
Secretariat memorandum

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Agenda item: 14

LTW474

Drafted: 03.07.14

Office of Rail Regulation (ORR) market review of the retailing of rail

1 Purpose of report

- 1.1. To report to members on the ORR's review of how and by whom rail tickets are sold.

2 Recommendation

- 2.1. Members are asked to note the report and agree that further dialogue should take place with the ORR on the scope and potential implications of this review.

3 Information

- 3.1. Following the Department for Transport's review of fares and ticketing in 2013, the ORR announced its intention to carry out an investigation of the market for rail ticket selling. This would consider how current regulation, industry arrangements and practices within the retail market bring about choice and promote investment and innovation in the best interests of passengers.
- 3.2. The review has the strategic objectives of a better service for customers and a dynamic commercially sustainable rail sector.
- 3.3. Key areas identified by the ORR include:
- Move to smart/electronic ticketing
 - Ticketing systems being too complex
 - Innovation slow to develop
 - Barriers to competition
 - Passenger preferences not being met
- 3.4. The scope of the review will look at:
- The impact of having inter available and through ticketing
 - Inter-TOC and third party commission rates

- Rail Settlement Plan retailing charges
- ATOC licensing of third parties
- Ticketing infrastructure
- The impact of the impartiality obligation
- Availability and quality of data

3.5. Outside of the scope of the review will be:

- Review of individual fares / price levels
- Setting of minimum standard of innovation
- Criteria for determining ticket office opening hours
- Review of passengers' customer service or review of the National Rail Conditions of Carriage
- Changes to revenue allocation or a train operator specific arrangements
- Substituting one set of regulations over another

4 Proposed London TravelWatch response

4.1. London TravelWatch has an interest in this review to ensure that the ORR fully understands the implications for passengers arising from it. In particular, our experience and research with Oyster as a smart card and the associated back office functions and procedures needs to be taken into account. In addition, the changes to London Underground booking offices and ticket vending machines may mean that passengers may have less flexibility as to where and when they can purchase rail tickets, and this needs to be emphasised to the ORR as an area of potential concern. The review does however, present opportunities to potentially improve consumer choice by increasing the choice of outlets where tickets can be bought.

5 London TravelWatch priority

5.1. The items and issues in this report fall within the remit of London TravelWatch and they meet the criteria for relevance and impact on transport users in the London TravelWatch area.

6 Equalities and inclusion implications

6.1. There are no equalities or inclusion implications arising from this report.

7 Financial implications

7.1. None – report is for information only.

8 Legal powers

- 8.1. Section 248 of the Greater London Authority Act 1999 places upon London TravelWatch (as the London Transport Users Committee) a duty to consider - and where it appears to the Committee to be desirable, to make recommendations with respect to - any matter affecting the functions of the Greater London Authority or Transport for London which relate to transport (other than of freight). Section 252A of the same Act (as amended by Schedule 6 of the Railways Act 2005) places a similar duty upon the Committee to keep under review matters affecting the interests of the public in relation to railway passenger and station services provided wholly or partly within the London railway area, and to make representations about them to such persons as it thinks appropriate.