

RDG PR18 route level and outputs working group

Note of meeting held on 9 January 2017 at RDG's offices

Attendees: Phillippa Andell (Network Rail), Paul Darby (ORR, agenda item 6), Dan Boyde (NTF), Siobhan Carty (ORR), Jonathan Cooper (Alliance), Guy Dangerfield (Transport Focus, by phone), Bill Davidson (RDG, Chair), Lindsay Durham (Freightliner), Graeme Hampshire (Stagecoach), Carl Hetherington (ORR, agenda item 6), Darren Horley (Virgin Trains), Dean Johnson (NTF), Lanita Masi (East Midlands Trains), Nigel Jones (DB Cargo), James Mackay (RDG), Daniel Lafferty (Transport Scotland), Dan Moore (DfT), Chantal Pagram (Go Ahead, by phone), Matt Pocock (Arriva), Steve Price (RDG), Peter Swatridge (Network Rail).

Introduction

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.
3. The date of the next meeting is Monday 6 February.

1) RDG response to the ORR consultation on the SBP guidelines

4. There was a good discussion on this and support for the draft RDG response, presented by Bill Davidson.
5. Both DfT and RDG commented that the SBP guidance was very important in terms of facilitating closer co-operation and joint working within the industry. There was general support for local ownership of plans and better engagement between Network Rail Routes and operators and with passengers and end users.
6. Through the discussions, operators said they can engage meaningfully with Network Rail on:
 - (a) Renewals planning and changes to the possessions schedule;
 - (b) Opportunities for cost efficiencies (e.g. bits of infrastructure that are not used);
 - (c) Performance targets and where/why they aren't being met; and

- (d) Changes to enhancements and scope for operational solutions.
7. The effectiveness of current engagement between Network Rail Routes and TOCs/FOCs varies across Routes. Scotland was highlighted as an example of very good engagement (e.g. through the RIRG meetings and an effective freight board).
 8. Attendees agreed that it would be useful to share best practice on what good engagement looks like, and some initial comments on this include:
 - (a) regular route-level meetings (maybe every 2 or 3 months);
 - (b) a need to include information on inputs, such as maintenance and renewal plans and outputs;
 - (c) focussing on end outcomes and delivery of value for money;
 - (d) good engagement with the National System Operator (NSO) is as important as with the geographic Routes and the FNPO Route; and
 - (e) engagement to continue up to the publication of Route SBPs and then beyond to the delivery plan (after the ORR's final determination) and throughout CP6.
 9. How FOCs would engage with the FNPO route and the national system operator business unit was discussed, with some suggesting that direct engagement between the FOCs and geographical Routes would continue to be important.

2) Network Rail thinking on stakeholder engagement in the development of the Strategic Business Plans

10. Phillippa Andell presented Network Rail's thinking on stakeholder engagement up to submission of the SBP.
11. Regarding the February workshops
 - (a) Network Rail Routes have sent out invitations for the majority of the initial workshops scheduled for February and early March;
 - (b) The workshops are intended to be an open, 2-way process with Network Rail Routes seeking input from stakeholders about its plans to build "mutual understanding" of the priorities;
 - (c) There will be on-going engagement with feedback sessions planned around May and September leading up to Route SBPs publication in December;

- (d) Transport Focus will be invited to the workshops, along with local passenger representative groups (e.g. London TravelWatch). The focus of Transport Focus' input is unlikely to require significant levels of new research, but rather draw existing research (e.g. from franchising);
- (e) There will also be stakeholder engagement meetings for the NSO. A date has yet been set for the initial workshop and it will be slightly later than the Route workshops.

12. There was some discussion about how enhancements are being dealt with:

- (a) It was noted that the date when DfT was expected to issue its HLOS/SOFA was probably around May. Enhancements won't be included in the HLoS or SoFA, or in the SBPs (though it was suggested that how 'Hendy over-hangs' and the link between enhancements and outputs required consideration); and
- (b) Some operators said that the IIA doesn't cover OM&R so there was a mismatch in the process, and suggested that it would be helpful to have a discussion with the ORR on renewal volumes at a forthcoming route regulation working group meeting.

3) Feedback from NTF meeting on 21 December

13. It was agreed to circulate an extract of the notes from the NTF meeting on 21 December.

14. It was also noted that improved performance would be a key CP6 priority, including an emphasis on funding for drainage and vegetation management.

4) Discuss early views on the industry response to the ORR consultation on charges and incentives

15. The ORR consultation document was issued on 15 December and responses are due by 9 March. ORR will hold 2 workshops, one in London on 9 February and another in Glasgow on 14 February.

16. RDG will be producing an industry response and had circulated a 2-page summary as an aid for members. Comments should be sent to James Mackay. A key focus for industry discussion will be on the Capacity Charge.

5) DfT consultation on PSO levy

17. DfT intends to issue its consultation by the end of January, subject to final agreement, and it will have an 8 week response time. It will consider the possibility of a levy on open access operators to recover public service costs.

18. The proposal(s) is likely to require primary legislation and so implementation would not be quick.

19. DfT will present more on the proposals at a forthcoming meeting.

6) ORR consultation on the financial framework

20. ORR will issue its consultation soon, with an expected response deadline of 31 March.

21. The framework is mainly relevant to Network Rail but some aspects are also important for rest of industry and so the RDG response likely to focus just on a few areas. For example, this could include the management of risk and hence how to deal with local financial shocks given the separate Route settlements and the need for flexibility.

22. There were some questions around whether the traditional regulation (e.g. building block approach) is necessary given that Network Rail is a public body. ORR explained that it is open to comments on this and looked forward to being challenged on the financial issues and mechanisms etc that would be outlined in the document.

23. Consideration needed on implications of more enhancements being funded outside of PR18 and how to deal with cross-route enhancements.

24. ORR said the financial framework needed to provide the right incentives and so would welcome practical examples from the industry of how the framework could drive decisions and behaviours.