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16th October 2015

TELEPHONE



Dear Sir/Madam,

Virgin Trains Response to Office of Rail & Road System Operator Consultation

Thank you for the opportunity to respond to the Office of Rail and Road (ORR) consultation into 'System Operation'. As a member of the various industry forums, specifically Rail Delivery Group (RDG) and Association of Train Operating Companies (ATOC), we have contributed and placed forward our comments into RDG's industry response. Therefore, in relation to the direct questions posed in the ORR's consultation document, we feel no need to repeat the comments RDG makes as we concur and are comfortable that this includes our specific comments. Having said such, we feel it necessary to reiterate several points.

The consultation document needed to be clear on identifying the pre-existing issues; this includes defining what the perceived future problems are and those that require addressing. Supplying a problem statement would have assisted in defining what improvements are required; supported by a definition of where system operator principles can be deployed in rail.

Whilst we support the concept of 'System Operation' and believe that benefits will be realised from such, including incorporated measures which may demonstrate and/or promote the effectiveness of the system, we are somewhat surprised that this consultation is taking place at the same time as a number of other strategic reviews of the industry and immediately before a period of intense franchising. All of which will have a significant impact upon the context of organisational and institutional structures in the future.

Not pre-empting the outcome of the review being undertaken by Nicola Shaw, we believe that the following points of principle need to be included when comprising and/or defining an appropriate system operation function:

Centre on its outcomes – understanding the needs of the users (passenger, freight, Government and stakeholder). In the context of a growing rail industry and the strategic objectives set out for the rail sector, recognising and meeting this need is fundamental to underpinning the outputs and processes of system operation.

Functionality and proportionality – the system operations function needs to have a clearly defined remit with outputs that are sensible, meaningful and measurable. It needs to be accountable and it is vital that, within limits, the function has autonomy and does not cloud or duplicate other industry accountabilities /responsibilities

Consistency and being agile – rail continues to grow at an unprecedented rate which drives the need to change and meet challenges and opportunities ahead. In response, the system operation needs to be agile and proactive whilst providing consistency and continuity which is often lacking. The RDG response articulates this succinctly *“while supporting opportunities for the industry to innovate and deliver in a changing organisational and strategic context”*.

Independency – Some of the functions the ORR consultation highlights within the system operator scope are being delivered through already established and maturing leadership groups that involve participants with finely-tuned expertise. Therefore, we are of the belief that the system operator needs to remain independent but clearly work alongside these groups to ensure the continued development of holistic and strategic decision-making that delivers customer expectations.

In the Rail Value for Money Study (2011), Sir Roy McNulty recommended increased devolution to Network Rail; many areas centring this have been implemented. Sir Roy McNulty also identified a number of key functions that need to be delivered/managed at a national level; these included:

- Standards for interoperability
- Signalling priority rules
- Strategic planning, including leadership of Route Utilisation Strategy (RUS) programme
- Asset management strategy co-ordination
- Capacity allocation
- Timetabling co-ordination
- High-level IT services and information services
- “Single desk” for network-wide operators
- Access charging collection and allocation

Whilst these activities are presently administered at a national level by Network Rail centrally, we do not believe that the outputs have been as successful as we/ or the industry have a right to expect. Therefore, whilst the question “what does good system operations look like?” still needs to be answered, equally we need to evaluate what doesn’t work currently.

Therefore, we encourage the ORR to work alongside RDG members to evaluate the ‘real gaps’ and what ‘currently works’ to ensure that the remit specified for the system operator, and subordinate functions, is clearly understand, measurable and delivers upon the expectations of the users. In addition, it must also ensure that the roles and responsibilities for delivery are defined and specified, providing accountability and consistency.

Yours sincerely



Darren Horley

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