

# Capacity Utilisation Policy

## Statement of Principles

December 2002

# Capacity Utilisation Policy

## Aims

- To formulate clear strategies for capacity utilisation which will specify the best use of existing network capacity to meet customer needs – balancing service provision, maintenance access and performance levels – and taking into account anticipated changes in demand. They will provide the link between Government objectives and the use of network capacity.
- To lead the rail industry in a process to develop these strategies.
- To help identify where investment is most needed.

# Capacity Utilisation Policy Statement of Principles

## Introduction

Efficient capacity utilisation and improved operational performance can be achieved through the application of a comprehensive planning process for the use of capacity. This document sets out the principles underpinning the SRA's Capacity Utilisation Policy. That policy will provide the industry with this process.

The SRA published a consultation document on its proposed Capacity Utilisation Policy in September 2002. It has taken the responses to the consultation into account in producing this statement.

The consultation document can be found on the SRA website ([www.sra.gov.uk](http://www.sra.gov.uk)). A separate document entitled 'Capacity Utilisation Policy: Responses to Consultation' summarises the responses to the consultation and sets out how the SRA has developed the policy in the light of the responses.

The SRA's policy is consistent with EU directives and legislation. Network Rail will be designated Infrastructure Manager and will be responsible for allocating capacity. The implementation of these directives is evolving over time and the policy will be updated when necessary to maintain that consistency.

The aims of the Capacity Utilisation Policy are:

- to formulate clear strategies for capacity utilisation which will specify the best use of existing network capacity to meet customer needs – balancing service provision, maintenance access and performance levels

– and taking into account anticipated changes in demand. They will provide the link between Government objectives and the use of network capacity;

- to lead the rail industry in a process to develop these strategies; and
- to help identify where investment is most needed.

## Principles leading to effective capacity utilisation

Five principles underpin the Capacity Utilisation Policy and each is described below.

### Principle 1

**The utilisation of capacity should facilitate the SRA's delivery of its objectives.**

At the time of publication (December 2002) the SRA's objectives have two principal dimensions: in relation to quantity and quality of service outputs. The Secretary of State's Directions and Guidance to the SRA are updated as necessary to reflect Government priorities. In addition, the SRA receives Directions and Guidance from the Scottish Ministers and from the Mayor of London in relation to services within their jurisdictions or funded by them. Once any Directions and Guidance have been given they are available from the SRA website ([www.sra.gov.uk](http://www.sra.gov.uk)).

The SRA intends that the Strategies developed under the Capacity Utilisation Policy will contribute towards its objectives by:

- making clear the SRA's views on the best use of the capacity of the railway and thereby providing clarity for operators and Network Rail when they consider the development of their businesses, including the extent to which space needs to be planned in the timetable for performance improvements and for access for maintenance and renewal;
- setting the context within which franchise agreements will be specified by,

for example, specifying longer trains in areas of high demand in order to reduce overcrowding for passengers; and

- developing a base case for considering enhancement.

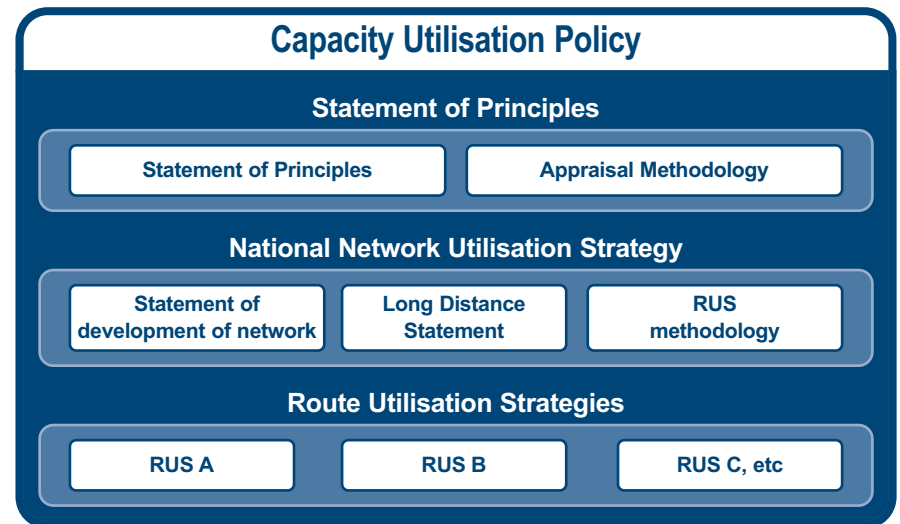
Overall the Strategies will give clear direction, and set priorities for the railway.

It is the Rail Regulator's role to determine the nature, content and length of access contracts so as to ensure the fair and efficient allocation of capacity. When making his decisions on individual applications for access contracts, and thereby for the allocation of track access rights, the Rail Regulator will specifically consider, alongside his other statutory duties, whether approval of such applications would be consistent with the SRA's furtherance of the Strategies developed under the Capacity Utilisation Policy.

### Principle 2

**The SRA will implement the Capacity Utilisation Policy through the National Network and Route Utilisation Strategies.**

The components of the Capacity Utilisation Policy are detailed in the figure below:



The National Network Utilisation Strategy will contain:

- a statement of the planned development of the network;
- a statement of the capacity required for long distance passenger and freight trains (the Long Distance Statement); and
- the methodology for developing a series of supporting Route Utilisation Strategies.

The Long Distance Statement will assist in the development of the individual Route Utilisation Strategies and will ensure that a national timetable can be developed. It will not be set in stone, but will develop in the light of work undertaken at route level. The Route Utilisation Strategies will be carried out over a period of years and the forward programme will be set out in the National Network Utilisation Strategy. The approach is an iterative one, with results of the Route Utilisation Strategies used to update the National Network Utilisation Strategy as necessary.

The methodology for developing Route Utilisation Strategies will be set out in the National Network Utilisation Strategy and will include the assessment and balancing of factors which influence capacity utilisation. These factors include:

- volume, mix and length of trains;
- engineering maintenance and renewal strategies and, in particular, access to the network for engineering work; and
- the operational performance (punctuality) required and the timetable allowances that help to achieve this.

The SRA will ensure that franchisees operate services which are consistent with the National Network Utilisation Strategy and any Route Utilisation Strategies and will require them to exercise their rights under track access agreements in a way which is consistent with the application of the Capacity Utilisation Policy.

European Directive EC 2001/14 states that each member state must have a designated Infrastructure Manager. In the UK, Network Rail will be the designated Infrastructure Manager. According to the Directive, in the event the Infrastructure Manager cannot accommodate a request for capacity, it must declare the relevant piece of route congested. It must subsequently carry out a capacity analysis and identify the reasons for the congestion with measures which might be taken in the short and medium term to ease the congestion. This must be followed by a capacity enhancement plan setting out options for the route. It is proposed that, where a Route Utilisation Strategy exists, this be used as a basis for the required capacity analysis and plan.

There are statutory consultees for SRA strategies: the Scottish Executive, the Welsh Assembly Government and the Rail Regulator. These consultees will be consulted on the National Network Utilisation Strategy and the individual Route Utilisation Strategies. The Scottish Executive and the Welsh Assembly Government will be consulted on the Route Utilisation Strategies which affect Scotland and Wales respectively.

### **Principle 3**

**Stakeholders, under the leadership and guidance of the SRA, will work together to meet the aims of the policy.**

The National Network Utilisation Strategy process will require the engagement of stakeholders in the Route Utilisation Strategies.

The SRA will review rail objectives from a range of source documents covering the line of route, including relevant Regional Planning Guidance and Regional Transport Strategies, Economic Development Strategies, Multi-Modal Studies, Local Transport Plans, Borough/District Local Plans, County Structure Plans, Unitary Development Plans, relevant RPC reports, and Waste and Minerals Local Plans. This will build on the SRA's stated intention to develop its regional

interfaces in England, and existing engagement in Scotland and Wales, better to understand customer needs at regional and local level.

Building on these reviews, the SRA will then work with industry stakeholders, including Passenger Transport Executives and Transport *for* London, to develop scenarios for the Route Utilisation Strategies. This process will include representatives from Network Rail, the relevant operators, Infrastructure Maintenance Contractors and, where necessary, Rolling Stock Companies. These organisations have the detailed technical knowledge and the operational information which is required to develop feasible options. Timetable development work will generally be carried out by Network Rail to the SRA's specification.

#### **Principle 4**

##### **Options will be appraised using criteria consistent with Government guidelines.**

The SRA appraises options against criteria approved by the Secretary of State. These criteria are consistent with general appraisal guidance for central government. In Scotland, similar criteria are employed.

The SRA's appraisal criteria are consistent with the Department for Transport's 'New Approach to Appraisal' (NATA):

- safety;
- economy;
- environment;
- accessibility; and
- integration.

Alternative capacity utilisation is assessed in terms of cost to the public sector, net benefits to rail users and non-rail users.

The appraisal covers impacts on, for example:

- revenues and costs of freight and passenger operators and other rail industry parties;
- benefits to passengers and freight users;
- service quality in terms of journey times and crowding;
- travel by other modes;
- network performance;
- access to the network for maintenance and renewal;
- regions and localities; and
- the environment.

The appraisal methodology is applied at the level of detail relevant to the decision being addressed. For example, a multi-modal network forecasting and appraisal model is preferred for large scale or complex proposals. A consistent but simpler approach is applied in other cases.

The appraisal methodology allows the SRA to assess the benefits and disbenefits of passenger and freight services by testing different capacity utilisation scenarios and measuring the effect this has on passenger and freight demand. The change in passenger demand can be used to calculate the financial benefits (revenue), but can also be used to measure non-financial benefits. Most of the non-financial benefits for passenger services relate to journey time savings and crowding relief. The SRA measures these by estimating the total time spent travelling and applying a 'value of time' which allows it to compare these non-financial benefits with other financial benefits and costs. Freight non-financial benefits mainly take the form of savings in road congestion and pollution. The SRA's modelling work allows it to equate increases in tonne kilometres of rail freight with the benefit to society of diverting traffic from the road network.

**Principle 5**

The SRA will review and update this Statement of Principles as circumstances require.

The Statement of Principles will be reviewed as required. In particular, the SRA will review the statement after any material change to the SRA's objectives or new legislation.

# Capacity Utilisation Policy

## Principles

- 1** The utilisation of capacity should facilitate the SRA's delivery of its objectives.
- 2** The SRA will implement the Capacity Utilisation Policy through the National Network and Route Utilisation Strategies.
- 3** Stakeholders, under the leadership and guidance of the SRA, will work together to meet the aims of the policy.
- 4** Options will be appraised using criteria consistent with Government guidelines.
- 5** The SRA will review and update this Statement of Principles as circumstances require.