

RDG PR18 working group

Note of meeting held on 2 June 2017 at RDG's offices

Attendees: Lynn Armstrong (ORR), Emily Bulman (ORR), Richard Clarke (Deutsche Bahn), Bill Davidson (RDG), Richard Evans (First Group), Jonathan Haskins (Network Rail), Dean Johnson (RDG), Angus Johnston (Freightliner), Lanita Masi (East Midlands Trains), Richard McClean (Grand Central Railways), Dan Moore (DfT), Peter Moran (ORR), Steve Price (RDG), Caitlin Scarlett (RDG), Tom Wood (RDG)

Apologies/not present:

| Agenda Item | Lead |
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| 1. Update on the overall framework | ORR |
| 2. Discussion of outputs working paper conclusion | ORR |
| 3. Update on Schedule 8 recalibration | RDG |
| 4. Update on Schedule 4 recalibration | RDG |
| 5. Assessment of National Task Force performance metrics | ORR |
| 6. Route comparable measures | ORR |
| 7. Next meeting | RDG |

1. Update on the overall framework

1. ORR shared the chapter headings and structure of the consultation document on the overall framework (although these could be subject to change), which will be published in late July 2017. Key topics include:
 - (a) the nature of the determination and route level settlements;
 - (b) how ORR will measure Network Rail's performance, including the role of scorecards;
 - (c) the relationship between Network Rail and its customers;
 - (d) ORR's role, particularly around promoting transparency, escalating issues and use of reputational incentives; and
 - (e) change in CP6.
2. Network Rail noted that its view was that although route MDs are expected to sign off their plans, the routes would not have the ability to reject the determination if they are unhappy with their settlements – the Network Rail Board will ultimately decide whether to accept the determination or not.

3. In addition to the consultation on the overall framework, there will also be subsidiary documents on output measures for the routes, and measures for the system operator.

2. Discussion of the outputs working paper's conclusions

4. ORR shared the conclusions of the working paper on outputs (Working Paper 4, July 2016) with the group, which would be published after the election (due to purdah). The paper notes the role scorecards will play in CP6, and the role ORR will take in specifying some of the measures on those scorecards.
5. ORR will set some measures to promote consistency and comparability across routes, and to ensure that the overall scorecard is balanced, including areas where customer interest may be weaker (e.g. long term asset condition). It was noted that scorecards were only part of the accountability framework however.
6. Some operators were concerned about language in the paper which seemed to imply that operators would be the ones responsible for setting targets for Network Rail. Operators felt that ORR should set a target at the level Network Rail is funded to deliver through the periodic review. If DfT then wanted additional outputs (e.g. higher performance), it should 'buy' this through the franchising process. Operators could then agree targets with Network Rail which reflected these goals.
7. Furthermore, it was felt that the consistent Network Rail measures should reflect things which Network Rail is solely (or at least primarily) accountable for, e.g. Network Rail caused delay minutes rather than PPM (which is dependent on operator inputs as well) as a measure of operational performance.
8. ORR welcomed feedback from the working group on which parts of the paper were potentially unclear and seen as a cause for concern – members were asked to contact Lynn Armstrong by 9 June 2017 with feedback.

3. Update on Schedule 8 recalibration

9. RDG provided an update on the Schedule 8 recalibration work. Bids for Phase 1 have been received and the contract will be agreed in the next week. The consultants will be approaching operators and routes in the coming weeks and months.
10. The ITT for Phase 2 will be issued in early September. This phase is dependent on an ORR decision on which performance metric will be used, although the target/baseline level of the metric can be substituted into the model relatively easily later on.
11. It was noted that there is a risk in CP6, because the model will be built based on a very different rail network. In particular, the introduction of the full Thameslink service, and Crossrail, will substantially change the way that delay is propagated across the

network and will change the correlation between delays in different areas which are currently largely isolated. For instance, Thameslink will plausibly spread delays from the Brighton area, up onto the East Coast Main Line via the Thameslink core, and into Scotland, whereas currently correlation is much weaker.

12. This change in correlation could require a re-opener in CP6 once the new timetables have settled in; otherwise there is a risk that the regime will lead to massive payments by some operators or by Network Rail, even if delays were not their fault, because the baseline levels could be wrong. Some operators noted that the level of payments should also be considered, as if the rates are too high, operators could be exposed to an unreasonable level of risk.

4. Update on Schedule 4 recalibration

13. There is some budget allocated for work on recalibrating Schedule 4. ORR is undertaking the evaluation of the discount factors, but RDG is expected to lead on reviewing the cost of rail replacement bus services, and to clarify contractual wording of the Schedule.
14. **ACTION** – ORR was asked to provide a letter clarifying roles and responsibilities around the Schedule 4 recalibration work. ORR had provided something similar for the Schedule 8 recalibration work previously. Emily Bulman would relay this to the charges and incentives team.
15. **ACTION** – For TOCs to identify a candidate to lead on this work.

5. Assessment of National Task Force performance metrics

16. ORR and Network Rail remitted Arup as an independent reporter to assess the data quality of the National Task Force performance metrics. The grading consists of two elements – the alphabetic element (A-D in descending quality) represents the confidence in the system reliability for obtaining the data, and the numeric element (1-6 in descending quality) represents the accuracy of the data.
17. All of the current CP5 performance measures are rated either A or B for system reliability, and 1 or 2 for accuracy. Network Rail noted that the reporters' recommendations have now been implemented for the Freight Delivery Metric, and that this would now score A1 as well.
18. **ACTION** – Jonathan Haskins undertook to confirm why right time had a slightly lower score – there was speculation in the meeting that it may have arisen from uncertainties in berthing times.
19. The CP6 measures scored lower, as would be expected, but the reporters provided 15 recommendations which would bring them all to A or B and 1 or 2 quality. Network

Rail pointed out that the reporters had not yet undertaken full statistical analysis of the measures.

20. ORR will publish the findings after the election.

6. Route comparable measures

21. ORR shared its current thinking on route comparable measures. The measure of delay imported from elsewhere was proposed to encourage cooperation across routes.
22. Operators noted that the amount of delay exported would be a better incentive, which would be a subset of the primary delay caused in the route. There was a concern that badly designed incentives would lead routes to refuse to accept services from other routes, if they would create delays on their own route.

7. Next meeting

23. The next meeting on 22 June will include a session on the research into passenger awareness of planned disruption (jointly between ORR and AECOM), progress on the market can-bear test, and an update on the July 2017 consultation on the overall framework.