
Confidential Minutes

Agenda item: 12
Drafted: 15.04.15

Confidential minutes of the Board meeting held on 17 March 2015 at 169 Union Street, SE1 0LL

These minutes are in addition to the public minutes of a meeting of the Board on the same date. The Board resolved, under section 15(2)(b) of schedule 18 of the Greater London Authority Act 1999, that by reason of the confidential nature of the item(s) to be discussed, it was desirable in the public interest that the public should be excluded for this part of the meeting.

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- 1. Minutes and matters arising**
- 2. Compensation and unified fares for London**
- 3. Meeting review**

Present

Members

Chris Brown, Richard Dilks, Glyn Kyle, Stephen Locke (Chair), Abdikafi Rage, John Stewart, Ruth Thompson

Secretariat

Tim Bellenger	Director, Policy and Investigation
Janet Cooke	Chief Executive
Richard Freeston-Clough	Communications Officer
Sharon Malley	Executive Assistant
Robert Nichols	Policy Officer

Julian Drury	Chair of the London Schemes Council, Association of Train Operating Companies (Item 2)
David Mapp	Commercial Director, Association of Train Operating Companies (Item 2)

1 Confidential minutes of the meeting on 27 January 2015

The confidential minutes of the Board meeting held on 27 January were agreed and signed as a correct record, subject to the removal of Richard Dilks' name from the list of attendees.

2 Compensation and unified fares for London

The Director, Policy and Investigation, said that there were currently three separate fare structures in London, which were the TfL scale, the National Rail scale and a scale for journeys that used both TfL and National Rail services. It was also possible to be charged a TfL fare on the National Rail network, as happened for example between West Drayton and Paddington.

Other discrepancies existed between fare arrangements, such as children travelling free on the Underground but having to pay fares on some National Rail services. In addition, from the end of May, some services would be devolved to TfL but would not immediately change to the TfL fare scale, meaning that there would be a hybrid arrangement in place on these services for a period.

This current arrangement was confusing for passengers and did not assist people in trying to plan their own journeys. The Director, Policy and Investigation, said that a unified fares structure for London would be clearer for passengers and more transparent. His report set out six principles for this and also identified barriers to its implementation.

Members noted that one of the principles related to the replacement of paper tickets with Oyster or contactless options. The Director, Policy and Investigation, confirmed that this applied in cases where the paper tickets were cheaper than the alternative and that the aim should be to make Oyster and contactless cheaper than paper.

The Chief Executive said that the report was a starting point and it would be useful to hear from the ATOC representatives to get the viewpoint of train operators.

David Mapp, Commercial Director at ATOC, said some progress in this area had been made over recent years and this was to be welcomed. He hoped to achieve more consistency with TfL for the 2016 fares and this was part of the current year's workplan. He said that the fares system was very complicated and compared it with an archaeological dig, where the previous layers had to be removed before new ones could be added.

Julian Drury, Chair of the London Schemes Council at ATOC, said he agreed that greater simplicity and unity would be welcomed. He said that it was important to consider what passengers actually wanted and noted that the introduction of absolute simplicity in the fares structure mean some fares increased in price. It would be impossible to introduce a new unified fares structure where everything was reduced to the lowest price. The Chair noted that measures such as better pricing deals for part time workers may well be welcomed but also added to complexity. Increasing flexibility for passengers often resulted in increased complexity in ticketing, so there was a trade-off.

The Chief Executive said she would welcome greater consistency in the design and functionality of ticket vending machines but recognised that they performed complicated functions so it was not straightforward to simplify them. Members wondered whether it would be possible to achieve some sort of convergence over time, with manufacturers and train operators committing not to develop actively incompatible machines in the future.

It was noted that residents in south London who were dependent on rail services into the centre often had to pay higher fares for the journey than those travelling entirely on the Underground network, as they needed to pay extra if they travelled by tube from the rail terminus to their final destination. This put them at a disadvantage compared to tube users who did not need to pay more to interchange. Mr Drury said he had attempted to improve this on his c2c network but it was more complicated for operators with lots of track outside London.

It was noted that ATOC, TfL and the DfT would all be involved in any changes to the fare structure. Mr Mapp said that ATOC should do some preparatory groundwork with TfL to get an idea of the cost implications as any change would have an impact on the DfT in terms of franchise value. Mr Drury said the DfT would probably be most open to a position that removed perverse cost incentives from the fare structure. For example, a member noted that some trains to London Bridge from Honour Oak Park had spare capacity while the Overground from the same station was very full and the fare differential may in part be causing this.

It would be difficult to gain political support for changes that involved additional costs for the DfT. Mr Drury said he hoped to develop a position of no net loss, no net gain across the entire network. He thought simplification of the fare structure could be presented to passengers as giving better value for money. Mr Mapp noted that the daily fare cap already gave passengers some confidence about fare levels and it was important to base the case for change on increased simplicity.

The Chair said that London TravelWatch strongly supported the principle of fare unification for London and although the problems were recognised, they should not stand in the way of a revenue-neutral solution. The current system had a high level of consumer detriment and did not lead to the most efficient management of scarce capacity.

In relation to compensation for passengers who had experienced delays in their services, the Chief Executive said London TravelWatch was unhappy that peak hour trains could be late almost every day but as the delays were usually less than 30 minutes each passengers rarely qualified for compensation. London TravelWatch wanted to easier and more standardised refunds for passengers, with credit being put directly onto Oyster cards.

Mr Drury said that this was a more complicated issue than fare unification as most networks were not fully gated so it would be very difficult to implement fully automatic refunds as it was not always possible to tell where passengers were travelling from and to. The exception to this was c2c, which was hoping to introduce automated refunds from next year.

The Chief Executive said it was up to the industry to find a standard for compensation for passengers and that London TravelWatch favoured a 15-minute trigger as it was consistent with London Underground.

The Chief Executive questioned whether train operators passed the compensation they received from Network Rail for infrastructure failings back to passengers. Mr Drury said it would depend on the nature of the incident that triggered the compensation payment. The picture was very complicated with compensation flowing in many different directions. London TravelWatch may be successful in channelling compensation towards passengers in the case of sustained poor performance although this would have a cost to the industry. It would need to be included in the franchise specifications so that bidders could make proper provision for the cost. The Chief Executive noted that the current position appeared to involve Network Rail and train operators compensating each other but with very little compensation making its way back to the passenger.

Members agreed that altering the basis of compensation in franchises was probably the way forward and that there may be political support for this. Mr Mapp said that

the DfT may prefer this option as it opened fewer floodgates than changing the trigger for compensation payments to 15 minutes.

The Chair thanked Mr Drury and Mr Mapp for their useful contributions to the discussion. London TravelWatch would continue its work in this area.

3 Meeting review

Members welcomed the attendance by user groups, whose contributions gave a useful framework to the discussion on out of London issues.

Members identified as a reputational risk that members of the London Assembly Transport Committee had previously raised concerns about the extent of London TravelWatch's work outside the London boundaries. However, as this work was clearly within London TravelWatch's remit, it was legitimate for members to spend time considering it.