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Dear Mr Quill

### **The potential for increased on-rail competition**

Thank you for the opportunity to comment on the above document.

Passenger Focus is a statutory body set up by the Government to protect the interests of Britain's rail passengers.

We believe competition can (and does) bring benefits for rail passengers. It creates choice and, through this, has a positive impact on fares and quality of service.

As the consultation document highlights:

- Competition has a positive impact on fares – where competition exists fares are lower/or have increased by less.
- Open access has opened up new through-services. While this may have been a virtual prerequisite of the existing ‘not primarily abstractive’ test for granting access rights it still means that that areas which didn’t previously have through services to London now receive them. Passengers like through services.
- Existing open access operators score highly in Passenger Focus’s own National Passenger Survey (NPS) research. This isn’t perhaps exclusively down to competitive pressures – smaller operations are often able to offer a more personal-touch – but it is a fact that open access operators record consistently high levels of passenger satisfaction.

Competition can have clear benefits for passengers. However, it isn’t all one-sided. And we fully accept that competition can have potential downsides. As your consultation document acknowledges, untrammelled competition could lead to:



- Consumer protection concerns  
Our research shows some passengers struggling with the complexity of the existing fare structure – it could be argued that introducing even more choice into the mix would simply increase confusion. We do not feel that complexity and choice are mutually exclusive. Much more could be done by the industry to simplify information at the point of delivery – back-office systems can be as complicated as needs be as long as the passenger interface is clear. Any moves to increase competition would need to be accompanied by pressure to address passengers concerns about complexity.
- Loss of coordination benefits,  
One of the strengths of rail is the concept of it being a national network. Competition must not reduce the extent to which operators share information or work together to maximise benefits across the network (e.g. to manage services and inform passengers when there is disruption).

Nor must competition distort the efficient allocation of services/capacity. The granting of new track access rights must not significantly frustrate the industry's subsequent ability to develop a timetable that maximises capacity and utility to passengers. The important thing is that the overall service on a route (including all the trains of all operators) meets passengers' needs to the greatest possible extent.

We believe that any move towards greater competition must address these issues. In doing so it will be important that the impact on passengers is properly considered – it can't simply be an economic or financial assessment.

For example:

- The speed of departure of Wrexham and Shropshire open access services indicates just how fragile such operations can be. With a franchise there is an 'operator of last resort' which will maintain services, with open access they just disappear. Passengers often build their lives around rail services – so if there is to be a higher ratio of open access then greater consideration needs to be given to how passengers are protected in such circumstances.
- The franchising process enables passengers and other bodies to comment on the specification and the proposed service levels in advance of operation beginning. It will be important that any new system for assessing access applications factors in an opportunity for public scrutiny and engagement.
- A franchise agreement lays down a series of requirements and creates a number of regulatory levers with which to ensure delivery. Open access operators have no



franchise agreement. So will some of the protections currently set in franchises need to be transferred into licence agreements or other commitments? For example, franchised operators are required to participate in the NPS passenger satisfaction research – there is no such obligation on open access operators. While Hull Trains and Grand Central are surveyed this is currently a voluntary arrangement.

This is perhaps understandable given the scale of current arrangements but if open access is to expand and is to be based on a much wider assessment of costs and benefits then can the chief measure of passenger quality (i.e. satisfaction) remain on a voluntary footing?

Similar principles apply to other performance monitoring requirements set out in franchising. It will be important to ensure that any expansion of open access does not diminish accountability and transparency.

To summarise, Passenger Focus is supportive of ORRs desire to increase competition on the railway subject to this being done within a framework that protects passengers.

Yours sincerely

Mike Hewitson  
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