

**Office of Rail Regulation**  
**Minutes of the 96<sup>th</sup> Board meeting**  
**Session 1 on 22 July 2013**

**(14:00 – 17:30), ORR offices, One Kemble Street, London – Room 1**

**Board present:**

**Non-executive directors:** Anna Walker (Chair), Tracey Barlow, Peter Bucks, Mark Fairbairn, Mike Lloyd, Stephen Nelson, Ray O'Toole, and Steve Walker.

**Executive directors:** Richard Price (Chief Executive), Ian Prosser (Director, Railway Safety), Alan Price (Director, Railway Planning and Performance), and Cathryn Ross (Director of Railway Markets and Economics)

**In attendance, all items:** Daniel Brown (Director of Strategy), Sue Johnston (Deputy Director, Railway Safety), Giles Buckenham (Deputy Director, Legal Services), Tess Sanford (Board Secretary), and Gary Taylor (Assistant Board Secretary).

**In attendance, specific items:** Ian Prosser (Director, Railway Safety) (item 7), John Larkinson (PR13 programme Director) (item 3), Carl Hetherington (item 3), Graham Richards (item 3), Annette Egginton (Head of Competition and Consumer policy) (item 4).

**Item 1: Welcome and apologies for absence**

1. The Chair welcomed everyone to the meeting. Apologies for absence were received from Ian Prosser and Juliet Lazarus (Mr Prosser attended part of the meeting by phone).

**Item 2: Declarations of interest**

2. None.

**Item 3: PR13 – Final Determination run in plan and policy issues**

3. John Larkinson presented the key milestones and dates for the build up towards publication of the Final Determination document on 31 October. John also highlighted the key policy issues which need to be discussed by the Board during September and October.

*Paragraphs 4-5 have been redacted as relating to policy development*

6. We noted the key dates for Board discussions on remaining PR13 issues. John highlighted that Network Rail would be presenting their views on the draft determination on 3 September. John confirmed that detailed briefing would be provided to ORR Board members in good time. We agreed that it was important for the Board Secretariat to confirm timings of the NR session as soon as possible.
7. We noted the considerable amount of work which had been carried out by colleagues across the organisation to complete work consulting on charges and contracts by 12 July. This was detailed, complex and comprehensive work and we congratulated colleagues on completing this work to tight timescales. We discussed whether a regulator should be required to get involved at this level of detail. John confirmed that there was a requirement stated in the railways act, however, we should look at the case for changes to ensure that we did not have to get into as much detail for future reviews.

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**Board 22.07.2013 Action i:** In relation to the considerable amount of detailed work undertaken on individual licences as part of the implementation - we agreed to look at changes so we could remove ourselves from the detail in the future.

**Board 22.07.2013 Action ii:** We agreed that we require the calculus for the range of adjusted WACC clearly set out in October so Board members fully understand how it is arrived at.

**Board 22.07.2013 Action iii:** We agreed that it would be important to for the Board to look at assumptions and management of inflation - to remind ourselves how we made the decision and to look at how we communicate it.

**Board 22.07.2013 Action iv:** We agreed that it would be useful for the Board to have a reminder of the whole package of decisions made and the reasons why

**Board 22.07.2013 Action v:** We agreed that we would circulate the Christian Woolmar article on Schedule 4 and 8 payments to Board members.

**Board 22.07.2013 Action vi:** Impact of HS2 - need to consider this further - including the impact beyond CP5.

**Board 22.07.2013 Action vii:** Secretariat to firm up timings for the NR PR13 presentation to the Board on 3 September.

#### **Item 4: Transparency**

8. Richard Emmott presented this paper which set out ORR's proposed approach to transparency during 2013-14 as well as a draft of ORR's transparency statement.
9. Richard demonstrated that significant progress had been made over the last 12 months including the publication of the GB Rail financial report, and standard data releases such as station usage figures. This has been supported by a better use of social media to draw attention to the release of information. Richard recognised that there is more work to be done and highlighted the following areas of focus during 2013-14. This included:
  - The publication of quality CP5 data by route level;
  - An improved GB Rail financial publication next year building on the feedback we have received.
  - Establish a whole-industry scorecard and publish in the Monitor annually.
  - Further develop the approach to Real Time Train Information with the proposal to establish a stakeholder group with an independent chair.
10. We noted the progress made and agreed that this had been a positive step change in our approach. We made the following comments on the content of the transparency statement:
  - it should clearly explain why ORR considers the drive towards greater transparency to add value.
  - it should explain ORR's role and the specific actions we plan to take in the short and long term. Particularly looking at what we hope to achieve during CP5.
  - it should focus on the beneficiaries of our transparency work – customers, tax payers and suppliers –recognising that there were a number of overlaps between these groups.
  - it should consider market failures – looking at transparency as a model to address gaps which the market had failed to provide.

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11. We thanked Richard Emmott and Annette Egginton for the paper. We agreed that the transparency statement would be revised following the comments received and delegated to the Chair and Chief Executive to sign off.

**Board 22.07.2013 Action viii:** Rework paper in line with comments.

**Board 22.07.2013 Action ix:** The Board delegated sign off for the transparency statement to the Chair and Chief Executive.

## **Item 5: CE's accountability report – Q1**

12. The Chief Executive presented this report which used the outputs from ORR's Business management system to provide a summary of ORR's progress against our 2013-14 Business Plan. We noted the revised format of the quarterly report and agreed that it looked good. The Business Plan would need to be part of the report in some way. The paper had only been tabled at the meeting and any further comments were therefore sought in correspondence.
13. We highlighted the following key points:
  - the presentation of the current risk scores were unclear. Future reports should use the summary page currently included in the high level risk register or something similar.
  - it would be useful for future reports to assess progress against the strategic objectives, not each directorate.
  - it would be useful to include an update against the specific business plan activities to ensure that the Board is able to monitor the overall progress against these milestones.
  - the report should be available to all staff to view on ORRacle.
14. We discussed the current cross office work being undertaken to look at our approach to the civils programme as well as enhancements. In considering our approach we agreed that we should address the points set out in the guidance from the Secretary of State for doing more to add value for money on enhancements and ensure there were enough resources in place to achieve this.
15. In conclusion we agreed that the new approach was promising. The Chief Executive agreed to circulate a prompt to all Board members to provide feedback on the structure of the report and to provide any further suggestions for improvement.

**Board 22.07.2013 Action x:** Comments from Board members required on format - The Chief Executive agreed to send email to prompt comments.

**Board 22.07.2013 Action xi:** We agreed that the SoS guidance should be considered when reviewing our priorities and levels of resourcing for the work on civils and enhancements.

## **Item 6: Board Committee review of effectiveness**

16. The Board Secretary presented the findings and recommendations arising from the review of ORR's Board committees.
17. We noted the recommendations in turn and made the following significant comments:
  - We agreed that it would be important for committee chairs to provide an oral report to the Board to understand the significant areas of interest/concern that the Board

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- should be aware of. The Committee annual reports should also provide an assessment against the remit of each committee rather than a report of proceedings.
- We agreed with the proposal for the introduction of a nominations committee. The Terms of Reference would be discussed at the committee's first meeting and resubmitted for Board approval.
  - Providing clarity around the SRC terms of reference was agreed. We stressed the need to ensure that we clarify the function of the committee as this was currently not clear. We agreed that the Chair, Chief Executive, Board Secretary and Steve Walker would have a further discussion to focus on the SRC terms of reference.
18. Following discussion we agreed with the recommendations and tasked the Board Secretary to implement these in accordance with the suggested timescales. We noted the scope for further improving our governance and the work planned to take this forward.

**Board 22.07.2013 Action xii:** The Chair, Chief Executive, Board Secretary and Steve Walker to discuss SRC ToR

**Board 22.07.2013 Action xiii:** Agreed with recommendations in the report and agreed with timescales for work to take place and implementation.

## **Item 7: Briefing for Board discussions with the Trade Unions and Richard Parry Jones**

19. We discussed the next day's Board discussions with Trades Union representatives (to hear their views on ORR's draft determination) and the chair of NR, Richard Parry Jones who had agreed to talk to us about the NR Board's plans for improving performance. .

**Anna Walker**

**Chair**

Minutes approved by the Board on 17 September 2013