



Competition and Markets Authority
Victoria House
37 Southampton Row
London
WC1B 4AD

Jan 25 2016

ORR Impact Assessment of the CMA's Options for Increasing On-Rail Competition

Response from the Centre for Policy Studies

Introduction

In 2013 the Centre for Policy Studies published [Rail's Second Chance – putting competition back on track](#), in which the case was made for more open access rail competition, alongside franchises to boost passenger choice, fare competition, more routes and grow the railway. This research contained detailed analysis of the now established open access operations which operate on the East Coast Main Line alongside the franchise and the benefits they have brought to the passenger, the regions, the profitability and the overall popularity of the railway.

Rail's Second Chance secured considerable media and political interest in the run up to the 2015 General Election and pre-dated the award of new open access services on the West Coast Main Line this summer, which the document explicitly supported. (see pages 14 and 34 of the text).

Having considered the ORR/OXERA/ARUP document '*Impact Assessment of the CMA's Options for Increasing On-Rail Competition*' we believe Option 1 is the best option to deliver the full competition benefits originally envisaged at rail privatisation and as stated in the White Paper "*The Privatisation of British Rail*" – July 1992. Option 1 can best deliver on the White Paper's main objective which was, "to improve the quality of railway services by creating many new opportunities for private sector involvement, greater efficiency and a wider choice of services more closely tailored to what customers want."¹

¹ Privatisation of British Rail, White Paper, Department for Transport, July 1992

Why Option 1?

Option 1 most effectively and clearly details the role for open access operators in return for a payment of a levy to support the Public Service Obligations (PSO) in franchise contracts. This would best deliver those initial aims of rail competition as set out in 1992 and legislated on afterwards.

Conclusion

The CPS maintains that the firm evidence provided from the now well established – but still very small – open access operations on the GB rail network, provide a clear basis from which open access operations should be expanded on long distance high speed routes.

They grow rail revenues (both franchised and open access operators), increase passenger satisfaction and choice, grow passenger numbers and deliver more routes. They also encourage sector innovation and the better use of better rolling stock.

Consequently the CPS supports the further development of Option 1.

January 25 2016