

Further to Neil Middleton’s oral evidence on 13 July 2021, we are making this submission to provide a commentary on the future of UK rail fares. This paper, and our previous submissions<sup>1</sup> on the Flexi-Season and on Ticketing, are complementary to one another and we have usually not repeated observations.

The submission has been authored by Neil Middleton; it has been extensively shared for comment within Railfuture Branches and Groups and incorporates their ideas.

## Introduction

I watched the Oral evidence session on 15 September and was much encouraged by comments from Chris Heaton-Harris MP and Keith Williams. For instance, Mr Heaton-Harris commented “[the passenger must] feel that they are getting the right fare” and Mr Williams commented “Trust the product they are buying”. The current fares structure fails these tests in very significant ways, through a morass of confusing fares, complicated and inconsistent restrictions and high headline prices that intending passengers worry they might pay. Mr Williams went on to observe that “every marginal passenger counts” and “revenue reduces subsidy”.

Designing and implementing a fares structure that customers can understand, and trust, is essential. Committee members and others noted the benefits of Transport for London’s (“TfL”) *Pay as you go* approach that has high customer confidence. Delivering such confidence for National Rail passengers will be more difficult given the longer distances (and thus more expensive fares) and a greater need to manage supply and demand and meet differing passenger needs. However, it is essential that this is a challenge that is accepted, is recognised as urgent and is tackled in incremental steps – improve the current structure, then move on to more fundamental reforms. The first deliveries from this programme will start the process of building passenger trust, and that in turn will encourage revenue growth, which in turn reduces taxpayer support.

We are fretful that there are significant cultural challenges in Government to be overcome in making changes to fares. Comments on 15 September included “[it] isn’t natural for Civil Servants”. We believe there could be too much temptation to seek to reduce taxpayer support though a primary focus on cost reductions which can be measured more empirically; the implications for total revenue through changes in fares is less predictable as the likely increase in passenger numbers from reduced prices cannot be expressed with the same certainty.

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<sup>1</sup> The Flexi-Season: <https://railfuture.org.uk/display2753>; Ticketing: <https://railfuture.org.uk/display2752>

## Key messages

Our key observations at this point are:

1. That there are considerable risks with remaining with the status quo on fares – headline high prices, cliff edge pricing and uncertainty all act as significant disincentives to travellers selecting the railway as their chosen transport option by creating a low trust view, resulting in lost revenue.
2. A good first step to show intent would be to move away from the traditional RPI (+ X) inflationary rise for 2022 and future years.
3. Fares & ticketing reform is not just about a better arrangement, it is key to encouraging the return to the railway and addressing the current gap between revenue and costs by focusing on revenue increase, not just cost reduction; thus a multi-stage reform is required, with short term activity to improve the current fares structure, followed by the more fundamental restructure. It will also help the Government with wider initiatives such as addressing climate change through carbon reduction across the totality of the transport sector, delivering growth and levelling up.
4. To date, there has been considerable focus on ticketing improvements, and not enough on fares reform.
5. Whilst the longer term fare concepts articulated to date are sensible, there is not yet enough detail and, whilst “Simplification” is needed, too much “Simplification” will reduce choice (eg the cheapest fares, flexibility on choice of train routes) and the benefits of matching supply and demand. We have prepared an “approximately right” proposal for pricing tickets in the new single leg pricing world.
6. Society would benefit from greater disclosure of ticketing sales.

Both the Rail Industry – through the Rail Delivery Group’s (“RDG”) Easier Fares initiative<sup>2</sup> and the Government – as set out in the Williams Shapp Review – have articulated proposals for improving the existing fares system. We are supportive of these specifications, whilst some key aspects of the RDG’s proposals have been superseded by the Williams Shapps review as the Government has now determined that it will accept revenue risk (both currently as a Covid response, and in the long term). This means that revenue sharing between train operating companies will be no longer required – although some variation of revenue allocation will still be needed to understand performance per route. For instance, RDG defined, for a railway where operators competed for revenue *“the need for fares to generate revenue for government, industry and devolved authorities to enable investment and growth; linked to the above, the need for operators to be able to manage prices to respond to their markets and reduce crowding by spreading demand; and the need for local and regional authorities to be able to manage transport as part of integrated transport systems.”*. Substitute “their markets” with “the market” and these are still very valid goals.

Comments in this paper should be treated as an add-on to, or subtraction from existing proposals from the RDG and Williams Shapps. We have not attempted to define the full detail of a new approach to fares, recognising that this is a very substantial piece of work, and key data (such as recent rates of sale of the existing fares product set, detailed train loading data) is not available to us (nor other third party stakeholders). We have, however, listed a number of key issues to be considered.

We comment below with some additional detail on the above themes; all these observations should be seen through a number of key lenses:

1. Retaining the “Walk up” railway is essential. Whilst it is sensible that the sale of tickets for specific services in advance (as used almost exclusively in the airline industry) features as an important part of the fares portfolio, offering rail passengers flexibility is essential – we believe that, compared to flying, a much greater portion of passengers want to be able to travel spontaneously, and often do not want to be ‘locked in’ to a specific travel time in advance.
2. A higher volume railway will be both good for the Railway and good for wider government objectives:

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<sup>2</sup> [https://bigplanbigchanges.co.uk/files/docs/Fares\\_reform\\_proposals\\_A4\\_WEB\\_DPS.pdf](https://bigplanbigchanges.co.uk/files/docs/Fares_reform_proposals_A4_WEB_DPS.pdf)

- Good for the Railway: We acknowledge the financial challenges with the current situation and believe that there needs to be much greater emphasis on growing revenue through an effective approach to fares and marketing. A reduced train service will lead to reduced demand and the cost reductions will be marginal as so much of the railway's costs are fixed – rolling stock leases, staff costs and the like. A cut in any of these types of costs will take time to implement and will be expensive and slow to reverse. It is already clear that leisure demand has returned strongly<sup>3</sup>, and we believe this is an area to emphasise for a mix of growth and reallocation of resources. We recognise that the outlook for Business and Travel to Work is much more uncertain and it is realistic to assume some reduction, particularly for travel to work; but again, a fares approach that recognises more optionality in the decision to travel or not – and the choice of days of the week, can improve income.
  - Good for wider objectives. Rail is a carbon efficient transport system and can also support wider objectives such as active travel.
3. There needs to be full recognition of the “new normal” – one in which business and travel to work passengers have much more choice – for instance, business travellers have moved from limited flexibility on timing (but fundamentally committed to travel) to much more optionality on travel. Likewise, for a good portion of the Travel to Work market, whilst a limited number of trips may be mandatory, encouraging additional trips is an essential element in increasing income.

### One: Risks with remaining with the status quo on fares

We believe that there is a considerable risk that fundamental fares reform will be deferred because it is either seen as too difficult or presenting too much risk to revenue. We believe this would be the wrong decision. All those giving evidence at the Oral Session on 7 September were clear about the benefits of reform; specifically, for instance, Shashi Verma from Transport for London (“TfL”) described a 6% increase in fare revenue for National Rail resulting from the start of Oyster.

The current fare system is, as has been identified by many commentators, confusing and a disincentive to choosing rail. Key elements include:

- High headline prices, discouraging a recognition that a search for much better value Advance and other discounted tickets may well identify fares appealing to the intending traveller. Headline prices such as the Anytime return fare from Manchester to London Euston of £369.40 for standard (£510 first Class) can suggest that even though the Railway is known to offer lower priced fares, even those will be very expensive. However<sup>4</sup>, a business trip for 2 weeks’ time can be booked for £64.70, and a weekend leisure trip for the following weekend for £106.10.
- Cliff Edge Pricing, such as occurs at the end of the peak, which leads to a substantial price differential between consecutive trains, resulting in consecutive trains being empty then overcrowded. This discourages future travel as affordable trains are too crowded, despite there being sufficient capacity. For instance, for a Flexible return from London (St Pancras) to Leicester, only the Anytime Return (£175.50) is valid for the 18:25; on the 19:02, a Super Off-Peak Return (£67.50) is also valid – and this latter service is also faster. So, save £108 – or 61.5% for a 14 minute later arrival<sup>5</sup>.
- Uncertainty, in particular over whether the lowest price for the chosen travel time has been achieved and whether a saving might have been possible by shifting the planned travel time. This includes:
  - The need to “split ticket” to obtain best value.
    - Whilst Split Ticketing is seen as a particular issue on some longer distance routes, its benefits (and disincentives, as it generates worry and confusion) apply for many route types. A lack of comfort

<sup>3</sup> <https://news.railbusinessdaily.com/lner-sees-strong-demand-for-services-over-summer/> &

<https://media.raildeliverygroup.com/news/day-trippers-get-back-on-track-for-bank-holiday-weekend>

<sup>4</sup> <https://www.avantiwestcoast.co.uk/train-tickets/search-results> at 8:30am on 7 September; Business trip Tuesday 21 September, 06:27 & 18:20 services; Leisure trip Friday 24, 17:15 service, return anytime Sunday

<sup>5</sup> <https://ojp.nationalrail.co.uk/service/timesandfares/STP/LEI/011121/1830/dep/021121/1830/dep>; these are for Monday to Friday departures.

that the best priced ticket is about to be purchased acts as a significant discouragement to travel as the uncertainty prevents the finalisation of the purchase. Appendix D has examples for Birmingham to York, Luton to Southend and St Albans to Gatwick Airport.

- A key challenge with Split ticketing is that it is only the default sales option for some sales channels – some independent web retailers (eg Trainsplit.com) and for others only for some channels (eg the Trainline’s App). When buying at a TOC, whether from a ticket office, a Ticket Vending Machine, or onboard, then a split ticket will not normally be offered (but can be purchased by asking for the specific tickets).
- A multitude of prices. We often hear talk of 55 million fares, but this is both an underestimate and an overestimate:
  - It is effectively an overestimate because it includes multiple Advance fares with increasing prices. For instance, from Doncaster to London, there are 33 LNER only Advances, 30 Grand Central only Advances, 23 Hull Trains only Advances and 24 East Midlands Railway only Advances (via Sheffield). However, effectively, for each service, a maximum of 2 will be offered – the lowest available price in Standard and in First; so reference to 110 fares is misleading.
  - It is effectively an underestimate because it doesn’t include split journeys, nor interactions with metropolitan area operators – most notably Transport for London. For instance, for Harpenden (Hertfordshire) to Canary Wharf. Despite no Advance fares being offered [reasonable in view of distance and nature of travel], someone (aged over 31<sup>6</sup>) travelling to work in the morning peak has a choice of 11 fares valid for the return journey (see appendix D), without considering the use of traditional season tickets – and using 6 different types of National Rail Ticket.
- A failure to respond to the increased price transparency provided by the Internet, which now makes all the inconsistencies, high price differentials et al much more visible.

## Two: Showing intent: Move away from RPI for the yearly inflationary increase

The annual inflation increase has, in recent years been set to RPI, often plus X%, despite the Office for Statistics Regulation de-designating RPI as a National Statistic 8 years ago. The continued use of RPI is seen by many (including Railfuture) as “unfair”; and it is often seen as another extension of an approach to fares which values neither rationality, nor fairness.

An important first step by the Government to confirm the necessary change in approach to rail fare setting would be to change to CPI for the 2022 fare rise and, further, to confirm that is now the ongoing measurement basis. Our August 2021 Press Release has more detail<sup>7</sup>.

## Three: Fares & ticketing reform is key to encouraging a return to the railway / a multi-stage approach is required

As we describe immediately above, the fares system is a discouragement to travelling on the railway. Travel by train can be very good value – eg Luton to London return at the weekend with a Network Railcard is £7.50<sup>8</sup> - or 12.5p per mile. And from personal experience of the author, these prices generate well loaded trains that in turn deliver good revenue to the DfT and Treasury as the revenue risk takers.

However, these excellent value for money fares can be hidden away by the confusion and complexity of the fares system. We fully recognise that the fundamental fare reform outlined in Easier Fares and in Williams Shapps is a multiyear programme of works to design, consult upon and then deliver. Thus, we believe that a two stage approach needs to be taken. In this context, it is important to remember that a well-used railway will:

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<sup>6</sup> Someone aged 30 or less can get a 16-25 or 26 – 30 Railcard and get one third off in the morning peak, subject to a minimum of £12.

<sup>7</sup> <https://railfuture.org.uk/Press-release-18th-August-2021>

<sup>8</sup> Everyone is eligible for a Network Railcard; for £30, one third off travel at any time at the weekend, or after 10am on Monday – Friday, subject to a minimum of £13. Full details at <https://www.railcard.co.uk/network/>.

- Better support the overall economic prosperity of the country and ensure the taxpayer gets better value for money for their support.
- Help society and government to achieve carbon reduction targets, as rail travel is such an efficient way to use energy for transport.
- Contribute to wider goals, such as reduced pollution from cars and increased active travel.

Waiting until fundamental fares reform to be able to obtain these benefits is not the right answer. A first stage should work within the constraints of the current fares structure and seek to (1) simplify it without fundamental change; and (2) particularly for ticketing, implement much more Pay as you go. As has been demonstrated with pilots such as LNER’s Single Leg pricing pilot for longer distance journeys much can be changed whilst still using the current overarching fares arrangements and existing IT systems (albeit with some change).

Examples of the most immediate simplifications that could be made should target:

Headline	Description	Examples
<b>1 – FAIRNESS &amp; SIMPLICITY</b>	Taking action to ensure that across the nation intending travellers are treated more consistently (so as to reduce “winners and losers”), that restrictions no longer needed with a single revenue risk taker are eliminated and that passenger’s understanding of the restrictions on their travel because of the ticket they hold is simplified and better understood and that scarce resources (such as available seats) are more fairly shared out.	Reducing the need for split tickets Better explaining fare restrictions (eg “Super Off-Peak” is vague) Eliminating fares with nominal savings that steer passengers to one operator on a multi operator line
<b>3 – REVENUE GENERATORS</b>	From the perspective of Rail Campaigners we see improvements and changes that should benefit both the customer and the industry / government by making changes that reduce the price per journey, but we believe will deliver more journeys and a net revenue increase. The possibilities should be properly analysed and implemented where sensible.	More PAYG Improving the Flexi-Season Rationalising “competing” operator only fares

Appendix C expands upon the given examples and gives a Road Map with 18 areas for action spread across 6 clusters (and an additional 4 items, not strictly fare related, but still of note). Of the 18 areas for action, 7 are noted as “Quick Wins” – six immediate improvements and one where delivery can start quickly, albeit as part of a much bigger programme of activity.

Later stages would then be the much more strategic reform, including the move to full single leg pricing. At the Oral Evidence session on 7 September, Shashi Verma from TfL was suggesting that it could be up to a decade before full implementation of a new world for fares. We comment more on this below.

#### Four: The focus on ticketing improvements, not on fares reform

Many of the papers to date give more attention to ticketing reform<sup>9</sup>, including noticeable detail, whereas the content on fares reform is much more superficial. This can give the impression that ticketing improvements are more important than fares. We disagree, believing that fares reform is at least as important as ticketing improvements – and some fares reform, notably post more Pay as you go payment options, can best proceed as a pair.

In our view ticketing reform is much more important for journeys where customers see Pay as you go as a real candidate for their ticketing choice – typically shorter journeys where travel is regular and there is confidence on expected costs. For longer distance journeys, digital ticketing is already an established option; the key

<sup>9</sup> Eg Williams Shapps, RDG’s Easier Fares for All.

requirement is to take the existing arrangement and address inter-operability – the ability to use this type of ticket for more combinations of operators and also for cross-London journeys that involve TfL<sup>10</sup>.

We agree with Anthony Smith’s (Transport Focus) comment on 7 September that for longer journeys, customers will wish to lock in the price to be paid before travel, so a conventional “ticket” will still be a preferred option; whilst the media on which it is held should evolve for many customers – towards being held in virtual form on a smartcard or on a smartphone – within an App or as a PDF, or printed at home, it remains essential to recognise that some customers will continue to find virtual forms of ticketing inconvenient, difficult or impossible<sup>11</sup>.

### Five: New fare concepts articulated to date are sensible, there is not yet enough detail / the risk of too much simplification

To date, there has been little detail on how the new fare concepts might work at a level of detail that allows passenger understandings such as “My commute costs X now, it’s going to cost ever so slightly more if I return in the evening peak, but if I am out for the evening, I will get noticeable savings – All in all, much the same” – or “if I travel at 9am, my costs will go up a lot, but if I can defer to 9:15am, then I’ll get a noticeable saving”.

We have three key thoughts / observations:

- We are very supportive of the concepts outlined such as single leg pricing.
- We agree with others: this will be a complex programme to design, consult, build, deliver and market.
- We are concerned that there will be too much simplification, and a one size fits all solution.

#### The concept

We agree with the principle of single leg pricing whereby the cost for a typical return journey is the sum of the two single fares – which may have different prices dependent on the time of travel; the current arrangement where off-peak singles can offer a saving of 10p over the equivalent off-peak return fare is ridiculous. The main premise should be an underlying set of single fares with well understood validity with discounts for aspects such as Railcards and regular usage (flexi seasons, day returns etc) and smart ticketing capping (weekly and monthly seasons, zone based etc).

We are yet to see how single leg pricing might work in a new world (as opposed to LNER’s variation to the current structure). A move from a world centred around the return ticket has some quite fundamental impacts. For instance, in price setting: currently, a post am off-peak return ticket involves three decisions – a price, a start time and the restrictions for the return journey. In the new world, two decisions are repeated twice – start time (and possibly end time) and price.

The approach to fares must be explainable to someone who does not travel on the railway regularly and has just a small number of statements in it, such as “For longer distance travel, discounts are available for purchasing a ticket in advance and committing to a single time”. “There are [eg 5] cost points for flexible travel. If you use PAYG, you will be charged based on the price point for your actual travel time; if you prefer to purchase before you start your journey, then you can take any train in your price point or in a lower one”; “If you travel regularly, your total fare is capped; there are daily, weekly, monthly and annual caps which are no higher than was the case with the traditional and flexi season tickets”.

In Appendix A, we have provided a sample table showing how price points might work in the new world.

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<sup>10</sup> TfL operate with a Smartcard (including Bank Cards) centred ticket barrier / reader approach, so enabling this for tickets loaded on to Smartcards will be easier. Support for other types of digital ticket would either require very substantial investment by TfL or to wait for new approaches to be adopted by TfL. The likely need for Smartcards for tickets for cross London journeys increases the relative importance of the smartcard as a ticket storage option.

<sup>11</sup> This includes anyone without access to technology, without either a Smartphone (or a tablet) and without printing facilities or with usability challenges (physical and or mental (eg dyslexia)).

## A Complex programme

We fully concur with other commentators that identify that this is a very complex programme with a very long delivery lead time to design, consult, develop, deliver and explain. The size of the task is potentially daunting, but we do not believe it needs to be delivered as a “big bang”. Rather it can be tackled as more digestible tasks and ring fenced activities. A key first deliverable is to detail how the concept works in more detail with a substantial number of worked examples.

## Too much simplification / one size does not fit all

Too much simplification is a concern; as a lack of sufficient choice is likely to have significant adverse impacts including suppressing demand (and thus quite probably resulting in loss of revenue, even after allowing for a higher price per journey), unused capacity (as the specific service is priced at above what many are prepared to pay) and over-crowding (as total demand for a route is excessively biased towards too small a portion of services). Key ‘risks’ include:

1. Loss of the Cheapest fares – eg at the weekend – because there is, for instance, only one off-peak fare.
2. Loss of flexibility in routing. Whilst for many journeys there is a single natural route, there is a significant minority with multiple choices – eg London to Edinburgh via Crewe or York, London to Birmingham via High Wycombe or Rugby – and in the latter case, by speed and comfort
  - There has been some move away from this flexibility already, but one of the prime reasons – the need to split revenue between competing TOCs is now disappearing.
3. Taking a one size fits all solution. This is both for all types of railway and for all types of traveller. The product set needs to be based on an analysis of how (and why) the various types of railway are used and who the main types of customer are for the specific railway. For instance, is this a Travel to work and day trips market (eg going shopping, to the theatre, to meet friends) or a longer distance railway (business trips, more planned visits, more often including an overnight etc). In doing this analysis, it is essential to recognise that no one reason or passenger type is the only user of that railway, and that railway lines – such as London to Birmingham are made up of many sub-markets.

## Additional detail

In Appendix B, we set out some more detailed thoughts on some of the key contradictions and challenges in the strategic resetting of rail fares and immediately below we summarise the key issues.

## Six: Greater disclosure of ticketing sales data

It is of note that data on ticket sales is not available to external stakeholders, so, as regards ‘revenue generators’, we are significantly less able to judge the loss in revenue element of our changes. During the Oral Evidence session on 15 September, we were pleased to hear Mr Heaton-Harris’s commitment to ‘Open data’; it will be important that this data is made available quickly, and widely including to stakeholders such as ourselves and members of the public. Now that revenue risk is taken by the Government, we believe this is very important. For instance, we have heard comment that GNER, the operator of long distance services on the East Coast Mainline until 2007 was already selling 80% of tickets with some form of discount and we expect that this portion to have noticeably increased. Likewise we understand that most CrossCountry ticket sales (which often offer significant savings for split tickets) are of split tickets. Rather than having to rely on hearsay, having direct access to recent and reliable data would allow us to make more informed suggestions.

## Appendix A – Possible price points table

Note: this table is presented as being “approximately right” as we have access to neither data on the sales of existing tickets, nor has the necessary research been completed. We have very deliberately chosen a simple grid, with consistent times across all markets; whilst this might not realise the greatest average fare per person, the simplicity makes it transparent and understandable to intending travellers, increasing passenger numbers.

Towards a Conurbation from its travel to work area				
		Mon Fri	Tue Wed Thu	Sat Sun
00:00	06:29	2	2	1
06:30	09:29	4	5	
09:30	10:29	3	3	
10:30	16:29	2	2	
16:30	18:29	2	2	
18:30	23:59	2	2	

Highest prices paid for the morning commute, with the price lowered on Mondays & Fridays to encourage a switch to these days. A slightly higher price charged for the full leisure day out and weekend prices kept low to stimulate demand, given available capacity

Within a Conurbation				
		Mon Fri	Tue Wed Thu	Sat Sun
00:00	06:29	2	2	1
06:30	09:29	4	5	
09:30	10:29	2	2	
10:30	16:29	2	2	
16:30	18:29	3	4	
18:30	23:59	2	2	

Whilst influenced by both inward & outward travel flows, fares are lower in absolute terms because of shorter distances

Longer distances				
		Mon Fri	Tue Wed Thu	Sat Sun
00:00	06:29	2	2	2
06:30	09:29	4	5	
09:30	10:29	2	3	
10:30	16:29	2	2	
16:30	18:29	3	3	
18:30	23:59	1	2	

Highest prices paid when business travellers likely to be present, with the price lowered on Mondays & Fridays to encourage a switch to these days. Long distance shows the typical simplicity vs fine tuning dilemma - split MF into M & F so the possibility of a higher price on a Friday? Arguably, the grid approach is a bit less relevant to long distance as this is where most Advance fare sales will take place as passengers lock in prices as part of the travel or not decision

From a Conurbation to its travel to work area				
		Mon Fri	Tue Wed Thu	Sat Sun
00:00	06:29	2	2	1
06:30	09:29	2	3	
09:30	10:29	2	2	
10:30	16:29	2	2	
16:30	18:29	3	4	
18:30	23:59	2	2	

Evening peak has the highest fares of the day, again reduced on Mondays & Fridays to encourage a switch to these days. Contra peak traffic is encouraged by lower prices

Up to mid-day, the check is for arrival time at destination; after mid-day, for time of departure of first service of journey

Communities (Including rural)				
		Mon Fri	Tue Wed Thu	Sat Sun
00:00	06:29	2	2	2
06:30	09:29	5	5	
09:30	10:29	2	2	
10:30	16:29	2	2	
16:30	18:29	2	2	
18:30	23:59	2	2	

Similar to the current typical arrangement of Anytime travel limitations early in the day, followed by a common off-peak fare for the remainder of the day; as with conurbations, a small discount for Monday or Friday travel.

Community Rail should include Branch Lines in Travel to Work areas - eg the [St Albans] Abbey Line and the Marston Vale Line [Bedford / Bletchley]

- Prices go from lowest (1) [typically the weekend fare] to highest (5) [typically, the current MF peak fare]. (2) is the typical current Off-Peak fare: out after the morning peak, back anytime (sometimes outside evening peak). '1', '2' & '3' would be 50% of the most relevant current Return fare (typically the Day Return). The Sum of '4' + '5' equates to the current Anytime Day return, as described below, possibly not split equally.



- When, eg, travelling from Euston to St Albans Abbey (community line) in the pm peak on a Tuesday, a Price point '4' ticket would be bought, consisting of Euston to Watford portion priced at '4' and an Abbey line portion priced at '2'.
- Because of there is so much travel to work each way between Cities like Liverpool & Manchester, in ticketing terms, they, together with Leeds (due to Manchester Leeds flows) might be defined, for these purposes as a single conurbation, with some smaller flows defined as 'Community'.
- There are always possible variations - eg price 18:30 - 23:59 at '1 '(except for outward travel from conurbations) to encourage evenings out.

### Examples

In our preparation for this submission, we have contemplated how to effectively price the afternoon peak, to best balance revenue, fair treatment of commuters and those travelling off-peak. A key possibility we have identified is to unevenly split the peak fare, pricing the morning peak ticket at slightly more than the evening peak (but keeping the total the same as the present Day Return), recognising that there could be less price elasticity at this time and this will probably been the point of greatest demand, which in turn sets much of the railway's costs.

For a typical flow – Harpenden to City Thameslink (“London Thameslink in ticketing terms), this might work as follows (note: the split of peak fares is purely for illustration and not a suggestion):

New fares		Travel	New cost	Current cost	Change
		Peak both ways	£27.00	£27.00	£0.00
5 AM peak	£15.00	AM peak in, off peak back	£22.95	£27.00	-£4.05
4 PM peak	£12.00	Immediately post AM peak in, PM peak back	£20.45	£19.60	+£0.85
3 Shoulder peak	£8.45	Off-peak in, PM peak back	£19.95	£19.60	+£0.35
2 Off peak	£7.95	Immediately post AM peak in, Off-peak back	£16.40	£15.90	+£0.50
1 Weekend	£5.15	Off-Peak both ways (MF)	£15.90	£15.90	£0.00
		Weekend	£10.30	£10.30	£0.00

Critically in this example, “Traditional” commuters and most leisure travellers pay the same price as now, and other changes are small, except for travellers in the morning peak who are returning off-peak. It should be noted that for Harpenden, they already have options other than any anytime return at £27.00 – eg £20.60 by using a Contactless Bank Card (see appendix D).

A different example is Northampton to London for peak and morning departures Monday to Friday. As can be seen, Current singles are priced at substantially more than ½ a return and must not be the new baseline single price:

		Return	Current Single	'New' Single	Difference to current Single
<b>Peak</b>	<b>Period</b>	£66.70		£33.35	£4.65
	<b>Day Return</b>	£65.80	£38.00	£32.90	-£5.10
<b>Off-Peak</b>	<b>Period</b>	£39.40		£19.70	£8.80
	<b>Day Return</b>	£34.90	£28.50	£17.45	£17.45
	<b>'Super' OP</b>	£28.50	£19.10		See notes

A Super Off Peak is valid for post 1pm arrivals Mon-Sat, return not allowed 4pm-7pm Mon-Fri. It equates to a single leg cost of £14.50. It shows that in this case whilst total fares might remain unchanged, equal pricing for both legs might not be sensible.

## Appendix B – Challenges in setting a new approach to Rail fares

The size of the task is potentially daunting, but we do not believe it needs to be delivered as a “big bang”. Rather it should be tackled as more digestible tasks and ring fenced activities, rolled out in a series of waves. A key challenge is that the railway is a utility, with passengers travelling for differing reasons – and thus having differing priorities as to factors such as price vs flexibility, the travel / no travel / use other means decision et al. Thus, it is generally, not possible to say: “Line A has travellers of type B, who’s priority is C”. Rather the statement becomes something similar to “The Line from London to Bedford is dominated by the travel to work and the day tripping leisure market, but there are also elements of longer duration trips to the Resort Hotel near Flitwick and a substantial Airport passenger flow using Luton Airport Parkway” (and this only covers trips where this railway is the sole, or dominant portion of the journey).

We believe it will be productive to first look at the different types of traveller and how they use the railway. For instance:

- Commuters are relatively restricted on normal travel times (but not normally to a single train) and look for a reward for frequency travel. Post Covid, an increased portion is likely to have some flexibility, but there will be a noticeable portion who will need to be at the workplace for one of the traditional start times such as 8am or 9am. Price is going to be a much greater driver of travel times and days than pre-Covid; as employers offer flexibility, price of travel will influence journey days and timings, so the historic price inelasticity of peak hour travel costs no longer applies for many commuters – they have a choice.
- Day tripping leisure passengers, including visits to family & friends (who may easily be happy to travel for 2 to 3 hours each way) are typically more flexible on time vs price, but still prepared to pay somewhat more for (eg) an earlier start. They may be quite happy to lock in their departure time for a saving for a longer journey, but often on the return, flexibility has more value (“I’ll come home after supper, that’s booked for 6pm, but I don’t know whether I can get the 7:30pm or the 8pm”, or “not quite sure how long the kids will be happy at the museum”). There may be sub-markets in this space – eg for evenings out, who could be tempted with lower fares – and be travelling contra-peak, so on otherwise relatively empty trains<sup>12</sup>.
- Business Travellers, who are typically looking for a relatively fixed arrival time, but value flexibility on the return. Again, will often be prepared to lock in a set time on the outward journey for a price saving.
- Overnight leisure passengers, including visits to family & friends. Similar in many ways to Day tripping leisure travellers, but more likely to want to lock in a price (and thus possibly a time) for the return journey. A key differential versus day tripping is that the travel planning often happens earlier in the overall ‘design’ of the trip.
- Those getting on with life – eg hospital visits, shopping and the like will sometimes have appointments, so a fixed departure time at any time of the day, but otherwise largely similar in need to Day Tripping Leisure passengers.

In all of these cases, the matter of loyalty needs to be considered – how passengers are incentivised to travel more regularly, including across the boundary of traveller types (so, for instance, a part time commuter gets a discount for also using their commuter line at the weekend ~ in a manner similar to the ‘free’ travel offered to traditional season ticket holders).

This analysis will help understand the key elements that need to be considered, such as flexibility, variations between the requirement for the outward and the return journey et al. For those seeking flexibility, a key benefit will be to better understand the relative advantages and disadvantages of PAYG and pre-purchase in differing circumstances. We agree with the comments of Anthony Smith of Transport Focus on 7 September that

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<sup>12</sup> Some bus companies have new cheap evening prices to encourage travel eg <https://www.gonortheast.co.uk/summer-saving-fares>.

for longer (and thus potentially more expensive) journeys, there is a much stronger bias towards pre-purchase<sup>13</sup>. This analysis will, we believe, help frame the winners and losers' debate through being able to demonstrate why changes are being made.

Taking the principle of single leg pricing as a start point, we have the following more detailed observations:

1. It is essential to retain the "Turn up and go" Railway for all types of journeys and route. As such, these fares should be competitively priced to support this. The nature of activity at many places, whether a work meeting, an outing to a museum, the beach etc, do not lend themselves to committing to a firm time.
  - i. The principle that a passenger can pay in advance and, by agreeing to travel on a specific train, be rewarded with a better price is supported.
2. As described in Appendix A, the start point for pricing single legs needs to be 50% of the applicable return fare (Anytime, Day Return, Off-Peak etc), not the existing single fare. Most passengers make return journeys (as opposed to one way journeys), and this (current) single fare needs to be the same as the sum of two singles in the new world [assuming no change in journey times].
3. Because of these significant differentials, it is essential that if there is any move away from the rule described above it is monitored for adverse impacts; in particular on:
  - Period Return ticket users (note: normally just branded Return). Two key characteristics of these are:
    - Break of journey is often allowed – useful (eg) to catch up with family / friends at a mid-point.
    - Flexibility over travel dates; up to 30 days are allowed for the return. Whilst single leg pricing, to a large degree can make this irrelevant (just buy a ticket once the intended journey date / time is known), there is the potential for unwanted price increases.
  - Day return users. If needed, options include offering a discount for a pair of single tickets for an each way journey on the same day (and the same factor applied in PAYG calculations).
4. Consideration is needed for tickets that start at a time of high price, but the majority of the journey time is off-peak – eg Woking (Surrey) to York for an 8:15am departure. The journey to London is a peak hour one, but by Kings Cross, it has become off-peak. It would be unfair to price the entire journey at peak prices. It may be that to offer most choice to the traveller, a pair of tickets needs continue to be offered – critically, though, this would need to be the default option for all sales channels.
5. Whilst there has been a considerable shift towards hybrid working for many (mixing home and workplace working) there are still many travellers who need to always attend the workplace all the time (eg medical staff, the hospitality industry), including some who travel more than 5 days a week some of the time. For these the combination of unlimited travel for a fixed price, as offered by the traditional season is a big plus, and they should not be disadvantaged by new arrangements.
6. The approach to rewarding regular travel – such as for travel to work should be reviewed. Comments on the Flexi-Season show how this design is sub-optimal. Options including capping, loyalty bonuses, reducing prices, free days etc. Current arrangements have "big steps" in them – the 'reward' for travelling one more day a week, for committing in advance to a year's travel; instead, we believe the approach should be a much more incremental build up to a similar "reward" to today. For instance, for Harpenden to London for a 5 day a week commuter, buying a weekly:
  - Current effective daily prices: £27.00, £27.00, £27.00, £22.90, free
  - Possible new daily prices: £27.00, £20.95<sup>14</sup>, £19.95, £18.95, £17.05
7. Consideration needs to be given as to how to reward very regular travel that doesn't qualify for travel to work like rewards – eg someone who travels once a week to a long distance destination or has many weekends away by train. Such loyalty should be rewarded. Schemes such as "Railmiles" should be contemplated, in part justified by the incentive to book online as an easy way to capture earned miles.

<sup>13</sup> However, just as conventional tickets should remain in primarily PAYG areas for those who want them, PAYG should always be available. Eg a confident (eg well researched) traveller going at an off-peak time and wanting flexibility might opt for PAYG.

<sup>14</sup> The big step between the first and second journey of the week matches the Flexi-Season discount.

## Appendix C – Tactical improvements to fares

**QW = Quick Win**

### Our Road Map

- A. Split Tickets ⇒ 1. Reduce prices for Anytime and Off-Peak through tickets to less than the sum of the parts **QW**
  - ⇨ 2. Improve the selling process for remaining situations
- B. The multitude of ticket restrictions ⇒ 3. Better explain them (eg “Super Off-Peak” is vague) **QW**
  - ⇨ 4. Merge and eliminate the smaller differentiations in times etc
- C. Operator only fares ⇒ 5. Eliminate single operator fares where there is just a small difference in price **QW**
  - ⇨ 6. Rationalise fares where multiple operators have set materially different fares
- D. Fares ⇒ 7. Tactical improvements to the Flexi Season **QW**
  - ⇨ 8. Add “Missing fares”
  - ⇨ 9. Reduce headline fares where these fares are only a small portion of sales
  - ⇨ 10. Consider tactical options to encourage travel on Mondays & Fridays
  - ⇨ 11. Consider encouraging “upselling” from Standard to First
- E. E-Ticketing ⇒ 12. Extend existing National Rail Smartcard PAYG to cover more stations **QW**
  - ⇨ 13. Increase visibility of different Contactless and National Rail prices **QW**
  - ⇨ 14. Find e-ticket solutions for more cross London journeys
  - ⇨ 15. Improve the usability of e-tickets (including when responding to disruption)
  - ⇨ 16. Extend use of Bank Contactless Cards
- F. Railcards ⇒ 17. Simplify conditions **QW**
  - ⇨ 18. Consider a national Railcard (using purchase price of the Railcard as the differentiator)
- G. Other ⇒ 19. Not strictly Fares, but of relevance

### Split tickets

Split tickets, where the sum of ticket prices for parts of a journey are lower than the through fare significantly damage trust in the railway and penalise anyone who does not understand “the system”, including users of many ticket purchase options, including the more vulnerable. We have identified 4 broad sets of circumstance when Split ticketing can save money:

1. Using the same type of ticket – the sum of the cost of the part journeys is less than the cost of the through ticket. Routes served by CrossCountry are notorious for this issue.
2. Using a mix of ticket validities – eg peak and not, weekend and not. There are many of these in existence, and unlike situation #1, they are not as well known, so more likely to be missed.
3. Either there is no Advance fare for the through journey or the through Advance is highly priced. Buying two or more Advance tickets or a mixture of Advance and flexible tickets can save.
4. There is a crossing of a zonal fare system – eg TfL’s. Sometimes it can be cheaper to split at the near and/or far boundary as the edge to edge fare can be a bargain.

#1 Birmingham to York: Save £19.50 (27%) for a day trip on a Saturday in October.  
 # 2 Luton to Southend Central on any weekend day: Save £10.60 (25%)  
 #3 Taking advantage of LNER’s recent “from £10” promotion.  
 #4 St Albans to Gatwick / morning peak: Save £5 (21%) [slower] or £1.80 (7%)  
 Additional details in Appendix D.

As an immediate action, we believe that all through tickets for scenario #1 should be reduced to be just below the sum of the part journey fares.

Scenarios #2 - #4 are more complex to eliminate and may even remain after fares reform (albeit much more transparent). Therefore we believe the immediate focus should be on transparency and getting remaining sales channels<sup>15</sup> to include split ticketing possibilities in the fares offered by default. This should be tackled in phases; a switch for all web sales (including Apps). then the ticket office and finally for Ticket Vending machines. We recognise that implementation for on-board sales might be difficult and/or require a limited implementation due to intermittent internet connectivity.

<sup>15</sup> Trainline’s App already offers Split Tickets as do some specialist retailers – eg splitticketing.com

## The multitude of ticket restrictions

A search on the National Rail website for ticket restrictions containing the word ‘Off’ returns a choice of 43 restrictions<sup>16</sup>: 3 are for specific geographies; 5 are specific to one TOC and 2 relate to Groups and families. In addition to this, there are other time based ticket restrictions – eg a further 7 tickets including “Evening” and 14 containing “Weekend”. The description for Off-Peak Return runs to 1,114 words and refers to 9 ticket codes. There are further complications with matters such as different availability off offers like GroupSave adds to the challenge. Expecting the typical traveller to understand these differences is unrealistic.

Other than the descriptor “Anytime”, ticket descriptions have very variable limitations on the hours of travel, varying not just as to exact hours, but elements such as exclusion or not of evening peak hours, variable days of the week et al and whether or not they are based on departure or arrival times<sup>17</sup>. This is confusing, and daunting to intending passengers, particularly when not using the web or apps (as in this case typical practice is to ask for travel times, and then offer a cheap valid ticket for the intending traveller). For users of Ticket Vending machines, this is a particular challenge as the home page sells by name; and for Ticket Office users, they need to avoid assuming that words like “off-peak” are meaningful.

### First: Improve understandability

There should be an immediate focus on improving understandability, with simplification limited to the merging together of almost identical restrictions. For instance some “Super Off-Peaks” might become the “Mid-Eve-Wend” – short for “Middle of day, Evenings & weekends”, and others would become the “Weekend” or the “Mid-Eve”.

### Second: Rationalise

An exercise is required to significantly reduce the number of ticket restrictions in existence. The aim of such an exercise should be to merge similar restrictions (with a bias to adopting the wider definition – eg GroupSave to become generally available); however still retaining key commercial and capacity management differentiations such as afternoon peak restrictions that exist on some lines. Linked to this, the approach to applicable times should be rationalised so they are consistent and logical.

In addition to reductions, a select number of additions may be appropriate. One is for a “contra peak” ticket, offering a lower price to travellers who commute from a conurbation to its suburbs, using trains that are currently largely empty and exist as a mechanism to return rolling stock from the centre. Such a move would aim stimulate demand to increase total revenue.

A Railfuture Cambridge member comments “we have for Cambridge to London: Super Off-Peak valid Sat and Sun, Weekend super off-peak valid Greater Anglia only Sat and Sun; for Cambridge to Leeds the Super Off-Peak is also valid Monday to Friday, but with time restrictions, and for Cambridge to Birmingham there is no Super Off-Peak fare.”

Eg PM peak restrictions – not allowed for cheapest ticket:

- ♦ Euston to stations to Northampton on LNWR pm peak: 16:00-19:00 inclusive
- ♦ St Pancras to stations to Bedford on Thameslink: 16:30-19:01 inclusive
- ♦ Paddington to Didcot: 16:02-19:18

Eg between Ely & Cambridge, GroupSave is valid on Great Northern and Greater Anglia services, but not CrossCountry.

## Operator only fares

When multiple franchisees operate on the same route (and in some cases on parallel routes – eg Chiltern and the West Coast), franchisees competed by price. In some cases, this was rational, and sensible to carry forward into GBR (eg Avanti West Coast [faster] and London Northwestern [slower and cheaper]) but this is not always the case; these competing prices should be removed.

### First: Deal with simple cases

Sometimes, differences are simple and small: where these exist, these can be rationalised, often by settling on the lowest fare; passenger choice increases, confusion reduces and revenue is not materially impacted.

Coventry to Birmingham: Anytime Avanti WC only £8.10; Anytime any operator £8.20. More detail: Appendix D.

<sup>16</sup> [https://www.nationalrail.co.uk/times\\_fares/ticket\\_types/TicketAndValidityFinder.aspx](https://www.nationalrail.co.uk/times_fares/ticket_types/TicketAndValidityFinder.aspx)

<sup>17</sup> Where the approach is based on arrival time, it is typically expressed as departure time by reverse engineering from a chosen arrival time.

## Second: Deal with complex cases

Rationalising fares routes where competing TOCs have, over the years resulted in a confusing array of operator only fares with noticeable fare differentials, despite the various operators offering very similar services

Brighton Mainline fares: Cheaper on Thameslink, with additional complexity for Gatwick Airport – see Appendix D.

## Fares

### Tactical improvements to the Flexi Season

Most noticeably a change from 8 days in 28 to 8 in 31 and addressing that two day a week commuter do not travel in 4 week clusters. Refer to our separate paper<sup>18</sup>.

### Add “Missing” Fares

The availability of ticket types varies per route and would benefit from greater consistency, predictability and the elimination of unjustifiable omissions. These include:

1. Creating missing Off Peak Single fares. Counter intuitively for best prices, an intending traveller needs to buy an off-peak return, then discard the return portion.
2. Reviewing the availability of Day Return Tickets; on some mid-distance routes, where typically, only the more expensive Off-Peak returns (which typically allow up to 30 days to return) are offered. We believe around two hours travel from the starting point to be a reasonable maximum journey time.
3. Avoiding issuing tickets to specific London Terminal stations and instead allowing the Passenger the choice of any reasonable one.

- ♦ Missing Off-Peak (“OP”) Single: Birmingham Stations to Wrexham Stations<sup>19</sup>.
- ♦ “Missing” Day Return: Birmingham – Derby (journey time 33-40 minutes) OP Return £19.70; no Day Return; Birmingham – Leicester (48-56mins) OP Return £20.30, Day Return £16.10.
- ♦ Eg Crawley to London Victoria on Southern; it is also possible to travel to London Bridge on Southern with a change at East Croydon.

### Headline fares reduction

We believe a business case should be prepared for reducing headline fares on longer distance routes. Our understanding is that sales of such tickets are a low proportion of all tickets on these routes, and we believe there is missed revenue from travellers who do not use the railway – eg the Headline fare suggests no fare will be affordable, a worry that if they catch the wrong train they will need to pay the headline fare etc.

- ♦ Newcastle to London return: £338 (Standard); £524 (First).
- ♦ Cardiff to London return: £255 (Standard); £347 (First).

### Mondays & Fridays

Initial indications are that there is preference for “Office days” to be Tuesdays to Thursdays, with Mondays and Fridays being somewhat less popular. The possibility of offering discounts for travel on Mondays & Fridays should be contemplated. We recognise that this has considerable implications for season ticket prices (both traditional and the flexi) and thus may need to wait until single leg pricing is being implemented, but it is appropriate for a feasibility study in the near future.

Newspaper articles regularly refer to Tuesdays, Wednesdays & Thursdays being preferred days, although it is to be noted that there is no consensus<sup>20</sup>.

### Fares: Consider encourage “upselling” from Standard to First

First Class areas on trains are often very lightly used because of very high price differentials between First Class and Standard Class; at least in part, for First Class, many cheaper tickets are sometimes not available.

Haslemere to London:

Type	Standard	First	% uplift
Anytime	£43.10	£73.20	70%
Off Peak	£37.80	£50.60	34%
Evening Out	£24.00		111%

<sup>18</sup> <https://railfuture.org.uk/display2753>

<sup>19</sup> Anytime Day Return: £28.70; Anytime Single: £27.30; Off-Peak Day Return £22.90 (valid 09:30-15:59 and after 18:30). The £22.90 ticket is not offered via the National Rail website when attempting to book a single journey

<sup>20</sup> <https://www.standard.co.uk/news/uk/work-from-home-office-return-autumn-september-b951611.html>;

<https://www.gov.uk/government/organisations/sellafield-ltd/about/staff-update> (“The service will run on a Tuesday to Thursday. In time, if there was demand, a 5-day service will be considered.”)

We think that there is likely to be a business case for offering more First Class ticket types. A core element of the justification would be an expectation of “up-selling” from Standard Class being larger than the loss from the reduced price for current First Class sales. Such a review might also consider the relative pricing of Standard and First Class tickets more generically.

## e-Ticketing

E-Tickets, whether held on a Smartcard, or displayed on a mobile device or printed out at home (and typically QR-Code based) are increasingly preferred by passengers (however, it is important to recognise that for some it is unwanted, and others difficult to impossible [our separate paper<sup>21</sup> comments on this in more depth]).

### First / A: Extending National Rail PAYG

Much more Pay as you go needs to be rolled out tactically, extending the arrangements already in place to date. As there are already Railway Smartcard systems that can now handle the plethora of fares and offer Railcard discounts, we believe the first focus should be on extending this functionality to more lines serving larger conurbations where Smartcard readers are already in use. Next steps would then include providing readers at more stations (or other technologies) and extending coverage and determining the core approach to Contactless bank cards; either TfL’s system needs significant additional functionality, or National Rail systems need to start supporting Bank Contactless Cards directly.

Dedicated Railway Smartcard: Govia Thameslink Railway brands – Southern, Great Northern & Thameslink<sup>22</sup>.

Note: We have tagged this item as a “Quick Win”. That is not because we believe that this is a programme of works that can be completed quickly; it will take a considerable time to complete. Rather, we believe that by breaking down barriers between TOC Ticketing Applications, it may be possible to start to extend existing arrangements to more areas quickly.

### First / B: Improve visibility of Contactless vs National Rail prices

At present National Rail coverage of bank contactless cards is provided to the railway by TfL<sup>23</sup>, who offer an extension of their approach to fares, so only two options are available, Anytime and Off peak. This does not cover the full range of National Rail Off-Peak fares on many operators, nor does it cover National Railcards, and thus is of limited usefulness – and indeed adds to traveller confusion; at some time periods, it is the best option, for many others it is either not the best, and sometimes the worst (ie most expensive).

♦ Reading to Paddington: Leave 8am, return 3pm: Contactless £36.00, National Rail fare: £50.20.  
♦ St Albans to St Pancras: Weekends: Contactless £16.60, National Rail fare with Railcard: £6.25.

This confusion is made worse as it is not readily visible<sup>24</sup>. Action is required to address this, by providing a web page that shows both sets of prices – eg by improving the functionality of National Rail Enquiries.

### Second / A: Find e-ticket solutions for more cross London journeys

E-Tickets (other than traditional travelcard seasons held on a Railway Smartcard) are not available for journeys that could involve TfL Underground services and paper tickets have to be issued – and collected by the passenger. A solution – or solutions, to allow e-Tickets to be used on the Underground (and if relevant, buses and trams) needs to be identified and implemented. We recognise a divergence in approach between National Rail and TfL – the former has been fitting ticket barriers with optical readers for quite sometime to allow QR-Code based tickets to be handled as well as Smartcards (but, with some exceptions, not TfL’s Oyster Card). The latter supports only Smartcards – Oyster, Railway Smartcards and Bank Contactless Cards.

We do not have sufficient knowledge of TfL’s and National Rail’s systems to suggest a way forward but believe that this is an important addition to functionality. We further recognise that the first step may only support more ticket types stored on a Railway smartcard and are of the view that this is an area for incremental progress, rather than waiting for the “best solution”.

<sup>21</sup> <https://railfuture.org.uk/display2752>

<sup>22</sup> <https://www.thameslinkrailway.com/tickets/the-key-smartcard/keygo>

<sup>23</sup> <https://www.thameslinkrailway.com/tickets/oyster-contactless-and-plusbus/contactless-travel>

<sup>24</sup> Eg <https://ojp.nationalrail.co.uk/service/timesandfares/SAC/STP/011121/0830/dep/011121/1430/dep> lists a price of £22.50 and does not show that the Bank Card contactless return fare is £19.50 (£11.20 + £8.30).

## Second / B: Improve the usability of e-tickets (including when responding to disruption)

E-Ticket availability and usability is limited because TOC ticketing applications do not always exchange information on these tickets in a speedy and reliable manner. Key issues include:

1. E-Tickets, particularly those held on Smartcard, are not accepted on other routes during disruption. Instead passengers are expected to buy an additional ticket and then claim for reimbursement.
2. Not all products are available.

Action should be taken to address these issues; a core justification being able to move towards the statement “E-Tickets are usable in all the circumstances a paper ticket is”.

- ◆ Reduced Thameslink services: from the Thameslink website mid-August 2021<sup>25</sup>
- ◆ Eg Thameslink Super-Off Peak tickets.

## Second / C: Extend use of Bank Contactless Cards

As outlined under “First / B: Improve visibility of Contactless vs National Rail prices”, the current Contactless arrangement only offers a limited coverage of fares. Thus full support for Bank Contactless cards needs either an extension to existing Smartcard arrangements or very significant extensions to ticket pricing functionality by TfL. In the interim, whilst there are undoubtedly specific circumstances where an extension is justified, we are doubtful of the benefits of widespread deployment in advance of functionality that can promise the lowest available cost will be charged.

### Railcards

Currently a considerable range of railcards are available. Some are available to all to whom it is relevant (eg the Network Card) and others to those meeting the set criteria (eg 16-25 [or a full time student]). As with Off-Peak tickets there are then multiple small variations on when they can be used.

#### One: An initial step

A simple step is to rationalise the small variations in validity (and retaining key differentials such as peak hour validity or not). This would aid passenger understandability and reinforce the message that the railway is moving towards a simpler approach to fares.

- ◆ Two Together: Valid from 09:29
- ◆ Family & Friends: Valid from first Off-Peak ticket
- ◆ Network Card: Minimum £13 Mon-Fri
- ◆ 16-25 Railcard Mon-Fri before 10am minimum £12 (except Jul & Aug)

#### Two: A more radical option

We believe the more radical option of a single national railcard should also be considered. Similar to Germany’s Bahncard<sup>26</sup>, the key differentiator would move from card type to purchase price – so an under 25 seeking peak hour validity would pay similarly to now (ie £30) whereas a 31 year old would need to pay a substantial sum.

### Not strictly Fares, but of relevance

In addition, although not strictly fares matters, the following related matters would benefit from attention:

1. Stopping the process of allocating a specific seat when Advance Tickets are sold on the day. Whilst we support these sales, the inclusion of seat reservations penalises other passengers, who have no way of knowing that the seat they are about to use has already – or soon will be – allocated to another passenger.
2. Reform the “Any Permitted” rule; this is a very complex set of rules that determine acceptable routes when a choice might be available. These should be abolished and replaced with an “Any Reasonable” approach. Passengers rarely want a longer or more complex journey than necessary, but flexibility is sometimes useful, eg to address gaps in the service.
3. Ensuring break of journey rights are retained. Many flexible fares allow a break to be taken – eg from London to Edinburgh to be able to leave the station to catch up with friends.
4. Reviewing the circumstances when First Class provision is appropriate on shorter distance routes, particularly those where “travel to work” is a key feature.

<sup>25</sup> “You will not be able to use it [KeyGo] on other operators’ services, including those providing Ticket Acceptance”.

<sup>26</sup> <https://www.bahn.com/en/offers/bahncard>



## Appendix D – Sample issues

### Split Ticketing examples

**Birmingham to York:** Prices for a hypothetical day trip on a Saturday in October

	Standard	First Class
Through Ticket: Off-Peak Day Return (any train in both directions)	£72.00	£188.60
Three Split tickets: Off-Peak Day Return (any train in both directions) – Birmingham/Derby/Sheffield/York	£52.50	£151.00
Through Ticket: Advance Tickets - Singles (specific train in both directions)	£67.20	£170.00
Special cases using Derbyshire Wayfarer (valid after 0930) – usable between Burton and Sheffield		
• Split ticket Birmingham/Derby + Sheffield/York + Derbyshire Wayfarer; – any train	£46.30	n/a
• Split ticket Birmingham/Burton + Sheffield/York + Derbyshire Wayfarer – any train that stops at Burton	£41.20	n/a

Note: Our recommendations would see the fare for Birmingham to York reduced to no more than £52.50 as part of “fairness” in our tactical proposals. That would have knock on benefits to Advance Singles.

**Luton to Southend Central:** Prices for a Sunday (no Railcard)

- Luton to Southend Central through ticket: £41.90.
- Luton to Farringdon return: £11.40; London Underground £4.80; London to Southend return £15.10: Save: £10.60 or 25%.

**St Albans to Gatwick:** in the morning peak

- Cheapest: Take a train stopping at Elstree & Borehamwood and change in central London: 3 tickets (St Albans to Elstree & Borehamwood, Elstree & Borehamwood to East Croydon and finally East Croydon to Gatwick Airport): £18.90\*\*.
- Split ticket without any journey impact: (St Albans to East Croydon and East Croydon to Gatwick Airport): £22.10\*\*
- Standard through ticket: £23.90.

\*\* A further small saving is available for Railcard holders if departure from East Croydon is after the end of the morning peak.

### Inappropriate Operator only fares: Coventry to Birmingham

	Operator	Standard	First Class
Anytime	Any	£8.20	£12.30
	Avanti WC	£8.10	
Off-Peak (out after 0930, return before 1630 or after 1800)	Any	£6.30	Not available
	Avanti WC	£6.10	

Note: West Midlands Railway has standard class only, so limited to Avanti West Coast, Cross Country, LNWR.

Between 12:00 & 13:59 on 8 September there were:

- 2 Avanti West Coast services per hour, typically taking 18 minutes
- 1 CrossCountry service per hour, typically taking 22 minutes
- 2 LNWR services per hour, typically taking 35 minutes
- No WMT services

### Fares from Harpenden to Canary Wharf and London Thameslink

**Eleven fares for a 31 year old travelling to Canary Wharf in the morning peak**

1. £33.90 Anytime Day Travel Card
2. £32.50 London Thameslink Anytime Return + PAYG on TfL
3. £32.20 TfL Zone 1 / 2 Return
4. £31.80 Bank Contactless Card – a pair of peak singles
5. £31.65 London Thameslink Anytime Return & Oyster (with registered Network or other Railcard) for PAYG on TfL
6. £31.50 Pair of TfL Zone 1 / 2 singles, return one with a Network or other Railcard
7. £29.39 London Thameslink Flexi-Season (if fully used) & PAYG on TfL
8. £28.54 London Thameslink Flexi-Season (if fully used) & Oyster (with registered Network or other Railcard) for PAYG on TfL
9. £28.50 Anytime Single (inward) + Off-Peak Carnet (returning) & PAYG on TfL
10. £28.10 Bank Contactless Card – travelling inward in peak, returning off-peak
11. £27.65 Anytime Single (inward) + Off-Peak Carnet (returning) & Oyster (with registered Network or other Railcard) for PAYG on TfL

Traditional Season Ticket (a Travelcard)			
Travel days	Weekly	Monthly	Annual
(Cost)	£127.10	£488.10	£5,084
M W F	£42.37	£37.55	£36.84
MTWTh	£31.78	£27.12	£27.63
All	£25.42	£22.19	£22.10

Monthly: 30 day month, Monday start;  
Annual: 46 weeks travel

Note: Someone aged 30 or less can get a 16-25 or 26 – 30 Railcard and get one third off in the morning peak, subject to a minimum of £12.

**Five Fares for a 31 year old travelling to London Thameslink in the morning peak**

1. £27.00 London Thameslink Anytime Return / Bank Contactless Card – a pair of peak singles
2. £23.89 London Thameslink Flexi-Season (if fully used)
3. £23.30 Bank Contactless Card – travelling inward in peak, returning off-peak
4. £23.00 Anytime Single (inward) + Off-Peak Carnet (returning)
5. £20.60 Bank Contactless Card (inward) + Off-Peak Carnet (returning)

Traditional Season Ticket			
Travel days	Weekly	Monthly	Annual
(Cost)	£103.90	£399.00	£4,156
M W F	£34.63	£30.69	£30.12
MTWTh	£25.98	£22.17	£22.59
All	£20.78	£18.14	£18.07

*Monthly: 30 day month, Monday start;  
Annual: 46 weeks travel*

**Brighton Mainline and Gatwick to London fares**

Over the years of competing TOCs, the fares arrangement moved from an any train arrangement to one where Thameslink, who were a minority operator at the time offered lower fares to encourage travel on their trains (as opposed to Southern and Gatwick Express, which at the time were competitors [but are now different brands from the same operator]), and a premium fare was retained for Gatwick Express services. As the mix of train services on the line changed (eg more Thameslink services fast to London Bridge [now 4 fast and 4 slower per hour]) came into being, the fares regime did not change. Thus, for instance:

- London Bridge (peak hours fare): “All operators:” £53.70; Thameslink only: £45.60. Direct services per day: Southern: 0; Thameslink: 68.
- The mix of brands/operators on the line has changed:

Operator	2015	2018	Now (Covid)
Gatwick Express	4	4	2 <sup>27</sup>
Southern	8	6	4
Thameslink	4	8	8

- The market has changed: Gatwick has lost most major long distance airlines to Heathrow and switched to low cost short distance airlines. This has changed passenger demand away from Gatwick Express to Southern and Thameslink services from various parts of London, rather than being concentrated on Victoria.
- A dizzying array of fares is now in existence for Gatwick to London:
  - Southern services to Victoria & London Bridge: Paper ticket<sup>28</sup>: £17.60
  - Thameslink to London Bridge (paper ticket): Monday to Friday: £12.00 | Saturday & Sunday: £10.30<sup>29</sup>
  - Thameslink to Blackfriars & City Thameslink (paper ticket): Monday to Friday: £12.40 | Saturday & Sunday: £10.30
  - Thameslink or Southern to Victoria, London Bridge, Blackfriars & City Thameslink
    - Key Go (PAYG Smartcard): Peak £15.90 | Off Peak £8.70
    - Oyster / Contactless: Peak £15.90 | Off Peak £8.70
  - Gatwick Express (not currently available: Brand suspended due to low demand): Paper ticket: £17.60 | Key Go (PAYG Smartcard): £19.90 | Oyster / Contactless: £19.80
  - There are also Travelcard extensions of many of the above choices.

<sup>27</sup> Gatwick Express as a brand is currently suspended. These two services are treated as Southern services and Southern fares (standard Anytime & Southern only apply).

<sup>28</sup> Or as an attachment to an email in PDF form

<sup>29</sup> This is a classic example of complexity. The Thameslink London Bridge dedicated fare is a 7 day a week fare, whereas the fare to London Thameslink is cheaper at the weekend.