
Secretariat memorandum

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Agenda item 1

FT27

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January 2010 fares changes impact of introduction of Oyster Pay As You Go on remaining part of National Rail network in the London Travelcard area

1 Purpose of report

- 1.1 To advise members of a number of issues related to the introduction of Oyster Pay As You Go (PAYG) on the National Rail network in Greater London, and to receive information from invited guests from the Department for Transport (DfT), Transport for London (TfL) and the Association of Train Operating Companies (ATOC).

2 Background

- 2.1 Members have been previously advised that the programme of physical works for the introduction of PAYG on the National Rail network for January 2010 is on schedule. However, there are some issues which have not yet been resolved, or where changed economic circumstances mean that previous decisions may need reviewing.
- 2.2 These issues are as follows:-
- The Secretary of State's directive on how much fares on the National Rail network may be increased relative to the Retail Price Index.
 - A decision on whether the intended full zonalisation of Season Ticket prices for point to point journeys on the National Rail network within the London Travelcard area should fully correspond with TfL's fare zones, as previously agreed in January 2010.
 - The impact on passenger numbers on TfL services (Underground, Overground and Docklands Light Railway) of the change to peak and off-peak pricing in January 2009, and whether this had any affect on reducing crowding levels.

3 Indexation of fares to the Retail Price Index

- 3.1 Following the controversy in January 2009 (regarding the increase in fares by most National Rail Train Operators by the retail price index for July 2008 which was much higher than that at January 2009). The Secretary of State gave a direction that the previous practice of operators, which allowed them to increase fares in their 'regulated basket' by up to RPI+5%, was no longer acceptable - and that operators would only be allowed to change their fares within a much tighter margin.

This has a number of implications for the projected implementation of Oyster Pay As You Go on the National Rail network, because the new fares structure would require some cash fares to increase substantially to enable Oyster to be introduced, and comply with

the rule that Oyster fares should always be cheaper than cash fares. It is understood that a way forward might be to designate the Oyster fare as the regulated fare and the cash fare as unregulated.

4 Zonalisation of National Rail point to point season ticket rates

- 4.1 In 2006 when the zoning scheme was agreed between ATOC and DfT it was agreed that the implementation of changes to Season Ticket prices for point to point journeys would be phased in over a four year period, ending in January 2010. This was because some ordinary base fares either went up or were reduced substantially in January 2007, and it was agreed that, without some form of phasing, these changes were unreasonable in the case of Season Tickets. Recently it has been suggested that, due to changed economic conditions a further delay in full implementation might be necessary.

5 The effects of the introduction of off-peak pricing using Oyster products on TfL services

- 5.1 In January 2009 TfL introduced a revised charging structure on its rail services which in effect kept Oyster Pay As You Go fares low between the hours of 0930 and 1600 Monday to Friday, and before 0630 and after 1900 Monday to Friday. A similar arrangement is proposed on National Rail lines when these are added to Oyster Pay As You Go. The benefit of such a structure should be an incentive for passengers to change their travel behaviour so as to reduce overcrowding at the busiest times. However, there has been no indication from London Underground as to whether any significant change has occurred where this arrangement has already been in place (since January 2009).

6. Invitation to Transport for London, Department for Transport and the Association of Train Operating Companies to comment on the above paragraphs.

7 Equalities and inclusion implications

- 7.1 There are no equalities of inclusion implications arising from this report.

8 Financial implications

- 8.1 The contents of this report have no specific financial implications for London TravelWatch.

9 Legal powers

- 9.1 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 it 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). 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.

10 Recommendations

- 10.1 Members are recommended to receive this report and subsequent information provided by TfL, DfT and ATOC for information.