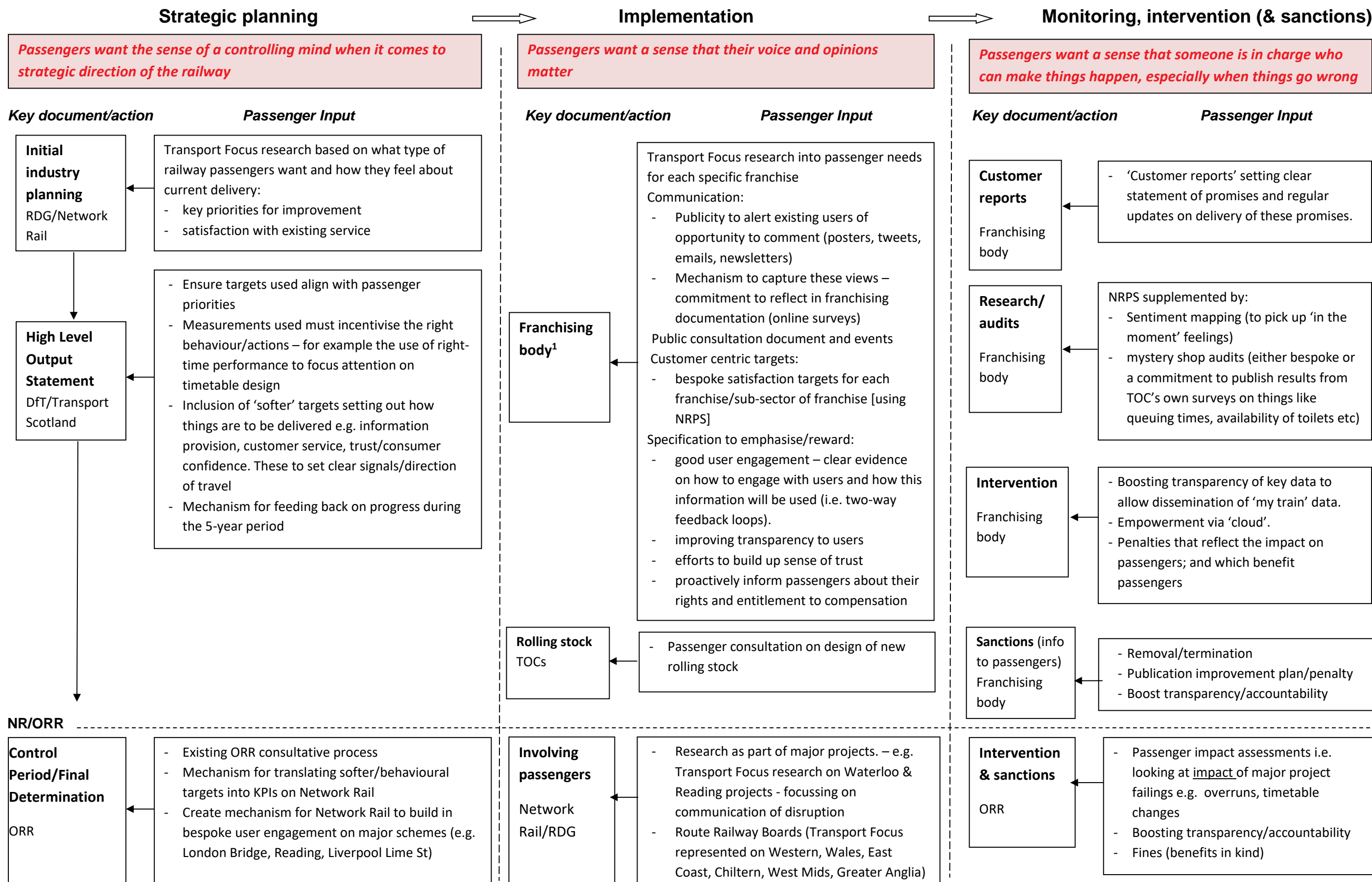


Putting passengers at the heart of running the railway



1. Franchising body is the national or regional body (such as DfT, Transport Scotland or TfN) that specifies and monitors franchises

The use of independent Consumer Challenge Groups/ Boards (CCG/CCB) is now established practice in a number of UK sectors where there are monopoly providers of consumer goods or services, including water, energy, and Heathrow Airport (the only monopoly UK airport, economically regulated by the Civil Aviation Authority).

Although the CCG/ CCB terms of reference vary slightly between sectors, the fundamental purpose and remit of these independent groups/ boards is the same: to critique and scrutinise the way in which the monopoly organisation is engaging with its consumers, and to report publicly on the degree to which consumers are driving the organisation's business plans.

In doing so, the fundamental objective is to encourage the monopoly organisation to put the interests of its consumers first, rather than its financial, administrative, or engineering interests. (A company operating in a fully competitive market will need to do this, or it will go out of business; a monopoly provider lacks this imperative). Fundamentally, the objective is to achieve a change in mindset/ culture in the monopoly organisation.

It is vital to note that the CCG/ CCB does not do the engagement. It is for the monopoly organisation to do the engagement, and for the CCG/CCB to "mark the homework". Of course, to do its job well, the CCG/ CCB will aim to be objective and evidence based, and constructive in its approach. Neither does the CCG/ CCB "represent" the consumer. This role is carried out in the water sector by CC Water, and in energy by Citizens Advice, who are the statutory sectoral consumer representative bodies. CC Water, and CA, are members of each of the respective CCGs. In rail, under the current structure of representation, this role could be carried out by Transport Focus.

It is suggested that this CCG/ CCB model, generally viewed as having been effective in other sectors, might be helpful in respect of some of the organisation models which might be considered by the Williams Commission. Ofgem and CAA should be in a position to give objective and independent advice as to the model's effectiveness.