

Rail Partners submission to the Competition and Markets Authority Review of the Rail, Road, and Inland Waterway Transport Block Exemption Regulation: Call for Inputs

About Rail Partners

Rail Partners represents private passenger train operating company owning groups and freight operating companies – providing policy and advocacy functions on their behalf. We also provide technical services to train operating companies in both the public and private sectors. This call for evidence submission is on behalf of our owning group and freight operating company members.

Overview

Rail Partners welcomes the opportunity to respond to the Competition and Markets Authority's (CMA) call for inputs on the Rail, Road, and Inland Waterway Transport Block Exemption Regulation (Block Exemption). We recognise that this call for inputs is taking place as part of the Government's Smarter Regulation programme, as it considers whether to restate, revoke or amend EU-derived legislation that was assimilated into UK law following the EU Withdrawal Act.

The Block Exemption plays an important role within the rail industry, enabling collaboration between train operators that may otherwise be prohibited by the Competition Act 1998.

As a trade body, Rail Partners also supports this collaboration and promotes the sharing of best practice across train operators with our operator services function supporting the exchange of technical expertise across both operations and engineering. The Block Exemption has been useful across a range of industry functions including investment, access and timetabling, and the exchange of people and knowledge across the industry.

The repeal of the Block Exemption would mean that train operators would need to undertake a significant exercise in re-evaluating these practices, which may have a negative impact on the quality of service provided to customers and increase industry costs – ultimately borne by customers and the taxpayer.

Following the publication of the government's *Plan for Rail* white paper and the subsequent legislative consultation on rail reform, the rail industry is currently undergoing a process of reform. This process is intended to result in the creation of new integrated rail body, Great British Railways, supporting closer alignment between track and train. Within an integrated body, the Block Exemption will continue to serve an important function, promoting cross-industry collaboration and ensuring a customer-focussed approach.

As such, Rail Partners supports the continuation of the Block Exemption and additionally recommends that the CMA considers an exercise to raise awareness and understanding of the Block Exemption within the transport industry.

Benefits of the Block Exemption

Rail Partners has examined a number of areas where the Block Exemption supports better outcomes for customers. Removal of the Block Exemption would likely lead to poorer outcomes in the areas presented below.

Timetabling and capacity

During the timetable production process, operators will work in partnership to develop timetables, balancing the trade-offs of different users to produce the working timetable. The Block Exemption enables industry to collaborate on the development of timetables and ensures that capacity on the rail network is used optimally, meeting both passenger and freight customer requirements. In the absence of this collaboration, the outcome for the customer would likely be worse, and the process would be far more resource intensive importing additional cost on industry and the taxpayer.

There are specific cases where the Block Exemption has proved useful. For example:

- It enables train companies to align the timings of the services they operate, which helps to provide a more customer-focussed approach, as passenger operators can ensure that services between specific origin and destinations are evenly spread and on journeys with multiple legs passengers are able to make efficient transitions between different rail services, where possible.
- It enables freight operators to enter into time-limited arrangements whereby they may use each other's paths, in order to use the rail network efficiently.

Assets

The Block Exemption also supports industry collaboration on assets and investments by enabling train operators exchange industry expertise, share facilities, and improve standardisation across rolling stock and facilities. It can enable the transfer of assets such as locomotives, between different train operators to support the delivery of passenger and freight services. This is assisted by the collaboration between industry stakeholders during the procurement phase to ensure asset standardisation. This can help to reduce industry costs and enhance the customer experience, as well as health and safety standards.

People

The Block Exemption has also been helpful in promoting collaboration on people matters and supporting the transfer of staff between different train operating companies typically within the same Owinging Group but also between a train operator and a wider part of the industry including into the Great British Railways Transition Team, working on government's behalf to deliver rail reform. The rail industry promotes secondments across different train operators and the wider sector, helping to build competency and supporting staff development through exposure to different operating environments. These arrangements help rail staff to provide a better service to customers, and would need to be provided for or otherwise re-evaluated if the Block Exemption were to be repealed.

Raising awareness of the Block Exemption

The Block Exemption is highly valued by the rail industry and provides an important function in increasing the efficiency of industry activity and providing better outcomes for the customer and taxpayer. As the railway goes through a reform process, to deliver on Government's intention to

more closely align track and train, the Block Exemption will continue to be an important regulation for passenger and freight operators.

In order to raise further awareness of the Block Exemption, Rail Partners recommends that the CMA considers further engagement with the rail industry. This would help to educate the sector on how the Block Exemption can be used, and promote greater use of it in future, helping to yield greater cost efficiencies and further improve the customer experience. Rail Partners would be happy to support the CMA in its engagement with the rail industry on the Block Exemption.