

Executive Summary

Freightliner welcomes the opportunity to respond to the ORR's consultation on system operation and make comments on Network Rail's proposed dashboard to monitor system operation activities.

Without pre-empting the on-going review by Nicola Shaw, it is clear that many stakeholders expect Network Rail's structure to become more devolved. Against this backdrop it is increasingly important that the core system operation functions are clearly defined and a legal framework is in place to give the system operator adequate authority over devolved routes.

System operation is an important issue for rail freight operators. Operating nationally, freight services usually cross many Network Rail routes, driving the fundamental requirement for clearly defined, centralised system operation functions. Timetabling, possession planning, enhancement option development and coordinating responses to incidents all need to be retained as core, central functions. Any attempt to devolve these functions would be detrimental to rail freight and likely to import cost by increasing the inefficiency of train schedules, reduce reliability by not retaining a holistic approach to access planning and would make rail freight an even more complex mode.

Freightliner recognises that the consultation focusses considerable attention on capacity utilisation and exploring ways to measure how optimally capacity has been allocated. Freightliner strongly supports this focus and believes that understanding capacity utilisation is necessary to ensure the right trade-offs are made between cost, performance and capacity. Given the financial constraints facing funders, understanding the opportunities to optimise the timetable will assist in making investment decisions that deliver highest value for money and facilitate growth.

Freightliner strongly supports the need to better understand capacity utilisation and our response provides examples of inefficiencies in our own train paths and across the Midland Main Line. However, we urge the ORR to exercise caution when attempting to measure capacity allocation. A formulaic approach to measure capacity is not appropriate on busy, mixed-use railways and could be detrimental to freight. Likewise the capacity utilisation metric proposed by Network Rail in the dashboard would not provide any meaningful insight. An alternative indicator could be an input measure tracking how many root and branch analyses of the timetable have been completed.

We argue for the need for a balancing incentive for Network Rail to consider capacity utilisation in order to ensure that the trade-offs between capacity, performance and cost are efficiently managed. It is important to note that there is nothing to prevent this work from happening now.

Although many of the functions of system operation reside with Network Rail, a number of longer-term functions are coordinated by government. Utilising output from Network Rail's Long-Term Planning Process, government influences wider decisions about the size and shape of the future rail network, for example by selecting enhancement schemes through the HLOS. In this context, it is important that transport policy is planned holistically, recognising the cross-modal impacts of policies, e.g. between road and rail building and the impact on HGV or rail freight growth. Effective system operation involves taking a holistic approach to policy planning.

The response emphasises the importance of stability and certainty in the long-term charging and regulatory regimes in order to create a positive and stable environment that enables continued private sector investment - necessary to foster ongoing growth and improve productivity for UK businesses. Intense competition with other modes highlights the need for a charging regime that does not increase complexity and reduce the attractiveness and competitiveness of rail freight.

Highlighting the continued work of the *CRRWG*, which is seeking to better understand the implications of options for the future charging and incentives regime, the response discusses the inability to use charges and incentives to influence the allocation of capacity because so much capacity is influenced by government through the franchising process. Noting that in theory, changes could be made to the structure of charges to try and influence behaviour of non-franchised operators, this has great potential to distort the transport market in favour of road and lose the benefits of rail freight that fall outside the railway balance sheet.

Freightliner response to ORR consultation on system operation and proposed Network Rail dashboard

Freightliner welcomes the opportunity to respond to the ORR consultation on system operation - how Network Rail operates the rail network and how decisions by both Network Rail and others are made about the use of this network and its expansion over time are very important issues to Freightliner. In parallel Network Rail are also consulting on how the outputs of their system operation functions are reported and Freightliner is also pleased to provide comments on the dashboard proposed by Network Rail.

The consultation focusses a lot of attention on capacity utilisation and exploring a way to measure how optimally capacity has been allocated is a central theme. There is recognition that a metric could be a helpful indicator of how efficiently capacity has been allocated and understand whether there is scope to improve utilisation through timetable optimisation. This would be a valuable input into the IIP in order to ensure that the infrastructure enhancements identified offer best value for money. Freightliner very much supports this ambition and believes that understanding capacity utilisation is necessary to ensure the right trade-offs are made between cost, performance and capacity.

Although linked Freightliner believes that developing a measurement to better understand capacity utilisation and establishing the functions of system operation, particularly in a more devolved structure, are two different things. They are not dependent on each other and there should be nothing to prevent Network Rail in its current, less well defined, role as system operator analysing and trying to improve capacity utilisation now.

Freightliner recognises that this consultation is a first stage in developing the functions of system operation, and would like to continue to work closely with the ORR and Network Rail in this area.

1.0 Introduction

The rail network in Great Britain is a real success story. In the rail freight sector volumes have increased 80% since privatisation. The wider benefits to society and the economy are substantial. The productivity gains for UK plc and the congestion and wider environmental benefits generated by rail freight are worth over £1.6bn per annum to the UK economy.

The forecasts suggest this growth could continue. Network Rail's projections indicate that freight volumes could double over the next 30 years and with that the economic benefits will increase to over £4bn per year in today's money. These headline figures mask changes to the markets serviced by rail freight, with growth in the rail freight sector forecast to be largely driven by the intermodal sector, with rail relying less on the traditionally suited bulk commodities, for example coal. However, these forecasts assume unconstrained capacity, and achieving this growth and releasing the economic benefits is contingent on the functions that fall under system operation supporting the efficient delivery of the network.

It is becoming increasingly important that system operation functions are clearly defined. The trend towards greater devolution of Network Rail's routes and regional devolution, which may give local transport authorities greater influence over funding and timetabling decisions, makes the central coordination of activities absolutely fundamental. Furthermore the financial constraints faced by funders means that it is crucial that investments in the railway deliver maximum benefits and offer best value for money.

Freightliner's response to this consultation discusses these areas in more detail. It highlights the importance of system operation for freight, identifies the key functions of system operation, the expected outcomes of system operation and provides examples of how this can be developed.

2.0 Structure of Network Rail

Without pre-empting the on-going rail review by Nicola Shaw into the future shape and financing of Network Rail, it is clear that many stakeholders expect Network Rail's structure to become more devolved. In fact the Chancellor announced in his budget statement in July that Network Rail would "devolve more power to route managers closer to the front line". Given that Network Rail delivers many of the key functions that encompass system operation, defining what those core system operation functions are, and the relationship between the system operator and the routes, is even more important in an increasingly devolved structure.

This ORR consultation recognises the increasing trend towards devolution, however it is silent on how system operation functions will be affected by devolving more power to the routes. Freightliner believes that the future structure of Network Rail must be considered when defining the key functions of system operation. This will enable informed decisions to be made over which functions are suitable to be devolved to route level.

Greater devolution will also give rise to the necessity of a properly defined legal framework. Network Rail, in its capacity as system operator, must have the legal authority to mandate a course of action from the routes. There will be situations where devolved routes are required to do something that is not in their 'commercial interest', for example not taking a possession in order to keep a diversionary line open for overnight freight services. As discussed later in the consultation, a key function of system operation is to ensure that access and planning decisions are taken holistically, from a network-wide perspective. It is crucial that the system operator has the legal authority to enforce its judgement. This is not discussed in the consultation but is, we believe, a key issue that will require greater thought going forward.

3.0 Functions of system operation

The consultation establishes the key functions of system operation over the short, medium and long-term and which organisation acts as system operator in reference to those functions. Freightliner supports the ORR's assessment of the key functions of system operation.

3.1 *Day to day operation*

As infrastructure manager Network Rail is responsible for delivering many of the short and medium term functions of system operation. They are responsible for the day-to-day operation of the system which enables services to run. As identified in the consultation, some of these functions are delivered at route level, for example train signalling, however ultimate oversight must remain at a central level. In times of perturbation the central system operator must have the authority to divert services onto other Network Rail routes.

When delays occur the performance regime must continue to be managed centrally with payments channelled through the 'star model' with Network Rail at its centre.

3.2 *Capacity and possession planning*

Over the medium term the allocation of capacity and the planning of possessions are essential functions of system operation which must remain centralised. We discuss later in this response the importance for freight operators that these functions remain centralised, and we consider how these functions can be improved and the expected outcomes of doing this.

We recognise that the optimisation of capacity allocation is a central theme within the consultation and agree that while cost and performance indicators are currently measured there is no metric which considers how optimally capacity has been allocated. Measuring capacity allocation, and the

value of different capacity allocation options, will allow the right trade-offs to be made. Without a capacity metric it is likely that performance could be prioritised to the detriment of capacity.

However, while we strongly support the onus placed on capacity allocation, and believe it is an area where the system operator could deliver improved outcomes, as we discuss later care needs to be taken when measuring capacity in order to avoid unintended consequences.

3.3 *Understanding future demand and accommodating growth*

In the longer-term system operation involves understanding demands for the railway in the future and developing plans to accommodate growth. Network Rail currently does much of this through the Long-Term Planning Process, and while each of the routes produces its own Route Study, many of the inputs into these studies are based on shared central assumptions. For instance, the Freight Market Study provides national forecasts for freight services across various commodity groups over a 30 year horizon, providing a key input into the route studies. Without the Long-term Planning Process being coordinated at a central level, it is unlikely that a consistent and standardised approach would be taken by the routes to provide robust national forecasts, and without that it would be difficult to ensure that proposed enhancements deliver best value.

Choosing which projects are selected to enhance the network is a longer-term function of system operation. We would like to see more transparency regarding the benefits on and off the railway balance sheet of future options. Many of these functions reside with government, for example through the high-level output specification. These decisions are made by government alongside wider decisions about the size and shape of the future rail network. Understanding what the future railway must deliver requires transport policy to be planned holistically, recognising the cross-modal impacts of different policies and the integration that is required between modes.

The consultation recognises that a key activity of system operation over the long-term requires government to “balance provision across transport modes”. However the consultation does not consider how this balance, for example between road and rail building and the implications for HGV or rail freight growth, will be achieved or the supporting framework which will help make these important decisions.

4.0 *Importance of system operation for freight*

The attributes of rail freight make it particularly important that the system operation functions are effective and properly defined. Freight is not specified by government, it is reactive to business and industry needs and must be flexible to respond to changing demands.

4.1 *Interfacing with many Network Rail routes*

Unlike most passenger services, rail freight companies operate nationally with many freight services travelling hundreds of miles and crossing a number of Network Rail route boundaries. For instance Freightliner’s service from Felixstowe to Glasgow via the cross-country route crosses into five different Network Rail routes. In the context of a Network Rail structure that is likely to be further devolved it is essential that the core planning activities remain a function of system operation.

4.2 *Centralised timetabling*

Timetable planning must continue to be a core, central function. Freight trains are currently planned centrally by Network Rail, and while there is scope for improvements to deliver better outcomes, as discussed in Section 5.2, it is essential that timetabling remains a central function.

4.3 *Holistic possession planning*

Many freight trains operate during the night, coinciding with the time Network Rail often plans possessions on the network to enable delivery of enhancement and maintenance projects. To minimise the impact on freight services it is crucial that when possessions restrict access to the network, diversionary routes, with the right capability (gauge, train length etc) remain open. As the diversionary routes often cross different Network Rail routes a degree of central coordination is required. Network Rail manage this well at the moment and a good example is how the West and East Coast Main Lines will not be shut simultaneously in order to allow Anglo-Scottish services to continue to operate.

4.4 *Delivering enhancements over multiple routes*

Enhancements to increase the capacity and capability of rail freight usually involves coordinating projects across a number of Network Rail routes - unsurprising given that most freight schedules cross a number of route boundaries. The Southampton to the West Midlands train lengthening project and the Felixstowe to Nuneaton capacity enhancement project are both key schemes designed to facilitate rail freight growth. These schemes cross three different Network Rail routes and although delivery has faced a number of challenges, the centralised structure has been a prerequisite to enable the projects to be planned. It is crucial that future enhancement projects continue to be planned holistically in order to maximise outputs and deliver maximum benefits.

4.5 *Coordinated response to incidents*

It is important for freight that major unplanned incidents continue to be managed as a key feature of system operation. The landslip at Harbury, which blocked the railway line between Oxford and Banbury, showed what can be achieved by a centrally coordinated response. Predominantly impacting intermodal freight traffic from Southampton, diversions were quickly identified across other Network Rail routes which allowed a proportion of the freight traffic to continue to operate. The coordinated response reflected well on rail freight and provided confidence in the resilience of the sector.

5.0 *Effective system operation*

5.1 *Capacity allocation*

Discussion of capacity allocation dominates the consultation. The trade-off between cost, performance and capacity is articulated well and the consultation recognises that while cost and performance measures are regularly reported there is no metric for capacity utilisation. It is crucial that all three areas are measured in order to achieve the right trade-offs and the most efficient outcomes.

Freightliner believes that this is a very important area and we support the need to measure capacity and understand how optimal the timetable is, and focus to ensure it is optimised before investing in physical infrastructure interventions. In the context of the financial constraints facing funders this will assist in making investment decisions which achieve highest value for money and help facilitate freight and passenger growth. This issue should be de-linked from system operation as there is nothing to stop this work happening now and it is not contingent on the functions of system operation being developed. The issue is a lack of skills and incentive to complete this.

5.1.1 *Midland Main Line timetabling inefficiencies*

Recent experience from the Midland Main Line highlights how inefficient timetabling has undermined freight capacity. The Congested Infrastructure Report published by Network Rail in March this year discusses the 28 “standard freight paths in the Up direction” through Bedford. While only 13 have been used throughout the day, the remainder have been compromised

elsewhere at some point resulting in the end-to-end path being unusable. The report highlighted that seven of the standard freight paths between 0600 and 2300 have been compromised by passenger services.

5.1.2 Sub-optimal paths

Freightliner is aware of many instances where its own train paths have inefficiencies timed into them. Pathing time, which is additional time added into schedules in order to slow down trains to avoid conflicts with other services, is often left in train schedules despite the fact that the train it is pathed around has been retimed and would no longer cause a conflict. Annex A is a copy of train graph showing the intermodal service 4M13 on part of its journey between St Denys (outside Southampton) and Worting Junction (near Basingstoke). The graph shows that ½ minute of pathing time has been added between Eastleigh and Shawford, 2 minutes of pathing time between Shawford and Winchester, and 5 minutes of pathing time between Winchester and Worting Jn, which has had the effect of slowing down the train by 7 ½ minutes. The requirement for this pathing time dates from a different timetable. As can be seen from the graph the train does not require slowing down as it is not following close to another service. By having this pathing time in the schedule and unnecessarily slowing the train down, capacity over this stretch of line is degraded and the velocity of the train reduced. This is not an isolated example.

These inefficiencies highlight why it is important to better understand how efficiently capacity has been allocated. It is important that timetable solutions to deliver increases in capacity are properly explored. Freightliner believes that there is considerable scope, on some routes, to optimise the timetable in order to 'engineer' additional capacity without immediately focussing on infrastructure interventions. To fully optimise the timetable will require considerable work - it will involve building a timetable from scratch to maximise efficiency, not merely rolling trains over from one timetable to the next. Freightliner recognises that this will take time and resources to accomplish, however it must be recognised that this would be a significantly cheaper option than merely focussing on enhancements to the network.

5.1.3 Optimising the timetable

Freightliner attended the recent jointly held Network Rail and ORR workshop on system operation. During this workshop it was noted that franchise bidders often conduct a thorough review, and suggest ways of optimising the timetable, as part of the tender process. While this work is clearly important, it does not seem appropriate that it is left for franchise bidders to complete this. Such an optimisation exercise needs to consider the entire timetable, not just select groups of services, and should be a key part of constructing the Working Timetable, not just a practice that occurs when a franchise is tendered. This is likely to result in the timetable being optimised around the requirements of franchised passenger operators and not around the use of the line by all users. This is an area that Network Rail should take ownership of and ensure that they are adequately resourced to deliver this important task.

5.1.4 Utilising contractual flex

Improving capacity utilisation should not require the radical retiming of train services. Existing contractual flexes provide adequate scope for Network Rail to optimise the timetable. Freightliner has a Section 17 track access application currently with the ORR which proposes one hour time windows for train services. Along with the proposal to remove intermediate timing points this application provides substantial scope to improve the efficiency of the timetable. Freightliner also maintains that should Network Rail need to flex any departure and arrival time window outside the 60 minutes in order to improve the timetable, this will of course be considered where it can be accommodated.

Although passenger train rights are usually more restricted than freight by a variety of constraints, in particular stopping patterns, first and last trains, interval patterns and in some cases journey time, it is evident that the majority of services are rolled from one timetable to the next and there is minimal attempt to utilise contractual flexes to improve the optimisation of the timetable overall.

5.1.5 Difficulty in measuring capacity

Freightliner believes that the consultation does a good job of highlighting the need to and benefits of better understanding capacity allocation, however we urge the ORR to exercise caution when attempting to measure capacity allocation. The consultation proposes a formulaic approach to measuring capacity - crudely understanding the minimum plannable headway to determine the number of trains that can be pathed along the line and measuring that number against the actual capacity in use.

On a busy, mixed use railway with different types of rolling stock, passenger services with different stopping patterns as well as freight services that operate at different speeds, it is not practical to measure capacity with a formula. Doing so could actually be detrimental to freight as it could result in faster, or more homogenous passenger services being prioritised.

Instead of this 'output' measure an 'input' measure could be considered as way of understanding how optimal the timetable is. For example following the West Coast Main Line upgrade, the timetable along this key line was optimised in 2008. This root and branch optimisation of the timetable increased the efficiency of the timetable and increased the number of train paths available. Similar root and branch analyses of other lines could yield similar results and a measurement which tracks how this programme of timetable analysis is progressing could be a helpful indicator. We would expect any additional train paths that have been identified in the timetable through the optimisation exercise to be reserved as 'strategic capacity'. This will provide both a degree of protection for this additional capacity and a tangible output from any optimisation programme.

5.1.6 Improving the capability of paths

It is also important to recognise that any capacity analysis factors in the quality as well as the quantity of paths, recognising that train paths move a volume of freight or people not merely rolling stock. Much has been achieved over recent years to allow longer, heavier freight trains to run on the network - increasing freight capacity without utilising any additional freight paths. There is still more work to be done but it is important that the productivity of the paths themselves is factored in when measuring capacity allocation.

5.1.7 Freight operators and Network Rail working collaboratively

Through the Strategic Freight Capacity Development Group the freight operators and Network Rail have been working collaboratively to relinquish unused paths. To date the industry has relinquished 1,886 unused paths, most of which have been returned to 'white space' in the timetable. This has created additional capacity which should provide scope for Network Rail to optimise the timetable.

Any paths that were relinquished which are identified as having future strategic value for the sector have been converted into strategic capacity. Freightliner urges Network Rail, in its role as system operator, to ensure that this strategic capacity is protected and that new strategic capacity is identified to facilitate future growth.

5.2 Core central functions

Unconstrained rail freight forecasts suggest a significant opportunity for rail freight to grow - with volumes potentially doubling over the next 30 years. The economic benefits generated by rail freight could increase to over £4bn per year if rail freight grows in line with forecasts, however to achieve this growth and to realise the benefits the functions of system operation must support the efficient delivery of the network.

5.2.1 Reducing bureaucracy

For national freight operators that means maintaining core centralised functions within Network Rail. Timetabling must remain a core, central system operation function, efficiently delivering end-to-end train paths as well as optimising the timetable. Devolving this function to a route level would create additional burden and unnecessary bureaucracy for freight operators and would likely increase inefficiency and import further costs into train schedules, thereby reducing the attractiveness of rail freight.

5.2.2 A reliable service

Similarly access planning needs to remain a centralised function in order to ensure that Network Rail routes take a holistic view of the network, particularly the availability of diversionary routes, when planning possessions on the network. Rail freight needs to be able to offer a consistent and reliable service to customers in order to compete with road and therefore any restrictions on access to the network must be kept to an absolute minimum and mitigated by the provision of diversionary routes.

5.2.3 Reducing complexity

Rail is already a more complex mode than road and care must be taken to ensure that additional complexities are not created. Therefore managing the relationships with customers must remain a central system operation function. The process for approving contracts must remain centralised. New and existing customers should not face the increased burden of having to navigate through a devolved Network Rail structure to make use of rail freight.

5.2.4 Managing performance

It is also important that performance continues to be managed centrally - both from the perspective of the Schedule 8 regime, with Network Rail at the centre of the 'star model', and also in terms of the management of strategic freight corridors. Although these key freight corridors cross a number of Network Rail route boundaries, managing them centrally has helped to drive improvements in freight performance and improved the understanding of freight capacity and flows.

Ensuring that the core system operation functions remain centralised is crucial to increase the efficiency, reliability and attractiveness of rail freight and reduce its complexity. The result of good system operation in this respect would be evidenced by growth in rail freight volumes.

5.3 Planning for future growth

The consultation recognises that developing proposals for changes to the network is a key function of system operation. Much of this is handled by Network Rail through the long-term planning process. Although much of the delivery can sit in devolved routes, the requirement for a core set of agreed, national assumptions means that the process needs to be orchestrated by a central system operator as discussed in section 3.0.

The consultation recognises the financial constraints faced by funders and therefore we would expect that the system operator would have a good understanding as to how optimally capacity is utilised before identifying proposals for infrastructure enhancements. Where infrastructure interventions are proposed they should have a clearly defined list of outputs. These outputs need to fully consider the economic and societal benefits of different capacity utilisation options, ensuring that the enhancements deliver best value for money.

5.4 Holistic transport policy planning

The consultation recognises that balancing transport provision across different modes is a key long-term function of system operation. It is essential that transport policies are planned holistically and that the cross-modal impacts of different policies are understood and the results are fully aligned with government's over-arching strategic direction. In this regard we would expect effective system operation to fully understand the outputs of road and rail enhancement projects and the corresponding impact on HGV and rail freight growth. The consultation is largely silent on the framework for understanding these trade-offs.

6.0 Charging and incentives regime

The consultation seeks views on what the desired outcomes and functions associated with system operation might mean for the regulation and incentivisation of network system operation, while noting that a charging regime is provided that should encourage economic and efficient behaviour by all users.

In the context of the discussion about understanding how optimally capacity has been allocated there needs to be a balancing incentive for Network Rail to consider capacity utilisation in order to ensure that the trade-off between capacity, performance and cost are efficiently managed.

In addition a positive and stable environment is required to enable continued private sector investment in order to foster ongoing growth and improve productivity for UK businesses. Key to providing this stability is certainty in the long-term charging and regulatory regimes. The current five-year charging periods can create unnecessary uncertainty in the sector and hinder investment, which reduces the competitiveness of rail in comparison to other modes which do not face unpredictable charging cycles.

Road charges are set at a national level (fuel duty) so it is important that the charging regime continues to be set at a national level. Any attempt to adopt a route based approach to charging would increase complexity, reducing the attractiveness of rail freight in comparison to other modes which can offer customers a much simpler and more predictable charging structure.

Freightliner is an active member of the RDG's *Contractual and Regulatory Reform Working Group* which is seeking to better understand the implications of options for the future charging and incentives regime. While the full reports will be shared with the ORR shortly one of the key messages coming out of it is the inability to use charges and incentives to influence the allocation of capacity in the current state of the world. This is because so much of the capacity (>90%) is influenced by government through the franchising process and as franchised operators are held neutral to changes to the charging regime, the number of users who are actually exposed to pricing signals is negligible. Noting that the key theme of this consultation is capacity allocation it is important to understand these constraints.

Freightliner recognises that, in theory, changes could be made to the structure of charges to try and influence behaviour of non-franchised operators. However, as rail freight competes in most markets directly with road freight there is great potential to distort the transport market in favour of road and lose the benefits of rail freight that fall outside the railway balance sheet.

7.0 Network Rail proposed dashboard

Network Rail's parallel consultation on system operation does a good job at defining the core functions of system operation. It clearly recognises the benefit for freight operators of centrally managing key system operation functions and notes that freight growth would be hampered if the planning and control functions were not organised at a national level.

7.1 *Separate system operation dashboard*

With the aim of increasing transparency and understanding how well they are performing, Network Rail proposes to publish a 'dashboard' of measures. The proposed dashboard contains a range of indicators, some of which monitor the functions of system operation, while others measure wider outputs of a more devolved infrastructure manager. It is unclear whether these indicators are regulated measures or whether they are purely informative. Should they be informative we believe it could be helpful to publish a larger dataset that could be interrogated.

Freightliner believes it would be clearer if separate dashboards were published - one to monitor the regulated functions that drive system operation and a second, in the form of a dataset, published for informative and transparency purposes which tracks the outputs of the infrastructure manager.

7.2 *Clarity on Network Rail structure*

In order to produce a dashboard there needs to be clarity over the future structure of Network Rail and how this structure impacts on the key functions of system operation. Without pre-empting the on-going review by Nicola Shaw, it is clear that there are aspirations for greater devolution to Network Rail's routes, and in the context of any new structure, the core functions of system operation will need to be carefully defined. The proposed dashboard tracks a wide range of indicators some of which consider how effectively the routes are delivering, as opposed to a central system operator.

Given the current levels of uncertainty, we believe that it is premature to propose a set of indicators which track how efficiently Network Rail's system operation functions are supporting the efficient delivery of the network. That being said we do have a number of more generic comments to make about the indicators proposed for inclusion within the dashboard.

7.3 *Capacity utilisation metric - ensuring meaningful analysis*

Discussion of capacity allocation dominates the ORR consultation and therefore it is pleasing that the Network Rail dashboard contains a number of capacity allocation metrics. However, while we generically support output based metrics we do not think the proposed output based metrics are appropriate to measure capacity utilisation. The proposed indicator for freight measures the total weight multiplied by the distance moved compared to the total length of the network. Similarly the all operator metric compares the distance all trains have travelled compared to the total length of the network.

These indicators will not enable any meaningful analysis. They do not consider how optimally the trains have been timed nor do they consider the number of trains pathed against the theoretical capacity of the network, which varies greatly in different parts of the network. Recognising that a formulaic approach to determining capacity utilisation is not recommended and could be detrimental to freight services, we would recommend an input based metric in this instance. A better alternative would be to implement a programme of root and branch optimisation of the timetable area by area to improve capacity utilisation. This could be tracked via a dashboard using a simple measure to record how well the programme is progressing.

7.4 *Selecting effective indicators*

Monitoring the average speed of passenger trains (proposed in indicator 8) without also monitoring freight velocity could lead to passenger services being prioritised over freight services. We note that “a freight velocity measure is proposed for development”, however we would be concerned if both indicators were not introduced and measured concurrently.

Freightliner notes that ‘Operator Satisfaction’ is being proposed to monitor how effectively the access planning and capacity planning functions are performing. We do not support the use of satisfaction levels as a means of monitoring these important functions. Such satisfaction surveys are subjective and usually very volatile as they are based on a small number of respondents. Objective measurements should instead be considered, for example tracking the percentage of train offers received within the prescribed contractual timescales.

We strongly support Network Rail’s attempts to design a dashboard, however there is still considerable work to do to ensure that it is suitable and drives meaningful analysis. Much of this work cannot be completed until there is greater clarity on what the future shape and structure of Network Rail looks like. Once this is clear publishing a dashboard which measures how well Network Rail is performing would be welcome and very beneficial. Care needs to be taken to select indicators which are not merely an output measure but actually influence behaviour, recognising the contribution the system operator makes to the wider process.

8.0 Further discussion

Freightliner would welcome further discussion regarding any of the issues raised in this submission and would be happy to clarify our comments as necessary.

