16 October 2013

Present

Tim O’Toole (Chairman) (First Group)
David Higgins (Deputy Chairman) (Network Rail)
Dominic Booth (Abellio)
David Brown (Go-Via)
Jonathan Brown (Serco)
Alistair Gordon (Keolis)
Martin Griffiths (Stagecoach)
Bob Holland (Arriva)
Nigel Jones (DB Schenker UK)
Peter Maybury (Freightliner)
Paul Plummer (Network Rail)
Doug Sutherland (Directly Operated Railways)
Graham Smith (Director-General)
Michael Roberts (ATOC)

In Attendance:

Mike Goggin and David Biggs (Station and on-train retail))
Richard Brown and Michael Holden (Franchise Advisory Panel))

Station and On-Train Retail

The Group was reminded that the Transport Committee had asked RDG to produce a joint strategy with Passenger Focus for station and on-train retail. RDG had commissioned SDG and Javelin Group to undertake research to inform the production of the strategy. SDG / Javelin’s work had been overseen by a Steering Group involving Abellio, Arriva, First Group, Network Rail and Stagecoach.

Mike Goggin (SDG) and David Biggs (Network Rail) introduced the SDG / Javelin report and highlighted a number of points:

• The changing nature of consumer behaviour and retailing;
• The method used to classify stations and thereby create a focus on the 265 stations with the greatest retail opportunity; and
• The report made recommendations in the areas of investment, management and industry structure.

Comments from RDG Members included:

• There was a need to identify what the passenger wanted – Passenger Focus had highlighted that retail must not get in the way of the basic travel functions that a station
should provide:
• Lessons should be learnt from other railways and other industries;
• Station retail was part of a wider issue on stations and station investment;
• The DfT had a pivotal role in tackling the residual value issue;
• The new approach to stations seen on Greater Anglia had merits; and
• A retail strategy should focus on structural issues.

Franchise Advisory Panel

Richard Brown and Michael Holden described the work of the Franchise Advisory Panel. The Panel had encouraged stability and continuity in franchising as well as an efficient approvals process and a sensible approach to delivery plans.

The Panel had encouraged the long-term review of the location of rail functions, as recommended by the Brown report.

Review of the Industry Risk Register

At the September meeting RDG agreed to review the industry’s risk register and identify the priority areas for future scrutiny. This would be followed up with the new RSSB CEO.

Transparency

An RDG-led group involving owning groups, Network Rail and external parties would pursue the transparency agenda.

Industry Structure – executive Function for RDG

The Group discussed the creation of an executive function for the Rail Delivery Group drawing on resources supplied by ATOC and Network Rail. Amongst the issues considered were:

• The need for ATOC Directors to meet RDG working group leaders to agree how they could support the RDG working groups;
• Introduction of the revised operation of the ATOC Board;
• Production of a budget, identification of resources and agreeing funding for 2014/15;
• Agreeing the interaction with the freight community;
• Taking responsibility for the administration of RDG and its meetings;
• Preparing for the RDG’s annual industry forum; and
• Communicating the new arrangements.

RDG agreed that a new executive function should be created for the Rail Delivery Group and asked that the new arrangements be put in place.

Asset, Programme and Supply-Chain Management Working Group

Presentations to senior Network Rail management and to TOC Managing Directors had been received well. There was concern that not all the APSCM work streams were proceeding at the same pace but this would be addressed by the working group.
The new access arrangements, which reduced industry costs, were working well in Kent but had been criticised by Passenger Focus.

Rolling Stock

SDG had produced a useful Stage 1 report. Progressing the work would need additional industry support. RDG was aware of views expressed by one ROSCO.

Freight

The freight position on the capacity charge in CP5 was likely to be adopted by the ORR. Technology and Operations working group – update

A secondment from RSSB, Guy Woodroffe, would support the working group, which would have its first meeting in November. The working group would lead for RDG on the mobile communications initiative including the production of a whole-industry business case, which would require careful preparation.

Technology and Operations Working Group – Smart Ticketing

The DfT’s fares and ticketing review had been published and that a range of announcements were expected to follow relating to initiatives such as flexible season tickets. The ITSO commercial advisory board was now meeting regularly.

Commercial Working Group

No further industry-wide consultations were expected on franchise structure and that future communication from the DfT would be on a bilateral basis through the ITTs.

Technology, Innovation and Working Practices

The meeting was updated on pension issues including the differences of view between trustees and actuaries on investment returns, the importance of DfT support in maintaining Covenant 1 status, ATOC discussions with the Trade Unions and the management cost of the pension fund.

Industry Structure and Strategy Working Group

Network Rail’s remaining areas of concern with the ORR’s PR13 Determinations were advised to the Group

A debate was taking place as to whether the industry or ORR should lead the work on the Structure of Charges for Control Period 6. RDG gave its full support for this work being led by the industry.

HS2 had been discussed at RDG’s Planning Oversight Group, which had identified two key principles:

- HS2 contributed to increased network capacity; and
- HS2 should be seen as part of the overall railway network.
Safety, Health and Environment

RDG would be sponsoring the industry safety meeting in early 2014. Members were asked to make nominations to fill the vacant RDG / Owning Group vacancy on the RSSB Board.