

Tracey Crouch MP



HOUSE OF COMMONS

LONDON SW1A 0AA

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

22 August 2011

Dear Charles

Southeastern Fare Formula

I am writing to you following the confirmation today that regulated rail fares across the country will be permitted to rise by an average of 8% under the fare formula of RPI +3% from January 2012.

I would like to reiterate many of the points I made to you in my letter dated 6 October, a copy of which I have enclosed for your reference, asking for Southeastern to take into account the unique nature of their franchise agreement as you examine the level at which fares will be set from January 2012.

Unlike many train operating companies, whose franchise agreements specified a more favourable formula of RPI +1%, Southeastern were permitted by the previous Labour Government to increase fares by RPI +3% from 2007 onwards in order to reflect the significant investment in new rolling stock and rail infrastructure. Whilst it is questionable whether customers and taxpayers alike have seen value for their money you will be aware, as stipulated in the franchise agreement, that the Southeastern customer would have been granted something of a reprieve, or rather, have fare increases brought into line with train passengers across the country in 2012 i.e. operating under a formula of RPI +1%. I do sympathise with many of my constituents who will have to continue to meet RPI + 3% fare increases despite having done so for the past 5 years and it is my belief that these customers should be exempt from this punitive fare formula, who understandably expect fare increases of RPI + 1%, as per the franchise agreement.

You will also be aware that the Government has reverted back to the "fare basket system" allowing train operating companies to individually price fares for each route. Whilst I appreciate this grants Southeastern a degree of operational freedom, I do hold concerns about customers using particular routes being unfairly penalised. However, I would welcome a proposal that allowed for increases in fare price for HS1 if this corresponded with a less severe increase for commuters using mainline service to London.

Chatham & Aylesford

Tel: 020 7219 7203

I would like to once again reiterate that as the fare formula set by the Government is an average figure by which fares can be increased and I would urge you to take into consideration what is reasonable, affordable to commuters and reflective of the level of service Southeastern provides when setting fares in the near future.

Yours sincerely

A handwritten signature in black ink that reads "Tracey". The signature is written in a cursive style with a large, sweeping initial 'T'.

TRACEY CROUCH MP

Enc

Tracey Crouch MP



HOUSE OF COMMONS

LONDON SW1A 0AA

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

6 October 2010

Dear Charles

Rail Fare Increases

As a Kent MP, I represent a great many constituents who commute using Southeastern trains (to and from work) who are deeply concerned about the expected fare increases, a concern I share.

I appreciate that the level of increase in train operator's fares is determined by the terms and conditions of the franchise agreements set by the Department for Transport. As stipulated in Southeastern's franchise agreement, set by the previous Government, fares have been permitted to increase by a maximum of RPI plus 3% as significant investment in High Speed Rail in the region has been factored into the formula. This is greater than the majority of other train operators across the country who are subject to terms of RPI plus 1%; meaning commuters in my constituency have been subject to fare increases as opposed to fare reductions as a result of the previous Government's fare formula.

There are now further concerns resulting from the speculation that the basic RPI plus 1% formula could be broken following the Comprehensive Spending Review and conclusion of spending settlements. This has worrying implications for commuters using Southeastern given they already face steep fare increases. If indeed the basic formula is reconsidered, I would like to seek assurances that Southeastern fares will not be subject to the same percentage increase as those train operators subject to RPI plus 1% formula as commuters in the South East will rightly feel disproportionately penalised.

I already share the anger of Southeastern's commuters for the formula agreement under the last government. Many find it very difficult to afford and it puts a huge additional strain on their finances or simply encourages them to use their cars instead. I would be horrified if Southeastern passengers were asked to accept anything more than they are already paying.


As the formula set by the Government is a maximum figure by which fares can be increased, there is a degree of freedom available to train operators and Southeastern. I therefore urge you to take into

Chatham & Aylesford

Tel: 020 7219 7203

consideration what is reasonable and affordable to commuters when setting Southeastern's fares in the near future.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tracey', written in a cursive style.

TRACEY CROUCH MP

From: Gibson, Mike
Sent: 23 August 2011 16:35
To: CROUCH, Tracey
Subject: 2012 Fare Increase

Tracey Crouch MP
House of Commons
London
SW1A 0AA

23 August 2011

Dear Ms. Crouch

Re: 2012 Fare Increase

Thank you for your letter of 22 August addressed to Charles Horton. Charles has asked me to respond on his behalf.

I can appreciate that particularly in the current climate with many commuters having no prospect of a salary increase and facing increased utility and other bills, the forthcoming RPI + 3% fare increase will not be popular. As you may know, the increase on regulated fares (season tickets and standard day returns and singles) is set by Government and not the train operator. The fare increase for Southeastern for 2012 was to be RPI + 1%, but as a result of the economic situation, the Secretary of State last year announced that the increase for all train operating companies would be RPI + 3% in order to move the balance of paying for rail services from the taxpayer to the passenger and to provide for additional investment. By way of further information I attach a briefing document prepared by the association of Train Operating Companies which demonstrates that it is Government, not the train operator which gets the full benefit of the increase.

Our commercial team is in the process of setting individual fares and we are mindful that some stations on our network have less price elasticity than others and within the confines of the RPI + 3% formula will do our best to ensure that commuters from stations in your constituency are not unduly penalised.

The position on individual fares from stations in Kent will become clearer in November once decisions taken by Transport for London on the increase in the cost of the Travel Card are known, and if you would find it helpful we would be happy to give you a detailed briefing later this year.

In the interim we look forward to seeing you at the joint Network Rail/Southeastern briefing on winter preparations at Portcullis House on 14 September.

Best wishes

Mike Gibson
Public Affairs Manager
Southeastern
Friars Bridge Court
41-45 Blackfriars Road
London
SE1 8PG

Southeastern is the trading name of London & South Eastern Railway Limited. London & South Eastern Limited is a wholly owned subsidiary of Govia Limited of which The Go-Ahead Group plc is a shareholder.