

# Joint statement by Department for Transport and Office of Rail Regulation

This is a statement of the conclusions reached between the Department for Transport (DfT) and the Office of Rail Regulation (ORR) following the joint DfT/ORR consultation, *A greater role for ORR regulating passenger franchisees in England and Wales*, held between December 2011 and March 2012.

The consultation proposed an immediate package of reforms, with responsibility for train operators' maintenance of and compliance with appropriate passenger complaints handling procedures (CHPs) and disabled people's protection policies (DPPPs) transferring to ORR. The consultation also asked for views on a potential additional package of reforms relating to train service performance and service quality standards, and whether ORR might act as an advisor or arbiter on the efficient cost of changes to franchise agreements.

Responses to the consultation have been published on ORR's website at:

<http://www.rail-reg.gov.uk/server/show/ConWebDoc.10746>

There was support from a number of respondents to the consultation for the immediate package of reforms. DfT and ORR agree there are benefits to be gained from unifying the present regulatory framework and will implement the immediate package of reforms. The ORR, rather than the Secretary of State, will therefore in future be responsible for approving train operators' CHPs and DPPPs.

This will bring the approval and enforcement functions together in one place. It will also achieve valuable synergy with ORR's existing responsibility for regulating the accessibility of rail vehicles and the technical standards for meeting the needs of people with reduced mobility, giving ORR a broader insight into how the industry is performing in respect of this group of passengers.

ORR will take on these new responsibilities subject to consulting existing licence holders about the changes that will need to be made to their licences.

The Government has decided that it will not at this stage proceed with additional measures outlined in the consultation on service quality standards, the enforcement of train service performance and a role for ORR as an adviser or arbiter on franchise change. It will keep under review the option of transferring such functions to ORR in the future.

Finally, DfT and ORR recognise that we can do more to improve the way in which the performance of the industry as a whole is monitored and to promote stronger incentives for train operating companies to reduce costs and cooperate more effectively with Network Rail. In line with the Command

Paper<sup>1</sup> ORR will do more to highlight whole industry performance and cost issues and ensure they are addressed.

To facilitate this, ORR and DfT have collaborated to ensure that all relevant information held by the two organisations is shared and there is a better joint understanding of performance risks. Thus ORR and DfT will build on the way the two organisations work together, and with the industry and Passenger Focus, to monitor performance and efficiency on a whole-industry basis. Enforcement of train operator performance will continue to be by DfT through franchise agreements; enforcement of Network Rail performance will continue to be by ORR through the company's licence.

DfT and ORR will be working more closely to improve the quality and comparability of information provided to passengers and the informed commentary that is available to explain it and to achieve greater transparency of the industry's finances and cost performance as recommended by Sir Roy McNulty<sup>2</sup>.

This approach will be evident in respect of network and train performance in ORR's Network Rail Monitor, and, in respect of whole-industry efficiency and value for money, in ORR's publications of comparative information on Network Rail routes, train operating company costs and whole rail industry finances.

This will facilitate a better understanding of performance, costs and value for money on a whole-industry basis. These changes will help Government, the Regulator and the industry target measures to improve performance, tackle waste and inefficiency and contribute towards the ambition to reduce the cost of running the railway and improve services for passengers.

Department for Transport  
Office of Rail Regulation

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<sup>1</sup> <https://www.gov.uk/government/publications/reforming-our-railways>

<sup>2</sup> <http://www.rail-reg.gov.uk/server/show/ConWebDoc.10401>