

The Rt Hon Theresa Villiers MP  
The House of Commons  
London SW1A 0AA

26 October 2011

Dear Minister

### **Southeastern Railway - Fare Increases 2012**

We are writing to you to express the Borough Council's deep and serious concerns about the imminent fare increases within the Integrated Kent Franchise area run by the train operating company, Southeastern Railway. This follows a Rail Forum held on 19 October that officials from Network Rail and Southeastern Railway kindly attended. They were able to provide useful and helpful advice for the Councillors and local rail user group representatives who were present.

The Forum discussed and debated a whole range of currently topical railway related matters such as the removal of direct city services on the Maidstone East line and the loss of the direct link from Tonbridge to Gatwick. These and other rail service issues will most certainly feature strongly in the Borough Council's submissions on the next franchise when the expected consultations on the service specification start next year.

In the meantime, we were pleased to hear about the improvement works on Tonbridge station and the care that is being taken to limit the noise emanating from the overnight work that will soon be taking place. We will be watching that carefully. Similarly, we received welcome assurances about the rail industry's state of preparation for the coming winter and we were impressed by the level of confidence that it will be able to respond far more expeditiously should the severe conditions of the last two winters recur. Again, we look forward to seeing this in action should the harsh weather arise.

However, the single critical matter that galvanised the Rail Forum was concern about the impact that the next round of fare increases will have on the economic life of this Borough and how seriously adversely this will affect those residents who are utterly dependent on rail transportation for their careers and essential income. This is all the more so when you consider that many of our commuters tend to be fairly young, are in modestly paid jobs at the early part of their career and at a time in their life when family commitments weigh most heavily. So, inevitably, they will feel the impacts of increases even more keenly. Over and above this is the fact that people are paying for these increases from net salary, not their gross, and this outweighs the benefits that might be had from enhanced remuneration from a job working in London.

Ever since the inflation figures for the key summer months were released, it has been clear that we are facing an average increase of nearly 8% for the regulated set of fares based on the RPI+3% formula that has been extended into the final two years of the franchise. Kent has already had to endure six years RPI+3% pricing and there was at least a small alleviation to be had from the RPI+1% built into the franchise for the next two years. This was dashed last year as part of the Comprehensive Spending Review which extended the RPI +3% formula nationally.

Moreover, this formula is an average for regulated fares across the whole of the franchise area. We believe that our communities have been disproportionately affected by increases higher than this in previous years to the extent that some of our residents have even experienced rises as much as RPI+8% in previous rounds, not

to mention the impact on the basket of non-regulated fares where it seems anything goes. We would seek to have this imbalance addressed this time around. This is particularly critical bearing in mind the impending impact of Transport for London's lower fare increases and the inevitable increases in Kent to compensate for this.

A particular local grievance is that the franchise pricing model was developed to contribute to the cost of HS1. If there were some benefit for this Borough there might have been some justification or understanding for this. However, the fact is that there has not been. On the contrary, services in this area have, if anything, deteriorated as a direct result of accommodating HS1 into the Kent franchise. We have HS1 travelling through the Borough on a new service on the Medway Valley Line. However, it does not stop even though we advocated strongly that it should do so at Snodland.

The feelings on these imminent fare increases run deep. We have real concerns that we are now reaching a tipping point that could have the perverse impact of driving passenger numbers down, resulting in less revenue. The risk is that people will find the commute to London no longer justifiable in personal career or financial terms, especially at a time when income is being highly constrained and what pay rises there are come nowhere near RPI.

Most fundamentally, there is now a serious risk to the vitality of this Borough and the surrounding area which, contrary to popular perception, is suffering economically despite its location near London within the south east of England.

Even at this late date, with the fare increase announcement imminently expected, the Borough Council would strongly urge urgent reconsideration by the Department for Transport and the Train Operating Company. If your department does not consider it feasible or practical to revisit the formula at this time, then we would urge you to press Southeastern Railway to use what discretion it has within the overall basket of fare increases to mitigate the impact locally at stations in this area. I would hope that you would, in parallel, reconsider the RPI+3% formula that has reigned throughout the previous years of the Kent franchise and which has had a significantly adverse cumulative impact already.

We are copying this letter to our MPs and, knowing that similar expressions of concern are likely to be made from the West Kent Partnership, we will also be including the other MPs from the partnership area.

We would be most grateful if you would give this matter your serious consideration and let us know what steps you are able to take to address the widely held concern over the position we have described.

Yours sincerely,

Mark Worrall  
Leader of the Council  
Transportation

Nicolas Heslop  
Cabinet Member for Planning and

Mr Charles Horton  
Managing Director  
Southeastern Railway  
Friars Bridge Court  
41-45 Blackfriars Road  
London SE1 8PG

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Dear Mr Horton

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However, the single critical matter that galvanised the Rail Forum was concern about the impact that the next round of fare increases will have on the economic life of this Borough and how seriously adversely this will affect those residents who are utterly dependent on rail transportation for their careers and essential income. This is all the more so when you consider that many of our commuters tend to be fairly young, are in modestly paid jobs at the early part of their career and at a time in their life when family commitments weigh most heavily. So, inevitably, they will feel the impacts of increases even more keenly. Over and above this is the fact that people are paying for these increases from net salary, not their gross, and this outweighs the benefits that might be had from enhanced remuneration from a job working in London.

Ever since the inflation figures for the key summer months were released, it has been clear that we are facing an average increase of nearly 8% for the regulated set of fares based on the RPI+3% formula that has been extended into the final two years of the franchise. Kent has already had to endure six years RPI+3% pricing and there was at least a small alleviation to be had from the RPI+1% built into the franchise for the next two years. This was dashed last year as part of the Comprehensive Spending Review which extended the RPI +3% formula nationally.

Moreover, this formula is an average for regulated fares across the whole of the franchise area. We believe that our communities have been disproportionately affected by increases higher than this in previous years to the extent that some of our residents have even experienced rises as much as RPI+8% in previous rounds, not to mention the impact on the basket of non-regulated fares where it seems anything goes. We would seek to have this imbalance addressed this time around. This is particularly critical bearing in mind the impending impact of Transport for London's lower fare increases and the inevitable increases in Kent to compensate for this.

A particular local grievance is that the franchise pricing model was developed to contribute to the cost of HS1. If there were some benefit for this Borough there might have been some justification or understanding for this. However, the fact is that there has not been. On the contrary, services in this area have, if anything, deteriorated as a direct result of accommodating HS1 into the Kent franchise. We have HS1 travelling through the Borough on a new service on the Medway Valley Line. However, it does not stop even though we advocated strongly that it should do so at Snodland.

The feelings on these imminent fare increases run deep. We have real concerns that we are now reaching a tipping point that could have the perverse impact of driving passenger numbers down, resulting in less revenue. The risk is that people will find the commute to London no longer justifiable in personal career or financial terms, especially at a time when income is being highly constrained and what pay rises there are come nowhere near RPI.

Most fundamentally, there is now a serious risk to the vitality of this Borough and the surrounding area which, contrary to popular perception, is suffering economically despite its location near London within the south east of England.

Even at this late date, with the fare increase announcement imminently expected, the Borough Council would strongly urge urgent reconsideration by the Department for Transport and by your company, Southeastern Railway. You will see from copy letter that the Council has written to the Minister for Transport that we are urging a rethink on the formula. Even if, in the end, it is considered unfeasible or impractical to revisit the formula at this time, then we would ask you to use what discretion you have within the overall basket of fare increases to mitigate the impact locally at stations in this area. Nevertheless, I would hope that the Minister would, in parallel, be able to give serious thought to reassessing the RPI+3% formula that has reigned throughout the previous years of the Kent franchise and which has had a significantly adverse cumulative impact already.

We are copying this letter to our MPs and, knowing that similar expressions of concern are likely to be made from the West Kent Partnership, we will also be including the other MPs from the partnership area.

We would be most grateful if you would give this matter your serious consideration and let us know what steps you are able to take to address the widely held concern over the position we have described.

Yours sincerely

Mark Worrall  
Leader of the Council

Nicolas Heslop  
Cabinet Member for Planning and  
Transportation

**Councillor Mark S. Worrall OBE BA MCMi MCIM**  
Leader - Tonbridge + Malling Borough Council  
31 October 2011

Dear Councillor Worrall

**Re: 2012 Fare Increase**

Thank you for your letter of 26 October addressed to Charles Horton. Charles is currently away from the office and has asked me to respond on his behalf. Could you also regard this letter as a response to your letter of same date in your capacity as chairman of the West Kent Partnership which raises the same issue?

Southeastern (and all other train operating companies whose passengers also face an RPI + 3% fare increase) fully appreciate the impact of these fare rises in the current economic climate. And as you might expect we have received similar representations from elected representatives from across our franchise area. At the meeting on 19 October our paper detailing the historical and economic reasons behind this and recent increases was circulated and I hope this went some way towards explaining the position we are in. However, it is understood that some parts of our franchise area may not have benefited from service improvements and infrastructure investment as much as others and feel aggrieved that are seemingly asked to bear a disproportionate share of the costs. But it's perhaps also worth pointing out that such investment decisions and the December 2009 timetable changes which saw the demise of the city services from West Malling, were the result of decisions taken by the previous Government.

At our meeting on 19 October, there was criticism of the RPI + 3% + 5% "flex" and this issue has been raised by West Kent MPs including Sir. John Stanley. The reasons for this are outlined in paragraph 5 of our briefing paper but we fully appreciate that passengers using some stations feel they are being unfairly singled out. To this effect and in advance of our announcing the increase from individual stations on our network, our MD Charles Horton is meeting MPs representing West Kent (and East Sussex) and we will be listening carefully to their representations.

On the wider picture of the fares formula, as you know, our franchise agreement ends in 2014 and we expect the Department for Transport to begin consulting stakeholders on their aspirations for the new franchise sometime in 2012. TMBC, KCC and all local authorities in Kent and East Sussex will be consulted and I'm sure that the case for change will be made.

In conclusion, while mindful of Government policy we are listening to what stakeholders and passengers are telling us and will be in a position to advise on what the fare increase will be from all stations later next month. In the interim, if you would like further information, on this or any other local rail issue, please let me know.

Best wishes

Mike Gibson  
Public Affairs Manager  
Southeastern