
Secretariat memorandum

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Agenda item: 9

LTW582

Drafted: 04.04.18

The impact of the current fares and ticketing system on passengers in the London Railway Area

1 Purpose of report

- 1.1. To set out in more detail some of the complexities associated with the current arrangements for fares and ticketing in the London Railway Area and the implications for passengers.

2 Recommendation

- 2.1. Members are recommended to note the content of this report.

3 Background

- 3.1. One of the key priorities included in our transport users' priorities document produced ahead of the last Mayoral election was that 'the fares structure should be further simplified so that passengers understand what they pay'. We are now seeing more and more evidence of how confusing the current system is for passengers and the time now seems right to lobby for further progress in this area. The problems are particularly acute in the commuter belt just outside London's zonal fares area and London TravelWatch should lead this debate. It was recently decided to revive our previous practice of hosting regular confidential discussions with decision makers from Transport for London (TfL), Department for Transport (DfT), Office of Rail and Road (ORR) and (then) Association of Train Operating Companies (now part of the Rail Delivery Group) regarding issues related to fares and tickets. These operated until 2012, when committee structures changed. They were extremely productive in that over the period between 2004 and 2010 operators and authorities were persuaded to adopt systems and pricing structures that have been subsequently extremely beneficial to passengers. However, members are reminded that many of these achievements took a number of years to come to fruition, after prolonged discussions with the various operators and authorities.
- 3.2. A note of the key topics discussed at the first meeting is attached as appendix A to this report.

4 Fares simplification in the London context

- 4.1. Passengers tell us that a principal reason for dissatisfaction with public transport (particularly rail journeys) is uncertainty that they are paying the correct or best price for their journey. This was borne out in our previous research on value for money, the

impact of travel costs on low paid workers living in outer London and passengers' ticket purchasing and journey experiences.

- 4.2. In London there are a number of different tariffs applicable to journeys made using the Oyster / Contactless payment system, not all of which are consistent. Most are subject to price capping on a daily or weekly basis, but it is often difficult for passengers to know how much an individual journey is costing.
- 4.3. The relevant Oyster/Contactless tariffs are as follows:-
- TfL services (Underground/DLR/Overground)
 - National Rail services
 - TfL and National Rail through journeys
 - London Overground West Anglia and TfL Rail local fares between Liverpool Street and Shenfield
 - Southeastern High Speed 1 fares between St.Pancras International and Stratford International (no cap applies)
 - Gatwick Express services
 - From May 2018 TfL Rail supplementary fares to Heathrow Airport stations
 - From a date later in 2018 Heathrow Express services
- 4.4 These tariffs have within them child and railcard discount rates. However, in some cases it is cheaper to buy a paper ticket than use Oyster/Contactless because of the various conditions associated with these e.g. when travelling between 1600 and 1900 Monday to Friday to stations outside an existing tickets Travelcard zone.
- 4.5 Freedom Passes and Oyster 60+plus concessionary schemes allow travel to most places within the normal confines of the Oyster / Contactless network, but not to some places e.g. Merstham to Gatwick Airport or on some services e.g. High Speed 1 between St.Pancras International and Stratford International. As Pay As You Go credit cannot be added to these types of concessionary passes this adds further complexity to the journey for a person holding one of these passes.
- 4.6 Significant issues also occur at the boundary of the Oyster/Contactless/Travelcard zone. This often results in a 'cliff edge' of ticket prices and methods of payment available. Appendix B shows examples of variations in commuter fares in the London TravelWatch area.
- 4.7 Long distance rail fares are also often very complex depending on the journey type, duration and the flexibility of the passenger to travel at different times of day or route. Often return fares can be not much more expensive than single ones. In other cases buying a combination of tickets may be cheaper than buying one through ticket.
- 4.8 Fares have always been relatively complex but have become more so since rail franchising has taken place as individual train operators have sought to maximise their income for their part of the rail network. This in turn has meant that Ticket

Vending Machines have become increasingly more complex and difficult for passengers to use and understand.

5 Explanation of how fares anomalies have arisen over the years

- 5.1. Previously, simplification of fares has been possible (Zonal fares in 2007 and extension of Oyster Pay As You Go in 2010), because of the ability of operators to 'flex' fares over or below the rate of inflation. This was possible in an era of inflation between 5 and 10%, and higher wage growth, and the ability of operators to balance increases in some fares with decreases or price freezes in others within the terms of their franchises.
- 5.2. However, as economic circumstances have changed with a prolonged period of low inflation and stagnant wage growth this has led to public unhappiness with the previous arrangements that allowed for 'flex' in fares. So politically driven policies such as removing the flex on fares from central government and a 'fares freeze' from the Mayor has made it increasingly difficult to rationalise or amend fares to a more transparent and understandable basis for passengers. Added to this, the ability to change fares outside of the contractual formulas for rail franchises requires authorities such as DfT and TfL to compensate train operators for any loss of revenue resulting from change. This imports an element of greater financial risk to both operators and authorities that neither may be willing to undertake.
- 5.3. All of the above makes fares simplification more difficult to achieve and perpetuates current consumer dis-benefits arising from a complex fares system.

6 London TravelWatch priority

- 6.1. This issue affects all passengers using Rail, Underground and Docklands Light Railway services in the London Railway Area and therefore is a priority for London TravelWatch.

7 Equalities and inclusion implications

- 7.1. An opaque fares and ticketing system means that passengers on lower incomes or with protected characteristics as defined by the Equality Act 2010 are likely to be disadvantaged by being unable to access the full range of goods, services, jobs and education that they would normally expect to do by using the rail network.

8 Legal powers

- 8.1. Section 248 of the Greater London Authority Act 1999 places upon London TravelWatch (as the London Transport Users Committee) a duty to consider - and where it appears to the Committee to be desirable, to make recommendations with respect to - any matter affecting the functions of the Greater London Authority or Transport for London which relate to transport (other than of freight).
- 8.2. Section 252A of the Greater London Authority Act 1999 places a duty upon London TravelWatch (as the London Transport Users Committee) to keep under review matters affecting the interests of the public in relation to railway passenger

and station services provided wholly or partly within the London railway area, and to make representations about them to such persons as it thinks appropriate.

9 Financial implications

9.1. There are no financial implications for London TravelWatch arising from this report

Appendix A - Key points from the fares and ticketing discussion on 23 February 2018

There was a discussion on fares simplification. Passengers often cannot understand fares and there are some perverse examples, one of which is that it is cheaper to travel from Epsom, outside the London zonal boundary than Ewell which is in it. The fares system is not very good if you want to make a one-leg journey by rail and there is no correlation between a daily and weekly price.

The group discussed whether it was time to change the date when annual fares increases take place, usually 2 January. However, the consensus was that the obstacles to change, including the cost of such a change were too great.

There was a discussion about the need for further extension of the area where Oyster/Contactless cards can be used to pay for travel, to make it less confusing for passengers. At Stansted Airport the number of people getting a Penalty Fare for using Oyster has increased from around 0 to 16,000 a year over the past two years. In Epsom and Staines the majority of buses operating are TfL services and you are able use Oyster/Contactless on the buses but not on the trains. This means people travelling to Thorpe Park are often caught out, thinking they can use Oyster to Staines. Airports also sell themselves as 'London Luton' and 'London Stansted' which causes confusion for people using them.

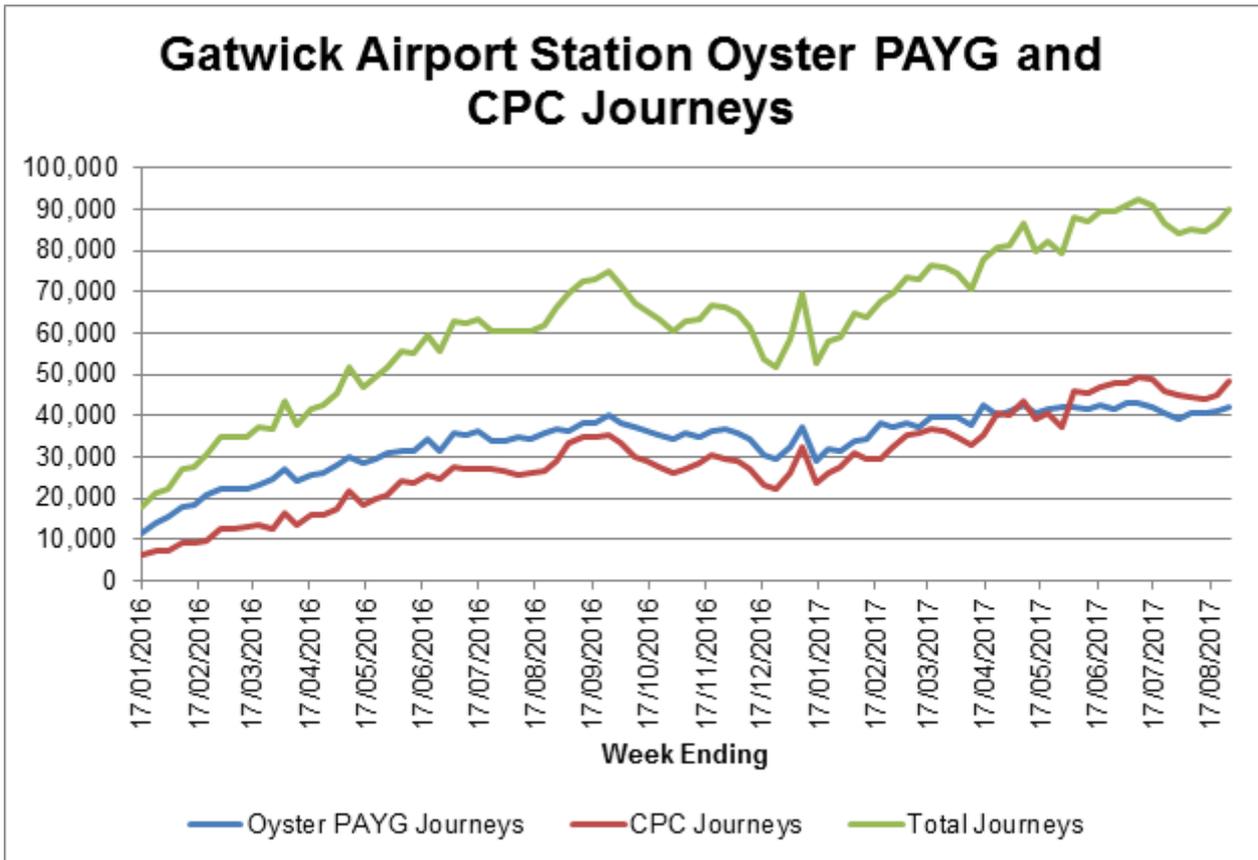
The group also discussed season tickets and railcards and penalty fares reform.

Appendix B - Examples of variations in commuter fares in the London TravelWatch area (2018 fares)

Commuting area	Distance in miles to London terminus station	Weekly season ticket price
Dorking (Weekly ST Southern only)	21	£82.30
Gatwick Airport	26 ³ / ₄	£78.60
Harlow Town	22	£83.60
Oxted	20	£57.10
Redhill	21	£68.60
Sevenoaks	21	£87.50
Shenfield	20 ¹ / ₄	£76.30
Slough	18.5	£65.70

Appendix C – Penalty fares issued to passengers attempting to use Oyster Pay As You Go (PAYG)/Contactless to travel to Gatwick and Stansted

Before Oyster PAYG/Contactless payments were extended to cover journeys to cover London Gatwick Airport and five Surrey stations in January 2016, around 6,000 Penalty Fares were issued each year to passengers trying to travel using these methods of payment. The graph below shows the number of journeys made by Oyster PAYG/Contactless since it was extended to Gatwick.



The number of Penalty Fares issued to passengers trying to travel to Stansted Airport using Oyster PAYG or Contactless has increased from around zero to 16,000 a year over the past two years - around three quarters of those are issued at Stansted Airport.

Appendix D – Comparative levels of casework on TfL and National Rail services (April -December 2017

