

RDG PR18 system operation working group

Note of meeting held on 22 November 2016 at Freightliner's Eversholt St. office

Attendees: Garry White, Chair (Network Rail), Alexandra Bobocica (ORR), Raminta Brazinskaite (ORR), Siobhan Carty (ORR), Rob Freeman (Network Rail), Peter Graham (Freightliner), Nigel Jones (DBS), Rachel Kelley (DfT), Matthew Lutz (Network Rail), James Mackay (RDG), Ciaran Morinan (DfT), Chantal Pagram (Go-Ahead), Steve Price (ATOC), Denise Rose (DfT), Andy Wylie (First Group)

Apologies/not present: Martin Baynham-Knight (Keolis), Bill Davidson (RDG), Graeme Hampshire (SWT), Richard McClean (Arriva), Oliver Mulvey (DfT), Tom Norris (Abellio), Chris Peaker (Go Ahead), Jonathan Pugh (Network Rail)

Introduction

- 1. This note summarises the main points of discussion at the meeting. It is not intended to represent the position of RDG or other attendees of the working group. Its purpose is to record key points to inform ORR's policy development and to provide transparency to interested stakeholders not present at the meeting.**
2. The purpose of the meeting was to discuss attendees' feedback to ORR's consultation on the regulatory settlement for the Network Rail National System Operator (NSO) in CP6 and its supporting document on system operation issues, opportunities and future challenges¹. ORR published both documents on 17 November 2016.
3. The discussion was structured around the questions raised in ORR's consultation (i.e. in Table 1: Questions on the development of the NSO regulatory settlement in the consultation document) with a particular focus on the measures regarding the NSO's performance.

Role for capability-based measures of the NSO's performance

4. ORR reiterated that, because of the nature of the NSO activities, it may be difficult to have outcome-based measures in all areas that capture the effectiveness of the NSO's operational performance. Therefore, some measures may need to be capability or progress-based to capture performance and improvements in the NSO's activities.

¹ Both documents are available [here](#).

5. In terms of capability-based measures, some attendees said that it is not enough to report on progress that is made or milestones achieved regarding specific projects. Rather, some indication of the benefits realised as a result would be very useful information to judge the performance of the NSO.
6. Some attendees also suggested that capability-based measures would need to capture the NSO's relative improvements in an area, rather than its absolute improvements (against some final aspiration, for example).

Possible disaggregation of the NSO measures

7. ORR said that consideration would need to be given to the extent to which the NSO measures should be disaggregated.
8. Attendees said there is value in having disaggregated measures, e.g. relevant to each sector, route and or operator, particularly to enable some benchmarking in terms of how the NSO performs across different routes or operators. This could also help identify issues and opportunities related to its performance and provide additional source of information to its stakeholders.
9. It was noted that the approach and frequency (e.g. periodic, weekly, annual etc.) of reporting on the NSO's performance or specific measures/metrics will depend on the actual measures and the needs of stakeholders. It will also depend on the NSO activities that these measures aim to capture. For example, measures associated with the long term planning process (LTPP) may not need to be reported on frequently compared with the measures that aim to capture day-to-day activities.
10. At the same time, some attendees also noted the importance of the NSO taking a network-wide view and that disaggregation of measures should not inhibit it from doing this. This means that in some circumstances the NSO will need to make various trade-offs, e.g. leading to some customers being better off and some being worse off. A comment was made that in this case the decisions that the NSO makes need to be transparent, and that a NSO-produced annual report on this basis could help this.

The role of the NSO's stakeholders

11. Some attendees said that it would be helpful to have a forum to discuss strategic issues relating to the NSO's performance, reflecting the fact that there is currently no single group to consider this. It was also noted that if a group was set up to provide strategic overview for the NSO, it would need to have a very clearly defined remit.
12. However, some attendees thought that there was no need to have a new group, saying that it would add more bureaucracy and add to confusion about the role

and powers of the different groups. They suggested that industry already has a number of different groups that deal with a number of NSO-related issues (e.g. Sale of Access Rights (SoAR) panel), and that these should be used where possible to discuss performance of the NSO. They also stressed the role of bilateral relationships and engagement through the routes.

13. It was suggested that it would be good to do some 'gap' analysis to map existing groups/bodies relevant to the NSO (which Network Rail/ORR agreed to consider).
14. Membership of the group was also discussed. It was noted that the NSO has a range of stakeholders and there may be a need for some to engage via representatives if there was to be one single group or forum. However, some attendees noted the risk of not being able to include all parties in a single forum and, as such, the potential adverse impact this could have (if some feel their views are not being considered, for example).
15. Some attendees suggested that the NSO needs to be present at certain route-level meetings with operators to help provide a coordinated service to them.
16. There was some discussion about the engagement between the NSO and funders. For DfT, the role of the Memorandum of Understanding (MoU) between Network Rail and DfT was discussed. However, the importance of the NSO engaging with other funders was also noted.

Initial ideas for ways to measure the NSO's operational performance

17. The group made the following comments on ORR's initial ideas for the NSO's measures (i.e. Table 2.1 in the consultation document):
 - a. Comments on '*Lead the long term planning process (LTPP)*'
 - i. As the title suggests, the LTPP is a process-driven activity, whereby the success of its output is difficult to measure. This means that outcome-based measures alone are unlikely to work to measure the NSO's performance on the LTPP. Key in this area is having a coherent process in place;
 - ii. Independent reporters could be used to assess the effectiveness of the LTPP. However, there was general agreement between Network Rail and ORR that Network Rail would limit the use of independent reporters. In the case of the NSO, they should only be used where things are not going well and external analysis would add value (i.e. not used as part of cyclical reporting); and

- iii. Route or market studies could have clearly defined objectives against which the NSO's performance could be assessed.
- b. Comments on *'Recommend projects for changes to the network'* and *'Integrate new enhancements into network capacity'*
- i. Once the NSO recommends projects for changes to the network, it then hands over the project delivery to other parties. This suggests that the emphasis on 'delivery of enhancements against delivery milestones' may not be a good measure of the NSO's performance, but rather its 'delivery' against the forecasted outputs of the project; and
 - ii. It was recognised that the quality of advice the NSO produces for funders and the rest of industry is difficult to measure.
- c. Comments on *'Manage TPRs'*
- i. There will always be some disagreements about the appropriateness of the TPRs and, as such, it is important that the NSO is as transparent as possible to help industry understand the rationale for the proposed changes;
 - ii. There is scope to improve the current TPRs. However, the process to update these rules could be complicated as Network Rail needs to consult operators on changes, who have the right to appeal any decisions Network Rail makes following this;
 - iii. A comparison between 'Notional Capacity' and 'Capacity in Use' could be a useful measure for industry, e.g. to help understand improvement trajectory of TPRs. However, this measure should not be a regulated output at this stage (given further work needed to develop it); and
 - iv. TPRs need to be updated both proactively and reactively. For the former, the NSO needs to ensure that TPRs are as accurate as possible. For the latter the NSO needs to make sure that they are updated in response to, say, a new piece of infrastructure within appropriate timescales.
- d. Comments on *'Developing access policy and access planning'*
- i. The NSO needs to provide good quality advice, i.e. to inform the franchising process;

- ii. A comment was made that Network Rail does not always have or plan a sufficient amount of time to provide good quality advice e.g. on franchise applications;
 - iii. It was also suggested that there is a risk of gaming in the franchise process, whereby some bidders' offers do not reflect the reality of the timetable and the NSO has insufficient time/scope to validate the proposals.
- e. Comments on '*Producing working timetable, including scheduling engineering access*'
- i. The quality of timetabling could be assessed using measures such as 'average freight velocity' for freight train services or 'average journey time' for passenger train services;
 - ii. A very useful measure of the NSO performance is the number of incidents caused by planning errors;
 - iii. The NSO's systems do not capture the timetable conflicts so the number of conflicts would not be a ready candidate to measure the quality of the timetable; and
 - iv. The overall impact of timetable planning errors not only reflect the errors in the timetable, but also on how routes respond to incidents on the day (e.g. through signalling) in their ability to mitigate the impact of the error. This means that the delay minutes / incident delay minutes due to planning errors (measures 17 and 18) do not reflect only the NSO's role.

18. A number of attendees noted the value of capturing the NSO's customer satisfaction; however, they also noted that it is likely to be difficult to capture their relative satisfaction of different elements of the NSO's service.

19. Issues relating to operators performance should also be reported on, to the extent that they impact on the NSO's performance.

Future meetings

20. At the next meeting the group would like to discuss TRL's work on capacity metrics / measures. The group will also need to discuss its draft response to the ORR's consultation (due 11 January 2017).

21. The date for the next system operation working group meeting is 20 December.