

## 7<sup>th</sup> RDG PR18 system operation working group

### Note of meeting held on 18 October 2016 at RDG's offices

**Attendees:** Calvin Lloyd (NR), Andy Wylie (First Group), Peter Graham (Freightliner), Richard McClean (Grand Central), Garry White (NR), Matthew Lutz (NR), Robert Freeman (NR), James Mackay (RDG), Denise Rose (DfT), Benn Hall (DfT), Siobhan Carty (ORR), Alexandra Bobocica (ORR), Chris Hemsley (ORR), Benjamin Tannenbaum (consultant for ORR, Europe Economics)

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#### Note of meeting – key points raised

1. This note sets out the key points made, structured around the meeting agenda.
2. This note summarises the main points of discussion at the meeting. It is not intended to represent the position of RDG or individual working group members. Its purpose is to record key points to inform ORR's policy development and to enable interested stakeholders not present at the meeting to see the main points of discussion.

#### A. Feedback on ORR's high-level thinking for its forthcoming system operation consultation

3. ORR shared an executive summary of its forthcoming system operation consultation (due to be published in November 2016) with the RDG system operation working group on 14 October 2016. Part of the meeting was dedicated to gathering feedback on this early draft of the executive summary.
4. Some attendees suggested that the executive summary should more clearly set out the purpose of this work (i.e. "the end goal").
5. They also suggested that the scope of the settlement could be clearer, for example whether it would cover a set of system operation activities that Network Rail delivers or be focused on a particular directorate / set of teams within Network Rail.
6. Attendees noted that some stakeholders might not see the purpose of a separate SO settlement as clearly as the ORR, and suggested that it would be beneficial to set this out more clearly.
7. Some stakeholders raised comments around the language of the consultation, notably the need to emphasise the role of the NSO in preserving 'network benefits' as a way to address the risk outlined in the previous point.

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8. Attendees thought that while it is good to set out what the challenges are, the consultation should also give an indication of what will be done to address them.
9. There was a debate around whether activities such as those undertaken by the Network Rail Technical Authority and Safety & Standards should or should not be included in the SO settlement. There was a wide range of views on this. Attendees also asked the definition of terms such “activities”, “functions” and “directorates” to be clearly set out in the draft to avoid confusion.
10. Respondents highlighted the need for a well-thought through scorecard for the NSO and proposed some initial thoughts on what it should cover. Attendees emphasised that they would like the scorecard for NSO to be highlighted as a priority.
11. On the NSO financial framework, stakeholders suggested some brief background material be included to set the scene for the discussion. This could highlight the general need to improve understanding of the costs of the NSO activities and different ways of achieving this.

### **B. Update on Network Rail’s SO ‘Fit for the Future’ programme**

12. Network Rail gave a presentation on its ‘SO Fit for the Future’ programme. This has reached the stage where five challenge areas have been identified, which overlap to some extent with the issues raised as part of the Working Paper 2 consultation responses.
13. These challenges refer to the following areas:
  - the operating model;
  - route-level devolution;
  - NSO’s role as client to the enhancements funders. The NSO will need to hold Network Rail / enhancement projects to account on what they deliver;
  - route-based enhancement plans, which actually also cover long-term planning. This reflects the lessons of the Shaw report; and
  - off-charging principles and rates.
14. Network Rail presented some slides on the key areas of focus of the programme:
  - capability improvement in terms of capacity analysis. This covers the need to develop a better and unified economic framework for wider benefits analysis;

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- relationship with the routes. Network Rail reminded attendees that there will be a dedicated team for the virtual route;
- customer (operator) relationships: this covers the needs for Network Rail to be more pro-active in finding more capacity; and
- governance changes.

### **C. Discussion on NSO measures and reporting issues**

15. The planned discussion on NSO measures was largely timed out and it was agreed that there would be a substantive discussion at the next RDG System Operation working group meeting.

16. The key points that were made during the meeting covered:

- (a) possibly using customer satisfaction as an output measure;
- (b) possibility of using capability-based measures; and
- (c) some suggestions for what an NSO scorecard could cover included: freight velocity; strategic capacity (a measure of how much has been identified); a broad basket of process measures; and timetable disputes and access disputes.

17. Attendees also queried whether the scorecard should highlight industry-wide areas for improvement.