
Office of Rail and Road

Assessment of revising the CA98 and market review guidelines, and developing prioritisation criteria

RPC rating: **Validated**

Description of proposal

The assessment outlines amendments to the Office of Rail and Road's (ORR) *Markets Guidance* and *Competition Acts Guidance* documents. The documents explain the ORR's approach to monitoring railway markets and its usage of competition-enforcing powers respectively. Revisions to the *Markets Guidance* reflect changes in the legal framework which underpins the railway markets, whilst revisions to the *Competition Acts Guidance* reflect changes in the shared responsibilities of the ORR and the Competition and Markets Authority.

Both sets of guidance are only applicable where the ORR undertakes a competition investigation or a market review.

Impacts of proposal

Both guidance documents apply to all businesses that provide services associated with the rail industry, including infrastructure managers; train, station, and depot operators; operator associations; and suppliers. To calculate guidance costs to the industry, the regulator surveyed approximately 100 of the main businesses with commercial activity within the sector. Four responses were received.

The assessment states the only expected cost associated with the new guidance is familiarisation with the documents. It assumes 300 businesses, including 200 heritage operators, will need to familiarise themselves with guidance, with one legal professional per firm reading the guidance. Using a reading speed of 50 words per minute (based on 2013 external consultancy data) and a wage rate of £25 per hour (based on ONS figures), this provides a single, one-off familiarisation cost of £95,000.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of £0.0million.

Quality of submission

The assessment provides sufficient detail of the impact on business. However, the assessment would benefit from the following improvements:

Evidence base – A survey undertaken by the regulator focused only on commercial businesses whilst acknowledging that the micro voluntary heritage businesses would probably need to be familiar with the changes. The assessment could therefore have been improved by being all inclusive; however, as the responses came from the main businesses affected, this appears proportionate.

Clarification of figures used in cost calculation – The assessment could have provided more information on the number of businesses affected. To improve its quality, it would also have benefited from providing clear coverage of guidance changes when calculating costs.

The RPC notes that the regulator considered the costs associated with familiarisation to be negligible. The assessment would have benefited from better justification that this is the case.

The RPC requests that, for any future assessments, the ORR should ensure the inclusion of sufficient supporting evidence from the businesses affected, such as on familiarisation, which will allow a BIT score to be validated.

Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net direct cost to business (EANDCB)	£0.0million
Business net present value	£0.0 million

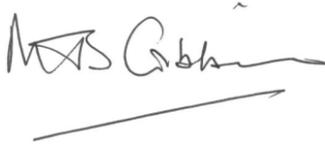
RPC assessment¹

Classification	Qualifying regulatory provision (IN)
EANDCB – RPC validated	£0.0million

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

Opinion: EANDCB Validation
Origin: Domestic
RPC reference number: RPC17-DfT-ORR-3768(1)
Date of implementation: Not provided

Business impact target score	£0.0 million
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Michael Gibbons CBE, Chairman