



BRIEFING NOTE TO THE MAYOR

OPTIONS FOR CHANGES TO TFL FARES IN JANUARY 2016

October 2015

1 PURPOSE

- 1.1 This paper presents proposals for fares changes in January 2016.
- 1.2 The Mayor is asked to APPROVE the proposed fares.

2 BACKGROUND

- 2.1 Proposals for changes to TfL fares in 2016 are set out below. The overall fare increase proposed is 1.0 per cent, which is in line with the July RPI benchmark. It is equivalent to a real terms freeze in fares relative to the RPI. The annual revenue yield for TfL as a whole is some £43m.
- 2.2 Travelcard fares, 'pay as you go' (PAYG) caps and certain PAYG fares involving National Rail are subject to agreement with the London Train Operating Companies. The 2016 proposals for these fares reflect the Government's decision, which has already been announced, to limit the maximum increase for any National Rail regulated fare to the greater of 1.0 per cent or 10p.
- 2.3 For other fares, minimum change is proposed for buses and rail to deliver the overall 1.0 per cent target yield for TfL as a whole. For buses the yield is less than 1.0 per cent and for rail slightly more.

3 TRAVELCARD SEASON TICKETS IN ZONES 1-6

- 3.1 Proposed 2016 prices for Travelcard season tickets in Zones 1-6 are shown in Table 1 below. These have been agreed with the Train Operating Companies. Travelcard season tickets are directly subject to National Rail fares regulation.
- 3.2 The overall increase is 0.9 per cent. This is due to the need to round down individual fare values to ensure that no increase exceeds 1.0 per cent (see paragraph 2.2).

Table 1: Travelcard seasons – 7 Day ticket prices

Zones	2015	2016	Change
Including Zone 1			
2	£32.10	£32.40	0.9%
3	£37.70	£38.00	0.8%
4	£46.10	£46.50	0.9%
5	£54.70	£55.20	0.9%
6	£58.60	£59.10	0.9%
Excluding Zone 1			
2	£24.10	£24.30	0.8%
3	£26.60	£26.80	0.8%
4	£31.90	£32.20	0.9%
5	£40.10	£40.50	1.0%

4 ONE DAY PRODUCTS

Daily PAYG price caps in zones 1-6

- 4.1 Table 2 below sets out the proposed one day PAYG caps for 2016. This is the maximum amount customers pay for travel on any single day. In keeping with the January 2015 fares revision which brought much greater fairness to customers working part time the all day PAYG caps remain at 20 per cent of the price of the equivalent 7 day Travelcards. The increases depart from 1.0 per cent due to rounding. The rule adopted in January 2015 that the one day caps should be set as 20 per cent of the cost of the 7 day Travelcard mean that the caps are indirectly subject to railway fares regulation.
- 4.2 TfL's target when the new all day caps were introduced in January was that 200,000 users should benefit on a typical weekday. Diagram 1 in the Annex shows that this target has been surpassed.

Table 2: Daily caps in 2015 and 2016

Zones	All day caps		
	2015	2016	Change
1-2	£6.40	£6.50	1.6%
1-3	£7.50	£7.60	1.3%
1-4	£9.20	£9.30	1.1%
1-5	£10.90	£11.00	0.9%
1-6	£11.70	£11.80	0.9%

One day Travelcard prices in zones 1-6

- 4.3 London one day Travelcards were increased in price and restructured in January 2015 in order to help fund the 20 per cent one day PAYG caps. As already reported in TfL's six month review paper of the changes reported to the Board in September, one day Travelcard sales have roughly halved since last January, with regular users switching to pay as you go. Total passenger journeys on TfL's rail services are up by around four per cent on 2014 levels, reflecting the overall success of the January 2015 measures.
- 4.4 One day Travelcard prices are not subject to national railway fares regulation. However, bearing in mind the substantial increases in January 2015, no major changes are proposed in 2016.
- 4.5 The Zones 1-6 off-peak Day Travelcard and the Zones 1-4 all day Travelcard are proposed to rise by 10p from £12.00 to £12.10. The Zones 1-6 all day Travelcard price is proposed to increase from £17.00 to £17.20. See Table 3.

Table 3: Day Travelcard prices in 2015 and 2016

	Day Travelcards		
	2015	2016	Change
All day 1-4	£12.00	£12.10	0.8%
All day 1-6	£17.00	£17.20	1.2%
Off-peak 1-6	£12.00	£12.10	0.8%

5 PAYG FARES ON TFL'S RAIL SERVICES

Proposal for pay as you go fares on the Tube and TfL's rail services in Zones 1-6

- 5.1 Under this proposal, the only PAYG single fare change in Zones 1-6 would be a 10p increase to 240p in the current 230p fare for Zone 1 only trips and Zone 1-2 off-peak trips. All other Tube fares in Zones 1-6 would be frozen. See Table 4. A

Table 4: Adult PAYG fares on TfL rail services in 2016

Number of zones	2015		2016		Increase		% Increase	
	Peak	Off-peak	Peak	Off-peak	Peak	Off-peak	Peak	Off-peak
via Zone 1								
1	£2.30	£2.30	£2.40	£2.40	10p	10p	4.3%	4.3%
2	£2.90	£2.30	£2.90	£2.40	-	10p	-	4.3%
3	£3.30	£2.80	£3.30	£2.80	-	-	-	-
4	£3.90	£2.80	£3.90	£2.80	-	-	-	-
5	£4.70	£3.10	£4.70	£3.10	-	-	-	-
6	£5.10	£3.10	£5.10	£3.10	-	-	-	-
not Zone 1								
1	£1.70	£1.50	£1.70	£1.50	-	-	-	-
2	£1.70	£1.50	£1.70	£1.50	-	-	-	-
3	£2.40	£1.50	£2.40	£1.50	-	-	-	-
4	£2.80	£1.50	£2.80	£1.50	-	-	-	-
5	£2.80	£1.50	£2.80	£1.50	-	-	-	-

Proposal for other rail fares in Zones 1-6

- 5.2 The flat child peak and off-peak PAYG fares and the off-peak child cap, which is priced as two singles, would be frozen.
- 5.3 The £4.80 and £5.80 adult Tube cash fares, for up to 3 and 5 zones respectively, would increase by 10p to £4.90 and £5.90. The fare for Zones 1-6 would be frozen at £6.00.
- 5.4 Child cash fares for the under 16s would remain at half the adult rate. The scope of all other fare concessions on TfL Rail services will be unchanged in 2016.

Improvements for journeys made by under 11's

- 5.5 All accompanied under 11s would continue to travel free on all TfL services. Additionally, TfL has now reached an agreement with the Train Operating Companies to permit holders of the under 11s Zip card to travel free on National Rail services in London from January 2016. This will bring the National Rail proposition closer to TfL's and provide a more uniform concession for children across the London area.

Proposal for fares beyond Zones 6 on the Tube and LO services

- 5.6 The prices of Travelcard seasons and one day Travelcards with coverage in Zones 7 to 9 increase by an average of just under 1 per cent in line with the increases in Zones 1-6.
- 5.7 New lower all day caps priced at 20 per cent of the relevant Travelcard season price are introduced for Zones 1-7 and 1-8. The all day cap for Zones 1-9 is reduced from £20.00 in 2015 to £16.90 making it equal to 20 per cent of the 7 day Travelcard season price.

- 5.8 The Freedom Pass and the 60 plus scheme are not available to residents beyond Zone 6 and Zip card take up is lower. Accordingly it is proposed not to re-price the off-peak Travelcard or withdraw the off-peak cap for Zones 1-9. Instead, to help fund the lower all day caps, a number of PAYG fares involving Zones 7 to 9 increase by 10p.

Fares on services transferred to LOROL and London Rail in May 2015

- 5.9 On the Greater Anglia to Liverpool Street services transferred to LOROL and London Rail in May 2015, cash singles and point to point seasons increase by 1 per cent. PAYG fares to Liverpool Street are frozen. Otherwise, all PAYG fares changes in Zones 1-6 are as on LU.
- 5.10 Beyond Zone 6, many PAYG fares on the transferred services are higher than those charged on LU. Many PAYG fares are frozen in 2016 and there are fewer increases than on LU.

Stratford station rezoning

- 5.11 As announced by the Mayor in summer 2014, Stratford, Stratford High Street and Stratford International stations will be rezoned as boundary Zone 2/3 from Zone 3 in January 2016. In addition after detailed review of the operational and customer implications of this change, a number of smaller adjacent stations will also move to Zone 2/3 status. These are West Ham and Canning Town, and on the DLR Star Lane and Abbey Road.
- 5.12 The re-zoning of West Ham and these other stations, will ensure that customers approaching Stratford from central London will never require a ticket valid in Zone 3 in order to reach Stratford. The changes have been agreed with the Train Operating Companies and the DfT. Some 105,000 customers per week will benefit.
- 5.13 The rezoning will result in a fares revenue loss of around £8m per year, including £1m for the rezoning of the adjacent stations. These costs have been allowed for separately in TfL's budgets and plans and are not included in the yield figures shown in Table 6.

6 BUS FARES

- 6.1 Whereas ridership has grown strongly on TfL's rail network in 2015, ridership on the bus network has fallen temporarily as a result of road conditions caused by major development happening across London. In developing the bus fare proposals below, consideration has been given to using the January fare changes to help support bus demand.
- 6.2 The proposal for rail delivers a yield of around 1.1 per cent - slightly more than the target of yield 1.0 per cent. It is proposed to take advantage of this to hold the bus yield down to around 0.8 per cent. This still enables the overall TfL yield target of 1.0 per cent to be achieved.

- 6.3 Table 5 presents the proposal for bus fares. This comprises a freeze in the PAYG single fare at 150p; a 10p increase to £4.50 in the one day cap; and a 20p increase to £21.20 in the 7 day Bus Pass season ticket.

Table 5: Bus and Tram fare proposals for January 2016

	2015	Proposed	
		2016	change
PAYG – single	£1.50	£1.50	-
PAYG – transfer	n/a	n/a	-
PAYG - daily cap	£4.40	£4.50	2.2%
7 Day Bus & Tram Pass	£21.00	£21.20	0.9%

7 FINANCIAL REVIEW OF THE RAIL AND BUS PROPOSALS

- 7.1 Table 6 sets out the yields of the proposals for bus, the Tube, London rail and TfL as a whole. The yield is 1.0 per cent.
- 7.2 For buses, the yield is 0.8 per cent.
- 7.3 For LU, the yield is 1.2 per cent and for LOROL 0.8 per cent. This reflects the focus of the proposal on the Zone 1 fare.
- 7.4 The yields for LU and TfL rail exclude the cost of rezoning Stratford and the adjacent stations. These costs have already been allowed for in TfL's revenue plans and budgets.

**Table 6: Fare proposals for 2016
Annual yields for Bus, Tube and rail**

	Bus yield £m	Tube yield £m	Rail yield £m	Total Yield £m
Price effects				
Cash single	0	2	0.3	2
PAYG fares including capping effects	4	18	1	23
Off-peak day Travelcards	0.1	1	0.2	1
Anytime day Travelcards	0.0	0.4	0.1	0
Bus and Tram season tickets	3	-	-	3
Travelcard seasons	3	9	2	14
Total yield from price effects	10 +0.8%	30 +1.2%	3 +0.8%	43 1.0%

8 RECOMMENDATION

- 8.1 The paper presents fares proposals to achieve a one percent fares increase in January 2016.
- 8.2 The Mayor is asked to APPROVE these fares proposals.

TfL Customer Experience, Marketing and Communications, October 2015