact
- ◆ Non traction energy consumption
- ◆ Non traction carbon intensity
- ◆ Waste material generation
- ◆ Water consumption

This demonstrates significant improvement and commitment towards environmental monitoring and reporting.

In addition ORR has developed a number of environmental monitoring measures (energy efficiency and CO2 emissions, Sites of Special Scientific Interest, environmental incidents, reduce/reuse/recycle initiatives) against which Network Rail will be measured and held to account during Control Periodic Review 4. These form part of a wider monitoring framework developed by ORR addressing all of its periodic review activities.

Further to this ORR has reviewed the level of information previously provided by Network Rail on its environmental activities and proposed to and agreed with Network Rail the level of information that it will provide both in its future business plans and its associated annual returns. For example, the business plan, must describe specific objectives and targets to improve Network Rail's environmental performance with regards to "Improving energy efficiency and reducing emissions and achieving sustainable consumption". Evaluation of performance during 2008-2009 will focus on improving energy efficiency, achieving sustainable consumption and protecting the natural environment.

ORR has also adopted a Publication Scheme, this sets out the information ORR intends to publish as a matter of routine. This scheme ensures that information is available, without the need to make general information requests.

Recommended Measures

Although improvements have been made in terms of environmental reporting, ORR still predominately reports on Health and Safety. ORR should focus on improving environmental reporting to the same standards as Health and Safety Reporting.

ORR should continue to influence the rail industry SD performance by developing further methods to measure operators' performance by, for example, setting targets related to the environmental KPIs.

ORR currently has relatively limited measures in place to report social and community issues. Although this is deemed to be outside of ORR's statutory remit, further consideration should be given to how ORR can influence this core pillar of sustainable development. An initial step could be to provide factsheets to rail operators highlighting best practice in this area.

Reference to UK SD Strategy

This key area relates to all elements of the strategy with regard to the aspects of SD which should be measured and reported, and specifically to 'Sustainable Communities' with regard to public participation.

3.2.6 Social Impact

Social impact has become an increasingly important indicator for sustainable development. Regulators have therefore begun to incorporate social issues, such as public engagement, public advice and diversity into their operating strategies.

CAA has recently introduced a Disability Equality Scheme 2008-2011. The DES sets out a commitment to disabled people and approach to addressing disability equality.

MCA has improved significantly in terms of public engagement and now provides a greater amount of educational material, such as 'don't drink and drown leaflet', interactive information packs e.g. 'Mayday pack' and 'Library Story telling'. The measures have been put in place to encourage a sense of community and raise sustainable development awareness.

OFWAT has made progress in terms of its social impacts. Areas of particular best practice include sustainable employment practices such as flexible working and customer value. Achieving a strong, healthy and just society was also identified as a key action for 2007-2008.

A particular tool that UIC has developed which encourages public engagement is 'Eco Passenger' and 'Eco Transit'. These internet tools calculate and show in detail to every customer the energy consumption, CO2 emissions and local pollutants for each selected route.

Examples of Best Practice

Environmental Information Sheets – e.g. Fuel dumping and Contrails and Aircraft noise (CAA).

'Travelling safely' and Icefalls leaflet 'Version 3' June 2007 (CAA)

Disability Equality Scheme 2008 – 2011 (CAA)

MCA'S Equal Opportunities Statement (MCA)

Social Action Strategy 2008-2009 (OFGEM)

Consumer First Programme launched to give OFGEM a clear picture of consumer attitudes and expectations (OFGEM)

Consumer Awareness Programme - calculates the energy consumption, CO2 emissions and local pollutants for each selected route (OFGEM)

ORR Training Policy, 2006 and ORR Training Sponsorship Policy (ORR)

National Rail Corporate Social Responsibility Report, 2007

ORR's Current Position/ Improvements

ORR has made progress in terms of the regulatory and advisory measures in place to address particular areas of social impact. In particular, ORR are clearer as to their role in relation to sustainable development as demonstrated by publication of the ORR sustainable development policy.

ORR is also committed internally to equal opportunities. ORR Policy aims to provide equal opportunity for employment, career development and promotion to all that are eligible on the basis of ability, qualification and availability to work.

ORR is an investor in people and promote personal development amongst their staff. Personal Development Grants are available for staff to undertake a development activity to enhance their skills.

Recommended Measures

ORR still currently has limited measures to address non-regulatory social impact aspects.

ORR should continue to ensure sustainable development awareness is communicated throughout the industry. For example, guidance to licensed operators could be increased and developed further. A SD- related competency model for application by the rail industry in training and development would develop this awareness also.

ORR should also consider means for increasing public engagement on SD. This is something other regulators such as MCA have strength in. This would obviously need to be done in conjunction with Department for Transport and it may be that clear links to DfT public engagement docs are made through the ORR website and licensed operators are made aware.

Another recommendation which was detailed in the previous benchmarking report which has not been developed as yet and still has significance is the scope to review community impact and involvement through the rail industry, for example, community outreach, voluntary and charitable activities and cause related marketing – i.e. raising awareness of both ORR's work and particular relevant charitable causes/issues through association with ORR's name.

Reference to UK SD Strategy

This key area relates to the priority 'Sustainable Communities'.

3.2.7 Sustainable Economic Development

In terms of best practice it is difficult within the scope of this study to determine which, if any, of the benchmarked organisations constitute best practice. Each industry has its own unique aspects that justify, or necessitate, differences in the regulatory approach. Nonetheless, we note that employing incentive based regulation itself continues to be generally regarded as the best practice model to drive improvements in efficiency and outputs in regulated companies.

The Government recognises that the polluter pays principle is key to achieving sustainable development. As stated in one of OFWAT's consultation documents, 'a sustainable outcome may require more emphasis on addressing diffuse pollution, with those responsible bearing a fair share of clean up costs'.

OFWAT has published documents encouraging low-carbon investment decisions, setting price limits and on achieving a sustainable economy.

OFGEM has set the "Managing the transition to a low carbon economy" as one of the key themes which captures how the Gas and Electricity Markets Authority should contribute to the sustainability challenges of the 21st century. They also issued guidance in June 2008 to code panels on the consideration and treatment of the costs of GHG emissions under the existing code objectives. This guidance sets out OFGEM's view that the economic costs of GHG emissions should be taken into account by code panels and industry participants when assessing modification proposals for industry arrangements.

In terms of a low carbon economy, the government also published “Towards a Sustainable Transport System, Supporting Economic Growth in a Low Carbon World” in October 2007.

ORR's Current Position/ Improvements

ORR has, over the last three and a half years, undertaken their periodic review of Network Rail's outputs and track and station access charges. Following this, Network Rail has until 5 February 2009 to decide whether it accepts or rejects the conclusions of the periodic review. As a conclusion, the Network Rail, working with its industry partners, can and should deliver better outcomes at lower cost”.

ORR has undertaken an international benchmarking study, as part of its Periodic Review in 2008 to inform ORR's judgements on efficiency, for example:

- ◆ Total maintenance and renewals
- ◆ Signalling and possessions and
- ◆ Asset management

This is a significant piece of work that will drive greater efficiencies within the rail industry in the next 5 years and ensure sustainable economic development within Network Rail. In future the government' plans to focus more on environmental issues and the next Periodic Review, due to be completed in 2013, is expected to include environmental targets for Network Rail.

Recommended Measures

ORR has limited financial incentives or mechanisms to explicitly promote environmental performance.

It is clearly stated in the ORR's duties report that the introduction of any new financial incentive would need to be considered very carefully. Also, in the PR08 document, “Advice to Ministers and framework for setting access charges”, ORR confirmed that:

- a financial incentive may be useful in the future but ideally this should only be introduced where all parties have a clear understanding of the KPIs that underpin it
- ORR do not intend to introduce an environmental charge ...

Since ORR has undertaken some initial consultation on environmental charges, no more specific work has been established. It is understood that ORR is currently giving further thought to environmental charging and incentives and will likely consult on this specific aspect in the near future.

ORR should further consider the use of environmental charging and, in particular, incentives for good performance and implementation of SD.

ORR could develop a low carbon rail economy approach and promote its benefits and promote ways to facilitate the development of local rail investment packages, encouraging a more strategic approach to local transport plans which could be part of the low carbon economy strategy.

Reference to UK SD Strategy

This key area relates to the priority ‘Sustainable Consumption and Production.

3.2.8 Sustainable Development Research

The majority of the benchmarked organisations have developed multiple research projects around safety or around specific environmental issues directly linked to their core industry.

MCA has diverse ongoing research projects mainly on waste, ecological sites and ecosystems.

FRA, has undertaken research and development projects both independently and in partnership with public or private organizations, including institutions of higher learning, through the provision of grant funding, cooperative agreements, memoranda of understanding, and contracts.

Examples of Best Practice

Research on specific environmental issues including renewables, port waste reception facilities, treatment and oily waste, noise impacts

Diverse Research Projects in Sustainable Development such as “Review of research relating to sustainable development for the Railway (RSSB)

Environmental Research and Consultancy Department (CAA)

Carbon price on costs of generation (OFGEM)

Three year Energy Demand Research Project (OFGEM)

Five Year Strategic Plan for Railroad Research, Development and Demonstrations (FRA)

ORR’s Current Position / Improvements

ORR continues to support and contribute to the work being undertaken by the Rail Safety and Standards Board, both in developing the sustainable case for rail and in further research activities that could improve the future sustainability of the railway, as stated in the ORR’s sustainable development and environmental duties.

It is however difficult to measure the level of ORR’s support and involvement within RSSB’s Research Programmes, linked to Sustainable Development.

Recommended Measures

ORR should continue to work with the RSSB and others to lead or participate in SD research projects.

ORR could provide more accessible information on developing or completed research projects relevant to the rail industry through the website and by direct communication with the rail operators in order to raise awareness of available information.

Reference to UK SD Strategy

This key area relates to the priorities ‘Sustainable Consumption and Production’ and Sustainable Communities.

3.2.9 Leading by Example

There is increasing competition between organisations who want to be seen to be leading by example. Each of the benchmarking organisations, have different approaches to achieving this. OFWAT, for example, has undertaken benchmarking work for the last ten years looking at the other international regulators in the same field and comparing activity to identify best practice. .

Examples of Best Practice

International Comparisons report 2008 (OFWAT)

Environmental Advisory Group (ORR)

ISO 14001 standard internally and Social Strategy (OFGEM)

Commitment to establish a Sustainable development Maturity Matrix (MCA)

ORR's Current Position / Improvements

ORR now has a Sustainable Development Policy in place and revised Environmental Policy Guidance for the rail industry. Internally ORR has in place a Health and Safety and Environmental policy and an Equality and Diversity policy.

The creation of the Environmental Advisory Group (EAG) in November 2007 aims to improve ORR's internal monitoring and reporting of its environmental aspects such as energy, travel, waste and procurement. It was agreed in the last EAG meeting that ORR should develop an Environmental Management System and an Environmental Policy.

Further structured management measures are still not apparent within ORR.

Recommended Measures

By adopting best practice internally, ORR is in a position to lead by example and influence those operating within the rail industry. Following the previous benchmarking report, ORR has made progress in developing internal SD management. There is still however many measures which ORR could consider in order to develop its internal approach further, implementing the action mentioned in the previous paragraph. In brief, the principle activities are likely to include the following:

- ◆ Definition of objectives and targets for improving performance and implementing systems across a range of SD aspects
- ◆ Detailed programme of implementation, with defined roles and responsibilities
- ◆ Further training and awareness raising for staff, including SD in general and specific areas such as energy use, waste minimisation etc.
- ◆ Greater reporting against internal SD indicators and targets.

ORR should consider adoption of certified systems such as ISO 14001 which have been successfully implemented in other public sector organisations.

In addition to internal systems, ORR should consider the adoption of outward facing activities including community involvement (including staff volunteering and mentoring programmes and structured support of appropriate charities).

Reference to UK SD Strategy

This key area relates to all elements of the Strategy, rather than any particular principal or priority.

3.3 Conclusions

Compared to the previous benchmarking study, it is clear that all the organisations have made some improvements in addressing sustainable development issues. From the publicly available information, ORR showed significant progress in 5 categories and some improvements in 2 others. This demonstrates a real commitment to achieve and promote sustainable development principles.

The following points summarise ORR's performance in the benchmarking.

- ◆ Based on the information available, ORR compares well with the other organisations benchmarked and could be viewed as being on a par with most of the others in terms of the number of SD-related activities undertaken/measures in place. However, other regulators such as, CAA and OFGEM, display a wider range of measures in place, with measures in all nine key areas, including such examples, as conducting a wide range of SD-related research, or providing SD-related awards for operators.
- ◆ ORR SD focus has to date, largely been limited to health & safety, environmental issues and commercial practices. This is understandable given the primary function of ORR. A key area where ORR appears to have undertaken fewest activities is in terms of social impacts and should be an area for future consideration.
- ◆ ORR has made great improvement in the area of Performance Measurement and reporting. This is mainly due to the publishing of the 'Environmental Guidance'. No specific targets related to the environmental KPIs have been set though, and this should be an area of improvement for ORR.
- ◆ Significant improvements have been made across all benchmarked organisations in terms of Health and Safety. However, a weakness in this area is that the majority of the benchmarked organisations have not fully incorporated health and safety into SD strategies. ORR should incorporate health and safety into the SD strategy.
- ◆ In terms of Environmental Management, OFGEM is leading by example in this area. Internally they have developed a management system accredited to ISO 14001 and also provide advice and guidance to their operators. ORR has undertaken fewer activities in this area, but is not alone in comparison to the other benchmarked organisations.

In the Sustainable Case for Rail 2007 (RSSB), the first sustainable development review of the mainline railways of Great Britain as part of the industry's Sustainable Rail Plan, one of the stated needs is to optimise rail's contribution to a sustainable transport system. The industry recognises the importance of working together and in partnership with the Office of Rail Regulation (ORR) and the DfT.



Rail has long been regarded as an environmentally friendly mode of transport, particularly in terms of energy efficiency and emissions. The industry is actively working to maintain its environmental advantage. It is now more important than ever to highlight reliable, relevant information which demonstrates rail's performance in sustainable development.

ORR has an important role in continuing to demonstrate its active progress in influencing the improvement of sustainable development in the rail industry.

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APPENDICES



1. BENCHMARKING FRAMEWORKS



BS 8900 Comparison

BS 8900:2005 'Guidance for Managing Sustainable Development' has been developed by BSi British Standards to provide guidance on managing Sustainable Development (SD) to enhance organisational performance and effectiveness. The framework below is based on Section 4 of the standard: 'Putting Sustainable Development into Practice' which includes particular actions (highlighted in blue) against which benchmarking can be conducted.

Reference	Clause	Summary Description	ORR	CAA	MCA	OFWAT	OFGEM	UIC	UIPT	FRA
4.1	The Organisation	Prepares and maintains an SD statement which forms the foundation for the organisation's SD activities and helps align primary purpose with related SD activities	Health, Safety & Environmental Policy statement; Equality & Diversity Policy statement Sustainability Policy statement	Sustainable Development and Aviation Environmental Policy in place 2008: similar	Greening Operations - Local Action Plan		Ofgem statement on sustainable development /Ofgem Operations Environmental Policy Statement /SDAP targets		Making tomorrow today, mar ch 07 includes reporting	
4.2	The Issues									
4.2.1	General	<i>Ongoing systematic stakeholder engagement is intrinsic to SD</i>								
4.2.2	Stakeholder Identification	Defines and identifies stakeholders and their representative organisations, clarifying their interest and relationship with the organisation	Has defined stakeholders for consultation on SD							
4.2.3	Stakeholder Engagement	Engages with stakeholders to understand the social, economic and environmental impacts and risks of the organisation's activities	Is about to consult stakeholders on SD	Engages with staff 2008: same - involve staff to influence CAA's work						
4.3	Capability									
4.3.1	General	<i>For the principles of SD to be put into practice, the organisation requires appropriate resources and a range of competencies</i>								
4.3.2	Resource Allocation	Allocates appropriate resources (financial, human and manufactured) to achieve the SD objectives		CAA Aviation Environmental co-ordination Group Environmental Information Sheet, Roles and Responsibilities - march07						
4.3.3	Competence Building	Identifies the learning and development needs (partic. SD) of employees; provides resources to develop competence; reviews existing learning and development programmes in line with SD	Has a training policy (not specifically in relation to SD)	Environmental awareness raising events for staff						



2. SUMMARY OF REGULATORS DUTIES

Regulator	Primary Regulatory Function	Environmental duties	Include in Benchmarking?
CAA	Regulates the charges paid by airlines at airports designated by the Government (currently Heathrow, Gatwick, Stansted and Manchester) and deals with complaints about the conduct of airports. Regulates air traffic control services.	Determining policy for the use of UK airspace so as to meet the needs of all users, having regard for national security, economic and environmental factors, while maintaining a high standard of safety.	Yes
Postcomm	Regulates the postal market, to ensure that licensed postal operations-including Royal Mail – meet the needs of their customers throughout the UK.	Postcomm have no regulatory environmental duties and there is no sustainability information available on their website.	No
Ofgem	Helping to secure Britain's energy supplies by promoting competitive gas and electricity markets - and regulating them so that there is adequate investment in the networks.	Contributing to the drive to curb climate change and other work aimed at sustainable development by, for example: Helping the gas and electricity industries to achieve environmental improvements as efficiently as possible; and Taking account of the needs of vulnerable customers, particularly older people, those with disabilities and those on low incomes.	Yes
Ofwat	Ofwat (The Water Services Regulation Authority) is the economic regulator of the water and sewerage companies in England and Wales. They ensure that companies provide household and business customers with a good quality service and value for money.	Ofwat make sure that water companies can meet the social, financial and environmental challenges of the future. Each company must deliver high quality services while causing as little damage as possible to the environment.	Yes
Ofcom	Ofcom is the regulator for the UK communications industries, with responsibilities across television, radio, telecommunications and wireless communications services. Ofcom's specific duties fall into the following areas: Ensuring the optimal use of the electro-magnetic spectrum Ensuring that a wide range of electronic communications services - including high speed data services - is available throughout the	Ofcom have no regulatory environmental duties and there is no obvious sustainability information available on their website.	No

	<p>UK</p> <p>Ensuring a wide range of TV and radio services of high quality and wide appeal</p> <p>Maintaining plurality in the provision of broadcasting</p> <p>Applying adequate protection for audiences against offensive or harmful material</p> <p>Applying adequate protection for audiences against unfairness or the infringement of privacy.</p>		
FSA	<p>The FSA is an independent non-government body that regulates the financial services industry in the UK.</p> <p>The FSA's aim is to promote efficient, orderly and fair financial markets and help retail financial service consumers get a fair deal.</p>	No regulator requirements; however has an organization they are committed to good environmental practice. The FSA aim to reduce their environmental impact and contribute to a healthier environment.	No
Pensions Regulator	Regulates the Work-Based Pension Schemes to ensure that: benefits of members are protected, there is good administration of the schemes and that claims for compensation from the Pension Protection Fund are reduced.	No regulator requirements. No sustainability/environmental pages on the website.	No
Office of Fair Trading	Is the UK's consumer and competition authority. It regulates markets to ensure that they work well for consumers and that customers have as much choice as possible across all different sectors of the marketplace.	The public has a right of access to environmental information held by public authorities and some other organizations. The Office of Fair Trading provides this information to the public upon request.	No
The Competition Commission	The CC helps ensure healthy competition between companies in the UK for the benefit of companies, customers and the economy.	—	No
Ofsted	Ofsted regulates the education sector to achieve excellence in the care of children and young people, and in education and skills for learners of all ages.	The government wants all schools to become sustainable schools by 2020 and there is a 'National Framework for Sustainable Schools'. Ofsted inspect schools to assess teaching about sustainability and progress towards the framework.	No