



PR18 Working Paper 7: Collaborative working on the rail network
January 2018

1. The Associated Society of Locomotive Engineers and Firemen (ASLEF) is the UK's largest train driver's union representing approximately 20,000 members in train operating companies and freight companies as well as London Underground and light rail systems.
2. We welcome this opportunity to comment on Working paper 7, which discusses how incentives for collaborative working between operators and Network Rail could be strengthened and we are pleased that the ORR has expressed willingness to work with stakeholders to develop thinking in this area. ASLEF agrees that fostering better collaboration, drawing on the skills and experience of different parties, will be key to improving efficiency across the network.
3. Better coordination between Network Rail and operators is obviously needed on a day to day operational basis as well as collaborative planning for performance improvement on the network, because experiments with alliancing have not been very successful. The working paper outlines two broad approaches currently taken to support collaborative working: (1) Alliances between Network Rail and franchise operators where both parties agree joint working practices that will improve operational and performance issues; and (2) the Route-level Efficiency Benefit Sharing (REBS) mechanism, administered by ORR and designed to create a financial incentive to reduce costs. The paper states that the ORR is exploring moving away from the 'one size fits all' approach of the current REBS mechanism, in the hope that another system will encourage greater levels of collaboration. ASLEF supports this decision: REBS does not provide train operators with any motivation to assist Network Rail because they benefit from compensation for delays attributed to the infrastructure manager. In fact, ASLEF would have reservations about the introduction of any new financial incentive mechanism for CP6. We appreciate the challenges of creating a culture of collaboration, but believe that an alternative approach to fostering collaboration is possible.

4. As the McNulty Report highlighted in 2011, a large part of the lack of communication between Network Rail and train operators results from the lack of alignment between control periods and franchising schedules (e.g. complications when franchise-led activity, tied to the franchising timetable, conflicts with collaborative activities). Another reason identified for the lack of incentive to invest in the railways is that franchises are so short in length. ASLEF agrees with the ORR that the time-limited nature of franchising is unhelpful because it constrains the readiness of operating companies to engage in collaborative projects any more than strictly necessary. The private sector is unlikely to invest in rail infrastructure without being guaranteed a return and this is one of the reasons why we have argued elsewhere against the franchise system and for the renationalisation of our railways.
5. The Secretary of State for Transport's strategic vision for rail describes devolution to more autonomous route businesses and a new generation of rail schemes, with local partners designing, financing and funding rail capacity and new lines. ASLEF has never been in favour of splitting up running trains, track and signals and fundamentally opposes the privatisation of rail infrastructure. As a union we campaign against the privatisation which takes money out of the industry in the form of dividends to shareholders and we believe that fragmentation of rail creates more inefficiency. Although the Shaw Report rejected the wholesale privatisation of Network Rail, we believe that the government's decision to introduce separate route businesses acting as autonomous companies and bringing private finance into running the railways at local level is still pathing the way to further fragmentation and privatisation and is not helpful to improving coordination and efficiency.
6. The assumption in the ORR's working paper is that with the current move underway with CP6 towards further route devolution, the greater focus on the route-level, and the introduction of Route Supervisory Boards, collaboration should become more industry-led and implemented by participants. The suggestion is that ORR will take a step back and its role would be limited to monitoring and supporting industry-led activity, sharing best practice across the network and ensuring that conduct is compliant with regulations. ASLEF has concerns about the introduction of a new model of collaboration being more industry-led, since its success would be dependent on train operating companies engaging with route operators and on industry working proactively. This is a lot of trust and responsibility to hand over when the track record of collaboration is poor and companies' main priority is making profits and answering to their

stakeholders. We feel that such an approach would be risky, particularly without a coordinating body to provide structure to working arrangements. Route Supervisory Boards may be of some relevance here but their focus is on the route level, so national connections and coordination could be neglected. It is not at all clear who proposals and concerns would be made to, how decisions would be reached, or what steps could be taken to address issues that emerge as problematic. Neither is it clear how this approach would fit with the franchise system, to ensure that industry led and franchising led activities are aligned. Furthermore, Route Supervisory Boards are made up of train operators, Network Rail's route team and passenger representation but do not have trade union or railway worker representation.

7. ASLEF is also concerned that the enormity of the task of helping newly created Route Operators, local authorities, developers and communities, who have limited knowledge of the railways, to develop and implement their proposals does not seem to be fully appreciated. Local Councils and business have been encouraged to submit proposals for re-opening railway lines and although the dramatic cuts to local authority budgets mean that they are unlikely to have the financing to fund many projects, a huge amount of guidance and ongoing support will need to be provided to applicants if they do. There is a very real danger that the proposals for devolution and private investment could just make an overly-complicated system worse, not better.
8. There will be an important governance role to play in centrally monitoring the development of new approaches to collaborative working, sharing information, promoting best practice and highlighting where improvements can be made, and this will be a complex and challenging role, given that route devolution is in such early stages and all involved will essentially be experimenting through trial and error. The Working Paper suggests that the onus for this work would be placed on Network Rail instead of the ORR. The apparent willingness to place such an additional burden onto Network Rail is somewhat incompatible with the criticisms of Network Rail, strewn throughout the Working Paper. The paper repeatedly makes the point that Network Rail is a public-sector monopoly and suggests that as a consequence of this, it lacks the incentive to be efficient and should be held more to account. Much of the focus in the paper is on giving operators more influence over Network Rail, which contradicts the idea of handing the infrastructure manager responsibility for providing guidance on better collaboration.

9. ASLEF would argue strongly for the governing body, in whatever form it takes, to issue clear guidance to ensure that no perverse incentives are generated which give any unfair advantage to one operator over others. The reality of collaboration is more complex than finding ways of improving collaboration between single train operating companies and route operators. On multi-operator routes, for example, the relationship between Network Rail and the 'lead' operator can affect relations with other operators using the route. ASLEF's concern is that the whole plan is an experiment that could go badly wrong. Devolution to sub-national authorities can be suitable for services run by a single operator – like Transport for London operating the underground train network – but becomes very complex when different operators are competing on the same route. ASLEF is particularly concerned that the interests of freight operators, who work across more than one Network Rail route, should not be marginalised, and freight routes should be protected. ASLEF has an interest in protecting the rail industry from potential decline and we want rail freight to continue to support supply chains and offer environmental benefits that road freight cannot match. Of broader interest, it must be remembered that freight operators do ballast and infrastructure work and if they are forced into decline, maintenance of the whole network would be threatened. We also want to ensure the protection of small lines that are not lucrative in terms of profits but which provide important services to local communities.
10. There are many logical reasons for moving away from a one-size-fits-all approach but care must also be taken not to exacerbate tensions over access and timetabling or resentment about different standards and preferential deals. Across the UK the railway system varies enormously in terms of track and rolling stock age and crosses a multitude of physical and socio-economic geographies. It will therefore also be important not to oversell best-practice that is incompatible and is unsuitable for replication elsewhere.
11. Rather than persevering with the use of financial incentives for train operating companies, ASLEF believes that other ways of fostering collaboration and more joined-up decision-making should be explored. Reputational incentives are already important for both Network Rail and operators under franchise contracts, and more successful collaboration would have a positive impact on both performance and reputation. As an alternative to using financial incentives ASLEF supports the 'increased output' mechanism whereby operator action increases Network Rail efficiency, thereby enabling Network Rail work to be carried out which in turn improves the operator's performance and revenue. Successful collaboration using this model would be

mutually beneficial in terms of improving service delivery, plus Network Rail's funding would remain wholly committed to the railway. We have reservations, however, about this being an 'industry-led' approach, for the reasons stated above, and hope that ASLEF's reservations will be taken into account.

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