

Abellio Group

1 Ely Place
Second Floor
London, EC1N 6RY
United Kingdom
tel: +44 (0)20 7430 8270
fax: +44 (0)20 7430 2239
www.abellio.com

1 Ely Place, London, EC1N 6RY

Richard Price
Office of Rail Regulation
1 Kemble Street
London
WC2B 4AN

date 15 February 2013

Dear Richard,

Consultation on the ORR Business Plan 2013-14

I'm writing to outline Abellio's position on the Business Plan consultation. Jan Chaudhry participated in the workshop on 7th February and our position is aligned with that in the formal ATOC response. However, given the importance of the issues raised by the consultation I wanted to write separately with the following points.

The liberalised rail market in the UK works because it has a strong and independent regulator. The reputation of the Office of Rail Regulation has been built steadily since privatisation, and founded on a steadfast commitment to core responsibilities: economic regulation of the monopoly infrastructure manager, fair allocation of network capacity, and latterly the enforcement of safety.

It is Abellio's firm view that the ORR must maintain its focus on these responsibilities. It must not be distracted or dilute its resources by any creeping expansion of its remit to embrace customer and end user issues or, indeed, any areas which overlap with the enforcement of franchise contracts. Many areas of this highly competitive sector don't require regulation simply as a function of the incentives provided by existing market forces.

We do of course understand the benefits of transparency for customers, but there is already a considerable amount of information publically available within the UK rail industry. This information contributes very effectively to the running of our services and has helped to produce positive outcomes for passengers including near record levels of performance, customer satisfaction and passenger growth. We also recognise that the industry is a recipient of substantial public funds. However, train operators compete fiercely for contracts at the time of bidding and if we are at all inefficient in our approach there are only two consequences: we lose the contract (along with substantial bid costs) or fail soon after winning.

Under these market circumstances it is our view that the efficiency of train operators is very clearly a matter for the franchising authority. I was pleased to hear, therefore, that at the workshop on 7th February it was stated that the ORR aims to regulate less and will not take on the regulation of TOC franchise contracts from the Department. We welcome this and would encourage the ORR to make this position clear within the regulatory direction of the Business Plan. Without such clarity, any unexplained ambitions of the ORR will lead to specific concerns about regulatory double jeopardy which will, in turn, trigger financial risk implications that will have to be priced into bid costs – a situation to be avoided as we all strive in partnership to deliver on the efficiency aims of McNulty.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D. Booth', with a long, sweeping horizontal stroke extending to the right.

Dominic Booth
Managing Director, UK