

ORR System Operation consultation: FTA Response

October 2015



Freight Transport Association

The Freight Transport Association (FTA) is one of Britain's largest trade associations, and uniquely provides a voice for the whole of the UK's logistics sector. Its role, on behalf of over 14,000 members, is to enhance the safety, efficiency and sustainability of freight movement across the supply chain, regardless of transport mode. FTA members operate over 200,000 goods vehicles - almost half the UK fleet - and some one million liveried vans. In addition, they consign over 90 per cent of the freight moved by rail and over 70 per cent of sea and air freight. FTA works with its members to influence transport policy and decisions taken at local, national and European level to ensure they recognise the needs of industry's supply chains.

FTA welcomes the opportunity to input into this review and feedback on behalf of its members as per the consultation questions below.

Consultation question 1

As discussed in section 2, to deliver good system operation, we think system operation involves these functions:

- Developing proposals for changes to the network;
- Choosing projects for changes to the network;
- Determining capacity from the physical network;
- Allocating capacity (including to possessions) and performance; and
- Operating the system (including at the route level) enabling services to run.

What are your views on the functions we have mapped out, and their ability to facilitate delivery of the system operation outcomes? Do you think we have missed any key functions of system operation?

FTA Response

Clearly there are issues for freight in how this is done. Certainly greater devolution appears to be the route of travel (with for example the development of Transport for the North, West Midlands Connect, not forgetting Transport for London and the politically most devolved of all - Transport Scotland) and deeper devolution means the need for a more crucial role of the system operator, completely independent of train operators. The Shaw Review of the longer term shape and financing of Network Rail would seem to make further devolution inevitable, with partial or full privatisation of Network Rail openly being discussed, potentially in a concession format. This means there is a need for a network system operator role to carry out central capacity and timetable management work, especially important for freight that operates across the boundaries of the routes that are likely to become more devolved: sea ports are on the coast and cities are mostly inland. Also freight operators' customers tend to be Britain-wide shippers with Britain-wide requirements, so the operators likewise need to operate across Britain.

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Consultation question 2

As discussed in section 3, through our work on system operation we want to improve how the railway meets the current and future needs of passengers, freight customers and funders. We think a greater focus on system operation can improve outcomes in six areas:

- Continued safe operation;
- Choosing the right investment;
- Making the right trade-offs;
- The right services using the network;
- Helping train operators to deliver; and
- Choosing the right investment.

What are your views on the outcomes of good system operation that we have set out in this consultation?

FTA Response

The system operator has to be independent of train operating companies (this is in any case a requirement of EU Directives), independent of devolved route infrastructure managers, and with contingency empowerment such as how to deal with the operational consequences a key route closure following a landslip etc. The system operator must not though be a proxy for an independent regulator: that is also required in EU Directives. While infrastructure maintenance may be a core activity for a devolved route infrastructure manager, long term planning is clearly a system operator function. But with the idea of infrastructure concessions and Alliances (such as ScotRail / Network Rail Scotland) things become less clear. There will certainly be a need for statutory duties and guidance to be given to both devolved route infrastructure managers and the system operator: from a freight perspective this should include a duty to promote rail freight. This affects such practical issues as gauging standards for freight wagons / containers, timetabling rules, customer rail freight facility connection agreements, and enhancement projects that go across route borders such as the Felixstowe to Nuneaton freight upgrade project.

Consultation question 3

Can you give us any examples, based on your experience, where these functions improve outcomes?

This could include examples of when system operation has helped you in running your business and delivering for your customers. Please also feel free to highlight any areas where you think system operation could help you in the future.

FTA Response

As explained in our response to question 2, there will certainly be a need for statutory duties and guidance to be given to both devolved route infrastructure managers and the system operator: from a freight perspective this should include a duty to promote rail freight. A good example of where this has happened is with the move from PTEs to ITAs.

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Consultation question 4

To regulate and incentivise Network Rail, we use a range of tools, such as regulating and monitoring Network Rail against certain outcomes and providing for a charging regime that should encourage economic and efficient behaviour by all users.

Do you have any views on what the desired outcomes and functions associated with system operation might mean for the regulation and incentivisation of network system operation?

Please highlight any particular areas where you think a different approach to regulation or incentivisation of system operation could help you better run your business in the future, and why.

FTA Response

FTA Shipper members have raised the issue of rail freight operational performance measurement over specific rail freight traffic flow corridors. A key challenge in achieving modal shift to rail is building shipper (customer) confidence in rail freight performance reliability. Although this is generally reported as “good” for the traffics currently operated, visibility of customer usable data on rail freight performance is essential in this. This is especially so for potential customers thinking of using rail but who do not currently do so. While there are industry internal operational performance measures and also industry internal operational performance regime compensation arrangements between the different regulated parties as well as individual contractual arrangements, what the wider rail freight shipper community (including potential shippers) needs and wants to know is operational performance by rail freight on key corridors. FTA has therefore developed a proposal for corridor rail freight performance measurement which we have developed with shippers in consultation with Network Rail and the FOCs. This document is attached as an Appendix to our submission to this consultation

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CORRIDOR RAIL FREIGHT OPERATIONAL PERFORMANCE MEASUREMENT

FTA Shipper members have raised the issue of rail freight operational performance measurement over specific rail freight traffic flow corridors. The following document outlines what customers think is required in terms of rail freight performance measurement.

(Note: this document was presented to the July meeting of FTA Rail Freight Council)

A key challenge in achieving modal shift to rail is building shipper (customer) confidence in rail freight performance reliability. Although this is generally reported as “good” for the traffics currently operated, visibility of customer usable data on rail freight performance is essential in this. This is especially so for potential customers thinking of using rail but who do not currently do so.

There are many components that make up rail freight operational performance including for example (but not limited to):

- infrastructure reliability, performance, maintenance and enhancements as well as capacity restrictions
- train operator performance and impacts on the network and each other
- customer loading, unloading etc requirements and performance
- terminal operational performance requirements and capacity restraints

While there are industry internal operational performance measures and also industry internal operational performance regime compensation arrangements between the different regulated parties as well as individual contractual arrangements, what the wider rail freight shipper community (including potential shippers) needs and wants to know is operational performance by rail freight on key corridors.

This document therefore addresses the following issues:

- **Shipper-usable operational performance metrics for rail freight**
- **Strategic corridors where rail freight operational performance should be measured**

Due to the different natures and needs of retail domestic intermodal customers and bulk traffic rail freight customers the two sectors are dealt with separately in this paper with the following suggestions for each sector dealt with below on the basis of member conversations. Many commercially available systems exist in road freight logistics that allow measurement of performance by potential customers (by corridor and split down below that) and what is proposed here is the start of a similar system for rail to give customer visibility.

Domestic Intermodal

- **Shipper-usable operational performance metrics for rail freight**
 - o Shipper customer visibility of performance is required.



- 95% arrival at destination railhead unloading point within 30 minutes of booked time on shared / dedicated rail haulier services. (Train loading completed by agreed cut-off time.)
 - This matches common DC to Store windows allowed by retailers.
 - Some retailers will go to railhead and collect containers, others will use an LSP door-to-door service.
- **Strategic corridors where rail freight operational performance should be measured**
 - Daventry – Mossend / Coatbridge / Grangemouth
 - Grangemouth – Aberdeen
 - Grangemouth – Inverness
 - Possibly (for potential traffic flows)
 - Midlands – South East
 - Midlands – South West

Bulk traffics

- **Shipper-usable operational performance metrics for rail freight**
 - Current measure is departure from / arrival at railhead of +/- 15minutes of booked time (“A2F”), (and the CP5 Freight Delivery Metric shows this about lower to mid 90s% achieved?)
 - Arguably this should be tightened to +5 minutes to avoid losing booked path and % achievement targeted in higher 90s%
 - On time departure and path performance need to be measured.
 - Departure Time minus 40 minutes Handover Time of train by customer to FOC needs to be observed to get loco on, prepare train, do brake tests etc
 - On time arrival needs to include terminal times to allow for e.g. splitting and shunting in trains
- **Strategic corridors where rail freight operational performance should be measured**
 - Midlands Quarries – E Anglia / London
 - Leicester – Peterborough – Essex / East London / E Anglia
 - Peak Forrest – Manchester
 - Peak Forrest – London
 - Mendips – London

Corridors can be trickier in this sector as delivery locations change.

See attached appendix of corridor performance from Network Rail. This is a useful start but the ability to split down each corridor to different traffics would be useful for customers.



Other Associated Issues

- Trains hauled for Network Rail as a customer should be considered for inclusion in performance figures due to their scale and potential network operational impact e.g network delays with / without their inclusion.
- Customers need more “live” data rather than historic data on performance e.g. a passenger style arrivals / departures real time tracker from industry (similar to non-industry commercial examples available). There is an expectation that the “Digital Railway” should deliver this.

Next Steps

FTA’s July Rail Freight Council discussed and agreed the following:

- **That FTA will work with Network Rail to develop these metrics into a shipper customer publishable format**
- **That FTA will then take this work forward with industry parties (including FOCs and LSPs) to disseminate the information to help build customer confidence in potential use of rail freight through transparent and beneficial indicators**

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