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System Operator Strategic Business Plan

Dear John,

Further to the constructive dialogue with your team on our System Operator CP6 Strategic Business Plan, I am writing to you to confirm and clarify my position on a number of issues your team has raised.

1. Informed Traveller (TW-12) on the Tier 1 Scorecard

In the SBP we indicated we wished to continue our discussions with our train operator customers on the most appropriate measures to be included on our functional (Tier 1) scorecard. We have discussed this issue with members of the Operational Planning Strategy Group (OPSG) at meetings in April and May this year. The conclusion of these discussions was the broad agreement of the importance of the TW-12 measure as an indicator of the industry's service offer to passengers and end users, as well as an indicator of the SO's performance. Our proposal is that we will continue to use the TW-12 measure with a compliance target of 90% on our Tier 1 scorecard.

We will continue to work with our customers on possible supplementary measures, for example, for operators who are less motivated by the need to offer advanced ticket sales. One example is the processing time between bid and offer between us and our train operator customers. These measures could be included on the Capacity Planning Tier 2 scorecard. We will continue to use OPSG as a sounding board for these proposals, with a further discussion planned for June. We will keep your team informed on progress with these discussions and ultimately reflect them in our CP6 Delivery Plan later this year.

2. Developing an SO Annual Report

I am committed to providing a transparent and comprehensive framework of reporting mechanisms on the performance of my team. The scorecard framework is a key component of this but, it is fundamentally a measurement tool, and I recognise it cannot capture the breadth and depth of everything relevant to my customers about my team's performance.

I propose to publish an Annual Report that provides a more expansive explanation of my team's activities throughout the previous year. I anticipate the report will provide a richer narrative than just the scorecard on key performance issues including safety, working with our customers, our people as well as a more general narrative on our core activities including strategic planning, support to franchising, development of enhancements, frameworks such as access planning as well as timetable production.

I will continue to engage with my customers as to what is most useful for them to include in such a report, as well as discussing such proposals with the Standing Advisory Groups and the Advisory Board itself. I anticipate endorsement to the structure and content of such a report at the February 2019 SO Advisory Board meeting.

My team will keep your team updated on the development of this proposal.

3. Developing the annual Continuous Modular Strategic Planning (CMSP) activity plan

As you know we have moved to a more continuous approach to our strategic planning activity so that it can more effectively inform our engagement with funders and stakeholders and better support our advice into the re-franchising programme and a more continuous pipeline process for the funding of enhancements.

To make this work, we need to develop and review our programme of work on a rolling basis. We have engaged with stakeholders to develop a draft plan of activity for this year.

To support this we have developed a clear governance structure for the development and agreement of a rolling annual plan and the necessary management of change to it, as well as the actual governance of the individual studies themselves. In doing this we have sought to rationalise the structure of engagement. We propose to use existing meetings such as Route Investment Review Groups, which we and our stakeholders believe will lead to more efficient and effective engagement.

We are now in the process of testing these proposals at a local level through the strategic planning work for the North of England as well as establishing the governance structure for the overall portfolio that will allow us to agree the annual plan, manage resources and dependencies and linkages to other activities such as franchising and enhancement funding decisions.

Once up and running we expect to agree the annual plan for each year in the last quarter of the preceding financial year and reflect it in an update of our Delivery Plan.

4. The SO Advisory Board and transparency

In February 2018 we published a guide to our proposed governance framework. I intend to establish and test this framework this year and review its effectiveness in advance of the start of CP6.

A key element of this is the establishment of the SO Advisory Board. I am in the process of recruiting the membership of this Board, with the intent of holding the first meeting of the Board in July.

As part of my commitment to transparency I intend to publish the papers and minutes of the Advisory Board and Standing Advisory Groups, subject to the normal responsibilities of confidentiality and commercial interest. I propose that I agree the minutes to be published of each meeting with the Chair of the Board.

I anticipate that the ORR will have full visibility to these proceedings and I anticipate there being dialogue directly between the Advisory Board members and the ORR as the need arises. I would expect an early discussion between the ORR and the Chair of the Advisory Board would focus on how best to work effectively together.

I hope what I have set out in this letter is helpful in providing you with a greater understanding of my proposals on these issues. Obviously I'm more than happy to discuss further.

Yours sincerely,



Jo Kaye

Managing Director, System Operator