

PR18: Schedule 4 and 8 Re-calibration Working Group

Meeting 4: Note of the passenger operator Re-calibration Working Group meeting held on 15 May 2017 at ORR's London offices

The purpose of the note

1. This note summarises the actions and key decisions agreed in the passenger operator meeting of the Schedule 4 and 8 Re-calibration Working Group (hereafter: the Working Group) held on 15th May 2017.
2. In the meeting the group discussed: (i) Schedule 4 re-calibration; (ii) Sustained Poor Performance (SPP) and Sustained Planned Disruption (SPD) ;(ii) what has been agreed on Schedule 4; (iii) what has been agreed on Schedule 8; (iv) the proposal not to have a 'mini' consultation on areas of re-calibration; and (v) the next steps for this Working Group.
3. The slides ORR presented in the meeting are available on the ORR website¹.

Schedule 4 re-calibration

4. Points of clarification

- Operators asked that ORR make the calculation of the Access Charge Supplement (ACS) more transparent. ORR explained it is our intention to share as much as of the ACS calculation with stakeholders as possible but that there is a limit to how transparent the calculation can be as it involves Schedule 8 payment rates, which are confidential.
- One of the options ORR presented to improve Schedule 4 bespoke compensation is to 'Fix error in SPD threshold'. ORR clarified that this is in relation to an error in the contractual wording, as opposed to an error in the actual calculation of whether an operator is entitled to make an SPD claim.

5. Concerns raised

- It was raised that any changes to cancellation minutes sums during the PR18 Schedule 8 re-calibration will need to be factored into the ACS calculation given that it is based on historic Schedule 4 payments.

¹ http://orr.gov.uk/_data/assets/pdf_file/0016/25522/slides-on-schedule-4-re-calibration-15-may-2017.pdf

6. **Actions**

- **ORR** to circulate the table of Schedule 4 contractual wording issues and the template for the Working Group.
- **Working Group** to send any additional Schedule 4 contractual wording issues (using the template above) to ORR by close of play on Friday 9 June 2017.

Sustained Poor Performance (SPP) and Sustained Planned Disruption (SPD)

7. **Points of agreement**

- There was broad agreement that the process for making and resolving claims under SPP and SPD regimes should be simplified. It is currently time consuming, costly and difficult to resolve.

8. **Points of clarification**

- It was suggested that ORR should provide guidance and possibly a timeline for making SPD and SPP claims. ORR explained it is not their role to set out in detail what financial impacts should be claimed for and how claims should be made.
- ORR would be able to set out the purpose of the regimes more clearly. This would be published closer to the PR18 final determination.
- ORR agreed to mention in their June conclusions document that they would welcome the industry working together to propose improvements to SPP for CP6, which ORR would then consider.

9. **Actions**

- **Operators and Network Rail** to consider if they can agree a specific proposal for simplifying SPP and SPD claims, pending the decision on the proposal in the December 2016 consultation document. ORR will consider proposals that enjoy broad support amongst both Network Rail and operators on a case-by-case basis.

What has been agreed on Schedule 4

10. **Points of clarification**

- Members of the Working Group interested in finding out more about the RDG secondment position for Schedule 4 should contact Bill Davidson at RDG.

- In order to make changes to Schedule 4, the industry need to put forward candidates to be seconded to RDG to lead the recalibration of Schedule 4 in PR18.
- It is RDG's role to confirm the amount of evidence on bus replacement costs that is required and the deadline for providing it, although ultimately ORR will have to approve any re-calibrated parameters.

What has been agreed on Schedule 8

11. Points of clarification

- ORR explained that in light of the responses to the ORR December 2016 charges and incentives consultation² they are minded not to change the approach to setting the passenger operator benchmarks. However it is important to note that this is only a provisional view and the final decision is subject to approval by the ORR Board.
- ORR explained that a decision on the measure of performance for the passenger Schedule 8 regime has not yet been made and will be discussed at the next ORR board meeting. ORR will confirm the decision in their June conclusions document.
- RDG raised the point that ORR will need to confirm the measure for the performance targets for CP6 at least a week before the ITT for the second phase of Schedule 8 re-calibration work is finalised in early September 2017.
- Although a decision has not yet been made on the measure of performance for the passenger Schedule 8 regime this will feed into an early stage of the re-calibration of train operator benchmarks and payment rates. This decision is therefore vital to Phase 2 of the work.
- ORR confirmed that it had received the NTF reactionary delay proposal. ORR does not see this as an alternative proposal to the TOC-on-TOC proposal that was set out in its December 2016 consultation.

12. Actions

- **ORR** agreed to find out when the performance targets for CP6 will be confirmed.

² ORR charges and incentives consultation available here: <http://www.orr.gov.uk/rail/consultations/pr18-consultations/consultation-on-changes-to-charges-and-contractual-incentives>

- **Operators** to contact their route customer team to discuss setting new monitoring points, if their route customer teams have not been in touch already.

The ORR 'mini' consultation

13. Points of agreement

- The Working Group agreed that a 'mini' consultation is no longer necessary. ORR's current minded position is to not to change the approach to setting the passenger operator benchmarks and nothing else has come up in these meetings that needs to be consulted on.
- The Working Group agreed with ORR's proposal to instead publish a letter on what has been agreed so far in these Re-calibration Working Group meetings.

Next steps for this Working Group

14. Points of clarification

- It was confirmed that this was the last passenger operator Re-calibration Working Group meeting that will be led by ORR, RDG will lead future meetings.
- It was clarified that there will be separate discussions for operators where a 'bespoke' re-calibration of the regimes is required. However it was explained that operators who are involved in a bespoke re-calibration should continue to attend these sessions as well.

15. Actions

- **RDG** to send out invites and more information about the next Working Group meeting scheduled for 3 July 2017.
- **ORR** to provide an overview of their conclusions on Schedules 4 and 8 from the December 2016 charges and incentives consultation in the next Working Group meeting.

Attendees

Name	Organisation
Catherine Rowe	AGA
Pauline Rawlings	Arriva
David Rourke	Arriva (LOROL)
Lanita Masi	EMT
Rob Moss	GTR
Peter de Boeck	GWR
Michelle Gadsen	GWR
Martin Thornley	GWR
Maureen Dominey	MTR Crossrail
Peter Craig	Network Rail
Caitlin Scarlett	Network Rail
Alexis Streeter	Network Rail
Peter Swatridge	Network Rail
Yasmine Ghozzi	ORR
Sheona Mackenzie	ORR
Joel Moffat	ORR
Deren Olgun	ORR
Joe Quill	ORR
Tim Jones	TfL
Russell Parish	TfL
Phil Dawson	VTEC