PR18 working paper

Collaborative working on the rail network

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Overview

Collaborative working between Network Rail and train operators is important to how the GB railway operates, and is also a key way to improve efficiency across the network. While there are opportunities for operators and Network Rail to work together to improve efficiency, and examples where this has taken place, there are concerns that this collaboration is limited, including due to the nature and strength of the financial incentives that each party faces.

In PR13, we introduced the route-level efficiency benefits sharing (REBS) mechanism. This was intended to introduce greater alignment of financial incentives between parties and therefore drive greater collaboration. Stakeholders have expressed concerns relating to the design and effectiveness of REBS. While some of these issues could be addressed by improving the design of the mechanism, other points suggest there may be value in a more fundamental re-think as to how collaborative working on the network is supported.

Indeed, developments in the rail industry – such as route devolution, the growing use of customer scorecards and the reclassification of Network Rail – mean there is the opportunity to explore moving away from a 'one size fits all' REBS-style approach, to a more flexible and bespoke approach to collaboration, making more use of mechanisms developed and led by industry.

At this stage, we do not know what changes would unlock greater levels of collaboration. But, by way of illustration, there might be a role for commitments from Network Rail on how it engages with its customers, or guidance from ORR to ensure that all parties understand how collaboration would fit within our regulation of the company. Importantly, we recognise that a culture of collaboration takes time to develop and embed. Our work is intended to align with wider developments in the industry - for example, franchising-led models to support collaborative working.

Over the coming months we will be engaging with stakeholders to explore what changes might remove barriers to greater collaboration. We will detail our CP6 approach to supporting collaborative working in 2018 (likely as part of the Draft Determination). Details on how to respond to this paper are included in paragraphs 68 - 74.

The need for collaborative working

1. As outlined in our recent [consultation paper](#), while in some areas there have been improvements, the efficiency with which Network Rail delivers work to renew the network has fallen. This inefficiency increases the funding that needs to be provided by passengers, freight users and taxpayers and raises questions for the whole industry.

2. Collaborative working between Network Rail and train operators is widely accepted as being an important way to improve efficiency on the network. The [McNulty Report](#) and [Network Rail alliances policy statement](#) both refer to the importance of aligning incentives between parties. More recently the Department for Transport (DfT) has stated it will develop greater alignment of track and train through its franchising process – for example, through integrated operational teams and potential joint ventures.

3. We recognise there is broad support from industry for the principle of, and the need for more, collaborative working. We also recognise the importance of collaboration and its potential to:

    ■   address performance and operational issues; and

    ■   drive cost efficiency (both in terms of the cost of Network Rail's work and the costs operators impose on the network).

4. Stakeholders have highlighted that Network Rail and operators collaborate in a range of ways already. However, we consider that there are also constraints that affect the incentives on parties to collaborate in certain areas (relative to a more normal commercial setting), including:

    ■   the fact that Network Rail is a monopoly business means that its financial and reputational incentives are not likely to be sufficiently strong, absent some form of regulatory intervention. In addition, the five-yearly control periods within which Network Rail's incentive schemes are set can limit the incentives on the company to take steps to make changes that have longer-term benefits;

- the public-sector nature of Network Rail, which affects the balance of financial and reputational incentives facing the organisation and its managers;

- the relatively weak links between underlying costs and some network charges (albeit that the fixed cost allocation is being reviewed as part of PR18), which limits the degree to which cost savings result in reduced costs to operators (including that a significant proportion of costs are met through government grants);

- the time-limited nature of franchising means that the gains from collaboration need to be realised within the franchising period for them to have a strong effect on financial incentives; and

- the degree to which franchised operators are held harmless to changes in charges (even if these charges reflect changes in underlying costs), and the balance of incentives created in their franchise contracts between supporting network efficiency and other aspects of performance.

5.   These factors combine to mean that the incentives on all parties to collaborate are relatively weak in some key areas, notably in respect of cost efficiency. On performance, the position is different as franchise contracts include financial incentives on performance, while Network Rail faces stronger reputational incentives.

6.   This working paper provides an update on our work exploring how incentives can be better aligned between operators and Network Rail to save money and improve performance on the network. Specifically, it summarises the current approach to supporting collaborative working, reports findings from our consultation to date, outlines emerging thinking and details the next steps of how we will ensure stakeholders continue to be central to our decision making process.

7.   The principal focus of this document is to discuss collaboration between operators and Network Rail routes (including the Freight and National Passenger Operator route). We note that the issues discussed could apply to other parts of Network Rail, for example, the System Operator.

The current approach to supporting collaborative working

8.   There are two broad approaches to supporting collaborative working on the network – alliances developed through franchising and the route level efficiency benefit

sharing (REBS) mechanism developed and administered by ORR. These are discussed in turn below[1].

Alliances

9. Alliances are a particular approach to establishing collaborative working relationships between Network Rail and operators. They can take different forms with the common factor being that Network Rail and a train operator reach agreement to establish joint working practices, within the framework of their existing individual accountabilities and responsibilities.

10. Depending on the nature of the arrangement, alliances can be geared towards different outcomes. In general, alliances focused on joint working will tend to focus on improving operational and performance issues. In principle, alliances can also include financial risk sharing which creates incentives to deliver improvements to cost efficiency.

11. There are a number of initiatives which look to build on recent experiences of alliances. However, there are issues which mean that reliance on only alliancing to support collaborative working might not be sufficient[2]. In particular:

   ■ alliances – particularly those involving financial payments – are likely only to be implemented through the franchise process and therefore implementation is dependent on the franchising timetable; and

   ■ solutions are needed to support collaboration in multi-operator routes and which work for all operators, including freight and open-access passenger operators.

12. More generally, closer working between Network Rail and the 'lead' operator on a route has implications for how this will affect the relationships between Network Rail and other operators using the route (including freight).

13. These issues suggest that further work in addition to alliances to support collaboration could be of value. It will be important that such work does not duplicate or conflict with franchising-led activity and generates complementary behaviours.

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[1] Further approaches to supporting collaborative working include a range of other aspects of the regulatory framework (including the network charges and contractual incentives; approach to scorecards) and the approach taken by Network Rail to management incentives.

[2] Further information regarding ORR's alliancing policy can be found here: http://orr.gov.uk/__data/assets/pdf_file/0010/2305/alliancing-policy-statement-march-2012.pdf

REBS

14. Noting the issues above, in PR13 we introduced REBS to strengthen, for example, the financial incentives to reduce the costs of operating, maintaining and renewing the network[3].

15. We have been considering the effectiveness of REBS and reviewing our approach to aligning incentives. This is particularly timely given changes to the industry and the way it is regulated. In particular, the effectiveness of REBS will be influenced by factors including:

   ■ the move to route devolution / regulation and the behaviours and structures (e.g. Route Supervisory Board, customer scorecards) this generates;

   ■ funders' work to align 'track and train' – including through the development of operator-Network Rail alliances. For example the ScotRail alliance between Abellio ScotRail and Network Rail Scotland Route, and DfT's ongoing work to develop alliance models as part of the Southeastern and East Midlands franchising processes; and

   ■ the reclassification of Network Rail and the implications this has for how the organisation is funded and operated, and the balance of financial and reputational incentives it faces.

The effectiveness of REBS

16. In December 2016 we consulted on [how charges and incentives can be improved to support our PR18 objectives](). This consultation asked stakeholders' views as to how REBS might be improved and the cost categories that should be included in this mechanism.

17. Responses to the consultation – and subsequent engagement with stakeholders – reveal that while there was support for collaboration, stakeholders do not consider REBS has been effective in driving the desired behaviours. Concerns relate to both specific design features of the mechanism (such as the broad scope of cost categories included in the baselines) and to more general points about whether a financial mechanism of this type can be effective in encouraging collaborative working. These points include the extent to which operators can be expected to influence Network Rail costs, and how recent developments in the wider industry may be of relevance to this work.

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[3] Further information on which elements of Network Rail's income and expenditure are included within REBS can be found here: http://orr.gov.uk/__data/assets/pdf_file/0010/24949/guide-to-the-route-level-efficiency-benefit-sharing-rebs-mechanism-in-cp5-june-2017.pdf

18. While we consider there are ways REBS could be improved, there are other points that suggest value in a more fundamental review of how collaborative working is facilitated. For example, a range of different factors influence efficiency on the rail network. This makes it inherently difficult to identify the contribution of operators to outturn efficiency, isolate this from adverse changes in factors wholly within Network Rail's control, and measure it with sufficient accuracy to support financial payments. Furthermore, even with a financial incentive in place, the relationship between operators and Network Rail is asymmetric, as the latter will tend to have more information available to it and enjoys the position of monopoly provider. The result of this is that operators can have limited influence over Network Rail and the link between operator action and REBS payment is weak.

19. We also note wider changes to industry and the impacts this has on the balance of incentives for collaboration. For example, Network Rail has introduced devolution to routes, increased the use of customer scorecards and started to develop the concept of Route Supervisory Boards.

20. Alongside these changes, we have also updated our approach to how we will regulate the company in CP6 - with a greater focus on route-level regulation and a targeted approach to regulating the System Operator. We also want to make the fullest possible use of the expertise and interests of Network Rail's customers (principally passenger and freight train operators) and other key stakeholders (notably passenger representatives, funders and local transport decision-makers) in contributing to a successful railway.

21. Given the extent of these changes, we have concerns as to whether introducing a new/amended financial incentive mechanism for CP6 would be helpful.

Developing an alternative approach to supporting collaborative working

22. We have considered the points raised by stakeholders and the concerns over the role REBS plays in supporting collaborative working. We also recognise changes to the industry may mean REBS is less appropriate now than when it was introduced and that there could be an opportunity to use these changes to support collaboration through encouraging dialogue between parties.

23. Based on these points, there is value in considering in more depth whether collaboration on the network can be better supported by a move away from REBS. In order to support further discussion, we have set out below some thoughts on collaboration – both generally, and then how it applies to rail.

Collaboration in general

24. There are some general points that apply to collaboration in various contexts, in particular:

  ■ collaborative working is most effective when parties are incentivised to achieve defined, achievable and mutually beneficial outcomes;

  ■ collaboration should seek to utilise the different skills and experiences organisations bring to the arrangement – participant organisations understand best where they are well placed to add value;

  ■ collaboration should be underpinned by effective and proportionate governance, ensuring that collaboration drives intended behaviours without generating perverse incentives or unintended consequences; and

  ■ establishing a 'culture of collaboration' between parties is an important aspect of this work and will likely take time to develop.

Collaboration on the rail network

25. The current industry context on collaboration is that:

  ■ there is already collaboration on the network, particularly where there are clear incentives on all parties, such as in respect of performance improvement;

  ■ funders have indicated the importance of collaborative working on the network. For example, DfT has stated its priority to better join track and train through deeper collective working between Network Rail routes and operators. Transport Scotland specifies and oversees the ScotRail franchise to help ensure that Scotland`s railway is more joined-up with decisions focussed on the end-user;

  ■ there are existing mechanisms and agreements that support collaboration between operators and Network Rail – e.g. alliances, contractual incentives (i.e. REBS), exposure to network charges, and performance incentives;

  ■ incentives to collaborate are different in rail, not least due to Network Rail being a regulated monopoly, many operators operating under franchise contracts, and the significance of reputational effects; and

  ■ there is an asymmetric relationship between operators and Network Rail, not least as the latter is the monopoly provider.

26. Looking ahead, there are a number of changes that are relevant to how collaboration might be encouraged:

  ■ route level regulation and System Operator, including the use of scorecards; and

- devolution of decision making in Network Rail, including emerging proposals on Route Supervisory Boards.

27. In respect of how ORR proposes to regulate Network Rail , it is also relevant that:

- we are encouraging Network Rail and operators to agree scorecards and for these to be incorporated in how we regulate the company;

- we want to see appropriate ongoing engagement with customers, notably on annual business plans and any significant changes to the route and System Operator's plans; and

- we have emphasised the valuable role that operator and Network Rail discussions could play in addressing issues as they arise within CP6.

28. Bringing this together, this suggests there may be value in aligning collaborative working arrangements with existing and emerging industry structures. For example, route devolution and alliances may offer systems and processes to support collaboration.

29. By its very nature, this approach to collaborative working between operators and Network Rail lends itself to being led by industry. ORR's role would therefore be likely to be relatively limited, and we are mindful of the risks associated with us being overly prescriptive in this area or applying a one-size-fits-all approach. It is important however, that collaborative working is monitored and develops based on experience, with some process for encouraging best practice to be shared across the network.
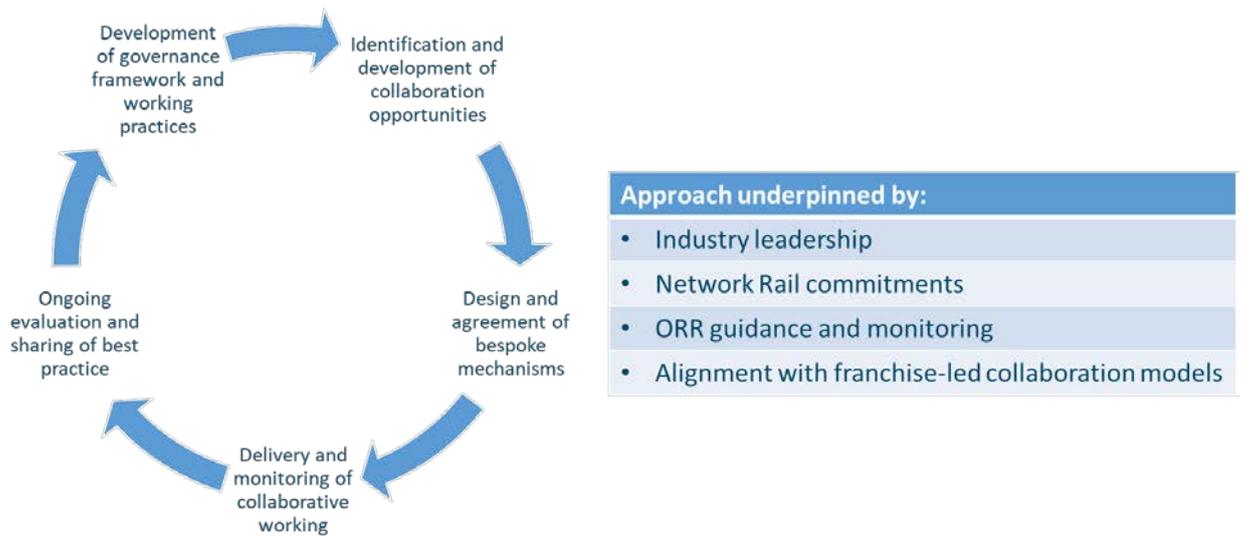
What a new approach could look like

30. We consider there could be value in a more industry-led model of collaboration, with engagement facilitated through a portfolio of bespoke and flexible mechanisms developed and implemented by participants. Such an approach would have to complement wider developments in the industry such as franchising-led activity to encourage collaboration and take care not to lead to undue discrimination between operators.

31. To be clear, such an approach would be a move from a 'mechanism' developed by ORR towards a 'style of working' led by industry and facilitated through wider changes (such as route devolution). ORR's role under such an approach would likely be limited to monitoring and supporting industry-led activity. This approach echoes the emphasis placed on greater Network Rail-customer engagement that is being supported more generally through PR18.

32. Crucially, the extent and success of such an industry-led approach is dependent on organisations from across industry working proactively to identify and implement

effective collaborative working practices. With this in mind, it will be important to develop and disseminate best practice with a view to embedding and supporting an ongoing culture of collaboration. Such collaboration would ideally evolve to become an established part of route-operator engagement. Figure 1 below summarises what such an approach could look like.

Figure 1: An ongoing process of industry-led collaboration

Enabling an industry-led approach to collaboration

33. By definition, a move from a 'mechanism' to a more bespoke and flexible 'manner of working' means a move away from rigid processes and outcomes. While this flexibility is important in facilitating industry leadership and innovation, there remains a need for some structure to working arrangements.

34. Indeed, given the asymmetric relationship between the infrastructure manager and its customers, Network Rail will have an important role to play enabling this new manner of working. This could include identifying and committing to behaviours which encourage transparency, information sharing and good governance. The processes and structures it is establishing to support and govern route devolution will likely be of relevance here.

35. As stated above, ORR's role in this approach would likely be focused on supporting industry-led activity (in particular, looking at ways to address barriers to collaboration that might exist within the CP6 framework), monitoring with a view to ensuring that best practice is shared across the network and, more generally, ensuring conduct is consistent with our wider regulatory approach. Again, we note the importance of developing and embedding appropriate behaviours and a culture of collaboration in CP6 and beyond.

36. We are interested to hear views on what ORR can do to support greater collaboration. However, we have identified some ways in which we might support progress, including:

- producing targeted guidance to support industry in leading the design and implementation of collaborative working arrangements. We envisage the content of such guidance to be specific to any 'barriers' that have been identified to effective collaboration. We therefore encourage stakeholders to consider where targeted ORR guidance might add value (potential topics could include avoiding undue discrimination between operators, and the impact of Network Rail's obligations with respect to managing public money);

- monitoring the nature and scale of collaboration taking place on the network and the factors which influence the effectiveness of this work; and

- monitoring and holding Network Rail to account against the commitments it makes to support collaboration.

37. Proportionality will be important here when considering which issues to tackle, as will the nature of the issue as some points requiring attention may be beyond ORR's influence.

Structuring collaboration

38. A key barrier to collaboration is the asymmetric relationship between operators and Network Rail (particularly as it exists before regulatory intervention by ORR). This points to the need for Network Rail to consider what processes and commitments it might need to make to address any issues limiting the ability of organisations to identify and deliver efficiency savings[4]. Key areas to consider include:

- **information sharing:** What information needs to be shared and what commitments Network Rail can make to ensure this is done in a way that is helpful for operators. Documents such as Network Rail business and delivery plans are likely to be relevant here, as are the pattern of routine engagement with customers;

- **nature of collaboration:** Collaboration can include many activities from joint delivery of projects to one organisation challenging another on the work they are delivering. Further thought will need to be given as to what types of collaboration are appropriate on the network ensuring no perverse incentives are generated; and

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[4] Again it is important to stress that collaborative working arrangements should take care not to confer any unfair advantage on an operator against any other operators who may need to use the relevant infrastructure.

- **decision-making:** A key aspect of collaboration will be in ensuring there is an effective process for collaboration opportunities to be identified, discussed and acted upon. Key points for consideration include: which organisations are able to propose collaborative solutions; how these proposals should be communicated and to whom; how decisions regarding these proposals should be reached; and whether any process for appeal or resolving disagreement should be allowed.

39. As previously noted, there are a number of changes taking place in the industry. We consider that these changes (not least the emergence of Route Supervisory Boards) may be of relevance here and should be considered further going forward.

40. When considering these points, it is important to note that a range of different services may operate on a route and that the relationships between Network Rail and these operators may differ. It is important that this be considered when implementing collaboration (i.e. a one-size-fits-all approach may not be appropriate).

Providing incentives for collaboration

41. A key driver of effective collaboration is ensuring there are appropriate incentives for organisations to work together.

Operator incentives

42. We have identified two broad types of incentives that could prompt operator action to increase efficiency: 'financial payments' and 'increased outputs'.

43. In principle, any cost savings identified through collaborative working could be measured and shared between Network Rail and the relevant customers. While there is the potential for these sorts of financial incentive mechanisms to be implemented, they immediately raise questions about whether the benefits can be measured with a sufficient degree of accuracy. Indeed, these issues are broadly analogous to some of the challenges involved in designing REBS-style mechanisms. In particular, it will be important to ensure savings are 'genuine' and that any payments are an appropriate use of public funds.

44. Reflecting this, our initial view is that where collaboration is designed around the anticipation of financial payments, there would need to be sufficiently robust governance arrangements.

45. An alternative to financial incentives is the potential for organisations to agree an arrangement in which the incentive for collaboration is increased output on the route/ network. Under such a mechanism, operator action increases Network Rail efficiency which in turn 'frees-up' resource which is used by Network Rail to deliver incremental work that benefits the operator in terms of increased revenue and/or better

performance against franchise targets. For such an arrangement to be mutually beneficial, it will be important to identify increased outputs which do not require more Network Rail resource than the value of efficiency savings generated by the operator.

46. A potential advantage of this approach is that the governance mechanisms might be less onerous compared to financial incentives, as Network Rail's funding remains wholly committed to the railway (as opposed to being paid to operators).

47. We note however, that the type of incentive adopted will depend on the nature of the work being undertaken and the context in which it is delivered. For example, freight activities are less geographically focused than passenger services and as such operators may find it difficult to identify increased outputs of sufficient desirability to provide a sufficiently strong incentive to generate efficiency savings. We will explore this issue with freight operators and Network Rail going forward.

Network Rail incentives

48. With regards to Network Rail, we envisage route incentives for collaboration would come from *inter alia* the impact that successful collaboration would have on scorecard performance (including the updated efficiency metrics) and the linked management incentive plan.

Reputational incentives

49. Our approach to regulating Network Rail in CP6 will see increased use of reputational incentives. We note such an approach could be of value in supporting collaboration and that further consideration should be given as to how this could be appropriately implemented – both with regards to Network Rail routes and operators.

Monitoring and developing collaboration

50. While we recognise a range of collaboration already takes place on the network, we want to understand whether changes can be made to increase the role it plays, including in respect of improving efficiency. One aspect of this is monitoring what has worked well and where improvements can be made.

51. Route devolution and the implementation of bespoke, industry-led collaboration should present an opportunity to compare different approaches across routes, the System Operator and potentially other business units. Recording and monitoring this activity will increase the transparency of collaborative working arrangements – allowing best-practice and ideas to spread across the network and further developing a culture of collaboration.

52. We are keen to work with stakeholders to develop our thinking in this area, but it appears that different organisations could play particular roles to support collaboration:

- **the role of Network Rail**: Route devolution presents the opportunity for different parts of the rail network to develop varying approaches to collaborative working. There could be a role for Network Rail to centrally monitor this work with the aim of quantifying the nature and scale of collaboration, capturing (and where possible addressing) emerging issues, and sharing best practice across the network;

- **role of operators**: It will be important for operators to be clear on the information that they require and to agree proportionate ways for them to engage with Network Rail, recognising that collaboration will have resource impacts on operators;

- **the role of ORR**: ORR's role would likely involve monitoring whether committed behaviours (e.g. sharing of information, collaboration meetings) have been delivered, the types of collaborative working taking place on the network, whether this work is driving appropriate behaviours and whether Network Rail is sharing best-practice across its business. ORR will also play an important role in monitoring any emerging issues that are limiting the effectiveness of collaboration and whether we can take steps to address them;

- **role of franchising authorities:** Franchising authorities are also looking to support further collaborative working on the network. Going forward it will be important that 'industry-led' and 'franchising-led' collaboration activities are aligned; and

- **role of wider industry structures:** We note there is the potential to align monitoring activities with both existing and emerging industry structures. For example, RDG or Route Supervisory Boards might be well placed to facilitate this work – for example, providing forums for discussing best practice and identifying the barriers limiting collaboration.

Costs and benefits of the new approach

53. While the above points suggest there could be value in moving away from REBS, we are keen to understand how a new approach will impact on behaviours. Our initial thinking is that the costs and benefits are determined by the following.

The nature and scale of collaboration

54. A key benefit of moving away from REBS to an industry-led approach is that organisations will be able to develop bespoke arrangements to focus efforts on areas they consider to be of most value. While such an approach could see more effective collaborative working, it is important to note that, given the likely narrower scope of activity, savings will likely be limited to particular areas of Network Rail's activities.

55. However, we also note concerns that REBS has not been effective in driving collaboration, and that therefore a change to an industry-led approach may not, in practice, reduce the scope of collaboration.

56. More generally, the benefits of working to improve collaboration across the network depend upon the arrangements that are currently in place and/or are likely to be in place during CP6. For example, there are well-developed arrangements in place in Scotland under the ScotRail alliance, and plans to introduce new ways of working as part of the Southeastern and East Midlands franchises.

Efficiencies generated

57. Another consideration is that the design of any incentive for collaboration might drive different types of outcomes.

58. There are two broad options to incentivise collaboration – financial payments and increased outputs. REBS is based on financial payments and is intended to provide a clear incentive to save costs within the control period. An approach based on increased outputs, will likely see savings put back into the network, and as such, will likely not see reduced CP6 spend.

59. A nuance to this distinction is that, under an outputs driven approach, if customer challenge reveals areas where Network Rail could be more efficient (even in the absence of collaboration) this information could be used to reduce spend in CP7.

Managing risk

60. A key concern regarding REBS is that it exposes operators to an undesirable level of risk. Such risk means that operators' participation in the mechanism is less likely. Narrowing the scope of REBS or removing the mechanism will reduce the financial risks faced by operators (and leave these with Network Rail).

61. A new approach to collaboration linked to increasing outputs on the network would, in effect, see the removal of operator downside risk. This might encourage greater levels of collaboration.

Capturing the value of collaborative working

62. It is inherently difficult to measure the contribution of collaboration to efficiency savings. This is a recognised issue with REBS. Consequently, for REBS-style financial mechanisms to be successful they need to be able to a) identify the impact of operator action on Network Rail costs and b) distinguish these impacts from any changes in costs driven by external factors. An implication of these points is that there is significant doubt as to whether REBS payments accurately reflect the value of collaborative working.

63. A move away from REBS to an industry-led approach has the potential to help address these issues as it allows parties to agree beforehand the behaviours to be delivered, the efficiencies this will likely generate, and the appropriate value of an incentive to make collaboration mutually beneficial.

64. The likely scale of actions under this process is inherently uncertain. But, where there are sufficient incentives, there may be reason to believe that action might be more likely as there is a clearer link between action and outcome.

Next steps

65. While we feel there is scope for exploring a move away from REBS, we currently consider there is insufficient information to commit to a new approach.

66. In particular, given the support for collaboration working – and its importance in driving a more efficient and responsive network – we think it crucial that we understand in more depth the impact of such a change in approach. While we appreciate organisations have incentives to collaborate – and that a degree of collaborative work already takes place - there are issues we wish to understand in more detail. These include:

   ■ the types of collaborative working that can and do take place on the network and their relative impact on network efficiency;

   ■ how this collaborative behaviour will change if there is a move away from REBS to a new approach as outlined in this document;

   ■ the 'enablers' and 'barriers' that influence the nature and scale of collaborative working and the role of organisations in addressing these issues;

   ■ how such an approach to collaboration can be supported/safeguarded in a proportionate manner, with governance arrangements ensuring appropriate behaviours are generated on the network and the role ORR should have in this work; and

   ■ how collaborative working can be monitored with a view to identifying and sharing best practice, and supporting a culture of collaboration across the network.

67. In the coming months we will continue engaging with stakeholders – both bilaterally and through forums such as RDG's 'route-level regulation, charges and incentives' working group – to explore the issues discussed above. If stakeholders are interested in meeting bilaterally, we ask this be stated in response to this paper.

68. We plan to set out our proposals in this area (including the status of REBS) likely as part of the Draft Determination process.

Responding to this paper

69. We understand that stakeholders will be keen to express views on how collaborative working can be best supported in CP6. To facilitate this process we include questions at the end of the paper.

70. However, working papers are intended to facilitate a more dynamic process of engagement and consultation with stakeholders, to support an iterative approach to developing policy. We therefore welcome all responses to the paper, including less formal responses such as emails, bilateral or multilateral discussions on any aspects covered in the paper, as well as alternative ideas and proposals.

71. We have set a deadline for responses, but this should not prevent stakeholders from sending thoughts to us ahead of this date; indeed, we hope that our ongoing conversations with stakeholders following publication of this paper mean we will be able to make significant progress by the deadline. Earlier responses on this paper, or just on particular issues raised in it, would help us in this respect.

72. Where written responses are made to us (particularly more formal responses), we may publish these on our website. If you wish any information that you provide, including personal data, to be treated as confidential, please say so in your response (an automatically generated confidentiality disclaimer by IT systems will not necessarily be sufficient in this respect). However, please be aware that regardless of any such request, we may be obliged to disclose or release any submissions made to us under the access to information regimes, such as the Freedom of Information Act 2000 or Data Protection Act 1998. Further information about how we may treat your response is available in paragraphs 6.40-6.43 of our initial consultation on PR18.

73. Responses and engagement on this paper are requested **by 25 January 2018.** Please submit your responses, in electronic form, to paul.cornick@orr.gsi.gov.uk.

Questions

74. We welcome comments on any aspect of this paper. However, the questions overleaf highlight issues you may wish to consider in your response.

75. Again, a working paper is designed to facilitate a more dynamic process of engagement and consultation; therefore, we encourage responses even if related to only specific points.

Collaborative working in CP5

1: Do you have any further comments on REBS (in particular do you consider there to be strong arguments for the retention of REBS)?

2: What Network Rail/operator collaborative working arrangements have you been involved in over the last control period? In what areas do you consider collaboration can be further developed? What types of collaboration are likely to have the most material impact on network efficiency?

Collaborative working in CP6

3: Which of the two options to support collaborative working outlined in this paper (i.e. an 'improved REBS-style mechanism' or an 'industry-led approach') do you consider will be most effective in supporting collaboration on the network? Please provide examples of the collaborative working you think will likely be affected.

Facilitating an industry-led approach:

4: What factors do you consider will be important in influencing the nature and scale of collaborative working achieved through an industry-led approach?

5: What actions/commitments should be made by organisations across industry (including ORR and governments) to address these factors?

6: How should Route Supervisory Boards be used to facilitate collaboration? How will this change on multiple user routes?