

ORR and the development of the railway

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OFFICE OF RAIL REGULATION

Outline

- What everyone wants to see
- Steps on the way
- The role of Network Rail
- Key developments
- The future

What do people want?



What people want to see

- Passengers want safe, fairly priced, punctual, regular, clean services which are not overcrowded
- Freight customers want safe, punctual, competitive, reliable services
- Taxpayers want value for money
- Investors want delivery and a return on capital

ORR's vision

Ever more successful partnerships of infrastructure managers, operators, suppliers and funders working together to -

- meet the changing needs and expectations of passengers and freight customers
- maximise value for both users of railway services and taxpayers
- play a full part in economic growth and help meet the environmental challenges ahead

ORR's vision

A railway that -

- Can handle satisfactorily double today's level of passenger and freight traffic
- Is even safer and more reliable and more efficient than now
- Can cater for a more diverse and demanding population
- Has reduced its own unit carbon footprint and improved its broader environmental performance
- Is making a stronger and more sustainable contribution to the economy
- Is much better value for money for users and funders.

Delivery

- Train operators must deliver to their customers and funders
- Suppliers must rise to challenge
- But key role is for Network Rail
- On whom most of the industry and its customers are dependent

Build up to 2014

- The HLOSs
- Network Rail's strategic business plan and update
- ORR assessment –
 - Analysis
 - Benchmarking
 - Challenge
 - Incentive framework
 - Assessing delivery

ORR determination

- Expenditure allowance reflecting efficiency conclusions and assumptions on financing
- Structure of access charges for passenger and freight
- Outputs with specific targets and trajectories in some areas –
 - Enforceable
 - Consistent with licence review outcome
- Specification for 2009 business plan which will be the delivery plan for CP4
- Draft determination on 5 June
- Final determination in October

Maintaining focus on safety throughout



Beyond the determination

- Longer term planning
- Government has major say, but
- Network Rail should be proactive and co-ordinate industry view
- Longer term planning needs to encompass –
 - Growth assumptions
 - Lessons from elsewhere
 - Interoperability and other European developments
 - Innovation
 - Measures to improve efficiency
 - Reducing the impact on the environment

The regulator's role from 2009

- Taking soundings on our strategy now
- Monitoring and enforcing delivery
- Identifying problem areas and seeking to resolve
- Facilitating, encouraging, influencing, escalating
- Planning for the next control period

Questions

