

Connected Mobility

# Policy Position Statement

Rail Fares Reform  
for the North of  
England

Aug 2023



Policy Position Statement - Rail Fares Reform  
in the North of England



# Contents

<u>Context</u>	3 - 4
<u>Transport for the North's role in fares reform</u>	5 - 7
<u>Challenges &amp; opportunities</u>	9 - 12
<u>Place-based &amp; user-centric reform</u>	13 - 16
<u>What good looks like</u>	17 - 18
<u>Collaborative</u>	19 - 20
<u>Next Steps &amp; Outcomes</u>	21 - 22
<u>Appendix 1</u>	23 - 24



# Context

In the post-pandemic world, commuting and travel patterns have fundamentally changed. With flexible and remote working becoming the new norm, and increased leisure travel demand, so the region's rail fare system requires a thorough change to meet these changing needs and to ensure its continued relevance and sustainability.

The traditional fare system, largely designed for a 9-5 working pattern, no longer caters to the evolving lifestyle and work patterns. A significant proportion of the workforce is now opting for hybrid or completely remote work models, leading to a decline in the typical five-day-a-week commuting.

The current rail fares system, with its steep prices for occasional and flexible travel, alienates these evolving categories of passengers. A revised system that incorporates more flexible ticketing options could ensure continued rail usage amongst these groups and maintain rail's relevance in the transport sector. (See Appendix 1 for examples of existing complexities)

Leisure travel demand, another important segment, has seen a significant increase. With changes in work patterns and increased awareness of the environmental benefits of rail travel, more and more people are choosing trains for their leisure journeys. However, the present system often doesn't offer the best value for such off-peak or last-minute journeys. A fare reform that considers leisure travel needs, providing competitive prices and convenient ticketing options, can tap into this growing demand.

Furthermore, the government's 'Plan for Rail' and the establishment of the Great British Railways indicate a shift towards a more integrated and user-focused rail system.

The 'Plan for Rail' proposes simplifying the current complex fare structure and integrating ticketing across regions and transport modes. Implementing these changes can offer users a seamless and cost-effective travel experience, increasing the attractiveness and competitiveness of the rail sector.

Rail fares reform is not just an opportunity, it is a necessity. The current system, based on outdated travel patterns and pricing structures, no longer aligns with the reality of modern, post-pandemic UK. By reforming fares, the rail industry can meet the needs of today's travellers, ensuring it remains a viable and attractive option for both commuting and leisure travel. A forward-looking, flexible and user-centric fare system can also support the UK's broader environmental and sustainability goals, making rail an integral part of a green and sustainable future.



# Transport for the North's role in fares reform



Transport for the North's Connected Mobility Strategy details the north's vision for a seamlessly interconnected mobility ecosystem, where all transport modes are effortlessly accessible to passengers in networks relevant to local markets.

Ensuring rail fares meet both the geographic needs of our members and the practical needs of passengers across our diverse range of villages, towns and cities is a key outcome and where our regional focus will lie.

We will do this both by providing 'one voice' for transport in the north but also formally through the rail north committee and in partnership with our regional, and wider Train operating companies.

Our strategy sets out two regional outcomes relevant to this policy area:

**Passengers benefit from Rail fares in the North of England that have been reformed to promote, and build on, the leisure markets and existing post-pandemic recovery for the region.**

**Fares across the North of England will be easier to understand, commercially viable and authorities confident in their relevance to their markets - enabled by a TfN fares modelling tool.**



## Developing evidence - based fare propositions.

We provide comprehensive research and analytics on current travel patterns, commuter behaviours, and the needs of both frequent and infrequent rail users across the North of England.

Applying our Future Travel Scenarios we will aim to develop forecasts for future trends, taking into account the continuing impacts of remote work and changing leisure travel behaviours.

This research will provide a detailed understanding of regional requirements, helping to substantiate the need for fare reform, and informing the design of rail fare structures that provide the best value and convenience for travellers in the North.

## Facilitating integration of fares across modes and geographies

An essential part of our role is to facilitate the integration of fares across different modes of transport and geographical boundaries within the North of England.

We will foster collaborations between modes and regions to ensure rail fare integration with local networks that provides seamless travel experiences across the region

Moreover, we will advocate for fare structures that encourage multi-modal commuting, incentivising sustainable travel choices and enhancing the overall efficiency of the transport network in the region.



## **Empowering local authorities in designing and integrating rail fares**

We work closely with our local authorities, providing them with a single voice to actively participate in fare reform.

As a conduit between partners we enable the sharing of research findings and insights, enabling local stakeholders to understand their constituents' travel needs better.

Additionally, we will be vocal in empowering them to be central to the development of innovative, locally tailored rail fare structures.

By including local perspectives, we will ensure that fare reforms are not only based on a broad regional understanding but also consider unique local circumstances, fostering a more equitable and user-centric fare system.

## **Championing the needs and expectations of the north's passengers**

We advocate for the interests of passengers, ensuring that the fare reform provides equitable benefits to all user groups.

We will regularly engage with rail users, local communities, and passenger groups to understand their concerns and suggestions regarding rail fares. We will also work diligently to ensure that fare reforms do not disproportionately burden any particular demographic.

This includes special consideration for low-income groups, the elderly, students, and those living in remote areas. Through this role, we will ensure that the fare reform not only enhances efficiency and revenue but also reduces transport related social exclusion





# Challenges & Opportunities

## Challenges

### **Regional disparities and infrastructure imbalance:**

The North of England is characterised by pronounced regional disparities and an infrastructure imbalance, particularly when compared to the South.

This manifests in variations in rail services, travel frequencies, and travel demands across the region. Some areas, especially more remote or rural locations, suffer from poorer rail connectivity, making it challenging to establish a unified fare structure that provides equitable value for all users.

The challenge, therefore, lies in designing and implementing fare reforms that address these disparities and ensure that all communities, irrespective of their location or service frequency, can reap the benefits of the reform.

### **A complex stakeholder landscape**

Navigating the intricate stakeholder landscape presents a significant hurdle in rail fare reform. Stakeholders, including the central government, local authorities, transport operators, and passengers, each have unique needs, priorities, and expectations.

Balancing these diverse interests can be a highly complex task. It is crucial to support reform that caters to the needs of everyday passengers while also taking into account the operational and economic concerns of transport providers and the strategic goals of government, local authorities and other stakeholders.

Ensuring inclusivity, transparency, and mutually beneficial outcomes in this multifaceted landscape is a substantial challenge.

### **Technological and regulatory hurdles**

Overcoming technological and regulatory obstacles is another major challenge in executing rail fare reform. Establishing integrated fares across different modes of transport and geographical boundaries necessitates the adaptation or even overhaul of existing ticketing systems.

This transition may involve considerable costs and intricate technical work. Moreover, regulatory frameworks may need adjustment to enable better cooperation among various transport providers and to support novel fare structures.

Addressing these technological and regulatory issues is crucial to the successful implementation of rail fare reform. Each of these factors contributes to a complicated yet necessary process towards improving the rail fare system in the North of England.

### **Revenue vs. subsidy**

With changing regulatory environments comes changing significance towards revenue - especially where subsidy may be needed to test and flex new products.

A historically hesitancy to risk rail revenue may dissuade the risk appetite to test new fares - there are also challenges around the subsidy/funds available to the industry

# Challenges & Opportunities

## Opportunities

### **Revitalising the regional Economy:**

Fare reform offers an opportunity to revitalise the economy of the North of England. By making rail travel more affordable and convenient, it can boost connectivity between towns and cities, facilitating the movement of goods and labour.

It could also encourage tourism and leisure travel within the region, bringing additional income to local businesses.

Therefore, fare reform has the potential to stimulate economic activity and contribute to the broader goals of regional development and levelling up.

### **Enhancing sustainable mobility:**

Rail fare reform also presents an opportunity to promote sustainable mobility.

By implementing fare structures that incentivise rail over less environmentally friendly modes of transport, the North of England could see a significant reduction in carbon emissions.

Furthermore, integrated ticketing across buses, trams, and bikes could encourage multi-modal journeys, contributing to reduced congestion and improved air quality in urban areas.

### **Reducing transport related social exclusion:**

Rail fare reform in the North of England can significantly improve social equity.

By ensuring fares are affordable and represent good value for money, more people will be able to access rail services, enhancing connectivity for communities that are currently underserved.

This could particularly benefit lower-income groups, the elderly, and students, for whom high fares may currently be a barrier to rail travel.

Through thoughtful fares reform, rail services could become a more accessible and integral part of daily life for many in the North.

### **Enhanced integration and connectivity:**

Fare reform can enable better integration between train operators and of the rail network with other modes of public transport, providing a seamless travel experience for passengers.

This includes the creation of local ticketing systems that cover buses, trams, and trains, simplifying travel across different modes and regions.

This increased connectivity can make public transport a more viable and attractive option, potentially reducing car usage and contributing to environmental goals.



# Place Based Fares Reform

A place-based approach to rail fare reform, using defined area archetypes, is essential to cater to the varied travel needs and patterns across different regions.

Such an approach allows the creation of tailored fare policies that promote relevance, equity, and attractiveness of rail travel, thereby supporting sustainable growth and social equality across diverse communities and geographies.

## Large Conurbations

Rail fares should be integrated in a structure that allows seamless transition between buses, trams, trains, and potentially bike-sharing services within the city would provide the best value and convenience for passengers.

## Commuter Town

Fares should cater to the evolving work-from-home trend, accommodating passengers who now only commute a few days a week. Cost-efficient packages for these flexible commuters can maintain rail's relevance in their travel patterns.

## Rural

Flexible pricing supported by community rail partnerships should make sure fares remain affordable. Special attention should be given to connectivity with larger towns and cities to support those needing to commute for work or access services.

## Transformational

Fares should take into account peak travel times, off-peak travel, and include incentives for advance booking. Fares should be adjusted to remain affordable as demand rises, ensuring that growth doesn't price out residents or deter tourists.



### **Industrial Places**

In industrial areas, where shift work might be common, fares that provide and flexible ticketing options for travel outside the traditional peak hours would cater to the needs of shift workers, making rail a more viable option for them.

### **Towns in Metropolitan Counties**

Fares offering zonal pricing can be most suitable. This means passengers pay a set fee for travel within and between certain zones, rather than having a fare for each specific journey. This can make commuting simpler and more affordable for those

### **Visitor**

Discounted day, weekend or group tickets that encourage tourism. These tickets should offer unlimited travel within a certain area during the ticket validity, making it convenient for tourists to explore the destination and its surroundings.

These place types are defined in Transport for the North's Policy & places Framework.



# User-centric Reform

It is essential that fare reform is delivered to address the varied user requirements across the North to deliver the greatest benefit for those users and the regions mass transit networks

A white or blue collar worker who commutes by train five days a week would benefit from monthly or annual season tickets. Offering unlimited travel between designated stations or within a specific zone at a greatly reduced rate compared to single, return or day fares - potentially paid for by subscription.

## Frequent Commuters



This commuter needs a flexible fare for train services. They work from home some days and go to the office on others. A 'carnet' ticket or PAYG cap with a bundle of single-journey tickets would be perfect. It allows them to use the tickets as needed over a longer period and avoid paying for unused journeys.

## Flexible Commuters



This traveller uses the train for recreational trips, like day-outs, weekends away, or holidays. A leisure ticket offering discounted off-peak and last-minute fares would be the best fit, allowing them to make spontaneous travel plans without worrying about excessive costs.

## Leisure Travellers



These passengers typically travel longer distances, often between cities. For them, an advance purchase ticket with seat reservation with significant discounts for early booking, would serve them well, offering the best value for these longer, less frequent trips.

## Long Distance



Multi-modal users are individuals who use a combination of transport modes for their journeys, such as bus, tram, underground, and rail. An integrated ticketing system that covers all modes of transport within a specific region would provide the best convenience and cost-effectiveness for this type of traveller

## Multi-Modal Users



# What good looks like

## **Consistent and Appropriate Advance Purchase Fares**

Good fare reform for the North of England begins with a consistent, appropriate model for advance purchase fares. Currently, significant variations exist between different Train Operating Companies (TOCs), leading to confusion and perceived unfairness among passengers. Reform should focus on standardising fares across all TOCs, ensuring that pricing is predictable and straightforward.

This means eliminating disparities that make it more expensive for passengers to use one service over another. A level playing field for all TOCs will not only enhance transparency and trust among users but will also encourage competitive behaviour that centres on service delivery rather than fares alone.

## **Digitally-Driven, Seamless Purchasing Experience**

Effective fares reform needs to be aligned with a digitally-driven and intuitive purchasing experience for passengers. This should allow comparison / presentation of relevant fares alongside journey management. - either via an account based system or a tap-and-cap pay as you go system.

This reduces complexity of fares shown to passengers and reduces the operational costs of delivering fares - see our [Rail Retail Policy Position for more](#).

## Rail Fares Shaped Around Individual Use Cases

For rail fares to be truly effective and valuable, they should reflect the various ways passengers use the rail system. Good fares reform should reward loyalty, catering to recurring journeys made by daily commuters and regular passengers. This could involve season tickets or a loyalty programme that offers discounts or incentives for frequent use.

Moreover, reform should also encourage leisure travel. Reduced off-peak fares or special weekend rates could make train travel more appealing for non-commuters, thereby increasing overall ridership and creating a more vibrant, utilised rail system. These use-case-based fares should take into consideration different passenger categories (e.g., students, elderly) and different travel scenarios (e.g., group travel, family travel), providing tailored solutions that cater to each group's specific needs.



## Prices Consistent With Local Markets

Good fare reform should also involve setting prices that are consistent with local markets and address challenges on affordability of travel. To do this, rail fares should be integrated with local transport systems such as buses and light rail, with rail pricing only carrying an appropriate and not excessive premium.

This kind of price consistency can help eliminate socio-economic disparities by providing affordable travel options across all transport systems - and ensures rail is not priced out when sold alongside other modes. It also enables people to switch between different modes of transport seamlessly, making the overall journey more efficient and enjoyable.

# Collaborative

The rail sector is inherently multifaceted and involves an array of stakeholders - government bodies, transport authorities, rail operators, passenger groups, environmental advocates, and the travelling public.


Collaborative approaches ensure that the perspectives and needs of all these entities are considered, leading to more balanced and effective solutions.

Complexities of the current rail fare system and its broad impacts mean that no single organisation or entity has all the answers or resources.

Collaboration facilitates the sharing of knowledge, ideas, and resources, leading to more innovative and practical solutions.

Rail fare reform also has significant socio-economic and environmental implications. Collaborative approaches will align the reform with broader policy objectives, such as promoting social inclusion, reducing environmental footprint, and supporting economic development





**Measures of successful collaboration in rail fare reform include:**

**Diverse Participation:**

The involvement of a broad range of stakeholders - both in terms of organisations and levels within organisations - in the reform process.

**Shared Vision:**

Stakeholders agreeing on a common vision for fare reform and its expected outcomes and impact.

**Open Communication:**

Frequent and transparent communication among stakeholders, fostering trust and mutual understanding.

**Effective Decision-Making:**

A decision-making process that is inclusive, transparent, and based on a thorough analysis of options.

**Tangible Outcomes:**

The development and implementation of fares reform that is widely accepted, achieves the desired outcomes, and has positive impacts on stakeholders and the wider community.

**Continuous Improvement:**

An ongoing collaboration to monitor the impacts of reform, learn from experiences, and make necessary adjustments.

# Outcomes

## **A simplified & consistent fare structure:**

The north has a rail fare set that is more user-friendly, simplified and is easy for passengers to understand and use - with consistency in availability of Advance Purchase, for example.

## **Affordable & relevant commuting fares**

The north has cost-effective rail fares for daily commuters, and for leisure travellers, supporting economic growth in the North of England - with equitably priced season tickets and flexible fares.

## **Integrated and multi-modal**

Across the north; rail fares are seamlessly integrated across different modes of public transport to provide seamless onward journeys.

## **Off-Peak, weekend and leisure**

Discounts, group fares and promotions are in place to support more rail travel for leisure in off-peak - these fare promotions are linked with destination marketing and activities.

## **Flexibility for Part-Time and Flexible Workers**

More effective flexible products, carnets and caps are tested and introduced to accommodate flexible commuting patterns.

### **Single-Leg Pricing for Long Distance Travel**

Passengers have more single-leg pricing for long-distance routes, allowing them to mix and match outbound and return journeys according to their needs and to possibly benefit from cheaper fares.

### **Demand responsive fare reductions**

Train operating companies are empowered to flex pricing based on demand in a more organic way during off-peak times or on less popular routes, based on real-time demand.

### **Flexibility for Part-Time and Flexible Workers**

Passengers have access to enhanced railcards and local discounted ticket schemes for young people, students, seniors, and other eligible groups.



# Appendix 1

## Example rail fare complexities / oddities in the North.

### Inconsistent availability of fares types: Tees Valley line

Saltburn to Middlesbrough – this journey benefits from services by TPE and Northern. This means that they have a greater range of fares available to them, including advance fares. Advance fares for TPE on this journey start from £2.50. There are no Northern advance fares available – this means it is cheaper for many customers to travel in what should be a premium TPE service.

Longbeck to Middlesbrough – despite being a shorter journey to Middlesbrough, this journey has no such multi-operator competition. This means there are no advance fares available for journeys from Longbeck and flexible fares for this journey start at £4.90 (although a slightly cheaper price is available by splitting the ticket at Redcar Central).

### 'Trap' fares: York to Leeds

York to Leeds is an example of where small differential (20p) between anytime and off-peak can result in the customer being penalised for the wrong ticket. Such small differences should be eliminated to provide greater security to the customer. Or equally, the off-peak should be discounted to create a discernible difference between them and provide the customer a genuinely cheaper alternative.

## Operator-only fares: Macclesfield to Manchester

Macclesfield to Manchester is an example of where an operator only fare has only a 30p difference between the any-operator fare. Few customers would prefer to limit their choice and availability of trains based on a 30p saving but are often directed to the cheapest next fare using an online booking system.

In this example, Avanti run 1tph in the off-peak to Manchester. This means if a customer were to miss that train, they would either have to buy a new ticket for the next two Northern and CrossCountry services or wait an hour for the next Avanti. Practically, many customers find themselves paying an additional fare for having the wrong kind of ticket on another operator. This is both a very poor customer experience and has very little rationale now that the Treasury collects all rail fares revenue.



**Transport for the North**  
2nd Floor  
4 Piccadilly Place  
Manchester  
M1 3BN



0161 244 0888



info@transportforthenorth.com

