

# Station Access

**Commission to deliver a simpler and more integrated railway**

**Discussion paper 3.1**

14 March 2023

# Contents

1.	Introduction to Paper 3.1 - Station Access .....	3
1.1	Aim.....	3
1.2	Context.....	3
1.3	Summary of Proposals .....	4
1.4	Content.....	5
1.5	Questions for stakeholders .....	5
2.	The current framework .....	6
2.1	Station Contractual Framework and Operating Model.....	6
2.1.1	What is the current Contractual Framework? .....	6
2.1.2	What is a Station Facility Owner? .....	7
2.1.3	What is the Station Licence?.....	7
2.1.4	What are the Access Conditions? .....	7
2.1.5	What is the Access Agreement? .....	8
2.1.6	What is the Operating Model?.....	8
2.2	Problems and Issues .....	9
2.3	Making Changes at Stations.....	12
2.3.1	Station Change.....	12
2.3.2	Minor Modification.....	13
2.3.3	Landlord's Consent.....	14
2.4	Problems and Issues .....	15
3.	GBRTT Vision for future approach .....	17
4.	GBRTT Proposals for simpler, better, industry processes .....	18
4.1	Station Contractual Framework and Processes .....	18
4.1.1	What are the benefits of these proposals? .....	20
4.2	Making Changes at Stations .....	21
4.2.1	What are the benefits of these proposals? .....	23
5.	How will the changes be implemented and what are the risks? .....	247
6.	Questions for Stakeholders .....	24

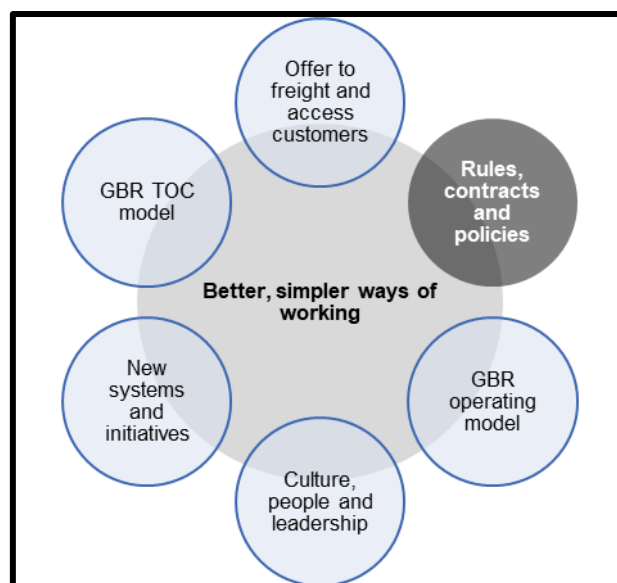
# 1. Introduction to Paper 3.1 - Station Access

## 1.1 Aim

The aim of this discussion paper is to seek feedback from stakeholders on the opportunities that Great British Railways Transition Team (GBRTT) has explored for changes to the current contractual framework, regulatory rules, and industry processes that apply today at stations owned by Network Rail. This paper is produced as part of the Commission from DfT on Simplification of Industry Processes.

## 1.2 Context

The Workstream is integrated with the GBRTT Stations Workstream, which is developing a Target Operating Model (TOM) for future operation of stations. GBR has considerable work to do with the industry to determine the best operating model for stations, in particular which parties are best placed to plan and manage specific functions. Specifically, there is more work to do on asset management functions. Initial feedback from industry is consistent with our view that there may be significant benefits from a single party leading this function rather than it being split across different parties. However, this function could be undertaken by a number of different parties – including GBR, GBR-contracted TOCs, the private sector, or devolved TOCs or bodies. The proposals in this paper are designed to be neutral to how this operating model is ultimately designed. This means we are at this stage limiting the scope of this discussion paper on opportunities to change the legislative, contractual, and regulatory framework, rules, and processes. There will be some important contractual and process simplifications that could be achieved, depending on the model that is ultimately implemented, but work on these issues will follow once the model is confirmed. We recognise that this is only one part of what is required for GBR to deliver change and there are other critical enablers that need to be considered (see Figure 1 below).



## Figure 1: Critical enablers needed for GBR to deliver change

Nothing proposed in this paper is an indication of confirmed policy, and where we have made recommendations, these are subject to confirmation of the role and purpose of Great British Railways (GBR) and industry partners.

### 1.3 Summary of Proposals

Our vision is for a simplified contractual framework that reflects the changed operating environment, exploiting the efficiencies and opportunities created by GBR's new role as an integrated body, driving the right culture and behaviours, providing an excellent service to all passengers, customers, and freight users.

Our key proposals for simpler better station processes are:

- A significant **simplification** of the current contractual documents which will make them **easier to understand** and manage. Deleting obsolete or outdated parts will **reduce their complexity** and enable parties to focus on the areas that are really important.
  - There is potential to consolidate and simplify the current suite of six contractual documents into just three key documents.
  - We recommend that a single party takes accountability for asset management activities (noting that the proposed operational model for stations is still under development and there are several options being considered)
- The development of a new GBR Code, linked to a new Access and Use Policy. bringing together and aligning similar Station, Network, and Light Maintenance Depot processes into a single **transparent, clear, and fair** contract. Parties will be less daunted by **shorter, simpler documents** and encouraged by **clearer contractual rules**.
  - All the current change processes could be brought together to give a consistent approach for Stations, Depots, and the Network.
  - This could include a single dispute resolution mechanism to resolve disputes in a fair and consistent way.
- A new **simpler**, consolidated process for making changes at stations which will encourage parties to improve stations by being **less bureaucratic**, will consider materiality and impact to **speed up project delivery**, and **reduce conflict**, but still ensure there is proper **consultation** and compensation in appropriate cases.
  - Many changes could be exempt from the regulated change process in the future.
  - There is potential to remove the requirement for Landlord's Consent at many stations.
  - Parties may no longer be required to carry out both Minor Modification and Station Change.
- A joint asset management system to bring together and record all data on stations providing "one version of the truth" and enabling **better planning and delivery** of works, **improved productivity**, **lower costs**, and **better stakeholder safety**.

- This would bring data from Station Changes, Landlord's Consent, Minor Modification, and maintenance/repair activities all together in one place.

**We believe these proposals will put the interests of passengers and freight customers first, serving all parts of the industry, and ultimately lead to a better customer experience at stations.**

## **1.4 Content**

Most of these proposals are focused on stations that will be operated under National Rail Contracts (NRC) or Passenger Service Contracts (PSC) which will be managed by GBR. However, we recognise that they may impact other operators and Devolved Authorities. We will work closely with these parties to ensure there is not any undue discrimination, whilst honouring the commitments made in the Plan for Rail. We will also explore opportunities to alter existing arrangements to incorporate any proposals where they are supported.

## **1.5 Questions for stakeholders**

This paper is designed to provoke thought and challenge and we want to test our proposals with a wide range of stakeholders to make sure we deliver on the industry's aspirations for change. We welcome comments on any of our proposals, but there are also some specific areas that we are particularly interested in. These are set out in part 6 of the paper together with details on how you can respond.

## 2. The current framework

### 2.1 Station Contractual Framework and Operating Model

#### 2.1.1 What is the current Contractual Framework?

The majority of stations owned by Network Rail (NR) in Britain are leased to Train Operating Companies (TOCs) either in support of a Franchise Agreement granted by the Department for Transport (DfT), Transport Scotland or Welsh Government, or a Concession Agreement granted by Transport for London or MerseyRail. The contractual structure is shown in Figure 2 below.

The TOC normally operates the Station, holds the Station Licence, and is designated as the Station Facility Owner (SFO). The SFO grants Access Agreements to other Users who want to call at the station or use the station services and amenities. As there is no direct contractual relationship between Network Rail and other Users, it is required to enter into a Collateral Agreement to guarantee performance of its obligations under the Access Conditions. Network Rail currently operates 20 “managed” stations itself, where it is both the SFO and Station Licence Holder, granting Access Agreements to other Users at these stations.

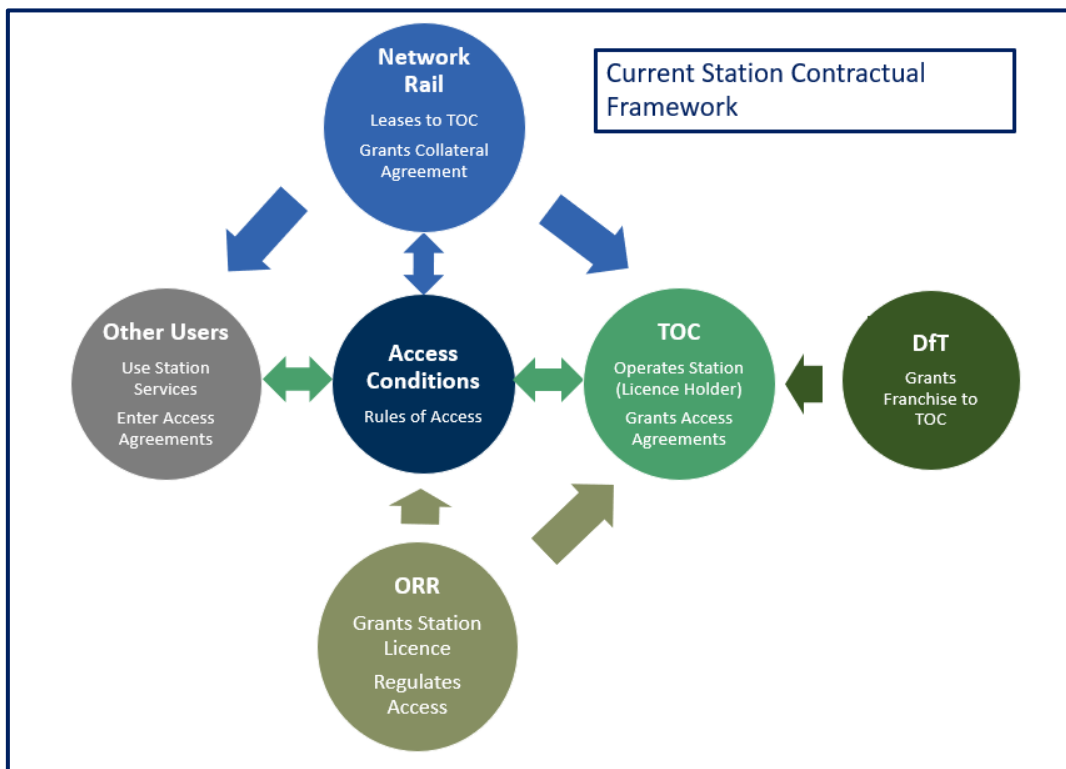
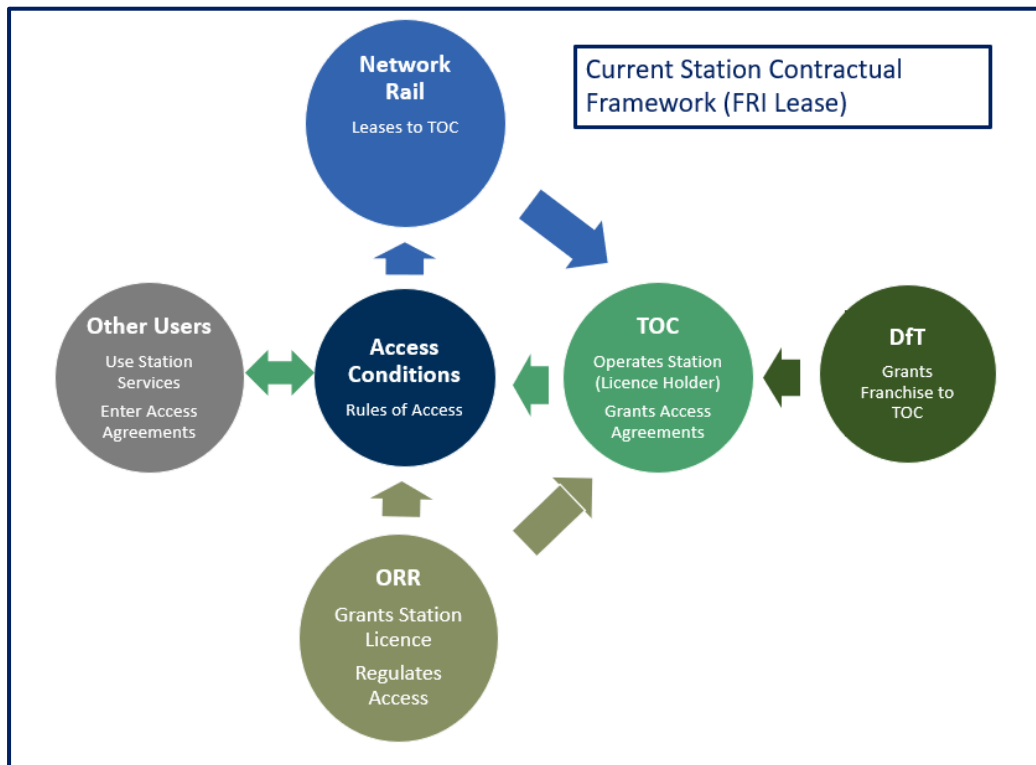


Figure 2 - The current Contractual Framework for most stations

The framework is slightly different at franchised stations let on Full Repairing and Insuring (FRI) Leases (as shown in Figure 3 below) where the lease and letting conditions are combined and there is no requirement for Collateral Agreements.



**Figure 3 - The current Contractual Framework for most FRI stations**

### 2.1.2 What is a Station Facility Owner?

Facility Owner is a defined term in the Railways Act. The Station Facility Owner (SFO) is the person who has an estate or interest in, or right over, the station and who grants permission (Access Agreements) to another person to use the facility. In order for a TOC to be a SFO they need to have a legal interest in the station, and this is normally done by Network Rail granting a lease. The SFO is normally, but not always, the licensed operator of the station. Sometimes the SFO may sub-contract some or all the operation of the station to another party (for example at some Network Rail managed stations and Bromsgrove franchised station).

### 2.1.3 What is the Station Licence?

The Station Licence gives permission for the Licence Holder to operate the station and is issued by ORR to the Station Operator when they have satisfied various requirements such as good repute, professional safety competence, financial fitness, and holding appropriate insurance cover. ORR normally assesses safety competence by whether an applicant holds a Railways and Other Guided Transport Systems (ROGS) safety authorisation.

### 2.1.4 What are the Access Conditions and Station Specific Annexes?

The Station Access Conditions (SACs) describe the rules that govern the relationship between all parties who use the station covering matters such as how charges are agreed, the process for agreeing changes to the station and remedies when things go wrong. Station Specific Annexes to the SACs cover details relevant to the station such as station

boundaries, description of facilities and services, and a detailed inventory of equipment and elements which allocates responsibility for repair and maintenance. Station Access Agreements which incorporate by reference the Access Conditions and Annexes are approved by ORR.

### 2.1.5 What is the Access Agreement?

The Station Access Agreement (SAA) is the contract between the SFO and any party who requires access to the station. It sets out details of the station services and amenities that will be provided to the User and the charges for those services. A SAA is an “access contract” as defined in the Railways Act and therefore requires to be approved by ORR to be valid.

### 2.1.6 What is the Operating Model?

Since privatisation, the industry has tried several different approaches to managing and operating stations to deliver better outcomes to those who use and interact with stations. There are four main operating models for stations in Britain at the moment and these are summarised in Figure 4 below:

Type of station	Station Facility Owner (SFO)	Description	Number of stations
Network Rail managed stations	Network Rail	<ul style="list-style-type: none"> <li>NR: Undertake all maintenance, repair and renewal activity. Responsible for the day-to-day management and operation of the station.</li> <li>TOCs: Undertake many day-to-day operational activities on behalf of NR.</li> </ul>	20
Franchised short-term lease stations	Train Operating Companies (TOCs)	<ul style="list-style-type: none"> <li>TOCs: Hold a short-term lease for operating the station and are responsible for the day-to-day management and operation of the station as well as some maintenance and repair activity.</li> <li>NR: Responsible for the remaining maintenance and repair activity and all renewal activity at the station.</li> </ul>	c. 2275
99-year Full Repairing and Insuring (FRI) lease stations	Train Operating Companies (TOCs)	<ul style="list-style-type: none"> <li>TOC: Holds a 99-year full repairing and insuring lease for these stations. Responsible for the day-to-day management and operation of the stations as well as all maintenance, repair and renewal activity at these stations.</li> <li>NR: Minimal role, but jointly undertakes a few activities.</li> </ul>	c. 170
125-year FRI lease stations	Rail for London (RfL)	<ul style="list-style-type: none"> <li>RfL (but may discharge some activities to its own operators): Holds a 125-year full repairing and insuring lease. Responsible for the day-to-day operation of the stations as well as all maintenance, repair, renewal and enhancement activity at these stations.</li> <li>NR: Minimal role</li> </ul>	c. 35

Figure 4 - Operating Models for Stations currently owned by Network Rail



## 2.2 Problems and Issues

Building on the work already undertaken by GBRTT on the Stations Operating Model and through initial engagement with the wider expertise and key stakeholders in the sector, several common problems and issues have been identified with current contractual framework:

Many documents and processes within the framework are old and outdated and were designed to protect an industry expected to decline. Some parts have never been used. The documents are difficult to understand and are seen as one of the barriers to 3rd Party investment. Complexity and regulation in multiple documents creates friction and inertia. Stations on long FRI leases operate under a simplified contractual framework and provide an example of what can be achieved using an alternative model, but these only represent a small proportion of all stations. Many colleagues in public bodies, potential commercial partners, and rail companies have told us that pursuing investments or reaching practical agreements around stations has repeatedly proved more complex and difficult than they expected it to be. The inevitable result is that people focus their time and money on other things, where results are easier to achieve, and processes are less opaque. This means that ultimately customers and passengers suffer from missed investment opportunities at stations.

The Station Specific Annexes include a Statement of Condition which scores the standard of repair of certain assets at the station. In many cases this statement has not been changed since the 1990's even though elements of the station have been renewed. The annexes also refer to "Existing Agreements" – legal contracts that may have an impact on the use of the station. When challenged, Network Rail has been unable to provide copies of some of these documents or advise on their impact and consequently stakeholders have questioned their purpose and value.

The various rights and obligations are spread across several different contractual documents which make them challenging to interpret and manage effectively and efficiently. It also adds complexity when parties want to change the arrangements, as a change to one document could have unintended consequences on another.

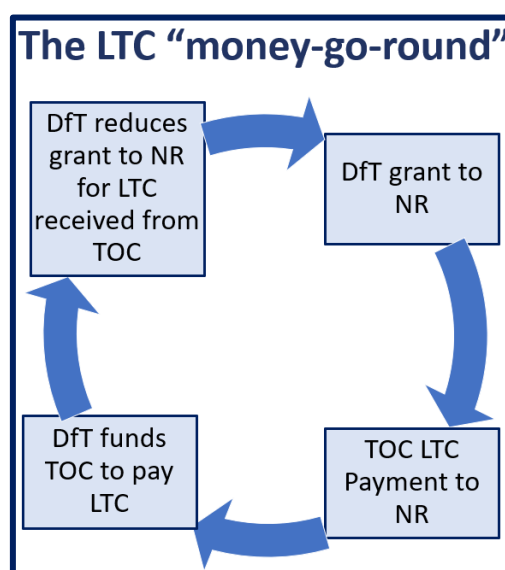
At Franchised Stations, LTC is defined as the annual Long Term Charge in Network Rail's lease to the Station Facility Owner (SFO). The obligation for the SFO to pay LTC is set out in the Station Letting Conditions, but the actual amount payable is set out in the Station Specific Annexes. The Station Access Conditions set out how LTC is apportioned between Operators and that LTC forms part of the Common Charges for the Station which are also defined in the Station Access Conditions. The Station Access Agreement sets out the obligation for other Operators to pay the Common Charges and the proportion that the Operator is required to pay. Therefore, to fully understand LTC and any possible rights and obligations it is necessary to understand five separate but inter-related documents.

The current contractual model was designed with NR as the infrastructure manager and DfT as the Franchising Authority for services in England (and some cross border trains). It is assumed that GBR will be an integrated body with accountability for both functions and therefore there are some key elements of the framework which no longer fit the new model.

Many Franchise Agreements require and fund Operators to undertake certain works at stations which may require approval from Network Rail as the Infrastructure Manager and Landlord. Assuming GBR will be Franchising Authority and Infrastructure Manager would mean it would in effect be directing and approving its own proposals.

There are many contractual payments made between the parties for various charges and services that simply create a money-go-round and don't make any difference to profits or costs. These are sometimes referred to as "wooden dollars" (see Figure 5 below).

At Franchised Stations the SFO is required to pay LTC to NR. Other Users at the Station are required to pay Access Charges to the SFO which include a proportion of the LTC that the SFO pays to NR. The total amount of LTC that Network Rail receives is combined with the other Charges it receives from Operators for use of the railway and is used to offset its grant from DfT. Currently many Operators are also funded by DfT to pay LTC to NR. Ultimately, therefore, the money paid by DfT in LTC simply reduces the grant that DfT will pay to NR. Furthermore, if GBR becomes the Franchising Authority, it will internalise this money-go-round, making payments to Operators under the new generation of operating contracts that cover LTC costs, and then also charging them LTC and other charges under Station Contracts.



**Figure 5 – The LTC "money-go-round"**

Operators who run services across many franchise areas are required to negotiate access charges and enter into numerous Access Agreements with the various SFOs. Some stakeholders have told us that, as the methodology for calculating charges is not prescribed, different SFOs adopt different approaches. This is time-consuming for some operators and can lead to a lack of consistency for charges (it is acknowledged that both the ORR and the Access and Management Regulations provide some protection against inconsistent or discriminatory charging).

Cross Country Trains currently have around 20 separate Station Access Agreements with SFOs, and Northern Trains have 10. DB Cargo have more than 20. Some Access Charges are reviewed annually while others are just indexed. At Franchised stations there are no provisions to amortise large one-off costs over more than one year.

Community Rail Partnerships tell us the current contractual complexities and interfaces create lots of barriers to overcome and they see a lot of duplication between NR and TOCs. They also see inconsistencies across the various NR regions and franchises with different processes and requirements for the same activities. They want the interfaces and processes to be simple and consistent. Making improvements and delivering efficiently at stations are often core to the fundamental purpose of Community Rail Partnerships. However, as small, lightly funded organisations they realistically cannot employ specialists or expend major effort to understand complex processes. Ultimately this reduces the value of the taxpayer and commercial funding put into these bodies resulting in fewer opportunities to enhance stations and consequently a poorer experience for passengers and customers.

Community Rail Partnerships tell us there is no standard process for progressing community leases of redundant spaces, so each TOC and NR Region has a different approach to responding to such requests. Although TOCs in particular have considerable experience of dealing with commercial lets of parts of their estates, neither TOCs nor NR have well-developed processes for dealing with leasing to community organisations, which have somewhat different requirements and expectations.

The contractual split of maintenance, repair, and renewal responsibilities (and the funding for) at most stations results in duplicated effort, extra costs, ambiguity, and conflict. Where responsibility for equipment or elements are unclear these are sometimes referred to as “grey assets”. It can take considerable time and cost to resolve these issues and, in some circumstances, can lead to poor and potentially dangerous outcomes and a worse experience for customers. At stations where there is single asset accountability (such those leased on FRI terms) this is less of a problem, but the length of franchise can impact on the operator’s ability to fund large projects and drive longer term investment

In May 2021, bricks from a station wall at Northwich station fell onto the station canopy, causing it to collapse onto the platform, as the wall had suffered from severe vegetation growth. The collapse did not cause any

injuries, but three members of the public were on the platform at that time. An independent cross-industry safety investigation found that the risks associated with vegetation growing from the building were not effectively managed by Network Rail, as there was not one ‘controlling mind’ at the station with there being a lack of clarity of roles and responsibilities between Network Rail and the TOC leading to responsibilities for certain activities becoming open to interpretation by staff.

## 2.3 Making Changes at Stations

When parties need to make changes at the majority of stations there are three main processes that need to be considered:

- Station Change
- Minor Modification
- Landlord’s Consent

### 2.3.1 Station Change

#### What is Station Change?

When the facilities at stations are changed, either through projects or changing use, there may be a material impact (either temporary or permanent) on the operation of the station. Also, the contractual elements that govern the relationship between Network Rail, the Station Facility Owner, and other Users at the station may change. These elements are defined in the Station Access Conditions (SACs) and Station Specific Annexes for each station and may include things like changes to the equipment inventory or station plan. Station Change is the regulatory process used to ensure that all users of stations are properly consulted before changes are made and to facilitate, and where necessary, record these changes. The procedures are set out in the SACs and ensure that those changes are formally registered with (and when necessary approved by) the ORR.

#### Why does the ORR regulate Station Change?

Under Section 4 of the Railways Act the ORR has a general duty to protect the interests of users of railway services.

All Station Access Agreements incorporate Station Access Conditions. As the Railways Act requires ORR to approve all Access Agreements this means any changes to the Access Conditions are also required to be approved by ORR.

The ORR has a shortened procedure for pre-approving certain changes to the Access Conditions known as “General Approvals”. These include things such as increasing the quantity of items in the equipment inventory or adding a new item which is already listed in the template inventory. Changes that do not fall within the General Approvals require Specific Consent.

#### Do all changes at a Station require Station Change?

Some activities at stations such as maintenance and repairs, emergency works, and works that don't materially impact on the operation of the station may not require Station Change.

### **2.3.2 Minor Modification**

#### **What is Minor Modification?**

Minor Modification is part of the Network Modifications (Closures) Regime set out in Sections 34 and 35 of the Railways Act 2005 ("the Act"). It is a shortened process that permits the removal or reduction of certain station services without the need to follow the full closure procedure under the Act. The general principle is the discontinuance of the operation or use of part of a Station can be treated as a Minor Modification rather than a closure if it is not necessary for, or in connection with, the provision of railway passenger services.

#### **Who decides if a Minor Modification application is appropriate?**

Under the Act the Scottish Ministers, Welsh Ministers, and Secretary of State ("the National Authorities") decide what can be treated as a Minor Modification for stations that are wholly in Scotland, Wales, and England respectively. (For Wales only stations at which the only scheduled calls made by any railway passenger service are those made by a railway passenger service provided under a Welsh franchise agreement or secured to any extent by the Welsh Ministers). This is known as a "Determination" under the Act.

Under the Section 34(4)(b) of the Act the National Authorities can make a determination relating to a description of closures that are eligible Minor Modifications, and to make a determination to cover all cases falling within that description without having to make a further individual determination. These are known as "General Determinations". There is currently one General Determination (GD/001) that was made in 2007 for the replacement of a facility/structure with a new facility/structure in a different part of a station or removal of facility/structure because of persistent criminal damage.

In England the process is administered by the Fares, Ticketing and Passenger Benefits Team in the DfT on behalf of the Secretary of State. Similar arrangements are in place for Transport Scotland and Welsh Government.

#### **What would be considered a Minor Modification?**

The Secretary of State issued a Minor Modifications Guidance Note in 2007 (adopted by all National Authorities) which gives examples of the type of changes that would be considered Minor Modification (these were based on closures determined as a minor closure by the Strategic Rail Authority under the Railways Act 1993, as amended by the Transport Act 2000):

- The demolition of structures within a station, for example station toilets, waiting shelters, platform canopies, or footbridges.
- The permanent closure of any station facilities, such as locking out of use toilets, waiting rooms, etc. (even if the structure remains in place).
- The reduction in length or removal of a platform.
- The relocation or reduction in size of a station car park (owing to sale of station land).
- The conversion of a part of the station to another use which is not station related (such as retail).

- The closure of part of or all of an approach road or footpath to the station.

Station Operators can propose changes that fall in the above categories following the shortened process for Minor Modification rather than the full closure process. In the event that the National Authority does not issue a determination, then the proposal is not deemed to be a Minor Modification and would have to be considered under the full closure procedure.

### **What is the process for Minor Modification?**

When making an application for Minor Modification the proposer needs to decide whether, in their opinion, it will fall under a General or a Specific Determination and follow the relevant process. Where this is not clear pre-application discussions may take place with the relevant National Authority which may conclude that no Minor Modification is required. Both types of determination require an industry consultation with stakeholders. The National Authority decides the outcome of a Specific Determination. If a General Determination has no objections, consent is automatically granted. If objections are received the National Authority will expect that the proposer seeks to resolve these, and a Specific Determination is required from the National Authority. Minor Modification proposals can be made by the Station Operator or by Network Rail, if authorised by the Station Operator.

### **What are the timescales for Minor Modification?**

The National Authority will conduct an initial review of the proposal on first receipt and may seek further information from the proposer. The consultation period is four weeks. There are no statutory timescales laid down in the Act for the National Authority to consider an application for a minor modification. The length of the consideration may be extended by the need for further information in response to issues raised through the consultation and if there are sensitivities around the proposals. The Guidance suggests an application should be made at least 10 weeks prior to the planned start of any works.

### **What happens if Minor Modification is ignored?**

A Minor Modification to which the Act applies cannot be put into effect unless it has been authorised through the appropriate procedure. Authorisation cannot be given retrospectively.

## **2.3.3 Landlord's Consent**

### **What is Landlord's Consent?**

Operators who hold a Station Lease from NR may be required to apply to NR for their written consent as Landlord before they are able to undertake certain works at a Station. This is a bi-lateral agreement between NR and the Operator and does not require industry consultation. Consent is granted via a Licence to Alter using an on-line portal.

### **Do all works at a Station require Landlord's Consent?**

Some activities at stations such as maintenance and repairs, emergency works, and works that don't materially impact on the operation of the station may not require Landlord's Consent. Stations leased on FRI terms do not generally require Landlord's Consent for works (other than where sub-tenants such as retailers want to make alterations).

### **Does Landlord's Consent replace Station Change or Minor Modification?**



No - Landlord's Consent is additional process documenting agreement between Landlord and Tenant and does not remove the need to follow the other processes, where required.

## 2.4 Problems and Issues

Building on the work already undertaken by GBRTT on the Stations Operating Model and through engagement with the wider expertise and key stakeholders in the sector, several common problems and issues have been identified with these three processes:

- They overlap with each other meaning, in some circumstances, three very similar processes need to be followed which adds to costs, time, and resource. They are seen by many as overly bureaucratic and can lead to duplication of effort and delays to project delivery.
- Separate processes mean records of changes are currently stored across several separate databases in several separate organisations – Network Rail, Train Operating Companies, ORR, and National Authorities. This makes the retrieval of information unnecessarily complicated and increases the risk of a loss of corporate knowledge.
- The processes can create uncertainty and confusion for some, which can lead to delays in project delivery and increases in costs. They sometimes have the unintended consequence of incentivising perverse behaviours and can be used to leverage a commercial advantage, which is not what the process was designed for. They are considered disproportionate for many works that seek to improve the station and customer experience - proposals that should be welcomed and not tangled up in a complex regulatory and commercial processes. Some stakeholders see this as a further barrier to 3rd party investment.
- The current Station Change process is complex with five types of potential change, each requiring a different process. While the reasons for this were understood and the changes made to the process in 2013 were broadly welcomed, stakeholders tell us the rules are sometimes confusing and illogical particularly to outside parties who do not have expert knowledge. In addition, there are also different processes for Depot Change and Network Change to add further confusion. This is also seen as a barrier to investment in the industry.
- The level of detail in the Station Access Conditions means many non-material alterations still need a station change (with ORR approval) purely because of a requirement to update the Station Annexes.

A recent project to increase the number of benches at a station from two to three required a Station Change because the Station Annexes listed that there were two benches at the station.

- Works that are part of nationally agreed programmes such as Access for All schemes or the recent project to install tactile paving at many stations still need to go through these formal processes even though the principle of the proposals have already been through a detailed approval and consultation process.
- In some cases, there is a lack of a guiding mind and co-ordination of works planned at stations by the various Users and stakeholders with separate schemes at the same

station being delivered in isolation. This misses opportunities to combine processes, reduce impact on passengers and save costs.

At one station on the network there are currently four separate projects planned or in progress. NR is currently installing a lift under an Access for All scheme. This new lift will be mothballed pending safe access being provided by the next scheme which is a refurbishment of canopies and the footbridge over the next 18 months. In addition, the TOC is delivering public realm improvement works funded by local authority and the Network Rail Decarbonisation Programme team (a national team) are due to install electrical vehicle charging points at the station car park under a separate scheme.

- While it is recognised that there needs to be some form of obligation to engage and collaborate with other Users to discuss, plan, and implement works some stakeholders question the need for all station change proposals to be registered by ORR.
- There is uncertainty within the industry on what works are covered by the Minor Modification process which has resulted in an inconsistent approach across the railway. The wording in the Guidance leads to inconsistent interpretations on whether proposals require general consent, specific consent, the full closure provisions, or any consent at all. The uncertainties within the current process can lead to delays in project delivery and increases in costs.
- There is no materiality or impact test for the removal of station facilities in the Minor Modification process.

Alterations to a carpark that improve accessibility/services could be considered Minor Modification if it resulted in a reduction in total spaces. Similarly, the removal of spaces due to a sale of land would also be considered a Minor Modification. Both scenarios would require the same consultation and Specific Determination from the National Authority even though the former results in a benefit to customers – this is not viewed as proportionate.

- The processes incorrectly assume that Operators do not consult with key stakeholders in advance of any planned works as part of their normal business activities, meaning that in many circumstances the same parties are consulted twice.
- There are no fixed timescales for Minor Modification or Landlord's Consent which leads to uncertainty and sometimes delay to projects while an application is reviewed and determined. This can frustrate 3<sup>rd</sup> Party investors and outside parties who see this as yet another hurdle to overcome, and one they have little control over.
- It is perceived that the Landlord's Consent process is not effectively managed by NR causing delays and leading to many applications never being formally closed. This particularly causes issues at franchise change where applications are outstanding, and the incoming franchisee is expected to take them on. NR also report that some works are undertaken before consent has been granted or without consent at all.



### 3. GBRTT Vision for future approach

Our vision is for a simplified contractual framework that reflects the changed operating environment, exploiting the efficiencies and opportunities created by GBR’s new role as an integrated body by:



To realise our vision, we are proposing significant reforms to the current station contractual framework, station processes, and the way changes are governed at stations, and these are set out in section four below.

(\*We recognise that the proposed operational model for stations is still under development and there are several options being considered and acknowledge that this may not be appropriate for devolved authorities and non-GBR stations)

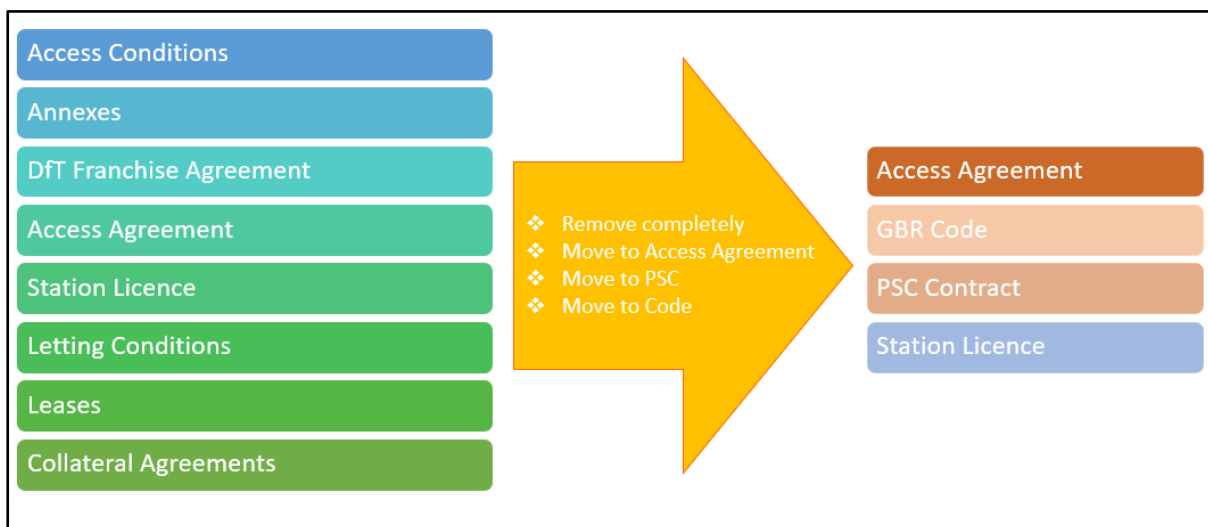
# 4. GBRTT Proposals for simpler, better, industry processes

## 4.1 Station Contractual Framework and Processes

GBRTT is proposing a revised contractual framework that reflects GBR’s assumed role as Franchising Authority, Infrastructure Manager, and enabling guiding mind. The new framework while accommodating GBR’s role as Franchise Authority, must also provide appropriate protections to non-GBR operators (freight, open access and services commissioned by other specifiers).

We propose the development of a new GBR Code, linked to a new Access and Use Policy (see Paper 4.1 – Framework Overview). The Code will be based on an evolution of the current Network Code but bringing together and aligning similar Station Network, and Light Maintenance Depot processes, so that there is just one set of transparent, clear, and fair, contractual rules incorporated into every Access Agreement. This will include effective mechanisms to resolve disputes proportionately and in a consistent way.

Through consolidation, simplification, and deletion we believe there is a huge opportunity to explore the potential for a significantly streamlined the current contractual framework with just three key contracts (together with the Station Licence) as shown in Figure 6:



**Figure 6 – Proposed simplification of Contractual Framework for Stations**

We support the recommendations in the Plan for Rail for a single operational team at stations bringing together all station management activities and this will enable a single party to take accountability for asset management. We are not making any assumption on who that party will be as we recognise that the operational model for stations is still under development and several options are being considered.

Regardless of who is accountable for asset management, under the new contractual framework, GBR could become the Station Facility Owner for the majority of stations in

England (where the current SFO is either NR or a DfT TOC) and take overall accountability for the provision of station services and amenities. We recognise that there will be different arrangements in Wales and Scotland and will work with the devolved authorities to explore how our proposals can support their aspirations. We understand that some parties may see this as a loss of control but with GBR as the SFO, TOCs will continue to have an important role in operating stations as they have the relevant skills and are best placed to do this. This does not mean that GBR will employ station staff and deliver services to customers, but there would be a single accountable party, unlike today. We see the role of the SFO as being accountable for what services are provided at stations but not how they are delivered. We see this split today with the Station Access Agreement setting out the “what” and the franchise agreement the “how”.

The Station Access Agreement simply contracts the SFO to clean the station but does not always say to what standard. It is the franchise agreement that sets the service quality regime, standards, key performance indicators and financial incentives for station cleanliness on the franchise operator as this is seen as a key driver of passenger satisfaction.

As SFO there is potential for GBR to drive efficiencies by aggregating and sub-contracting some common activities and services across more stations (such as automatic ticket gates and utility costs).

We think the TOC would be the best party to hold the Station Licence and safety authorisation for the Station (although if it was GBR there would be a further opportunity for simplification by consolidating the station licence obligations into GBR’s Network Licence). It is noted that some stakeholders have expressed safety concerns over splitting the role of SFO and Licence Holder as this could lead to confusion over who has overall accountability for safety at the station. GBRTT believes this can be done safely (and we note it is already done today at Bromsgrove station) and, working with industry parties, it will ensure that a full verification is undertaken before any changes are made to ensure all parties are satisfied there is no increase in risk.

At Bromsgrove Station West Midlands Combined Authority has taken a 99 year Lease from Network Rail and is the Station Facility Owner. It grants all Access Agreements for the station but has sub-contracted the operation of the station to West Midlands Trains, who hold the Station Licence and Safety Authorisation. It has also contracted some repair and maintenance obligations to both West Midlands Trains and Network Rail.

Another approach would be for GBR (as the franchising authority) to designate a lead TOC at each station as the SFO who then takes single accountability for asset responsibility (similar to the current arrangement between NR and TOCs under FRI leases) While this wouldn’t deliver all of the benefits set out in Part 4.1.1 below (and it is recognised that the current short franchise lengths can frustrate funding for really large projects), it is an established model which already simplifies the contractual framework and this should be considered as part of the development of the future operating model for stations.

We also recommend that the current Station Access Agreements are reviewed in both their content and duration. Initially we had considered proposing five-year fixed term agreements, but some stakeholders expressed concerns over this approach, in particular the administrative burden it would create, and the need to give operators more certainty over long term access. An alternative option would be a longer access agreement (perhaps tied to the PSC length where appropriate) but with provisions to review charges at periodic intervals and mutual termination provisions. (We note that the Access and Management Regulations already give protection to Operators over station access with ORR able to direct the SFO).

If the proposal to remove the Station Access Conditions is accepted, we envisage that some of the provisions will need to be moved to the Access Agreements such as Insurance and certain reserved rights. Also, some parties have told us they think the termination provisions are difficult to understand and are not flexible enough.

We agree with Stakeholders that Access Agreements will need sufficient detail to provide contractual assurance to support delivery of NRC/PSC/passenger commitments and to work with budgeting, charging and performance processes, providing certainty of charges. The level of detail and protection must also support the ability for all Operators to plan their businesses with a reasonable degree of certainty.

#### **4.1.1 What are the potential benefits of these proposals?**

The introduction of the proposed GBR Code will create a single set of transparent, clear, and fair contractual rules to be incorporated into every Access Agreement. This could include an effective mechanism to resolve disputes in a consistent way and hold GBR to account. It will be easier to make changes across all parties and will be easier to manage and govern. It will align the three main change processes where possible which will reduce time and resources and add consistency to these disparate processes.

We think reducing and simplifying the current contracts will make them easier to understand and manage. Deleting obsolete or outdated parts will reduce their complexity and enable parties to focus on the areas that are really important and necessary. Outside parties will be less daunted by shorter, clearer documents and encouraged by clearer contractual rules.

A single accountable party for asset management will promote efficiency by reducing duplication taking a cost efficient, whole-life approach to station asset management. It will make the best use of the funds available through integrated station planning to deliver maintenance, repair, and enhancement works in most optimal way. Another GBRTT workstream is currently looking at the detailed design of the operating model for stations and as this work develops, we anticipate there will be further opportunities to explore for process improvements around the delivery and assurance of works.

A new framework with clearer and simpler contractual documents will make it much easier for Community Groups and 3rd party investors to engage with the railway. It will also significantly reduce the number of Access Agreements that need to be granted to other Operators and enable a consistent methodology to be adopted for the calculation and apportionment of charges.

If GBR is the SFO it will no longer be required to grant station leases to the operator of the station as it will no longer require a legal interest in the property (this is a requirement under the Railways Act). It will no longer need Collateral Agreements with other Users as it will have a direct contractual relationship through Access Agreements. Similarly with a lead TOC as SFO there may still be an opportunity to remove or simplify leases and Collateral Agreements, but these would need to be replaced with an alternative contract.

We believe that any of the proposals set out in 4.1 above can be delivered without any additional changes to legislation.

Opportunities should be considered for simplifying elements of the charging framework in order to avoid complex money flows. Where requirements on charging currently contained in legislation limit potential simplifications they should be reviewed as the industry structure evolves, whilst retaining requirements that are critical for non-discrimination.

## 4.2 Making Changes at Stations

We think there is an opportunity to design a new consolidated process for making changes at stations together with improvements to the provisions for Minor Modification that consider materiality and impact. Many changes could be exempt from the regulated change process if they are non-material, have minimal impact, or Users have been made aware of them when they enter into an Access Agreement.

We believe the level of detail should be appropriate to the purpose of the process which we think should just be an in-principle decision on the change (with the detail provided once a decision is approved).

A revised Change process will need to be clear when rights are restricted to just consultation or extend to compensation or objection. An indication of how this might work is shown below in Figure 7 and we are keen to explore with industry stakeholders whether this would work in practice – particularly the definition of non-material.

Type of Change	Non-material Change	Material Change	Exempt Activity
<b>(Minor Modification forms part of each change process)</b>			
Consultee Rights	Consultation only	Consultation, compensation, and objection	Notification only

**Figure 7 – Indicative example for Station Change types and consultation rights**

As in 4.1 above we suggest that through a single operational team GBR, Operators, and other stakeholders work together to develop integrated plans for many stations to identify and plan works collaboratively over the short, medium, and long term. Some parties suggest this should go further and include all railway works as sometimes these can also impact on stations and could provide opportunities for even more collaboration. We have been encouraged that this already takes place in some areas, but also recognise that it might not be appropriate for all stations.

We recognise there is still a need for an open and transparent process to ensure any proposed changes to a station are discussed with affected parties, but we do not think it is necessary for the ORR to be involved in the process for non-material changes. This obligation could sit in the GBR Code as set out in 4.1 above.

We believe that GBR should be able to exercise a veto in some circumstances, but this should be subject to challenge and to regulatory oversight. GBR should not, for example, be able to block one operator's service proposals/improvements to simply protect itself or its PSC/NRC operators.

We also recognise the need for changes at a station to be recorded in some way and we recommend that this should be part of a joint asset management system rather than the current arrangements where consents are spread across several different databases in different organisations.

For changes that would require an amendment to the Access Agreement we recommend a formal process is still followed with approval from ORR as required under the Railways Act but there could be scope to further expand the General Approval provisions (for example changes approved by a Minor Modification determination).

We recommend provisions remain for protection against changes which restrict or remove services without proper consultation and compensation in appropriate cases.

Minor Modification will still ensure there is meaningful consultation where facilities are being removed and we recommend this should be incorporated into the new change process, with clear and realistic timescales for consultation responses and decisions.

We propose that General Determinations for Minor Modification are expanded to include/clarify:

- Alterations to car parks that improve accessibility/services even if this results in a reduction in total spaces.
- The demolition and replacement of a structure or station facility when the new structure or facility performs the same function as that which it replaces (removal of the "three metre rule").
- Changes in use of a part of the station, provided that the new use is still in connection with the provision of railway passenger services, and the former function of that part of the station continues to be provided elsewhere within the station.
- A reduction in other station facilities as part of an enhancement scheme when the outcome results in an overall benefit to passengers.

We also propose the guidance for Minor Modification is revised to include the following:

- Clearer guidance on what constitutes Minor Modification.
- The removal of the requirement to formally consult where a General Determination is being made.
- Clear definition of how overall benefit to passengers is assessed.
- The removal of the requirement to undertake a separate consultation for Specific Determination applications where it can be demonstrated that there is already acceptance of the proposals.

- An updated list of mandatory consultees.
- The introduction of a deemed consent for Specific Determination applications after a fixed period of time.

The implementation of the new change process should also consider the potential to move to a web-based system, supported by templated documents and clear timelines (in particular when the process should be initiated).

#### **4.2.1 What are the benefits of these proposals?**

Stakeholder engagement and industry consultation will support the further development of our proposals and whether they are implemented, but we believe there are significant benefit that could be realised.

There are currently around 250-300 Station Change proposals per year which are required to be registered or approved by ORR under General or Specific Approval. On the assumption that a significant number of these could be considered non-material or exempt under the new proposals this could deliver savings in time and resources.

The major benefit in developing integrated station plans will be cost savings through better coordination, planning, and delivery of works, but the option to identify and “pre-approve” these works will generate further time and resource savings by not having to go through station change. We have acknowledged that under the current operating environment this will be a challenge, and this may be a proposal that can be developed as GBR, and the new operating model matures. We are also aware that some operators are cautious and have challenged the proposal not to offer compensation through the station change mechanism for such works and this needs further consideration.

A joint asset management system to record assets and changes at stations will bring all information together in one place providing “one version of the truth”. This will enable better planning for works, improved productivity, and improved stakeholder safety.

Integrating Minor Modification with Station Change will remove the need for a duplicated process, saving time, through unnecessary station changes.

Expanding the criteria for General Determinations and changing the guidance on Minor Modification will speed up delivery of projects, reducing time and costs to the industry when improving stations through fewer applications, a more consistent approach, and introducing fixed time scales.

Under the new proposed contractual model station leases may no longer be required and therefore the additional requirement for Landlord’s Consent is removed saving time and resource.

We believe that any of the proposals set out in 4.2 above can be delivered without any additional changes to legislation.



## 5. How will the changes be implemented and what are the risks?

Some contractual and legal arrangements are likely to need to be in place from day one of GBR, but it is recognised that the implementation of rail reform is likely to unfold over several years following the stand up of GBR, and this will require some industry processes to be changed iteratively as we move towards the final end state operating model.

If the proposals for the significant structural reform of the contractual framework are progressed consideration should be given to introduce these incrementally (perhaps as franchises are renewed) to mitigate risks of change. This could include using pilot schemes to test proposals before rolling out more widely. Where appropriate safety assessments will also be needed to ensure changes don't import unacceptable risks.

For the regulatory station process improvements set out in this paper this is likely to mean a planned programme of changes in content and processes with significant industry consultation and ORR approval.

There may also be opportunities to bring forward some incremental changes and improvements under the current operating models and this should be considered where they can deliver industry benefits early. Again, these proposals could be piloted across smaller groups of stations initially to mitigate risk.

Phase two of this workstream will consider implementation of the proposals including developing a proposed delivery plan at a detailed level (subject to subsequent consultation where necessary) and mapping out risks and is planned to start later this year.

We must keep focussed on the overall purpose which is to deliver simplified processes but also need to be aware of the potential risks of oversimplifying the framework to support GBR's proposed new role. We need to be sure that as any changes are implemented the appropriate checks and balances are in place to mitigate this. We must ensure all interested parties have a voice and remain engaged in the process making sure we are designing contractual and regulatory mechanisms that all industry parties can rely on.

## 6. Questions for Stakeholders

We believe we have an exciting opportunity to review the plethora of industry rules and processes that have built up over time and now block the ability to deliver a more integrated and simpler railway. We want to deliver this for the benefit of all passengers and freight users. Our recommendations will not only help establish GBR but will also ensure it can work for the whole industry, making life simpler and delivering economic and social value.



In summary our proposals are:

- A significant **simplification** of the current contractual documents which will make them **easier to understand** and manage.  
The development of a new GBR Code, linked to a new Access and Use Policy, bringing together and aligning similar Station, Network, and Light Maintenance Depot processes into a single **transparent, clear, and fair** contract.
- A new **simpler**, consolidated process for making changes at stations which will encourage parties to improve stations by being **less bureaucratic, speed up project delivery**, and **reduce conflict**.
- A joint asset management system to bring together and record all data on stations providing “one version of the truth” enabling **better planning and delivery** of works, **improved productivity, lower costs**, and **better stakeholder safety**.

We welcome comments on any of our proposals, but there are also some specific areas that we are particularly interested in:

1. Are there any other problems and issues that GBRTT should consider within the scope of this Commission?
2. Are there any proposals for the Station Contractual Framework and Operating Model that you do not agree with? If so, please say which ones and why
3. Are there any proposals for Making Changes at Stations that you do not agree with? If so, please say which ones and why
4. Do the proposals deliver all of you aspirations? Are there any other proposals that GBRTT should consider?
5. Which (if any) proposals could offer opportunities to improve existing arrangements with devolved authorities?

Please respond with your comments to [railwaycommission@gbrtt.co.uk](mailto:railwaycommission@gbrtt.co.uk) by 31 May 2023.