

FARES ON NATIONAL RAIL

ATOC's view

- Train operators offer a range of fares that meet different passenger needs, from fully flexible products to those with excellent discounts for travelling at quieter periods. Railcards are also available to many sections of the community and also reduce the cost to passengers, whilst season tickets reduce the cost of buying fares daily by as much as 60%.
- More than 80% of people travel on some form of discounted ticket. Only 2% of long-distance passengers travel on a full fare ticket. The availability of good value tickets means the UK competes well on price with operators in Western Europe.
- Most season tickets, and some Off-peak and Anytime tickets are governed by a regulatory regime that pegs rises to the July RPI plus one per cent.
- The relatively low increase in average rail fares has been a factor in the enormous growth in rail travel seen over the past 10 years, with 45% more passengers using the rail network. Passenger numbers are now higher than at any time since 1946.
- Train operators listened carefully to passenger concerns about the complex system of fares and simplified the system in 2008 into three main types (*Anytime, Off-Peak, Advance*) to meet passenger needs. Meanwhile Pay As You Go Oyster ticketing on rail services in London was launched on 2 January 2010.
- There is still a perception that rail fares are expensive and complicated, and we need to do more work to understand this and communicate the good value fares that are available. As a result we are working with train operators on a long term project to promote awareness of, and understanding of, the range and accessibility of good value fares that are available.

Background and key issues

- Total rail revenue from fares is £5.9billion (2008-09). Around 1.15 billion journeys were made on the rail network in 2008. The average distance of a rail journey is now around 40km (25 miles). The average single rail fare is therefore £4.78p or 18 pence per mile.
- The Department for Transport (DfT) oversees a regulatory regime governing fares. Rail tickets are arranged into two pricing 'baskets' - '*regulated*' and '*unregulated*'. Regulated fares are protected from larger above-inflation rises e.g. most season tickets, and some Off-Peak and Anytime Day tickets. Unregulated tickets include Off-Peak Day, longer-distance Anytime and Advance tickets.
- It is government policy to increase the proportion of rail industry that is funded by passengers, restoring the historic norm of 75% passenger/25% taxpayer funding.
- The revenue from rail fares helps to fund a wide range of improvements, including new trains (currently at least £800 million) and better stations, information and on-board facilities. It also enables some train operators to fund premium payments to the Department for Transport.

- Rail fares are set according to a range of factors, not just distance – e.g. quality of service, prevailing competitive and market conditions.
- Railcards are available offering at least 1/3 off the price of many tickets for certain groups of passengers – the young, older, families and disabled people. There are also many promotional fare types such as GroupSave and '2for1' travel deals offering reduced price travel. Through tickets can be purchased from any one of Britain's 2,500 stations to any other station.
- Despite overall rail fares rising slightly above inflation since 1995/6, the average journey today costs about 18 pence per mile - less than many car and local bus journeys. Since 1996/7, rail fares have risen by just 6% in real terms compared to 12% (bus fares), about 20% (car fuel) and 26% (car maintenance).
- The National Passenger Survey (NPS) published twice-yearly paints a mixed picture of satisfaction. Approximately 40-45% of passengers consider their rail ticket to give value for money while around one third of passengers do not. Around 25%+ of passengers are non-committal. More work is being done to probe passengers' views.
- Fares in European countries are heavily influenced by the level of subsidy. The GDP cost/standard of living in each country also has a strong bearing on fares levels – facts often omitted in some simplistic like-for-like comparisons. For comparable Western European countries, it is true that while Britain has some of Europe's dearer fares, we also have some of the cheapest.

Relevant ATOC activity

- In 2008, fares were simplified to create three main ticket types. Simplified in two stages – in May and September - rail fares, whether single/return, Standard/First Class – have been grouped into: *Advance*; *Off-Peak*; *Anytime*. The new names were based on customer research.
- ATOC is working with TOCs on a programme of Value for Money initiatives in a long-term project to improve perceptions of rail fares amongst the public and stakeholders. It includes tracking research, communication with stakeholders and the promotion of best value fares on the internet and through the consumer press.
- ATOC has worked with TOCs, Transport for London (TfL) and DfT to produce the agreements that are necessary for the operation of Oyster PAYG in London. This was launched on 2 January 2010.
- ATOC has developed a guide to tickets that incorporates our commitments and promise to passengers as well as comprehensive information on choosing and buying the right ticket for their journey.

Key documents/links

- Rail White Paper - Delivering a Sustainable Railway DfT July 2007
<http://www.dft.gov.uk/about/strategy/whitepapers/whitepapercm7176/>
- National Passenger Survey
<http://www.passengerfocus.org.uk/news-and-publications/press-release.asp?dsid=2120>
- www.bestvaluefares.co.uk