



The Chartered
Institute of Logistics
and Transport

Rail fares and ticketing

A blueprint for action

POLICY PAPER

STRATEGIC RAIL POLICY GROUP

Introduction

There have long been calls for changes to the rail fares and ticketing arrangements. They are currently complex, with many different fares and many different eligibilities. This leads to passengers believing they are not getting the 'best' fare for their journey, nor being able to vary their journey for a cheaper fare – and in some cases being charged extra because they are on the wrong train for their ticket! All this has led to pressure for the fares and ticketing system to be changed.

This document brings forward a package of proposals to alter the ticketing system and the fares structures. It is directed to the professionals who will be responsible for making such changes happen – located in the Department for Transport, the Treasury, Great British Railways (Shadow and Transition Team), devolved authorities and Train Operators – and also to stakeholders and politicians with responsibility for the rail industry.

In its Pre-Election Manifesto Request 2024, CILT(UK) supported the creation of Great British Railways and called for it to introduce rail ticket reform to better meet customers' needs. This was followed by both main political parties including a simplification of rail fares in their election manifestos. After the election, the Labour Government has reiterated their wish to make rail fares simpler.

We recognise that many previous attempts at fares reform have come to nothing, principally because, with any change, there will be winners and losers, and politicians have rarely been prepared to contemplate adverse reaction. With the establishment of new governance arrangements which is intended to lead to a more integrated and holistic approach to passenger services, the time is opportune to make the changes necessary.

CILT(UK)'s Strategic Rail Policy Group has convened a small group of industry experts with decades of experience in this area to consider how a new fares and ticketing system would best be achieved. The starting point was to create a vision for a simplified structure based on single fares, maximising the opportunity offered by modern technology – as used by customers in all other consumer sectors – to enable easy-to-use and good value fares to be offered. We distinguish between shorter journeys of under around 75 miles and those over, as the nature of journeys differs, in particular, longer distance journeys are often pre-planned allowing advance purchase of tickets.

Such a system will enable continued innovation, further improving consumer appeal and addressing issues such as split ticketing. The benefits of a technology-led approach must not exclude those unable or less confident in its use, so we propose actions to provide supporting technology with a telephone helpline and booking service linked to a digital distribution network.

Our proposals neither require, nor prompt, any changes to the present number, or opening hours, of ticket offices. Rather the benefits of person-to-person transactions are proposed to be extended to those without access to ticket offices, and/or who do not feel comfortable with using modern technology for ticket purchases, through the introduction of a telephone-based sales activity.

Improving the ticketing system for Britain's railways is a complex matter for which a holistic approach is required. Our proposals make compatible changes to technology, ticket types and fares relationships to give simpler, easier to understand arrangements. These changes must be delivered each within the context of the differing markets served whilst delivering other crucial aspects of fares, including raising of industry funds, management of capacity and crowding and delivery of wider policy objectives such as Net Zero. Achieving this step change and modernisation will require balance and determination over an extended period from both the industry and from politicians to face up to the noticeable changes in fares, both increases and decreases.

This discussion paper shows how the government could task industry pricing experts with developing detailed options for their delivery. It also shows how proposals might balance the competing pressures of finance and political acceptability with the desire to restructure fares. We believe the transition can be neutral in overall revenue with the careful implementation of revised individual fares, which align with our proposals.

... **Our proposals make compatible changes to technology, ticket types and fares relationships to give simpler, easier to understand arrangements** ...

Executive summary

We summarise our proposals in the following, setting out our long-term vision and the necessary steps to achieve the transition.

Long term vision

The medium-term future is for (simpler) single-leg pricing, to be made available nationally, and enabled through embracing technology.

- Return journeys will be covered by two single-leg tickets, simplifying the choice of travel time and price, without having to navigate the current plethora of return ticket types. The prices of single tickets will be adjusted so that a pair (for a return journey) will broadly reflect the current return fare. Some return journeys will be cheaper, some more expensive but overall, the effect is intended to be neutral
- A key benefit to users is the simplification of the system. Simplification has always been shown to be popular and to attract additional travel – even where some fares have increased
- Urban areas will move to 'London style' tap-in-tap-out (PAYG) Peak/Off-Peak arrangements, using a smartcard or their contactless bank cards or mobile payments
- Long-distance travel (over around 75 miles) to move to Walk-up Anytime, 'Advance' or '70 min Flex' fares, with pre-purchased tickets available up to a few minutes before departure for travel (subject to availability) on either a specific service or up to 70 minutes before or after a specified service, where prices vary depending upon when the ticket is booked and how busy the train is expected to be
- For journeys partially or wholly outside a PAYG Area and less than around 75 miles, three types of single fare will be offered; Peak Single, Off-Peak Single and Super Off-Peak Single with time restrictions tailored to how busy trains are expected to be (by direction, day of week & time of day)
- 50% child fares for those aged 5 and under 16 (as now)
- Discounts (including Railcards) or concessions for adults to be offered through smartcards in Urban Centres or an Account Based Ticketing (ABT) process elsewhere, where passengers register for a smartcard or personal online Great British Rail account before buying tickets with discounts applied where eligible against tickets offered
- Individuals without bank cards or unable to directly use or access online or mobile technology will be supported through new alternative smartcard or telephone arrangements with widespread collection arrangements

- Season tickets, carnets, ranger or rover tickets will be replaced by tap-in, tap-out caps in Urban Centres or travel caps applied through an Account Based Ticketing system
- Premium fares, such as First Class, will be offered as a supplement on top of the Standard fare for each leg of the journey for which they are available

Transition

- The greatest challenge in delivering a new fare structure is devising a transition plan
- The first steps can be taken without knowing every detail of future fare structures
- Early action should be taken to:
 - *Quickly consolidate or remove low-volume/low-value ticket types*
 - *Remove TOC only Walk-Up fares*
 - *Make all singles valid for one day only (with allowances for late evening services running into the following day)*
 - *Establish a new national ticket ordering & collection facility for those unable to access technology or bank accounts directly*
- Fares must reflect the markets they serve
- The most contentious part of fare simplification will be changes to individual fare levels, rather than national fare levels
- Moving to a new fare structure will need to be done sensitively and is likely to take several years, with likely criticism and pressure from some; this will require political resolve
- Removal of Off-Peak Walk-Up fares should only take place after new alternative smartcard or telephone arrangements have been set up and their effectiveness and popularity have been proven
- Fares policy from GBR & devolved authorities should clearly and transparently define what fares are designed to achieve
- Fare levels are best set to maximise demand within available capacity and finance while reducing crowding
- Engage with Transport Focus, London Travelwatch, disability and consumer groups to agree a route to simplifying fares
- Deliver first steps in March and May 2025

Vision for a future fare structure

We see the future to be for simpler, single-leg pricing, to be made available nationally, and enabled through embracing technology.

In reaching this future we have worked within the following principles.

- The objective is to be delivered over a multi-year period
- Return journeys will be created by selecting two single fares – to be made simple and seamless by technology whilst providing choice and best fare options through a mix and match approach to outward and return legs
- Fewer fares will be needed – the current plethora of return fares will go, making selection clearer
- Fares will better reflect how busy services will be, with lower fares on less well-used services, and reduced risk of crowding on busier services
- The ability to book across the network, from anywhere-to-anywhere, will be retained
- Technology will be used to support, not exclude, those who may otherwise be disadvantaged, linking them into relevant ticketing services

We have set out below issues we have considered for the various aspects of a revised fares structure, together with our recommendations. Detailed implementation will however be for industry practitioners to develop.



Urban centres

Urban areas will move to 'London style' tap-in-tap-out Pay-As-You-GO(PAYG) Peak/Off-Peak arrangements, using a smartcard or their contactless bank cards or mobile payments.

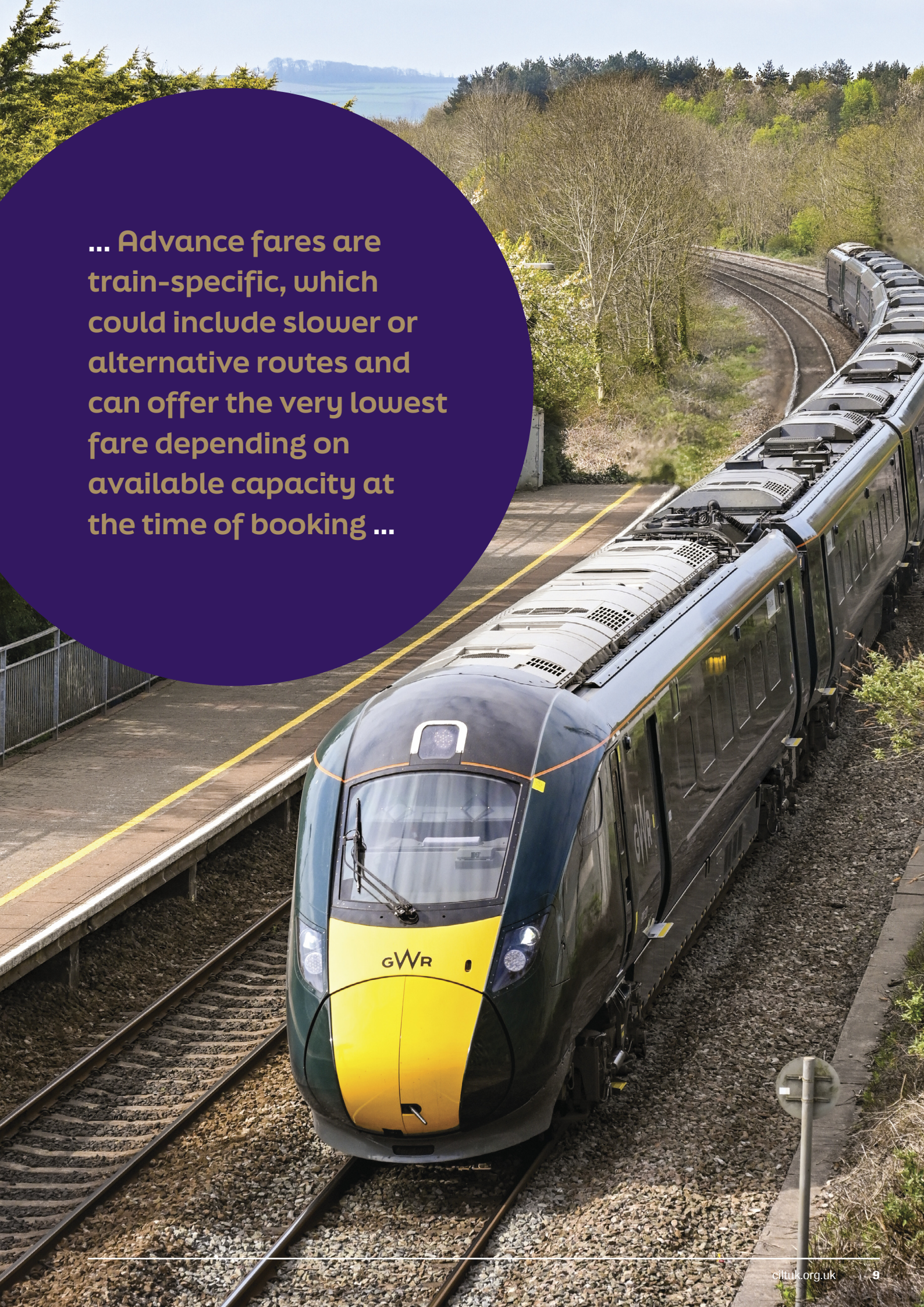
- Fares are determined at the journey's end, considering the start, end, and time of day facilitated by simple zonal and peak/off-peak prices. We recognise there are some complexities where a journey starts within a PAYG area but ends beyond that area (for which an add-on boundary to destination ticket is required, but this is a current issue which appears to have been accepted by the public and is not seen as a reason for not extending the use of PAYG areas). Care is needed when designing the extent of an area as very large areas can lead to high charges if a person taps in but not out, as the maximum possible fare will be assumed
- 'Best Fare' Price guarantee (meaning other fares e.g. promotional fares) cannot be offered on these flows)
- Fares for multi-journey trips will be capped on a daily or weekly basis (removing the need for day rover or season tickets)
- Opportunities to integrate across different modes (e.g. Travelcards) with options for different fare levels for each mode (but based on the same zone and peak/off-peak definitions)
- Other locations/fares may be added, e.g. Heathrow Express but at the risk of adding complexity to an otherwise simple, easily understood, approach
- Individuals without bank accounts will be able to access the same fares by obtaining smartcards from local shops (PASS Agents in London) which can pay and store value on their card (a pre-payment card), from which fares are deducted when they travel (i.e. Oystercards in London)
- Discounted or Concessionary travel (e.g. children or older people) is similarly facilitated by issuing smartcards to eligible individuals by the 'sponsoring' authority
- Revenue Protection:
 - Passengers who, having tapped-in, fail to tap-out, are charged a maximum fare (currently £9.40 for locations in Zones 1-9 in London)
 - The maximum fare can be higher for some services or at some locations (e.g. Heathrow express or travel outside Zone 9 such as Gatwick Airport, Luton Airport, High Wycombe etc.)

- *Passengers found travelling within the network who have not tapped-in will be charged a Penalty Fare (currently £100 in London, £50 if paid within 21 days)*
- *Passengers who have tapped in, found travelling outside the designated area, will not be able to tap-out and therefore will have paid the maximum fare for travel within the designated area, and so will need to pay a fare from the boundary to the station they are alighting at, or a Penalty Fare if the stations are within a Penalty Fare area. Maximum Journey Times also apply, and if exceeded the Maximum Fare is charged*
- *Provisions will be required to allow for the management of delays to train services / failures of equipment, which significantly extend journey times or prevent ‘tap-in’ or ‘tap-out’ functions*
- Such ticketing arrangements could be centred upon the following Urban Areas, with geographic boundaries to be decided by devolved authorities but with boundaries set sensibly for markets and operationally rather than strictly by authority boundaries. They will be set in cooperation with authorities outside these urban areas and our proposals do not preclude some extension of the urban arrangements into their areas. Urban areas can include areas such as:
 - London + wider travel area
 - Mayoral Combined Authorities e.g. West Midlands and Greater Manchester
 - City Regions e.g. Cardiff and Strathclyde
- The time-band of 70 minutes and the differential of price to Advance fares to be confirmed or modified following results of current LNER or similar trials
- Walk-up ticket to be available, but with the highest price
- These price differences are designed to give the best price while managing crowding and thus more comfortable journeys for everyone
- Tickets ordered and fulfilled online or through a mobile app
- Bar-code tickets may be printed at home, by an agent or through mobile phone app
- Free ticket exchange procedures to be offered up to 1 hour prior to departure, subject to availability and fare offered on selected alternative service
- To include all flows over around 75 miles, such as Brighton to Cambridge (i.e. not just ‘traditional’ long-distance flows), depending on railway geography, but are not available on PAYG tap-in, tap-out flows such as Gatwick to Bedford so that a ‘best price guarantee’ may be given
- Fare levels are to be fully market priced
- Current, fixed price, Monthly Open Return tickets with 1 month validity will be withdrawn as they will be less good value than the new arrangements of 2 x single tickets with the flexibilities outlined above
- Revenue Protection:
 - *Confirmation of ticket usage via scanning at gatelines or by on-train staff*
 - *Passengers without valid ticket to be issued with a Penalty Fare*
- We considered retention of an off-peak walk-up price for these longer flows but on balance consider the assurance of being able to travel at a low price on a train with seating capacity, achieved with our Advance or 70-min-Flex ticket, outweighs the possibility of travelling on a crowded train – and these tickets are available up to a very short period before travel and with technological fulfilment (mobile phones) as used by many people currently. Nonetheless, we recommend removal of Off-Peak Walk-Up fares should only take place after new alternative smartcard or telephone arrangements have been set up and their effectiveness and popularity have been proven

Long-distance journeys

Long-distance travel (over around 75 miles) to move to Single leg tickets on a Walk-up Anytime, ‘Advance’ or ‘70-min-Flex’ fares. Pre-purchased tickets will be available to buy up to a few minutes before travel for travel (subject to availability) on either a specific service or up to 70 minutes before or after a specified service, where prices vary depending upon when the ticket is booked and how busy the train is expected to be.

- Advance fares are train-specific, which could include slower or alternative routes and can offer the very lowest fare depending on available capacity at the time of booking
- 70 min Flex includes alternative services within the time band, and the (higher) price reflects wider availability



... Advance fares are train-specific, which could include slower or alternative routes and can offer the very lowest fare depending on available capacity at the time of booking ...

Journeys less than around 75 miles, outside urban centres

For journeys partially or wholly outside a PAYG Area and less than around 75 miles, 3 types of singles will be offered; Peak Single, Off-Peak Single or Super Off-Peak Single with time restrictions tailored to how busy trains are expected to be (by direction, day of week and time).

- Tickets will be selected and purchased before travel
 - *Fulfilled online or through mobile app*
 - *Bar-code tickets may be printed at home, by an agent or through mobile phone app*
- They may be purchased up to train departure time
- Clear validity will be shown– showing the range of trains the ticket may be used on
- Lowest prices will be on less well-used services, and higher peak fares on busier services to reduce risk of crowding
- Revenue Protection:
 - *Tickets either pre-printed, validation by gateline or if ticket on mobile and not passing through a gateline or station validator, will require validation with timestamp at start of journey – all technologies currently used*
 - *Confirmation of ticket usage via scanning at gatelines or by on-train staff*
 - *Passengers without valid ticket to be issued with a Penalty Fare*

Child fares

50% child fares for those aged 5 to 15 (as now).

- Outside Urban Centres, 50% child fares for those aged 5 to 15 will be available alongside Adult Fares (as now)
- Within Urban Centres, children who generally do not have access to a current account until aged 16, will get child fares through obtaining a smartcard

Discounts and concessions

Discounts (inc. Railcards, loyalty cards, etc) or concessions for adults to be offered through smartcards in Urban Centres or an Account Based Ticketing (ABT) process elsewhere, where passengers register for a smartcard or personal online National Rail account before buying tickets in the same way as everyone else, with discounts applied, where eligible, against tickets offered.

- Within Urban Centres, discounts and concessions will get their eligible fares through obtaining a smartcard
- Replaces Railcards and Concessionary Passes, which will be withdrawn
- Former Railcard users will pay an up-front cost, as now, to access discounts
- Online ticketing tools will show discounted or free fares where eligible or normal adult (non-discounted) fares where the discount or concession is not valid
- Free concessionary travel is dealt with in the same way, so that all travel tickets are recorded and use the same technology to issue and validate. Where costs are born by other parties, all travel is directly recorded to support payment
- Opportunity to fully codify and consolidate validities and restrictions
- Revenue Protection:
 - *Tickets to show appropriate discount/status code which may be checked against identification which may be specified*
 - *Ticket validities will already have been checked at the point of ticket selection, so if not travelling on correct services same process as those without discount/concession*

... **Lowest prices will be on less well-used services, and higher peak fares on busier services to reduce risk of crowding ...**



Unbanked and those unable to use technology

Individuals without bank cards or unable to directly use or access online or mobile technology will be supported through new alternative smartcard or telephone arrangements with widespread collection arrangements.

- Use technology to support, not exclude, those who may otherwise be disadvantaged
- Within Urban Centres, individuals may access the same fares by obtaining smartcards from local shops (PASS Agents in London) which can pay and store value on their card (a pre-payment card)
- For travel outside Urban Centres, a new service will be set up where individuals may access the same fares through a telephone booking service, where fully trained booking clerks can guide ticket purchases before being ordered by issuing a Ticket Collection Reference Code which can then be paid for in cash when collected at a Payzone, Paypoint (>50,000 shops) or similar outlet (e.g. Post Office)

Multi-journey ticketing

Season tickets, carnets, ranger or rover tickets will be replaced by tap-in, tap-out caps in Urban Centres or travel caps applied through an Account Based Ticketing system.

- Fares for multi-journey trips will be capped on a daily or weekly basis, e.g. for the same journey on different days within the same week, value will be capped
- Scholars Seasons will be replaced by smartcards within Urban Centres and by ABT arrangements outside

Premium fares

Premium fares, such as First Class, will be offered as a supplement on top of the Standard fare for each leg of the journey for which they are available.

- Premium fares will be included as a selectable 'add-on' at the point of ticket purchase
- Different add-ons may apply to different types of fare or service
- Each relevant service (leg) of a journey may be selected where premium products are offered
- The benefits and conditions of each premium product will be clearly defined (e.g. accommodation in First Class or inclusive meal) where they are included

Transition plan

The greatest challenge in delivering a new fare structure is devising a transition plan.

A number of factors need to be considered and taken into account:

- Changing long-established arrangements will always raise concerns
- A common approach to fare structures may run contrary to some aspects of local markets or the aspirations of devolved authorities, local operators, or local stakeholders
- Any change in fare structures will have an impact on published fares made available, the fares they are set at, and which fares people choose to pay – the majority of fares that cause complexity are lower-priced fares and any consolidation runs the risk of being seen as just increasing fares
- To gain support, proposals must include clear benefits, otherwise, why change?
- Need to recognise that losses have a greater emotional impact than a gain of the same amount
- All passenger groups must be explicitly considered with alternatives put in place to mitigate issues where possible. This is particularly true for the widespread use of technology which must be able to support, not exclude, those who may otherwise be disadvantaged

Set out below are various steps and considerations which we consider are key parts of the process to transition to a new fares structure. They are focussed on national rail fares and do not consider regional multi-modal ticketing systems. However, much that we propose would still be relevant for those areas, and there would have to be coordination with them.

Initial steps

The first steps can be taken without knowing every detail of future fare structures.

- We need sufficient information on the strategy and direction to know what actions to take now. However, we do not need to know every detail of actions that will be taken later – we need to strike a balance between establishing every detail and getting on with the first steps
- Where mitigations are needed to gain support, these need to be put in place beforehand

Take action to quickly consolidate or remove low-volume/low-value ticket types

- There are 900 unique ticket names. Some ticket types that are operator, locality or market-specific are very similar to others. In the first instance, many of these could be consolidated into a single ticket type used across all operators (e.g. group tickets) or removed where sales are very low (e.g. Overnight Return)
- Establish common ticket names and arrangements for other ticket types, such as multi-journey flexi-season, multipass and flexipass

Remove TOC only walk-up fares

- For journeys where there are walk-up fares between the same two stations, remove operator-specific fares (e.g. Milton Keynes to London Euston or Selby to Leeds)
- Adjust the 'any operator' fare to reflect the weighted average of the fares being consolidated. This will mean there will be some passengers who pay more, while others see a reduction although overall these should broadly balance, helping to sell the package. Such changes an inevitable consequence of simplifying a fares structure
- Fares routed between different stations may continue to be priced separately For example: Birmingham New Street to London Euston to become the same fare on either the fast (currently Avanti West Coast but to become Great British Railways – GBR) or the slow (currently West Midlands Trains but also to become GBR), but fares will be different for Birmingham Moor Street to London Marylebone.

Make all singles valid for one day only

- Single tickets can currently be either 'open' (e.g. Anytime Single) or valid for one day (e.g. Anytime Day Single). Open tickets allow travel within 2 days of the date shown on the ticket. But the overwhelming number of single journeys are taken on just one day. Tickets may still be bought in advance. We propose simplifying to one-day's validity (but can still be bought in advance and will allow for late evening services running into the following day)

Establish a new national ticket ordering & collection facility for those unable to directly access technology or bank accounts

- Set up a new service where individuals may access the same fares through a telephone booking service, where fully trained booking clerks can guide ticket purchases before being ordered by issuing a Ticket Collection Reference Code which can then be paid for in cash when collected
 - Use the existing national Rail Enquiries phone number (03457 48 49 50)
 - Operation to be supported by all operators and independent rail retailers
 - Ticket distribution to be delivered through new agreements with third-party payment networks such as Payzone, Paypoint (>50,000 shops nationwide) or similar outlet (e.g. Post Office)
- Gives immediate and widespread benefits to all those who do not have a local Ticket Office
 - Around half of stations do not have a ticket office, and many of those with ticket offices have limited opening hours
 - Opens ticketing to more potential providers
 - Removal of Off-Peak Walk-Up fares should only take place after new alternative smartcard or telephone arrangements have been set up and their effectiveness and popularity have been proven
- Proposals aimed at ensuring passengers
 - Can easily buy the right ticket for the journey they want to make
 - Are not penalised if they do not have access to technology or bank account
 - Have easier to support when buying a ticket and the ease of requesting assistance (using the Passenger Assist process)

Fare levels

Fares must reflect the markets they serve.

- They are best set locally by devolved authorities and those who know the market served
- We anticipate local fares will be set by local authorities in London (TfL) and Merseyside and that this will increase to other areas as devolution to mayoral or combined authorities continues

Elsewhere the fares, other than for Open Access Operators, will be set by the relevant operator for the flow but under central direction. We assume this will be by GBR but this awaits the passing of the legislation. The most contentious part of fare simplification will be changes to individual fare levels, rather than national fare levels.

- Whether adopting a move to 'singles only' over the long term or not, a fundamental aspect of fare complexity is the variable relationship between fares on the same origin-destination flow, which requires individual fare levels to change
 - The differential between the single and the return on the same flow for the same ticket type can range between 50% and just 10p, requiring large changes in both fares to begin converging towards singles being half the return fare
 - The differential between Peak Return and Weekly Season ticket prices ranges between 5-days and 1.5-days travel. This impacts on monthlies, annuals and other multi journey products (flexi-seasons, multiflex and flexipass) and will also require large changes in both fares to converge towards a common relationship
 - Fares along a line of route have been set by different operators with different market and regulatory influences, which has exacerbated the instances and value of split-ticketing which are counter-intuitive to most passengers
 - Regulated fares have increased by the same amount over the past decade, ossifying rather than solving many of the issues surrounding fare differentials, whilst introducing more and more new fares has made the structure more and more complex
 - The concept of 'different Operators' will disappear as GBR comes into being, although devolved authority services will still be identifiable from GBR services and close working will be required to ensure the same, or manageably different, fares on common routes
 - Similarly, the incentive to have operator specific fares (100% of revenue to that operator) separate from 'any operator' fares (revenue shared between all possible operators) where all operators are GBR, will disappear

Moving to a new fare structure will need to be done sensitively and may take several years in some cases, with likely criticism and pressure from some

- There will be limits on the acceptable amount that individual fares may be increased, even if there are offsetting decreases elsewhere – indeed, many will argue that no fares should be increased
 - *The DfT has had a policy for regulated fare increases of RPI% or RPI+1% over many years, but this has been tempered in the past 2-years where inflation has been high, with increases kept to a lower value*
 - *RPI is a discredited measure of inflation, with CPI the preferred measure for many years (and usually lower than RPI)*
 - *But calls for a fare freeze continue, even though inflation has fallen and regulated fares have fallen in real terms over the past 2-years*
 - *The headline regulated fare increase is not the same as the average fare paid, which has been lower, because passengers have chosen to adapt their travel to benefit from lower-priced fares*
- We recommend the practice of across-the-board standard fares changes should be abolished and replaced with an ‘outcomes’ set of objectives set by the relevant government in order that the structural changes to individual fares, outlined above, can be made to facilitate simplification, as urged by the public
- The programme needs to be communicated and sustained over several years
 - *Experience shows this is difficult, both within rail and elsewhere (e.g. fuel tax escalator) because circumstances and pressures continually change which emphasises the benefits of delivering as soon as possible*
 - *Even more difficult, because the objective is to create a logical structure from a currently seemingly haphazard set of fares, resulting in a ‘postcode lottery’ of where fares will need to increase*
 - *We believe the establishment of new governance arrangements where the government leads a more integrated and holistic approach to passenger services is the right, and only, time to embark on these changes*

Fares policy from GBR & devolved authorities should clearly and transparently define what fares are designed to achieve

- To gain wider support for changes to fares, the part fares play in delivering wider policy objectives needs to be articulated and shared, which are expected to include:
 - *Encouraging greater travel by rail*
 - *Driving modal shift to lower emissions from the transport sector.*
 - *Align decisions around the best use of funds and resources*
 - *Integrate with the existing transport system*
 - *Better targeted investment and more control by local authorities to improve accessibility*
 - *Prices to be kept, wherever possible, at a point that works for both passengers and taxpayers*
 - *Begins the process of simplifying fares and introducing digital innovations*
- Devolved authorities must become true partners in setting the direction for Britain’s railways, establishing a governance process for a national network that balances the need for integrated local, commuter, regional, national and high-speed services
- Policy objectives need to be translated into key outputs and made clear to operators who are best placed to convert these into action
- There is a need to repeal fare regulation enshrined in the Railways Act 1993 and replace it with open and transparent direction & guidance from the relevant SoS or devolved authority
 - *Regulation reflects market and institutional positions from 30 years ago*
 - *Regulation is designed for an industry with private operators to ensure that goods and services remain affordable. Under government control, this is better exercised through transparent and inclusive government direction*
 - *Regulation has created an unhelpful focus on annual fares changes driven by a formulaic approach (July RPI) which has increasingly limited relevance to local fares appropriate to local markets, and now only accounts for 30% of fares (government now takes all revenue so interested in all fares)*

... We recommend the practice of across-the-board standard fares changes should be abolished and replaced with an 'outcomes' set of objectives set by the relevant government ...

- Common standards and inter-availability statements' including National Conditions of Travel, fare types, and railcards to be agreed upon and implemented across all GBR and devolved operators
- *Detailed fares and ticketing and revenue-sharing arrangements are also enshrined in regulated arrangements, which add to bureaucracy, constrain innovation and are no longer necessary or appropriate where revenue risk is borne by the government*

Fare levels are best set to maximise use within available capacity and finance while reducing crowding

- An objective of maximising demand within available capacity will mean fares reflect the market and maximise the use of assets
- Pricing to constrain crowding means those already travelling will not suffer poorer travel conditions
- Fares are critical in financing railways. Fares should be set such that higher passenger numbers are synonymous with reducing net industry subsidy in the short term. Where costs increase through the need to increase capacity it is appropriate to allow relevant fares to increase additionally to reflect the improved product offering
- Industry arrangements must focus on net revenue or net subsidy, keeping visibility of both revenue and costs at the most disaggregate level possible
- Such arrangements require fare changes to be set to reflect local market conditions, rather than a simplistic national inflation measure and may require some compromises in the pursuit of the desire to reform fares – but these are best determined locally
- It arises in part as the short distance fares are set by a 'local' operator working to local markets while the throughout fare is set by a long-distance operator working to a long-distance market
- The complete solution to eliminating split ticketing would be to move to distance based-fares whereby the long-distance fare is exactly the same as the sum of the individual fares. We strongly advocate against this approach, as to maximise the utility of the railway, its usage and the revenue raised it is necessary to use more market-based pricing
- We consider that, with both the operator of the long-distance services and the operator of the shorter distance services being part of GBR, and all revenue going to GBR, such anomalous fares can be homologised over time, provided fares are allowed to increase/decrease independently
- Fare setters should harness the same technology that finds and offers split-ticketing opportunities to manage and reduce instances of damaging split-ticketing

Engage with Transport Focus, London Travelwatch, disability and consumer groups to agree a route to simplifying fares

Split ticketing

- Split ticketing is where a journey can be made using a series of shorter point-to-point tickets which are cheaper than one throughout ticket
- This is seen as a loss of revenue by the operator of the throughout journey; as a way of saving money by the passenger who is able to use this technique; and as an unnecessary complexity by commentators
- It is not a recent phenomenon but was difficult to find in the pre-privatisation days – what has changed is the use of computers to 'seek out' such opportunities, well exploited by various ticket agencies
- Today, fares are illogical and irregular. Any move towards a more logical and simpler will affect some users more than others
- At privatisation, fares could be 'flexed' whereby some fares could increase provided others reduced so the average remained within the regulated cap. But flex was removed following pressure from stakeholders and the practice of increasing all fares (regulated and unregulated) was extended as operating contracts changed. This has frozen fare differentials, ossifying many of the anomalies now seen
- Increasing some prices more than others is seen as contentious by some, even though this is common and accepted rational practice in most other sectors
- At the heart is a level of mistrust about why some prices increase whilst others don't, coupled with insufficient consideration of explanations and mitigations for those affected
- Any practical attempt to change fare structures will require uneven price changes, which will be unpopular with some. Engagement with representative bodies should help identify key issues, mitigations and acceptance



Deliver first steps in March and May 2025

- The new government is seeking to 'move fast and fix things'
- Industry costs are under pressure and increasing net revenue will be helpful
- Applying differential fare changes can increase revenue through both yield and volume and begins the process of fare simplification
- The first steps on fares can, and should, be taken in spring 2025
- The regulated fare increase should be replaced by transparent direction to operators, requiring them to:
 - *Maximise use where capacity exists and maximise yield where trains are at or above capacity,*
 - *Quickly consolidate or remove low-volume/ low-value ticket types*
 - *Remove TOC only Walk-Up fares*
 - *Make all singles valid for one day only*
 - *Collaborate to bring forward proposals for a new national ticket ordering & collection facility*
 - *Create a Fares Plan to deliver government objectives within 5 years*

Conclusion

Improving the ticketing system for Britain's railways is a complex matter for which a holistic approach is required. Our proposals make compatible changes to technology, ticket types and fares relationships to give simpler, easier to understand arrangements. These changes must be delivered each within the context of the differing markets served whilst delivering other crucial aspects of fares, including raising of industry funds, management of capacity and crowding and delivery of wider policy objectives such as Net Zero. Achieving this step change and modernisation will require balance and determination over an extended

period from both the industry and from politicians to face up to the noticeable changes in fares, both increases and decreases.

This discussion paper shows how the government could task industry pricing experts with developing detailed options for their delivery. It also shows how proposals might balance the competing pressures of finance and political acceptability with the desire to restructure fares. We believe the transition can be neutral in overall revenue with the careful implementation of revised individual fares, which align with our proposals.

... Our proposals make compatible changes to technology, ticket types and fares relationships to give simpler, easier to understand arrangements ...

Next steps

We plan to engage with national government and local authorities, but we are always interested to hear from or about other interested parties, so if you have any comments on what you have read, please contact the Rural Policy Group:

Daniel Parker-Klein

Director of Policy and
Communications,
CILT(UK)

[E policy@ciltuk.org.uk](mailto:policy@ciltuk.org.uk)

The Chartered Institute of
Logistics and Transport

Earlstrees Court, Earlstrees Road
Corby, Northants NN17 4AX
United Kingdom

[W ciltuk.org.uk](http://ciltuk.org.uk)



**The Chartered
Institute of Logistics
and Transport**