

TONBRIDGE & MALLING BOROUGH COUNCIL
PLANNING and TRANSPORTATION ADVISORY BOARD

05 March 2019

Report of the Director of Planning, Housing and Environmental Health

Part 1- Public

Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)

1 TRANSPORTATION UPDATE

Summary: This report provides an overview of a Department for Transport (DfT) consultation, relating to the introduction of smart ticketing on the rail network in the wider South East, with specific reference to the South Eastern route and stations in the borough.

1.1 South Eastern Rail Franchise – Update

1.1.1 On 21 December 2018, operator Southeastern informed that the DfT had confirmed a 12-week extension to the current South Eastern franchise direct award, from 1 April to 22 June 2019. Following a procurement process undertaken by the DfT, it is now expected that the new franchise will commence on 23 June. Govia the parent company of Southeastern is a shortlisted bidder to deliver the next franchise.

1.1.2 The DfT published the Invitation to Tender for the South Eastern Franchise in November 2017, this set out the scope and objectives of the franchise, and the broad terms for the introduction of long awaited smart ticketing, as anticipated at that time. The tender set out terms for the implementation of smart ticketing as part of the franchise, specifically the potential for Pay-As-You-Go (PAYG) travel. The outcome of the procurement process is awaited, and an update will be provided to PTAB on this, once further information is known.

1.2 Smart Ticketing - Consultation

1.2.1 The DfT's 2017 Strategic Vision for Rail set out the ambition of securing smart ticketing across most of the network nationally by the end of 2018, this has not been achieved.

1.2.2 On 7 February 2019 the DfT published the 'Pay-as-you-go on rail consultation – Moving Britain Ahead'. This provides further detail as to how government may seek to make smart ticketing widely available across the South East, and seeks feedback on the options and ideas outlined. In summary this could include;

- Contactless and/or oyster style prepayment options, removing the need to purchase paper tickets, but requiring gate line and tap in/out point upgrades.
- Automated delay repay compensation, currently in use on C2C franchise, which is a fully gated network.
- Changes to fares through the implementation of fare zones, to allow passengers who travel less or at varying times, to benefit from only paying for the travel they use.

- 1.2.3 PAYG Travel Area - The consultation covers what the PAYG travel area in the South East could be and how it could work in practice. It is hoped that the travel area will be fully integrated with the TfL fare zones. Extending the PAYG scheme to local bus services is also being considered, but is not a major focus. Integrating operator payment systems is challenging, especially for split mode journeys.
- 1.2.4 The DfT considers that the benefits of PAYG are greatest at high demand stations, and in at those with similar fares. A suggested PAYG area has been published (see Annex A), which is a step towards full rollout across the network. This covers all stations within Tonbridge and Malling borough which is welcomed, but not the whole of Kent. This will have implications for those boarding at stations within the PAYG area, but are traveling outside of the area. If implemented, this will mean that paper tickets will remain the only option for these passengers.
- 1.2.5 The following are considered to be the limitations of the PAYG area for rail services that serve Tonbridge and Malling borough;
- Hastings Main Line – PAYG to Tunbridge Wells only.
 - Dover, Folkestone via Ashford International Main Line – PAYG to Tonbridge only.
 - Ashford International via Maidstone East Main Line – PAYG to Maidstone East only.
 - Medway Valley Line – PAYG between Strood to Maidstone West only.
 - High Speed 1 – PAYG to Ebbsfleet and Maidstone West only.
- 1.2.6 The DfT has concern about the use of PAYG payments for longer journeys, due to the higher cost of these. They perceive that passengers may not have sufficient confidence in paying retrospectively for higher priced services, given potential daily fare caps if they fail to tap in/out. There are additional infrastructure costs in broadening the PAYG area, as many rural stations do not have gate lines. Other concerns include potential payment system failures and fare evasion, particularly at unmanned stations.
- 1.2.7 Fare Changes and Funding - The consultation seeks suggestions from stakeholders regarding the simplification of fares, which could make rail travel more accessible for some passengers. Commuting patterns are now becoming

more flexible, with some passengers working part-time, compressed and staggered working hours. However in working flexibly, some passengers are not currently able to benefit from only paying for the travel they use, as the available options may be peak and season ticket fares which are inflexible.

- 1.2.8 PAYG could allow passengers to mix peak and off-peak fare stages, therefore only paying for what they use 'single-leg pricing'. Daily fare caps could be introduced to ensure that passengers do not pay any more than known daily and weekly maximums. PAYG is not however, compatible with advance fare bookings where these are cheaper than standard fares. If PAYG is introduced advance and operator specific fares could be withdrawn, to simplify the fare structure. Advance group save and season tickets are likely to be retained.
- 1.2.9 In reviewing fares the DfT are seeking to ensure that any revisions remain broadly cost neutral, so that the level of ticket revenue is maintained and passengers do not pay more overall as a consequence of the implementation of PAYG. To ensure this, there will need to be some rebalancing between daily and season ticket fares, to ensure that those who travel less frequently pay a proportionate cost. The cost of weekly, monthly and annual season tickets may therefore increase to cover any revenue lost through use of PAYG, which would understandably be concerning for frequent travellers.
- 1.2.10 Fares are currently set on a station by station basis. The introduction of fare zones, similar to the TfL zones, could make fares more consistent between different lines and provide better transparency in terms of pricing for fare stages. In order to move to zonal fares there would be need to be significant changes to the prices of fares, to standardise pricing within each zone.
- 1.2.11 In terms of technology, it is expected that the use of contactless bank card payments would be more cost effective to implement. These however, can't currently be used for concessionary travel, so a pre-payment 'oyster style' card system will also be required. This could be used to provide convenience to season ticket holders. To encourage use of PAYG travel, paper tickets may be priced at peak levels, however there is a need to not unduly penalise passengers.

1.3 Conclusion

- 1.3.1 The consultation seeks respondent views on the proposed PAYG travel area, potential revision to fares and the use of ticketing technology. The long awaited rollout of smart ticketing across the wider South East is welcomed by TMBC, particularly so given the inclusion of all stations in the borough within the PAYG area, this will be supported in the council's response.
- 1.3.2 It is however recognised that the rollout of smart ticketing is challenging to achieve in practice. There are limitations to the currently proposed PAYG area, due to the lack of full network coverage across Kent, not all passengers will be able to benefit from smart ticketing. If the DfT implement current proposals for the PAYG area, they should seek to extend this to all stations in the future.

- 1.3.3 The consultation response will support the revision to fares, which should seek to standardise these on a zonal basis within the PAYG area, and ensure that passengers are not unduly disadvantaged by fare increases. All contactless payment methods, including pre-payment should be supported.
- 1.3.4 TMBC feedback will request that the DfT's response to the consultation provides more detail regarding revisions to fares, timescales for implementing the PAYG area and zones, and the future full rollout of the scheme.

1.4 Legal Implications

- 1.4.1 There are no direct legal implications arising from this report.

1.5 Financial and Value for Money Considerations

- 1.5.1 Whilst there are no direct financial or value for money considerations arising from this report, there may however be wider benefits for local residents and businesses as a result of the improvements identified in this report.

1.6 Risk Assessment

- 1.6.1 TMBC should respond to this consultation, to support the development of smart ticketing proposals and ensure that they benefit residents and businesses when implemented.

1.7 Equality Impact Assessment

- 1.7.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.8 Recommendation

- 1.8.1 That the content of this report be **NOTED**, and that the issues raised in response to the Pay-as-you-go on rail consultation, be agreed for **APPROVAL** by Cabinet and submitted to the DfT by 1 May.

The Director of Planning, Housing and Environmental Health confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and policy Framework.

Background papers:
Annex A – Potential Rail PAYG Travel
Area

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