

THE OFFICE OF RAIL AND ROAD
143rd BOARD MEETING
09:00-12:45 TUESDAY 30 JANUARY 2018
ONE KEMBLE STREET, LONDON WC2B 4AN

Non-executive members: Stephen Glaister (Chair), Tracey Barlow, Anne Heal, Bob Holland, Michael Luger, 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), 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. David Franks had sent apologies.

Item 2 DECLARATIONS OF INTEREST

2. As the board were already aware, David Franks had recused himself from all board business as a result of a job offer overseas which, if confirmed, meant his conflicts of interest would be unmanageable.

Item 3 APPROVAL OF PREVIOUS MINUTES AND MATTERS ARISING

3. The minutes of the meetings in November and December were agreed and signed by the chair.
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 successful industry summit which had begun to address RAIB's recommendations by agreeing priorities and approach. Some immediate introduction of in-cab technology to improve driver alertness was being considered. Progress on developing a national framework relating to second crew members on passenger services which would be consulted on by RSSB. A successful level crossing visit with Lillian Greenwood MP, chair of the Transport Select Committee. The interim report on building regulations and fire safety following the Grenfell Tower fire which advocated a risk based approach.
6. **Graham Richards** reported on: the forthcoming May timetable change and its likely impact and major delay incidents on Wessex route over the last two periods which were still being reviewed, and Christmas works. On roads, the board had received the RIS2 quarterly update and he reported on progress towards a SoFA for highways. The board discussed the importance of monitoring and improving 'time to recover' for rail and road incidents. The board noted plans to continue to improve regular reporting on Highways England's performance.

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7. **John Larkinson** reported on the first year of our responsibilities in Northern Ireland and work in hand to improve their financial reporting; publications relating to PR18, challenges to our approach on the enforcement of DPPPs, access applications and TSC's hearing into the East Coast franchise as part of their infrastructure investment inquiry.
8. **Freya Guinness** presented progress against the business plan and highlighted risks around the level of forecast underspend and headlines from the report.

Jennifer Webber, Lisa O'Brien and Tracy Larby joined the meeting for this report

9. **Russell Grossman** presented the six monthly communications update. The board discussed the degree to which as public debate arises the ORR should be more active in drawing attention to our evidence base. They also discussed the increasing importance of engaging regional stakeholders as NR embeds route devolution and noted plans to run stakeholder workshops regionally around ORR's developing business plan.
10. **Joanna Whittington** reported on a recent BNC¹ meeting, the forthcoming recruitment of the UK's delegate to the Intergovernmental Commission and matters relating to safety in the tunnel. She also reported a successful meeting with the DfT and others on the future regulation of HS2, and on the appointment of four permanent deputy directors – two of whom were internal promotions, and one secondee to work on the NR licence project.

Item 5 HS1 PR19

Feras Alshaker joined the meeting for this item.

11. The board discussed the approach to PR19, noting the importance of building sufficient funds to maintain the asset base and the work on international comparators.

Item 6 COMPETITION

Tom Cole, Lisa Thurston and Steve Armitage joined the meeting for this item

12. The board had previously agreed a competition strategy to demonstrate ORR's competence and ability to drive change through the use of its competition powers.
13. The paper set out the conclusions of a market review and sought board agreement to open a market study into the supply of ticketing equipment and systems with a principal focus on procurement strategies and RDG accreditation processes. This was not a matter reserved to the board but would be ORR's first use of the power for some time and board understanding and approval was therefore considered important in establishing ORR's approach.
14. The board discussed the proposal and considered the size of the relevant market, the apparent harm, potential for innovation and new entrants. The board recalled our finding that 1 in 5 passengers bought the wrong ticket from a vending machine and noted the scope for improvement through technology. It was possible that the study would not find anything actionable, or that doing the

¹ Bi-National Committee – which oversees the channel tunnel rail link on behalf of the UK and France.

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study in itself would provoke change in behaviours. Handling plans would address these possible outcomes.

15. The board agreed that the study should go ahead, noting the market sensitivity of this decision and the importance of confidentiality and correct handling of the process. Board members would be told when the study was announced.

Item 7 PR18

Chris Hemsley and Carl Hetherington joined the meeting for this item

16. Chris Hemsley gave an update on progress noting that a SoFA had been issued by the Scottish Government, that the risk profile for the programme remained broadly stable with challenges around business plan development and scorecards, and uncertainty about NR's flexibility to move funds between years and routes.

The rest of this item (paras 17-20) have been redacted until after the draft determination is published

Item 8 SAFETY - INTERNATIONAL

21. Ian Prosser's paper set out the way that ORR uses international work to develop its own inspectors capability as well as supporting other nations in delivering safer railways.
22. The board agreed to the value of the work and noted the criteria applied by the Chief Inspector to each country's approach. The board noted that one additional criterion would be that we would not work with any nation which sought to apply restrictions on the basis of gender (or other irrelevant characteristic) to the inspectors doing the work.
23. Agreements with individual countries would continue to be referred to the board as reserved matters.

Item 9 RAILWAY FUTURES – CYBER SECURITY

James Walker, Matt Westlake and Johnny Schute joined the meeting for this item.

24. The paper set out the current framework of national responsibilities for cyber security on transport. The board discussed the implications for ORR and the action plan, particularly around safety management systems, software updates and physical security of data assets. At this time there were no additional resource requirements. DfT had incorporated physical and cyber security for land systems in one team, while CAA would include cyber in their existing security responsibilities. The board stressed the importance of clarity between ORR and DfT about their mutual roles and responsibilities. It would be important for this work to continue at pace.
25. The board asked the audit and risk committee to consider cyber risk [Action].

Item 10 FEEDBACK FROM COMMITTEES

26. Bob Holland reported that the ARC had received a report showing that 93% of audit recommendations had been completed, and considered a project initiation document for the relocation of the London office – which would be circulated to the board for background next month. [Action]

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27. Michael Luger reported that the RENCO had received a report from the staff survey and the executive's action plan in response including some organisational development initiatives. It had also discussed NED skills in the light of David Franks' likely departure. The staff survey was on the February board agenda.

Item 11 ANY OTHER BUSINESS

28. Tess Sanford updated the board on emerging plans for a regional visit to Leeds in February.
29. Juliet Lazarus offered NEDs a briefing on the structure and purpose of the NR Licence in preparation for the proposed restructure which was on the February agenda. This was accepted [Action]
30. The board noted the items circulated below the line.