

## Regulatory Impact Assessment

This regulatory impact assessment (RIA) summarises the key considerations that we have taken into account in developing our proposals for a new Ombudsman Operating Model (OOM) and amended licence condition, and the appointment of a provider of the Rail Ombudsman service under an ORR contact.

We have sought to summarise our proposals, and their potential impact on passengers and licence holders, alongside any other factors that have been considered.

It is important to note that because a Rail Ombudsman service already exists and thus already has impacts upon both passengers and licence holders, our RIA principally focuses on the impact of proposed changes to the service we intend to make.

Policy area	Evidence and Proposals (full details in consultation documents and published contract)	Impact on [+ positive] [- negative]		
		Consumers	Licence holders and Industry	Other
Controlling the Rail Ombudsman's costs	Contract sets out provider's price for delivering the service over the contract term and provider is required to conduct an annual consultation to demonstrate service is operating efficiently. Where any surplus is identified members will be consulted on proposals for redistributing this. The Rail Ombudsman's annual operating budget will be £989,552.00 in year 1 and will be subject to indexation in each contract year thereafter.	N/A	<p><b>(+ ve)</b> Cost control and efficiency of the provider will give Licence Holders transparency around membership costs and prevent the overall cost of the scheme from spiralling over time.</p> <p><b>(- ve)</b> Rail Ombudsman budget will be subject to annual indexation which may result in a gradual increase in costs over time.</p>	

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Transition to ORR sponsored scheme	Whilst the current provider of the Rail Ombudsman service has won the ORR competitive tender to operate the new ORR sponsored scheme, it will nonetheless require changes to the way the service operates, and this will have an impact upon industry.	N/A – rail passenger should not experience any disruption to access to the Rail Ombudsman service or any reduction in service quality during the transition phase.	<p><b>(+ ve)</b> The appointment of DRO as provider of the ORR-sponsored Rail Ombudsman scheme eliminates the need for dual-running of the RDG and ORR schemes during a transition period. By extension, with no transition period required it also eliminates the need for dual-charging of members.</p> <p><b>(- ve)</b> Licence Holders and one other industry Rail Ombudsman scheme member will be required to migrate over to the newly sponsored ORR scheme. Whilst many aspects of the scheme will remain unchanged from the current service, there will nonetheless be some changes to the way it operates, and this will impose a transaction cost upon scheme members. For example, members will be required to participate in the development new Scheme Rules and Member Agreement. Members may also be required to participate in</p>	

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			discussions to develop and agree new reporting arrangements.	
Rail Ombudsman governance	The RDG-sponsored Rail Ombudsman scheme has three distinct elements of governance: (i) the Board of the provider; (ii) the Scheme Council, and; (iii) the Rail Sector Liaison Panel. The ORR-sponsored scheme will operate with a simplified governance structure comprised of an independent Rail Ombudsman board, and it will be advised by two specialist advisory panels: the Passenger Advisory Panel and the Rail ADR Scheme Member Panel (Rail Sector Advisory Panels).	<b>(+ ve)</b> Dedicated consumer representation in the governance arrangements should ensure passenger interests are more clearly expressed to the Rail Ombudsman Board.	<b>(+ ve)</b> Dedicated industry representation in the governance arrangements should ensure member interests are clearly expressed to the Rail Ombudsman Board.	
Member invoicing and charging arrangements	For those RDG members which are members of the Rail Ombudsman scheme, they are currently invoiced at the year-end for their Ombudsman membership fees and at the end of each Rail Period for case fees. Under		<b>(+ve)</b> It is estimated that RDG members are currently invoiced around 14 times per annum for their Rail Ombudsman charges. Under the ORR charging regime this should only require a maximum of four invoices per annum which should reduce the	

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	ORR sponsorship this will change to quarterly invoicing in advance.		<p>administrative burden on these members.</p> <p><b>(+ve or – ve relative to each RDG member)</b> The timing of ORR’s invoicing requiring members to pay quarterly in advance may impact members’ cashflow positively or negatively during the financial year relative to the RDG charging arrangements.</p>	

## **Equality Impact Assessment**

We have previously published an **Updated Equality Impact Assessment** which summarises how ORR has sought to meet its responsibilities placed on it by the Public Sector Equality Duty as set out in section 149 of the Equality Act 2010. This can be viewed in **Annex B** of this document [ORR decision on proposals to implement a new Rail Ombudsman operating model and amended licence condition](#).