

Note of ORR's retail review workshop

8 May 2014



OFFICE OF RAIL REGULATION

ORR's stakeholder workshop for the review of the rail retail market took place on 8 May, 9-12:30, at ORR offices in London. This note summarises the main points of discussion. It may be helpful to review this alongside the slides for the workshop, available [here](#).

The session was introduced by John Larkinson, Director of Economic Regulation, who spoke about the context of the retail review. He explained how the retail review is one part of the Department for Transport's (DfT) wider Fares & Ticketing Review Implementation (FTRI) Project, which is aiming to improve passenger experience and facilitate changes within the industry to allow operators to seek efficiencies. He also explained how the review is a complement to ORR's work on developing a code of practice for retail information to assist retailers in meeting consumer law and industry standards.

Siobhán Carty, project manager for the retail review, then spoke about the purpose and timings of the review. She briefly outlined the high-level framework or regulatory arrangements for ticket selling and discussed the features of the market that are (and are not) included in the scope of the review.

Next, there were three presentations from industry representatives about the opportunities and challenges in the rail retail market. Mike Hewitson, Head of Passenger Issues, presented on behalf of Passenger Focus; David Mapp, Commercial Director, spoke on behalf of the Association of Train Operating Companies (ATOC); and David Watkin, Commercial Director, spoke on behalf of CrossCountry Trains. Finally, Beth Corbould, a member of the review's project team, presented on the ORR's emerging thoughts of the opportunities and challenges in the market.

Following these presentations, the participants broke up into small breakout groups to discuss the issues in the rail retail market.

Breakout group and question-and-answer sessions

The breakout groups were asked to consider the three most important opportunities and challenges in the rail retail market and how they would like the future regulation approach to the market to look like.

After the breakout sessions, the groups returned and reported back to the whole workshop on the key issues that were raised. Following that, Siobhán Carty opened the floor for questions, highlighting the opportunity for attendees to ask questions of both ORR representatives and others at the workshop.

The key points discussed over the two sessions included:

- Some parties suggested that parts of the TSA impact their cost of sale considerably and that it needs to be reformed as a result. There was also a strong feeling that any review of the TSA should focus on making it simpler, not adding more complexity (e.g. differing regulation by market segment).
- Some stakeholders said that all retailers, regardless of their licence type, should be able to sell all products, including those fares that TOCs may discount through certain sales channels. There was also a discussion about whether these retailers would be able to sell such fares under the existing RSP systems.
- On access to data more generally, some parties argued for the importance of everyone having fair and equal access to it. There were also points raised about the quality of the existing data.
- There were some calls for the review to consider the costs of sales channels. ORR acknowledged that it needed to consider this further, and said it would welcome discussions with parties on this point. The interaction with DfT's work on ticket office opening hours was also identified.
- One party said the review should consider the supply chain costs, including the cost of securing accreditation of ticket issuing systems.
- Regarding how to define the rail markets, one party urged caution around segmenting the market. Another said that it was important to characterise rail links to airports as a separate market.
- Some parties said commission rates for third parties and how they are being set needs to be fully explored in the review.

- Another point raised was the need for there to be a balanced, proportionate approach to the regulation of the retail industry.
- There was also discussion about how franchise timing makes investment for more innovative products and systems difficult.

Conclusions

After the conclusion of the Q&A session, Siobhán Carty highlighted the next steps for the review, and encouraged all stakeholders to seek a bilateral meeting with ORR if that would be helpful.

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