NetworkRail

Freight

Governance Framework

February 2021

Network Services

Contents

1. Introduction

This document gives a high-level overview of how the Freight team works with the regions/route and System Operator to deliver for our national customers. The Freight team review each customer request on a case by case basis and navigate action as required within Network Rail to deliver the best outcome for Network Rail and its customers.

This document is based on an organisational structure as of February 2021 and will be updated in line with any future changes both within Network Rail and the wider industry.

2. Freight at Network Rail

The Freight team is different: Our customers operate nationally across multiple routes and our customer base is uniquely varied, with freight operating companies (FOCs), Caledonian Sleeper and Charter operators who together operate c700 trains per day. Our stakeholder base is equally varied. Our external stakeholders range from train and freight operators, through industry third parties (such as ports, shippers and manufacturers) to Governments, the regulator and other public bodies. Our internal stakeholders include all the geographic regions, routes and the System Operator.

Our team does not physically manage infrastructure or train operations. We deliver performance and other outputs for our customers in conjunction with and through the geographical routes, the System Operator and other Network Rail functions.

Passenger and freight volumes across the network are forecast to grow in Control Period 6 (CP6). The freight forecasts provided by MDS Transmodal for this plan suggest that freight moved could increase from 2016/17 to 2023/24 by up to 50 %, depending on market headwinds and assuming unconstrained network capacity. For planning purposes, assuming existing funded capacity and capability, we are estimating growth of 15.6 % over the seven-year time horizon.

The 2020 global Covid-19 crisis saw rail freight services decline in the early periods around March and April 2020, but by November 2020 the recovery saw freight services by rail increase to around 95 % of pre-Covid levels. More detailed projections on freight growth for the remainder of CP6 will be provided by 31 March 2021.

The rail freight strategies of both the UK and Scottish Governments both support additional rail freight growth and modal switching from road to deliver benefits including easing road congestion, reducing pollution and generating productivity and financial benefits for the economy.

The freight team provide a one stop shop for our freight customers. We focus on providing excellent customer service and providing freight with a strong voice across Network Rail and beyond. Our team is structured to meet the challenges of net-zero and freight reform with strong links and regular interfaces to these workstreams.

3. Our purpose

"Deliver growth and provide excellent service through improving safety and performance, and enhancing capacity and capability, at an efficient cost."

Delivering a reliable and resilient service

Enable sector growth

A safer & more sustainable railway

Great customer experience

- **Transformative relationship management**
- **Continuous improvement driven by scorecards**
- **Developing and supporting our people**
- **Sector policy leadership and expertise**

4.   Our team and our interfaces

The Freight team structure focuses on and links with a diverse range of customers and stakeholders as well as Network Rail's regions and routes and the System Operator (SO). We have a central role to support and promote our customers' interests, providing a national, pan-regional voice and an ability to look across the whole rail network on behalf of our national customers and stakeholders. Therefore, relationship management and collaborative working with stakeholder to deliver continuous improvement with all our stakeholders is key to our success.

Our team structure is structure is shown below:
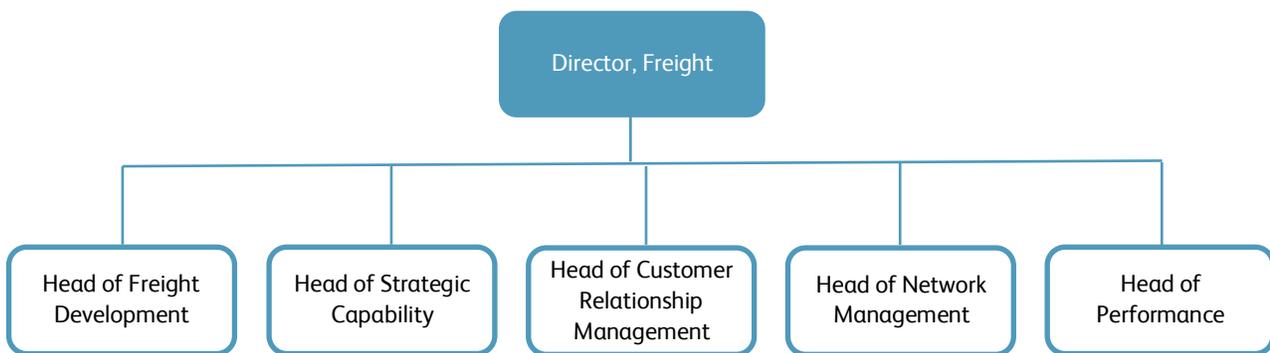
This structure is aligned to enable the following operating model:
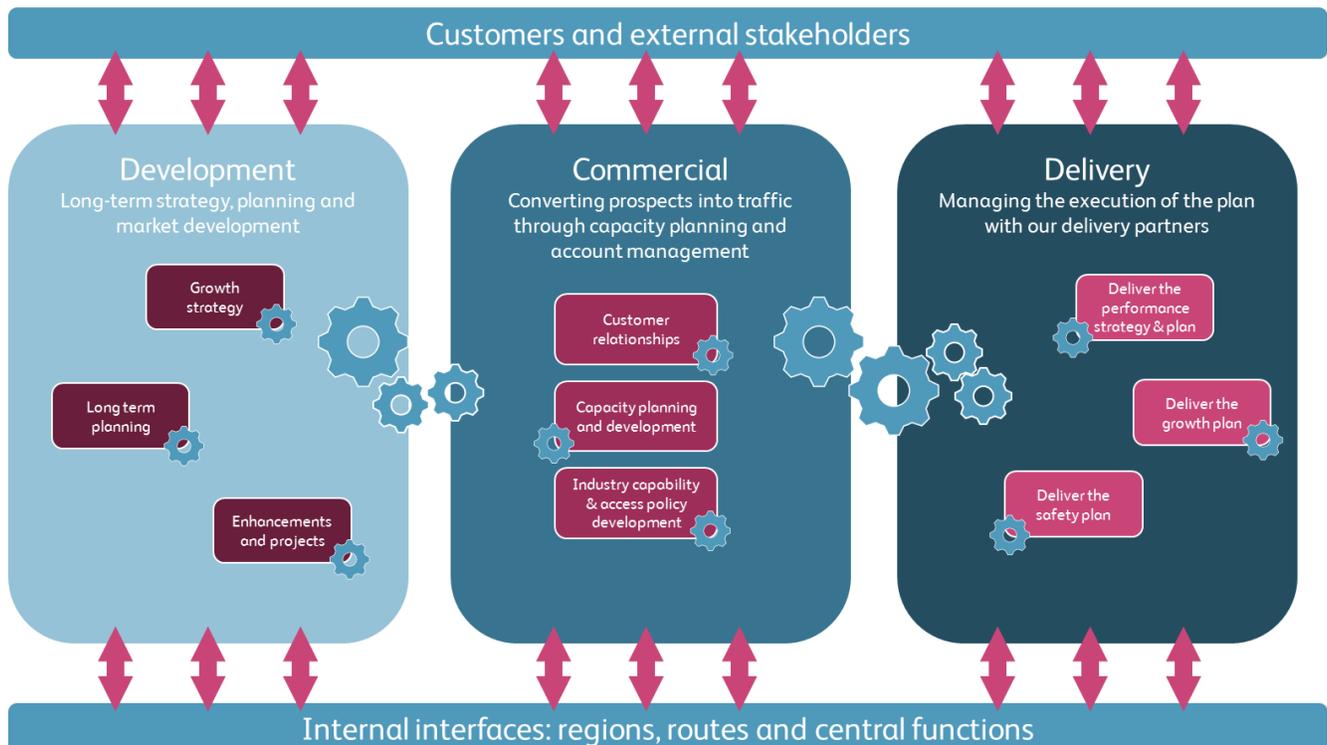
Each team is aligned to the following key activities:

- **Development** -The Freight Development team provide the knowledge of the Network Rail land and property portfolio, as well as the markets rail freight currently operates in, to enable the best conditions to support our customers and stakeholders retain and grow their businesses

  The Capability team work closely with SO and Network Rail Compatibility teams to help support our stakeholders with the different aspects of capability from paperwork to run services.

- **Commercial/Customer Relationship** - The Customer Relationship team is the one stop shop for our customers. They work closely with our customers and understand the challenges of moving freight by rail and seek to both simplify and help navigate our customers within Network Rail and provide the day to day contractual guidance and contacts.

- **Delivery** -The Network Management team are embedded in each geographic route and offer real time focus on solving issues and realising opportunities for our customers and end-users, supported by freight service delivery managers who provide that helicopter-view of the end to end journeys our national operators take, across regions and over long distances.

  The Performance team use data and an understanding of the day to day rail operations, to drive benefits and performance improvement.

5. Business planning and governance

Our Control Period 6 (CP6) business plan sets out our long-term scorecard and high-level deliverables from 1 April 2019 to 31 March 2024. It is structured in line with our purpose of:

1. Delivering a reliable and resilient service
2. Enabling sector growth
3. A safer and more sustainable railway

Against each purpose, there are a number of key activities that help provide the focus, direction and delivery, which were agreed as part of the stakeholder and customer engagement undertaken and detailed in our CP6 Business Plan.

6. Engaging with Regions and System Operator to deliver for our customers

The freight team takes the scorecard target, deliverables and customer priorities and works closely with other Network Rail teams i.e. regions/routes and System Operator, to develop initiatives and plans that will enable delivery.

We have embedded route freight teams who help solve challenges for our stakeholders on a day-to-day basis and proactively look to both prevent issues and help on the ground to develop new business and support our business development team. This activity at regional level is vital to ensure our stakeholders' challenges and priorities are heard and their requirements acted upon. Our regional teams have direct links into the leadership of those routes and regions, with in some regions a 'freight board' being set up to listen directly to the issues for our freight customers. We also work closely with seasonal delivery specialists in connection with autumn preparedness. This good practice is shared with our other regional trams as we look to replicate these initiatives across other parts of the rail network. Also, our Freight Service Delivery Mangers are instrumental to working with our customer, regions and the National Operating Centre (NOC) to deliver a reliable and resilient service for our customers, especially during disruption.

With our freight end-users we are drawing up a 'plan on a page' for around twenty of our main end-users, similar to the customer priorities and these will enable a closer and more engaging relationship, again on a quarterly basis. This approach will help our regional teams to continue the strong and collaborative approach we take with end-users and aligns with the customer facing account teams and their engagement with customers.

Our relationship with System Operator is vital, so we can offer strong alignment with two of the critical areas our national operators demand – timetabling and a strategic plan for the whole network. These two areas see a number of our team work closely with System Operator colleagues with that activity led by our Head of Business Development and Head of Strategic Capability. Over the next twelve months we envisage an even greater need for both parts of the business to come together. Jointly, we can seek solutions and progress for our customers, particularly in the face of the changes in light of Covid -19, and the need to ensure alignment from a timetable and strategic planning point of view.

7. Monitoring our delivery of our plan and governance

Progress is reviewed with our customers at our Level 1 and 2 meetings where the Freight and Customer Relationship Executive (CRE) teams meet with customers to review current business performance and discuss future aspirations.

We hold a Freight Periodic Business Review (PBR) every four calendar weeks where the Freight leadership team reviews overall performance for freight and national operators, scorecards, and any customer and network-wide issues. Input to this review is supported by the Customer Relationship and Route Freight teams, based in the regions, including any concerns or key priorities of operators whose services cross geographical boundaries.

Escalation is either picked up directly with relevant regions and routes or reported in the periodic Executive Leadership Team (ELT) pack and can be discussed where appropriate.

At the periodic (also every four calendar weeks) Network Services Directorate meeting, the focus is on specific Network Services performance objectives. This provides a platform for improving organisational capability to increase the visibility of freight and national passenger operator priorities in the regions and routes.

Directorate Business Reviews are held quarterly and allow the Network Rail Chief Executive to hold Network Service Group Director to account for functional performance and delivery against plan. This creates further opportunities for the group director to ensure visibility of national operators' priorities and concerns. Executive Leadership Team meetings held frequently and are attended by regional and function directors, including the Network Services Group Director, and chaired by Network Rail's Chief Executive. Through this meeting the Network Services Group Director can influence the priorities of regions in relation to the needs of freight and national passenger operators.

8. Regular engagement with the industry to update our plan

As a team we engage with our customers and stakeholders at many different levels and in a range of meetings or forums to discuss current business performance and their priorities. This intelligence is such an important feedback loop to keeping our plan aligned and updated with the industry and our customer business aspirations. Some of the forums we actively participate include the following:

- Freight Operating Company (FOC) Level 1 and 2 meetings where our leadership team and Customer Relationship Executive (CRE) team meet with customers to review current business performance and discuss future aspirations.

- Freight End User (FEU) Meetings where our Route Freight and Business Development team have 1:1 meetings meeting with FEUs, to consider performance, safety or network developments as they will impact specific sites or flows and so need 1:1 or tripartite arrangements, for example Mendip contract transfer (Mendip Rail) and Felixstowe capacity work (HPUK), all good examples of FEU liaison which typify what the team does.

- Rail Freight Group (RFG) Intermodal Forum including key ports, combined transport operators, terminal developers, consultants, FOCs and Network Rail. This takes place three times per year.

- RFG / MPA Construction Forum including key construction sector end users, FOCs, Mineral Products Association (MPA) and Network Rail. This takes place three times per year.

- Scottish Freight Joint Board (SFJB) – focuses on a range of issues relevant to Scotland with attendees including Transport Scotland, ORR, Logistics UK, freight operators and freight end-users. The meeting is quarterly

- Logistics UK (LUK) Rail Council including LUK, FOCs, select end users and Network Rail which takes place twice per year.

- Strategic Freight Network (SFN) Steering Group including Regional Transport Agencies, FOCs, RfG, ORR and Network Rail. This takes place four to five times per year.

- Freight Strategy Advisory Group led by DfT including FOCs, various end users, ORR and Network Rail (with representation from both FNPO and System Operator). This takes place five to six times per year.

- Network Rail / End User estate account meetings including tenants and Network Rail (with representation from FNPO and Property). This takes place twice yearly for larger multi-site portfolio tenants.

- Rail Delivery Group (RDG) Freight Board including FOC MDs and Network Rail. This takes place every other month.

- Freight Policy Group including FOCs, ORR and Network Rail. This takes place every other month.

- Freight Industry Performance Group including FOCs, ORR and Network Rail. This takes place every other month.

   Ad-hoc bi-lateral meetings with end users and prospective end users concerning specific site or service developments (in commercial confidence).

9. Conclusion

The governance framework set out in the document ensure that the freight sector has a strong voice and powerful advocates within Network Rail.

The Freight team continues to work closely with routes and regions and SO within Network Rail to deliver positive outcomes for our customers. We see this as a key activity and critical to ensure our freight customers and end users feel that support and co-ordination is for the whole end to end journey, offering what they need for national and cross-route operators.

We will continue to review this structure in line with internal organisational and external trends, listening to the views of our customers and stakeholders, refining how we deliver on a day to day basis using any feedback to improve and do things differently.

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