

Review of Ticket Vending Machines (TVMs)

Office of the Rail Regulator (ORR)

RPC rating: **validated**

Description of proposal

ORR has reviewed the use of Ticket Vending Machines (TVMs) by train operators. As a result of this review, it recommends that:

1. train operators publicise a price guarantee, offering to refund the additional cost of a ticket to passengers who find that they could have bought a cheaper ticket for the same journey; and
2. train operators report regularly to ORR on complaints about ticket vending machines, to allow ORR to monitor these.

It notes that the first recommendation is voluntary, in the sense that ORR will not impose a formal regulatory requirement to introduce a guarantee. It has nevertheless estimated the costs to business of the recommendation. This is appropriate, as the recommendation is likely to be viewed by operators as having regulatory force in practice.

Impacts of proposal

The recommendations will affect 18 operators, of which two already have a well-publicised price guarantee. ORR has met with and consulted each operator, and on the basis of those conversations argues that:

- All operators already offer refunds (via customer service teams) to passengers who find that they could have bought a cheaper ticket for the same journey. Thus the cost of the first recommendation is limited to the one-off cost of making changes to operators' websites in order to publicise the offer. This is estimated at £192 in total, based on ORR's own experiences of web design changes and ASHE data.
- operators have assured it that there will be no additional costs due to increased uptake of refunds, and it has therefore assumed these costs to be negligible. This assumption seems unusual, given that the measure should be expected to have some behavioural impact;

- operators already collect data on TVM complaints, so the costs of submitting data to ORR are limited to the ongoing costs of completing ORR's spreadsheet. These are estimated at £864 per annum in total, based on ASHE data and operators' responses to ORR.

Quality of submission

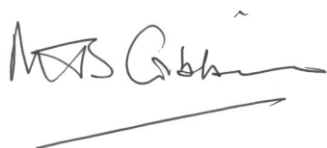
The regulator has made appropriate use of consultation with operators to underpin its estimates; the assessment is clear and concise, and on the basis of assurances from operators the RPC is able to validate the zero EANDCB presented. It could have been improved by explaining more clearly why ORR and operators believe that – unusually - publicising the offer of a refund will not increase the demand for this (where appropriate, setting out any further evidence supporting this belief). It would also have been proportionate to carry out a rather less detailed analysis of the small costs set out here.

Departmental assessment

Classification	Qualifying regulatory provision
Equivalent annual net cost to business (EANCB)	£0.0 million
Business net present value	£0.0 million
Societal net present value	£0.0 million

RPC assessment

Classification	Qualifying regulatory provision
EANCB – RPC validated ¹	£0.0 million
Business Impact Target (BIT) Score ¹	£0.0 million



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.

Opinion: BIT assessment
Origin: Domestic
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