

THE OFFICE OF RAIL AND ROAD
145TH BOARD MEETING
09:00-14:30 TUESDAY 20 MARCH 2018
ONE KEMBLE STREET, LONDON WC2B 4AN

Non-executive members: Stephen Glaister (Chair), Tracey Barlow, Anne Heal, Bob Holland, Justin McCracken, Graham Mather

Executive members: Joanna Whittington (Chief Executive), John Larkinson (Director Railway Markets and Economics), Ian Prosser (Director Railway Safety), Graham Richards (Director Railway Planning and Performance).

In attendance: Dan Brown (Director Strategy and Policy), Russell Grossman (Director Communications), Freya Guinness (Director Corporate Operations and Organisational Development) – to item 6, Juliet Lazarus (Director Legal Services and Competition), Tess Sanford (Board Secretary)

Other ORR staff in attendance are shown in the text.

Item 1 WELCOME AND APOLOGIES FOR ABSENCE

1. The chair welcomed everyone to the meeting. Michael Luger had sent apologies.

Item 2 DECLARATIONS OF INTEREST

2. None in relation to this agenda.

Item 3 APPROVAL OF PREVIOUS MINUTES AND MATTERS ARISING

3. The minutes of the meeting in February were agreed and signed by the chair along with the final January minutes.
4. The update on matters arising was noted.

Item 4: HEADLINES AND REGULAR REPORTS

5. **Ian Prosser** updated the Board on: ongoing investigations into the Sandilands tram incident and the actions to address RAIB's recommendations; investigation into a passenger incident at Lewisham in the recent bad weather; enforcement activity including a conviction against NR for the Gloucester derailment and some forthcoming cases. The board also discussed RAIB's advice to the industry on incidents following blockades and the passenger disruption at Redhill. The board asked for a paper explaining ORR's system for assessing passenger impact and determining appropriate responses [Action: Forward programme]. The board noted the data in the monthly report suggested a rising trend in workforce FWI. This should be kept under review.
6. **Graham Richards** reported on: HE's performance in the extreme weather events this month. TOCs had responded differently with some switching straight to an emergency timetable. NR's performance against TOC targets would be assessed in the light of the extreme weather. The board also noted that similar questions could arise if the extreme weather had a serious impact on road surface condition. The board discussed the incident at New Milton where emergency services had asked the TOC not to detain passengers from a safe environment given the other incidents they were dealing with. Questions

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remained around the appropriate level of passenger information and welfare and these would be followed up.

7. **John Larkinson** reported on: follow up research which showed improved accuracy of ticket vending machines; discussions with Heathrow Southern Railway, work to explore route managing directors' (RMDs) roles under devolution and work on the Informed Traveller issue. A report would come to the April board [Action]. He outlined the operational risks remaining on PR18, including some delays to specific pieces of work.
8. **Joanna Whittington** reported on: internal matters including the staff conference and London office move, stakeholder engagement including an ORR event in Parliament looking at accessibility on rail, and discussions with owning groups on the SBPs. She would give evidence to the TSC on infrastructure investment on Monday 26 March.

Item 5 ORR BUDGETS 2018-19

9. The board reviewed and approved the proposed budgets for 2018-19, noting the savings from in-housing the IT services and how these would be deployed. They noted areas of uncertainty around any move out of OKS.

Item 6 COMPETITION – THIS ITEM REDACTED PENDING PUBLICATION OF REGULATORY ACTION

Item 7 PR18 - CHARGING

Chris Hemsley, Paul Cornick, Joe Quill and Alex Bobocica joined the meeting for items 7, 8 and 9.

10. Chris Hemsley tabled two slides showing the estimated magnitude of changes over the control period for passenger and freight operators and the board discussed the way these would impact differently. The figures were still being refined.

The rest of this item (paras 11-12) has been redacted until after the publication of the final determination

Item 8 PR18 CHARGES; INFRASTRUCTURE COST CHARGES (ICC)

13. ICC are set to recover NR's fixed costs, and are levied as mark ups on variable charges (as required by legislation). The cost allocation is done by route and NR had consulted on a new methodology for CP6. Although not everything they proposed was welcomed by stakeholders, (ie the allocation of non-avoidable costs to services) the new methodology would add to the transparency of fixed network costs.

The rest of this item (paras 14-19) has been redacted until after the publication of the final determination

Item 9 PR18 – INCENTIVES TO PROMOTE COLLABORATION

This item (paras 20-21) has been redacted until after the publication of the final determination

Item 10 PR18 - OVERVIEW

Chris Hemsley and Carl Hetherington joined for this item

22. The executive tabled a slide presentation to update the board on progress on the individual SBPs. They set out the content for the programme of board meetings in April and May.
23. The board were updated on major stakeholders' current positions. Plans for further engagement would continue to inform the content of the draft determination and the next period was likely to see high levels of activity and complexity as the best mix of decisions was identified.
24. The board discussed the appropriate format for papers for their discussions of the draft determination and stressed the importance of clarity of underlying evidence and signposting of specific decisions.
25. The board briefly discussed questions around measures to be included in scorecards: these would form part of the 10 April teach in.
26. The board also discussed briefly: projected asset condition at the end of CP6, possible performance floors, challenges around making figures comparable across CP5 and CP6, allocation of costs to Scotland, the scale of deferrals from CP5.
27. The board noted the update.

Item 11 FEEDBACK FROM COMMITTEES

28. Tracy Barlow reported from the Highways Committee which had considered an update on work on RIS2, early indications of HE's performance for 2017-18, government's consultation on the major roads network.
29. Justin McCracken reported from the Health and Safety Regulatory Committee which had looked at an update on RAIB's Sandilands recommendations, electrical safety work, and safety regulation of the channel tunnel.

Item 12 ANY OTHER BUSINESS

30. Tess Sanford reminded the board of plans for meetings to conclude the PR18 draft determination by June.
31. The board noted the forward programme.