

RDG PR18 system operation working group

Note of meeting held on 10 November 2017 at RDG's offices

Attendees: White, Garry (Network Rail, Chair), Carty, Siobhan (ORR), Clarke, Richard (DB Cargo), Evans, Russell (First Group), Ghozzi, Yasmine (ORR), Graham, Peter (Freightliner), Hampshire, Graeme (Stagecoach), Leggett, Martin (ORR), Lloyd, Calvin (Network Rail), Thomas, John (RDG), Walker, Claire (Arriva), Wood, Thomas (RDG), and Wylie, Andy (First Group)

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 Network Rail's further thinking on the System Operator (SO) governance framework for CP6; and
 - Present Network Rail's proposed governance meetings and stakeholder workshops for early 2018

Note of previous meeting on 5 October

3. The note of the previous meeting held on 5 October was agreed.
4. The following actions were recorded at previous meetings and are outstanding:

Action	Owner	Status
Share Richard McClean's email on observations regarding the SO measures with the RDG working group	Network Rail	Outstanding

SO Governance framework discussion

5. Garry White explained that Network Rail has been considering how the SO's governance framework – including how its customers and stakeholders hold it to account – could work for CP6. The current proposals reflect previous discussion both with this group and on bilateral basis.

FINAL WITH RDG WORKING GROUP

6. Garry emphasised that the governance framework should be clearly defined and transparently set out; impartial of other interests within Network Rail; and comply with regulatory and legislative separation requirements.

The overall proposed architecture

7. Some attendees questioned what ORR's role would or should be in any new governance arrangements.
8. An attendee raised concerns on how stakeholders would hold the SO to account on its performance. Garry explained that the establishing governance framework should provide a framework for this, including through the proposed SO Advisory Board and the proposed Standing Advisory Groups.
9. Garry said that Network Rail wished to operate the proposed SO governance arrangements for nine months in 'shadow mode', and that Network Rail would review the final, CP6 SO governance framework in September 2018 in light of Network Rail and industry views on how well it was working.
10. John Thomas noted that the proposed SO governance arrangements would be discussed further between Network Rail and operators, including through the RDG Reform Board that was convening a few days after this working group meeting.

The proposed SO Advisory Board

11. Garry explained that the current proposal is for the Advisory Board to be independently chaired, with members to include a Network Rail non-executive director, the SO Managing Director, individuals with passenger and freight customer expertise, representatives from national funders (Department for Transport (DfT) and Transport Scotland) and an independent SO expert (possibly from another railway system in Europe). Garry also explained that the SO Advisory Board would be able to refer certain matters directly to Network Rail's Board in certain cases, where it considered it appropriate to do so.
12. Attendees expressed concern on the make-up of the SO Advisory Board in relation to the role of funders, suggesting they could unduly influence the discussion. This could be particularly problematic if operators had limited direct involvement in the SO Advisory Board. Some attendees suggested that operators should be directly represented, instead of having only independent passenger and freight experts. They suggested that the operator representative could be chosen through existing industry processes, such as the Class Representative Committee (CRC) secretariat provided by Network Rail that manages operator elections for the CRC, and be appointed for a time-limited period.

13. Some attendees queried whether it was appropriate for the SO Advisory Board to 'sponsor' management papers to the Network Rail Board. They suggested that its role should focus on communicating directly with the Network Rail Board, including by commenting and providing its opinion/advice on papers from the SO management team.

The proposed SO Standing Advisory Groups

14. Some attendees suggested that the remit for the Standing Advisory Groups could be strengthened, particularly when compared with the role of the SO Advisory Board. They also highlighted the risk of duplicating discussions among operators and the routes.

Proposed SO reporting tools

15. Garry said that Network Rail is considering the development of a Code of Practice for the SO to improve the transparency of its activities. It is also considering a System Code, which would set out relevant arrangements for all infrastructure managers (IMs, including Network Rail routes), including on timetabling activities.

Next steps on SO engagement calendar

16. Garry presented the SO's current thinking on how it would engage with its stakeholders over the first quarter of 2018. He pointed out to some of the following events:
- 'The designing our customer satisfaction measures workshop', which will aim to develop the section of the scorecard on customer measures (29 January, 2018)
 - 'The System Operator Business Plan, Governance Framework, and engagement plan workshop', which will be led by Jo Kaye (8 February, 2018)
 - 'The Governance Framework; Overall framework, Code of Practice, Scorecard review workshop', which will mark the date at which the SO's new structure and process has been in place for a full year (March 2018).

Wider points

17. A point was made on how other IMs (such as HS2 and CrossRail) and their activities relate to the system operation and the SO. Garry explained that the SO undertakes some timetabling activities for some IMs (on a commercial basis) and the SO engages formally and regularly with IMs through an IM working group.
18. Attendees highlighted that they wanted to see a recent draft of the SO's CP6 business plan. It was noted that the reason Network Rail had not shared its plan to date is due to the uncertainty around a Statement of Funds Available (SoFA) for Scotland. Calvin Lloyd said that Network Rail plans to publish the SO

business plans on 8 February 2018, and that Network Rail is working to certain planning assumptions in the absence of a SoFA for Scotland.