

THE OFFICE OF RAIL AND ROAD

126th BOARD MEETING

09:00-15:00, TUESDAY 28 JUNE 2016

ONE KEMBLE STREET, LONDON WC2B 4AN

Non-executive members: Stephen Glaister (Chair), Tracey Barlow, Bob Holland, Michael Luger, Justin McCracken

Executive members: Joanna Whittington (Chief Executive), Ian Prosser (Director Railway Safety),

Executive directors: Graham Richards (Director Railway Planning and Performance), John Larkinson (Director Railway Markets and Economics)

In attendance, all items:, Dan Brown (Director Strategy and Policy), Russell Grossman (Director Communications), Juliet Lazarus (Director Legal Services and Competition), Tess Sanford (Board Secretary),

Peter Antolik, (Director Highways Monitor) item 12. Tom Taylor (Director Corporate Operations) Items 1-7 and item 11

Other ORR staff in attendance are shown in the text.

Item 1 WELCOME AND APOLOGIES FOR ABSENCE

1. There were no apologies from members.

Item 2 DECLARATIONS OF INTEREST

2. There were no relevant declarations of interest.

Item 3 APPROVAL OF PREVIOUS MINUTES

3. The Board noted the corrected April minutes and agreed the May minutes subject to any corrections by the Chief Executive.

Item 4: DECISIONS BY CORRESPONDENCE

4. The Board noted that Senior Civil Service (SCS) performance awards for 2015-16 had been agreed in correspondence by the non-executive board members on the recommendation of Remco.

Item 5: MONTHLY HEADLINES

5. Ian Prosser reported on:
 - The forthcoming launch of the annual rail safety report in July.
 - A serious injury to a track worker on the London underground which was being investigated.
 - The outcome of the hearing on the West Coast Railways sentencing hearing and the ongoing monitoring of their safety regime;
 - ORR's review of the Railway Safety and Standards Board (RSSB).

6. Justin McCracken reported on a constructive first meeting of the RSSB review steering group which he chaired. The Board noted the terms of reference which had been circulated in Ian's monthly report and that regular future updates would be included there. The Board would consider the draft report of the review in the autumn [*forward programme*].
7. Graham Richards reported on:
 - The forthcoming publication of the *Monitor* publications for England & Wales and Scotland which would be issued after NR's annual report and accounts were published in early July.
 - Assurance work around NR's preparations for the major programme of work planned at London Bridge in August.
 - Joint work to assess NR's progress in improving their asset management capability by end 2017 which would report in October 2016. [*forward programme*].
8. John Larkinson highlighted:
 - A good start to engagement around the PR18 consultation;
 - The publication of *Measuring up* and progress on work to follow up the super complaint report;
 - An appeal by TfL against Heathrow Airport's access regime;
 - Ongoing engagement with the parties to the ECML access decisions made in April.
9. Joanna Whittington reported on:
 - Senior engagement in the run up to the publication of the Monitors, aimed at ensuring DfT, Transport Scotland and NR understood the key messages in advance.
 - Her appearance at the Transport Select Committee's hearing on the customer experience – noting a postponement of the later sessions.
 - Ministerial approval of ORR's pay remit for 2016-17 so that negotiations were underway with the unions.
 - Successful deployment of multi-functional smartphone devices to ORR staff.
10. The executive reported on a number of issues in Scotland where ORR might have a role:
 - NR's route devolution and related issues on political devolution;
 - The safety of driver operated doors;
 - Changes in the reported timetable and costs of the Edinburgh/Glasgow improvement project (EGIP) and other projects.
11. The chair's offer of a meeting to the new Scottish transport minister had been accepted.

Item 6 REGULAR REPORTS

12. The Board discussed monthly reports on rail safety and the NR CP5 Tracker.

SAFETY

13. The board asked about the Paddington derailment which had caused serious disruption for passengers. IP reported that the incident was still being investigated.

14. The board noted the serious injury to a contractor track worker on the London Underground. The board noted that Transport for London was now a major rail operator with LUL, London Overground and, soon, Crossrail. JW said that there were a number of changes at TfL, for example in senior management roles, the increasing size of their rail operations, and political commitments in relation to fares which might constrain finances. This meant that ORR needed to reflect on whether its relationship with TfL properly reflected our roles on safety and – where relevant – consumer protection and economic regulation.

CP5 TRACKER

15. GR noted that period 1 delay minutes for GTR, Southern and TPE were better than the last period of last year and we would continue to monitor them closely. Scotland results were not currently a concern although the absence of EGIP from the escalator was being looked at.

ITEM 7 UPDATE ON THE OUTCOME OF THE EUROPEAN REFERENDUM

Giles Buckenham joined the meeting

16. Dan Brown briefed the Board. There would be no immediate impact on ORR and business should be pursued as usual.
17. The board discussed:
 - A current slight mismatch of powers between ORR and ARAFER (the French authority responsible) on channel tunnel economic regulation as a result of time taken in the legislative process for some regulations [*Post meeting note: this has now been resolved by the laying before Parliament and coming into force of the Railways (Access Management and Licensing of Railway Undertakings) Regulations 2016*];
 - Potential for disruption to the normal functioning of government during the current period of uncertainty, with a particular risk around the delivery of an HLOS/SOFA¹ by DfT due in 2017;
 - The impact of any fiscal downturn for medium and long term government funding of rail and road infrastructure and for industry investors;
 - The importance of ORR's voice in ensuring that the infrastructure is maintained and operated safely;
 - The need to offer support for any new ministers to quickly get up to speed with their portfolios.
18. The board asked the executive to continue their good contacts at official level and respond quickly and flexibly to help ensure new ministers were well briefed and supported on key issues. The board noted that this should extend beyond DfT to other relevant departments such as BIS and the devolved governments.

¹ High level output specification/statement of funding available

ITEM 8 2016-17 COMMUNICATIONS STRATEGY

Andrew Winstone, Tracey Larby and Rachael Durrett joined the meeting for this item

19. Russell Grossman set out the six strand approach of the strategy and the board worked through the questions in the paper. They welcomed the increased focus on better links to business audiences and regional media – particularly given NR’s current route devolution plans.
20. The board noted that the statement of purpose was usefully broad – accepting that staff would need to use it appropriately with some specific audiences (eg ORR has no roads role in Scotland). The supporting material would help support good targeted communications.
21. Board members agreed to contribute blogs to increase ORR’s digital presence as part of improving the content of the website. *[Action: Russell to prompt NEDs to consider subjects]*
22. The board agreed the need to measure the impact of the strategy beyond our existing stakeholder surveys where impact would be slow to register. The board agreed that they should hold a six monthly discussion on the impact of our communications and that for the first year this should include some measure of activity to see how frequently we were interacting with key audiences. *[forward programme]*

ITEM 9 DfT ORR MEMORANDUM OF UNDERSTANDING

Robert Cook joined the meeting for this item

23. Dan Brown reminded the board that ORR had proposed an MOU to clarify our different roles and responsibilities following the Bowe review. He briefed the board on the status of the draft they had seen and the meetings and work done so far to develop the text. The bilateral process facilitated improved understanding on each side and this had been an important aim, but there were still some significant issues which needed to be clarified between the organisations.

Bernadette Kelly- Director General, Rail, DfT joined the meeting

24. Bernadette Kelly explained her view of the immediate impact of the referendum on the work programmes and key priorities of DfT including preparations for new ministers .
25. The board set out:
 - An offer of support by ORR officials on key policy areas and briefing ministers;
 - The continued role for the regulator in maintaining a steady regulatory environment to support investor confidence;
 - Their desire for the government to publish a final response on the Shaw review and the review of ORR;
 - The importance of DfT ensuring the parliamentary process to put ORR and ARAFER on equal terms was completed.

26. The meeting discussed the few unresolved issues on the MOU. BK agreed that these could be addressed in correspondence or further meetings with officials as appropriate. *Bernadette Kelly left the meeting*
27. The board reflected on what they had heard and options for resolving the treatment of enhancements.

ITEM 10 ANNUAL RAIL INDUSTRY HEALTH AND SAFETY REPORT

28. Ian Prosser presented his initial assessment of health and safety performance on all of Britain's railways in 2016-17. Numbers were not yet finalised and data was still being received.
29. Alongside some broadly positive trends in risk measures, IP highlighted that passenger growth and changes in passenger behaviour (apparently around alcohol and distraction by mobile devices) were increasing passenger risk levels.
30. Earthworks remained a concern not just because of safety but also because of the disruption to services when they failed.
31. The board noted the increased focus by TOCs on decreasing SPADs² through improved driver management, and the improvement in suicide figures (including the high number of successful interventions by station staff) which reflected targeted action by NR.
32. The board discussed how duty holders should consider, as part of their risk assessments, the changes in public behaviour which were driving increased passenger risk. The board also asked that the report include concrete examples of where actions or intervention have delivered improved safety outcomes.
33. The final report would be published in July following sign off by the Chief Executive and Director of Railway Safety.
- 34.

ITEM 10 UPDATE ON CO-LOCATION AND SHARED SERVICES

Tom Taylor re-joined the meeting for this item.

35. Tom updated the board on work being done with other regulators to consider co-location and the possibilities of sharing services.
36. The board endorsed the continuation of a headquarters in London with representation from all functional areas of the business. Recruitment and retention were key ongoing risks which a non-London base would exacerbate. They did not determine the size or location of that headquarters.
37. The board noted the proposal to investigate further the two locations of Stratford and Canary Wharf.
38. The board noted the factors that would determine the level of any financial savings that might be achieved by combining or outsourcing services, such as the size of the organisation. The board agreed that the opportunity cost of requiring highly specialised staff to spend time on admin tasks and the value of in-house services as part of our recruitment offer should be balanced against any possible financial saving. The final business case should include some benchmarking data of costs for services and service standards.

² Signals passed at danger

ITEM 11 REVIEW OF ORR'S FIRST YEAR AS HIGHWAYS MONITOR

Peter Antolik joined the meeting

39. Peter Antolik reported on a broadly successful first year for ORR as the monitor of Highways England including good working relationships with DfT and Highways England.
40. PA set out the next steps for the team within ORR and areas for developing ORR's contribution to thinking around roads reform. He noted challenges around increasing stakeholder expectations and the need for ORR to increasingly deliver synergy through better integration of road and rail functions.
41. The board noted the report and the importance of maintaining momentum. They asked to see evidence of impact as well as effort. They agreed that given the delay to establishing a fully staffed team, the report showed a high baseline of achievement.

ITEM 13 FEEDBACK FROM COMMITTEES

42. *Audit and Risk Committee* Bob Holland reported on discussions around the audit plan and the risk management system. At the suggestion of the NAO, the annual accounts would include a passing reference to the outcome of the referendum. The board asked for confirmation on the end of contract date for Grant Thornton as internal auditors [Action].
43. *Remuneration Committee* Michael Luger reported on discussions on succession planning and senior recruitment.
44. *Highways* Stephen Glaister reported on a full agenda for Highways Committee. A report on delegation assurance controls on HE expenditure had been produced because the DfT/ORR MOU on Highways required it. ORR had not offered an opinion on the controls. SG asked that the report be copied to the ARC members for information. [Action]
45. SG said that all the board committee chairs would report to the board on their committee's activities during 2015-16. [Action]

ITEM 14 ANY OTHER BUSINESS

46. There was no other business.

Meeting closed 2.45 pm

