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Call to rule out rail fares shake-up

By Jim Pickard, Political Correspondent

Ministers should rule out a fresh shake-up of rail fares which would lead to even higher fares for commuters on peak-time trains, a committee of MPs has urged.

The Commons transport committee said it feared that proposals for more “flexible ticketing” would end up being a “tax on commuters” who in effect had no choice over when or how they travelled.

The government in the spring of last year launched a review of ticketing following a 2011 report by Sir Roy McNulty. The McNulty study of the rail industry said the system could manage peak demand better by charging more for the busiest trains.

That idea, if implemented, could cause uproar among many commuters who have faced fare rises averaging 40 per cent in the past decade.

The transport committee, in a report published on Friday, acknowledged that there were opportunities to manage rail demand more effectively, for example by giving discounts on season tickets for part-time workers. But it said there were limits to what this could achieve.

“Many lower-paid workers have no choice but to travel at peak times,” the report said. “We recommend that the government rule out forms of demand management which would lead to even higher fares for commuters on peak time trains.”

Stephen Joseph, chief executive of the Campaign for Better Transport, said the government should act on the report and rule out introducing “super-peak” fares to price people out of peak hour travel.

The MPs said they welcomed the government’s recent decision to reduce this year’s rail fare increases from RPI inflation plus 3 per cent to RPI plus 1 per cent. However, they questioned where that move left ministers’ desire to reduce the cost of rail to taxpayers.

Meanwhile, the report said the collapse of the West Coast main line franchise competition raised “serious doubts” about the Department for Transport’s ability to manage big procurements.

Several franchise competitions have been delayed while the government reconsiders its policy on franchising, based on an independent review commissioned from Richard Brown, chairman of Eurostar.

The Financial Times has learnt that Mr Brown will recommend that the new franchise renewal timetable should be staggered.

Ministers plan to retender more than half the UK's 19 franchises in the next three years – but Mr Brown is expected to recommend that new franchises should be restricted to a handful each year.

And while Mr Brown will not recommend a return to much shorter agreements, he will only endorse longer franchises of up to 15 years if there were regular reviews to assess changes in economic conditions.

The transport committee said it thought there was still "merit" in going ahead with longer franchises. But it said these should be reviewed every five years to take account of changed circumstances.

Meanwhile, the Association of Train Operating Companies said it "flatly rejected" the accusation in the report that train companies were "profiteering", saying the claim appeared to be based on hearsay.