



OFFICE OF RAIL REGULATION

Rail regulation in Great Britain

Agnès Bonnet – Head of European Policy

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Office of Rail Regulation

- Set up in 1994; our role derives from UK and EU legislation.
- Independent of ministerial control; public interest objectives are set by Act of Parliament. Government provides “guidance” on rail strategy, but ORR must balance this against other statutory objectives.
- Economic regulation role similar to other UK utilities and thus well understood
- Parliamentary scrutiny
- Decisions can be challenged in court by judicial review.
- Funded by industry (but not controlled by it)
- Given a number of statutory duties by legislation



ORR is the combined independent regulator for the rail industry

Economic regulator for railway infrastructure (Network Rail and HS 1)

Health & safety regulator for the rail industry as a whole – including main line, metro, tramways and heritage railways across Britain

The industry's consumer and competition authority and passenger rights enforcement body – including complaints handling policies, disabled people's protection policies and ticketing and fares codes of practice

ORR also has a role in providing independent advice to the government and to the industry about the future of the railways, and we work with regulatory authorities in other sectors in the UK and rail authorities across in Europe to develop best-practise standards in railway regulation

ORR's approach to regulation

- Evolved since start of regulatory regime – not one size fits all
- Our overall approach is:
- **Consultative** – using formal and informal consultations to seek view and evidence
- **Engagement** with the industry and funders
 - Encouraging industry to develop solutions to its own problems and put its customers first
 - Support for self-regulation through contractual partnership between infrastructure manager and train operators
 - Push decision making closer to users – decentralise decision-making
 - Active engagement with industry and other interested stakeholders – extensive consultation
- **Open and transparent** processes to reduce uncertainty and risk
 - Publishing clear information on performance and costs to improve understanding, support efficient use and development of the network by facilitating better decisions by operators and customers



ORR's approach to regulation (2)

- ▶ Starting point – **principles of good regulation:**
 - ▶ Proportionality, accountability, consistency, transparency and targeting
- ▶ Primarily one of goal setting relying on ensuring **aligned incentives.**
 - ▶ Develop and implement effective incentives for performance and efficiency and promote use of markets and direct competition
- ▶ **Risk based:** identify and target the biggest risks to the industry and focus our resources where we can add value
- ▶ **Evidence based:** duty of parties to provide relevant evidence



How is the UK railway doing ?

- A growing railway (passenger and freight). Though some challenges (e.g. how to achieve continued freight growth, investment in passenger and freight capacity including some risk transfer to private sector).
- Improved performance and safety, record levels of passenger satisfaction.
- Innovative and competitive supply market
- Costs are reducing but scope to go further. Government is determined to get more value for money from railways, and has asked for more infrastructure devolution and 'alignment of incentives'.