

Response received by email

From: EXTL: Rutter Alistair

Sent: 29 May 2013 15:20

To: Scarlett Caitlin

Cc: EXTL: Wade Jason; Helen Cavanagh; Strange Joel; EXTL: Warnes Rob

Subject: Northern Rail response to Schedule 8 benchmarks in CP5 - industry consultation

Good Afternoon

Please find Northern Rail Ltd response to your letter of the 02/05/2013 Schedule 8 benchmarks in CP5 - industry consultation

Q1, Do you agree that Network Rail should lead the work to set Network Rail Schedule 8 benchmarks for CP5? Do you have any suggestions in relation to industry engagement around this process?

We have concerns that Network Rail are leading the process to set their own benchmarks, as although the ORR are scrutinising the process, with changes in JPIP target setting processes being introduced and with Risk being applied the relationship between PPM and minutes lateness/cancellations has been flexed and may result in benchmarks that do not support the 92.5% CP5 target . This process of benchmarking based on starting from the expected CP4 outturn performance position presents a risk that good performance in CP4 will be punished by tighter benchmarks and poor performance will be rewarded with softer benchmarks, whereas by benchmarks being set at normalised funded expected CP4 outturn this risk can be negated and continuous improvement supported

Q2, Do you agree with each of the principles set out, above? If you do not agree with any of the principles, it would be helpful if you could explain why and suggest alternatives, if appropriate.

We agree with the principles proposed, but raise a note in relation to 'iv' in relation to increased Risk being applied for future trajectories and also changes in attribution practice applied that have yet to be formally measured and rebenchmarked for e.g. LNE policy change into the attribution of Subthreshold delay.

Q3, Do you have any comments on engagement between Network Rail routes and TOCs in establishing PPM performance trajectories by TOC for CP5?

We have concerns in relation to the CP5 trajectory proposed due to the impact of franchise change and Northern hub, such that the trajectories have too many variables to be considered as robust. Network Rail have done limited engagement with Northern Rail, but have shared their proposals which are unable to be ratified at this point by accurate performance modelling. We recognise that Network Rail are in a difficult position to present an accurate forecast because of the major infrastructure works and enhanced service so propose that if significant variance from trajectory that could not be reasonable foreseen and included rebenchmarking should occur

Q4, Do you have any comments about the process for converting TOC-level PPM trajectories into Schedule 8 benchmarks?

The proposed method for converting AML to PPM is acceptable, with the notes about risk mentioned above relating to addition of Risk within targets needing to be considered

Q5, Do you agree with our provisional proposals for timescales and processes for setting benchmarks in CP5? Do you have any further comments?

Agree with the timescales proposed

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