

PR18: Schedule 4 and 8 Re-calibration Working Group

Meeting 1

Note of first Re-calibration Working Group meeting held on 15 February 2017 at ORR's London offices

The purpose of the note

1. This note summarises the actions and key decisions agreed in the first meeting of the Schedule 4 and 8 Re-calibration Working Group (hereafter: the Working Group) meeting held on 15 February 2017.
2. In the meeting we discussed: the plan for recalibrating Schedules 4 and 8, how the recalibrations should be funded, priorities for recalibration, engagement with industry and wider stakeholders and topics for future Working Group meetings.
3. The slides ORR presented in the meeting are available on the ORR website¹.

Planning for Schedule 4&8 recalibration

4. Points of agreement

- There was broad agreement amongst the Working Group on the split of responsibilities proposed by ORR (slide 6).
- The Working Group agreed that it is sensible to have separate passenger and freight meetings going forward.

5. Points of clarification

- ORR confirmed that they expect to be involved in the ITT for any consultancy work (including reviewing and commenting) but expect industry to take the lead on writing the ITT etc.
- ORR confirmed that not all aspects of the regime have to be recalibrated by consultants, especially in areas where industry has the expertise.
- ORR clarified that the re-calibration of the charter Schedule 8 regime will be discussed in separate meetings with charter operators. The date for this meeting is still to be confirmed.

¹ http://www.orr.gov.uk/_data/assets/pdf_file/0003/24447/schedule-4-and-8-re-calibration-working-group-meeting-1-slides.pdf

6. **Concerns raised**

- The Working Group raised the point that the recalibration of Schedule 8 for some London operators that will experience significant service changes in CP6, such as GTR and Crossrail, also needs to be considered.

7. **Actions**

- **ORR** agreed to confirm when the measure for performance targets for CP6 will be certain as this affects the re-calibration work.
- It was agreed that, **whoever drafts the ITT** for re-calibration of the payment rates and benchmarks for the passenger regime, would include the requirement to consider all those situations where there will be significant changes to service patterns in CP6 as part of the re-calibration of the regime.

Funding of recalibration work

8. **Points of agreement**

- There was some agreement that RDG would be best placed to lead and fund the re-calibrations, however, it was noted that this would require further discussion and, in particular, the approval of RDG Board.

9. **Points of clarification**

- ORR does not plan to contribute towards the cost of consultancy work for the recalibrations, where that work does not relate to policy development.

10. **Concerns raised**

- If RDG are to fund large parts of the recalibration work the RDG Board will want a body within RDG to review the work being done and to provide feedback to the board.

11. **Actions**

- **RDG** to write a paper for their board requesting approval for RDG to lead and fund the recalibrations of Schedules 4 and 8.
- **RDG** to propose to the Working Groups on process for engaging with RDG Board.
- **Network Rail** to supply cost estimates to RDG for their board paper.

Schedule 8 recalibration priorities

12. Points of agreement

- The Working Group agreed to increase the priority of cancellation minutes relative to those suggested by ORR (slide 9). This was because of its interactions with Schedule 4 and the CP6 output measures that may be used and because this aspect of the regime has not been recalibrated for some time.
- The Working Group agreed that work to recalibrate monitoring point weightings and cancellation minutes could be started very soon.
- There was broad agreement on the suggested priorities ORR presented for the freight Schedule 8 regime (slide 10).

Schedule 4 recalibration priorities

13. Points of agreement

- The Working Group generally agreed with the aspects of the TOC regime ORR had identified for recalibration and did not suggest any additional areas (slide 12).
- In terms of TOC regime priorities the Working Group agreed that work on recalibrating bus replacement costs and train mileage costs could be started soon.
- In terms of the FOC regime there was discussion about whether the regime adequately compensated FOCs for the disruption they face during possessions. It was agreed that this largely comes down to availability of funding. However some of the Working Group felt the scheme could be more transparent and subsidies more explicit.

14. Points of clarification

- ORR explained that, for the freight regime there is no policy proposal to change how payments are calculated or how the regime is funded.

15. Concerns raised

- Several members of the Working Group raised concerns about the contractual wording for Schedule 4. Some members of the Working Group felt the contractual wording was ambiguous in a number of places making it difficult for operators to understand some aspects for the regime/process.

16. **Actions**

- **Operators** to provide ORR with specific examples of sections of the Schedule 4 contractual wording that they think should be reviewed.

Engagement and forward agenda

17. **Points of agreement:**

- It was agreed that monitoring point weightings and cancellation minutes could be discussed in the first meeting of the passenger operator Working Group.
- The Working Group agreed with the key topics ORR proposed to discuss in the next freight operator Working Group meeting.

18. **Concerns raised**

- It was suggested that the discussion of benchmarks in the passenger operator regime could be postponed to a later meeting to give ORR time to consider the responses to the charges and incentives consultation.

19. **Action**

- **ORR** to review the agenda for the first meeting of the passenger operator Working Group.
- **ORR** to circulate discussion material and agendas prior to passenger and freight operator Working Group meetings.
- **Operators and Network Rail:** to consider material circulated by ORR prior to the meeting of each Working Group.

Attendees

Name	Organisation
Catherine Rowe	AGA
Chris Gemmel	Caledonian Sleeper
Georgia Ehrmann	Chiltern Railways
Greg March	Colas
Nigel Oatway	DBS
Rob Whittleson	DfT
Chris Spencer	DfT
Norman Egglestone	DRS
Lanita Masi	EMT
Tony Southerton	EMT
Russell Evans	First Group
Tim Jackson	Freightliner
Danny Matthews	GBRf
Richard McClean	Grand Central
Rob Moss	GTR
Tom Causebrook	GTR
Peter de Boeck	GWR
Michelle Gadsen	GWR
Maureen Dominey	MTR Crossrail
Peter Swatridge	Network Rail
Caitlin Scarlett	Network Rail
James Mackay	RDG
Tim Jones	RfL
Susan Henderson	Southeastern
Stuart Freer	Southeastern
Lee Shuttlewood	SWT
Russell Parish	TfL
Agnes Mckeever	Transport Scotland
Andrew Mackie	Transport Scotland
Phil Dawson	VTEC
John Larkinson	ORR
Emily Bulman	ORR
Deren Olgun	ORR
Sheona Mackenzie	ORR
Raminta Brazinskaite	ORR
Yasmine Ghazzi	ORR
Joel Moffat	ORR