

# Impact assessment - Guidance on complaints handling procedures for licence holders, 2015

Impact Assessment of the guidance on complaints handling procedures for licence holders, 2015

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## Section 1: The issue

- 1.1 In October 2013 the Office of Rail and Road<sup>1</sup> (ORR) took over approval and monitoring of Complaints Handling Procedures (CHPs) from the Department for Transport (DfT). In April 2014 ORR committed<sup>2</sup> to review the existing guidance on CHPs published by the Strategic Rail Authority in February 2005. ORR's intended policy approach is set out in the consultation on draft guidance on complaints handling procedures for licence holders, 2015<sup>3</sup>.
- 1.2 Rail passengers are paying a growing share of the cost of running and investing in the network and services. They have rising expectations of services, and expect the industry to respond to their needs. When problems arise it is therefore important that there are appropriate means to make complaints. It is also essential that the information and insight from complaints is used to identify areas where services should be improved. An easily accessible complaints system empowers consumers to seek answers or redress when things go wrong. The information provided by complaints, as well as passenger feedback more generally, enables licence holders to identify root causes of dissatisfaction and take action to improve the customer experience.
- 1.3 While ORR does not believe that there is a need for making material changes to how complaints are currently managed by licence holders, some adjustments are necessary so that the CHP guidance better reflects the current environment and changes to consumer expectations.
- 1.4 The current guidance is dated, and should reflect modern methods of communication such as social media. Further, licence holders have told us they want greater flexibility to respond outside of the formal investigatory process where this would deliver a swifter and more proportionate resolution for the passenger, and greater clarity in certain areas.
- 1.5 Other feedback from the industry during development of the draft guidance and in response to the consultation suggests that:
- There should be a greater focus on outcomes, for example, establishing a greater link or measure of how operators' respond to complaints overall, or improve services following complaints.
  - The revised guidance should avoid conflict with other obligations owned by the licence holder arising out of their franchise or via other legislation.
  - Licence holders should be encouraged to adapt approaches that reflect the types of service they offer.

<sup>1</sup> From 16th October 2015 our legal name is changed to Office of Rail and Road.

<sup>2</sup> See further information: <http://orr.gov.uk/what-and-how-we-regulate/licensing/licensing-railway-operators/licence-obligations/complaints-handling-procedures/review-of-existing-chps>.

<sup>3</sup> Published 6 May 2015. Available at: <http://orr.gov.uk/consultations/policy-consultations/closed-consultations/closed-consultations-2015/draft-guidance-on-complaints-handling-procedures-for-licence-holders>.

- The purpose of the current CHPs, in particular whether they are ‘passenger-facing’ is considered to be unclear.

1.6 ORR has had a long and productive engagement with stakeholders on the issues above, including through one to one meetings, workshops and a conference. We used these opportunities to gather stakeholder views on our regulatory approach in the area of complaints handling. These views are reflected in the revised CHP guidance.

## Section 2: The objectives

2.1 Train and station licence holders are required, by their operating licence, to have Complaints Handling Procedures (CHPs) which have been approved by the ORR. The new guidance provides direction on what ORR will look for when exercising this approval role and when monitoring for continuing compliance. The guidance is designed to support licence holders in:

- providing an easily accessible complaints handling service to customers;
- developing and maintaining sound customer-centric complaints handling protocols and practices;
- using empirical data and evidence relating to complaints to drive through service improvements; and
- understanding how we will regulate in this area.

## Section 3: The options

### Option 1: ‘Do nothing’

3.1 The ‘do nothing’ scenario is used as the baseline against which costs and benefits of proposed changes to the existing CHP guidance are assessed (i.e. Option 2 below). In other words, the ‘do nothing’ option represents a case of maintaining the existing guidance as well as current licence holders’ CHPs as approved by ORR under the 2005 guidance.

3.2 This is not a viable option as it would mean not taking the opportunity to update the guidance in line with technological and social change, and not responding to feedback that we have received about how the current guidance could be improved - particularly in terms of providing greater clarity.

3.3 Continuing with the existing guidance would also be contrary to ORR’s duties as set out in Section 4 of the Railways Act 1993<sup>4</sup>. These duties include: “*to protect the interests of users of railway services*”, and “*to promote the use of the railway network in Great Britain for the carriage of passengers*”.

### Option 2: ‘Implement all suggested changes’

3.4 It is therefore ORR’s intention to consider a “do something” option which implements all the suggested changes to the existing guidance.

3.5 The new guidance encompasses the following main areas of change:

- Change 1) Introduce a clear distinction between complaints and feedback.
- Change 2) A requirement for a licence holder to coordinate responses to complaints with third parties.
- Change 3) Licence holders to construct their CHP around the three core standards:
  - Feedback mechanisms and response;
  - People, process and structure;
  - Organisational structure.
- Change 4) More clarity provided on what is meant by *conducting a full and fair investigation and effective response and resolution*.

<sup>4</sup> Railways Act 1993 : <http://www.legislation.gov.uk/ukpga/1993/43/contents>.

- Change 5) Requirement to record frivolous or vexatious complaints.
- Change 6) Obligation on licence holders to establish an appeals handling protocol with Transport Focus (TF) and London TravelWatch (LTW).
- Change 7) Removal of two requirements: for licence holders to formally review their CHPs each year and to seek ORR's consent to any lengthening of response timescales. These are replaced by other less burdensome obligations.
- Change 8) Introduction of guidance on monitoring via Core Dataset provision<sup>5</sup>, feedback collection or independent research.
- Change 9) Potential to request further information from licence holders, require CHP review and/or undertake an audit.

3.6 In the section below each area of change is assessed against a 'do nothing' option in terms of its costs and benefits as well as its likely impact on different stakeholder types.<sup>6</sup>

3.7 ORR envisages that each licence holder will incorporate these changes in their revised CHP.

3.8 Whilst we recognise that some changes will need to be made in order to comply with the new guidance, overall we consider the costs of the suggested changes to the CHP guidance are likely to be low, given that few changes have been introduced by ORR when compared to the existing guidance currently in force, and when considered in the context of existing obligations which have been removed.

## Section 4: Option 2 assessment

### Change 1) Introduction of a distinction between complaints and feedback

#### Description

4.1 The new guidance draws a distinction between a complaint and feedback, the primary objective being to assist the licence holder to understand the scope of the licence obligation. We expect the licence holder to have a system to identify where feedback is in fact a complaint and to record and channel accordingly. This applies to all complaint access routes, including email, website, letter, telephone, in person or via social media. In some cases the complainant will have very clearly expressed dissatisfaction, but even where the customer has not used the word 'complaint' or asked for some form of redress, licence holders must have a clear process in place to identify an expression of dissatisfaction and channel as a formal complaint where necessary. Note the definition of complaint is unchanged from the existing guidance.

4.2 The new guidance does not specifically require licence holders to invite complaints through social media although it is accepted that some customers will choose to actively complain in this way. We recognise this is an evolving area and the influence and voice that passengers exert through this channel is likely to continue to grow. Licence holders are to monitor only feedback received directly and the guidance does not require pro-active monitoring of other social media sites or consumer fora.

#### Implementation

4.3 ORR envisages that licence holders will have mechanisms in place to identify feedback which falls within the definition of a complaint, and a process for recording and dealing with it in accordance with the licence holder's complaints handling policy.

<sup>5</sup> ORR is currently developing minimum core data for monitoring operators' CHPs performance. More information is available at <http://orr.gov.uk/consultations/policy-consultations/closed-consultations/closed-consultations-2014/developing-minimum-core-data-for-monitoring-operators-chp-and-dppp-performance>.

<sup>6</sup> Throughout the document the likely costs estimates are expressed on an annual basis, unless stated otherwise.

4.4 This could, for example, involve training staff in identifying expressions of dissatisfaction received via any access route, even where the word ‘complaint’ has not been explicitly used, and training staff in the system for channelling and recording customer complaints.

4.5 It may be useful to advise customers that they can raise a complaint via a number of routes, such as email, letter, telephone, or online, as well as providing clear signposts to the formal complaint routes.

### Assessment

4.6 The **likely benefits** Change 1 may give rise to include:

- a. Increased consumer satisfaction as the expression of dissatisfaction is translated into a complaint which is then resolved under the CHP framework thus meeting passengers’ needs and expectations.
- b. Complaints are a valuable source of insight for licence holders, allowing them to identify and address key causes of dissatisfaction in the long run, leading to improved services.
- c. Over the longer term greater satisfaction with how complaints are identified and handled should result in greater passenger satisfaction and trust in the industry more widely.

4.7 With respect to the **likely costs**:

- a. Licence holders are likely to be faced with costs associated with monitoring of all complaint channels, to ensure that expressions of dissatisfaction are correctly identified and channelled as complaints, and are not erroneously identified as feedback. However, as the definition of a complaint has not changed from the existing guidance it is likely that in practice this already happens. The guidance is simply brought up to date and provides greater clarity. Indeed some licence holders explained their existing practices, which generally consist of passing expressions of dissatisfaction to the relevant team (such as the customer contact centre) and treating as a formal complaint from that point onwards.
- b. There may be some costs related to having a complaints page accessible within two clicks of the landing/home page. This is discussed under Change 3.
- c. There may be some increase in costs relating to social media, as use of social media could increase over time. These costs may include staff training, as well as staff costs and time spent on monitoring feedback. However, a number of licence holders already have a social media policy in place which monitors online feeds. Indeed, currently two-thirds of train operators already record the feedback they receive through Twitter.<sup>7</sup> Therefore the costs to them of identifying complaints are likely to be minimal.
- d. ORR’s own experience of monitoring and responding to tweets on a daily basis suggests a likely cost of £44,000 a year<sup>8</sup>. However, Train Operating Companies (TOCs) may have more staff responsible for monitoring tweets due to the volume of tweets they receive, making the overall costs potentially higher. ORR receives around 18,000 tweets a year while some of the licence holders obtain as many as 200,000 tweets a year.<sup>9</sup> However, some licence holders have automated systems in place which respond to tweets automatically. Such systems are likely to carry less cost.
- e. If the licence holder uses clear messaging on an (existing) website as to the definition of and process for complaints handling, the volume of complaints received by social media is likely to be lowered. Therefore the related costs are likely to be low.

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<sup>7</sup> ORR, “Social Media: How to Tweet your customers’ right”, 2015.

<sup>8</sup> Note this is highly indicative. Based on the average ORR salary for relevant staff grade.

<sup>9</sup> ORR, “Social Media: How to Tweet your customers’ right”, 2015.

4.8 The ORR has established a social media working group to explore issues around licence holders' approach to customer engagement via social media. The first workshop is taking place on 30 September 2015.<sup>10</sup>

## **Change 2) Requirement for a licence holder to coordinate responses to complaints relating to third parties**

### Description

4.9 The new guidance proposes a requirement for the licence holder to coordinate responses to complaints relating to third party suppliers of services (while the principles for dealing with complaints involving multiple-operators remain unchanged). We have a twofold objective here: to ensure that passengers are clear as to who is responsible for handling their response and have access to a complaints mechanism even if that is through a third party; and to ensure that licence holders retain insight into the whole experience of their passengers even where the service is contracted to a third party. This does not mean that the licence holder has to be the first line of response, although we recognise that there is a place for this.

### Implementation

4.10 ORR envisages that the third party may take the lead in some circumstances where they are better placed to provide a response. Responses to the consultation show that in other cases, for example, where the complaint relates to a member of staff dressed or marketed as being part of the operator, licence holders may already address the complaint on behalf of the third party.

4.11 Specifically, it is expected that the arrangement between operators and the third parties is such that:

- third parties feedback to operators what passengers complain about;
- contracts with third parties have KPIs in place so that the third party handles complaints in a similar way to the TOC, for example using similar timescales;
- third parties keep operators informed about the progress of handling the complaint, for example by copying TOCs in correspondence and informing them about any follow-up actions;
- licence holders have appropriate access to third party system suppliers for the purposes of monitoring passenger satisfaction with the service provided.

4.12 In this way licence holders will be able to have an overview of any particular areas of discontent which relate to third party suppliers.

### Assessment

4.13 The **likely benefits** this change may give rise to include:

- a. The passenger is not disadvantaged by, for example, having to address their complaint to several different bodies.
- b. It also remains important, as far as possible, for the TOC to retain a relationship with the customer. By retaining oversight of the sort of complaints being made against third party suppliers, the licence holder increases opportunities for customer engagement which is important in building trust; and gains insight into the causes of passenger dissatisfaction.

4.14 With respect to the likely **costs**:

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<sup>10</sup> This forms part of the ORR work on Core Data. More information is available here:

<http://orr.gov.uk/consultations/policy-consultations/closed-consultations/closed-consultations-2014/developing-minimum-core-data-for-monitoring-operators-chp-and-dppp-performance>.

- a. Licence holders are expected to act in a coordination role but to retain oversight of the whole experience of their passengers. Operators do not necessarily have to handle complaints on behalf of a third party. The estimated costs of this new provision are likely to be marginal. Some operators have told us that in any case they already view a number of third party suppliers as 'core' and handle complaints on their behalf. We do not envisage that the obligation will lead to a greater volume of complaints being handled by the licence holder or the process itself lengthening.
- b. Licence holders already have contracts with suppliers in place (for example, with sub-contracted staff, or car parks). The costs of arranging and maintaining cooperation with third parties should already exist or be small.

### **Change 3) Licence holders to construct their CHP around three core standards**

#### Description

- 4.15 The new guidance envisages that the licence holders construct their CHPs around three core standards:
- Feedback mechanisms and response;
  - People, process and structure;
  - Organisational structure.
- 4.16 The change from the existing guidance is primarily around focus, i.e. the new guidance provides more detail on what licence holders should demonstrate in their CHPs in terms of staff, management and culture.
- 4.17 The new guidance also has a greater focus on outcomes for passengers, for example, establishing a greater link or measure of how operators have responded to complaints overall, or have improved services following complaints.
- 4.18 This fits with ORR's outcomes based approach which places a greater focus on organisational culture than specified inputs.

#### Implementation

- 4.19 Core Standard 1 refers to feedback mechanisms and the response to complaints. It requires the licence holder to publish details on how and to whom a passenger should complain, but the majority of the existing guidance is retained. The new guidance pays particular attention to the information displayed on websites. Specifically, it introduces having a complaints page accessible within two clicks of the landing/home page as well as having an FAQ section on the website page. It is important to note that complaints pages should be labelled as such and not labelled as feedback. This may require adjustments to be made to IT arrangements.
- 4.20 Core Standard 2 refers to structures, people and processes. It contains guidance on what ORR would expect to see around staffing, training and processes, including the engagement of senior staff and the implementation of quality assurance protocols. The change is primarily around focus, and we have provided more detail on staff, management and culture. This is consistent with stakeholder feedback that there should be a greater link or measure of how operators respond to complaints overall, or make improvements to services following complaints.
- 4.21 The engagement of senior staff will require keeping them informed, for example operators may wish to set up regular reporting on key performance and trends (where this does not already exist). Licence holders must ensure that complaint handling staff have the capabilities and competencies (knowledge, skills, experience and abilities) needed to deliver a good complaint handling service. ORR recognises that these are already in place, but they may have to be adjusted to take account of the new guidance.

4.22 Core Standard 3 refers to organisational structure, in particular the mechanisms by which complaints data is used to shape and inform service improvements and address root causes of complaints. All licence holders should have in place written procedures relating to the management of complaint records and data. This relates to the monitoring requirements (Change 8, discussed below). We would expect to see management information on complaint volumes, trends and underlying causes being regularly viewed at Board level so that systemic issues are identified and addressed.

### Assessment

4.23 The **likely benefits** these changes may give rise to include:

- a. An outcome-focused approach to CHPs that takes into account the needs and expectations of the complainant. This will result in benefits to all passengers delivered via improved services.
- b. Benefits to operators, including the potential for increased revenue for some operators on some routes, where operators are able to demonstrate to passengers that they are listening and actively engaging in making service improvements.
- c. The focus on outcomes allows the licence holder flexibility to develop approaches that suit their own particular business models and the needs of their passengers.
- d. Increased transparency for passengers, operators and the passenger bodies, as information on how to complain will be more readily available, clearer and easier to access.

4.24 With respect to the likely **costs**:

- a. The new guidance envisages that licence holders will develop internal processes they will follow to assure ORR they are fulfilling the requirements of the guidance and to ensure they are meeting the standards required. There will be costs attached to the design and undertaking of staff training and additional staff time (including senior management time). One stakeholder estimated that, at the minimum, it would cost a licence holder £5,000 to review its processes in terms of quality management, staff training and cultural documents, to align them with the revised CHP guidance.<sup>11</sup>
- b. This cost may have a higher impact on smaller operators – one stakeholder has quoted a cost of £12,000 for each change to their CRM (Customer Relationship Management) system (which operators may need to do as part of compliance with the new guidance). ORR is currently in the process of preparing a timetable for licence holders to submit their revised CHPs. Smaller operators are likely to be given more time to do so. This may allow licence holders to include changes as part of regular updates to their systems, which will help to minimise cost.
- c. The new guidance removes the requirement for operators to submit their CHP to ORR for review annually (see Change 7). However, balanced against this saving we must consider there will be initial costs to licence holders in relation to changes to culture and systems. These may relate, for example, to designing new internal processes, seeking approval for these and changes to governance processes.
- d. Once these changes have been put in place the initial set-up costs are likely to diminish over time. However, we do recognise that there will be ongoing costs in terms of continuing to comply.
- e. Licence holders are also likely to be faced with an ongoing cost of compliance as they should keep their policies under review as a matter of good practice. Licence holders already have monitoring arrangements in place so once their internal processes are changed to reflect the new guidance, the monitoring costs are likely to be marginal.
- f. The new guidance also envisages that licence holders will submit a description of the internal processes they will follow to assure ORR they are fulfilling the requirements of the

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<sup>11</sup> Note the figures are estimates.

guidance. These should be submitted separately to the passenger-facing CHP guidance. We plan to hold a workshop before Christmas to develop the process in discussion with licence holders.

- g. There may be costs related to licence holders having a complaints page accessible within two clicks of the home page, and an FAQ section. This may require adjustments to be made to IT arrangements which, although one-off and not substantial, are likely to add up to around £2,000 based on ORR calculations.<sup>12</sup> One stakeholder provided a similar estimate of £2,500 for web design costs.<sup>13</sup> It is possible that these changes could be included with other regular website refreshes or updates, which would also help to minimise the cost.

#### **Change 4) More clarity is provided on what is meant by *conducting a full and fair investigation and effective response and resolution***

##### Description and implementation

- 4.25 The revised guidance sets out the steps that would normally comprise a full and fair investigation at the same time pointing out that the list is not exhaustive, and licence holders remain free to make their own judgements on what is appropriate in the circumstances of a complaint.
- 4.26 The revised guidance also introduces more clarity regarding the definition of a resolution. This is based on ORR best practice research, and discussions held with industry stakeholders as to what steps are taken currently.

##### Assessment

- 4.27 The majority of stakeholders were supportive of these suggested changes as more clarity is provided regarding what ORR means by *conducting a full and fair investigation and effective response and resolution*. These changes are not likely to carry material implementation costs - rather there is a benefit to providing more certainty to licence holders in this area.

#### **Change 5) Requirement to record frivolous or vexatious complaints**

- 4.28 The new guidance asks that licence holders record complaints that have been defined as frivolous or vexatious and subsequently terminated.
- 4.29 ORR envisages that this data is recorded as part of the work on core data indicators. ORR plans to keep this element of the core data under review with a possibility of discontinuing it next year if there is evidence to show the requirement is disproportionate.
- 4.30 In any case, the potential cost of recording this data is likely to be marginal as many stakeholders have signalled to us that the number of frivolous or vexatious complaints is very small.

#### **Change 6) Obligation on licence holders to establish an appeals handling protocol with TF and LTW**

##### Description

- 4.31 As has been the case since the introduction of the existing guidelines, rail passengers who are unhappy with the outcome of their complaint to a licence holder can contact Transport Focus and London TravelWatch, which may be able to pursue the complaint on the passenger's behalf.

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<sup>12</sup> This figure is highly indicative as it is based on the ORR internal processes and costs relevant to IT design.

<sup>13</sup> Note that these figures are estimates.



4.32 The new guidance states that licence holders must establish an appeals handling protocol with TF and/or LTW, if TF and/or LTW require it. The new guidance provides some detail on what such a protocol might contain. For instance, the protocol could include the speed of response from the licence holder to the passenger body, and how the appeal will be managed by the licence holder.

### Implementation

4.33 In the event that the appeal protocol is developed, ORR would encourage licence holders to work with the passenger bodies to establish one protocol common to all industry. As an alternative, each licence holder could develop a separate appeal protocol with TF and/or LTW.<sup>14</sup>

### Assessment

- 4.34 The **likely benefits** this change may give rise to include:
- a. If a common protocol is established, industry will benefit from increased transparency as the guidance around the appeals process will be easily available to everyone.
  - b. Establishing a transparent protocol is likely to ensure greater speed and efficiency in the management of appeals, which will benefit complainants.
- 4.35 The **likely costs** this change may give rise to include:
- a. The likely costs are associated with the development of the protocol. For those licence holders who have protocols in place already, we anticipate these costs to be marginal. For those that have not, the cost of developing a common industry protocol (as recommended by the new CHP guidance) is likely to be small given the joint effort between other licence holders and passenger bodies.

## **Change 7) Removal of two requirements: for licence holders to formally review their CHPs each year and to seek ORR's consent to any lengthening of response timescales. These are replaced by other obligations**

4.36 Licence holders will no longer have to review their CHPs on an annual basis. They also do not need to seek ORR consent regarding lengthening timescales. These changes are likely to carry costs savings estimated at £1,200.<sup>15</sup> Licence holders are, however, required to inform ORR about the deadlines which are likely to be missed as well as the proposed actions to mitigate them. This change is not likely to carry significant implementation costs since the removed requirements are replaced by new obligations which carry similar or less impact.

## **Change 8) Introduction of guidance on monitoring via provision of core datasets**

4.37 The establishment of the core data set is an important way in which operators can demonstrate that they are managing their complaints handling processes in accordance with published policies and procedures. Within our core data there are eight indicators that relate specifically to

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<sup>14</sup> Note passengers should be signposted to the appeal bodies if they are not satisfied with the response they have received regarding their complaint (including receiving no reply at all). The referral should take place no later than the second substantive reply to the complainant, as stated in the current guidance. This is likely to minimise the number of prematurely escalated complaints and allow the license holder the opportunity to fully address a complaint before a passenger contacts the relevant passenger body.

<sup>15</sup> Note this is highly indicative. It is calculated using typical public sector salary levels and our understanding of ORR staff time on particular issues (estimating how much time it currently costs us to undertake work that appears comparable).

licence holder's complaint handling arrangements. Of these, four indicators capture data that is already being collected and delivered to ORR at the end of each Rail Period for other reporting purposes, meaning there is no additional impact from having these included in core data. For the remaining four indicators, two relate to the new complaint handling satisfaction survey which is being funded by the ORR and managed by a specialist research agency. TOCs may be exposed to some one-off costs in putting in place the arrangements to support the survey, but the insight it will deliver to them over the long-term should more than compensate for the initial set up costs incurred. The remaining two indicators relate to short summary reports of information we understand TOCs already hold and are merely being asked to deliver to ORR on an annual basis.

## **Change 9) Potential to request further information from licence holders, require CHP review and/or undertake an audit**

### Description and implementation

- 4.38 The current guidance does not explicitly cover compliance monitoring, previously carried out by the DfT. The new guidance explicitly makes clear ORR's monitoring approach.
- 4.39 If there are concerns arising from ORR monitoring activity, it may: request further information from the licence holders, require a licence holder to conduct a review of its CHP and report findings, and/or undertake an audit.

### Assessment

- 4.40 The **likely benefits** this change may give rise to include:
- By taking action where concerns arise, ORR will ensure that any systemic issues not being addressed or a significant decrease in performance is addressed accordingly, leading to an improvement in services to the benefit of a passenger.
  - By setting out how ORR plans to monitor compliance the guidance also provides clarity for licence holders.
- 4.41 With respect to the **likely costs**:
- Although the existing guidance does not explicitly set out monitoring arrangements, licence holders will have been subject to compliance monitoring throughout the life of the 2005 guidance and will have absorbed existing costs arising from this. Overall we consider the costs of monitoring under the new guidance will not be materially more than they are currently. The compliance monitoring mechanisms the ORR has in place have been designed to be proportionate.
  - Costs are likely to be more material for both ORR and the licence holders in the event of an audit, and where a licence holder is asked to make changes to their processes or practice. These are difficult to quantify given that an audit would only take place where there is evidence to suggest a licence holder is not achieving compliance and/or a CHP is not supporting our objective of continuous improvements in passengers' experience of rail, and would be based on the particular circumstances arising.

## **Section 5: Wider impacts**

- 5.1 No significant wider impacts are anticipated following the introduction of the above changes. Specifically, no impacts on health and safety are likely as the suggested changes will have no effect on safety certifications and other health and safety obligations. There are no likely geographic or environmental impacts either.

5.2 However, there is a potential impact on competition. The intention is that changes to the CHP guidance are likely to encourage licence holders to develop efficient and cost-effective complaints handling procedures which in turn should decrease the number of complaints and, as a result, increase passenger satisfaction. This is likely to encourage competition between licence operators in terms of complaints handling, as the level of service provided impacts on their reputation (although the effect is likely to be minor given complaints account for a small proportion of TOC consumer contact).

## **Section 6: Timeframe**

6.1 As outlined above, ORR is currently in the process of preparing a timetable for licence holders to submit their revised CHPs. Smaller operators are likely to be given more time to do so in order to reduce impact.