

# Rail industry publishes radical proposals for once-in-a-generation reform of fares system

February 18, 2019



Proposals represent industry's first contribution to the Williams Review with a call for preparatory work to begin now including government, industry and passenger groups reviewing regulation as well as a series of real-world trials to support a rolling programme of reform across Britain over the next three to five years.

- Biggest ever rail fares consultation finds eight out of 10 want the system overhauled; nine out of 10 want consideration of smart or electronic tickets, with the potential for price capping; and, eight out of 10 want consideration of fares based on encouraging travel to fill up empty seats.
- The '**Easier Fares for All**' proposals explain how updates to regulation would enable the transparent, simpler to understand fares system people want, backed up for the first time by an industry 'best fare guarantee'.
- Reform would support: 'tap-in, tap-out' pay as you go being rolled out across the country; enable greater local control over fares in devolved areas; and better integration of rail fares with those for other modes of transport.
- With a new system, commuters working flexibly and travelling in off-peak hours could see savings while overcrowding could be reduced by up to a third on some of the busiest long-distance services.

Britain's rail companies have published proposals to overhaul the country's fares system, making it easier to use and bringing it up to date with how people travel today.

The radical proposals put the needs of customers at the heart of change and have been informed by the biggest ever public consultation into what people want from rail fares. They meet a commitment made by the rail industry when launching its consultation to bring forward proposals that are revenue neutral, meaning no change in average fares or taxpayer support.

In all, nearly 20,000 people from across Britain took part – with additional input from over 60 umbrella organisations representing over 300,000 other organisations, authorities and individuals, including businesses, accessibility groups and local authorities.

The consultation, delivered in partnership with independent passenger watchdog Transport Focus, found that eight in 10 people want the current system changed, with respondents calling for a fairer, more transparent and easier to use experience. Responses to the consultation have been used to develop five principles that should underpin reforms to the fares system, including value for money and simplicity.

Based on these principles, the proposals are built with a simple proposition at their core: that customers only pay for what they need and are always charged the best value fare. This would be enabled by the fares system moving to a 'single-leg' structure, as currently operates within London, so that customers are able to choose the most appropriate ticket for each leg of their journey.

Amongst other improvements, reforming fares in this way could mean that:

- **Commuters** travelling from outside London in to the capital or elsewhere could benefit from the kind of weekly capping system currently available for journeys within London. With pay-as-you-go pricing and a 'tap-in tap-out' system, commuters that currently buy weekly season tickets could save money when they travel fewer than five days a week or are able to travel off peak. This supports changes in working patterns, with part time working and self-employment having increased by over a third in 22 years. 90% of consultation respondents wanted consideration (definitely or maybe) of price capping.
- **Long distance and leisure travellers** could see demand spread more evenly across the day, potentially reducing overcrowding by up to a third on the busiest services. Updating regulations around peak and off-peak travel would mean ticket prices could be set more flexibly, spreading demand for a better customer experience. This would be supported by a wider range of on the day fares. 78% of respondents wanted consideration of fares that encouraged empty seats to be filled.
- **All customers** could have more options and no longer need to commit at the time of buying their outward journey to the time of day when they will return, instead mixing-and-matching different types of single tickets, and making changing travel plans easier. 74% of respondents wanted consideration of fares based on the amount of flexibility required.

If the proposals are developed and adopted, they could enable the industry to offer a 'best fare guarantee', so that customers would be assured that they would always be paying the lowest fare available where and when they buy it, which meets their needs.

A reformed fares system would also help make the most of technology like online accounts, smartcards and smartphones to make ticket buying simpler, so that customers are shown fares which match their needs while screening out irrelevant choices that cause confusion.

In addition to improving customer experience, updated fares regulations could help local political leaders have more control over their transport systems, where relevant powers are devolved, enabling them to co-ordinate train fares alongside other local transport. This is difficult now even where those powers are already devolved because rail-only fares are set under different national rules to local travel schemes.

A single-leg structure could act as an enabler to local reform, where control of pricing has been devolved. It could help with the rollout of pay-as-you-go systems or provide local leaders the opportunity to package up fares in a different way more suited to local passengers.

Independent analysis indicates that taken together, making fares easier in the way set out would encourage over 300 million more journeys taking people off the road and on to the railway, increasing revenue to give governments options either to re-invest in lower fares, or in to the network.

Paul Plummer, Chief Executive of the Rail Delivery Group, which represents train operators and Network Rail, said: "The result of our nationwide consultation is clear – customers have different needs and want an easy to use range of rail fares to meet them. Our proposals can deliver exactly that – creating a system that better fits how people live and work today.

"Rail companies are already working together on plans for real world trials so people can see what our proposals could mean for them. However, current regulation needs to be updated and we want to work

with government, who are key to making improvements a reality, to deliver the better fares system the public wants to see.”

Anthony Smith, chief executive of independent passenger watchdog Transport Focus which led the easier fares consultation jointly with RDG said: “Passengers want to see root and branch reform to the outdated and outmoded fares and ticketing system. Trials will provide reassurance and allow passengers to understand the impact of the changes.”

While the industry’s proposals represent the industry’s first contribution to the on-going Williams review in to the future structure of rail, expected to report later this year, rail companies want to work with government now to begin the process of reforming regulation. This means working together to review the Ticketing Settlement Agreement and running a series of real-world fares trials this year. Commercial contracts would then need to be revised and agreed, starting a rolling programme of reform, which, with all parties working together, has the potential to be rolled out operator by operator across the network over the next 3-5 years.

The rail industry is already working together to make improvements where it can to improve the ticket buying process, within the current regulatory structure. This includes removing unhelpful jargon from over half a million tickets, making ticket machines simpler and easier to use, and make advance purchasing available up to 10 minutes before travel on many routes.

Business groups have also responded to the proposals.

Mike Cherry, FSB National Chairman, said: “Many small businesses rely on the rail network, so it’s key that the current out-of-date fares system is improved.

“The system needs to be brought into line with the more flexible way businesses work. This will allow companies to access the best deals when travelling, as well as making it easier to travel – and businesses to trade – across the regions of the UK.

“We appreciate that the rail industry has brought forward its proposals, and we now call on Government to start taking this work forward.”

Dr Adam Marshall, Director General of the British Chambers of Commerce, said: “The fares system needs to support businesses across Britain who rely on rail travel to move goods and services and access a skilled workforce. We agree with the industry that the rail fares system needs reforming. Britain needs a modern system that makes travelling simpler, is more flexible for commuters and is fairer for businesses who need to change their travel plans at short notice.”