

TfN Board Meeting – Item 11

Subject: Long Term Rail Fares & Ticketing Delivery Plan

Author: James Syson, Rail Strategy Liaison Manager

Sponsor: David Hoggarth, Strategic Rail Director

Meeting Date: 8 January 2020

1. Purpose of the Report:

1.1 The Transport for the North (TfN) Board is asked to endorse the final draft version of the Long Term Rail Fares & Ticketing Delivery Plan for the North of England which will help form the basis of our input into the national fares reform advocated through the Williams Rail Review and the Easier Fares For All review being undertaken by Rail Delivery Group (RDG). The Delivery Plan will also help support the aspiration for multi modal seamless travel across the North being developed through the Integrated and Smart Travel programme.

2. Executive Summary:

2.1 This report provides a brief outline of the final draft Long Term Rail Fares & Ticketing Delivery Plan for the North of England which is appended (Appendix 1).

2.2 The Delivery Plan sets out Transport for the North's priorities for addressing existing known issues with the rail fares system. It sets out a series of targeted initiatives which subject to resources, robust business cases and agreement could be delivered across the north, supporting rail's contribution to the wider pan-Northern transport objectives in the STP and complementing the William's Rail Review call for fares simplification and RDG's proposal for a more transparent, simpler to use, modern system of tickets and fares.

2.3 The Delivery Plan sits within a broader policy context encompassing Transport for the North's STP and Long Term Rail Strategy (LTRS). The LTRS calls for the adoption of a fares strategy, with "a view to removing unnecessary complexity and anomalies, and promoting the efficient use of transport infrastructure, delivering a policy which is perceived as fair, and is commercially sustainable."

2.4 The Delivery Plan also has the potential to inform the implementation of recommendations emerging from the Government's Williams Rail Review. Our response to the William's Rail Review call for evidence which was submitted in May 2019 noted that as a guiding mind Transport for the North could oversee locally-specified service

arrangements, greater integration and consistency in fares, ticketing and marketing that would serve to simplify the network for customers and provide better value for money.

- 2.5 The preparation of the Delivery Plan was overseen by Transport for the North's Officer Reference Group, informed by a dedicated Development Group including officers from across Transport for the North's partner authorities.
- 2.6 Consultation with a nominated elected member from West Yorkshire, Tees Valley and Lincolnshire, and with the North's two principal TOCs (Northern and TPE), has also helped to inform the Delivery Plan and its contents which is able to demonstrate a case for change in the short, medium and longer term.

Whilst the elected member involvement predated the move to Transport for the North a report was issued to Rail North Committee members in February 2019 and to the TfN Partnership Board in July 2019 and officers from across the North have continued to feed in comments during this time.

3. Supporting national fares reform and integration with IST

- 3.1 Following an extensive consultation exercise in 2018, RDG published its proposals for fares reform in February 2019.

The reform of fares and ticketing is built around five principles of:

1. value for money;
2. fair pricing;
3. simplicity;
4. flexibility; and
5. assurance.

Central to RDG's approach is developing a new system of regulation that replaces the 1995 Ticketing and Settlement Agreement (TSA). The TSA set out how fares should be set and sold and over the years has had further layers of requirements added through individual franchise agreements, with little or nothing taken away. Ultimately, long standing anomalies have been locked in resulting in a national system with over 55 million fares, created in fixed bundles (packaged combinations of fares) within a restrictive structure and in some cases, prices.

- 3.2 The wide range of rail products, fares, restrictions and retail channels therefore presents a complex and often opaque proposition for both existing and potential passengers to navigate - an issue recognised by both passenger groups and the rail industry. This can make it challenging for passengers to have confidence that the products they choose to purchase are providing them with the best fare for their

travel requirements – an issue of equal importance to the North of England as anywhere else in Britain.

- 3.3 In order to address the identified existing issues with rail fares in the North of England, whilst ensuring it contributes toward the wider objectives of the LTRS and the STP, a series of strategic aims have been defined through consultation with officers and elected members and these have been aligned to the principles of the RDG Easier Fares for All work.
- 3.4 The Delivery Plan will therefore enable TfN to help influence fares simplification being advocated through the Williams Rail Review and the two stage approach to a national reform of fares being proposed by RDG as follows:

Stage 1: Industry and government work together to reform the way that fares are worked out. RDG proposes that the Ticketing and Settlement Agreement is replaced with a new set of system regulations.

Stage 2: With these new system regulations in place commercial changes will then need to be agreed with operators, reflected in new pricing regulations written in to their government contracts.

Integration with IST

- 3.5 TfN's Integrated and Smart Travel Programme plans to bring pay as you go ticketing onto rail. With a pathway to longer term integration with other modes. Fares reform is a key supporting element to that longer term integration.

4.0 Long Term Fares & Ticketing Delivery Plan for the North

- 4.1 The rail fares offer is a key driver of perceived value for money. The investment in services, rolling stock and station facilities currently being delivered across the North of England will help to raise perceptions of the quality of service on offer. However, these gains could be undermined if passengers continue to encounter complexities and perceived unfairness when they consider and purchase their products.
- 4.2 Supporting future flexibility of travel is also key. Growth in employment and population, alongside the improved transport connectivity delivered by the TfN investment strategy, will see the North of England increasingly becoming a single functional economic area. In the launch of its 2018 Easier Fares consultation RDG stated that regulation is "outdated" and "has not kept pace with technology or how people work and travel today". In the same way as passengers can currently travel flexibly around larger urban areas, there is likely to be a requirement to cater for this type of travel market across a much broader geography to support our aims for economic transformation.

- 4.3 Delivering this type of functionality will be challenging solely within the current point-to-point fare structure which currently exists across the network. As the economy and the transport network of the North of England evolves over time, there may be a need (subject to business case) to migrate toward a different structure, which both simplifies the passenger offer and is better-equipped to cater for more frequent longer-distance travel patterns.
- 4.4 This Delivery Plan therefore identifies the need to consider a structure that enables:
- Delivery of a consistent set of products and price caps across the region;
 - A consistent pricing approach, removing existing anomalies;
 - The personalisation of discounts to an individual passenger's circumstances; and
 - Passengers to have greater confidence that they will always be charged the best fare for their travel requirements.
- 4.5 The design of such a structure will need dedicated and careful study to assess the financial and economic impact, as well as gain an understanding of how the transition could be managed, and any impact to important local products defined by existing zonal structures (*aligned to the former Passenger Transport Executive areas in Greater Manchester, Liverpool City Region, Sheffield City Region, Tyne & wear and West Yorkshire*). The outcomes of these studies will determine if, when and how such a migration could take place.
- 4.6 Delivering this future state will require a long-term programme of development and delivery working in partnership with the rail industry and maximising synergy with the Easier Fares for All work programme being managed by RDG. It will also be tied into any further devolution of responsibility for rail in the North of England (Williams Rail Review) and the Transport for the North work on the Integrated and Smart Travel Programme.
- 4.7 The Delivery Plan also identifies a number of short / medium term opportunities which could be progressed through a series of targeted initiatives / trials utilising existing powers and opportunities offered up through future franchising, to address the existing challenges and provide progress toward the longer term end state. These initiatives could include (subject to business cases and funding):
- Introduction of a consistent set of daily products within certain areas;
 - Targeted simplification of routeing restrictions;
 - More consistent peak-time restrictions;
 - Introduction of 'flexible' season products;
 - Resolution of price step-changes along lines of route; and
 - A migration toward single-leg pricing.

- 4.8 The Long Term fares & Ticketing Delivery Plan will ultimately support the realisation of a Vision for rail fares in the North of England:

The TfN Vision is for a rail fares system which enables convenient, seamless travel across the network, and provides passengers with confidence that they will be charged the best value price for their travel. In so doing, the system should help to simplify end-to-end journeys and, alongside the Long-Term Investment Programme, increase rail's attractiveness to current and potential passengers. In parallel, the system should continue to provide a mechanism to manage the industry's financial and commercial risks.

5.0 Document Structure

- 5.1 The Delivery Plan is structured to present a logical progression from problem definition to proposed solution. Following an Introductory section Chapter 2 (Why? The case for Change) sets out the need for change drawing on previous work undertaken for TfN, as well as new research. This chapter sets out evidence of the existing issues, future opportunities, and the strategic aims which this Delivery Plan seeks to realise.
- 5.2 In Chapter 3 (What -Defining Change), the initiatives are introduced which TfN will seek to develop to deliver the vision for fares in the North. The process through which these initiatives were identified and assessed is clearly set out, as well as a summary of their anticipated impact across a range of criteria.
- 5.3 In Chapter 4 (How -Change Mechanisms and Next Steps) the Delivery Plan considers how these initiatives could be delivered, with reference to timescales, regulation and change mechanisms.

6. Conclusion

- 6.1 The development of the Long Term Rail Fares & Ticketing Delivery Plan has been undertaken following consultation with officers, nominated elected members, RDG and TOCs.
- 6.2 Evidence presented in the Delivery Plan demonstrates a multi-faceted case for change and supports the William's Rail Review and RDG call for a national reform of fares and ticketing.
- 6.3 The Delivery Plan will therefore form the basis of Transport for the North's input into any subsequent fares review.
- 6.4 Translating this Delivery Plan into a series of fully designed and evidenced initiatives will require a programme of further development prior to and following the next round of franchising in partnership with RDG, partner authorities, TOCs and the wider rail industry. This work will help identify opportunities for joint working to define the tasks,

timescales and resources required to develop short, medium and long term options.

- 6.5 Where possible short term aspirations could be taken forward immediately (subject to funding and business cases) both to address the existing challenges and provide progress toward the longer-term end state. The Delivery Plan will also enable Transport for the North to consider any future fares proposals from Northern or TPE such as fares harmonisation which remains an outstanding contractual commitment to be implemented in the Northern franchise.
- 6.6 The Delivery Plan will also need to feed into the TfN annual business plan, where close alignment with both Transport for the North's franchise management (through the Rail North Partnership) and IST activities will be key.

7. Recommendation:

- 7.1 It is recommended that the TfN Board note the previous consultation with officers and members that has helped develop the final draft Long Term Rail Fares & Ticketing Delivery Plan.
- 7.2 It is recommended that the TfN Board note the work of RDG to initiate national fares and ticketing reform through the Easier Fares for All programme and the support for fares reform emerging from the Williams Rail Review.
- 7.3 It is recommended that the TfN Board now endorses the Delivery Plan and that further development of fares initiatives are brought back to the Partnership Board and/or Rail North Committee for consideration, once they have reached a later stage of development.
- 7.4 It is recommended that TfN Board supports further partnership working with the rail industry (including RDG) in order to understand the implications and benefits of a number of targeted rail fares initiatives in the short, medium and long term.

8. Appendices:

- 8.1 Appendix 1 – Final Draft Long Term Rail Fares & Ticketing Delivery Plan

List of Background Documents:

TfN Partnership Board Meeting 31 July 2019
Subject: Long Term Fares and Ticketing Delivery Plan
Author: James Syson, Rail Strategy Liaison Manager
Sponsor: David Hoggarth, Strategic Rail Director

Rail North Committee Meeting 7 February 2019
 Subject: Long Term Fares Strategy
 Author: James Syson, Rail Strategy Liaison Manager
 Sponsor: David Hoggarth, Strategic Rail Director

Required Considerations

Equalities:

Age		No
Disability		No
Gender Reassignment		No
Pregnancy and Maternity		No
Race		No
Religion or Belief		No
Sex		No
Sexual Orientation		No

Consideration	Comment	Responsible Officer	Director
Equalities	A full Impact assessment has not been carried out because the strategy forms part of the requirements from the STP and LTRS which have undergone a full equalities impact assessment.	James Syson	David Hoggarth

Environment and Sustainability

Yes	
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Consideration	Comment	Responsible Officer	Director
Sustainability / Environment	A full impact assessment has not been carried out because the strategy forms part of the requirements from the STP and LTRS which have been developed and scrutinised for their sustainability and environmental credentials.	James Syson	David Hoggarth

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Legal

Yes	No
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Consideration	Comment	Responsible Officer	Director
Legal	Legal implications will relate to any changes in the franchising process and will be managed appropriately through RNP.	Julie Openshaw Head of Legal	Julie Openshaw Head of Legal

Finance

Yes	No
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Consideration	Comment	Responsible Officer	Director
Finance	It is noted in the draft LTF&T Delivery Plan that consideration of financial, commercial and deliverability issues will be key in the early development of initiatives, and the Rail North Partnership (and other franchising authorities as appropriate) must be consulted throughout the development process.	Gareth Sutton Financial Controller	Iain Craven Finance Director

Resource

Yes	
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Consideration	Comment	Responsible Officer	Director
Resource	The resource implications have been considered and are part of the Business plan 2020-21 considerations.	Stephen Hipwell Head of Human Resources	Dawn Madin Business Capabilities Director

Risk

Yes	
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Consideration	Comment	Responsible Officer	Director
Risk	The balance of risk is considered in the draft LTFS and the report notes the potential change to the risk profile borne by both the franchising authority and the operating company (TOC).	James Syson	David Hoggarth

Consultation

Yes	
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Consideration	Comment	Responsible Officer	Director
Consultation	The draft LTFS has been developed in consultation with officers from TfN partner authorities, elected members, Rail Delivery Group and the two TOC's managed by the Rail North Partnership (TPE /Northern). The Long Term Rail Strategy for the North of England that was subject to stakeholder and public consultation in 2018 also identified the need for a review of the fares structure, products and pricing.	James Syson	David Hoggarth