

A high-speed, blurred photograph of railway tracks receding into the distance, creating a strong sense of motion and depth. The tracks are dark and the background is a hazy blue.

*Views on the Schedule 8
(passenger) review in PR13*

Establish principles

- What does industry want Schedule 8 to do?
- Network Rail view:
 - primarily a compensation regime (with “swings and roundabouts”)
 - getting compensation right creates incentives
 - other incentives perhaps now more significant e.g. HLOS targets and JPIPs
- And how to embed understanding/acceptance of principles across industry?

What about potential future alliances?

- Keep simple default regime at national level
- Recognise that there may be challenge to default regime at local levels
- Therefore leave significant amendments to alliancing discussions (unless there's consensus on a change)

Recalibration (1)

- Recalibration of all individual elements
- Get payment rates right for start of CP5
 - “how does performance affect revenue?”
- Create incentive for TOCs to need rates right (link to 18.1 / Schedule 9)
- Reduce mid-term changes through review of Para 17

Recalibration (2)

- In standard default regime, set rates at “correct” place for compensation (the effect of performance on revenue)
- Departures from this principle (i.e. changes to basis of risk allocation) could be considered but:
 - perhaps best left to alliancing discussions
 - would need changes to those parts of framework which do allow full costs

Importance of liquidated sums regime

- Revisit elements which lead to bespoke claims
- Sustained Poor Performance (SPP)
 - Reset SPP trigger appropriately
- Part G (performance compensation related to network change)
 - Put all performance-related compensation into one place (Schedule 8)

Operational concerns

- Incentivise parties to do the right thing in extreme disruption (e.g. snow)
- Review contractual wording to:
 - reflect current practice in some areas
 - encourage the right collaborative behaviour
- How to deal with on/off network issues in CP5
- Recalibration at the point of franchise change?