OFFICE OF **RAIL REGULATION**

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Dear stakeholder

Consumer programme 2010-11

We committed in our corporate strategy 2009-14 to focusing on the needs of passengers and freight customers[1]. In that context, I am writing to you with regard to our programme of work aimed at improving passenger outcomes in order to seek your views on the focus of this work for the coming business year.

Ultimately the success of the railway industry and its credibility with Government depends on how well it meets the needs of passengers and freight customers. Our goal is that passengers and freight customers benefit fully from improved safety, performance, efficiency and capacity.

We have said that we will measure our success by further significant increases in overall passenger satisfaction measured by the Passenger Focus survey, and improvements for passengers with reduced mobility and other groups with specific needs; and by improvements in specific areas of customer concern such as confidence in planning journeys and trust in fair treatment, reduced disruption caused by engineering work and improved quality of stations.

To this end, over the last year, we have been working on establishing our consumer law role, which underpins our focus on the needs of passengers.

We have set out our consumer law role[2], and have been looking at how consumer law might apply in the railway industry, for example, in relation to the provision of information at the point of sale regarding such things as ticket validities and restrictions and replacement bus services. We will shortly be publishing guidance on our approach to our

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1 Promoting safety and value in Britain's railways: ORR's strategy for 2009-14: http://www.rail-reg.gov.uk/upload/pdf/388.pdf

2 See National Rail Review, Q 2008-09, June 2003: http://www.rail-reg.gov.uk/upload/pdf/398.pdf

consumer law enforcement role, which will draw on what we have found during the course of this review.

However, while consumer law aims to ensure that consumers are treated fairly and are not mislead, consumer law alone may not always be enough to ensure that passengers understand or have trust in the system.

Complexity of the fares and ticketing system

One such example is the perceived complexity of the current system of fares and ticketing, and the impact this has on passengers' confidence in planning journeys and trust in fair treatment and ultimately their perception of the value for money of the service they receive. This is an issue that has been highlighted during the last year by Passenger Focus and the Public Accounts Committee, as well as in the complaints we receive.

In addition, therefore, to monitoring compliance with consumer law and exercising our enforcement powers as required, as part of our consumer programme over the coming year one of the areas on which we intend to focus is the current structure of the fares and ticketing system, including (by way of example):

- the perceived complexity of the current system (including passenger awareness of relevant ticket restrictions)
- the current take up of discounted fares – who benefits and where and what impact fares regulation has on train operating companies ability to respond to the market
- social exclusion and the vulnerable consumer – impact of sales via the internet and ticket vending machines
- availability of cheapest fares – particularly via ticket vending machines

We do not intend to look at the price of tickets but rather to consider why the current ticketing system is perceived as being so complex and what impact this has on passengers, both in terms of their ability to get the best deal (including via different sales routes, as well as the impact on different groups of passengers) and their perception that they actually have.

Barriers to new ticketing technology and information systems

Another issue which continues to have a significant impact on passengers' satisfaction with the quality of their journey is the provision of information, particularly during disruption. We will be working closely with the industry to make improvements in this area.

In addition, as part of our consumer programme for the coming year, we are also planning to consider whether there are any barriers to introducing new ticketing technology and information systems in order to understand whether the industry is doing all that it can to innovate in this area.

In scoping these projects we will take into account work that is being or may be carried out by others in this area and look to make use of, and compliment, that work in our own studies. For example, the Department for Transport, in its recently published consultation on the InterCity East Coast Franchise[3], has indicated that it will expect bidders to demonstrate how they could deliver greater consistency and simplicity of ticket pricing. It has also indicated that it will expect the new franchisee to review retailing strategy, including payment methods and innovative use of technology, and to participate in establishing a common industry approach to any changes to the current retailing and ticketing arrangements.

We will be publishing our wider business plan for 2010-11 in March but in advance of this are seeking views on this particular area of our work so as to inform the business planning round.

I would therefore welcome any views you have on the proposals set out above and whether there are other issues or aspects that you think it might be useful for us to consider, by close on Monday 15 February 2010.

Yours sincerely

J. R. Thomas

John Thomas

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[3] InterCity East Coast Franchise Consultation, January 2010, www.dft.gov.uk/consultations/open/2010-08/