

Chris Bolt
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14 May 2009

Dear colleague

2008 periodic review – independent evaluation

On 1 April 2009 our determination of Network Rail's outputs and funding for 2009-14 (control period 4) came into effect. Our determination, published in October 2008, is the result of more than three years work since we commenced our periodic review in August 2005, when we published our initial consultation document.¹

Over the course of the periodic review, there has been a significant amount of work undertaken across the industry, involving detailed analysis and debate. Any periodic review is a major programme of work for ORR and the industry, and the decisions we reached in the periodic review will have significant impacts on the industry, taxpayers, passengers and freight customers.

The ORR Board considers it essential that a thorough independent evaluation of the periodic review is undertaken, drawing on the views of stakeholders, in order to learn lessons and inform the design and conduct of the next periodic review, which we expect to complete in 2013.

The evaluation is being led by John Nelson, Chairman of First Class Partnerships and previously Chief Executive of British Rail's largest business, Network South East. The other members of the review group are Mike Toms and Peter Vass. Mike is Chairman of Northern Ireland Electricity; he was previously Group Director, Planning and Regulatory Affairs at British Airports Authority. Peter Vass is Director of the Centre for the study of Regulated Industries (CRI) and Senior Lecturer in Accounting and Finance at the University of Bath. In addition, the National Audit Office and Audit Scotland are represented on the review group as observers.

The objectives of the independent evaluation are to:

¹ Determination of Network Rail's outputs and funding for 2009-14, Office of Rail Regulation, October 2008. This may be accessed at <http://www.rail-reg.gov.uk/upload/pdf/383.pdf>.

- examine the way in which ORR carried out the periodic review (it is not the purpose of the evaluation to review the merits of the actual decisions that we took and the overall determination);
- seek views from stakeholders on the review process and whether we addressed the key issues in the review and consulted fully on its proposals and explained clearly its decisions; and
- complete a report on the findings of the of the evaluation and containing recommendations on areas that the review group considers we need to give consideration to in planning and carrying out the 2013 periodic review.

The review group will take account of our stated objectives for the periodic review in carrying out its work and making its recommendations. It will also have regard to established principles of good regulation and our statutory duties.

The review group has already met a range of key stakeholder organisations and further meetings are being arranged. John Nelson is also writing to all stakeholders who engaged with us during the periodic review seeking any further input. We will publish this letter on our website to provide the opportunity for other interested parties to input.

I am expecting the review group to submit its final report to the ORR Board by the end of July 2009. This will then be published on our website along with our response to the recommendations made by the review group.

If you have any questions about the independent evaluation please contact John Nelson directly (tel 07801 228087, email fcp@easynet.co.uk). Alternatively, if you would like to discuss anything with us, in the first instance please contact Paul McMahon, Deputy Director of Rail Markets and Economics (tel 020 7282 2095, email paul.mcmahon@orr.gsi.gov.uk).

Yours faithfully

A handwritten signature in black ink that reads "Chris Bolt". Below the signature is a simple horizontal line with a slight curve at the right end.

Chris Bolt