

RDG PR18 system operation working group

Note of meeting held on 25 January 2017 at Network Rail's offices

Attendees: Alexandra Bobocica (ORR), Raminta Brazinskaite (ORR), Siobhan Carty (ORR), Rob Freeman (Network Rail), Peter Graham (Freightliner), Nigel Jones (DB Cargo), Matthew Lutz (Network Rail), Helen McAllister (Network Rail), Richard McClean (Arriva), Oliver Mulvey (DfT), Chantal Pagram (Go-Ahead), Steve Price (RDG, by phone), Garry White, Chair (Network Rail), Guy Woodroffe (RSSB, by phone), Andy Wylie (First Group, by phone).

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:
 - Summary of respondents' feedback to ORR's November 2016 consultation;
 - NSO's stakeholder engagement for CP6; and
 - The TRL capacity metrics report.

Summary of respondents' feedback to ORR's November 2016 consultation

3. The ORR presented a summary (based on an initial review of the responses) of stakeholder feedback to its consultation.
4. There was a discussion around views expressed in response to *question 1 (ii)*, which was about the level of disaggregation of the NSO's operational performance metrics. The following points were made:
 - Different customers have different priorities, and therefore the data that the NSO produces should enable different customers to understand the issues that interest them.

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- The NSO needs to take an overall view and manage trade-offs across the network. Therefore, reporting on many different measures at a disaggregated level might lead to unrealistic expectations when some metrics are not going in the 'right' direction (which may be due to trade-offs being made to optimise outputs at a network wide level).
 - There is a distinction to be made between data produced to inform discussions with customers, and data being used to hold the NSO to account from a regulatory or enforcement point of view.
 - Transparency is important and that data should be available to enable customers to have visibility of the trade-offs being made by the NSO.
5. It was pointed out that in terms of the NSO's scorecard, decisions need to be taken around the status of different measures – i.e. whether they are intended for customers only, or also for the ORR in order to monitor Network Rail.
6. The following points were made around consultation *question 3*, which was around possible NSO measures:
- Performance is important for customers, and the timetable needs to be optimised to ensure the performance targets are achievable;
 - Measures that assess the quality of the timetable and of input data to the timetabling process would be useful. However, we need to define what is meant by the quality of timetabling, and base the metrics on that;
 - There was also a question raised about the NSO's role in driving network capability forward, for example by specifying outputs from enhancement schemes. Some stakeholders thought that the NSO should play a key role in this process by providing information to funders and specifies, and also by being involved in picking the most effective projects to be delivered for example through general funds / "pots";
 - It was pointed out that the System Operation Fit for Future programme is currently looking at the NSO's end-to-end role in capacity planning (which includes its role as client for enhancements but also its role in integrating enhancements into the network through timetabling);
7. In terms of *question 4* around the NSO's capital budget, some attendees pointed out that when thinking about the size of a possible NSO RAB, we shouldn't only compare this with Network Rail's overall RAB (which is much larger than a potential NSO RAB). There are other companies which have a RAB of a similar size to the NSO's potential RAB. Therefore it is not a foregone conclusion that a RAB would not be appropriate due to its scale.

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8. Attendees agreed that it is encouraging to see respondents recognising the importance of focusing on the NSO's capital expenditure, which is likely to have significant benefits for customers. However, it was also agreed that the NSO's assets are likely to have a much shorter asset life compared with physical assets.
9. There was also a discussion around the feedback to consultation question 5, which refers to financial incentives for the NSO. Some attendees considered that the question about which incentives the NSO could possibly be exposed to goes to the heart of what will be the relationship between the NSO, the FNPO and the geographic routes. This question needs to be bottomed out first.
10. It was highlighted that it is not clear who the operators would need to engage with in relation to different incentives, e.g. Schedule 8, and whether it would be the routes or the NSO. There was also a question about whether the NSO would what a role in enhancements that cut across different routes.

The NSO's stakeholder engagement for CP6

11. The ORR presented a summary of stakeholder views (based on responses to the November 2016 system operation consultation but also the strategic business plan guidance consultation) around how the NSO should engage with stakeholders in developing of its strategic plan, and how the NSO should be held to account over CP6.
12. Attendees agreed that an overall forum for all stakeholders to discuss and take a view on the NSO's strategic business plan does not currently exist.
13. Attendees also discussed the on-going reform of RDG and the work looking at forums that currently exist and how they are used. The questions around NSO stakeholder engagement should be considered as part of this reform.
14. The issues discussed in terms of NSO stakeholder engagement were:
 - Stakeholder engagement to inform the NSO's business plan – engagement could take place through existing industry fora; through RDG (representing some of the NSO's key stakeholders); through bilateral engagement with parties who are not as closely involved (e.g. local authorities); and/or through a larger and specific forum to discuss the NSO's strategic plan. Network Rail is currently identifying the existing meetings and forums it could use to undertake this engagement. Attendees asked Network Rail to set out how the NSO proposes to undertake this engagement (i.e. all the meetings where the NSO business plan will be discussed, the stakeholders who will be involved and when the meetings will take place);

ACTION: Network Rail present its emerging (i.e. not final) NSO SBP stakeholder engagement plan / schedule at the next meeting of the system operation working group;

- The question of how the NSO should engage with stakeholders on an on-going basis throughout CP6 was briefly discussed – again this could be done through existing fora; and
- Holding to account of the NSO throughout CP6 – there was a question raised about whether existing RDG forums / meetings are appropriate for this purpose. Some attendees expressed the view that the existing meetings are not organised around this purpose and therefore are unlikely to be suitable to take an overall strategic view of the NSO's performance, and to hold the NSO to account as one business unit.

15. There was a question about whether the concept of a route supervisory board is being considered for the NSO;

16. A comment was made that ideally stakeholder engagement on the NSO SBP is organised in parallel to route stakeholder engagement on the SBPs.

The TRL capacity metrics report

17. The ORR presented some of the findings of the TRL report looking at possible capacity metrics.

18. Attendees recognised that the work is interesting but there needs to be a discussion as to how useful it would be before rolling it out more widely. Some attendees supported the idea of a trial of the metrics (if the necessary data and systems exist).

19. The capacity in use metric would be very useful if it could be recalculated easily for different timetable options to help assess them – however it was acknowledged that the capability is not there to do this at the moment.

20. Some attendees supported the proposal to use a train metres per hour measure (proposed in the report) which could be simpler to calculate and track the right kind of things (e.g. efficiency improvements through train lengthening).

21. Some attendees suggested that it would be helpful for any eventual capacity metrics to be used by franchising authorities.