



OFFICE *of the*
RAIL REGULATOR



Report of the Rail Regulator

To the Deputy Prime Minister and Secretary of State for the
Environment, Transport and the Regions

Dear Deputy Prime Minister

I enclose my report for the year ending 31 March 2000 as
required by section 74(1) of the Railways Act 1993.

I confirm that during this period

- (i) I made no references to the Monopolies and Mergers
Commission; and
- (ii) I received no general directions under section 69(2)
of the Act.

A handwritten signature in black ink, appearing to read 'Tom Winsor'.

Tom Winsor
Rail Regulator
July 2000

Presented to Parliament in pursuance of section 74 of the
Railways Act 1993

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Regulator's foreword

This is my first annual report as Regulator. It covers the period from 1 April 1999 to 31 March 2000, and so also the end of the period of office of my predecessor Chris Bolt.

The dreadful crash at Ladbroke Grove on 5 October 1999 overshadowed everything else. The injured and the families and friends of the people who were killed or hurt rightly look to the railway industry, its regulators and the Government for answers and solutions. The lessons of that terrible accident must be learned quickly and learned well. For my part, I have committed myself and my colleagues to the fullest possible co-operation and assistance to the inquiry under Lord Cullen.

This has been a year of very intense activity for the Office of the Rail Regulator (ORR). Upon taking office in July, I immediately proceeded with the implementation of a policy of tougher and more effective regulation, holding the railway companies within my jurisdiction much more closely to account for the discharge of their public interest responsibilities. I believe that, whilst they found my approach very different from what had gone before, they now realise that the policy is the right one and will not be departed from. That is true also of investors in the industry, especially Railtrack, who see that the steps we have taken this year are ones which will make the companies concerned fitter and more successful. The policy is already bearing fruit.

The most significant single piece of work of the year has been on the periodic review of Railtrack's access charges. In it, we are rewriting the financial framework in which Railtrack charges for the use of its network by franchised passenger train operators. The project extends to the ways in which Railtrack will be incentivised to enhance that network. It also covers the charges for freight train access. It is enormously important and I will announce final conclusions in September 2000, to be implemented from 1 April 2001.

The Regulator's role in facilitating and encouraging investment in the railway industry is considerable. I want Railtrack and the other railway companies to be as successful and strong as they can be. I have made this clear since before I took office. I intend to provide the railway companies with the means to invest and invest strongly and competently. Passengers and freight users have waited long enough for significant improvements in the capacity and capability of the railway network. I am determined to use my powers to secure the necessary changes as soon as possible.

This report explains the steps which we have taken, and in some instances which we will continue to take, in this and many other respects to realise the potential of the railway industry as a partnership between the private and public sectors. Our Victorian and later ancestors built and paid for a network which is now of enormous importance to the national economy. That network is precious and must be maintained and developed to high standards. Very many people rely on the industry and its regulators to see that this happens. These are matters of very strong public importance, not just private commercial significance.

In this report I should like to pay tribute to my staff who have worked very hard indeed to develop and implement the new regulatory agenda on which we have embarked. Their talents, skills and dedication are essential factors in providing the users of railway services with the standards they deserve. It has been an intensive and very demanding year. ORR's people have responded magnificently.

This year I have committed myself, through the firm, fair, proportionate and effective use of the influence and powers of an independent Regulator, to facilitate the achievement of the legitimate objectives of the railway industry to meet and promote the public interest. Successful companies will be companies which meet the requirements of their customers and those who fund them. Successful companies will be profitable ones. They will deserve to be.

TOM WINSOR
Rail Regulator
July 2000



Events in the annual reporting year

■ April

- As part of periodic review of Railtrack's access charges the Rail Regulator publishes a report by independent consultants (Booz-Allen and Hamilton) on Railtrack's performance as owner and operator of the network over the past four years, and seeks operators' views on the conclusions drawn
- The Rail Regulator publishes proposals to modify licences to compel Railtrack and train operators to provide early information about timetable alterations

■ May

- As part of the periodic review the Rail Regulator appoints independent consultants (Booz-Allen and Hamilton) to assess Railtrack's future expenditure needs and scope for efficiency savings
- The Rail Regulator publishes guidance summarising the statutory, contractual and regulatory procedures relating to closures of light maintenance depots
- The Rail Regulator modifies licences to compel Railtrack and train operators to provide early information about timetable alterations

■ June

- The Rail Regulator requires Railtrack to hold to its obligation of reducing minutes delay per passenger train by 14.4% in the two years to 31 March 2000 after Railtrack reports 2% reduction in passenger delays for 1998/99
- The Rail Regulator formally requests information from Railtrack that shows it will be able to deliver the 42 additional paths agreed in the West Coast Passenger Upgrade 2 agreement between Railtrack and Virgin Rail Group
- As part of the periodic review ORR publishes for consultation an independent report (by DTZ Pieda Consulting) on Railtrack's management of its property portfolio

■ July

- Tom Winsor takes up post as Rail Regulator
- The Rail Regulator challenges Railtrack over its freight routing strategy as set out in its 1999 Network Management Statement
- The Rail Regulator orders the Association of Train Operating Companies (ATOC) to publish accurate performance statistics for the National Rail Enquiry Scheme (NRES) that reflect licence standards by including callers who ring off before being answered

■ August

- The Rail Regulator requires Railtrack to show what action it intends to take to halt the increase in the number of broken rails
- The Rail Regulator announces intention of making an enforcement order requiring Railtrack to improve network performance by reducing minutes delay to passenger trains by 12.7% in the year ending 31 March 2000, and proposes a £4 million penalty for each percentage point shortfall from this target
- The Rail Regulator publishes for consultation his timetable and process proposals for the periodic review of Railtrack's access charges





- ORR consults stakeholders on Railtrack's Network Management Statement

■ *September*

- The Rail Regulator consults on traction electricity charges

■ *October*

- As part of the periodic review the Rail Regulator consults on possible changes to the incentive framework to ensure that Railtrack improves the capability, quality and performance of its network
- The Rail Regulator publishes guidance on minor closures of stations

■ *November*

- The Rail Regulator begins enforcement action over Railtrack's failure to produce robust plans to meet its commitments to additional capacity as part of the West Coast upgrade
- The Rail Regulator questions Railtrack's effective management of its assets and requires Railtrack to provide further information about plans for reducing the incidence of broken rails and information to assess whether Railtrack is in breach of its network stewardship obligations
- As part of the periodic review the Rail Regulator issues a consultation document on usage charges for maintenance costs and wear and tear caused by individual train movements
- The Rail Regulator makes the enforcement order requiring Railtrack to improve passenger train performance by 12.7% in 1999/2000
- The Rail Regulator announces his intention to amend Railtrack's network licence to include three new conditions concerning (a) the creation of a register of Railtrack's assets and their condition, (b) an effective means of monitoring and reporting on the condition of these assets, and (c) a binding code of practice governing Railtrack's dealings with its dependent customers

■ *December*

- The Rail Regulator sets out his provisional conclusions for the financial regime and incentive framework during the next control period

■ *January*

- The Rail Regulator consults on standard clauses for inclusion in access contracts: to streamline processes, reduce costs, facilitate the franchise replacement programme, and empower dependent customers
- The Rail Regulator launches a survey to establish the nature and extent of barriers to growth in freight traffic

■ *February*

- The Rail Regulator publishes draft guidelines setting out how the Competition Act 1998 will apply to the railway industry

■ *March*

- The Rail Regulator calls for the railway industry to set up a compliance forum to minimise the risk of infringements of the Competition Act 1998





Developments in regulation

Tom Winsor took up the appointment of Rail Regulator on 5 July 1999. He made it clear from the outset that he intended to pursue an agenda of tougher and more effective regulation, thus enabling a new and improved framework for the rail industry that both ensures delivery of a better railway and meets the challenge of growth in rail use. In a speech to the Railway Forum on 9 July 1999, he set out the main issues he would be addressing over the remainder of the year and in the months beyond. This report explains in detail the progress which has been made towards achieving the Rail Regulator's agenda.

New regulatory agenda

1.1 The Railway Forum speech emphasised that, in many respects, the privatised railway had failed to satisfy the legitimate expectations of its customers and of the funding authorities which have paid large sums of taxpayers' money to companies in the railway sector. It was essential that companies treated their public interest obligations as seriously as their commercial obligations. Indeed, a key theme over the past year has been

that companies which fail in their public interest responsibilities cannot and should not expect to succeed commercially. On the other hand, where companies do meet their public interest obligations, it is essential that the public authorities do not stand in the way of commercial success.

Corporate governance

1.2 In addition to the appointment of a new Regulator, there have been changes to corporate governance at the Office of the Rail Regulator (ORR). A new and more focused board has been established and two new non-executive directors have been appointed recently. They are Peter Warry and Richard Gillingwater. Peter Warry is currently Chairman of Victrex Plc, a director of other public companies and has considerable industrial and commercial experience. Richard Gillingwater is Managing Director of Credit Suisse First Boston, where he is Deputy Head of European Investment Banking. He brings considerable strengths and knowledge particularly from a corporate finance perspective. They join Stephen Glaister who is Professor of Transport and Infrastructure at Imperial College, London, who has been an ORR non-executive director since 1994.

1.3 Paul Plummer was appointed as Chief Economist on 27 July 1999. Paul was previously an assistant director at N M Rothschild & Sons Limited where he advised on utility regulation, privatisation, strategy, and mergers and acquisitions in the UK and overseas. Melanie Leech was appointed as Director of Operator Regulation on 18 October 1999. She joined ORR from the Department of Culture, Media and Sport where she was Head of Broadcasting Policy. They join existing Directors Michael Beswick (Network Regulation) and Keith Webb (Strategy, Planning and Communications).



Left to right: Peter Warry, Michael Beswick, Keith Webb, Tom Winsor, Paul Plummer



Peter Warry



Michael Beswick



Keith Webb



Stephen Glaister



Melanie Leech



Paul Plummer



Richard Gillingwater

Operational plan

1.4 Although outside the period of this report, in June 2000, we published a draft *Operational Plan* for 2000/01. This plan sets out new objectives and a forward work programme for ORR over the coming year. It spells out more clearly what the new regulatory agenda means in practical terms and is the most comprehensive account ORR has ever given of its proposed activities. This year, for the first time, we consulted externally on our *Operational Plan*, receiving comments from railway operating licence holders, other stakeholders and those who have specific interests in the regulation of the railways.

1.5 We believe it is important that we should set out what we expect to do and how we plan to do it and seek views from those we regulate as well as others who have an interest in what we do. The Government's utility review concluded that each of the sectoral regulators should consult on a draft work programme for the year ahead and that they should report back on progress against the plan twelve months later. Although the Rail Regulator was not covered by the utility review, we believe that this represents best practice. Next year's *Annual Report* will contain a section reviewing our achievements against the *Operational Plan* for this year.



Government legislation

1.6 This year has been one of change and will continue to be so in the months ahead. The Transport Bill, due to be enacted before the end of 2000, contains important provisions about the railways in general and rail regulation in particular. As part of this, and of special importance, will be the transfer to the Strategic Rail Authority (SRA) of our consumer protection functions, including responsibility for the Rail Users' Consultative Committee (RUCC) network. We have also taken on significant additional responsibilities through the Competition Act 1998 which came into force on 1 March 2000. The implications of these two pieces of legislation are covered in more detail in the body of this report.

1.7 In addition, we will be taking work forward in relation to the ORR's responsibilities following the establishment of the Scottish Parliament and Executive and the Welsh Assembly, and the passage of the Greater London Authority Act 1999.

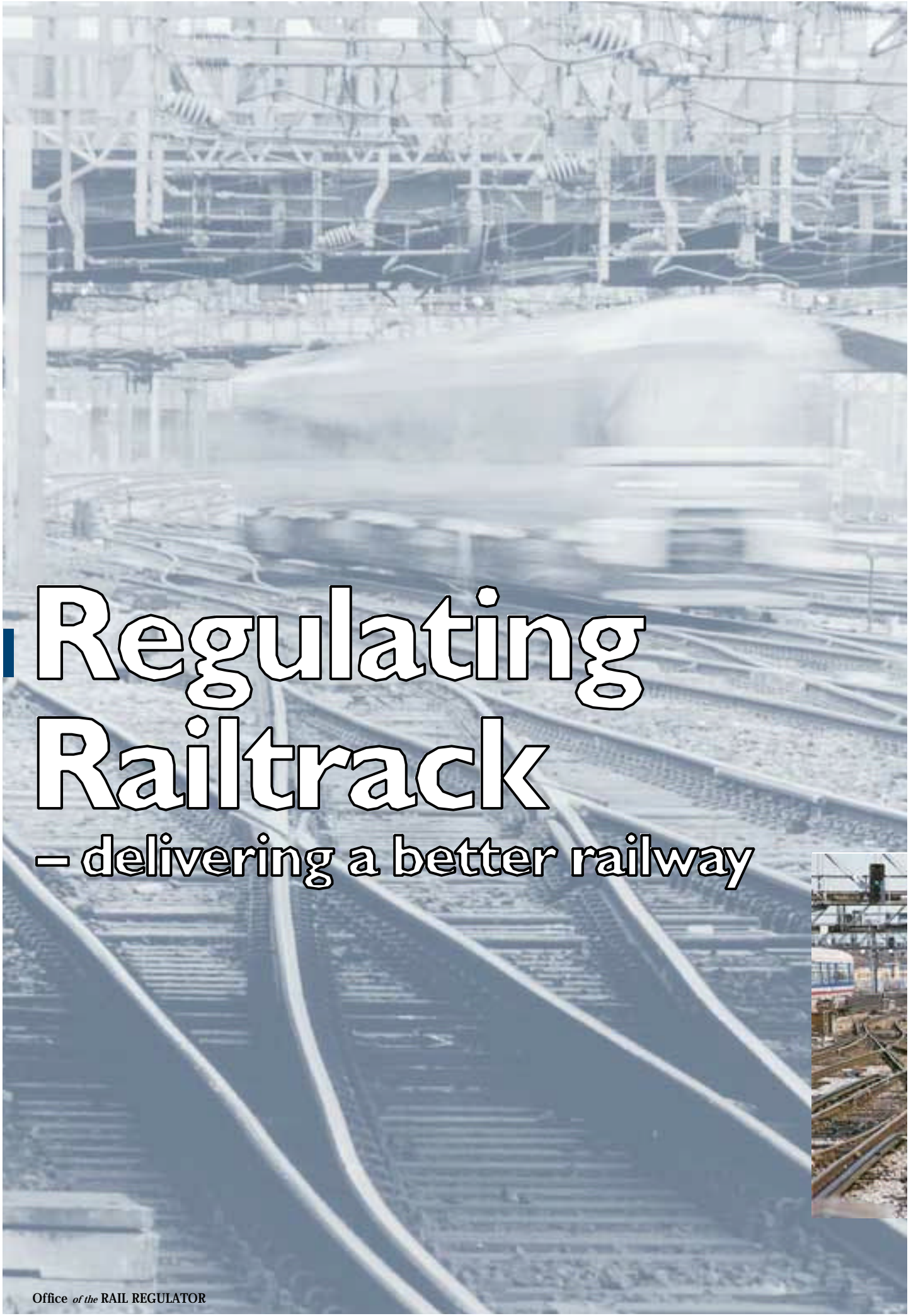
International

1.8 Most international activity during the year related to European Commission (EC) proposals, in particular the Infrastructure Package containing important proposals on charging and capacity allocation, licensing of train operators, separation of functions relating to rail operations and infrastructure management, and liberalisation of freight services. We have sought to influence the proposals through discussions with the Department of the Environment, Transport and the Regions (DETR), the EC, the shadow Strategic Rail Authority (sSRA), the industry, and other member states, and have considered the implications of the package in formulating our policies during the year. The proposals are significant because they concern domestic rail operations in each member state. The package has been agreed by the Council of the European Union and is now to be discussed for a second time by the European Parliament. If it is approved later this year, member states will have up to two years to implement it.

1.9 At the end of November 1999, the Commission published a draft directive on the interoperability of conventional trains. The proposal contains a framework for European technical standards to be drawn up for areas such as signalling, command and control systems, information systems, rolling stock, staff qualification, and noise. The draft directive on conventional trains follows an earlier directive (96/48/EC) which established a similar framework for interoperability on high speed lines. The office has been working with DETR, the sSRA and the industry to identify potential issues, to influence the drafting of the new directive for conventional interoperability and to discuss issues arising from the existing high speed interoperability directive.

1.10 The International Rail Regulator (a post also held by Tom Winsor) issued the second international licence, to English Welsh & Scottish Railway International Ltd, in August 1999 under the Railways Regulations 1998. The first licence was issued to Eurostar (UK) Ltd in September 1998. No access contracts were notified to the International Rail Regulator during the year.





Regulating Railtrack

- delivering a better railway



As the owner and operator of the national rail infrastructure, Railtrack plays a crucial role in the delivery of a better railway. This includes both the performance and stewardship of the current network and the delivery of investment programmes to improve the railway for the future. Chapter three outlines the work carried out by the Office of the Rail Regulator (ORR) in 1999/2000 to create a new and better framework of incentives and obligations for Railtrack and, in particular, the periodic review of access charges. This chapter focuses on performance under the current framework.

Railtrack's performance in 1999/2000

2.1 In terms of train performance, Railtrack had a much better year in 1999/2000 than in the previous year, though this was not enough to recover the failure against target. Railtrack-caused delays per passenger train fell by 10% and per freight train by 15.7%. Railtrack's track quality improvement programme continued, with the objective of meeting the commitments given to the Regulator in 1998. Broken rails were a major area of concern (see 2.12).

2.2 Railtrack spent £1.7 billion on renewing and enhancing the network in 1999/2000. A number of significant schemes were completed including resignalling in the Manchester Victoria area, between Glasgow and Edinburgh, and at Luton airport Parkway station.

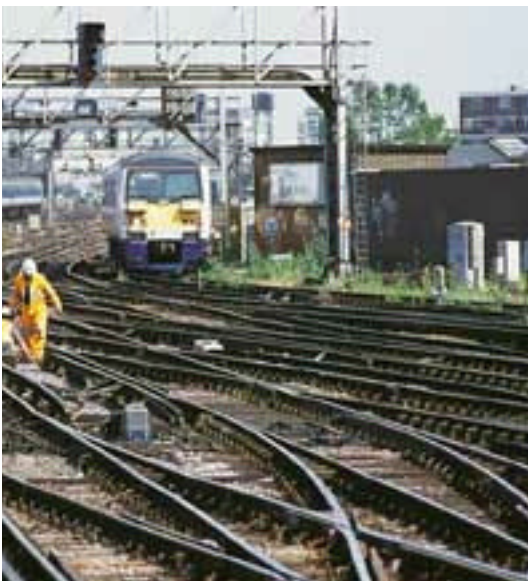
2.3 The largest enhancement investment programme on which Railtrack is currently working is the West Coast Main Line (WCML) upgrade. Railtrack made a great deal of progress in improving the specification and management of this programme in 1999/2000, but as noted below (see 2.15-2.18), enforcement action was taken because of concern about the lack of progress on defining what the programme would deliver.

Stewardship of the network

2.4 Under Condition 7 of its network licence, Railtrack is required to produce an annual statement of its plans for the network. The 1999 Network Management Statement (NMS) was published in March of that year. The NMS reflected the process of establishing the reasonable requirements of train operators and funders, put in place at the Regulator's insistence in 1998. The statement proposed spending £16 billion over ten years to sustain the network – this was a key input to the periodic review process – and proposed £11 billion of investment to enhance the network over the same period. The latter was largely a menu of options for funders and operators rather than a set of firm commitments.

2.5 During 1999 we reviewed the 1999 NMS. We consulted train operators, funders and other stakeholders. This review raised concerns about Railtrack's stewardship of the network, which were similar to those raised in the independent study commissioned by the Regulator from Booz-Allen and Hamilton (BAH) (see box page 12).

2.6 We published our conclusions on the NMS (*Railtrack's Stewardship of the Network*) and the BAH report in November 1999. Both the documents served to underline that Railtrack's arrangements for asset management were unsatisfactory. We also concluded that Railtrack's relationships with its dependent customers were a major source of concern and that:



Review of 1999 Network Management Statement and the Booz-Allen and Hamilton (BAH) report on Railtrack's network stewardship

- The Regulator's review of these documents identified a number of major concerns about Railtrack's management of its assets;
- Railtrack has not yet completed its development and population of a comprehensive database containing details of its network assets and their condition. Nor has it developed an adequate range of measures based on condition data. The Regulator considered that reliable information on asset condition is a prerequisite for effective management of the business and that reliable and comprehensive measures are vital to effective monitoring of Railtrack's performance;
- Railtrack's maintenance and renewal policies appear to be unduly focused on the short term. Moreover the shift in renewal strategy towards targeted renewal of key components may not be based on a good understanding of the assets and this may have repercussions for the long-run health of the assets;
- Railtrack does not yet have reliable, comprehensive data on the capability of its network; and
- To address these concerns we concluded that Railtrack's licence needed to be modified:
 - to require it to have a full register of the condition and capability of its assets; and
 - to require Railtrack to appoint reporters, owing a duty of care to the Regulator, to inform the Regulator on the condition and serviceability of Railtrack's assets.

- Railtrack should be required, through a modification of its network licence, to develop and then comply with an enforceable code setting out best practice in the way it deals with its customers;
- Railtrack should finalise and publish its procedures for facilitating the procurement of works by operators and funders, and for making its costs transparent; and
- Railtrack should co-ordinate a debate with the industry about best practices in the management of possessions, and produce proposals for spreading best practice across the network.

2.7 The Regulator approved the form and period for the 2000 NMS which was published in March 2000. A key requirement was to distinguish between what Railtrack was committing to and what were options for train operators and funders.

Performance

2.8 Train performance is a key measure of Railtrack's network stewardship. Railtrack's 1998 NMS contained targets for reducing delays caused by Railtrack to passenger and freight trains by 3.2% and 4.1% respectively during 1998/99. Following consultation with train operators on the 1998 NMS, the Regulator concluded that these targets were inadequate to meet the reasonable requirements of train operators, and that Railtrack was likely to contravene its network licence unless it achieved more substantial reductions. On 14 July 1998, Railtrack undertook to achieve a 7.5% reduction in delays caused to both passenger and freight trains during 1998/99. The Regulator issued a notice under section 55(6) of the Railways Act 1993 indicating that he was satisfied that Railtrack was taking the steps needed to achieve compliance with its licence. In January 1999 Railtrack set targets for a further 7.5% reduction in delays during 1999/2000.





2.9 However, in its 1999 NMS, Railtrack said that the target of a 7.5% reduction in passenger delays for 1999/2000 should be based on the reductions actually achieved in 1998/99, which turned out to be just 2%. In April 1999, the previous Regulator told Railtrack that he considered that, in order to comply with its network licence, Railtrack should make good the shortfall in 1998/99 and achieve the target of 7.5% for 1999/2000. This would require Railtrack to achieve a 12.7% reduction in the delays it caused to passenger trains during 1999/2000. Railtrack offered to make good the shortfall over three years, and subsequently suggested a two-year recovery period. On 30 July 1999, the present Regulator said that he regarded this as insufficient to secure compliance by Railtrack with its network licence.

2.10 On 19 August 1999, we published a draft final order requiring Railtrack to achieve a 12.7% reduction in Railtrack-caused minutes delay per passenger train. To incentivise achievement of the target, the Regulator proposed a penalty of £4 million for each percentage point by which Railtrack fell short of the target. Following consideration of representations on the draft order, including objections from Railtrack, the Regulator made the order on 25 November 1999. In January 2000, Railtrack applied to the court under section 57 of the Railways Act 1993 to have the order quashed.

■ *Track quality*

2.11 In July 1998, as part of the section 55(6) notice referred to in paragraph eight above, Railtrack agreed with the then Regulator to restore quality of track geometry to its 1994 level by 2001 and in the same timescale reduce, to the greatest extent reasonably practicable, the amount of poor quality track on the network. During 1999/2000 the Regulator commissioned an audit by the Holmes Davies partnership of the scope of the programme and whether it was likely to meet the 2001 target.

2.12 In the first quarter of the year, it became clear that the number of broken rails on the network had risen from 756 in 1997/98 to 937 in 1998/99, representing an increase of almost 24%. Subsequent adjustments took this figure even higher, to 952. In its 1999 NMS, published in March 1999, Railtrack had failed to forecast such a significant increase and predicted a final figure of 836. We told Railtrack on 12 August 1999 that this situation was unacceptable. We considered the rising trend in broken rails to be clear evidence of failing asset management, and required Railtrack to provide a plan to recover the situation. We sought further information in November 1999 and used Railtrack's four-weekly broken rail reports to us to monitor the emerging situation in 1999/2000. The final figure for this year, 917, is only a marginal improvement on the 1998/99 total and we are considering what further action is appropriate.



2.13 A specific concern over broken rails arose with the Severn Tunnel. In April 1999, the Health and Safety Executive (HSE) required Railtrack to impose a 20 mph speed limit in the tunnel because of the risk of broken rails. This caused disruption to train services until Railtrack completed remedial works. The then Regulator expressed concern to Railtrack that the stewardship of such a key asset had failed and obtained assurances from Railtrack as to the action it was taking to prevent a recurrence.

2.14 During the year, it became apparent that on the Settle-Carlisle, Glasgow and South Western and Fife Circle routes, Railtrack's maintenance and renewal activity had not been sufficient to accommodate large growth in heavy freight traffic. We will be carrying out a review to ensure Railtrack learns the appropriate lessons for the future.

■ *West Coast Main Line*

2.15 In 1998, the Virgin Rail Group agreed to pay for enhancements to the line speed and capacity of the West Coast Main Line (WCML) to be incorporated into a renewal project. A track access agreement between Railtrack and the Virgin Rail Group provided for the Passenger Upgrade (known as PUG 2) to be carried out in two phases. The first phase of PUG 2 is intended to allow tilting trains to run on the WCML at speeds of up to 125 mph from May 2002; the second phase, at speeds of up to 140 mph from May 2005. Before approving the track access agreement, the Regulator sought and obtained commitments from Railtrack to provide additional capacity for other train operators ('the capacity commitments') and to review the scope for further improvements to WCML capacity and capability ('strategic reviews').

2.16 Railtrack failed to complete adequate strategic reviews by March 1999, and despite agreeing to produce revised versions by July 1999, failed once more. By then, it was also apparent that Railtrack did not have credible plans to meet the capacity commitments in full. Further versions of the strategic reviews produced in September 1999 were subject to a number of caveats. Moreover, there was increasing concern about the feasibility of Railtrack's plans for introducing new signalling technology.

2.17 Railtrack declined to carry out voluntarily the work which the Regulator considered was necessary to demonstrate how it would meet the capacity commitments, so the Regulator published a draft final order on 5 November 1999. This draft order, which required Railtrack to prepare infrastructure plans and timetables showing how it would meet the capacity commitments, was modified in the light of representations from Railtrack and other parties.

2.18 Following the statutory consultation period, the final order came into force on 5 May 2000. It required Railtrack to prepare, by 22 May 2000, a specimen timetable on the basis of the works it had proposed, and to state what works would be necessary to bridge any gap





between the capacity it proposed to provide, and what was required by the capacity commitments. Railtrack had already produced a document on freight routing strategy for West Coast Main Line; the order required Railtrack to complete the remaining three strategic reviews by 22 May 2000.

■ *Vehicle and route acceptance*

2.19 In July 1999 the Regulator received a complaint from two train manufacturers (Adtranz and Alstom) about Railtrack's procedures for vehicle and route acceptance of railway vehicles. We sought further information from the parties and subsequently from Railtrack in order to inform our decision on the complaint. The case raised some very difficult technical issues and was the subject of a hearing in May 2000. We have also participated fully in the shadow Strategic Rail Authority's (sSRA) long-term steering group on vehicle and route acceptance and plan to consult on changes to the contractual and regulatory framework in 2000/01.

Track access

2.20 A key regulatory function in respect of Railtrack concerns the approval of track access agreements and any subsequent amendments. A significant number of amendments to track access agreements were submitted for the Regulator's approval during the year. Most of these conferred new access rights on train operators which allowed the introduction of additional or improved services. As before, we have given informal advice where necessary and ensured effective consultation with other interested parties. We have also worked to explain to interested parties the implications of specific decisions.

2.21 As Railtrack's network has become more congested, our consideration of new access rights has involved detailed examination of their effect on the performance and reliability of existing services. In turn we have been asking Railtrack and the relevant train operators for increasingly detailed information relating to performance, reliability and contingency arrangements as part of the decision-making process.

■ *Sunderland Metro extension*

2.22 The Tyne & Wear Passenger Transport Executive (Nexus) concluded a track access agreement with Railtrack during 1999. This agreement will provide Nexus with access (for trains from its Metro network) to Railtrack's network. Also under the agreement, Railtrack will manage the construction of new track from Sunderland station to South Hylton and some new stations on the route between Newcastle and South Hylton. This work will be funded partly by Railtrack and partly by a mixture of UK and European Community grants. In December 1999 the Regulator approved the agreement.

■ *New services on the East Coast main line*

2.23 The Regulator was asked to consider three proposals for new services on the East Coast main line. These were from West Anglia Great Northern



Railway Ltd, Great North Eastern Railway Ltd (GNER) and Hull Trains Company Ltd (Hull Trains). To a certain extent, the proposals conflicted with each other in their use of the remaining capacity on the East Coast main line. We conducted a detailed analysis of the proposals, consulted the relevant interested parties and held two formal hearings in order to help the Regulator's consideration of the complex issues in this case. In December 1999 we informed the interested parties that the Regulator would be prepared to approve a combination of the services proposed by GNER and Hull Trains.

■ *New cross-London services*

2.24 The Regulator was also asked to approve new services operated by Anglia Railways from East Anglia to Basingstoke, crossing London on the North London line. The Regulator concluded that he welcomed the new services for passengers, provided arrangements were put in place to ensure adequate performance. He was not however prepared to approve proposals by Anglia's parent company, GB Railways, for a new London to Southampton service in direct competition with South West Trains.

Safety

2.25 The tragic accident at Ladbroke Grove which claimed 31 lives and in which many passengers were injured happened on 5 October 1999, soon after the start of Professor Uff's inquiry into the Southall accident that had occurred two years previously on 19 September 1997. The Regulator is not the safety regulator for the industry but his duties require him to "take into account the need to protect all persons from dangers arising from the operation of railways, taking into account, in particular, any advice given to him by the HSE". The Regulator gave evidence to Professor Uff's inquiry. Actions, put in hand following the inquiry, included a review of train regulation policy, discussions on funding of research, and the possible development of systems authorities for track-train interface systems in conjunction with sSRA and HSE.

2.26 Meanwhile, the office participated in the interim review (pending the Cullen inquiry into Ladbroke Grove) of Railtrack's role in safety sponsored by the Department of the Environment, Transport and the Regions (DETR). Its report on *Railtrack's Safety and Standards Directorate* was published in February 2000. We are working alongside HSE, which is sponsoring new Railways (Safety Case) Regulations, to propose a complementary change to Condition 3 of Railtrack's network licence to ensure the independence of Railtrack's safety and standards activity.

2.27 Further work to strengthen the working relationship between HSE and ORR has been undertaken and an improved flow of information between the two organisations has resulted. Information about major, systemic and generic failures, which have safety implications, which have occurred in the railway industry, together with enforcement and prohibition notices, has been provided by Her Majesty's Railway Inspectorate (HMRI), which is part of HSE. For his part the Regulator has sought advice from HSE about various issues. These include potential breaches of Railway Group Standards in respect of licence compliance which may have occurred at Ladbroke Grove; the increased level of broken





rails and the need for improvements in track quality throughout Railtrack controlled infrastructure; the enforcement orders on performance and the West Coast route upgrade; and the proposed asset register licence condition. ORR has reviewed its internal processes to ensure that all decision-making procedures take full account of safety considerations.

Group Standards Code

2.28 A review of the procedures for Railway Group Standards as set out in the Railway Group Standards Code is being undertaken by Railtrack's Safety and Standards Directorate, as required by ORR, and its conclusions will be studied carefully and considered in the light of the other reviews which have been initiated in the light of the Ladbroke Grove accident.

Railtrack's public interest obligations

2.29 Railtrack's network licence was modified in May 1999 to require provision of timetable information in relation to changes caused by engineering works twelve weeks in advance of the service running (see 4.7). We have also continued to deal with a range of public correspondence about Railtrack.

Year 2000

2.30 Throughout 1999 we continued to oversee and monitor the industry's progress towards full Year 2000 compliance. An independent assessment was commissioned into the requirements of the Government's Action 2000 organisation and, in October 1999, we declared the industry to be at no risk of material disruption over the millennium period. The millennium night passed without any technical problems. Arrangements for special services for the celebrations worked well, with little disruption. This success is a practical demonstration of the industry's ability to work together in a productive fashion to achieve a common objective.

National Audit Office report

2.31 In April 2000, the National Audit Office's report on the regulation of Railtrack's network stewardship obligations was published, and in May 2000 the Regulator gave evidence to the Committee of Public Accounts.

Visits

2.32 During the year the Regulator visited Railtrack's Scotland and Great Western Zones, and also the West Coast Route Management project team. The Regulator also visited Railtrack's team working on the establishment of an asset register.



Rail freight

■ *Developments*

2.33 The year 1999/2000 saw some significant developments in rail freight. There were changes at senior management level in the train operating companies and Railtrack, the development of the sSRA's freight capability and preparation of its forthcoming strategic plan. A focus of the year was therefore on establishing and maintaining a proper understanding by the rail freight industry of the new regulatory agenda, and by ORR of each organisation's perspectives and objectives. With so much change there was also concern to ensure the delivery of a high quality service to the customer.

2.34 Rail freight volumes continued to grow, both in the intermodal and wagon based markets, albeit at reduced rates compared to the previous few years. The focus of regulation included working with the industry to overcome obstacles to further growth, either in terms of network constraint, or lack of economic incentives. The latter involved the input of freight considerations into the Regulator's periodic review process.

Freight market regulation

■ *Licensing*

2.35 The year saw considerable interest in new market entry from potential providers of train, terminal and infrastructure services. The



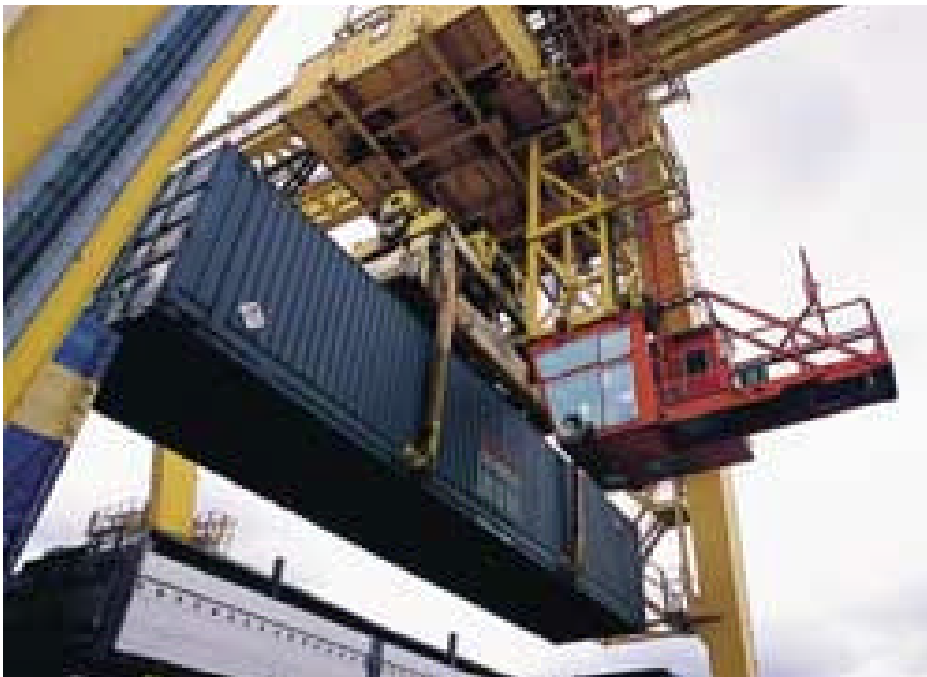
Regulator held preliminary meetings with a number of them to explain the licensing requirements of the Railways Act 1993 in respect of their proposed activities. Applications for non-passenger train operator licences were received from Mendip Rail Limited and from GB Rail Freight Limited. Statutory consultation exercises have been carried out in both cases and both applications are now at an advanced stage.

■ **Monitoring EWS as a licensed undertaking**

2.36 The Regulator has been keeping under review the continuing fitness for purpose of the licences held by the English Welsh & Scottish Railway Holdings Limited (EWS) companies. Several concerns have been raised about the effectiveness of EWS's March 1999 *Code of Practice for the Identification for Sale and/or Disposal of Surplus Locomotives* in maintaining a pool of locomotives for onward use. Accordingly, the Regulator has continued to monitor closely the data on locomotive holdings and sales provided by EWS under its licence obligation. The Regulator will act, either under the licence or under the Competition Act 1998, should he consider that EWS is restricting the competitive use of locomotives which it offers for sale.

2.37 The Regulator was asked by coal producers and suppliers to look into EWS's performance in the carriage of industrial coal from production sites to power stations. His analysis focused on whether performance in this market required the exercise of regulatory functions, either under licensing or competition powers. The Regulator concluded that although there was likely not to have been a breach of its obligations by EWS within a railways' market, performance was unsatisfactory from the perspective of coal suppliers. It was further concluded that the potential remedies probably spanned the entire energy supply industry and would involve more accurate and timely forecasts of coal requirements by the power generators. It would also require EWS to have more transparent criteria for the allocation of scarce resources in times of peak demand. Next year will

see the development of these criteria and an industry-wide approach to improving reliability and performance in the transportation of coal by rail.



■ **Industry contact**

2.38 On 20 January 2000 the Regulator launched his first national survey of rail freight users (see box page 20). The intention is to carry out the survey on an annual basis giving the Regulator current information on the developing performance of the rail freight industry.

2.39 The Regulator continued to meet current and potential rail freight industry parties to discuss and understand matters of importance to their business and the development of rail freight. Concerns were raised, for

The national survey of rail freight users

On 20 January 2000 the Rail Regulator launched his first national survey of rail freight users. The survey, prepared with the assistance of the shadow Strategic Rail Authority, the Freight Transport Association and the Rail Freight Group, was conducted on the Regulator's behalf by consultants Business Planning and Research International. The aim was to determine how well the railways perform, not only through the eyes of train operators but also through the experience of other industry parties: the end customer, the logistics manager, the distribution manager and the private terminal operator.

It will be useful to build up a picture of the barriers preventing people from choosing rail as a mode to transport freight and to establish trends over time. The intention is therefore that the survey will be conducted annually.

We intend to publish conclusions from the survey in the Summer of 2000.

example, over the disposal of Railtrack's land holdings and the potential detrimental effect this could have on future rail freight development. Work to develop appropriate controls is underway. These meetings also identified a need for more concise and straightforward guidance on the licensing and access functions. Work on documents designed to remedy this is also in progress.

2.40 It is important that the Regulator and his team maintain a first-hand understanding of experience of the freight industry at an operational level. The emphasis this year has been on meetings held at ORR with freight interests but we have been developing a further programme of structured visits to key industry locations and undertakings to be implemented in the coming year. Regular liaison meetings have been held with the principal Government departments and industry groups involved in rail freight development. These include DETR, the sSRA, Railtrack, the train operating companies and the main lobby groups and industry associations. In particular, there has been work to facilitate the development by the sSRA of its forthcoming strategic plan for freight.

Freight network regulation

■ Railtrack

2.41 The regulation of Railtrack remained a principal focus, with the results of the consultation on the 1999 NMS leading to the conclusion that Railtrack should develop its freight routing strategy to be more fit for purpose. The 1999 NMS recorded that capacity for freight would fall short of operator demand on a number of key routes within five to ten years. It also described the work Railtrack would undertake to establish

how additional capacity could be provided on those routes. In July 1999 the Regulator required Railtrack to answer a set of detailed questions about how the position set out in the NMS would meet its obligations towards its customers under its network licence. He also consulted train operators and others about the adequacy of the NMS, in particular whether the plans would meet their reasonable requirements. Responses from consultees showed that they were unconvinced that Railtrack's plans reflected these requirements. In his statement of 25 November 1999 (see 2.10) the Regulator said that he did not regard the position as satisfactory, and that he would require Railtrack to provide better information about how it would meet freight demand on the routes. He is now reviewing Railtrack's response to these points in the 2000 NMS.

2.42 The Regulator also has taken account of freight industry representations on the adequacy of Railtrack's plans for the modernisation of the West Coast Main Line (see 2.15-2.18) insofar as their interests are

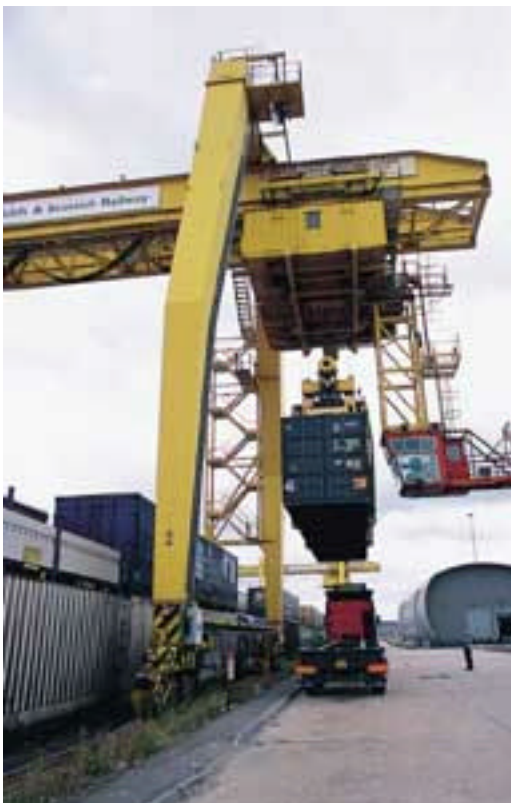


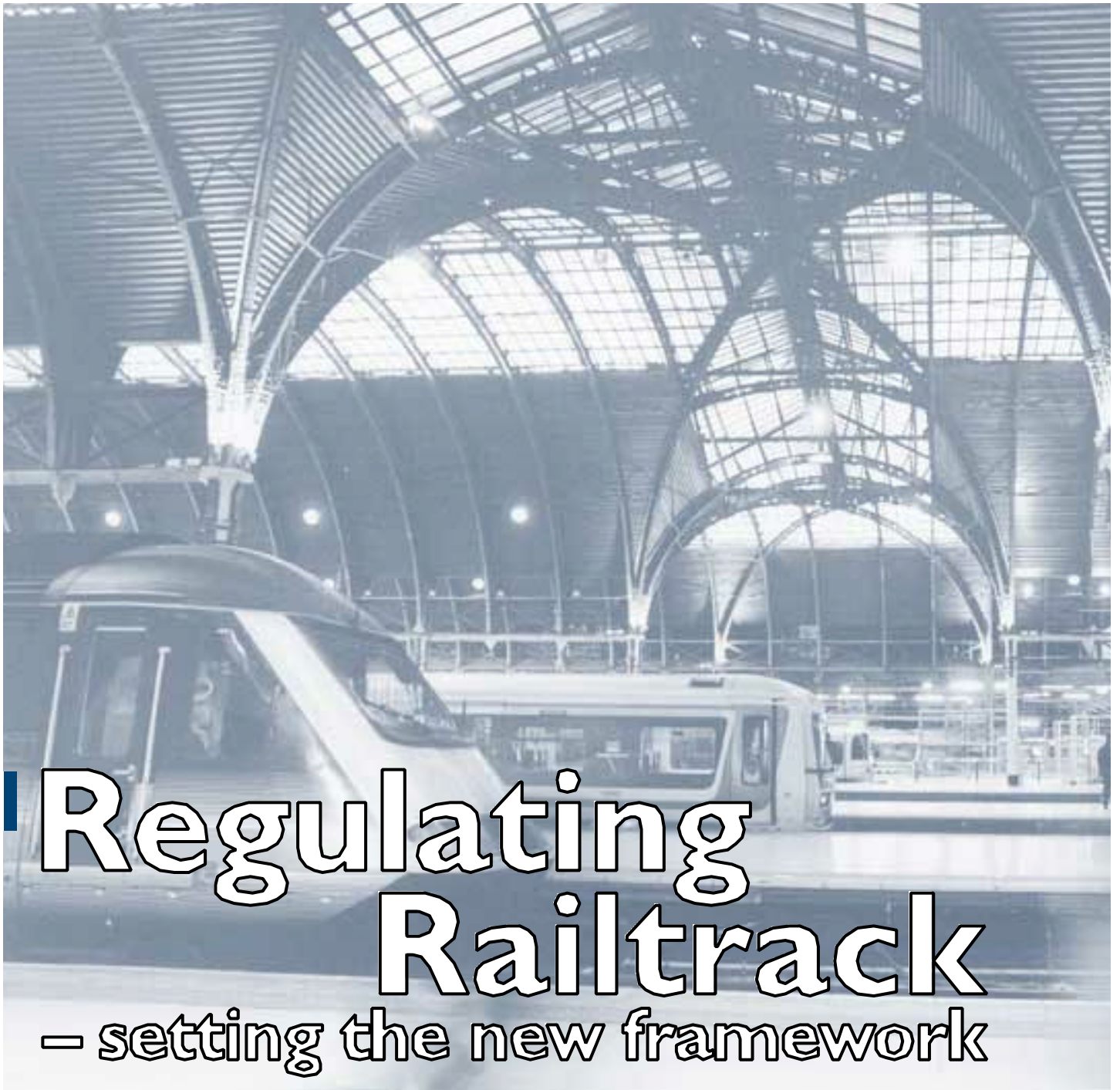
affected. This work resulted in the production by Railtrack of a document on freight routing strategy for the West Coast Main Line in April 2000.

■ Access

2.43 A new proposed Freightliner track access agreement was submitted in November 1999 and consideration of this has been a major task. An informal submission from Direct Rail Services has also been received and is being progressed. As in other years ORR has received and approved a number of connection and facility access agreements as well as amendments to existing agreements. Advice on regulatory policy and processes has been provided to various potential industry entrants and other interested parties.

2.44 During the year we have improved our understanding of freight economics, partly as input to the periodic review of passenger track access charges which the Regulator is currently conducting, and partly as preliminary work for a consultation on freight charging principles carried out in May 2000. This work has involved close co-operation and involvement with other industry parties and their advisers. In April 2000 we published *An Economic Analysis of the Freight Market* on the ORR website. This report showed the results of a specific analysis into how freight demand is affected by different levels of access charges.





Regulating Railtrack

– setting the new framework

A major part of our activity in 1999/2000 has concerned development of a new framework of incentives and obligations for Railtrack as part of the periodic review of Railtrack's access charges for franchised passenger train services.

Periodic review

3.1 The periodic review provides the opportunity for a full and comprehensive reappraisal of the commercial and regulatory framework within which Railtrack operates. The challenge is to create an environment which protects the interests of users and funders while creating appropriate incentives for Railtrack to deliver increased investment and improved performance. Although the scope of the review is confined to franchised passenger train services, the Regulator is also reviewing his charging policy in relation to freight (see 2.41).



3.2 The periodic review started in December 1997 and the previous Regulators published three consultation documents before the current year. In 1999/2000 the Regulator published six further periodic review documents (and at the time of going to press has published three more). Eight reports from independent consultants have also been published relating to the periodic review. A list of these documents is shown in the table below.

Reports published relating to the periodic review

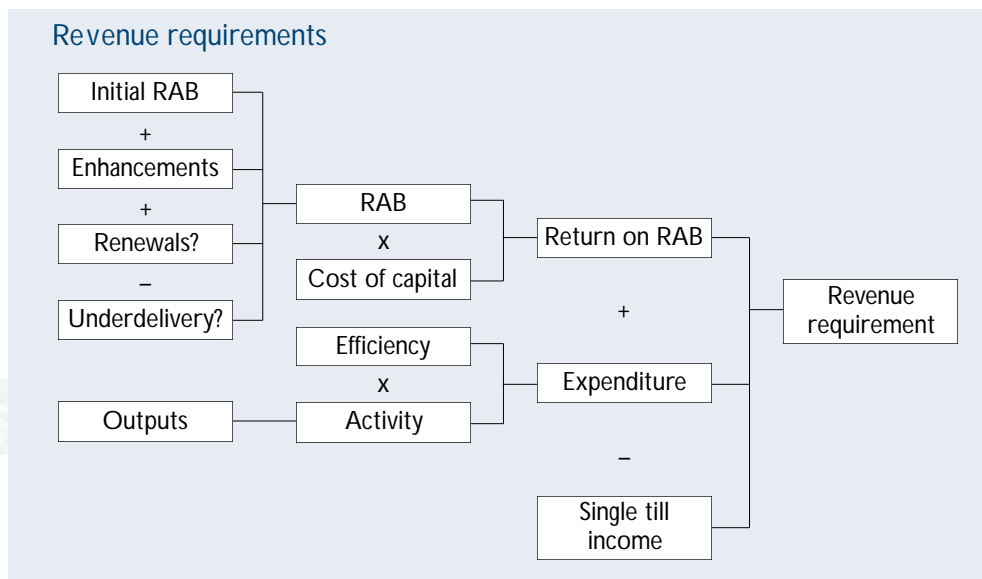
Date	Periodic review document
December 1997	The periodic review of Railtrack's access charges: A proposed framework and key issues: A consultation document
July 1998	The periodic review of Railtrack's access charges: The framework and timetable and further consultation on financial issues: Second consultation document
December 1998	The periodic review of Railtrack's access charges: The Regulator's conclusions on the financial framework: Third paper
August 1999	The periodic review of Railtrack's access charges: Timetable process and issues
September 1999	The periodic review of Railtrack's access charges: Electricity for traction: A technical consultation
October 1999	The periodic review of Railtrack's access charges: The incentive framework: A consultation document
November 1999	The periodic review of Railtrack's access charges: Usage charges: A technical consultation
December 1999	The periodic review of Railtrack's access charges: Provisional conclusions on Railtrack's revenue requirements
April 2000	The periodic review of Railtrack's access charges: Provisional conclusions on the incentive framework

Date	Consultant	Report title
March 1999	Booz-Allen & Hamilton	Railtrack's performance in the control period 1995/2001
April 1999	Lambert Smith Hampton	Station charge abatement
June 1999	DTZ Pineda	Property allowance scheme and associated regulatory framework
November 1999	Booz-Allen & Hamilton	Railway infrastructure cost causation
December 1999	Booz-Allen & Hamilton	Railtrack's expenditure needs 2001/06
December 1999	Europe Economics	Review of Railtrack's efficiency
December 1999	DTZ Pineda	Railtrack's property income 2001/06
January 2000	NERA	Economic analysis of the freight market



3.3 Resources committed to the periodic review have increased considerably during the current year. The Directorate of Economics and Finance (DEF) has been reinforced by the appointment or secondment of five additional economists who have focused primarily on the periodic review and the review of freight charging policy. Extensive use has also been made of consultants who have been integrated into the core DEF team.

3.4 Work to date on the periodic review can be divided into two main strands. These relate to Railtrack’s overall revenue requirements (and hence the level of charges) and the incentive framework (including the structure of charges). Work has also begun to prepare for the implementation of our final conclusions.



■ **Revenue requirements**

3.5 In December 1999, we published provisional conclusions on Railtrack’s overall revenue requirements. These were based on an assessment of its overall expenditure requirements, plus a reasonable return on Railtrack’s assets (referred to as the Regulatory Asset Base (RAB)) minus forecast single-till income (i.e. income other than that received from access charges for franchised passenger train services e.g. from freight, open access and property). The methodology is illustrated in the diagram, left.

3.6 Our approach to the RAB and the cost of capital differed in a number of respects to the approach set out by the previous Regulator in December 1998. In particular, we concluded that:

- the allowed rate of return on the RAB should be calculated on a pre-tax basis;
- the initial RAB should include an element of uplift over the initial market value at flotation; and
- some of the additional renewal expenditure which was not anticipated when the original price controls were set should be added to this initial RAB.



3.7 In addition to these key financial issues, the periodic review includes a detailed review of Railtrack’s expenditure requirements and the offsetting single-till income over the next price control period. The key outstanding issues identified in the December 1999 provisional conclusions were as follows:

- the extent to which the level of maintenance and renewals activity needs to increase in order to deliver the requisite outputs;



- the potential for improved efficiency and, hence, offsetting reductions in the cost of delivering the required outputs;
- the costs associated with the West Coast Route Modernisation (WCRM) and who should bear those costs;
- the cost of the enhancements set out in the sSRA's *Incremental Output Statement (IOS)* (i.e. a document defining improvements which can be delivered quickly and for which Railtrack is asked to provide costs ahead of potential purchase) published in December 1999 and the way in which payment is linked to delivery of the outputs; and
- the future level of freight charges and projected growth in freight.

■ **Incentive framework**

3.8 Most elements of this framework (see box below, left) have been subject to extensive consultation over the last year and *Provisional Conclusions on the Incentive Framework* was published in April 2000. The only area where detailed proposals have not yet been published relates to the longer-term incentives to improve efficiency which will be addressed next year with the final conclusions on the periodic review.

3.9 The clear objective is to create a framework which incentivises Railtrack to deliver the required outputs and to be more responsive to the needs of its customers. A key requirement therefore is that the structure of charges should be both cost-reflective and transparent. Another requirement is that the framework for enhancements should provide the clarity and predictability required to facilitate strong investment in the network. Effective incentive regulation should be backed up with enforcement action where necessary. In this case, however, we have stressed that the basis for monetary penalties should be set out in advance and therefore the factors to which the Regulator would expect to have regard in setting these penalties have been published in draft guidelines.

3.10 In support of this framework we have proposed a series of licence modifications relating to the provision of information to the Regulator. These include requirements in relation to the form of regulatory accounts (which will need to be consistent with the approach to the periodic review) and the publication of an annual return (which will consolidate existing information submissions on a more consistent basis) including the appointment of reporters (who will provide an independent review of this information). In November 1999 the Regulator announced his intention to prepare four new licence conditions:

- requiring Railtrack to establish and maintain a register of the condition and capability of its assets;
- requiring Railtrack to establish and comply with a code of practice on the way it deals with dependent customers;
- setting up a system of reporters to monitor Railtrack's stewardship activities for the Regulator; and
- improving the ringfencing of Railtrack's activities.

Incentive framework

The key elements of the incentive framework are summarised as follows:

- incentives to use and develop the network, arising from the structure of charges and the form of control;
- longer term incentives to develop the network including the regulatory treatment of enhancements in the next control period and beyond;
- incentives to enhance the performance of the network which are provided by the contractual performance and possessions' regimes supported by regulatory targets and incentives;
- incentives to maintain and improve the underlying long-term health of the network through appropriate monitoring of the serviceability and condition of Railtrack's assets; and
- incentives on Railtrack to improve efficiency (thereby reducing costs and/or increasing output).

These changes should help to improve both the effectiveness and transparency of regulation.

■ **Implementation**

3.11 In April 2000 we announced our intention to publish draft final conclusions on the review in July 2000, allowing interested parties time to make representations on the conclusions before the Regulator publishes his final review notice in September 2000. This will allow more time for us to assess new information in relation to the WCRM and the cost of enhancements included in the sSRA's IOS.

3.12 We also gave our strong support to the inclusion in the Transport Bill of a provision to allow Railtrack a right of appeal to the Competition Commission if they do not accept our conclusions on the periodic review. This will place Railtrack on a similar footing to other utilities and should enhance the integrity of the review process.

Model clauses

3.13 It is important that the access agreements between facility owners (such as Railtrack) and users are well balanced, clear and are of benefit to both parties to the agreement. The quality of the current generation of access contracts leaves room for improvement in all these areas.

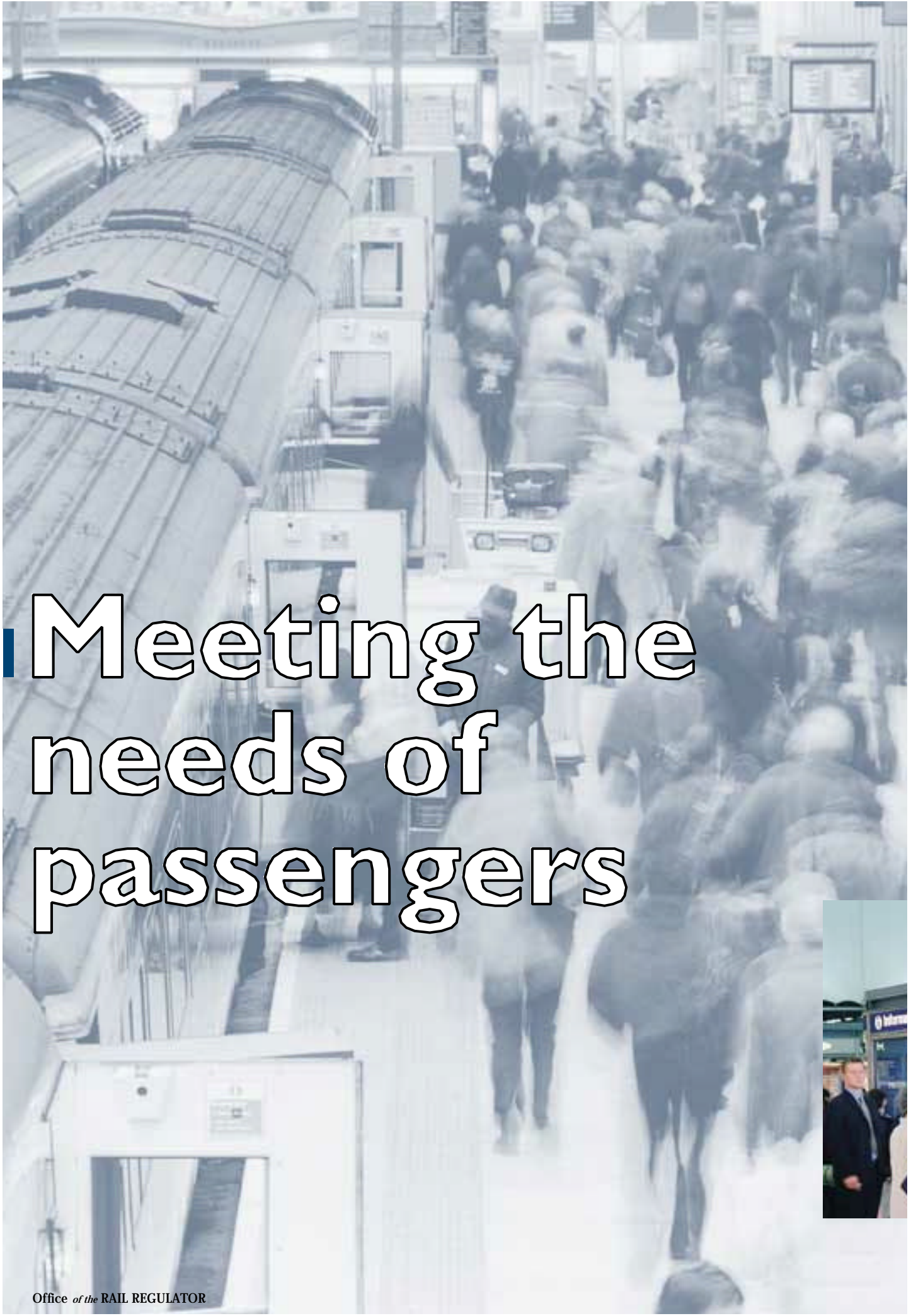


3.14 Under section 21 of the Railways Act 1993, the Rail Regulator has the power to prepare 'model clauses' for access agreements. Model clauses are standard clauses which can be incorporated into all access agreements to which they are appropriate. The Regulator can encourage or require that access contracts brought before him for approval include his published model clauses. Previous Regulators have not exercised their power to publish model clauses.

3.15 The publication of model clauses will reduce the transaction cost of entering into an access agreement. Their use will speed up the process and level the playing field between parties with widely differing negotiating positions. Facilitating the conclusion of high quality access agreements, in turn, facilitates the use and development of the railway network.

3.16 On 7 January 2000, we published a consultation document on the key issues which need to be addressed in the development of model clauses for track access agreements. In addition to receiving written submissions from the industry, we have held a formal discussion with Railtrack and two industry seminars where all the parties had the opportunity to put their views on record and to debate these with others.

3.17 The development process is continuing and we expect to publish model clauses for track access agreements in summer 2000. Model clauses for other types of access agreements will follow later in the year. The consultation process is being carried out in the most open manner possible. For the first time all publicly available material is being placed on our website (<http://www.rail-reg.gov.uk/>), which is also regularly updated with the progress of the project.



Meeting the needs of passengers



One of our key objectives is to promote network benefits to meet the needs of passengers. We have taken action on a wide variety of issues affecting the day to day experience of people using the railways. In this chapter we detail the progress of this activity.

Aims and priorities

4.1 In particular, we have maintained the focus on protecting the rights of passengers and extending those rights where we felt that this was appropriate. We have been especially concerned to preserve and enhance those activities such as providing information and accessibility to encourage people to choose rail as the mode of transport for their journey.

4.2 During a time of proposed franchise replacement we have worked closely with the shadow Strategic Rail Authority (SSRA) to advise them of the consumer benefits which we seek to see enhanced. The instructions given to bidders for replacement franchises contained many of the enhancements sought by the office.

Improving standards

■ *Retailing issues*

4.3 In November 1999 we approved changes to the Ticketing and Settlement Agreement introducing a general obligation on train operating companies (TOCs) to retail accurately as well as impartially. This is backed by a performance regime requiring an annual survey of retailing accuracy with sanctions for poorly-performing TOCs. The results of the most recent survey of retailing accuracy were published by the Association of Train Operating Companies (ATOC) in March 2000 and showed both an increase in the industry average (96.8% compared to 94.3% last year) and a substantial narrowing in the gap between the best and worst performing TOCs.

■ *National Rail Enquiry Scheme*

4.4 Experience has shown that the existence of an enforcement order delivers better performance. Improvement prompted by enforcement action in 1997 and 1998 has been sustained through 1999 and the first months of 2000 and no penalties have been incurred since the second order was made in 1998.

4.5 In the spring of 1999, we commissioned an independent audit of the performance figures supplied by the National Rail Enquiry Scheme (NRES). Although these were found to be satisfactory in most respects, the audit revealed that calls abandoned in less than 30 seconds were being excluded from the figures for total calls. The effect of this exclusion was to raise the reported percentage of calls answered by between one and three percentage points. To prevent the performance standard being undermined in this way we ordered NRES to cease this practice.

4.6 Attention has also focussed on the quality of response provided by NRES. We have closely monitored the results of NRES' mystery shopping surveys, developed by them in consultation with ORR. These show that NRES answers the vast majority of enquiries very well but that more work





is needed to improve the quality of response to the more involved or less usual enquiries such as those relating to routes where different operators compete. A new computer system, to be introduced in 2000, should help in this respect. We have been particularly pleased to see a dramatic improvement in the accuracy of responses concerning engineering work following the action we have taken to ensure that timetable alterations are input to rail industry databases at least 12 weeks in advance.

■ ***Accurate timetable information***

4.7 In May 1999, the Rail Regulator modified Railtrack's network licence and passenger train operators' licences to require them to make available early information about changes to train times resulting from engineering works. This means that rail companies are now under an enforceable obligation to make available such train timetable information for any particular date at least 12 weeks in advance of the date, the T minus 12 commitment (T-12). They must also make other information, such as fares and seat reservations, available shortly afterwards. The obligation applies to all days of railway operation and does not preclude trains being planned at short notice for special events (*e.g.* football cup ties) which could not have been predicted earlier.

4.8 We have been monitoring compliance throughout the year against the T-12 commitment to ensure that Railtrack and train operators are generally meeting the obligation. Despite some initial problems in delivery experienced by individual companies, and other problems associated with particular events such as the eclipse and the millennium, we are content that the industry takes this obligation seriously and is working hard to ensure it is delivered.

■ ***Accessibility***

4.9 We carried out a limited technical consultation on the final draft of the revised code of practice for disabled passengers prior to full public consultation, which was undertaken after the end of the period covered by this report. The existing code, *Meeting the Needs of Disabled Passengers – A Code of Practice*, published in 1994 is due for review and changes are needed to cover the introduction of the Disability Discrimination Act 1995 and the regulations made under it including the requirements of the Rail Vehicle Accessibility Regulations 1998 (sponsored by the DETR Mobility Unit).

■ ***National Rail Conditions of Carriage***

4.10 The National Rail Conditions of Carriage set out passengers' rights, train companies' responsibilities and the minimum levels of service which they are expected to provide. New National Rail Conditions of Carriage were introduced by ATOC on 20 February 2000 after extensive consultation with ORR, the Central Rail Users' Consultative Committee (CRUCC) and the sSRA. The new conditions bring with them a number of important improvements in passengers' rights and entitlements. These include:

- an obligation on ticket office staff to provide tickets and fare information on an impartial basis;



- payment of an immediate refund at any booking office if the intended train is cancelled or delayed, regardless of where the ticket was bought;
- an increased minimum compensation for delays;
- the ability to extend a season ticket journey with additional tickets to cover the extra mileage, irrespective of whether the train stops at the station on the season ticket; and
- longer periods of retention for items of lost property.

■ *ATOC codes of practice*

4.11 ATOC sponsors some eight voluntary codes of practice designed to maintain common standards in a range of areas across all 25 TOCs. The codes cover issues such as the handling of lost property, the way in which timetable information is presented and the handling of complaints and correspondence where more than one rail operator is involved. In Spring 1999 we carried out a review of these codes with significant input from the CRUCC and the RUCC network which revealed many deficiencies in how the codes were being managed. These included a lack of effective monitoring or enforcement, certain codes being overdue for review, and a general absence of overall strategy for the eight codes.

4.12 These findings were shared with ATOC which has made progress with many of the recommendations made by the review. ATOC has now completed an independent review of the processes used by each TOC to deliver compliance with the codes. ATOC has commenced a process to review every code by July 2000 and it intends to introduce a compliance monitoring process from September 2000. Further work needs to be done and we will be monitoring ATOC's progress closely to ensure that the recommendations of the review are fully implemented.

Protecting passengers' rights

■ *Penalty fares*

4.13 No new penalty fares schemes were introduced during 1999/2000, although minor changes were made to several operators' schemes.

4.14 The London Regional Passengers' Committee (LRPC), under section 77 of the Railways Act 1993, referred to us a serious complaint about the treatment of a passenger by revenue protection staff working for West Anglia Great Northern Railway Ltd (WAGN). The complaint revealed significant shortcomings in the way the company's revenue protection staff are trained and a lack of adequate arrangements for briefing and refresher training. We have required WAGN to provide us with an action plan for improving each of these areas and we will ensure that these plans are fully implemented.

■ *Consultative Committee Sponsorship Unit*

4.15 The Consultative Committee Sponsorship Unit (CCSU) acts as sponsor to the Central Rail Users' Consultative Committee (CRUCC)





and the eight regional Rail Users' Consultative Committees (RUCC), which together form the C/RUCC network. The main concentration this year in relation to the appointment of Chairmen and Members has been on establishing robust processes between ORR, the Welsh Assembly and the Scottish Parliament, as a result of devolution. These are now firmly in place and appear to be working well.

4.16 As in previous years, ORR has continued to have a high level of attendance at CRUCC and RUCC meetings (82% of the 51 held) with CCSU being represented at the majority. This is an important part of the liaison function and information exchange between ORR and the C/RUCC network.

4.17 The past year has seen the culmination of administrative devolution to the CRUCC for the network, and our work on the Transport Bill has sought to ensure that any residual, primarily bureaucratic controls are removed for the future. New accommodation has been provided for the Southern, Midlands and Eastern RUCCs, and staffing within the C/RUCC network has again been strengthened this year. With 48 staff it is now over 50% better resourced than when ORR took over the sponsorship role.

4.18 ORR values the time given and commitment shown by C/RUCC members and their contribution to policy-making. We were particularly pleased to see that Dr Peris Jones of the Midlands RUCC, and Dr Douglas Williamson of the Scottish RUCC, were awarded an OBE (for services to rail passengers) and an MBE (for services to consumers in Scotland) respectively in the New Years Honours List. During the year three new Chairmen were appointed: Stewart Francis left the Eastern England RUCC to become Chairman of CRUCC, and Philip Davis and Paul Harley respectively took the helm in the Midlands and Welsh RUCCs.

4.19 The Regulator believes that the higher profile and greater credibility of the network equips it to be a strong voice for passenger representation in the 21st century.

Rail Users' Consultative Committee membership activity

		CRUCC	Southern	Western	Eastern	Midlands	North Eastern	North Western	Wales	Scotland	Totals
Membership at	31 March 1999										
Chairmen		1	1	1	1	1	1	1	1	1	9
Members		4	12	13	14	11	13	13	14	15	109
Retirements											
Chairmen and members		1	0	0	1	1	1	3	1	1	9
Resignations											
Chairmen and members		0	0	1	1	1	0	3	1	2	9
New appointments											
Chairmen and Members		1	0	0	0	4	0	5	1	0	11
Membership at 31 March 2000											
Chairmen		1	1	1	0	1	1	1	1	1	8
Members		4	12	12	13	13	12	11*	13	13	103

This table shows new appointments only. During the year 16 existing members were reappointed for further terms.

* Sadly, one of our serving committee members died during the year

Section 77 referrals

Examples of section 77 referrals considered by the Regulator include the case of a passenger whose train was diverted because of planned engineering work. As a result her train journey took longer than expected, she missed the last bus to her final destination and had to take a taxi instead. The passenger claimed that there had been no public information at the station to advise passengers that the train would be diverted. Although the train operator was not required to pay compensation to the passenger under the terms of its Passengers' Charter, following our investigation they provided her with £48 in travel vouchers.

In a separate case two passengers, whose last train of the day home was significantly delayed, made a complaint. The passengers claimed that, except for an early announcement about the delay, no information was provided at the station and so after two-and-a-half hours they found overnight accommodation. When they claimed compensation for these costs, the train operator declined to pay, claiming that they had no liability under the Passengers' Charter and that in any case, the train did eventually run, even if very late. Following the intervention of this office, the train operator agreed to make the passengers an ex-gratia payment to cover their overnight accommodation costs.



■ RUCC referrals

4.20 Under section 77 of the Railways Act 1993, RUCCs can refer individual complaints to the Regulator in cases where they have been unable to achieve a satisfactory outcome with the train operator concerned. During the year the Regulator has dealt with eight referrals from the RUCCs, four of which are still under consideration.

4.21 During the last year we were asked to adjudicate on two referrals from a RUCC where train operators disputed that information requested was reasonable. In both cases we agreed with the RUCC that the information they had requested was reasonable and the train operators concerned were required to provide the information to the RUCC.

■ Insurance

4.22 We continued to ensure that all licensed operators (including those holding international licences granted by the International Rail Regulator and certain licence exemption holders) maintained insurance against third party liabilities on terms approved by the Regulator. We made no changes to the terms set out in the *Guidance on Insurance Against Third Party Liability, Fourth Edition*, January 1999.

■ Closures

4.23 Under the Railways Act 1993 the Regulator ensures that user interests are fully considered before any services are withdrawn or the use of facilities terminated. The full closure process allows for the consideration of objections and a report from the relevant RUCCs before the Regulator takes a decision. The minor closure process allows the Regulator to issue a certificate allowing changes to proceed without recourse to the full closure process.

4.24 During 1999/2000 the Regulator consented to network closures of unused dead end sidings in Thornton Fields light maintenance depot (LMD) and a siding at Colliers Lane, Carlisle, to provide for the building of a car park. He has also been made aware of several other such closures resulting from developments proposed to railway lands and facilities. The Regulator has issued 69 minor closure certificates arising, in the main, from structural changes proposed to stations as part of Railtrack's Station Regeneration Programme. Most of these schemes proposed passenger benefits through new facilities at stations in addition to replacing old facilities in a modern, improved form, or a better location. One minor closure certificate relates to the closure of Peterborough LMD, which had been unused for approximately two years. The Regulator also investigated a closure of network in a depot and the closure of parts of six stations, which had occurred without his consent. In those instances, he decided, in accordance with his statutory duties, that no provisional or final order would be made in relation to the operator of the facilities contravening statutory closure requirements. Copies of all closure decisions are available for inspection in the ORR library. The Regulator is currently looking into other cases where railway closures appear to have been made without his consent or approval.

4.25 The Transport Bill, once enacted and brought into effect, will bring about significant changes in how closure applications and decisions are



made. Responsibility for determining minor closure cases will pass to the SRA while responsibility for full closures will pass to the Secretary of State.

■ **Thameslink 2000 project – closures**

4.26 The Regulator has been aware for some time of proposals to develop the rail network and implement changes in and around London and South East England as part of the Thameslink 2000 project. The project is intended, overall, to deliver greater passenger benefits including the introduction of more frequent and longer trains to alleviate overcrowding on London commuter services. It will also provide greater cross-London travel opportunities. Changes proposed to the rail network have triggered applications made under the full closure process in respect of the discontinuance of:

- railway passenger services and the network between Farringdon Junction and Moorgate station with effect from 30 September 2003;
- parts of the network (track) at Blackfriars and London Bridge with effect from 31 December 2001 and 30 June 2003 respectively; and
- railway passenger services at, and the use of, King's Cross Thameslink station with effect from 29 May 2006.

4.27 The Regulator is currently awaiting the final report of the RUCC, in this instance the LRPC, before considering the applications further. Additionally, changes to other stations along the route have been identified as minor closure cases.

■ **Complaints handling**

4.28 All train operators are required to have in place ORR approved procedures for handling complaints received from their passengers. Train operators are required to deal effectively with passenger complaints providing appropriate redress where necessary and are expected to use complaint information to make improvements to the services they provide. We monitor the performance of the train operators in handling passenger complaints and receive regular reports showing for each train operator the numbers of complaints they receive, the nature of those complaints and how quickly they have replied to them.

4.29 Train operators must make it easy for their passengers to contact them and register any complaints or make other comments on the service being provided. Accordingly, we are pleased to note the developments which have been made by a number of operators in providing greater telephone access. This is an area in which we expect to see further improvements made, such as providing greater access via the internet to allow passengers a variety of easy contact methods.

4.30 When the train operators receive complaints from their passengers they must ensure that they deal with them in a timely manner, providing prompt responses of a high quality which address all of the concerns made. While there is still much room for improvement from a number of train operators, we are pleased to see the overall improvement in this area.





■ Correspondence

4.31 ORR received 2,825 items of correspondence from members of the public in 1999/2000. Each item of correspondence is recorded on an office database by the nature of the correspondence. A table showing a breakdown of correspondence by subject is featured below. It should be noted that one item of correspondence may include complaints on more than one topic and that all topics in an individual contact are recorded. The total number of complaint topics, therefore, is larger than the total number of items of correspondence received in the office. Unfortunately a rise in correspondence during the year meant our average response time increased to 24 working days, but we are taking action to improve the service which we provide so that this is reduced next year. We encourage contact by letter, telephone and by e-mail (dor.orr@gtnet.gov.uk); we have a minicom facility and are ready to respond to blind or partially sighted correspondents on audiotape or with letters in large print.

Stations

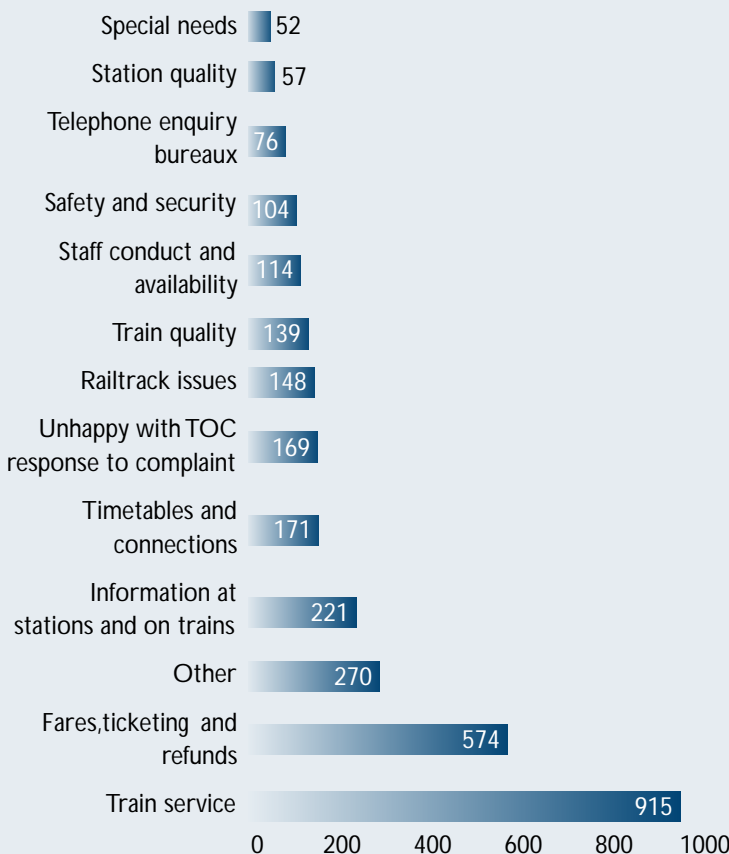
4.32 A priority during the year was to move forward the review of the station access regime, which was launched in December 1998. Consultants Lambert Smith Hampton, working with Hollingworth Bissell and Schofield Rail, prepared a draft report following extensive industry surveys. They also finalised a report (*Performance Regime: Final Report*, Lambert Smith Hampton, London, December 1999) on the operation of performance regimes at stations, which we published at the same time as the provisional conclusions on Railtrack's revenue requirements (*The Periodic Review of Railtrack's Access Charges: Provisional Conclusions on Revenue Requirements*, ORR, London, December 1999).

4.33 The broad conclusions of the review are that:

- important simplifications should be made to the station access regime, especially in relation to the station change procedures;
- station access parties' responsibilities and obligations for undertaking repair and maintenance need to be clarified and may need to be adjusted in the light of developments in franchise replacement; and
- station performance regimes should be strengthened.

4.34 The Regulator published the report by Lambert Smith Hampton together with a consultation document outlining issues and options emerging from this review in June 2000 and has sought views on his proposals for implementation. The Regulator intends to publish provisional conclusions on the future structure of long term charges (which form the basis for access charges at stations) and the development of performance regimes at stations.

Cor response by topic/issue raised 1999/2000





Approved agreements relating to depot and station access.

	Stations	Depots
New access agreements	37	17
Amendments to existing agreements	17	43
Amendments covered by general approval	133	1
Novations – changes to facility owner		25
changes to beneficiary		17
Access exemptions		2



4.35 Decisions relating to the approval of new station access agreements and amendments to existing station access agreements are shown in the table below, left.

Depots

4.36 The reporting year saw further important changes in the provision of train maintenance. National Express Group’s subsidiary, Maintrain Limited, increased substantially its share of the maintenance market by taking over the operation of five depots from Central Trains Limited.

4.37 Train builders also increased their share of the maintenance provision market. Alstom Train Services Limited took over the operation of the rebuilt Chester depot from North Western Trains Company Limited, Adtranz’s heavy maintenance depot at Chart Leacon became a light maintenance depot and Bombardier Transportation Limited (BTL) began works to build a new depot of its own. Changes also occurred in the maintenance procurement market where Prorail Limited, a subsidiary of BTL, procured services at depots previously obtained by Cross Country Trains Limited.

4.38 Most of these changes involved the novation of existing access rights contained in access agreements we previously approved. The Regulator sought to facilitate the commercial aspirations of all these parties and other maintenance providers in the development of the maintenance provision market.

4.39 In addition, we approved a number of closures of parts of depots and one currently unused depot to facilitate rationalisation and development of new facilities. None of these closures raised significant public interest concerns.

Competition

■ Competition Act 1998

4.40 The Competition Act 1998 came fully into force on 1 March 2000 and has significant implications for the manner in which the rail companies and their suppliers conduct business within the UK.

4.41 The new Act introduces two prohibitions: one of agreements which prevent, restrict or distort competition and which may affect trade within the UK; the other of conduct of undertakings which amounts to an abuse of a dominant position in a relevant market and which may affect trade within the UK. The Act is applied and enforced by the Director General of Fair Trading (DGFT) with many of the powers vested concurrently in the Regulator with respect to the railway sector.

4.42 During the year, on-going work within the Concurrency Working Party (which is made up of representatives of the DGFT and the sectoral regulators) has finalised numerous guidelines which have subsequently been published by the Office of Fair Trading. In addition, the Regulator has published draft railway specific guidelines which set out how he expects to apply the Act to the railway industry.



■ **Rolling stock leasing companies (ROSCOs)**

4.43 During July 1999 the Deputy Prime Minister indicated that he had chosen to accept the code of practice negotiated by the Regulator as a preferable alternative to full regulation of the rolling stock leasing market. The code will be supported by separate arrangements between the sSRA and each of the ROSCOs designed to mitigate any market failure at the time of franchise replacement. The Regulator will enforce the code using his new Competition Act powers.

4.44 The Regulator subsequently secured changes to the draft code to include more transparent obligations with regard to safety following the Ladbroke Grove rail crash.

4.45 The ROSCOs were then instructed to publish their individual codes of practice. The Regulator also gave a clear indication to the ROSCOs that he expects them to abide by both the spirit and the letter of the codes.

Working with the sSRA

4.46 During the year Parliament considered proposed legislation which, when enacted, will transfer the consumer protection functions of the Regulator to the SRA. Preparation for this transfer continued during the year. The Consumer Benefits Group (a joint ORR and sSRA working group) met on a regular basis during this year to consider consumer protection issues. The group reviewed ATOC codes of practice, approved amendments to retailing arrangements, reviewed passenger research and mystery shopping, agreed revised National Rail Conditions of Carriage, worked on Passengers' Charter documentation and co-ordinated the activities of the two offices, while respecting the independent statutory roles of each office.

4.47 To prepare for the actual transfer of functions to the SRA, we participated in the sSRA steering group charged with delivering a functional SRA. We represented the concerns of ORR staff who might transfer with their work and set up a project plan to ensure appropriate timetabling of issues.

■ **Franchise replacement programme**

4.48 During 1999/2000 the sSRA embarked on its programme to replace the existing short-term franchises with longer term franchises. These will be linked to new track access agreements with Railtrack covering enhancement of the network. The Regulator's model clauses for track access agreements (see 3.13-3.17) will considerably facilitate this programme, and the enthusiastic support of the sSRA of this work has been welcomed.

4.49 We worked closely with the sSRA to facilitate development of this programme, giving advice to the sSRA and to franchisees and potential franchisees on the exercise of regulatory functions.

ORR resources and support services



Regulation is a knowledge-intensive function, and therefore entirely dependent on the quality of the human resource. Some key initiatives were put in place during the year to develop and enhance organisational effectiveness and to meet forthcoming challenges.

Development and training

■ *Organisational development*

5.1 Tom Winsor's appointment as Rail Regulator has given a higher public profile for the office, and a new, dynamic agenda. The changes required a period of reorientation. In order to refocus the efforts of staff and elicit their enthusiastic participation in achieving the new objectives, the Regulator commissioned a consultant to look at the organisation of the office, consider any concerns being raised by staff and make recommendations for change.



5.2 The consultant's report was presented to the Regulator in November 1999. It made a number of recommendations, some of which were to be immediately taken forward by the senior team. These included improving communication between the new Regulator and his staff, improving team briefings, introducing service standards for internal support services, improving the management of meetings and improving delegation within groups. A project group was formed in December 1999 to oversee the progress in these five key areas and delivery of the other recommendations in the report.

5.3 The response to the report from staff has been encouraging. By year end work had been substantially advanced, and in some cases completed, on the five recommendations requiring early action.

■ *Investors in People*

5.4 We are committed to achieving Investors in People (IiP) accreditation during 2000, and will be formally assessed against the IiP standard this year. Much work has been done over the past twelve months to ensure the office is ready to seek accreditation. This includes the creation of a learning resource library, the production of training videos on particular aspects of the regulatory framework, and the development of improved induction for new staff.

5.5 The network of the Central Rail Users' Consultative Committee (CRUCC) and RUCCs has made a separate commitment to achieving IiP and will also be going for accreditation this year.

■ *Training*

5.6 We have developed a more systematic and coherent approach to training and development in the office through personal development plans for all staff. Training has been delivered to meet management development needs and in team briefing, delegation, meetings management and staff appraisal.

5.7 In preparation for the Regulator's new Competition Act powers we have sponsored the training of a number of case officers. Most staff will be trained in the Competition Act in the forthcoming months. We also ran a series of Human Rights Act awareness sessions so that staff understand their additional responsibilities once the Human Rights Act 1999 comes into force on 2 October 2000.

Employee relations

5.8 Staff representatives of the office's consultative forum worked closely with management to secure improvements to terms and conditions of employment. These included enhanced annual leave allowances and special leave provisions and the introduction of a flexible working hours scheme. A pay flexibilities committee was established to address the need for in-year salary





increases to reflect market rates, job growth, and individual contributions by staff.

5.9 ORR was represented on the working group established to manage the transfer of functions from Office of Passenger Rail Franchising, British Railways Board and parts of ORR and the Department of the Environment, Transport and the Regions (DETR) to the new Strategic Rail Authority (see 4.47). A sub-group, the Human Resources Review Group, was formed specifically to consider best practice terms and conditions and human resources policies. The first phase of the work programme ended in March 2000 and will be followed by more detailed recommendations for SRA terms and conditions.

Recruitment

5.10 Recruitment in ORR is carried out on the basis of fair and open competition and selection on merit, in accordance with the recruitment code laid down by the Civil Service Commissioners. ORR's systems are also subject to internal check.

Appointments made during 1 April 1999–31 March 2000

	Senior Civil Servants	Level 1	Level 2	Level 3	Level 4	Total
Total	2	2	4	16(6)	10(2)	34
Male	1	2	2	11(5)	3	19
Female	1	0	2	5(1)	7(2)	15
White	2	0	4	15(6)	4(1)	25
Black (Caribbean)	0	1	0	0	0	1
Black (African)	0	0	0	0	2	2
Black (other)	0	0	0	0	1	1
Asian (Indian)	0	1	0	1	1(1)	3
Asian (Pakistani)	0	0	0	0	1	1
Asian (other)	0	0	0	0	1	1
Unknown	0	0	0	0	0	0
Non Disabled	2	2	4	16(6)	10(2)	34
Disabled	0	0	0	0	0	0

5.11 The table above shows a breakdown of external recruitment to new appointments. Figures in brackets refer to appointments to the C/RUCC network. On one occasion the permitted exceptions to fair and open competition was used. A short-term appointment was made where a highly specialised skill was required. In this case the appointment to the Senior Civil Service grade was made with the prior approval from the Civil Service Commissioners' Office. Total staff in post at 31 March 2000 numbered 162 with 31 of those working in the C/RUCC network. (Figures exclude the RUCC chairmen and the Regulator). A detailed profile is shown in the table on page 41.



Total staff in post at 31 March 2000

	Senior Civil Servant	RUCC Level 1	Level 1	RUCC Level 2	Level 2	RUCC Level 3	Level 3	RUCC Level 4	Level 4	Total
Total Numbers	5	1	7	1	22	21	63	8	34	162
Gender										
Male	4	1	7	1	18	23	28	0	10	92
Female	1	0	0	0	4	9	24	11	21	70
Ethnic Origin										
White	5	1	5	1	22	27	44	9	17	131
Black (Caribbean)	0	0	1	0	0	0	4	0	2	7
Black (African)	0	0	0	0	0	0	3	0	5	8
Black (other)	0	0	0	0	0	0	0	0	1	1
Asian (Indian)	0	0	1	0	0	0	1	1	1	4
Asian (Pakistani)	0	0	0	0	0	0	1	0	1	2
Asian (Bangladeshi)	0	0	0	0	0	0	0	0	0	0
Asian (E African)	0	0	0	0	0	0	0	0	1	1
Asian (other)	0	0	0	0	0	0	0	0	1	1
Unknown	0	0	0	0	0	4	0	1	2	7
Disabled	0	0	0	0	0	0	0	0	0	0

The figures above are based on a head count of staff and exclude the Regulator and RUCC Chairmen.

5.12 During the course of the year we took action to reorganise and strengthen teams responsible for Railtrack regulation. In particular we are strengthening our capability on infrastructure engineering issues and on track issues.

Finance

5.13 In common with other regulatory bodies, the full costs of the office are recovered through fees charged to holders of licences. This does not affect the need for it to be directly financed by money voted by Parliament





and the office therefore has its own Vote (Class III, Vote 11) for which the Rail Regulator is the Accounting Officer.

5.14 For 1999/2000, additional funding was provided, which was not covered by licence fee receipts in-year. This comprised £1.168 million carried forward from previous years, and £2.6 million, which was covered by a transfer of funds from DETR to meet the increased costs of the new regulatory agenda.

5.15 The following table sets out details of the resources available to the office during the year, and a provisional estimate of actual expenditure. The main area of underspend was on consultancies, offset by increased capital costs on IT equipment.

	Expenditure in 1999/2000:	Pr ovisional outturn	
	Voted provision (inc. supplementaries)	Provisional outturn	Variance
	£'000	£'000	£'000
Running costs	12,794	12,517	-277
Capital	827	1,053	+226
TOT AL	13,621	13,570	-51
Less receipts	(9,853)	(9,853)	0
TOT AL	3,768	3,717	-51



5.16 The finance team performed its standard functions of processing receipts and payments, issuing and monitoring budgets, liaising with the Treasury and with internal and external auditors, assisting with procurement, and ensuring that we used the funds allocated efficiently and with due propriety. We successfully met the targets which were set during the year for progress towards the introduction of resource accounting and budgeting. As a result, the Treasury issued an Accounts Direction on 24 March 2000 requiring us to prepare resource accounts for the year ending 31 March 2000 in compliance with the accounting principles and disclosure requirements of the HM Treasury's Resource Accounting Manual.

5.17 We aim to pay all bills in accordance with agreed contractual conditions, or, where no such conditions exist, within 30 days of receipt of goods and services or the presentation of a valid invoice, whichever is the later. During the year, 98.2% of invoices were paid within the target period.



Information systems

5.18 The ORR is installing a leading edge IT infrastructure which will enable secure access to the outside world (internet and e-mail) as well as provide a comprehensive in-house service for the provision of recognised office and database activities in support of the office's remit. Work commenced on a significant upgrade to the network and IT facilities in November 1999 and will continue until August 2000. The whole IT upgrade project is in keeping with the 'Modernising Government' initiative, as we aim to manage our business through the efficient use of IT in order to provide a high level of service to the public.

Communications

5.19 Significant progress was made during the year to improve both internal and external communications. Special emphasis was given to the need to formalise team briefings so that top level decisions are cascaded quickly to all members of staff ensuring that colleagues have an opportunity to understand and question the policy issues behind important decisions.

5.20 With over 100 different items on the ORR publications list, the Library was kept extremely busy responding to over 9000 individual requests as well as hosting 156 visitors.

5.21 Senior staff undertook a number of visits in the year and also received scores of visitors from abroad on fact-finding missions to learn about the British experience of rail privatisation.

5.22 The ORR website is under continuous development, which has already brought an encouraging response from regular users who now find it easier to navigate. Recent innovations include the inclusion of the public register index, separate web pages created for West Coast Main Line, the 2000 periodic review, guidelines to the recently-introduced Competition Act 1998 and the model clauses initiative.

Appendix 1: Licences and exemptions

The Railways Act requires operators of railway assets to be licensed unless the Regulator or the Secretary of State has granted an exemption. During the year, the following licence and exemption applications were received:

Applications received from 1 April 1999 to 31 March 2000

Licences

Applicant	Date application received
Alstom Train Services Ltd	13.8.99
Mendip Rail Ltd	16.8.99
West Coast Traincare Ltd	17.9.99
GB Railfreight Ltd	18.10.99
Prorail Ltd	4.11.99
Pre Metro Operations Ltd	28.3.00
Desquenne et Giral UK Ltd	31.3.00

Exemptions

Applicant	Date application received
Edmund Nuttall Ltd	25.8.99
Stirling McNicholas Ltd	4.10.99
Gamble Trackline Services	8.10.99
Epping Ongar Railway Ltd	13.10.99
J Murphy & Sons Ltd	22.10.99
Taylor Woodrow Construction Ltd	23.11.99
Owen Williams Railways Ltd	31.1.00
The Vale of Glamorgan Council	31.1.00
Blue Circle Industries plc	25.2.00
Keith & Dufftown Railway Ltd	23.3.00

Change of control approved by the Regulator from 1 April 1999 to 31 March 2000

Licence holder	Change of control approved	Control by
Northern Spirit Ltd Merseyrail Electrics Ltd	18.2.00	Arriva plc

Licences revoked by the Regulator by agreement with the licence holder from 1 April 1999 to 31 March 2000

Licence holder	Date
Racal Telecommunications Ltd	21.3.00

Licences granted by the International Regulator from 1 April 1999 to 31 March 2000

Licence holder	Date
English Welsh & Scottish Railway International Ltd	27.8.99

Licences granted by the Rail Regulator from 1 April 1999 to 31 March 2000

Name of licence holder	Date	Passenger licence	Non-passenger licence	Station licence	Light Maintenance Depot (LMD)	Network licence
Alstom Train Services Ltd	17.1.00				•	

During the year the Regulator granted exemptions to the following operators:

Title of exemption	Date	Passenger licence	Non-passenger licence	Station licence	Light Maintenance Depot (LMD)	Network licence
Mid-Norfolk Railway Preservation	30.4.99	•	•	•		•
Jackson Civil Engineering Ltd	20.5.99		•			
Geoffrey Osborne Ltd	27.5.99		•			
Rail Management Services Ltd	28.5.99	•	•	•		
May Gurney Construction Ltd	4.6.99		•			
W A Developments Ltd	28.8.99		•			
J Murphy and Sons Ltd	22.10.99		•			
Docklands Light Railway Ltd	19.11.99	•	•	•		•
Freightliner Ltd	10.12.99				•	•
North Tyneside Council	20.1.00	•	•	•	•	•

Appendix 2: ORR Management Structure (at 31 March 2000)

The office has three policy groups (Directorate of Operator Regulation, Directorate of Network Regulation, and Directorate of Economics and Finance), together with three service groups (Resources, Legal and Directorate of Strategy Planning and Communications). The main responsibilities of each group and senior staff are set out below. The Regulator is also advised by non-executive members of the ORR Board.

Rail Regulator Tom Winsor

■ DIRECTORATE OF STRATEGY, PLANNING AND COMMUNICATIONS

Director, Strategy, Planning and Communications **Keith Webb**

Head of Strategy and Planning Vacant

Chief Information Officer Ian Cooke

Press Officer David Davies

Librarian Sue MacSwan

Manager, Information Systems team Kyrene Doble

■ DIRECTORATE OF OPERATOR REGULATION

Regulation of licensed operators. Consumer protection, network benefits and passenger service issues. Competition policy. Station and depot access regime.

Director **Melanie Leech**

Head of Licensing and Consumer Protection **Robin Griffiths**

Manager, Network Benefits Peter West

Manager, Licensing Vacant

Manager, Passenger Communications Mark Smith

Manager, Consumer Liaison Unit Stuart White

Manager, Stations and Depots Team David Chapman

Manager, Closures Regulation Team Bill Hammill

Head of Competition **Phil Smith**

Head of Consultative Committee Sponsorship Unit **Gwyn Maysey**

■ DIRECTORATE OF NETWORK REGULATION

Regulation of Railtrack, rail freight, the track access regime, safety and technical service to all other groups, international regulation policy.

Director **Michael Beswick**

Head of Railtrack Regulation **Peter Bourton** (acting)

Head of Network Policy Development **Sunil Gupta** (acting)

Manager, Passenger Track Access Brian Kogan

Head of Freight Regulation **Martin Brennan**

Manager, Freight Network Regulation Iain Dewar

Manager, Freight Market Regulation	Annette Egginton
Manager, International Regulation Policy	Andy Burgess

Head of Technical Services **Michael Woods**

Head of Infrastructure and Asset Management **Colin Brading** (acting)

Operating Adviser	Richard Wallace
Operating Adviser	Peter Lane
Performance Adviser	Paul Hadley

■ DIRECTORATE OF ECONOMICS AND FINANCE

Primary responsibility for the periodic review of Railtrack's access charges, and advice on economic and financial aspects of all other policy areas.

Chief Economist and Director, Economics and Finance **Paul Plummer**

Economist	Nicola Shaw
Economist	Matthew Cherry
Economist	Jonathan Clyne
Economist	David Ruck

■ RESOURCES

Resource management for the ORR

Head of Resources **Delbert Sandiford**

Head of Human Resources	Vacant
Head of Finance	David Edwards
Head of Facilities	Graham Hewett

■ LEGAL

Legal advice to the ORR

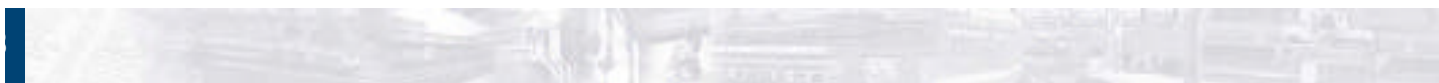
Chief Legal Adviser **Michael Brocklehurst**

Legal Adviser	Rob Caune
Legal Adviser	Stuart Marks
Legal Adviser	Brian Hurwitz

■ NON-EXECUTIVE DIRECTORS

Four non-executive Directors served during the year:

Stephen Glaister	1 April 1999 – 31 March 2000
Thomas Boyd-Carpenter	1 April 1999 – July 1999
Peter Warry	1 November 1999 – 31 March 2000
Richard Gillingwater	1 January 2000 – 31 March 2000



Credits

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