Railfuture Submissions to the House of Lords Built Environment Committee's Williams Shapps review

"In May, the Government published a White Paper on rail reform, the Williams-Shapps Plan for Rail. The White Paper represents the greatest change to the railways since the end of nationalisation almost 30 years ago. This inquiry will focus on the Government's proposals for fare reforms and how the new system will benefit consumers."

The Inquiry home page is at https://committees.parliament.uk/work/1372/williamsshapps-plan-for-rail-fare-reform.

Neil Middleton, one of our Directors, was asked to give evidence to the inquiry and gave oral evidence to the Committee on 13 July 2021. The transcript of his (and other interviewee's) responses can be read here: https://committees.parliament.uk/event/5071/formal-meeting-oral-evidence-session/

We are also submitting 3 further written submissions:

	Title	Submitted	Commentary	Size	
1	The cost of ticketing	15 Aug 2021	This principally looks at the costs of ticketing from the perspective of the traveller; it also contains commentary on the principal types of costs and some cost information for third party resellers	6 pages	← This paper
2	Possible tactical improvements to the Rail Flexi-Season fare	18 Aug 2021	This identifies tactical improvements to the Flexi-Season. It takes as a given the nature and purpose of the ticket and the overall fares system in which the exist and suggests incremental improvements. It does not attempt to address more strategic solutions for part time commuters, nor wider changes required to fares & tickets	3 pages (& 2 page appendix)	
3	*Tentatively:* The case for a new approach to rail fares (and some key objectives)	Not yet submitted	The paper will address the case for change, including the view that retaining the current fare arrangements is as just as much a risk as the uncertainties arising from big change. It will also consider key objectives and potential unintended objectives	Around 4 to 5 pages	

During his oral evidence on 13 July 2021, Neil Middleton promised a follow up on the cost of ticketing for the UK Rail industry. Public domain information on the cost of the ticketing process is minimal in nature and we do not feel able to make a useful estimate of the overall financial costs of the ticketing process, although we have been able to obtain useful information from Independent Rail Retailers Limited (see below). So, as an alternative, we have prepared three schedules which we believe will assist the inquiry; in part they look at "cost" in terms of passenger impact.

The submission has been authored by Neil Middleton; the document has been extensively shared for comment within Railfuture Branches and Groups and incorporates their ideas.

A schedule of the main types of cost

In this schedule we itemise the main areas where we understand costs are incurred in the ticketing process. We have prepared it from the perspective of Great British Railways, so fees that flow between TOCs / Concession holders are not included as these monies are a net zero cost / income to GBR. The cost of setting of fares is also excluded (eg central databases, staff to set fares et al).

	Online[1] and App sales	Ticket Vending Machine sales	Ticket Office Sales[2]	Onboard sales	Bank card Contactless Payment[3]	Dedicated Smartcard PAYG[4]
Fees paid to third party retailers[5]	Y				Y[6]	
Cost of the software and servers and associated staff[7]	Y	Y	Y	Y[8]	Y	Y
Possibly, fees paid to App stores such as Google and Apple	Y					
Fees paid to Card merchants and cash handlers	Y	Y	Y	Y	Y	Y
Cost of TVMs, include installation, power & internet connectivity etc		Y				

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[1] Including telephone sales.

[2] Including dedicated offices / desks at major stations for journey's end.

[3] Available for all stations inside London and also a number of stations relatively close to London: https://tfl.gov.uk/fares/find-fares/national-rail-fares-beyond-zone-9.

[4] This is separate to using a Smartcard to hold a specific ticket, such as a weekly travelcard that is also available on other media.

[5] Independent Rail Retailers Limited (http://independentrailretailers.co.uk/) advise that for the public / consumer market the rate is 5%, for the corporate market 3%, for season tickets 2% (these rates also apply to TOCs for their sales [there is also a 9% fee for in-person sales]). Of the fee paid, some returns to the Rail Industry (eg licence fees and management charge fees and shares of reservation and settlement systems), other portions pay for costs the industry would otherwise incur (eg debit & credit card fees and customer support [eg of refunds]) and some is used for marketing, with wider benefits for the industry through increased ticket sales et al.

[6] To Transport for London for administration, bank card fees et al. This is separate to the arrangements described in the footnote immediately above.

[7] Scope in GBR for savings reduced by need to either (1) replace a lot of equipment to achieve total commonality (although improvements to achieve a very similar national look and feel should be much cheaper); or (2) to continue to support a diverse population of end devices (which may also be justified by other risk controls – eg avoiding a ransomware attack applying to every UK TVM: https://www.theregister.com/2021/07/20/northern_trains_ticketing_system/).

[8] Although a ticket sale usually happens autonomously using just the staff member's machine, that machine requires central service to provide prices etc, and also to process sold tickets.

	Online[1] and App sales	Ticket Vending Machine sales	Ticket Office Sales[2]	Onboard sales	Bank card Contactless Payment[3]	Dedicated Smartcard PAYG[4]
Maintenance of TVMs, including repairs, vandalism, replenishment (including ticket stocks)		Y				
Ticket vending equipment for staff use, including replenishment (tickets et al)			Y	Y		
Provision of Ticket Offices, including equipment, space and operational costs. Also, repairs, vandalism			Y[9]			
Cost of customer service staff	Y	Y[10]	Y	Y[11]	Y[12]	Y
For paper tickets, cost of ticket printing (which is also an income stream for third party retailer sales)	Y	(Included above)	(Included above)	(Included above)		
Cost of Smartcard issue and subsequent management, including fees to ITSO and other rights holders	Y	Y	Y			Y

Advantages and disadvantages to Passengers of the different methods of ticket purchase

In this schedule we draw out the main advantages and disadvantages of each of the main options for purchasing a ticket. Where we list disadvantages, it is important to recognise that each of these is a barrier to travelling on the railway, so there is also a lost revenue opportunity through missed ticket sales.

Purchasing choice	Typical Ticket Media (see also next table)	Advantages from the Passenger perspective	Disadvantages from the Passenger perspective	Special factors
Online and App sales	• E-Ticket (PDF) • M-Ticket (App based) • Orange Striped Ticket[13]	• No trip to railway station needed at purchase • Can buy without time pressure • Can buy at a convenient time • Usually best visibility of pricing choices	• Internet access needed; possibly restricted to home (& workplace) unless a mobile internet user • Some Internet users do not like using online payments • Some Internet users will not have a suitable bank card	It is important to maintain other channels for those unable to use Online and Apps – typically due to lack of access to technology, inability to use and no access to bank debit / credit cards.

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[9] Also including "Head Office" staff to supervise.

[10] Some TOCS provide help buttons on their TVMs; having on-site staff present who are (nearly dedicated) to TVM help is unusual; staff at the station for general customer service and revenue protection may also help.

[11] Onboard Staff tend to mix ticket sales, ticket checking, general customer advice, and sometimes crime prevention and train operation.

[12] Intermittent, to address disputes between TfL and customer.

[13] Typically collected from a Ticket Vending Machine.

Purchasing choice	Typical Ticket Media (see also next table)	Advantages from the Passenger perspective	Disadvantages from the Passenger perspective	Special factors
		• Some third party sites and Apps will automatically offer Split tickets if relevant.	• Can be 'worrying' for an inexperienced ticket buyer • Web sites and Apps may not be properly set up for users of screen readers and other disabled users (eg the less dextrous)[14] • Fee can be involved, when using third parties and/or opting for posted tickets. • Sometimes doesn't offer ticketing from the edge of London's Zonal fare zones[15]	
Ticket Vending Machine sales	• Orange Striped Ticket • Railway Smart Card	• Avoid Ticket Office queues • Usually available 24/7 • Available at most stations • Sometimes accept cash	• Can be hard to use (software, light glare, touch screen can be difficult); can be tedious to buy longer distance fares • Still need to allow time to queue (or to make an extra visit) • Reliability can be problematic (in part due to vandalism) • Can be worrying to use / difficult for disabled users (as for Online & Apps) • Differing designs across the network confuse and worry some users, particularly the less IT literate	TVMs are also an important part of the sales cycle for online sales, either because: • The specific ticket is not available in e-ticket form • The passenger either prefers the reassurance of a traditional orange striped ticket – or has no ability to print out or display on a mobile device
Ticket Office Sales	• Orange Striped Ticket • Railway Smart Card	• Expert advice may be available (dependent on experience & training of Adviser, their willingness to help and 'softer' factors such as queue length)	• Takes time: Either need to make an additional visit or need to allow extra time because of potential for a queue (which can be of unpredictable duration and is often noticeable) • Usually limited hours	It is important to remember that some passengers are either or both of: • Not confident with (or do not have access to or cannot easily use) technology. These can include visual

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[14] Eg (non-Comprehensive examples): LNER focuses on vision (https://www.lner.co.uk/support/accessibility/; Thameslink extends this to include some dexterity elements (https://www.thameslinkrailway.com/terms-of-use/site-accessibility). It is disappointing that some disabled users who would like to use technology to purchase and display tickets are prevented from doing so by missing design features that would otherwise improve accessibility (note: for this element, Railfuture consulted Disability Rights UK).

[15] Eg if the holder of a London Travelcard for Zones 1 to 6 wants to travel to Harpenden, they cannot buy a Zone 6 (edge) to Harpenden ticket online (or usually on TVMs). Instead, they need to know (in this case) that Elstree & Borehamwood is the station from which a new ticket is needed. The same issue applies to holders of concessional tickets such as the Freedom Pass.

Purchasing choice	Typical Ticket Media (see also next table)	Advantages from the Passenger perspective	Disadvantages from the Passenger perspective	Special factors
		• Can handle most disabilities[16] • Fullest range of tickets available[17] • Suitable for passengers who do not use / own their own device (computer, smartphone) • Usually accept cash • The solution that can be used by the greatest portion of travellers (even if for some it is not their preferred choice)	• Not available at many stations	impairments, dyslexia [and similar] and lack of dexterity [eg arthritis]. • Not confident as to which fare they should purchase / which route they should take These passengers very much appreciate the advice the ticket seller can provide. It remains essential that the price paid in these circumstances is the same as for other channels and queuing times and opening hours reasonable.
Bank card Contactless Payment	• Bank Card / Mobile Device (only option)	• Convenient • No wasted time • Capping usually available • Singles are half price of return ticket, so sometimes (but not always), the cheapest option	• Currently limited availability • Must own a suitable credit / debit card • Sometimes not the cheapest option • Price to be paid not known until after journeys – may be more than expected	The service is provided by TfL and is usable for journeys in London and for some stations up to 35 miles from London including Reading & Gatwick Airport[18]; for some journeys Oyster cards are also accepted, but the Zonal design of Oyster cards limits coverage.
Dedicated Smartcard PAYG[19]	• Railway Smartcard (only option)	• Convenient • No wasted time • Typically configured to charge lowest price	• For longer distance journeys, very preferable to know, and 'lock in' the price before travel • Must apply for it • Must own a suitable credit / debit card • Price to be paid not known until after journeys – may be more than expected	Currently only available for Govia Thameslink Railway (Great Northern, Southern & Thameslink) and most South Western Railway services.
Onboard sales[20]	• Orange Striped Ticket	• Convenient • No wasted time	• Full range of fares may not be available – eg same day Advance tickets	Some TOC onboard staff can also print pre-purchased tickets.

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[16] Level access is a normal feature, hearing loops are widespread etc.

[17] To our knowledge there is no one place every single UK Rail ticket can be purchased from – eg Southern DaySave tickets can be purchased online and from selected Tourist Information Centres, but not rail ticket offices.

[18] https://tfl.gov.uk/fares/find-fares/national-rail-fares-beyond-zone-9.

[19] This is as Pay as You Go use only; Smart cards are also used widely on UK Railways to store conventional tickets, particularly Season Tickets, including the new Flexi-Season.

[20] Where no prior opportunity to purchase. Where such opportunity is considered to exist the Penalty fares process is often used, and if not, the types of ticket for sale may be limited.

Advantages and Disadvantages to the different types of ticket media

Ticket Media type	Advantages from the Passenger perspective	Disadvantages from the Passenger perspective	Special factors
Orange striped ticket	• Doesn't require the passenger to have any technology	• Needs to be collected (or posted [at a cost]) • Not friendly to the significantly visually impaired • For Season tickets can wear out and require replacement or display to ticket staff at barriers (causes delay)	
M-Ticket (App based)	• Convenient for passengers with a suitable device, who have installed the App and confident of battery life • No queues to collect or need for an additional visit to the station	• Requires a Tablet or Smartphone • Requires an account to be created • No alternative if Tablet / Smartphone has flat battery et al	App based ticket display that requires the traveller to have on them their device in a charged state should never be the only option. Emailing of tickets with a PDF enclosure is a much preferred option (generally referred to as an e-Ticket) as the traveller does not have to have a suitable device with them and can instead print them to paper. As well as for choice, this extends usability to travellers without mobile devices.
E-Ticket (PDF)	• Convenient for passengers who have a printer or a mobile device • No need to install an App or similar • No queues to collect or need for an additional visit to the station	• For paper, traveller bears printing cost • Traveller needs a printer or a suitable device • Some tickets not yet available as e-tickets	
Railway Smartcard	• Durable, fast through barriers • Not TOC dedicated	• Can be tedious to load a pre-purchased ticket – need to either be at a station with suitable barriers or have a suitable smartphone • Not always available • Need to apply for a Smartcard, so spontaneous travel not possible	
Bank Contactless Card	• Many travellers already have a suitable card • Durable, fast through barriers • Can travel spontaneously, without prior activity	• Without an account, no access to travel history • Some users do not have (and cannot obtain) a suitable card • No cash payment option	

Railfuture Submission to the House of Lords Built Environment Committee's Williams Shapps review: A Supplementary response on the cost of ticketing

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railfuture
the independent campaign for a better
passenger and freight rail network

Neil Middleton comments:

Personally, my own preferences are:

1. For a more local journey (eg from my hometown in Hertfordshire to/from London), I prefer to use Pay as You Go, with capping and a lowest price guarantee. In practice at present I am fortunate that GTR offer this option – which is not generally available outside London and some metropolitan areas. It does require me to have a dedicated Smartcard issued by the railway; in the longer term it would be good to be able to use a Bank Card as well – linked to some form of GB Railway account that has stored my Railcard. This gives me the lowest price and improves flexibility – eg with an off-peak ticket on Monday to Friday, the price sets the available return times. I do not need to purchase the more expensive ticket "just in case" and only pay for the more expensive ticket if I travel at a barred time for the cheaper choice.
2. For a longer distance journey, my preference is to purchase in advance, so I know the price I will pay – this could either be an Advance ticket or some form of Open Return or Single (where the price for increased flexibility is reasonable). I then want to be able to hold that ticket as a PDF file, which I will normally store on my mobile phone. I might occasionally print it out on paper, if, for instance, I am fretful that my phone battery might go flat.

However, whilst these options are efficient for the industry – and also widely preferred, it is essential to remember that they do not suit everyone, and the traditional orange striped ticket, purchased at a ticket office is the preferred route for some people and needs to continue to be made available.