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Head of Competition

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Dear Grahame

## **ORR Market Study - Concluding Response on Commitments from the Rail Delivery Group Limited**

This letter is our concluding response to the ORR Market Study into the supply of ticket vending machines and ticket gates, specifically in relation to the RDG accreditation process, but including reference to industry compliance standards against which all rail retail systems are accredited.

### **Engagement**

RDG actively engaged with all parties during the study and freely shared our expertise, knowledge of the market, answered questions and provided evidence promptly.

### **Commitments**

In our response to the ORR Market Study, we made commitments in nine specific areas and have reported on the progress of these throughout the study. At the time of our last update on 30 September 2019, only one of the nine specific commitments remained open with the others having been closed. There were also two further commitments that RDG made in relation to continuous improvement that also remained open at that time. This letter provides a final update on these three commitments and concludes our response to the study.

### **Outstanding Commitment - Update**

**Pilot Retrospective Accreditation** - The aim here is to respond to more agile forms of development, so RDG would permit self-accreditation, but this would be underpinned by a new retrospective accreditation process to ensure that any self-accreditation has been performed correctly. It is effectively accreditation after the event and will ensure agile style developments are not held up by the waterfall accreditation process. This will put the onus on Third Party Retailers to ensure they release compliant software. Given the sensitivity around the area of settlement from an industry perspective, RDG would want to carefully consider how best to approach this and pilot it thoroughly to confirm it will work in practice.

In our previous update of 30 September 2019, RDG confirmed that the approach to this recommendation had evolved during the market study and led RDG to develop thinking around an ongoing continuous approach rather than a retrospective one. This involved the removal of the 3-year accreditation requirement and replacing it with an ongoing annual accreditation, focusing only on those industry compliance standards that had changed during the preceding 12-month period. The aim was to reduce the lengthy 3-year accreditation that can take months to complete and would not have been addressed by adopting retrospective accreditation.

After discussing options with stakeholders including TOCs, TIS Suppliers and Third-Party Retailers, the consensus in the end was to retain the 3-year model, but to supplement it with a condition that where a compliance standard had been achieved between accreditations and remained unchanged, that status would count toward the next accreditation and not require re-testing, with a further review in 3 years' time. This revised approach will therefore remove additional re-testing effort and associated cost and at the time of writing is going through the RDG/TOC governance process for approval. RDG will keep stakeholders informed of progress.

## **Continuous Improvement Commitments - Update**

### **Accreditation Compliance Marks**

This involves developing thinking in relation to the level of ongoing compliance that a retail system has at any given time, and as we are moving from the three-year accreditation renewal cycle to continuous ongoing accreditation as part of our response to this study, so we want to be able to offer more flexibility to suppliers. We will aim to do this by implementing a mark which confirms the current level of compliance of any given retail system. This would mean that systems with a 'gold' accreditation mark would be fully compliant with all current industry compliance standards, whilst 'silver' and 'bronze' marks would confirm lesser levels of compliance. This would provide retailers and suppliers with some flexibility in this area, whilst a 'bronze' level of compliance would still be providing train companies and customers with a sufficient level of assurance in respect of the retailing system they are using.

At the time of writing, this option is not now being progressed following consultation with stakeholders including TOCs, TIS Suppliers and Third-Party Retailers. After presenting various options to them, the consensus was to continue with the current processes, but to further review it again in 3 years' time.

### **Accreditation of Future Retailing**

Given that future retailing is going to be smarter and more agile in its development, RDG is looking to scope out a project which will seek to develop a new retail licence regime that will drive a revised and more focused set of industry compliance standards that focus more on protecting central industry systems and interfaces rather than seeking to drive compliance with retailing practices, which in turn should simplify accreditation still further.

At the time of writing, the principle that new and focused retail licences will simplify accreditation further is correct. Accreditation will be modelled based on the outcomes of the Retail Review and changes agreed there will be applied to licensed retailers, in parallel to technical developments to simplify access to retail, such as APIs.

### **Concluding Comments**

RDG has provided updates on progress as requested throughout the study and adopted an open and transparent approach. We believe that the changes which we have implemented have benefited both retailers, suppliers, and customers, and we will continue to look at further ways in which we can simplify the process whilst still providing the level of assurance that is required in this area.

Yours sincerely,

**Simon Wright**  
**Head of Services & Assurance, Rail Delivery Group**