
Summary

A summary of discussions made during the 'Easier fares' seminar looking into how the current rail fares and ticketing system can be reformed, held in the Houses of Parliament, Westminster, London, SW1A 0AA

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Present

Panel

Sir Michael Fallon MP (Chair)	Member of Parliament for Sevenoaks
Tim Bellenger	Director, Policy and Investigation, London TravelWatch
Mike Tuckett	Head of Transformation Delivery, Transport for London (TfL)
Andy Wakeford	Head of Fares and Retail Support, Rail Delivery Group (RDG)

Guests

Andy Bagnall	RDG
Louise Butcher	Transport Select Committee Specialist
Daniel Cohen	Conservative PRU Transport Specialist
Janet Cooke	London TravelWatch
Cllr Robert Evans	Surrey County Council
Laura Fenimore	TfL
Richard Freeston-Clough	London TravelWatch
Charles Hosmer	Office of Kit Malthouse MP
Alex Hunt-Braddock	Office of Iain Stewart MP
Rupa Huq MP	Member of Parliament for Ealing Central and Acton
Arthur Leathley	London TravelWatch Chair
Adrian McMullan	TfL
Simon Moorcroft	RDG
Luke Muskett	London TravelWatch
Anna Pandoulas	RDG
Daniel Zeichner MP	Member of Parliament for Cambridge and Member of the Transport Committee

1 Introduction by Arthur Leathley, Chair of London TravelWatch

Mr Leathley welcomed those present at the meeting and thanked Sir Michael and the three panellists for giving up their time for the event. He remarked that the aim of the day's session was to explore ways of making the current fares and ticketing system

on London's rail network better for passengers. He added that London TravelWatch had long been pushing for a simplification of fares, and together with the RDG and Government hopefully a way forward could be agreed and put into action.

2 Opening remarks from the panel

Sir Michael thanked Mr Leathley and repeated his thanks to the panellists for giving up their time. He remarked that over the session they would explore ideas on how the ticketing system on the rail network could be reformed to make it simpler and easier to understand for passengers. Sir Michael commented that he did not receive letters from constituents asking for airline companies to be nationalised, so there should be no reason why the private model cannot work for those travelling by rail.

Andy Wakeford said that he was grateful for the opportunity to discuss the day's topic with those present. He remarked that in summer 2018 the RDG had gone out to speak with the public and stakeholders and had received nearly 20,000 responses into their consultation on rail fare reform. Of that number, 84% had said that they wanted the fare system on the railways to change.

Mr Wakeford commented that a recurring theme that had come out of the consultation was that passengers wanted a system that they could trust that was simple to use. He remarked that much of the network was using technology that had been developed over 25 years ago and needed modernising for the current times. Mr Wakeford concluded that making such changes would bring an array of benefits to society, the economy and ensure that the rail industry had a sustainable funding model in the future.

Tim Bellenger introduced himself and explained London TravelWatch's role as a consumer body looking after the interests of London's passengers. He remarked that part of the organisation's role was to appeal complaints that had been received by the number of different operators running public transport services across the city. Of those appeals, 40% were to do with fares and ticketing.

Mr Bellenger commented that the current fares system was inconsistent and complex. He gave an example of commuters in Sir Michael's constituency in Sevenoaks who were paying £90.80 for a weekly season ticket. However, in neighbouring Oxted, passengers only had to pay £58.90 for the same journey. Mr Bellenger remarked that these inconsistencies were not only related to trips from outside London. In Coulsdon South in Zone 6 passengers were charged £8.20 for a single peak fare into central London, while in Epping, also in Zone 6, the charge was £5.10.

Mr Bellenger remarked that such pricing variation led to a distortion in the market and passengers travelling further out to use a station due to the decrease in costs. This in turn led to over-congestion at some stations whilst what scarce capacity was available was not being utilised to its maximum potential. He remarked that it also would have a social cost as some routes would price out lower income workers and deny them the opportunity to affordable housing and the ability to move up the income scale.

Mr Bellenger said that the reforms could be achieved on a cost neutral basis for fare payers. In addition, the expansion of Oyster and contactless cards to regions further outside of London would also help to make ticketing simpler and open up opportunities for other transport users to access the rail network. He commented that there had been a reluctance by National Rail operators to adopt Oyster and contactless payments. However, following their introduction in 2010 and 2014 respectively the numbers of users increased 5% above the national average. He suggested such evidence clearly demonstrated the benefits the system could bring to both passengers and operators.

Mike Tuckett stated that he wished to share his experiences from within TfL which he hoped could be carried over to operators working across London and the south east. He commented that at the heart of Oyster is Pay As You Go and that the key to its success was that passengers trusted that they would be billed the best fare for their travel.

Mr Tuckett explained that Pay As You Go was also about breaking down barriers to entre public transport and that the method was a trend that passengers increasingly wanted to use. He added that contactless payment also gave passengers a flexibility of when and what mode of travel that wanted to use. Mr Tuckett referred back to the trust point he had mentioned previously. Moving to a contactless system meant passengers had to give up an element of reassurance from holding a physical ticket and rely on the organisation to charge them correctly. He concluded by saying that the use of contactless bank cards in addition to Oyster had been 'a complete game changer'. He remarked that TfL had been a market leader and innovator in adopting the system, which was now being copied by other cities around the world.

3 Easier fares

Sir Michael remarked that what had struck him from hearing from each of the panellists was how a change to the current fares and ticketing system could achieve an array of benefits for passengers with few disadvantages. He said that the examples given should be put forward as strong evidence to politicians to persuade them to implement the necessary reforms.

Daniel Zeichner MP suggested that although passengers were increasingly happy to use contactless payment for their travel in London, these would usually be relatively low cost fares. However, extending the scheme further would mean charges of much higher prices which might lead to more reluctance from people to use the system. Mr Zeichner added that his experience on the Transport Select Committee had showed him that 'simplicity is the key' and he wondered how many different fares would be available to passengers following a reform of tickets.

Mr Tuckett accepted that it was likely that passengers would be reluctant to use a paperless ticket for their journey where fares are more expensive. There would also be the issue of fare prices that cost over £30 – the current maximum price that could be paid on a contactless card. However, this did not mean that contactless could not be integrated better with paper ticket journeys and that they could in fact compliment each other far better than was currently the case.

Mr Tuckett also suggested that passengers could pay for a journey over the £30 limit online via their bank card which could then be used to touch in on the contactless network. Upon reaching an area where fares were back down to below £30, they could simply use the card for Pay As You Go fares once more. Sir Michael asked whether such a system could also take advantage of having both off peak and on peak prices. Mr Tuckett replied that from a technical point of view that would not be an issue. However, he stressed that the more complicated the system was the less confidence and trust passengers had in ensuring they were being charged a correct fare.

Mr Wakeford commented that there were over 55 million fares available on the rail network. He remarked that the aim of the reforms was not to either try to increase or decrease that number but simply to ensure there was a correct balance between the demand of passengers who wished to access the network and the supply of services available to them. In terms of reform to prices, Mr Wakeford suggested that the only fares that should be reduced were ones which made 'rational sense'.

Sir Michael acknowledged the point made by Mr Wakeford though suggested that there should be at least an approximate number of fares that the industry believed should be available on the railway network. Mr Wakeford replied that it should be looked at as 'one fare that is the right fare for you', rather than trying to target a specific number.

Cllr Robert Evans from Surrey County Council replied that in the area he represented, which was on the edge of Zone 6, passengers were driving from Staines and Ashford in order to get access to cheaper rail fares, causing unnecessary congestion on the roads. He remarked that the distances and stations included within the boundary were inconsistent, leaving many people being unfairly charged at higher prices than those that lived further out from central London.

Cllr Evans also asked that the structure of Oyster and contactless be looked at so that it was extended further out to stations within the boundary of the M25, which was a much better catchment area of commuters. Mr Tuckett replied that there would be nothing to stop stations within the M25 adopting Oyster/contactless, though it would be up to the operators to agree to such a change.

Sir Michael commented that there had been 'endless discussions' about extending Oyster to Sevenoaks. However, after talking with Southeastern, the DfT and TfL, there appeared to be constant indecision and lack of accountability around who could agree to put the proposals into action. Mr Bellenger replied that the decision would be an agreement between the DfT and the train operators in which operators would have to be persuaded that adopting Oyster/contactless was commercially a good thing to do. He commented that there was also reluctance on the part of the Treasury to make changes in case revenues fell.

Louise Butcher stated that the word 'trust' had been raised several times by the panel. She commented that for whatever reason TfL was trusted to charge people the correct fare for their travel without the passenger needing proof that they had done so. Ms Butcher asked how that had come about and how the wider rail industry could improve their levels of trust with passengers, especially given the

recent problems resulting from the timetable changes and general poor performance by the operators.

Mr Tuckett replied that TfL 'really care about that notion that we are looking after customers' money', and said that if there was an issue with regards to failing to touch in or out there was an option for passengers to get a refund on their fare. He said TfL had invested in an easy to use online system for reclaiming fares, which helped to show it as an organisation that 'isn't trying to rip me off'. He said that such a reputation was something that had been built over time once people had become used to using their systems.

Mr Wakeford remarked that the RDG was keen to take on board what would be coming out of the Williams Review into rail fares in order to improve the level of trust that passengers had in train operators. However, it would be difficult to make any significant progress on that front until the current fares and ticketing structure was fundamentally reformed.

Janet Cooke commented that the industry should be aware that when improvements are made to the way people can travel on the railways, passengers' expectations would also increase. She gave the example that prior to the introduction of Oyster to Gatwick over 6,000 penalty fare notices were issued to passengers unaware that they could not use Oyster to travel to the station. Similarly, since Gatwick adopted Oyster around 16,000 penalty fare tickets were issued to passengers travelling to Stansted Airport who had made the same mistake.

Rupa Huq MP asked why, when using a contactless card rather than Oyster card, the price of the fare was not shown at the gateline. She remarked that it made her feel 'a bit diddled'. There was also an issue when using her IPSA Oyster card and personal Oyster of being charged a maximum fare when touching in with one and out with the other. She asked if there was a way of preventing that from happening. Mr Tuckett replied that passengers could check the price they had been charged online via TfL's website and app. With regards to the second point, Mr Tuckett remarked that TfL regularly announced at the station that passengers had to touch in and out with the same card.

Mr Leathley asked how the need to prove the commercial viability of fare and ticketing reforms could be looked at and whether there was a way to 'get around that'. Mr Wakeford replied that the industry had often got itself into a position where fares and ticketing reform looked too difficult to achieve and had decided it could not be done as a result. However, at present 51% of current rail contracts were under direct government control with more franchises coming up for renewal in the coming years.

Mr Wakeford commented, therefore, that the industry could take a long-term approach by gradually putting reforms to fares and ticketing into new franchise contracts which within the medium-term would make a real difference for passengers. He added that stage by stage those franchises on longer-term contracts would hopefully see the reforms put in practice and the added benefits it had brought to the operators that had implemented them, making them more open to adopting new reforms.

Mr Bellenger recalled a similar experience when the zonalisation of fares was introduced in the early 2000s. At that time rail operators had put in place a number of financial protections in their contracts to safeguard them from the perceived risk of a fall in revenues. As it had turned out, none of these financial instruments were triggered as revenues had increased rather than fallen. Mr Bellenger suggested, therefore, that the industry needed to 'grasp' the opportunities of a 'bigger prize' that could be obtained by reforming the fares system.

4 Concluding remarks

Mr Tuckett stated that TfL welcomed the consultation into rail fares and ticketing and was very happy to share their experiences with Pay As You Go. Mr Bellenger concluded that the UK had a very complex system, full of dissatisfaction and the time was ripe for change. Mr Wakeford said that the RDG had done a lot of work in trying to get a system that was fit for purpose with potential benefits which were not 'too good to be true'. He suggested that if the industry could get itself out of the mindset that reform could not be done there was a genuine opportunity to make real change.

Sir Michael remarked that it had been a positive discussion with a high level of ambition for what could be done to change the rail fares structure. Despite expecting the opposite, it had been made clear that reform could be done with there being far more winners than losers from the changes. He thanked all those for attending and closed the meeting.