

**THE OFFICE OF RAIL AND ROAD  
156<sup>th</sup> BOARD MEETING  
09:00-15:15 TUESDAY 29 JANUARY 2019  
ONE KEMBLE STREET, LONDON WC2B 4AN**

**Non-executive members:** Declan Collier (Chair), Tracey Barlow, Stephen Glaister, Anne Heal, Bob Holland, Michael Luger, Justin McCracken, Graham Mather

**Executive members:** John Larkinson (Chief Executive), Graham Richards (Director Railway Planning and Performance); Ian Prosser (Director Railway Safety).

**In attendance:** Dan Brown (Director Strategy and Policy), Russell Grossman (Director of Communications), Freya Guinness (Director Corporate Operations and Organisational Development), Juliet Lazarus (Director Legal Services and Competition), Tess Sanford (Board Secretary), Stephanie Tobyn (Deputy Director Railway Markets and Economics)

**Other ORR staff in attendance are shown in the text.**

**Item 1 WELCOME AND APOLOGIES FOR ABSENCE**

1. The chair welcomed everyone to his first meeting as chair. There were no apologies.

**Item 2 DECLARATIONS OF INTEREST**

2. No new external interests were declared.

**Item 3 APPROVAL OF PREVIOUS MINUTES AND MATTERS ARISING**

3. The minutes were approved and the chair would sign them.
4. In discussing the action points:
  - John Larkinson offered to circulate a note on the work in hand on the review of open access [Action: JLk]
  - Following an update on successful discussions with DfT, the board agreed to defer any letter to the department on the issue of rolling stock risk [Action: deferred]

**Item 4: HEADLINES AND REGULAR REPORTS**

5. **Ian Prosser** updated the Board on: progress with authorisations of new rolling stock and work in hand to highlight future risks (including software risks) and a better understanding of ORR's concerns within DfT. John Larkinson assured the board that ORR's interventions and actions would be properly recorded [Action]. The board discussed plans to meet the growing need for software and cyber security skills in-house. The board also heard updates on funding for the tram safety standards body and Sandilands prosecutions, work with NR (RMDs and SO) on trackworker safety, work to better understand a negative trend in passenger and public harm figures, and driver licencing in advance of Brexit.
6. **Graham Richards** noted that a Highways update would be part of the later agenda item. On Rail he said that NR's response to the provisional order on performance was due on 15 February and was expected to address all ORR's concerns. The board was asked to note the update on NR's response to the provisional order on its breach of timetable licence conditions, including the

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potential for a timelag between the end of the provisional order and the implementation of any final order that might become necessary. The board noted this approach.

7. The board were concerned with the lack of detail underpinning the assurance offered in the report on progress with the May and December 2019 timetable change planning. Following discussion, the executive agreed the following **actions**:
  - urgently check the status of the Bolton works which were key to the success of the May change and seek further detail on the delays on the Elizabeth Line,
  - ascertain now whether T-12 would be met for May,
  - set out for the board what regular contact was happening and what evidence was available to justify increased confidence in the capability of the PMO to deliver change effectively, including considering again where additional ORR assurance could be useful. This might include gathering stakeholder views on the PMO's effectiveness and timely reminders to others on the recommendations of the Timetabling Review which they had not yet implemented.
8. Graham also reported on encouraging improvements in PPM for Northern, GTR and TPE following the December timetable change. The board commented on the confusing picture offered by delay attribution and asked for a longer discussion on this at the next meeting [Action: forward programme].
9. **Stephanie Tobyn** reported [*redact this section until this process is complete*] that a case to answer letter had been issued that day to GTR on the PIDD investigation while work on the Northern investigation was continuing, and DfT were aware. She also reported that NR (both centre and Route managing directors) had accepted the Final Determination unconditionally and also consented to the licence changes proposed. The board noted the challenge of issuing 180 new licences and commended the staff involved. Overall, ORR was making good progress towards being ready for CP6.
10. **Dan Brown** reported on work to ensure continuity of passenger and freight services with mainland Europe and Ireland after Brexit: ORR was content that there were no regulatory impediments in any scenario. He identified risks (among others) in relation to parliamentary time for the necessary statutory instruments, IGC's future status as a competent safety authority, and border control capacity at key entry points. The board discussed the risk of disruption to freight flows, including behaviour such as stockpiling and subsequent drawdown of stock and what NR had done to prepare.
11. **Freya Guinness** reported on the projected budget underspend which was largely the result of restraint in the early part of the year when the scope and impact of the timetabling inquiry were unknown and there had been a provision for rent on two London buildings. Significant work had been done to bring forward discrete pieces of consultancy into the current year to reduce the underspend. All business plan commitments would be met (except Crossrail which was an externally caused delay).
12. **John Larkinson** reported on meetings with the chair of the Transport Select Committee (Lilian Greenwood), FOCs and the supply chain and internal engagement including holding senior leadership 'roadshows' at all offices

**Item 5 FINAL ORDER RELATING TO NR BREACH OF TIMETABLE LICENCE  
CONDITIONS**

*Catherine Williams joined the meeting for the next two items*

13. Catherine Williams reported on the completed consultation on the provisional order. The board agreed to issue the final order unchanged from the draft.  
[Action]

**Item 6 2019-20 ORR BUSINESS PLAN AND BUDGET**

*Lucy Doubleday and Liz Thornhill joined the meeting for this item.*

14. Freya Guinness explained the bottom up/top down approach which had led to these proposals, including board's steer from the November strategy discussion. Increases in headcount were proposed to address key areas. Accommodation costs were ringfenced, and would lead to a short term increase to our charges to the industry. Flexibility to allow for responding to the outcome of the Williams review and work to prepare for the spending review SR2021 were included in current plans.
15. Directors each set out their priorities for 2019-20, any remaining scope for flexibility, and how these would be reflected in the business plan. The board asked that the plan explicitly referred to ORR's readiness to flex in response to the Williams review, recognised the increasing size of its regional offices, and discussed the right length of horizon for business planning. The detailed budget would be presented at the March meeting.

**Item 7 HIGHWAYS ENGLAND**

*Richard Coates joined the meeting for this item*

16. The board discussed the briefing provided and key areas of interest in relation to Highways England's performance on RIS1 and planning for RIS2.

***Highways England: Colin Matthews (Chair) Jim O'Sullivan (Chief Executive) and Eliot Shaw (Director of Strategy) joined the meeting***

17. Colin Matthews set out HE's three imperatives: safety, customer service and delivering government's road investment plans effectively.
18. Jim O'Sullivan described developing capability over the first four years of HE's operations, including culture change in the organisation, how it had responded to financial challenges, and shifts in external understanding of the value and importance of the network to the UK economy. He described forthcoming challenges around delivering RIS2, system capacity for megaprojects, historic data quality, flux in renewals investment, cost increases and planning, noting that a different public funding model might lead to higher expectations from customers using the network.
19. With its visitors the board discussed: HE's overall annual capacity to manage work on the network, the impact of megaprojects on capacity and capital funding, the need to manage the network as a whole, improving customers' experience to meet growing expectations, setting the right targets to measure performance fairly, the benefit of comparative data between regions, and public information around maintenance works. HE explained work in hand to leverage safer driving (working with insurers) and maximising the value added by traffic

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officers. HE explained the work it was doing following the Genoa bridge collapse to assure all its structures were safe – additional resources were being used to deliver a risk based programme of inspection by 31/3/19. Asset data would also be substantially improved as a result of this programme. The meeting also discussed preparations for Brexit including non-traditional movement patterns and operational contingencies around all ports.

*The guests left the meeting*

*Lunch*

**Item 8 REGULATORY FINANCE BRIEFING (NR'S FINANCIAL POSITION IN CP5)**

*Carl Hetherington, Gordon Cole and Richard Connor joined the meeting for this item*

20. The presentation set out the transition from CP5 to implementing CP6 and unresolved issues. The board discussed declining efficiency in CP5, contrasts in approach between Scotland and England/Wales, proposals for future reporting by route, challenges around route data and indicators of efficiency including disruptive possessions. The board noted that reporting would deliver a wider range of indicators and better information to judge performance.

**Item 9 COMMUNICATIONS STRATEGY 6 MONTHLY REPORT**

*Lisa O'Brien and Jennifer Webber joined the meeting for this item*

21. Russell Grossman introduced the paper which reported against the current strategy. The reports showed that the office had had an exceptionally positive six months in reputational terms including the final determination, the timetabling review and our work for consumers. The report included the forward look requested by the board in November.
22. The board welcomed the report and discussed it. They noted the complaints and general inquiries data and asked that board discussions should include information on user views where possible.
23. The board noted the increased risk of public criticism which accompanied a higher profile and took assurance from the evidence in the report that the overall strategy was effective. They endorsed the continuation of the successful strategy, noting the importance of staying confident in our approach.

**Item 10 NR 100 DAY REVIEW**

24. John Larkinson noted that NR's board was considering the 100 day review later this week. He would update the ORR board on their views and any intelligence about other stakeholder views following that discussion. He had written to Andrew Haines following the board's policy discussion on the subject and that letter would be circulated [Action: Secretariat]

**ITEM 11 WILLIAMS REVIEW**

*Robert Cook and Rob Whiteway joined the meeting for this item*

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25. Dan Brown updated the board on discussions with the Williams Review team and their emerging thinking and thanked members for comments on the draft letter which had been circulated. The board discussed the different drivers for change and industry models which might be under discussion. Consumers were not interested in industry arrangements, only that the system worked. The board asked the team to continue actively to offer information, evidence and objective advice to the Williams review team.
26. Following discussion the board agreed that the letter should include the purpose of economic regulation as set out in response to Shaw review and the many different regimes we already operate, explain the broader context of the safety system (including why we have the different bodies and roles and the duty to co-operate), expose the philosophy ORR applied in PR18 including route based regulation, importance of efficiency and controlling unit costs.
27. Work would continue to develop our thinking on where we can contribute to Williams, including:
  - Competition and contestability
  - Consumer protection and advocacy
  - Regulatory strategy/ PR18
  - Fares
28. The Williams review would be on the Board agenda for February and subsequent meetings. The Board noted that our own staff were very interested in the review and should be kept in touch with our engagement on Williams.
29. As part of our developing thinking, ORR should reflect on the role of regulation in Japan and in any TfL-like structure.

**ITEM 12 COMMITTEE REPORTS**

30. Bob Holland reported that ARC had considered a new, simpler risk system which should be more effective and require less maintenance. They had taken internal audit and internal reports on the London accommodation move, including key risks, which were being effectively mitigated at this time. They also considered a report on market sensitive information where more work was needed to reduce the risk of inappropriate handling on the relatively rare occasions that ORR handled such information.
  - Michael Luger reported that RENCO had considered work on an updated people strategy and would meet the Staff Council in March.

**ITEM 12 ANY OTHER BUSINESS**

31. The board noted the items circulated below the line: forward programme, minutes and a paper on Welsh Valleys railway.
32. Declan Collier reported that CEO recruitment was continuing with interviews scheduled the following week.
33. February's board meeting would be in Manchester with site visits and a dinner the day before. Details would follow.