

How the rail industry works

An overview – November 2013

The [Department for Transport \(DfT\)](#) and [Transport Scotland \(TS\)](#) set out what **rail services they want and how much money is available** (in five-year planning cycles).

DfT and TS publish a detailed document called the High-level Output Specification ([HLOS](#)) setting out what they want the railway to provide from the specified budget. This includes targets for things like punctuality and crowding.

Governments also decide on **franchises** which are agreements between DfT/TS and train- operating companies (TOCs) to run different routes.

These [franchise agreements](#) have evolved over time, but include details on service levels, timetables, crowding, fares, performance measures, [passenger satisfaction](#) and [passenger redress](#). At present there are 18 franchises, two [open access operators](#) and two concessions.

The [National Assembly for Wales](#) has a key role in setting out services (and, if it so chooses, funding) in Wales.

The three governments decide the average increase in the price of **regulated fares**¹, based on the rate of inflation. For example, most season tickets and off-peak tickets valid for a month are regulated. Most other tickets fares are unregulated, meaning train companies have the freedom to set the prices of these fares as they wish.

The four other organisations (excluding individual TOCs) which play a key part in the country's railways are [Network Rail](#), [Office of Rail Regulation \(ORR\)](#), the [Rail Delivery Group \(RDG\)](#) and [Association of Train Operating Companies \(ATOC\)](#).

Network Rail runs, maintains and develops Britain's rail tracks, signalling, bridges, tunnels, level crossings, viaducts and 17 key stations; all the others are managed by TOCs. It is a not-for-dividend private company which gets the majority of its funding from the taxpayer, from train operators' access fees for using the network, and other commercial activity – for example, renting retail outlets at stations and property under viaducts.

ORR is the independent safety and economic regulator for Britain's railways. It has two main functions: ensuring the safe operation of the railway system, protecting both those working on the system and members of the public from health and safety risks, and regulating Network Rail, licensing operators of railway '[assets](#)', and approving access to those assets.

¹ See p36 of [this document](#) for a full breakdown of regulated fares

The **RDG** brings together the owners of Britain's TOCs, freight operating companies and Network Rail to formulate strategic policy on behalf of, and be the voice of, the rail industry.

ATOC is the trade association of TOCs. It runs the centralised ticketing system, manages national products such as railcards and provides the National Rail Enquiries service.

For passengers on a day-to-day basis, **TOCs** are “the railway”. They run the trains, which they lease from rolling stock companies, and set the fares. They pay Network Rail for use of the railway infrastructure to run trains and use stations. TOCs’ revenue comes largely from ticket sales, although there is some income from car parking and retail sales at stations.

Passengers are subject to rules while using the railway. These are contained in the National Rail Conditions of Carriage (NRCoC), Railway Byelaws Penalty Fare regulations and the Passenger’s Charter.

The NRCoC sets out **passenger rights** and any restrictions of those rights. TOCs may give more extensive rights but this document sets out the minimum passengers can expect. Any additional benefits are shown in the Passenger’s Charter.

The **Railway Byelaws** provide the industry with powers to prosecute. This includes ticketless travel and other ticketing fraud, dangerous or irritating behaviour, or damage.

Each TOC must have a **Passenger’s Charter** which details its commitments to passengers. This charter must tell passengers how the TOC intends to keep them informed about any longer-term changes. It must tell passengers how to contact the TOC for help and assistance or to give feedback about services. It must also provide information about the TOC’s compensation scheme for poor performance or delays and how passengers can make a claim where necessary.

Passenger representation

Passenger Focus is the independent consumer organisation representing the interests of rail users nationally. We work to make a difference for rail passengers.

We do this by:

- acting on rail passenger complaints.
- providing authoritative advice for industry based on sound research
- securing improvements to services – both big- and small-scale
- helping passengers with advice and information
- campaigning for change.

London TravelWatch represents transport users in and around London, including rail. It looks into complaints that are for journeys made entirely within London.