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Passenger Services  
Department for Transport  
Great Minster House  
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Dear Sirs

**Response from Transport for the South East to Pay-as-you-go on rail consultation**

Transport for the South East welcomes the opportunity to respond to the Pay-as-you-go on rail consultation.

Transport for the South East (TfSE) is an emerging sub-national transport body, which represents a number of south east local authorities. These are Brighton and Hove, East Sussex, Hampshire, Kent, Medway, Surrey, West Sussex, the Isle of Wight, Portsmouth and Southampton, and the six Berkshire unitary authorities. It also has representation from five Local Enterprise Partnerships.

We know good transport links are vital for continuing economic growth and the quality of people's lives. This is especially true in the South East of England which is a powerful motor for national prosperity, adding more than £200 billion to the UK economy – more, for example, than Scotland and Wales combined.

A copy of our draft response is attached. This is an officer response. The TfSE Shadow Partnership Board meets on 14 June 2019 to consider the draft response and a further iteration of the response may follow.

We look forward to working with the Department on the outcomes of the consultation.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Rupert Clubb".

Rupert Clubb  
Director of Communities, Economy and Transport  
On behalf of Transport for the South East

## **Pay-as-you-go on Rail. TfSE Response**

### **1. Introduction**

1.1 This document constitutes the response to the Pay-as-you-go (PAYG) on rail consultation published in February 2019. The consultation describes the Government's next step towards the wider ambition to roll out PAYG to commuter areas across the country. Government is consulting on proposals to extend PAYG, and to provide a fairer and more logical fares and ticketing system. The ambition is to introduce smart ticketing in commuter areas, similar to the PAYG structure that is in place in London.

1.2 Transport for the South East (TfSE) is an emerging Sub-national Transport Body (STB) which is being established in line with provisions of the Local Transport Act 2008 (as amended). As an STB, its principal role is to identify the strategic transport interventions required to facilitate economic growth through the development of its Transport Strategy.

1.3 TfSE has defined three strategic principles to guide the development of its Transport Strategy:

- Ensuring the delivery of a high quality, sustainable and integrated transport system that supports increased productivity to grow the South East and UK economy
- Facilitating the development of a high quality, sustainable and integrated transport system that works to improve safety, quality of life and access to opportunities for all
- Facilitate the delivery of a high quality, sustainable and integrated transport system that protects and enhances the South East's unique natural and historic environment

1.4 Smart and integrated ticketing has been identified as a potential future priority for TfSE, as a means of achieving its strategic objective of facilitating economic growth.

### **2. Fares**

2.1 TfSE supports the Government's proposal to expand PAYG to commuter areas outside of London, and recognise the benefits that can be realised in the TfSE area when commuters are able to access rail more easily. The simplification of rail fares is key to making PAYG on rail work, and TfSE would encourage Government and the wider rail industry to press ahead with reform urgently. The priority must be to ensure that there is flexibility for the passenger, which takes into account the changing nature of work, with many more people utilising technology to enable flexible and part time working. Commuters, who travel to work for less than five days a week, should have access to fares that make rail travel economically viable for them and that are more in line with frequency of need to travel.

2.2 The importance of encouraging modal shift – by making access to public transport easier - must also be an objective for the introduction of PAYG on rail. The introduction of PAYG in London has demonstrated that making the process of payment for travelling on public transport as easy as possible, can encourage modal shift from car use. The environmental and social benefit of encouraging public transport use should be recognised, and prioritised, with easier payment systems helping individuals to make the shift.

2.3 The methods of payment are not the focus of this consultation, but we would support a system that uses a number of options, such as contactless bank cards and smartcards, which would cater for frequent travellers, as well as those who do not travel often. The department must also recognise that any new process should not discourage those who do not have access to payment cards, or the means to access the internet to top-up their cards, from travelling by rail. Therefore any new PAYG process must run in parallel with existing ticket purchasing methods.

2.4 The introduction of a new PAYG ticketing process must also be single journey based, and enable commuters to mix and match their ticketing between peak and off-peak, should this be required. This would be of particular benefit to leisure journeys, and would also help to reduce congestion on many peak services if commuters were able to reduce their fare by travelling on an off-peak train. In principal, in order to encourage higher usage of off-peak and quieter services, fares should be priced to encourage higher usage of quieter trains, thereby increasing the capacity of the rail network.

2.5 In order to encourage passengers to use a new PAYG rail system, TfSE strongly endorses a financial incentive to encourage usage. Therefore tickets should be cheaper than buying paper tickets at a machine or ticket office. This incentive would encourage consumer confidence in the system, and help to raise the esteem of the railway in the public, a primary objective of the current Williams Rail Review.

2.6 TfSE would support a move to zonal fares, as this would help the public to understand the price they pay, and simplify the price structure of the railway. Again this would help to instil trust in the railway, and make it clear to the passenger what they are paying for.

2.7 In order to build confidence in the new PAYG system, we would also support the introduction of daily price capping. This would help passengers to know that they will always pay the most economically advantageous price for their journey, and remove the uncertainty that currently exists that they may not have purchased the best value ticket, due to the complexity of fares on offer.

### 3. PAYG Area

3.1 The proposal to initially extend the existing London PAYG to commuter towns within the TfSE area is one we would support. The initial trial should be used to refine the system and ensure that the benefits are clearly understood by passengers, and to gauge usage. Following an initial trial we would wish to see the PAYG area expand to other population centres with a high commuter flow to London. For example, commuter towns along the Brighton mainline.

3.2 TfSE is undertaking a thematic study as part of the development of the Transport Strategy on Smart and Integrated ticketing, and would be keen to work with the Department for Transport to determine if a TfSE area based integrated ticketing scheme would be feasible to encourage rail, and other public transport, usage. In particular we wish to highlight the potential benefits of PAYG schemes which are not focused on the London commuter market, but are instead based on other employment centres in the area, which could encourage more sustainable transport use. While it is important to recognise the links between London and the TfSE area, it is also important to focus on the 84% of commuter trips which stay in the area, and can be influenced towards rail.

3.3 As part of the implementation of the PAYG Rail extension the DfT should also determine how the integration of ticketing across modes could make it easier for passengers to access public transport. With Mobility as a Service (MaaS) and connected forms of mobility becoming a realistic proposition as technology advances, there is the opportunity for public transport to become the first choice for passengers who view ease of access as the dominant motivation for their everyday travel choices. The objective of placing the passenger at the centre of the railway is a natural extension of ease of access to sustainable transport choices, which is enabled by an integrated ticketing process. TfSE strongly supports the move towards MaaS across the South East.

#### 4. Other Considerations

4.1 TfSE is aware through the ongoing development of the Transport Strategy that there are many public transport operators across the TfSE area in the process of developing or expanding their smart ticketing capability. Govia have 'The Key' product in use on buses and rail, which is currently not interoperable across the two modes. Similarly, First Group has their own product, as do other rail operators across the country. TfSE strongly supports the innovation that the private sector can bring which can ultimately improve the travelling experience for the general public. However, if the different products are not compatible, then this can lead to additional barriers to an integrated ticketing approach, and does not improve choice for the passenger. We would encourage the Department to look at ways to ensure that different systems always place the passenger at the centre of the innovation, so that they are not discouraged from using Rail due to the complexity of the ticketing offer between different providers / modes / geographies.

4.2 Improving access to employment from areas of deprivation is also a key consideration for TfSE as we develop proposals across the South East as part of the Transport Strategy. We would encourage any proposal for PAYG on rail, and other integrated ticketing solutions, to ensure that those who may struggle to access education and employment are not 'left behind' by advances in technology. As mentioned above, MaaS has the potential to make travel by public transport easier and more intuitive, and we would urge the Department to make social inclusion a key objective for any future expansion of PAYG. This is particularly pertinent when looking at the 'first and last mile' connectivity to rail, which could open up opportunities for those who may not currently see rail as a travel choice for them.

4.3 TfSE, and its constituent local authorities, strongly support the protection and enhancement of the South East's unique natural and historic environment as one of the strategic principles guiding the development of the Transport Strategy. Therefore we would encourage the Department to assess the expansion of PAYG on rail in terms of how it can help to reduce carbon emissions by encouraging a shift to sustainable modes, as well as helping to improve air quality and supporting a healthier and more active lifestyle. TfSE believes that enabling access to public transport is a key factor in improving our natural environment, as well as improving the places where we live, and making them healthier and more pleasant places to live.

4.4 TfSE supports the work that the Department for Transport is undertaking on PAYG on rail, and we would be willing to work closely with the Department to look at ways that TfSE, and the other STBs, could play an important role in facilitating the expansion of PAYG in the future.