

THE OFFICE OF RAIL AND ROAD

200th BOARD MEETING

Tuesday 28 March 2023, 09:00 – 14:00

At ORR, 25 Cabot Square, London E14 4QZ

Non-executive members: Declan Collier (Chair), Xavier Brice, Madeleine Hallward, Anne Heal, Bob Holland, Daniel Ruiz and Catherine Waller

Executive members: John Larkinson (Chief Executive), Ian Prosser (Director, Railway Safety)

In attendance: Feras Alshaker (interim Director of Planning and Performance), Will Godfrey (Director of Economics, Finance and Markets), Russell Grossman (Director of Communications), Vinita Hill (Director, Corporate Operations), Graham Richards (Director TfL Analysis), Tess Sanford (Board Secretary) Elizabeth Thornhill (General Counsel), Stephanie Tobyn (Director, Strategy, Policy and Reform)

Other ORR staff who attended are shown in the minutes.

Item 1 WELCOME AND APOLOGIES FOR ABSENCE

1. The Chair welcomed everyone to the meeting.
2. Justin McCracken had sent apologies.
- 3.

Item 2 DECLARATIONS OF INTEREST

4. There were no new interests declared.

Item 3 APPROVAL OF PREVIOUS MINUTES AND MATTERS ARISING

5. The minutes of the February 2023 meeting were approved.
6. The board noted the actions update. Four actions were scheduled for future reporting.

Item 4 NETWORK RAIL – STRATEGIC BUSINESS PLAN

7. Jennifer Genevieve and Carl Hetherington joined the meeting for this item.
8. This item and the discussion with guests are redacted as informing policy development which will be published in June 2023.
9. [redaction ends]
10. The board reflected on what they have heard and noted the importance of addressing train performance as an immediate (CP6) problem.

Item 5 CHIEF INSPECTOR'S MONTHLY REPORT

11. The report had been discussed in detail at the HSRC the day before.
12. Ian Prosser (IP) reported on an overall stable safety risk with passenger and public harm continuing to reduce and workforce safety improving.
13. He reported on work to monitor the local implementation of the modernising maintenance programme, keeping up the pressure on NR for all its regions to

have appropriate plans for drainage management, and updates in hand on Class 800s and WCR.

14. The board reflected on an overview of ORR's occupational health programme and noted the challenges NR continued to face in asbestos management. While there was no evidence of an asbestos issue in buildings in the heritage industry, the subject should be raised with the HRA at its next appearance at ORR's HSRC.
15. The board noted the work with the Network Rail Technical Authority around the implementation of Mair/Slingo recommendations and how this might be accelerated. Ian Prosser explained that the work was aiming to establish whether there was any passenger safety risk, not to address an acknowledged risk as the drafting of the board report had misleadingly suggested.
16. The board asked if it was possible to present the PHRTA graphic for trams with the minor collisions separated out [Action 03/01: Ian Prosser].
17. The board discussed the incidents at South Kensington tube station and heard about work with HSE specialists to investigate. The board noted that users of that station would include many occasional tube users including large numbers of children.
- 18.

Item 6 CHIEF EXECUTIVE'S REPORT

This report is redacted from the published version as time-sensitive and covering confidential issues.

Item 7 HIGHWAYS MONITOR

19. Feras Alshaker reported on the emerging funding available for RIS3 and the board discussed the challenging fiscal environment. The board discussed the likely cost of maintaining the existing network and the scope for any additional investment.
20. The board noted that a lack of a statutory deadline for the agreement of funding meant it was not clear when the funding would be announced and National Highways could move to finalise its plans.
- 21.

Item 8 DECISION: ORR BUDGETS

Lucy Doubleday joined for this item

22. Vinita Hill introduced the paper seeking approval for 23/24 budget allocations in the context of difficult conditions in the rail industry and tighter fiscal constraints. She described the approach to the published business plan which would include a list of deliverables to demonstrate ORR's value add as well as enabling the executive to hold themselves to account against it.
23. The budget for 2023-24 is slightly lower than current. The projected non-ringfenced outturn for this year is 2.8% underspend or £1.0m. Budgeting and forecasting has improved but still needs to get better.
24. ORR will develop a pipeline of activity that will allow us to bring forward activity more easily and start larger projects at short notice if other activity is curtailed or reduced. The list currently includes initiatives not considered to be the highest priority among the original budget bids.
25. The budget for 23-24 is broadly split in the same way as this year, with 72% of the budget being allocated to staff costs. Additional funding to cover the capital

costs associated with moving the Glasgow office would be sought from Treasury.

26. The board discussed resourcing for occupational health expertise in RSD and the budget available for developing and delivering new technology, cyber and data strategies, which were organisational priorities.
27. The board approved the budget as presented.

Item 9 **DECISION: PR23 CHARGES AND INCENTIVES**

Jennifer Genevieve and Carl Hetherington joined the meeting for this item.

This item is redacted from the published version as pending formal publication.

Item 10 **DISCUSSION: NETWORK RAIL LICENCE VARIATION**

Martin Jones, Les Waters and Gordon Cole joined the meeting for this item.

49. Martin Jones introduced the item, reporting that LCR currently held 15 properties with a value around £200m. The meeting discussed the degree to which it was possible to protect NR from the liabilities of LCR when it combined with Devco. Liz Thornhill reported that ORR had seen the entirety of DfT's legal advice on the protections and the team was reflecting on the mitigations it proposed to avoid catastrophic risks and how these could be achieved.
49. The board discussed the benefit of NR having access to stronger commercial expertise, the continuation of ORR controls over NR's disposal of land, including to Devco, and any impact on resources at ORR. The board recommended the team review all the licence conditions to check that everything relevant had been considered. It was also important that governance of Devco was carefully constituted, particularly in terms of board membership in line with NR's legal advice.

Item 11 **DISCUSSION: TFL FUNDING FRAMEWORK**

50. Graham Richards introduced the paper bringing the board up to date with current discussions with DfT and TfL on TfL's future funding framework and seeking the board's agreement to continue to explore what role ORR could play.
51. The board welcomed the update, noting that ORR had significant relevant expertise to apply across a broad area of TfL's work. There was a general public interest in bringing objective scrutiny and transparency to the process.
52. The board discussed risks around resourcing, handling and where expertise would need to be developed. The board fully supported continuing discussions. A full proposal for the board was anticipated around June and updates would continue to be provided in the CEO's report.

Item 12 **DISCUSSION: STRATEGY DEVELOPMENT**

53. Stephanie Tobyn sought agreement to three areas for further exploration by the board over the summer.
54. The board accepted the proposal. It also asked to consider organisational capability at the board in May [Action 03/03: John Larkinson/Stephanie Tobyn].

Item 13 BOARD EFFECTIVENESS REVIEW

55. This second external review had showed improvement over an already strong performance.
56. The board had accepted the recommendations of the review and now agreed the proposed responses.

Item 14 COMMITTEE FEEDBACK

57. Madeleine Hallward reported on the previous day's Highways Committee. There were no concerns to report. The committee had discussed in detail the Deputy Director's report some of which had been rehearsed in today's board discussion. It had noted the areas of focus for the next annual assessment of NH and the separation of safety commentary into the second annual safety report to be produced in December. It remained open to ORR to comment on any emerging issue without waiting for a scheduled performance report.
58. Declan Collier relayed feedback from Justin McCracken on the previous day's HSRC. He had highlighted the discussions with Geoffrey Podger on potential issues with the channel tunnel caused by two regulators with different approaches (rules vs outcomes). The committee had also had a presentation on ORR's occupational health work and discussed the slow improvement in the industry. He alerted the board to the progress on managing weather related risks by NR and the committee's increasing concern about the slow pace.
59. The board noted that NR had referenced ORR pressure on improving drainage assets in their presentation that morning. JL said he continued to highlight concerns on safety risks including the pace of improvement on structures and drainage with Andrew Haines.

Item 15 ANY OTHER BUSINESS

60. The board noted the items below the line.
61. Declan Collier reported on meetings with Keith Ludeman, Chair of HS1, Nigel Stevens, Chair of Transport Focus (who should be invited to the board later in the year [Action 03/04: Board Secretariat]) and with Parliamentarians including the TSC Chair, Iain Stewart.
62. The April meetings were noted. May's regional visit was likely to be Manchester.
63. Approved by the board: 18 April 2023