

# Strategic Business Plan 2014-2019

For the period 1 April 2014 – 31 March 2019



## Glossary

Glossary of terms and abbreviations

ASPR	Annual Safety Performance Report
ATOC	Association of Train Operating Companies
BSI	British Standards Institute
CIRAS	Confidential Incident Reporting and Analysis System
DfT	Department for Transport
EIT	Enabling Innovation Team (employed within RSSB)
EPSRC	Engineering and Physical Sciences Research Council
ERA	European Railway Agency
ERTMS	European Rail Traffic Management System
EU	European Union
GSM-R	Global Systems for Mobile Communication - Railway
HLOS	High Level Output Specification
IM	Information management
IT	Information technology
IRRB	International Railway Research Board
ISBP	Industry Strategic Business Plan (Jan 2013)
ISCC	Industry Standards Co-ordination Committee
ISLG	Industry Safety Liaison Group
MOU	Memorandum of Understanding
NIRS	National Incident Reporting System
ORR	Office of Rail Regulation
PIM	Precursor Indicator Model
R&D	Research and Development
RAIB	Rail Accident Investigation Branch
RDDS	Railway Drawing and Documentation Services Ltd
RDG	Rail Delivery Group
RD&I	Research development and innovation
RGS	Railway Group Standard
RIA	Railway Industry Association
RIS	Rail Industry Standard
RISAS	Railway Industry Supplier Approval Scheme
RISQS	Railway Industry Supplier Qualification Scheme
ROGS	Railways and Other Guided Transport Systems Regulations
RRUKA	Rail Research UK Association
RSSB	Rail Safety and Standards Board
SDSG	Sustainable Development Steering Group
SIC	System Interface Committee
SMIS	Safety Management Information System
SMS	Safety management system
SPARK	Sharing Portal for Access to Railway Knowledge
SRM	Safety Risk Model
SRP	Sustainable Rail Programme
SSRG	System Safety Risk Group
TRL	Transport Research Laboratory
TSLG	Technical Strategy Leadership Group
TSI	Technical Specification for Interoperability
UIC	International Union of Railways
UKAS	United Kingdom Accreditation Service

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**RSSB is an industry-owned, member-driven organisation created in 2003 to deliver key functions in support of railway operations. It is independent of any single railway company and its commercial interests.**

### **RSSB's purpose is:**

to support its members' (the rail industry) to achieve their objectives of improving safety and performance and value for money across the industry, with a focus on:

- reducing safety risk so far as is reasonably practicable
- increasing capacity (where appropriate)
- improving operating performance and customer satisfaction (where appropriate)

### **RSSB's role (what we do)**

We provide a unique breadth and depth of knowledge, skills and experience to help the rail industry collaborate, make informed decisions and deliver their strategic objectives.

### **RSSB's vision (what we want to be)**

To be the rail industry's chosen hub for analysis, collaboration and knowledge exchange.

### **Strategy (how are we going to do it)**

By, in all that we do:

- working with our members to understand and address their needs and priorities
- developing the expertise and competence of our staff
- managing and delivering a broad range of quality products, services and tools
- applying the principles of good process management, governance, knowledge sharing and continuous improvement

### **Behaviours**

Quality-driven, evidence-based, service-focused, knowledge-sharing, collaborative and consensus building, impartial, value-seeking, authoritative and independent.



## Foreword by the Chairman

This is RSSB's Strategic Business Plan for 2014-2019. It has been developed by a sub-committee of the board to show how RSSB will support the industry in Control Period 5.

The RSSB board commissioned a strategic review in mid-2012, to equip the company for the challenges that lie ahead, and this has clarified our purpose and our relationship with both industry objectives and the newly formed Rail Delivery Group (RDG). We welcome the clarity that the Industry Strategic Business Plan provides and the leadership that RDG is providing and we look forward to working with all our members and stakeholders to deliver for them.

Moving into the Plan period we have a robust, internationally recognised and well respected company supporting the industry in many areas. We also have to change however, to improve RSSB's relationships with industry and the way the company and members interact; as well as driving efficiency in all that we do. There are many and varied objectives that government has set for industry, and which industry has picked up and developed in the Industry Strategic Business Plan.

We will be entering Control Period 5 with a new chief executive, Chris Fenton who joined us in early 2014. We are proud and highly appreciative of all that has been achieved by Len Porter, and see his legacy as a base from which to build an even more valuable and respected rail industry asset that is fully aligned with our members' objectives. For that reason our last objective (set out in Section 7) is that the company Plan for the 5 years from 2019 should be an integral part of the Industry's next strategic plan.

I encourage all our members and stakeholders to get behind this Plan, and to work collaboratively to shape the way that we change and deliver more effective support to the industry – an industry that has significant cost and performance challenges but also unprecedented levels of investment and growth to make the journey ahead a really positive and safe one for us all.

A handwritten signature in black ink, appearing to read 'Peter Thomas', with a horizontal line and a small star-like mark at the end.

Chairman

# **1. Executive Summary**

- 1.1 This is the high level Strategic Business Plan for the period from 1 April 2014 to 31 March 2019 (hereafter ‘the Plan’). It provides the context for the board to determine the company’s objectives and priorities to support members and stakeholders during the Plan period.
- 1.2 RSSB supports its members (the rail industry) in the fulfilment of their objectives and does so through arrangements that are governed by the board and other cross industry groups that take decisions and sponsor activities. Each of RSSB’s functions supports these objectives in different ways, and this Plan shows the high-level relationship between industry objectives and RSSB functions, products and services. The details behind this will be made available on the RSSB web site.
- 1.3 Over the last 5 years the rail industry has changed significantly, with considerable growth in passengers and freight, improvements in performance and safety and a reducing subsidy from taxpayers. Although the franchising process and Network Rail remain the principal means of delivering passenger train services and infrastructure, the relationships between industry and government, and between the players within the industry have changed considerably – with a shift from government toward the industry in areas of leadership and strategic decision making, and with processes of devolution and alliancing in many parts of service delivery. RSSB has been relatively stable through this period and its broad base of cross-industry membership remains – although the ownership of its members has become more international. The establishment of the Rail Delivery Group has created a new sense of direction and focus for the leadership of the industry.
- 1.4 The 2014–2019 task is to build upon the delivery and evolution of existing products and services to support the industry in addressing their goals; to increase capacity, improve business performance (particularly reducing costs) and reduce risk where reasonably practicable. The Industry Strategic Business Plan (ISBP) sets out the current position and goals for CP5 and longer term goals to 2035, in the following table.

RSSBs high level objectives over the period of the Plan, which are set out in Section 7, will support the achievement of these goals through increasing engagement with members and stakeholders to better align company outputs with industry objectives and through improving the efficiency and quality of the company’s delivery.

## Industry today

### A railway today that:

- is one of the safest in Europe
- has customer satisfaction reaching an all time high of 83 per cent
- is running more trains than ever before, with 14 per cent more train kilometers than 2003/04 and a 62 per cent increase in freight moved since privatisation
- has the highest ever levels of performance
- has nearly halved government support from its peak in 2006/07

## By 2019

### A railway by the end of CP5 that is:

- the safest in Europe, reducing risk at level crossings by eight per cent in CP5
- delivering 20 per cent more seats into central London during peak hours, and 32 per cent into large regional cities. By the end of CP5, moving 225 million more passengers and carrying 355,000 more trains every year
- maintaining record levels of performance with 92.5 per cent PPM by the end of CP5
- delivering continuing improvements in customer satisfaction
- delivering a step change in connectivity between regional centers eg 6 fast trains and up to a 10 minute reduction in journey time between Manchester and Leeds
- transforming the nature of the rail network, with over 3,000 km more electrified railway, approximately 2,750 new vehicles, and completion of major enhancements to the network including Birmingham New Street, the Intercity Express Programme and the Thameslink, Crossrail and Reading schemes
- contributing to a lower carbon economy, reducing CO<sub>2</sub> emissions per passenger by 37 per cent and removing the equivalent of one million lorry journeys from the road per year. Freight tonne kilometers forecast to increase by 22 per cent compared to the end of CP4
- more efficient. Overall industry subsidy will reduce from 6.0 pence per passenger kilometer by the end of CP4 to between 3.7 pence and 4.2 pence per passenger kilometer by 2019

## The longer term

### By 2035 the industry aspires to deliver:

- levels of reliability and safety that are among the best in the world
- passenger satisfaction of at least 90 per cent
- capacity to accommodate twice as many passengers as today including the integration of HS2 with the national network
- further improvements in the product offer for freight customers
- a financially sustainable railway through improved efficiency and revenue generation
- a further reduction in CO<sub>2</sub> emissions

**Extract from Industry Strategic Business Plan January 2013**

- 1.5 In July 2012, as part of its strategic planning process the RSSB board initiated a strategic review of RSSB to ensure that it is fit for the next Business Plan period and beyond. That review confirmed a revised company purpose (Primary Objective) and a revised Constitution Agreement. These revisions have created greater clarity about the relationship between those functions that RSSB does ‘because that is its role in the industry’, and ‘those functions it does to support its members because it is efficient to do so in one place or to use RSSB’s capabilities’. These are termed respectively ‘Shall’ (of which there are 5) and ‘May’ (9) functions. In preparing this Plan the products and services RSSB provides have been divided into the ‘shall’ and ‘may’ functions. They are summarised in Section 6 by the senior stakeholder group that sponsor or support the activity. The table shows the resources associated with each activity. More details of the products and services in support of each activity will be made available on the RSSB web site as appropriate.
- 1.6 The purpose of the company and how it will be delivered is summarised at the front of this Plan.
- 1.7 A significant finding of the Strategic Review was the need to more closely align RSSB’s products and services with the specific needs of its members and the overall objectives for the industry. While RSSB has taken on a number of significant additional products and services (summarised in Annex C) to meet the needs of the industry in recent years, the production of a business plan is the opportunity to take stock and ensure that the right things are being done. The Industry and Network Rail Strategic Business Plans (Jan 2013); the Rail Technical Strategy (Dec 2012); the Government’s plans for franchising; and the various Network Rail strategies to support sustainability, safety and wellbeing, are all key signals of the future direction of our members. The recent ORR Draft Determination for Network Rail takes this a stage further. Together these documents list members’ objectives where RSSB’s capabilities can support the industry. In addition the new Constitution Agreement has a specific recognition of the Rail Delivery Group, and any relevant strategies that it publishes or endorses will provide further guidance on priorities.
- 1.8 The relationship between the industry objectives, as set out in the HLOS and the Industry Strategic Business Plan (Section 1.3), and the company activities is summarised in the table on the next page which shows an estimate of the company resources allocated to each activity.

Industry Objective – from ISBP	RSSB functions in support of objectives	RSSB Governance Groups	Supporting External Stakeholder	Approximate RSSB FTE	Approximate RSSB Cost £m pa
Safety - Safest in Europe, reduce risk at level crossings by 8%	Safety data, analysis and reporting; Research; CIRAS; Innovation; Standards	RSSB Board SSRG, ISCC CIRAS C'tte ISLG, SICs	NR, TOCs, FOCs, Roscos, Suppliers, Infracos, ISLG ORR, DfT, RAIB	75	8
Capacity - 20 per cent more in peak London hours; 32 per cent into large regional cities. Move 225m more passengers, 355k more trains per annum	Research, Standards, Innovation, Technical Strategy, New Systems support	RSSB Board, TSLG SICs ISCC	RDG NR, TOCs, Roscos, Suppliers ERTMS PCB DfT	25	4
Performance at 92.5 % PPM at the end of CP5	Research, Technical Strategy, standards	RSSB Board, ISCC, TSLG, SICs	NR, TOCs NTF,DfT	20	4
Improvements in customer satisfaction	Research, development and Innovation, Standards	RSSB Board TSLG, ISCC	RDG, NR, TOCs, Suppliers	20	4
Step change in connectivity between regional centres	Research, development and Innovation, Technical Support, Standards	RSSB Board, TSLG, ISCC, SICs	RDG, NR, TOCs, Suppliers	15	4
Transforming the nature of the rail network (Investment)	Research Development and Innovation, Technical Strategy. Standards	RSSB Board, TSLG, ISCC, SICs	RDG, NR, TOCs, RIA	50	10
Reduce CO <sub>2</sub> by 37% per passenger and remove 1m lorry journeys from road per annum	Sustainable Rail Programme; Research, Innovation – embedding Principles within industry during CP5	RSSB Board SDSG	NR, TOCs, FOCs, ROSCOs Infracos, Suppliers, DfT, DECC	3	1
Efficiency industry subsidy from 6p to c4p per pass/km	All functions support greater efficiency in the industry and RSSB will reduce its real cost of delivery by 1% pa.	RSSB Board, TSLG, RISAS, RISQS, R2 Prog Bd, SICs	RDG NR, TOCs, FOCs Other members DfT, ORR	15	4
Company administrative				27	5
Totals				250	44

Table showing relationship of industry objectives to RSSB functions, stakeholder groups and estimated resources



1.9 Two illustrative examples of work RSSB will be doing in the Plan period to support the industry in meeting its objectives are:

1) **Industry objective: to be the safest railway in Europe in 2019.**

Network Rail's Strategy for Transforming Safety and Wellbeing identifies the Precursor Indicator Model as the key industry measure of multi-fatality train accident risk, but also acknowledges that it can be developed to be more useful as a predictive tool. RSSB will develop changes to the model through the appropriate cross-industry governance (the user group) to meet that need for all users.

2) **Industry objectives: Safety, Efficiency, Transforming the network**

- The industry is encountering more issues with the interface between platforms and trains which could lead to sub-optimal decisions, based on pragmatic local considerations. These could impact on the long-term flexibility, cost, interoperability and safety of the system. The RSSB board has been asked to undertake work to explore the issues, define the nature of the problem and opportunities and develop potential solutions, using an evidence-based approach. This will draw on the research and development and technical capabilities of RSSB and the various cross-industry groups that oversee interfaces to explore the nature of the problems, test solutions and identify viable options. On the other hand, RSSB itself is not the right body to adopt an industry strategy that should derive from this work. This is likely to be endorsed by a combination of the Rail Delivery Group and government to inform future investment plans and procurement decisions.

1.10 As an integral part of the industry, RSSB's costs are part of the overall cost of the industry. In 2013/14 RSSB accounted for about £43m (of which around £23m is from the Department for Transport (DfT) for research development and innovation, and around £20m comes from its members' levies). In an industry that turns over £12bn pa, RSSB represents around one third of one percent (0.3%) of industry turnover. However small as a share of the total, it is important that RSSB continues to control its own costs and delivers ever better value for money as its contribution to the industry cost challenge. During the Plan period, RSSB will develop itself as an organisation to better meet the needs of members and to demonstrate increased efficiency (set out in Section 5) and deliver against the objectives set out in Section 7.

## 2. Introduction

- 2.1 This Plan sets out the context of RSSB's role in the railway industry. It is RSSB's high-level statement of what it will provide to members and stakeholders for the period covered by the government's HLOS, the ORR determined Control Period 5, and the Industry and Network Rail Strategic Business Plans for the same period.



- 2.2 This Plan is high level and explains how the delivery of existing products and services (summarised in Section 6) are governed, together with the means by which these can be changed (set out in Section 3) to meet the emerging priorities of the membership.
- 2.3 RSSB will have a stable financial relationship with its members through the plan period, with membership levies from existing members reducing by 1% in real terms each year (based on the formula of RPI-1). Given that nearly half of the RSSB turnover relates to staff costs (which are expected to change in line with the market, see Section 5) to maintain and grow the company capability (for instance in the area of supporting the industry in proactive health management) it will be necessary to develop a combination of efficiencies and alternative sources of income, including new members.

### **3. Monitoring, reporting on and revisions to company activity during the Plan period**

3.1 This high-level Plan sets out the starting point, and the means of monitoring and changing functions or activities during the 5 years of its currency. The core arrangements consist of the following:

3.1.1 This Plan summarises the current objectives of the industry; the objectives for RSSB going into 2014/19; the functions, products and services of RSSB that support the industry at the commencement of the Plan period in 2014; the governance arrangement for the activities and the resources RSSB deploys in support of industry; and the funding arrangements that will apply during CP5.

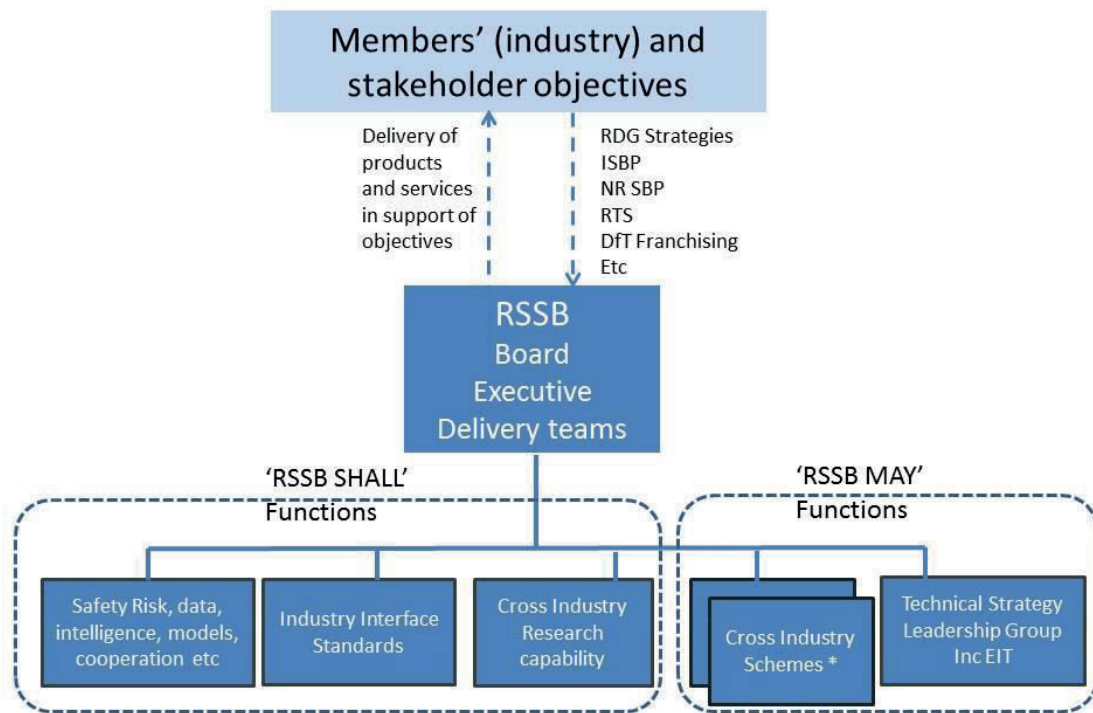
3.1.2 Under the supervision and direction of the board, RSSB operates and facilitates many cross industry governance groups, which oversee and steer the development and delivery of virtually all RSSB products and services. Most of these groups have their own plans and strategies to achieve particular goals and these are generally published in the relevant part of the RSSB web site.

3.1.3 Each year the Board of RSSB, consisting of representatives of all categories of membership and observers from the ORR and DfT, will undertake a review of the performance of the company, the priorities and resources planned for company activities in the following year, and the fulfillment of the various objectives of each of the main groups reporting to it.

3.1.4 The key indicators of success the board will monitor are:

1. Keeping within the budget
2. Meeting the needs of stakeholders for specific objectives
3. Maintaining an appropriate balance of activity against industry objectives.

3.2 Material changes in the activities, objectives, or funding of the company will be supervised by the board, in accordance with the Constitution Agreement. Less material changes can and will be made through the various cross-industry groups that govern RSSB activities. A high-level description of the relationship between industry objectives, RSSB functions and the way they are organised to deliver is shown over the page:



\* Current schemes include CIRAS, RISAS, RISQS, SRP etc

NOTE: TSLG takes strategic direction from RDG for priorities, plan and appointment of its Chair

The current RSSB organisation for the delivery of both 'shall' and 'may' functions is shown in Annex A. This is subject to change.



## 4. Principles and assumptions

### 4.1 Principles of operation

RSSB will exercise its functions in a manner best calculated to achieve an appropriate balance between the needs to:

1. enable members to plan with a reasonable degree of assurance,
2. demonstrate leadership and efficiency in its support functions,
3. take account of strategies promoted by the RDG,
4. be accountable for parts of industry due process,
5. lead in areas where: a) through its functions it holds industry leading competence, or b) requested by the board,
6. maintain the independence of the company,
7. challenge the industry with respect to its functions,
8. provide an audit trail for the industry decisions it facilitates and
9. promote solutions that recognise the railway as a system.



### 4.2 Assumptions in the Plan

1. **Funding.** Member's levies will be set in Year 1 – and adjusted annually by RPI-1 to generate efficiency savings for members. The only exception to this will be for members (other than franchised TOCs and Network Rail) whose turnover changes in such a way that they move to a different level of levy. RSSB activities that are not funded by membership fees (such as RD&I and CIRAS) will be planned and managed within the period in accordance with such funding as is made available or secured through the appropriate governance arrangements.
2. It is assumed that the level of funding for research and development will be broadly similar to that provided in the last 2

years of the current plan. It is also assumed that the funding for the TSLG innovation activity (EIT) will be provided to RSSB by Network Rail in accordance with the HLOS and Regulatory Settlement for CP5.

3. RSSB expects to start the Plan period with little or no surplus of member funds. RSSB will accumulate a modest contingency reserve during CP5. Under specified circumstances (of a positive or negative shock to the company's financial position) the board will re-open the 5 year funding arrangement to address the shock. Other than in those specified circumstances, the company will plan its annual activity to be consistent with its forecast revenue from membership levies and other sources of income.
4. RSSB will generally provide all products and services to members free of charge (within agreed resources). Where RSSB charges members for specific products or services it will generally charge at cost. It will generally seek to secure a contribution to common costs if providing access to products and services to non-members.
5. RSSB will organise itself in such a way as to maintain its taxation status as a non-profit making 'Mutual'.
6. The board will oversee the balance of funding, resources and services, and in the event of any conflicts, will determine the appropriate priorities for the company.
7. **Accommodation.** RSSB will seek to remain at its current office at The Angel, though this is subject to the satisfactory conclusion of a negotiation that is just starting.
8. RSSB expects to start the Plan period with reserves of grant funding for research, development and innovation, much of which is already committed to future years. The funds are allocated for the following future expenditures (estimate of likely values at April 2014):

– Committed research projects	£2m
– Committed innovation schemes	£15m
– Partnership with University of Huddersfield	£2.5m
– Rail Research UK Association funding	£2.5m
– Closure provision for R&D capability	£3m

## 5. Operation of the company

- 5.1 During the period of the Plan, RSSB will focus on better communication with members (both ways) whilst continuing to drive efficiencies.
- 5.2 We will improve the two-way communication between us and our members and adopt new ways of working. This will include consideration of alternative organisational arrangements and the use of tools and systems, both internally and at the interface. We will embrace social media and new technologies to engage with and deliver products and services to members.
- 5.3 Better management of our knowledge and information for members needs us to streamline processes, to plan and align more closely with industry priorities and to present our outputs in different ways. A number of significant work streams are underway to improve document and records management, planning and resourcing and the RSSB web presence. Benefits will come through in the early years of the Plan and pave the way for more efficient operation as well as improving communication with members.
- 5.4 RSSB's core business functions which support the operation of the company also involve development and delivery of products and services, such as communications and information management and technology. These are part of our technical expertise and will be developed further to support members.
- 5.5 **Staff.** The recruitment and development of staff with technical competencies and interpersonal skills is crucial to the operation of the company and to effectively interact with our members. RSSB employs mainly technical and professional staff, many of whom have front line experience relevant to their roles. Employment terms have to compare with the relevant market. We will review and where appropriate change these to ensure they support the business objectives. While developing our staff, we will actively seek opportunities for secondments into and out of RSSB. This will help to foster a better understanding of industry objectives and priorities for our staff and of the role and value of the company among those seconded into RSSB. We currently employ around 250 people and, subject to industry priorities no major changes are planned. The company objective here is to work within its budget which reduces in real terms. There is no specific headcount target.
- 5.6 The main thrust of RSSB's support to its members will continue to be governed by the senior stakeholder groups and supervised by the board. This is expected to lead to continuous evolution, challenge and change, as the industry strives to become more efficient and to secure more value from RSSB's support functions.

## 6. Summary of products and services by 'Shall' and 'May', subdivided by stakeholder group

The following table shows a high level description of the senior stakeholder groups facilitated by RSSB, a selection of the products and services provided through each of the groups, organised by 'Shall' and 'May' functions and an estimate of the human and financial resources involved in delivering them.

Stakeholder Groups	Examples of Shall Products and Services	Examples of May products and Services	Estimated Full Time Equivalent	Estimated Expenditure £m per annum
<b>RSSB board</b>	RD&I Capability, RSSB website, Industry Safety Meetings, Board review of Risk, RDDS, SPARK	Projects on road driving risk, workforce health & wellbeing and platform train interface strategy, RRUKA, Strategic partnerships with TRL, RTRI, NR Consulting, R2	51	6.6
<b>System Safety Risk Group</b>	SMIS, SRM, PIM, ASPR, Reports, 'Red' DVD series, Right Track, Risk Management Forum	Research projects, Support to Rail Football Forum, Provide input to Community Safety Partnership Groups	46	6.9
<b>Industry Standards Coordination Committee</b>	Railway Group Standards Facilitation of industry decisions on standards and deviations	Support and facilitation for TSIs and ENs, Technical advice, Research projects, Support for driver selection governance group	65	7.5
<b>RDG</b>		Research support for efficiency initiatives	4	0.5
<b>Technical Strategy Leadership Group (inc EIT)</b>		Rail Technical Strategy Game Changing Research Enabling Innovation Team and projects Strategic Partnership with TSB Tactical Research Projects Facilitating TSLG and SICs	10	13.6
<b>SICs</b>		Game Changing Research Tactical Research Projects	16	2.0
<b>CIRAS Committee</b>		CIRAS Scheme, Reports	9	1.0
<b>RISQS and RISAS boards</b>		RISAS Scheme, RISQS Governance	3	0.6
<b>ISLG</b>		Safety Reports for members	3	0.3
<b>Network Rail National Projects</b>		Support for development of ERTMS and GSM-R GSM-R Online	16	1.0
<b>RSSB board / Executive</b>		RSSB administration, Property, IMT, Board etc	27	4.0
<b>Totals</b>			250	44

NOTE: This includes estimates based on June 2013 activity and includes rounding of numbers. The relationship between RDG and TSLG is described in Section 3.



## **7. Objectives for the Plan period**

### **7.1 Support for business improvement for the industry**

- 7.1.1 Proactively engage with members and stakeholders to identify opportunities to improve the industry performance to help them to achieve the goals set out in the Industry Strategic Business Plan using company capabilities.
- 7.1.2 Lead on the facilitation, coordination and delivery of the actions and activities identified as 'Shall' functions in accordance with the identified stakeholder group requirements.
- 7.1.3 Support the relevant industry stakeholder groups in all those areas identified as 'May' functions.
- 7.1.4 Demonstrate the relationship between company activity and the fulfilment of industry objectives and stakeholder requirements (in all products and services and the annual report).

### **7.2 Business improvement of the company**

- 7.2.1 Increase the efficiency and effectiveness of operations. (Do more with the same resources or the same with fewer resources – 1% real reduction per annum).
- 7.2.2 Embed knowledge management in all that we do.
- 7.2.3 Develop and implement changes to the organisation to support delivery of these objectives.
- 7.2.4 Develop company competencies in technical and soft capabilities to; improve our collaboration and engagement with stakeholders, support industry decision making, and ensure that learning is captured and shared in the delivery of our products and other work.
- 7.2.5 Develop membership of RSSB to embrace GB-based railway companies that operate beyond the network managed by Network Rail and associate membership for companies outside the sector or country who can contribute to the Primary Objective.

### **7.3 Planning for the future**

- 7.3.1 As part of the industry planning process for CP6 initiate the development of a new business plan for the period 2019-2024. (The business plan for 2019-24 should be an integral part of the Industry Strategic Business Plan).

## 8. Budget for members' levies for year one of the Plan period

### Member funding budget for 2014/15

It was agreed by directors at the July and September board meetings that the 2014/15 budget for core member funding would: a) become the baseline for the 5-year funding and b) be based on the outturn for 2013/14, together with known or agreed changes.

The outturn forecast for 2013/14 as at October 2013 is for expenditure on member funded activity of £19.6m which is in line with the approved budget.

The 2 variances that it was agreed in principle to make to this figure to arrive at the proposed members' levy budget for 2014/15 are:

1. The application of RPI-1. RPI in July 2013 was 3.1% and therefore the adjustment is by +2.1%
2. The sub-committee has recommended that RSSB seek to accumulate a small contingency fund of £1.25m over the life of the 5-year funding settlement. This will be achieved by the addition of £250,000 to the baseline figure for members levies (but not included in the expenditure budget)

Outturn for 2013/14	£19.60m
Plus RPI-1 = 2.1%	£20.01m
Plus contingency (£250k)	£20.26m

So the expenditure budget for 2014/15 would be based on income of £20.01m and members fees for the base year (2014/15) would be based on £20.26m.

Further agreed adjustments, which will be dealt with bilaterally with the companies concerned are:

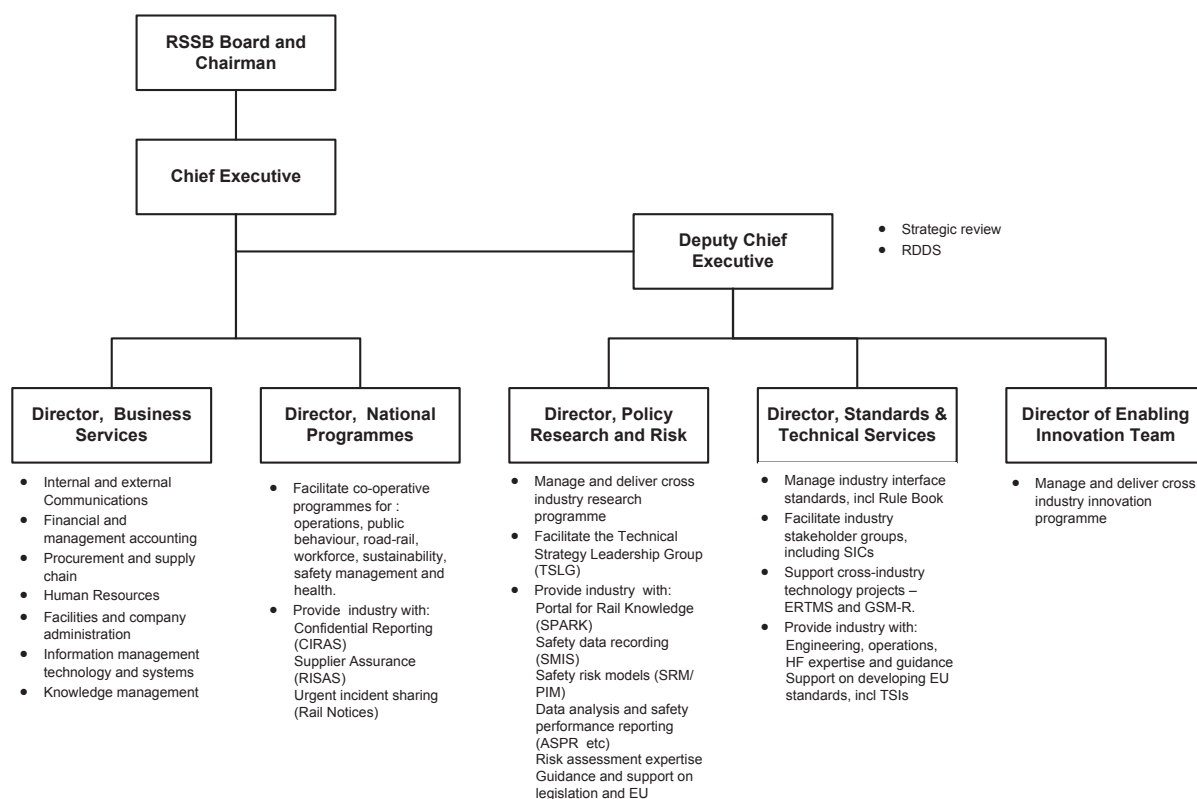
- i. The proposed arrangement with **Network Rail**, whereby they will pay for the RSSB work undertaken in the ERTMS project through an addition to their membership levy. This has been agreed in principle but will not be factored into the calculation of members' levies. When and if agreed the adjustment will be inserted into the schedule of levies and treated as part of the NR levy for subsequent price adjustment.
- ii. The introduction of the new rolling stock system (R2) during 2014, whereby **members who are users or funders of the RSL and RAVERS systems** will stop paying their fees to ATOS and will instead pay (lower) sums to RSSB. When these are introduced **the relevant R2 charge will be added to the schedule of levies for each particular member and treated as part of the levy for subsequent price adjustment**. Members who are not bound to RSSB by licence condition will also be asked to sign an agreement to continue paying RSSB in the event of their ceasing to be members.

Notes:

1. On 9 January 2014 the RSSB board unanimously approved by reserved resolution the expenditure budget of £20.26m for 2014/15
2. It is now likely that the new Rolling Stock System (R2) will be introduced during 2015/16. However this has no impact on the members levies and expenditure budget for 2014/15.

## ANNEX A: RSSB ORGANISATION

As at Dec 2013, subject to change





## **ANNEX B: MEMBERS AND STAKEHOLDERS**

### **Members**

RSSB has 6 categories of member, all of whom are signatories to the Constitution Agreement:

- Passenger train operators
- Freight train operators
- Infrastructure managers
- Rolling stock leasing companies
- Infrastructure contractors
- Suppliers

All categories of member are entitled to participate in company governance arrangements, to nominate directors to the board and to nominate representatives to all cross-industry governance groups facilitated by RSSB. The direction of the company and material priority decisions are taken by the board. The commissioning of products and services to support RSSB's functions is done by RSSB-facilitated stakeholder groups. In that way all decisions that are taken by those bodies are effectively 'industry decisions'. Members' fees fund the bulk of RSSB's non-research and innovation activity.

### **Stakeholders**

#### **Rail Delivery Group**

The RDG provides leadership in areas of strategic planning and the delivery of cost reduction, capacity and performance targets. RSSB interacts with the RDG through its board, regular executive meetings and by providing research services to the group and its various sub-groups. RSSB has seconded a senior manager to RDG to provide full time support to the Technology and Operations sub-group. In all its activities RSSB takes account of relevant RDG strategies.

#### **Department for Transport / Secretary of State for Transport**

The DfT has a strategic and funding role with respect to RSSB, and appoints a senior official to participate on the RSSB board as an observer. DfT is also entitled to send observers to participate in all cross industry governance groups facilitated by RSSB. **Transport Scotland** has interests in many RSSB activities such as standard setting, safety and technical strategy and is invited to participate in relevant cross-industry groups.

#### **Office of Rail Regulation**

The ORR oversees the funding arrangements for the infrastructure manager, licence compliance by the holders of railway licences (including the requirement to be a member of RSSB) and regulates the health and safety performance of the industry. It also has the power to approve changes to the RSSB Constitution and the Standards Code. As such it is a key stakeholder and participates in the RSSB board and relevant governance groups in the same way as the DfT.

### **Rail Accident Investigation Branch**

The RAIB investigates accidents and near misses on the UK rail network. Its investigations often include requests for relevant historic data and technical opinion. Its draft and final reports may include recommendations relating to RSSB functions – such as research, standards or safety.

### **Association of Train Operating Companies**

ATOC facilitates a number of services for its members (the TOCs), most of whom are also RSSB members. This facilitation includes coordinating input to RSSB activities consultations and nominations onto RSSB governance groups. In many cases this involves representing the TOC community and RSSB recognises and values this coordination.

### **Railway Industry Association**

RIA facilitates a number of services for its members (the Suppliers) including coordinating input to RSSB activities consultations and nominations onto RSSB governance groups. In many cases this involves representing the supplier community and RSSB recognises and values this coordination.

### **London Underground, Transport for London, Crossrail, High Speed One, High Speed Two**

Although not members, all of these stakeholders have significant infrastructure and operations activities in GB railways. As such they participate in many RSSB facilitated cross industry activities such as the UK coordination of the development of Technical Specification for Interoperability (TSIs) and the Technical Strategy Leadership Group. During the Plan period it is an RSSB objective to welcome other operators and infrastructure managers into RSSB membership

### **British Transport Police**

Community safety co-operation, data sharing and exchange.

### **National Skills Academy for Railway Engineering**

Joint interest in developing rail industry competency with RSSB developing standards, guidance and training modules and NSARE developing accreditation schemes and skills forecasting.

### **European Railway Agency**

RSSB represents its members (where requested to do so) and occasionally stakeholders, at various ERA working groups operating in the domain of interoperability and safety including development of TSIs, and provides (via the ORR) GB safety data for ERA analysis and publication.

### **International Union of Railways**

Multi-layered cooperation in research, safety data and particular railway topics where there is an international dimension. There is a memorandum of understanding with the UIC for the provision of SPARK as a resource for the UIC's International Rail Research Board.

### **British Universities**

Rail Research UK Association (RRUKA) is hosted by RSSB; RSSB also has relationships with many universities for research and Huddersfield for a strategic partnership.

**Suppliers of research and innovation capabilities**

RSSB spends several million pounds a year with many and varied suppliers of technical research capability.

**Suppliers of Information Systems (IBM, ATOS, Interfleet)**

Suppliers of industry information management systems such as SMIS, R2 and NIR Online. These include companies such as IBM, ATOS and Interfleet.

**Technology Strategy Board**

MOU and joint funding of innovation projects.

**Engineering and Physical Sciences Research Council**

MOU and joint funding of University research activity.

**TRL**

MOU for joint participation in overseas research projects and joint academy approach to promote development of staff capabilities and owned IPR.

**Overseas research bodies**

RSSB has Memorandum of Understandings and cooperation arrangements with a number of overseas research bodies, including the Rail Technical Research Institute (Japan), the Cooperative Research Council for Rail Innovation (Australia), the Federal Railroad Administration (USA) and Transport Technology Centre Inc (USA) to share, co-operate and collaborate on research projects and knowledge exchange. RSSB also has relationships with IRRB and the World Congress of Rail Research.

**The Samaritans**

Community safety co-operation, data sharing and exchange.

**Railways Trades Unions**

RMT, ASLEF, UNITE, TSSA

Participate in many cross industry activities facilitated by RSSB.

**Passenger Focus**

Participate in many cross-industry activities facilitated by RSSB.

**UKAS**

RSSB supplies technical services to UKAS in support of its accreditation of bodies in various railway disciplines.

**BSI**

RSSB provides technical support in conjunction with BSI (the UK standardisation body) with respect to the development of Euronorms.

## **ANNEX C: Some activities started during the 2009/14 Plan and their relationship with industry or company objectives**

### **C1 Objective addressed:** *Industry Efficiency (ISBP)*

#### **C.1.1 RISQS**

As part of the project to improve the efficiency and effectiveness of supplier assurance in GB rail, the Rail Industry Supplier Qualification Scheme (RISQS) has been established within RSSB to govern and develop the long standing Link-up scheme.

#### **C.1.2 R2 (Replacement for legacy national rolling stock systems)**

After many years of members individually contracting with a single contractor for the delivery of 2 legacy rolling stock systems (one of which is mandatory), they decided through the RSSB board to work together and for the company to procure a web based upgrade to this system. It will be delivered in the early years of the new Plan by RSSB contracting with the supplier on behalf of the industry.

### **C2 Objectives addressed:**

*Transforming the Network (ISBP)*  
*Efficiency (ISBP)*

#### **C.2.1 Enabling Innovation Team**

Starting in October 2012 RSSB secured the employment of a dedicated team, working to the Technical Strategy Leadership Group, to support the industry in increasing the rate of innovation – the Enabling Innovation Team. This activity will deliver significant interventions to support RSSB members, other railways in Great Britain (current and planned) and the railway supply community in overcoming the barriers to innovation. It will also promote economic efficiency and export opportunities.

#### **C.2.2 Strategic partnership with Technology Strategy Board (TSB)**

In support of the Technical Strategy Leadership Group, RSSB has entered into a strategic partnership with the TSB. This will provide co-funded access to a wide and diverse supply chain, including some of the UK's most innovative small and medium sized enterprises, and a way of meeting industry's needs for new technology, tools and processes through co-funding of development activities.



## **C3 Objective addressed:** *Industry Safety (ISBP)*

### **C.3.1 Board Strategic Risk Agenda and Industry Safety Meetings**

The RSSB board has established a strategic safety agenda, and considers all safety risk over an annual cycle of papers, all of which are published. Every 6 months the RSSB board brings together the industry leaders to consider and debate significant aspects of the industry's safety risk profile and to consider whether there are any further steps that members or RSSB could take. In the future one of these meetings will be run on behalf of the Rail Delivery Group.

### **C.3.2 Workforce Health and Wellbeing project**

RSSB supports its members in the management of a healthy and motivated workforce that is able and willing to deliver increasing improvements to GB's railway. The Workforce Health project has been established to help our members and their supply chains secure a better understanding of their and industry-wide health risk, respond to the ORR strategy in this respect, and to develop and implement plans to improve wellbeing and its management.

### **C.3.3 Road driving risk project**

Driving at work is the largest cause of worker death and injury in the country. The railway makes extensive use of road vehicles to support the maintenance and operation of the network and this project has been established to help members and their supply chains better understand and improve their control of this risk.

### **C.3.4 Modernisation of Safety Co-operation**

Several years after the implementation of *The Railways and Other Guided Transport Systems Regulations (ROGS)*, RSSB led a project to modernise safety cooperation arrangements between the infrastructure manager, railway undertakings and other key stakeholders at system, national operator and geographic route level. New arrangements are currently being implemented that aim to deliver: a better focus on system safety risk, smarter cooperation through a clear and transparent set of arrangements and a reduction in the number of meetings. This has also resulted in a significant consolidation of senior cross-industry groups reporting to the board under the System Safety Risk Group.

### **C.3.5 Operational support**

After 20 years of members collectively employing a contractor to provide elements of operational safety support, RSSB took over delivery of this role in 2012. The company now organises the annual learning conference, publishes Right Track and continues to provide the Opsweb resource centre.

## **C4 Objectives addressed:**

*Efficiency (ISBP),  
Transforming the Network (ISBP)*

### **C.4.1 Rail Research UK Association (RRUKA)**

RSSB led the creation of the Rail Research UK Association in 2011, in partnership with Network Rail and a dozen or so universities. It is a conscious bridge between industry and academia, bringing together potential providers of ideas and research with the owners of industry challenges and research funding. It now has 40 members and will be developed further during the period of the Plan to enhance the relationships between industry and the academic world, including encouraging graduate and post-graduate entry into the industry.

## **C.5 Objectives addressed:**

*Safety (ISBP),  
Transforming the Network (ISBP),  
Efficiency (ISBP),  
Develop RSSB capabilities in 'shall' functions (RSSB)*

### **C.5.1 Strategic partnership with the University of Huddersfield**

In March 2013 the RSSB board approved a jointly-funded 5 year strategic partnership with the University of Huddersfield to promote simulation modelling in safety and engineering risk. This will lead to the creation of a 'chair' and significant senior research and PhD activity in support of the development of the Safety Risk Model, the modelling of engineering risk, and other applications.

## **C.6 Objectives addressed:**

*Developing Company capabilities (ISBP)  
Efficiency (ISBP)*

### **C.6.1 TRL Strategic Partnership**

Transferring know-how and expertise between the road and rail sectors and applying our combined skills and knowledge bases to common transport challenges. TRL will lead the bidding to participate in varied research consultancy work using RSSB as a partner.

### **C.6.2 NR Consulting MOU**

Enabling Network Rail Consulting Ltd, to offer core RSSB capabilities into the large international consulting market as part of its overall offering (RSSB IPR continues to be the joint property of its members).



