

Rail Fares and Ticketing Review Initial Consultation – Response from Campaign for Better Transport

Background to Campaign for Better Transport response

This response from Campaign for Better Transport is drawn from campaigning on the issue of rail fares over a number of years. The cost of travelling by rail has increased by a quarter in real terms since 1997, at a time when the overall cost of motoring has fallen in real terms.¹ As part of our Fair Fares Now campaign, we have been encouraging comments from the public to the fares review. This response draws on the many hundreds of comments we have received but we will be separately sending in the comments from the public to the fares and ticketing review initial consultation.

We have focused our response to the questions most directly relevant to our objectives of having cheaper, simpler and fairer fares, as set out in our Fair Fares Charter.²

Objectives for fares and ticketing regulation (question 1.1 in the consultation paper)

The consultation document sets out the Government's objectives for regulating rail fares and ticketing as to:

- Protect passengers from possible market abuse and ensure that rail travel remains affordable for a wide group of people, particularly where they do not have a realistic alternative
- Allow more scope for innovation in fares and ticketing and encourage train operators to make better use of the capacity that is available
- Ensure passengers are treated fairly when they are buying tickets, and have easy access to a complaints handling system if problems occur when buying or using tickets.
- Ensure that from a passenger perspective the rail network operates as an integrated whole

The railways have a vital role in the current transition period toward a low carbon future. They provide the pillar of sustainable mobility, offering an efficient transport based on very low environmental impact and social equality. Comprehensive policies that prioritise railway travel over driving and flying should be a key objective for regulating rail fares. Current levels of car use represent one of the main threat to sustainability. Cheaper, simpler and fairer rail fares are the way to overcome car dependency. Substantial cuts in carbon emissions can be made by designing policies that recognise the different contributions of each transport mode to cutting carbon and provide financial incentives for people to choose public transport.

Comments on the individual objectives listed are below:

¹ See Transport Statistics Great Britain <http://www.dft.gov.uk/statistics/releases/tsgb-2011-modal-comparisons/>

² See <http://bettertransport.org.uk/system/files/fair-fares-charter-sept-2011.pdf>

- Protecting passengers from market abuse should indeed be part of the Government's objectives on rail; however at the moment many passengers perceive that the Government's own policy to raise rail fares over inflation year on year takes advantage on those people who have no choice but to use rail.
- Encouraging better use of capacity is a good approach in principle, but in practice this must not mean simply trying to price passengers off busier trains and on to quieter trains. This is a simplistic answer to a complicated problem; many commuters are required by their employers to be at work during specified hours and so have to travel at peak times – “super-peak” pricing will not on its own change this culture and will only serve to punish those passengers who cannot change their travel patterns (we expand on this point below). Apart from the commuter market, there are all sorts of reasons why passengers need to use trains at peak times and they cannot always commit to travelling at a particular time. Without flexible tickets, the benefits of having regular train services are reduced. If rail is to compete with car and aviation in the future, it needs to be able to offer affordable walk-on fares at every time of the day. Some difference between peak and off peak prices is to be expected, but the gap must not grow wider than it currently is, and all fares need to start coming down against inflation.
- Ensuring passengers are treated fairly when they are buying tickets, and have easy access to a complaints procedure are appropriate objectives. We need simpler, fairer and cheaper rail tickets to ensure that rail is value for money when compared to high-carbon transport modes like driving and aviation.
- Indeed the Government must ensure that the rail network operates as an integrated whole from a passenger perspective. Moreover the government must ensure that the numerous bodies and companies involved in running the railways cooperate to reduce costs. The fragmented railway system in the UK has resulted in very high costs at interfaces, and the Government must make sure these come down and that savings are passed on to passengers.

Effectiveness of current regulation (question 1.2)

The consultation document explains that Government regulates by protecting the availability and level of certain fares (generally, commuter fares; off-peak fares for longer-distance journeys; Anytime fares for shorter-distance journeys) and by requiring train operators to participate in the National Rail Enquiries service and the National Rail Conditions of Carriage and ensuring that:

- A through fare can be purchased between any two stations even if it involves using the services of more than one train operator;
- A ticket from A to B can be used on the trains of any operator for that journey, unless it is specifically stated to be valid on only one operator's services;
- Where train operators have a station ticket office or machine, they are required (except in certain defined circumstances) to sell tickets for any journey by any operator.

We do not believe that regulation is proving effective, because it is now being used by the Government with different objectives other than these. It is paradoxical that regulation created to protect the level of fares for certain types of tickets is now being used by the Government to extract more money from passengers, with an expected rise in fares by 24% between 2011 and 2015 as part of an objective to reduce the proportion of rail income from taxpayers to 25% by 2014.

We do not support this. The railway is a public service, bringing social, environmental and economic benefits. Achieving these wider policy goals justify funding public funding alongside fare revenue, particularly given that 85% of the cost of the railway goes on vital improvements and maintenance of its

infrastructure. No equivalent railway in Europe runs on the fare box alone: instead government across Europe invest in public transport because it makes sense for people, the economy and the environment.

Transport is responsible for a quarter of UK greenhouse gas emissions. The level of public funding to the railways not only reflects the Government's real commitment to sustainable transport, but will also affect whether it meets the targets for reducing emissions set out in the Climate Change Act.

These fare rises will bring in revenue for the Government and we are told will be invested back into the railway going forward. However, not all passengers will see improvements in their areas in return for the increases at 3% above RPI, and certainly improvements will lag behind the fare rises.

In addition the government should bring the levels and availability of all walk-on fares within the regulated fare system and include requirements in individual franchises.

Benefits and risks of smart ticketing (2.1)

The consultation paper identifies the main benefits of smart ticketing as:

- Greater speed and convenience for passengers
- Better journey data, allowing for new ticket types designed around the way passengers travel today
- Potential to attract more passengers to the railway
- Potential to make more efficient use of rail capacity
- Reduced risk of overpaying
- Improved security features
- Savings from reduced cost of sales
- More accurate allocation of revenue between train operators

And it identifies the main risks and issues of smart ticketing as:

- Greater complexity from a wider range of fares/tickets
- Data security issues
- Functionality issues (does the technology work?)
- The need to ensure systems remain inter-operable across the whole rail network despite a potential proliferation of technologies

We support smart ticketing and see it as a way of potentially simplifying rail fares and also supporting flexible working (see below). However, it is important to be aware that technology by itself will not guarantee the benefits mentioned above. For example, ticket vending machines can be complex to use and may not sell the right or the best ticket for the passengers' needs. Consequently a lot needs to be done to improve technology and build trust.

We also see smart ticketing as an important part of "end to end journeys", the promotion of which is a stated Government objective. Smart tickets should be routinely valid on buses and trams as well as trains, like the multi model Oyster card in London. This would really help cultivate a joined up public transport system that allows passengers to make easy and practical door to door journeys on sustainable transport.

Issues with the current system of season tickets (2.2)

The consultation document identifies the following issues with the current system of season tickets:

- High upfront cost

- Commuters who travel fewer than five days a week pay more per journey than 5-day a week commuters, which may be acting as a barrier to some people wishing to enter or re-enter the job market
- Perceived financial disincentive to work flexibly or part-time
- No incentive to travel outside the busiest periods

Campaign for Better Transport has been campaigning for part-time season tickets, so we are pleased to see the issue of flexible tickets in this review. There are 7.8 million part-time workers in the UK making up nearly a quarter of the workforce. Season tickets cost now the equivalent of a fifth of the average UK salary. Currently the vast majority of part time rail commuters can only buy a full season ticket, or peak time returns, meaning that they are paying hundreds of pounds over the odds.

Furthermore, offering part-time season tickets would be an incentive for more people to work flexibly – an important practice to reduce CO2 and move towards a more sustainable model of society.

Flexible tickets do not need to wait for smart cards. In Devon and Cornwall, carnet and part-time season ticket scheme work with traditional ticket rather than smart cards. The Devon and Cornwall scheme offers both a part-time season ticket and a 'ten for the price of nine' carnet ticket option. In this way passenger are able to pick the ticket that works best for their working pattern.

New commuter fares and changes to travel patterns (3.1)

Campaign for Better Transport is very concerned about proposals for “super-peak” fares. Many passengers have jobs and personal responsibilities that do not allow flexibility. The railway sector has to meet the needs of passengers. The Government should not expect passengers to adapt in order to meet the needs of the railway sector.

Polling carried out by YouGov for Campaign for Better Transport showed that only 14 per cent of people believe that raising fares on the busiest trains at a higher rate than other services is fair, whilst 63 per cent think the proposal is unfair for all passengers, even if it meant lower fares on some less busy services.³

It seems that passengers are being penalised when they do the right thing like using public transport rather than driving to get to work. The sense that government announcements on green issues are not backed up with real incentives creates the impression that environmental matters are not being taken seriously.

Benefits and risks with introducing new commuter fares (3.2)

Instead of trying to price passengers off peak trains the government needs to tackle overcrowding by investing 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 (ORR) enforces current requirements to prevent overcrowding.

In addition increased capacity can be found for standard class by taking a more flexible approach to First Class. For example, where First Class is consistently under-used, some first class carriages should be reallocated 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

³ See <http://www.bettertransport.org.uk/media/08-mar-fares-review> for details of polling.

should be allowed to be occupied by standard ticket holders on shorter distance journeys when Standard is full.

Fairness and new commuter fares structures (3.3)

If the DfT is going to build fares policy on the basis that passengers can change their travel patterns and reduce their need to travel, then you have to ensure that other government departments are pulling in the same direction. It is an imperative for the government to have policies, which do not contradict one to another, affecting not only the government credibility but also generating obstacles to build a low carbon future. The Government should link fares policy to a joined-up a package of policies to reduce the need to travel, including policies for planning, work and employment. For example, policies to encourage working from home and telephone/ video conferencing need to be part of the package; hot-desk work hubs could be established and employers could be offered real incentives to allow flexible working.

Gender considerations also need to be taken into account. Despite legislation on more flexible working patterns for either men or women, women still tend to be the primary carers for children. Working women are therefore more likely to have less flexible travel patterns as they have to coordinate child care and work schedules.

Lower paid employees are also less likely to be able to change their working patterns to take advantage of lower fares at non-peak time, with flexible working among the low paid being mainly confined to working part-time rather than more flexible working patterns based around full-time work.⁴

Fares regulation and capacity on intercity services (3.4)

Capacity can be more efficiently used on intercity services if more tickets at quieter times of the day were sold at low prices. Seats sitting empty on rail services help no one, so cutting the price to fill seats makes sense. Indeed bargain hunters are more likely to be tempted off other forms of transport, like cars and planes, if the financial incentive is there. The suggestions made on flexible use of First Class fares above will also help here.

Cheap tickets should not only be for those who book in advance, they should also be available for walk on customers providing that there are still empty seats on the train.

Advantages and disadvantages of paying the difference on advance fares (4.1)

Campaign for Better Transport has been campaigning for a “pay the difference” system, whereby passengers with an advance ticket travelling on a different train to that they are booked on can pay the difference in price for that service rather than buying a whole new ticket). We therefore welcome this issue explored in this consultation. We see no disadvantages for passengers – there will be the need to adjust revenue allocation systems within the railway, but this should not be allowed to veto change.

In addition the government should specify in franchises that Advance tickets should be available for purchase up to a few minutes before the train’s departure from its originating station, and make public the

⁴ See <http://www.dwp.gov.uk/docs/family-friendly-task-force-report.pdf> for some discussion of this in relation to part-time work.

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.

Regional variation in fares (4.2)

We have serious concerns at any proposals that would effectively mean fares outside of the South East rising to the levels already endured around London. It is often said that passengers using peak time services have to pay more because they require much greater capacity on the network that is otherwise underused. However, in this part of the review it is stated that passengers commuting around London are subsidising other services. These arguments are contradictory. It appears from a passenger perspective that any justification is being made to raise fares. Instead of finding a balance by raising fares, if a balance must be found it should be by reducing fares in the South East.

Consideration of any difference in absolute price should also take into consideration local pay levels. Research by Campaign for Better Transport has found that fares in London are not the least affordable when local pay is taken into consideration. Manchester, Sheffield, Leicester and Bristol all have less affordable fares than London when compared to local pay levels.⁵

Open access to fares data (4.3)

Transparency is vital to regain public trust. If passengers do not have access to the information they need, they can end up paying more than is necessary or find themselves being penalised for having the wrong ticket. The best way to help passengers filter complicated fares information is to ensure that properly trained staff are available to answer their questions at stations and to help them navigate the system.

Opening up information about when and how many advance tickets are available on particular services would be particularly helpful for passengers.

Ticket office staffing (5.1)

Ticket offices are a vital part of the railways and closures or reduced hours will certainly discourage passengers from using the railway. If the Government is committed to offering people more sustainable travel options, train stations need to be perceived as safe and welcome places. Furthermore passengers want to know that staff at ticket offices will be able to answer questions when they have them. Station staff are essential for conveying information about delays, platforms, timetables and for signposting station services. A person trying the train for the first time could find their experience hinges on the help and attitude of station staff. The importance of station staff is particularly acute for elderly and disabled passengers, who may need additional help to use the train. Those are basic aspects of passenger service and without these services, rail will be less attractive and will encourage the use of cars by default.

Additionally stations of all sizes can become an asset to a local community and economy as well as delivering an important service to passengers. Cafes, shops, internet services, cycle hire, sandwich stalls are just some of the retail and business opportunities and it is important that these opportunities are open to businesses small and large. Smaller stations in particular can establish a strong sense of local identity, creating local pride in the station, and making using the station and the railways more attractive. Revenue from commercial rents should be re-invested in station upkeep and improvements, making sure that essential basic services like public toilets are maintained well.

⁵ See <http://www.bettertransport.org.uk/media/25-jun-happiest-commuter-index> for more information.

Passengers should not have to bear the impact of cuts. Savings should be made by bringing greater cooperation into what is currently a very fragmented sector. At the moment it is too easy to let money drain away through complicated contracts and fines. Resolving this fragmentation is complex, but with more accountability and transparency serious savings can be made.

Costs and benefits of reducing ticket office opening hours (5.2)

We welcome innovative new ways of buying tickets; however these must not preclude keeping ticket offices open for the reasons stated above.

Safeguards for passengers when changes are made to ticket office opening hours (5.3)

We do not want to see reduced opening hours, but if this happens the public must be properly informed. This information could be communicated in local press and radio as well as using signage in and around the station and on trains. The communication channels used also have to take into account a wide range of ages and ethnic groups.

Other improvements to make buying rail tickets easier (5.5)

We would like to see the introduction of a simple, zoned, integrated fare structure in metropolitan areas outside London, standardised across cities, with smartcards.

The DfT should work with the Passenger Transport Executives (PTEs) in the main cities outside London to introduce new fare structures with tickets valid across operators, as recommended by the Competition Commission report on the bus market. We also want to see these smart tickets extend across modes, to facilitate door to door sustainable transport journeys. This should be a core aim of the DfT smart ticketing strategy.

Furthermore it should be a requirement that cheapest ticket for a particular journey is clearly offered at all ticket machines, on all online interfaces and at stations. It should also be a requirement that a through fare never exceeds the sum of walk-on fares for individual legs of the journey. The DfT should include these requirements in new rail franchises and work with ATOC to ensure that station ticket machines are able to sell the cheapest tickets at any time.

Other comments about the impact of other changes (6.1 and 6.2)

Half of households in the bottom income bracket do not own a car (compared to the average figure of 25 per cent) so there are strong arguments to be made around social equality, low income and access to rail.

In addition the points that have been made above around the need for more flexible season tickets are particularly relevant to women who are more likely to work part time.

Policy decisions around stations, trains and modes of information distribution must be made with the needs of disabled people in mind. Public transport should be accessible to all no matter how mobile they are.

We would like to see the introduction of a National Railcard, with a one-off fee that provides discounted travel (similar to the current Network Railcard for southeast England. The Department for Transport 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.

June 2012

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Campaign for Better Transport's vision is a country where communities have affordable transport that improves quality of life and protects the environment. Achieving our vision requires substantial changes to UK transport policy which we aim to achieve by providing well-researched, practical solutions that gain support from both decision-makers and the public.

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