The Fair Fares Charter

We already have by far the highest rail fares in Europe, and they are set to rise 24% between 2011 and 2015. Such high fares risk pricing people off the train, with negative consequences for passengers, the environment and the economy. Although the Government has committed itself to fair pricing for rail travel, there has been no clarity as to what is meant by fair fares. As our contribution to the recently announced review of the fare structure, this Charter sets out what we think fair pricing is, along with simple and affordable ways this could be delivered.

We believe fair fares would be:

1. Cheaper: Regulated fares fall gradually, over time to the European average. The high premium paid for flexibility and peak-time travel is reduced
2. Fairer: reasonable peak times, options for part-time workers, and above all services that provided good value for money
3. Simpler: straightforward and smart tickets that remove barriers to choosing the train

Fairer fares are achievable within the mechanisms that are available to the Government or by train companies themselves. The proposals below show how the Government, working with the rail industry, could deliver this.

Cheaper	Achieved by
Cap annual regulated fare increases below inflation (ie. RPI –1%)	The Department for Transport should change the formula it uses to regulate fare increases. Additional costs to the Treasury could be recovered from efficiency savings from rail and revenue from fuel duty on domestic aviation (which falls outside the international agreement governing aviation taxation)
Regulate and set a ceiling on the price of all walk-on fares bought on the day	DfT should bring all walk-on fares under the regulated fare system and include requirements in individual franchises, starting with the InterCity West Coast franchise due in 2012
Allow Advance tickets to be bought up to a few minutes before the train's departure from its originating station, and make public the number of Advance tickets initially released for specific time bands	DfT should work with ATOC to amend the ticketing and settlement scheme so that individual train companies move to deliver this. Initially, it should be included in the new InterCity West Coast franchise as a pilot to demonstrate its impact
Introduce a National Railcard, with a one-off fee that provides discounted travel (similar to the current Network Railcard for south-east England)	DfT should work with ATOC to pilot this and include it in its ticketing and settlement scheme, which covers joint ticket products and allocates the revenue back to train companies
Introduce tax relief for employer-provided public transport tickets	HM Treasury / HMRC should allow tax packages for employees similar to those on offer in other countries like the USA, which help lever in funding from employers to ensure the affordability of local public transport, similar to childcare vouchers

Fairer

Allow passengers to pay the difference between what they have paid already for an Advance ticket and the appropriate new ticket if they miss their train or need to change their plans

DfT should work with ATOC to allow passengers to pay the difference between what they have paid already for an Advance ticket and the appropriate new ticket

Help part-time workers by introducing a smartcard based pro-rata annual season ticket, or a measure with equivalent benefit

The McNulty review has already indicated that train companies should offer this and DfT's work on smart ticketing must ensure that this becomes a standard offer from train companies

Invest in new trains for the most overcrowded routes, and provide stronger incentives for operators to meet the requirement of providing peak-time passengers with a seat within 20 minutes of boarding

DfT should set out a clear strategy for reducing overcrowding and ensure that this is followed through in awarding and monitoring individual franchises. It should provide incentives including clear responsibility for investing in new trains and should ensure that the Office of Rail Regulation enforces current requirements to prevent overcrowding

Improve on current network coverage (number of routes and frequency of services) and incentivise train companies to improve punctuality and reliability

On individual franchises, the DfT should increase the weight given to punctuality and reliability proposals in assessing bids, and should maintain train frequency and first/last train specifications in new franchises

Increase capacity in standard class by taking a more flexible approach to First Class. For example, where First Class is consistently under-used, re-allocate some first class carriages to standard class

DfT should work with ATOC so that First Class signage on new and refurbished rolling stock is more flexible and include as a requirement in new franchises that First Class should be allowed to be occupied by standard ticket holders on shorter-distance journeys when Standard is full

Simpler

Regulate the periods that can be classed as 'peak', and reduce the premium that can be charged for peak travel

DfT should include a common definition of peak time in rail franchises as they come up for renewal, and introduce a relative price formula for peak time compared to off-peak fares

Require that the cheapest ticket for a particular journey is clearly displayed and offered, and require that the through fare never exceeds the sum of walk-on fares for individual legs of the journey

DfT should include as a requirement in new rail franchises and work with ATOC to ensure that station ticket machines are able to sell the cheapest tickets at any time

Introduce a simple, zoned, integrated fare structure in metropolitan areas outside London, standardised across cities, with smartcards

DfT should work with the passenger transport executives in the main cities outside London to introduce new fare structures with tickets valid across operators, as recommended by the initial Competition Commission report on the bus market. This should be a core aim of the DfT smart ticketing strategy