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Office of Rail Regulation

Approved Minutes of the 23rd ORR Board meeting held on 20 April 2006 (09:45 – 13:15) at ORR's London office, 1 Kemble Street, London, WC2B 4AN

Board Present:

Chris Bolt Chairman
Michael Beswick Director Rail Policy
Peter Bucks
Bill Emery Chief Executive
Jeffrey Jowell
Jane May
Jim O'Sullivan
Chris Stokes

In attendance:

Shamus Kenny Board Secretary
Rob Andrews Director Rail Safety Policy (Items 5 - 11)
Sarah Straight Director Rail Markets, Passengers & Freight (Items 5 - 11)
John Thomas Director Regulatory Economics (Items 5 - 11)
Linda Williams Chief Inspector (Items 5 - 11)
David Chapman Head of Human Resources (Item 8)
Andy Burgess Deputy Director Industry Monitoring & Analysis (item 9)

Item 1: Welcome and apologies for absence

1. The Chairman welcomed everyone to the meeting, which was the first as the integrated health and safety and economic regulator of Great Britain's railways. Louise Craig of Ofwat was attending as an observer for this meeting.
2. There were no apologies for absence.

Item 2: Declarations of interest

3. Chris Stokes was a Director of Superlink Ltd and currently undertaking consultancy work for the Greater Manchester Passenger Transport Executive and franchise bidding consultancy for National Express. These had been notified in advance to the Chairman, in accordance with the Rules of Procedure. The Board considered his interests in relation to the items on the agenda. It agreed that there were no items where he would be required to withdraw from the meeting.
4. There were no other interests for other Board members to declare relevant to the agenda.

Item 3: Chairman's Report

5. The Board noted the Chairman's activities over the past month, which included:

reaffirmed its commitment that the Chief Inspector of Railways should have direct access to the Board. To support this, from May 2006 the Chief Inspector would submit a monthly report to the Board on the work of the Railway Inspectorate and a summary of any major incidents.

10. The Safety Regulation Committee on 4 May 2006 would review safety reporting arrangements to the Board and its role in the presentation of this information. The Board would be informed of the programme of key issues that it would discuss over the next year and be briefed on how the work of the Railway Inspectorate fed into policy decisions.

11. The Board would also receive safety briefing / teach-in sessions over the coming months on HMRI priorities and topic strategies; and the implications of major industry changes such as ROGS.

Item 5: Board committee minutes

12. The Board noted the minutes of its committees that had met since the last Board meeting.

East Coast Main Line Open Access Applications Committee: 16 March 2006

13. The Board on 20 March 2006 had received an oral update on the Committee's decision. GNER had submitted a notice before action letter and was likely to apply for judicial review. The Board discussed the points raised by GNER and the possible implications for ORR and Grand Central of a judicial review. It agreed that its decision should be robustly defended and that if leave was granted for Judicial Review that application should be made for an expedited hearing before August 2006.

14. Network Rail and the other parties were working well together on possible changes to the East Coast main line timetable.

Safety Regulation Committee: 31 March 2006

15. The committee had discussed future Board and senior management strategic safety briefings; the agenda and future options for the running of the Railway Industry Advisory Committee on safety (RIAC); progress with ROGS and the smooth transition of safety from HSE to ORR; proposals for the future categorisation of ORR safety publications; the application of ALARP in relation to the HLOS; safety related workplans for 2006-07, incidents and fatalities reports and safety reports from RSSB and LUL.

16. ORR would consult with industry later in 2006-07 on the interpretation of reasonable practicability as part of its review of the safety enforcement policy.

Periodic Review Committee: 10 April 2006

17. The committee had discussed the periodic review programme and programme management arrangements; the structure of costs and charges, incentives, and the development of ORR's stations policy.

Item 6: Matters arising (not taken elsewhere on the agenda)

18. The Board noted progress on actions agreed at previous meetings.

Item 7: Chief Executive's report

19. The Board noted the report, which summarised industry performance and office activities. This included policy development and progress against the budget and business plan.

20. The industry had sustained its recent good performance through to the year-end. The final PPM for 2005-06 would be over 86%. However, the Board noted some areas of poor performance, in particular on the Great Western main line and an indefinite extension of a planned 3½-month blockade of the Sandbach-Wilmslow section of the West Coast main line. It requested an update at its next meeting on the context and causes of these issues and what action Network Rail was taking and the options open to ORR if these issues were not addressed promptly.

21. Network Rail issued the South West main line Route Utilisation Strategy (RUS) on 22 March 2006. ORR had until 19 May 2006 to issue any formal objection; otherwise it would become 'established' as a basis for short to medium term planning on the route. Following detailed comments and concerns on the initial draft the latest version was being reviewed. It now proposed a reasonably coherent strategy for the route, with a wide range of short- and medium-term initiatives. So far no concerns had been identified that would be sufficiently serious to warrant an objection.

22. The Board noted details of the successful transition of rail safety to ORR and the relocation of London based staff to the new office in Kemble Street. It congratulated all of the staff involved in making transition a success and noted that the forward focus would now be on ensuring that the new organisation was fully integrated.

23. The Board noted the draft annual report, due to be published in late May 2006. Drafting comments would be submitted to the Board Secretary by the end of April 2006.

Item 8: Values action plan

24. The Board had previously agreed a vision for the new ORR, underpinned by high level values. 150 staff from the old ORR and HSE Rail had participated in workshops to interpret the values into actions. On 20 February 2006 the Board discussed the recommendations arising out of the workshops and asked to see an action plan to implement the recommendations.

25. The Board noted the action plan, which set out a considerable agenda that would help to deliver a fully integrated organisation over time. Some of the actions were already in hand. The Board agreed the action plan, with some amendments and noted the timing and resource issues.

26. The Board also noted the KPMG report on pay and that the executive would be considering the options with a view to moving to an integrated set of terms and conditions, within the existing budget. The Board wished to see a framework that would: support joint career development across the new organisation; ensure that the Rail Inspectorate had the appropriate skills and resources to carry out its role; and support delivery of ORR's corporate strategy with improved value for money.

27. The Board would be updated in May and discuss the harmonisation proposals and the decisions that informed them in June or July 2006, prior to consultation with staff and the unions.

Item 9: Finalisation of economic enforcement policy and penalties statement

28. The Board noted the responses received on the consultation for the draft economic enforcement policy and penalties statement. The document had been amended in light of the consultation responses and further internal consideration which took into account representations from Network Rail in relation to the penalty notice on infrastructure capability issued under section 57C of the Railways Act 1993 (as amended) on 2 March 2006.

29. The Board agreed the policy, subject to some drafting amendments, and its publication alongside a summary of consultation responses. The Board would consider a paper on ORR's monitoring framework on 23 May 2006.

Item 10: Any other business

30. There were no additional items of business.

Item 11: Date of next meeting

31. The next ordinary meeting of the Board was 22 May 2006 from 09:45. Items for the agenda included: ERTMS policy, an initial discussion on revisions to Board rules of procedure and the licence monitoring framework.

**Chris Bolt
Chairman**

Minutes approved by the Board on 22 May 2006