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John Thomas
Director of Competition and Regulatory
Economics
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31 January 2008

Dear John

Re: Review of possessions compensation regime

As chair of the cross-industry Schedule 4 policy group established in January 2007 by the Industry Steering Group (economic and contractual framework) I am pleased to forward you a recommendation regarding proposed changes to the arrangements for compensating operators for the effects of disruptive possessions, following your remit in January 2007 for review of the existing mechanisms. This work has involved parties from across the industry (with a separate freight working group).

ISG considers that this recommendation meets the objectives which you set out in your letter of 5 January 2007, and believes that it represents the right way forward for the industry.

As you will see from the recommendation, we intend to send you legal drafting relating to the passenger regime next week and a further letter regarding some outstanding issues by the end of February.

I am copying this to the other members of the Industry Steering Group and the Schedule 4 policy group.

Yours sincerely

Ian Marlee
Head of Regulation and Contract Services