



Easier Fares Consultation

britainrunsonrail.co.uk/fares



Britain's fares system has failed to keep pace with the rise of modern technology or how people work and travel today, and with part time working and self-employment having increased by over a third in 22 years, the products we can offer don't always match that flexibility. Many passengers also find fares complicated and confusing with the latest study showing that only around a third of rail customers are very confident that they bought the best value ticket for their last journey.

Working together, the rail industry want fares and ticketing regulation, which was originally set out in 1995, updated so we can offer our customers an easier to use range of fares and deliver improvements in ticket buying technology.

This survey, which is part of a joint consultation between the rail industry and passenger watchdog Transport Focus, is not about the industry advocating any specific changes at this stage, it is about getting your views on the type of system and structure you want to see. These will be used to develop proposals to government which, if accepted, we would need to work with them to deliver. The proposals will aim to be revenue neutral, which means that any changes to some fares would need to be balanced elsewhere – this consultation looks at some of the possible trade-offs involved in this.

As part of this consultation we will ask you for personal data including name, email address, partial postcode and optionally ethnicity and any disability that you have. Full details of what personal data we collect, how we process it and how we respect your privacy can be found in our Privacy Policy, available here: www.britainrunsonrail.co.uk/faresprivacypolicy.

Part 1: Fare Structures

We know that rail fares can sometimes be confusing to customers and we are interested in your views about how rail fares should be structured in the future. To what extent do you think each of the following options should be considered in re-structuring rail fares?

In answering these questions please assume that:

- *The overall average rail fare remains the same as now.*
- *Fares may be structured in a different way (so that some people pay more, some will pay less and others will pay the same as they do now).*
- *The consultation does not advocate any of the options you will be presented, but seeks your views on a range of scenarios. All the options presented are broad concepts which would require further consideration and refinement.*

Fares based on distance travelled (e.g. there is a cost per mile travelled). This may mean that some fares become higher than now and some become lower than now.

- Definitely consider
- Maybe consider
- Do not consider
- Don't know/No opinion

BR Fares comment: It would be a very useful backstop, if booking engines, journey planners etc. were permitted to calculate a baseline fare based on the mileage travelled where necessary, e.g. for journeys where no fare has been set by the responsible TOC (e.g. Kirton Lindsey to Meadowhall (Sheffield) currently has no fares, despite having a regular Saturday service, and Northern Rail have indicated – <http://www.fixmytransport.com/problems/3635> – they have no intention of setting a fare, hence retailers are unable to sell that journey).

To keep things maintainable and reduce the scope for anomalies, this baseline fare would be for a standard anytime single price only. First Class fares could be calculated at 1.5 times this base price, and market-priced fares would then never be permitted to exceed these values.

Fares based on the level of service received (e.g. fares for routes with a lower quality service - such as slower, less regular and more basic trains - are lower than fares for routes with a higher quality service). This may mean that some fares become higher than now and some fares become lower than now.

- Definitely consider
- Maybe consider
- Do not consider
- Don't know/No opinion

BR Fares comment: Careful consideration should be given to who is going to co-ordinate the reduction of fares on "slower, less regular and more basic trains" – currently, ironically these can quite often have quite expensive fares (or even no fares at all – see above Kirton Lindsey to Meadowhall example), due to lack of attention from pricing and revenue managers, compared to busy, frequent services where a little attention paid to market-based pricing has the potential to bring in much more income for the TOC.

Fares where the cost is the same at all times of day and for all days of the week (e.g. fares are the same at busy (peak) and less busy (off-peak) times). This may mean that fares at off-peak times become higher than now and fares at peak times become lower than now. As a result trains during peak times may be busier than now.

- Definitely consider
- Maybe consider
- Do not consider
- Don't know/No opinion

BR Fares comment: It is important that such fares should be available amongst other options, perhaps calculated on a mileage basis, to provide a consistent and predictable baseline for the fares system.

Fares based on time of booking (e.g. fares booked in advance of the day of travel are lower than fares available on the day of travel). This may mean that fares for customers booking on the day of travel become slightly higher than now.

- Definitely consider
- Maybe consider
- Do not consider
- Don't know/No opinion

BR Fares comment: As with fares based on the level of service, this belongs as part of a commercial market-based pricing approach and should be a very useful tool.

Fares based on the amount of flexibility required (e.g. fares for booking travel on a specific train service are lower). This may mean that customers wanting complete flexibility over when they travel pay slightly more than now.

- Definitely consider
- Maybe consider
- Do not consider
- Don't know/No opinion

BR Fares comment: Flexible fares are very important for many categories of traveller and must be retained.

Fares designed so that it is unnecessary to buy a 'split-ticket' in order to get the cheapest deal. At present, there are occasions when it is cheaper, when making a journey from A to C, to buy two or more separate tickets e.g. two tickets (A-B and B-C) may be cheaper than one ticket (A-C). If this were changed those who currently buy split tickets may pay a little more whereas those who currently buy through tickets may pay a little less.

- Definitely consider
- Maybe consider
- Do not consider
- Don't know/No opinion

BR Fares comment: This does not seem like a good idea as the way the current system of "flow ownership" and interavailable fares runs in parallel with TOC-specific fares results in a lot of anomalies and has proven itself to be not very workable. Split ticketing often results in a fairer overall price for the passenger and more appropriate revenue distribution to the TOCs actually used.

With the power available in modern computer systems it is much more feasible to allow TOCs to set specific market-based pricing only for the trains operated by them, and then to "construct" a through price by summing the various TOC-specific prices, perhaps with a mileage-based baseline price (as mentioned above) used for routes where no TOC has deigned to set a market-priced fare.

This would be split ticketing by definition, although of course it may be more politically palatable to call it some other name, e.g. "itinerary-based pricing", although the approach should be equally applicable to flexible fares.

Fares based on encouraging travel to fill up empty seats (e.g. more last minute deals to fill available seats). Even if this means different passengers paying different fares for the same journey.

- Definitely consider
- Maybe consider
- Do not consider
- Don't know/No opinion

BR Fares comment: To the extent that "filling up empty seats" genuinely results in extra revenue to the rail network as a whole, this is a good idea. But care should be taken in its implementation to ensure that it doesn't cause unnecessary confusion and reduce passenger choice.

E.g. the current "Advance Purchase on the Day" (APOD) system, when there is competition on a route, incentivises passengers financially to choose a TOC that offers APOD fares over one that does not. But, because that TOC receives the entire revenue from the APOD fare rather than having to share it with the competing TOC(s) through ORCATS, then unless there is also a corresponding decrease in the revenue that TOC receives from interavailable walk-up fare, it appears that there could be a market distortion here. The TOC offering APOD fares may receive more than its fair share of revenue. This could have unintended consequences and needs to be considered very carefully.

In addition, "filling up empty seats" should not necessarily be an aim in itself, e.g. some passengers may wish to pay more to travel in the high peak out of major London termini such as Paddington and Euston, as the trains are often less crowded than in the shoulder peak after 7pm, and filling these trains up with extra passengers on cheap last-minute fares may deter these relatively high-paying passengers, which could mean less revenue in the longer term.

In summary, the consequences of offering these cheaper "last minute deals" need to be modelled and measured very carefully.

Fares based on loyalty to regular travellers (e.g. regular travellers can earn discounts for future purchases). Even if that means higher fares for individual journeys using single and return tickets.

- Definitely consider
- Maybe consider
- Do not consider
- Don't know/No opinion

BR Fares comment: In order to make this work without severely restricting the options as to where passengers can pay for their travel, there would need to be a large amount of data on passengers' travel patterns shared between retailers, TOCs etc. This would raise a lot of data protection issues and other issues around revenue settlement for the discounted or free journeys. It has the potential to be unfeasibly complicated in its requirements for new back-office systems.

Fares which provide savings for certain groups in society (e.g. lower fares for certain groups in society such as young people, older people, people with disabilities). Even if this means slightly higher fares for other passengers.

- Definitely consider
- Maybe consider
- Do not consider
- Don't know/No opinion

BR Fares comment: This already happens and seems to work well.

Fares where both the outward and return journey fares are based on time of day travelled (e.g. return tickets replaced with easily combined one-way tickets, purchased together, enabling both outward and return journey fares to reflect time of travel, e.g. peak ticket for outward journey, off-peak ticket for return part of the journey).

- Definitely consider
- Maybe consider
- Do not consider
- Don't know/No opinion

BR Fares comment: On the surface this seems like a good idea, but the fact that return fares would be abolished and the requirement that the tickets for both the outward and return journey must be purchased together make it unacceptable.

It is a reasonably common situation, particularly for long-distance travel, that a passenger may not be not sure, at the time of the outward journey, when he/she will be returning. This change would force them to decide the day (and possibly time) of their return in advance, and would greatly decrease rail's competitiveness with more flexible modes of travel such as the private car, or other public transport modes that use true single-leg pricing.

Reforming rail fares will involve balancing the needs of different customers and it is unlikely that a single approach will suit everyone. Which of the three options described below best reflects your preference for the range of rail fares available?

Option A

No discounted tickets, standard ticket price lower than now

- The cost of a single fare between any two stations will always cost the same amount.
- There will be no difference in price between travelling at busy times (peak) and less busy times (off-peak).

This may mean:

- There will be lower fares than now on busy services.
- There will be higher fares than now on less busy services.
- Trains are likely to be busier than now in the peak period.

Option B

Discounted fares same as now, standard ticket price same as now

- On some routes, the cost of a single fare between any two stations will vary, in the same way as now.
- There will be cheaper tickets available at less busy times (off-peak) on routes where this is currently offered.
- There will be discounts for booking a ticket for specific trains in advance on routes where this is currently offered.

This may mean:

- Fares will be similar to now on busy services.
- Fares will be similar to now on less busy services.
- Trains are likely to carry the same number of passengers as now.

Option C

Greater discounts than now, standard ticket price higher than now

- On some routes, the cost of a single fare between any two stations will vary, in the same way as now.
- The difference in the cost of a single fare between any two stations at busy times (peak) and less busy times (off-peak) will be greater than it is now.
- Discounts for booking specific trains in advance will be greater than now but fully flexible fares will cost more.

This may mean:

- There will be higher fares than now on busy services.
- There will be lower fares than now on less busy services.
- Trains are likely to be less busy than now in the peak period.

Please select the option that best reflects your preference for the range of rail fares available.

- Option A
- Option B
- Option C
- Don't know/No opinion

BR Fares comment: Option C would appear to give the greatest flexibility and fewest constraints for developing an improved fares structure.

However the meaning of "Off-Peak" needs to be clearly defined to ensure it really does mean "less busy times" and is not simply used as a flexible way to maximise revenue from more expensive fares, which would be confusing to passengers. The current restrictions in government fares regulation, requiring that Off-Peak Return fares need only be available from 10:30 onwards, do not achieve this.

To rehash an example from the BR Fares response to the DfT Consultation on Fares & Ticketing in 2012, it is very hard to argue that the application of CrossCountry's blanket "No departure before 09:30" restriction to the Off-Peak Return from Plymouth to Kyle of Lochalsh is a reasonable definition of Off-Peak, since it makes it impossible to make that journey on the regulated fare without requiring an overnight stop en-route.

On a scale of 1 to 5, where 1 is very necessary and 5 is not necessary at all, to what extent do you consider it necessary to reform the way rail fares are currently structured?

- 1 - Very necessary
- 2 - Quite necessary
- 3 - Neither necessary nor unnecessary
- 4 - Not very necessary
- 5 - Not at all necessary
- Don't know/No opinion

BR Fares comment: It is worth noting there that there are many sources of passenger confusion and distrust with the existing system that could be solved by better attention to data quality and consistency of validity and restrictions rules on the part of TOCs, without any fundamental changes to the fares and regulation structure. However it is undeniable that some restructuring would improve things even further.

But this question seems badly phrased; the difference (if there is any) between "neither necessary nor unnecessary" and "unnecessary" must surely be very subtle.

Part 2: Buying a ticket

We are interested in your views about how passengers should be able to look for, buy and receive rail tickets. To what extent do you think each of the following options should be considered?

In answering these questions please assume that:

- *The range of rail fares is easier to use than it is at the moment and that the average rail fare remains the same.*
- *Some people pay more whilst some pay less.*
- *The options presented are broad concepts which would require further consideration and refinement.*

Should a ticket cost the same however you buy it? Passengers using e-tickets (for example tickets on mobile phones, smart travel cards, and on contactless bank cards) could pay slightly less for their travel to reflect the cost savings for the train company, whilst those purchasing tickets at stations would pay slightly more.

- Definitely consider
- Maybe consider
- Do not consider
- Don't know/No opinion

BR Fares comment: Currently the market seems quite distorted, since TOCs are prevented from charging any more than the face value of the ticket but on the other hand many third party retailers find it difficult to make a profit *without* charging an additional booking fee. Any change to regulation here should address both these issues: the commission rates and fees charged to third party retailers should be reviewed as well as the restrictions on TOCs charging booking fees.

Passengers who make the same journey on a regular basis could have a smart or electronic ticket and pay for each journey that they make. Once the total cost of all journeys reaches a maximum amount they won't have to pay any more for the rest of the week, month or year. This is called a 'price cap'. The benefit of a 'price cap' is that passengers automatically get the best value fare for each individual journey, and only pay for the travel that they use.

- Definitely consider
- Maybe consider
- Do not consider
- Don't know/No opinion

BR Fares comment: As with fares based on loyalty to regular travellers, this appears to involve complicated data protection considerations relating to sharing of data between different retailers, as well as use of technology that doesn't yet exist for automatically calculating capped fares. It is just too complicated to work within the existing retailing framework.

Online accounts could be available which can be used for rail and other of types of public transport e.g. bus, tram, underground and cycle hire. Account holders would be able to purchase, monitor, review and change travel arrangements online.

- Definitely consider
- Maybe consider
- Do not consider
- Don't know/No opinion

BR Fares comment: This is a good idea in itself but does not appear to need any reform or restructuring of the methods in which fares are purchased. A provider of such an online account system could simply register as a 3rd party retailer and issue fares for rail journeys as e-tickets.

On a scale of 1 to 5, where 1 is very necessary and 5 is not necessary at all, to what extent do you consider it necessary to reform the ways in which tickets can be purchased?

- Very necessary
- Quite necessary
- Neither necessary nor unnecessary
- Not very necessary
- Not at all necessary
- Don't know/No opinion

BR Fares comment: It is probably worth reviewing issues regarding commission rates, charges and incentives for 3rd party retailers with a view to increasing the incentive for innovation. But the variety of sales channels and fulfilment methods now available, particularly the wide availability of both traditional paper tickets and the more convenient e-tickets, appears to be enough to satisfy most customers' needs and preferences.

Part 3: Any other thoughts

We would like you to have the opportunity to make any other comments about the issues you have considered in the previous questions or anything else you would like to say about fare structure reform. Please use the appropriate boxes provided below.

Comments on the factors which you think should influence rail fare structures e.g. peak/off-peak fares; advance fares, or anything else.

Please see comments included after each individual question.

Comments on the factors which you think should influence how tickets are purchased e.g. online purchase, electronic ticketing, or anything else.

Please see comments included after each individual question.

Any other comments.

One of the reasons why fares reform has been so elusive to date, and perhaps even partially why the fares structure has become so complicated, is that it is not in the short-term interest of the parties with control (i.e. the TOCs) to make far-reaching changes, as the pay-back period would be too short. This is a problem with the fragmented structure of the privatised railway and government franchising policy, and is really beyond the scope of this consultation - it could almost be described as the "elephant in the room".

However, there is still a possibility that good progress can be achieved if the consultation and ensuing discussions and decision-making genuinely involve all industry parties that have an interest in the fares structure and in ticket retailing, and that the decisions will not just be made by TOCs, who are in most cases effectively compelled by their franchisor (the government) to act in their short-term interest.

If recommendations are made with the participation and endorsement of all parties involved with fares in the privatised railway, not just TOCs and their suppliers, it is to be hoped that the quality of those regulations and the likely groundswell of support behind them would make it difficult for the franchising authority to ignore them.

About you

We would like to know a little more about you to help us understand how people's views differ. Please help us by answering the following questions.

Are you responding to this consultation as an individual or on behalf of an organisation? (Please select one)

- As an individual (Please continue)
- On behalf of an organisation (Please skip to page 13)

We would like to know about your rail journeys and the kinds of tickets you have used. This information will be used to help us understand the difference in opinions between different types of rail users.

In the last 12 months, on average, how often have you travelled by train in England, Scotland or Wales? (Please select one)

- At least 5 times a week
- 3-4 times a week
- 1-2 times a week
- Less than once a week but at least once a month
- Less than once a month, but at least twice a year
- Less than twice a year, but at least once a year
- I haven't made a train journey in the last 12 months

In the last 12 months, what was the main reason for your train travel in England, Scotland or Wales? (Please select main reason only)

- Commuting journeys (journeys to/from work or education)
- Business journeys (journeys made for business on behalf of your employer)
- Leisure journeys
- I haven't made a train journey in the last 12 months

Which of the following rail services have you used in the last 12 months? (Please select all that apply)

- Intercity services – faster services covering longer distances
- Regional services – local or stopping trains between towns and cities
- Suburban and city services
- Don't know
- I haven't made a train journey in the last 12 months

Which of the following ticket types have you purchased in the last 12 months for train journeys in England, Scotland or Wales? (Please select all that apply)

- Annual season ticket
- Monthly / Weekly season tickets
- Anytime ticket / Anytime Day Travelcard (valid for travel at any time on any day)
- Off-Peak ticket / Super Off-Peak ticket / Off-Peak Travelcard / Weekender
- Advance ticket (valid for travel on one specific timed train only)
- Don't know
- I haven't made a train journey in the last 12 months
- Other (please specify)

Which of the following have you used for rail travel? (Please select all that apply)

- Smartcard (e.g. Oyster in London)
- Contactless bank card (to travel – rather than to purchase paper ticket)
- Mobile phone (with ticket loaded onto the phone)
- None of the above

Please provide the following information. Your name and email address are important to help ensure that all responses to the consultation are unique. They will not be used for any other purpose. The first part of your postcode will help us understand the differences in opinions between people living in different regions.

Your full name

Email address

(UK residents only) **The first part of your postcode e.g. D12, SW19**

We would like to know a bit about you so that we can analyse the findings by passenger types and ensure that any changes to rail fare structures or ticketing do not disadvantage any groups in society.

Which of the following age groups are you in? (Please select one)

- 16-18
- 19-25
- 26-34
- 35-44
- 45-54
- 55-59
- 60-64
- 65-69
- 70-80
- 81+
- Prefer not to say

Are you: (please select one)

- Male
- Female
- Other
- Prefer not to say

To which of the following groups do you belong? (Please select one)

- Mixed/multiple ethnic groups
- White
- Asian or Asian British
- Black, African/Caribbean or Black British
- Chinese
- Arab
- Don't know
- Prefer not to say
- Other (please specify): _____

Are you affected by any physical or mental health conditions or illnesses lasting or expected to last 12 months or more? (Please select all that apply)

- No: None
- Yes: Sensory (e.g. vision, hearing)
- Yes: Cognitive (e.g. learning, social, behaviour, memory)
- Yes: Mental Health
- Yes: Physical (e.g. mobility, stamina, breathing, fatigue, dexterity)
- Don't know
- Prefer not to say
- Other (please specify): _____

Please skip to page 14 for details of how to return your completed response form.

About your organisation

We would like to know a bit about the organisation which you are representing. This information will be used to help us understand any differences in opinions between different types of organisations.

Which of the following options best describes the category of your organisation?
(Please select the most applicable option)

- Small business (up to 49 staff)
- Medium sized business (50-249 staff)
- Large business (150+ staff)
- Local government
- Central government
- Other public sector
- Third sector / voluntary / charity organisation
- Action / Interest group
- Elected representative (MP, councillor, MEP)
- Academia
- Other (please specify): _____

Does your organisation work within or for the rail industry?

- Yes
- No

Please provide the following information. Your name and email address are important to help ensure that all responses to the consultation are unique. They will not be used for any other purpose. The first part of your organisation's postcode will help us understand the differences in opinions between organisations based in different regions.

Your full name

Paul Kelly

Email address

paul@brfares.com

The name of your organisation

BR Fares Ltd.

(UK based organisations only) **The first part of your organisation's postcode e.g. D12, SW19**
RG1

If you are willing to be contacted to be invited to a workshop to discuss these issues further, please enter your preferred email address below.

paul@brfares.com

Thank you

Thank you for responding to the consultation.

An easier-to-use range of fares is key to delivering the industry's long-term plan, specifically our commitment to increase customer satisfaction.

Please post your completed response form back to the Freepost Address:

'Freepost EASIER FARES'

easierfares@britainrunsonrail.co.uk