

Title: Rail Passenger Rights and Obligations Regulations 2010 - Dealing with Domestic Services Lead department or agency: Department for Transport Other departments or agencies: None	Impact Assessment (IA)
	IA No: DFT00017
	Date: 24/08/2010
	Stage: Post Implementation Review
	Source of intervention: Domestic
	Type of measure: Primary legislation
Contact for enquiries: Sharon Goodsell	

Summary: Intervention and Options

What is the problem under consideration? Why is government intervention necessary?

Interoperability of the rail system is a European initiative with the aim of creating a harmonised European railway system that allows for safe and uninterrupted movement of trains across Europe. The European Regulation No 1371/2007 is a mandatory regulation aimed at enhancing and strengthening the rights of rail passenger in the areas of information provision, compensation and assistance, and rights for people with reduced mobility (PRM) and enforcement of those rights on Great Britain domestic services.

What are the policy objectives and the intended effects?

The European Regulation No 1371/2007 is aimed at enhancing and strengthening the rights of rail passenger in the areas of information provision, compensation and assistance, and rights for people with reduced mobility (PRM) and enforcement of those rights. The current Regulation applies in full to international services but due to Statutory Instrument 2970/2009 does not apply in full to domestic services.

This IA covers options in respect of continuing with the current derogation for domestic services - whilst the Government does not currently have to make a decision on the renewal or otherwise of the derogation, this IA honours a commitment to the House of Lords Merits Committee to review the position.

What policy options have been considered? Please justify preferred option (further details in Evidence Base)

Option 1: continue with the current domestic exemptions until 2014, and then review whether to renew those exemptions for another five years; Option 2: remove the exemptions for elements of the Regulation that have at most minimal costs at the earliest opportunity and let the remaining exemptions fall away as all franchises are renewed; and Option 3: remove current exemptions at the earliest opportunity but certainly before the five year term initiated by the SI in November 2009 comes to an end in 2014.

The preferred option is option 1. Experience has shown that the costs of negotiating the changes that removing the current derogation will require with each train operating company within an existing franchise will incur considerable costs, which are not justifiable in the current financial climate. The decision to continue with the exemption will be reviewed in 2014, which provides the opportunity to minimise negotiating costs by considering options to remove exemptions through the refranchising process.

When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?	It will be reviewed Autumn 2014
Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Yes

Ministerial Sign-off For consultation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:..... Date:.....

Summary: Analysis and Evidence

Policy Option 1

Description:

Do-nothing Option - continue with existing derogations until December 2014, and then review whether to renew these for another five year period

Price Base Year N/A	PV Base Year N/A	Time Period Years N/A	Net Benefit (Present Value (PV)) (£m)		
			Low: N/A	High: N/A	Best Estimate: N/A

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A	N/A	N/A
High	N/A	N/A	N/A
Best Estimate	N/A	N/A	N/A

Description and scale of key monetised costs by 'main affected groups'

There no additional costs as this is the continuation of existing policy (i.e. the do-nothing option)

Other key non-monetised costs by 'main affected groups'

N/A

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	N/A	N/A
High	N/A	N/A	N/A
Best Estimate	N/A	N/A	N/A

Description and scale of key monetised benefits by 'main affected groups'

There no additional benefits as this is the continuation of existing policy (i.e. the do-nothing option)

Other key non-monetised benefits by 'main affected groups'

N/A

Key assumptions/sensitivities/risks

N/A

Discount rate (%)

N/A

Impact on admin burden (AB) (£m):			Impact on policy cost savings (£m):	In scope
New AB: N/A	AB savings: N/A	Net: N/A	Policy cost savings: N/A	Yes/No

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	Great Britain				
From what date will the policy be implemented?	31/12/2011				
Which organisation(s) will enforce the policy?	Office of Rail Regulation				
What is the annual change in enforcement cost (£m)?	None				
Does enforcement comply with Hampton principles?	Yes				
Does implementation go beyond minimum EU requirements?	No				
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A		Non-traded: N/A		
Does the proposal have an impact on competition?	No				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	Costs: N/A		Benefits: N/A		
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	Micro N/A	< 20 N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties ¹ Statutory Equality Duties Impact Test guidance	Yes	
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	N/A
Small firms Small Firms Impact Test guidance	No	N/A
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	N/A
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	N/A
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	N/A
Human rights Human Rights Impact Test guidance	No	N/A
Justice system Justice Impact Test guidance	No	N/A
Rural proofing Rural Proofing Impact Test guidance	No	N/A
Sustainable development Sustainable Development Impact Test guidance	No	N/A

¹ Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Summary: Analysis and Evidence

Policy Option 2

Description:

Remove the derogations for elements of the Regulation that have at most minimal costs at the earliest opportunity and let the remaining derogations fall away as all franchises are renewed

Price Base Year N/A	PV Base Year N/A	Time Period Years N/A	Net Benefit (Present Value (PV)) (£m)		
			Low: N/A	High: N/A	Best Estimate: N/A

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	see text	see text	see text
High	see text	see text	see text
Best Estimate	see text	see text	see text

Description and scale of key monetised costs by 'main affected groups'

There will be negligible costs to removing those elements of the exemptions that have at most minimal costs, but these will rise as the remaining exemptions are removed as franchises are renewed, to between an estimated £2.3m and £6.5m per year (in 2010 prices) once all franchises are renewed.

Other key non-monetised costs by 'main affected groups'

Removing exemptions within a franchise will require negotiating these changes with Train Operating Companies, which from previous experience, has shown that it could be a considerably expensive process. There will also be the cost of confusion that may lead from different franchises being renewed in different years and therefore passengers travelling on different routes (and sometimes the same routes but with different train operating companies) having different entitlements.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	see text	see text	see text
High	see text	see text	see text
Best Estimate	see text	see text	see text

Description and scale of key monetised benefits by 'main affected groups'

The majority of costs to the rail industry, as quantified and presented above, are a transfer of payment from Train Operating Companies to passengers and therefore an almost equivalent magnitude of benefits exists. The actual size of the benefits will be dependent on the proportion of costs that are not a transfer of payment, such as admin costs for setting up new systems, for which we currently do not have sufficient evidence to make a reasonable assumption.

Other key non-monetised benefits by 'main affected groups'

N/A

Key assumptions/sensitivities/risks

Discount rate (%)

N/A

The derogations in place will be for the period until December 2014 when there is a duty to review the continuation of these derogations for a further five year period. The decision on whether the derogations should be continued for another five year period will determine whether they can fall away as all franchises are renewed

Impact on admin burden (AB) (£m):			Impact on policy cost savings (£m):	In scope
New AB: N/A	AB savings: N/A	Net: N/A	Policy cost savings:	Yes/No

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	Great Britain				
From what date will the policy be implemented?	31/12/2011				
Which organisation(s) will enforce the policy?	Office of Rail Regulation				
What is the annual change in enforcement cost (£m)?	Minimal				
Does enforcement comply with Hampton principles?	Yes				
Does implementation go beyond minimum EU requirements?	No				
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A		Non-traded: N/A		
Does the proposal have an impact on competition?	No				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	Costs: N/A		Benefits: N/A		
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	Micro N/A	< 20 N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties² Statutory Equality Duties Impact Test guidance	Yes	
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	N/A
Small firms Small Firms Impact Test guidance	No	N/A
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	N/A
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	N/A
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	N/A
Human rights Human Rights Impact Test guidance	No	N/A
Justice system Justice Impact Test guidance	No	N/A
Rural proofing Rural Proofing Impact Test guidance	No	N/A
Sustainable development Sustainable Development Impact Test guidance	No	N/A

² Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Summary: Analysis and Evidence

Policy Option 3

Description:

Remove current derogation at the earliest opportunity but certainly before the first five year derogation term comes to an end in December 2014

Price Base Year N/A	PV Base Year N/A	Time Period Years N/A	Net Benefit (Present Value (PV)) (£m)		
			Low: N/A	High: N/A	Best Estimate: N/A

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	see text	see text	see text
High	see text	see text	see text
Best Estimate	see text	see text	see text

Description and scale of key monetised costs by 'main affected groups'

The costs are estimated to be between £2.3m and £6.5m per year (in 2010 prices) once the derogations are fully removed.

Other key non-monetised costs by 'main affected groups'

Removing exemptions within a franchise will require negotiating these changes with Train Operating Companies, which from previous experience, has shown that it could be a considerably expensive process. The actual size of the benefits will be dependent on the proportion of costs that are not a transfer of payment, such as admin costs for setting up new systems, for which we currently do not have sufficient evidence to make a reasonable assumption.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	see text	see text	see text
High	see text	see text	see text
Best Estimate	see text	see text	see text

Description and scale of key monetised benefits by 'main affected groups'

The majority of costs to the rail industry, as quantified and presented above, are a transfer of payment from Train Operating Companies to passengers and therefore an almost equivalent magnitude of benefits exists.

Other key non-monetised benefits by 'main affected groups'

N/A

Key assumptions/sensitivities/risks

N/A

Discount rate (%)

N/A

Impact on admin burden (AB) (£m):			Impact on policy cost savings (£m):		In scope
New AB: N/A	AB savings: N/A	Net: N/A	Policy cost savings: N/A		Yes/No

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	Great Britain				
From what date will the policy be implemented?	31/12/2022				
Which organisation(s) will enforce the policy?	Office of Rail Regulation				
What is the annual change in enforcement cost (£m)?	Minimal				
Does enforcement comply with Hampton principles?	Yes				
Does implementation go beyond minimum EU requirements?	No				
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A		Non-traded: N/A		
Does the proposal have an impact on competition?	No				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	Costs: N/A		Benefits: N/A		
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	Micro N/A	< 20 N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

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Wider environmental issues Wider Environmental Issues Impact Test guidance	No	N/A
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Justice system Justice Impact Test guidance	No	N/A
Rural proofing Rural Proofing Impact Test guidance	No	N/A
Sustainable development Sustainable Development Impact Test guidance	No	N/A

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Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

References

Include the links to relevant legislation and publications, such as public impact assessment of earlier stages (e.g. Consultation, Final, Enactment).

No.	Legislation or publication
1	http://ec.europa.eu/transport/passengers/rail/rail_en.htm
2	http://www.legislation.gov.uk/uksi/2010/1504/contents/made
3	http://www.opsi.gov.uk/si/si2009/uksi_20092970_en_1
4	

+ Add another row

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

Annual profile of monetised costs and benefits* - (£m) constant prices

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs										
Annual recurring cost										
Total annual costs										
Transition benefits										
Annual recurring benefits										
Total annual benefits										

* For non-monetised benefits please see summary pages and main evidence base section



Microsoft Office
Excel Worksheet

Evidence Base (for summary sheets)

Background

The European Regulation No. 1371/2007 on rail passengers' rights and obligations is aimed at introducing enhanced rights for passengers on domestic and international rail services. The Regulation comprises of mandatory elements and non-mandatory elements.

The mandatory elements within the Regulation – covered under Articles 9, 11, 12, 20(1) and 26 - are applicable to all rail passengers and have been in place since December 2009, with the non-mandatory elements also being in place for international services.

The Council and the European Parliament agreed that the non-mandatory elements of the Regulation could be exempted from domestic services for a period of 5 years, followed by a maximum of two further 5 year exemption periods. Statutory Instrument (2970/2009) has exempted domestic rail services in the UK (excluding Northern Ireland) from these non-mandatory elements for a period of up to five years to December 2014.

Options for considerations

Statutory Instrument (2970/2009) was introduced partly to provide additional time for proper consideration of the consultation responses to help gain a better view of implementation and ongoing costs and to hold further discussions with industry and passenger representative groups over their priorities. At the time of introduction we agreed (with a commitment to the House of Lords Merits Committee) to review the position on the long-term use of the derogation as soon as practicable in 2010.

The further consideration of the consultation responses and discussions with industry and passenger representatives has led to three options:

Option 1: continue with the current domestic exemptions until 2014, and then review whether to renew these exemptions for another five years;

Option 2: remove the current exemptions for elements of the Regulation that have at most minimal costs at the earliest opportunity and let the remaining exemptions fall away as all franchises are renewed, subject to the outcome of the review of the exemption policy that we are required to conduct before deciding whether to renew or not the exemptions when they come to the end of their first term in 2014.

Option 3: remove all current exemptions at the earliest opportunity but certainly before the five year term initiated by the Statutory Instrument (2970/2009) in November 2009 comes to an end in 2014.

The non-mandatory elements of the Regulation, as applied to the domestic services, can be exempt for a maximum of two further 5 year periods and therefore in theory the current exemptions could continue until December 2024. However, a decision on continuation of exemptions can only be made for a 5 year period.

Costs and Benefits of the non-mandatory elements of the regulation

Both the Association of Train Operating Companies (ATOC) and the Office of Rail Regulation (ORR) provided their estimates of the costs to implementing the Passenger Rights Regulation. The table below summarises the estimated costs to the rail industry from implementing the non-mandatory elements of the Regulation as estimated by ATOC and ORR. It also includes our views on the costs and we discuss these in more detail below.

Summary of Cost Estimates for the Non-Mandatory Elements of the Regulation (£million per year in 2010 prices)

	ATOC	ORR	DFT
Abandon Journey	1.0 – 9.0	0.35	1.0 – 4.0
Cash Compensation	4.1 – 7.0	0.8 – 4.1	
Assistance if Delayed	6.0 – 17.0	1.2	1.3 – 2.5
Tickets Transferable	20.0 – 80.0	0.7 – 2.75	0
Other Commercial	Minimal	0	0
Service Quality Measurement	Minimal	0	0
PRM-Multiple Booking	0.5	0	0
Total*	32 - 115	3.1 - 8.4	2.3 - 6.5

*totals may differ due to rounding

Payment of Compensation in Cash

The Passenger Rights Regulation specifies that the strengthened rights of compensation and assistance, which includes an option for the passenger to elect for compensation to be paid in cash, as opposed to vouchers would be applicable to passengers in the event of a delay, missed connection or cancellation of service. The rates of compensation are: 25% of the ticket price for a delay of 60 minutes to 119 minutes and 50% of the ticket price for a delay of 120 minutes or more. Furthermore, when the passenger holds a return journey, compensation for delay on either the outward and return part will be calculated in relation to half of the price paid for the ticket.

ATOC estimate that this element of the regulation will cost the rail industry between £4.1m and £7m per year in today's prices. The low estimate is based on an average cost per complaint of £6.90 and is applied to an annual number of complaints of 600,000. The high estimate is based on assuming that that 45% of the current total compensation paid in vouchers (£14m) will not be used to re-purchase tickets when paid in cash.

ORR estimate that this element of the regulation will cost the rail industry between £820,000 and £4.1m per year in today's prices. The low estimate is based on 20%⁴ of existing delay-repay claims being covered by this regulation with an average cost per complaint of £6.90. The high estimate is taken to be the low estimate provided by ATOC.

We estimate that this element of the regulation will cost the rail industry between £975,000 and £4m per year in prices today. Our low estimate is based on the same methodology as ORR but using the most recent figures on annual number of complaints. The high estimate is based on a similar methodology as ATOC but assuming that 25% of the current total compensation paid in vouchers would not be used to repurchase tickets when paid in cash.

Right to Abandon Journey

Where a delay will be more than 60 minutes, a passenger has a right to abandon the journey, and seek, as compensation, reimbursement of the full cost of the ticket [see Article 16(a)].

⁴ National Rail Trends (2008-2009) provides a breakdown on the type of complaints.

ATOC estimate that this element of the regulation will cost the rail industry between £1m and £9m per year in today's prices. The low estimate is based on revenue loss in the Long Distance, London and South East and Regional Services assuming that 15% of passengers delayed more than 60 minutes would seek a refund. The high estimate is based on assuming 50% of passengers from the long distance sector trains seeking a refund if their train was delayed more than 60 minutes. These estimates also include administration costs.

ORR estimate that this element of the regulation will cost the rail industry £350,000 per year in today's prices based on previous SDG research that showed that 5-6% of those who were significantly delayed would chose not to travel by rail in the future.

Our view is that as refunds have already been accounted for in estimating the *compensation in cash payment* element of the regulation it would be likely that sole estimation of this element would double count the costs to the rail industry. We therefore conclude that the previous estimate, £975,000 to £4m, includes both the cost from the *compensation in cash* and the *right to abandon journey* elements of the regulation.

Assistance in Case of Delay

In the case of a delay of over 60 minutes, the Passenger Rights Regulation enforces the requirement to provide refreshments to delayed passengers.

ATOC estimate that this element of the regulation will cost the rail industry between £6m and £17m per year in today's prices. The low estimate is based on the assumed cost of providing refreshments applied to an annual number of 600,000 passengers delayed over 60 minutes. Their high estimate is based on a 20% increase to current expenditure reported by 2 TOCs and then normalised to represent all TOCs.

ORR estimate that this element of the regulation will cost the rail industry £1.2 m per year in today's prices based on coupons worth £2 (per person) provided to all delayed passengers. The cost of this coupon is based on half the cost of vouchers in the airline industry⁵.

We estimate that this element of the regulation will cost the rail industry between £1.3m and £2.5m per year in prices today. Our low estimate is based on a cost of £2 per passenger applied to the latest information on annual passengers delayed over 60 minutes (637,000)⁶ and our high estimate assumes a cost per passenger of £4.

Tickets Transferable

According to the Regulation, the ticket shall be transferable if it has not been made out in the passenger's name and if the journey has not begun.

ATOC estimate that this element of the regulation will cost the rail industry between £20m and £80m per year in today's prices. The low estimate is based on 25% of the high estimate which is based on the revenue loss from the sharing of weakly season sales and off-peak returns. This estimate also includes the revenue loss from the resale of advance fares.

⁵ ORR have reported that air passengers currently facing a delay of 7 hours are provided with coupons with a face value of £4 per person.

⁶ National Rail Trends (2008-2009)

ORR estimate that this element of the regulation will cost the rail industry between £685,000 and £2,75m per year in today's prices. The low estimate is based on 25% of their high estimate which is based on the revenue loss from the sharing of weakly season tickets and the resale of advance fares. They have estimated that the loss from off-peak returns is zero as there is nothing currently in practice to prohibit the sharing of off-peak tickets.

Our view is that this element of regulation will not influence current practice and therefore will have minimal further impact on the rail industries costs. We therefore assume the low and high estimate for this area is zero because there is currently no evidence to suggest that the industry would face any additional costs.

We believe that there is currently nothing in practice that would help prevent the sharing or resale of tickets and that with the enforcement of this regulation, there are no anticipated changes in passengers' attitudes towards transferability of tickets and neither is there any procedure to prevent this from occurring. Therefore we expect this element of the regulation to have minimal material impact and thus estimate no further costs to the rail industry.

Other Commercial

This element has been analysed based on the requirement to certify delay on tickets and indicate the carrier on tickets.

ATOC and ORR estimate this element of the regulation to have zero or minimal costs. We have no evidence to suggest otherwise and therefore estimate the costs to be zero.

Service Quality Measurement

This element has been analysed based on requirements to define service quality standards and to implement a service quality measurement system.

ATOC estimate this element of the Regulation to cost the rail industry up to £1 million per year in today's prices based on the notion that the existing system may need to be altered. ORR believe that current service quality management systems are already well established within franchises - a view for which we have no evidence to suggest otherwise - and we therefore believe that no additional costs will result from this element of the regulations.

PRM/ Multiple Booking

The Passenger Rights Regulations specifies that railway undertakings and station managers should have in place non-discriminatory access rules for the transport of disabled persons and persons with reduced mobility

ATOC estimate this element of the Regulation to cost the rail industry £500,000 per year in today's prices. This includes the cost of providing the option for multiple bookings for assistance for repeat journeys.

ORR have estimated such costs to be zero as they believe that such systems would already be in place as part of the DDA/ other legal requirements.

Our view is that the Assisted Passenger Reservation system (APRS) currently allows one to book assistance for a single journey and we would expect this to apply to multiple journeys in the future as the system is upgraded. Therefore, we believe that this element of the Regulation would add no additional costs (as it is expected to be covered by APRS).

Conclusion

Our analysis suggests that the non-monetary element of the Regulation will cost the rail industry between £2.3m and £6.5m per year (in 2010 prices). However most of these costs to the rail industry are a transfer of payment from Train Operating Companies to passengers and therefore an almost equivalent magnitude of benefits exists. The only additional costs to society from these regulations will be additional administration costs which from the responses appear to be minimal.

Preferred Option

Our preferred option is option 1 – continue with the existing exemptions until 2014, and then review whether to continue for another 5 year period.

Option 2 or option 3 would require negotiating these changes with Train Operating Companies during a franchise, which from previous experience, has shown to be a considerably expensive process. This would be in addition to the estimated cost of between £2.3m and £6.5m per year (in 2010 prices) that the industry would incur were the non-mandatory elements of the Regulation either fully removed (i.e. option 3) or those elements that had at most minimal costs removed (i.e. option 2).

In addition to the considerable costs of negotiating, option 2 would lead to passengers travelling on different trains having different entitlements as different franchises will be renewed at different times, with the current plan suggesting all franchises being up for renewal by no later than 2021.

Specific Impact Tests:

Small Firms Test: The rail industry primarily comprises of large firms and therefore there are no anticipated impacts on small firms.

Competition Assessment: There are no anticipated competition impacts as this Regulation will form a small element of the costs of train operation companies wishing to compete for franchises.

Race and Gender Equality: There are no specific implications with respect of these areas

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

<p>Basis of the review: [The basis of the review could be statutory (forming part of the legislation), it could be to review existing policy or there could be a political commitment to review]; Best practice to ensure that the operation has been as expected and to seek opportunities for improvement.</p>
<p>Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?] To ensure that the operation has been as expected and to seek opportunities for improvement.</p>
<p>Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach] Examination of experience, including feed-back from stakeholders.</p>
<p>Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured] The baseline is that the Office of Rail Regulation provide the enforcement regime (through licensing conditions) to support the Passenger Rights and Obligations Regulation.</p>
<p>Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives] Success will be that passengers wishing to complain have access to a system that effectively deals with their complaints without undue burden on complainants, the enforcing agencies or those being regulated.</p>
<p>Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection of monitoring information for future policy review] Passenger Focus and London TravelWatch already monitor their complaints handling activities and the ORR already monitors its enforcement activity and this is expected to continue.</p>
<p>Reasons for not planning a PIR: [If there is no plan to do a PIR please provide reasons here]</p>