

GREATER MANCHESTER COMBINED AUTHORITY

Date: 24th September 2021

Subject: GM Cycle Hire Tariff Proposal

Report of: Andy Burnham, Mayor of Greater Manchester, Portfolio Lead for Transport and Eamonn Boylan, Chief Executive Officer, GMCA & TfGM.

PURPOSE OF REPORT:

The purpose of this report is to set out the tariff proposals for the GM Cycle Hire scheme.

RECOMMENDATIONS:

The GMCA is requested to:

1. Note the proposals in the report; and
2. Approve the initial Pay as Your Ride tariff proposal as set out in section 2 of the report.

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BOLTON**BURY**

MANCHESTER**OLDHAM**

ROCHDALE**SALFORD**

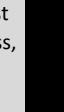
STOCKPORT**TAMESIDE**

TRAFFORD**WIGAN**

Equalities Impact, Carbon and Sustainability Assessment:

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	<p>The scheme will be accessible to all that are physically capable of safely riding a bicycle over the age of 16.</p> <p>GM Cycle Hire will provide public access to bicycles to improve local people's access to existing infrastructure and services.</p> <p>The scheme has the potential to bring communities together. There will be strong ongoing community engagement exercises to encourage use of the scheme and a sense of ownership in the bicycles.</p>
Health	G	<p>Providing access to bikes to 198,000 GM residents will support a healthier lifestyle for users and encourage wider cycling activity.</p> <p>Will support more active lifestyles.</p> <p>Will provide access to bicycles to residents who currently don't have access to them.</p> <p>Access to the bicycles will enable improved connectivity.</p> <p>The scheme will introduce bikes across the regional centre providing strong links to existing and proposed transport infrastructure.</p>
Resilience and Adaptation	G	<p>Cycle Hire will support the switch to more sustainable transport that will improve health and reduce pollution.</p> <p>Cycling as a form of transport is considered to be less susceptible to disruption on the highway network.</p> <p>Access to cycling has the potential to bring individuals together, support healthier lifestyles and reduce emissions by encouraging mode shift.</p> <p>Where a strong sense of community ownership towards the GM Cycle Hire scheme is achieved this should contribute to bringing communities together.</p>
Housing	G	<p>Homes in the Regional Centre within the scheme boundary will be more accessible as a result of the Cycle Hire Scheme.</p>
Economy	G	<p>The Cycle Hire scheme will improve accessibility to jobs and opportunities.</p> <p>The Cycle Hire scheme will directly provide employment opportunities in respect of operational activities e.g. rebalancing, maintenance & cleaning.</p> <p>The scheme will provide improved access to employment opportunities at local businesses</p> <p>Improved accessibility would make the Regional Centre more attractive to investors</p>
Mobility and Connectivity	G	<p>Long term the Cycle Hire scheme is proposed to be incorporated to a fully integrated transport offer.</p> <p>The scheme will provide access to cycles across the Regional Centre improving connectivity to services.</p> <p>Cycle hire aims to contribute to a reduction in road congestion by providing a viable alternative to short car journeys and provide connectivity to existing public transport services.</p> <p>The scheme provides access to bicycles for users who can't afford the outlay of their own bicycle.</p> <p>The scheme will provide access to 1500 shared bicycles.</p> <p>Providing a viable alternative to the car has the potential to reduce congestion on the road network.</p>
Carbon, Nature and Environment	G	<p>Cycle Hire will support the switch to more sustainable transport that will reduce pollution.</p> <p>198,000 GM residents will be within 5min walk of a cycle station which will allow improved</p>
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		<p>GM Cycle Hire will provide 198,000 GM residents access to a bicycle within a 5minute walk. The scheme will contribute to mode shift reducing car journeys for short to medium trips. It will be visible and encourage communities to take up cycling more widely.</p>
Further Assessment(s):	Carbon Assessment	
Positive impacts overall, whether long or short term.	Mix of positive and negative impacts. Trade-offs to consider.	Mostly negative, with at least one positive aspect. Trade-offs to consider.
		Negative impacts overall.

Carbon Assessment

Overall Score		
Buildings	Result	Justification/Mitigation
New Build residential	N/A	
Residential building(s) renovation/maintenance	N/A	
New Build Commercial/Industrial	N/A	
Transport		
Active travel and public transport		
Roads, Parking and Vehicle Access		Cycle hire will improve the ability of users to access services directly or to existing public transport 198,000 residents will be within 5 min walk of the scheme. This is a new scheme to GM which will provide access to 1500 bicycles.
Access to amenities		
Vehicle procurement	N/A	Access to bicycles will provide improved opportunity to access services. Access to bicycles will provide improved opportunity to access bus/tram and then on to the shops/services.
Land Use		
Land use		
No associated carbon impacts expected.		High standard in terms of practice and awareness on carbon.
		Mostly best practice with a good level of awareness on carbon.
		Partially meets best practice/ awareness, significant room to improve.
		Not best practice and/ or insufficient awareness of carbon impacts.



Risk Management:

See section 5.

Legal Considerations:

The tariff proposal for the GM Cycle Hire scheme is to be determined by GMCA and is not dependent upon the Service Contract with the appointed supplier Beryl.

Financial Consequences – Revenue:

See section 4.

Financial Consequences – Capital:

See section 4.

Number of attachments to the report:

No attachments

Comments/recommendations from Overview & Scrutiny Committee

None

BACKGROUND PAPERS:

TRACKING/PROCESS	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution	Yes
EXEMPTION FROM CALL IN	
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?	No
GM Transport Committee	Overview & Scrutiny Committee
N/A	N/A

1. BACKGROUND

- 1.1. The GM Bike Hire scheme is part of the Bee Network plans for an affordable, accessible and integrated transport network across public transport and active travel.
- 1.2. At its meeting on 25 June 2021, GMCA approved the release of up to £11.88 million (inclusive of previously approved development cost funding of £1.31 million) of MCF funding for the Greater Manchester Bike Hire scheme (Phase 1), in order to secure full approval and enable the signing of the necessary legal contracts for the scheme with the preferred supplier, Beryl.
- 1.3. Phase 1 of the scheme will provide a docked solution delivering a fleet of 1,500 bikes including 1,200 'mechanical' bikes and 300 e-bikes across the Regional Centre in Manchester, Salford and Trafford, providing 198,000 residents access to the scheme within a 5 minute walk. Phase 2 of the scheme, will, subject to further funding being available, see the scheme expand further out of the Regional Centre.
- 1.4. Phase 1 of the scheme will be delivered in stages with an initial launch in November 2021 followed by a full launch in spring/summer 2022. The table below summarises the scope and scale of the scheme at each launch stage:

Stage	Area	Bikes (m = mechanical / e=electric)	Total docking stations (Bike capacity)	Live date
1.1	Salford University	25m and 5e	6 (60)	Early Nov 2021
1.2	Oxford Road Corridor	200m and 50e	20 (500)	Late Nov 2021
1.3	Entire Phase 1	1,200m and 300e	213 (3,000)	June 2022

- 1.5. The scheme will be implemented and operated under a five year service contract with Beryl who, as reported to GMCA in the June 201 report, were appointed following an extensive procurement exercise; including financial due diligence. Beryl has experience of implementing and operating similar schemes elsewhere in England.
- 1.6. The contractual model includes for TfGM to set the tariff for the scheme and this report sets out a proposed tariff structure for consideration by the Combined Authority, to enable marketing activity to commence ahead of the launch of the scheme in November.
- 1.7. Decisions regarding pricing and tariffs are made by GMCA as the Integrated Transport Authority with proposals developed as set out in the 2040 Strategy as GM's Statutory Local Transport Plan.
- 1.8. The Greater Manchester Transport Strategy 2040 has established five customer-facing 'Fares and Ticketing Objectives' that have been considered in developing the

tariff proposal for GM Cycle Hire. These are: simplicity, convenience, value for money, transparency and trustworthiness, and inclusivity.

- 1.9. Those objectives have been referenced and considered in the development of the tariff proposal below.
- 1.10. The tariff structure is proposed to initially be made up of three elements: an unlock fee charged at the beginning of a ride, a cost per minute over the duration of a hire, and a range of penalty charges for improper use.

2. Tariff Proposal

- 2.1. Beryl currently operate six UK schemes and support the London and West Midlands cycle hire schemes and therefore have a wealth of insight in the sector.
- 2.2. Beryl suggest that in choosing the correct pricing framework three core principles should be considered;
 - Pricing that is clear and simple to riders;
 - Pricing that is fair and works for the widest range of riders and journey types; and
 - Pricing that supports commercially sustainable schemes.
- 2.3. Feedback from existing Beryl scheme users indicate that;
 - Users prefer to pay by small increments of time as this can be easily measured against their actual usage;
 - Users draw direct comparisons with existing public transport and generally expect travelling by bike to be cheaper; and
 - New riders are willing to pay more to avoid an initial commitment, regular users expect better value and are willing to commit to the scheme to get this.
- 2.4. The pricing framework deployed across the other schemes that Beryl operates is based on a “pay per minute” model, utilising three product types: Pay As You Ride (PAYR), Minute Bundles, and a Day Pass.
- 2.5. Data from Beryl’s other cycle hire schemes indicated that
 - circa 70% of journeys taken are for less than 20 minutes and are less than 5km which is a key target for modal shift. 17% of rides taken replace what would have been a car journey, with 27% of users saying they now use private cars less often.
 - 59% of journeys are taken on Pay As You Ride, and 39% using Minute Bundles
 - Around a quarter of users are from households with incomes of under £18,000 pa

- Bundle users take considerably more, but slightly shorter, journeys on average.
 - The Day Pass option is the least popular option and is one that can have a significant impact on the operation and availability. The bikes used on a day pass can be hired for the day and either used extensively therefore having a greater impact on wear and tear or not be used significantly during the day but also not returned to a dock and not be available for other users therefore not maximising the benefit of the asset. A Day Pass option is not recommended in GM for these reasons.
- 2.6. The PAYR product is the default product for most, and in particular for first time, riders. Minute bundles are designed to provide better value for established users. This can be through tiered pricing and/or reduced unlocking fees.
- 2.7. It is recommended to launch the scheme with a simple and easy to understand 'Pay as You Ride' tariff, as set out below.
- ### **GM Tariff Proposal**
- 2.8. Beryl insights combined with TfGM's own market analysis and stakeholder input including the Mayor, the Transport Commissioner and District lead officers have informed the proposed tariff.
- 2.9. The tariff for the initial launch is proposed to be a PAYR option only.
- 2.10. Beryl initially proposed a £1 unlock fee for mechanical bikes but following review against other schemes and in order to encourage take up and usage, a 50p unlock fee is proposed which, based on evidence from elsewhere, including that circa 70% of journeys taken are for less than 20 minutes, will mean that the majority of mechanical bike journeys would be under £1.50. The PAYR tariff proposed by Beryl for e-bikes has also been reduced to be based on a £1 unlock fee, then 10p per min thereafter. This means a 20 minute ride by e-bike will be similar to a Tram fare, with the added benefit of the flexibility that travel by cycle brings. Journeys by hire bike can be paused and both types of bike can be docked in any available station, GM's bicycle fleet will feature the latest 'smart' technology, battery charging, powerful braking systems, very comfortable and adjustable seating, and, gearing.
- 2.11. The initial proposed pricing structure for the GM scheme is as follows:

Mech Bike	
Unlock	50p
Price per minute	5p
E-bike	
Unlock	£1.00
Price per minute	10p

- 2.12. From the outset, costs to a user for rides of varying durations would be as follows:

Bike	5mins	10mins	15mins	20mins	30mins	40mins	60mins
Mech	75p	£1.00	£1.25	£1.50	£2.00	£2.50	£3.50
Elec	£1.50	£2.00	£2.50	£3.00	£4.00	£5.00	£7.00

- 2.13. This tariff would make GM Cycle Hire one of the best value schemes to use in the UK and will provide a very positive benefit to the transport offer of the region. Payment options for those without a bank account will also ensure that no one is excluded from using the scheme.
- 2.14. Introducing minute bundle products could increase the attractiveness of the scheme to potential regular users, however, in order to make the initial scheme pricing simple and easy these will not be introduced from the outset and will be developed further in consultation with all partners.
- 2.15. TfGM will monitor scheme data and engage with customers to understand usage patterns to inform the introduction of additional tariff products, including for example minute bundles, in due course.

3. Other considerations

- 3.1. In order to encourage good user behaviour the following user penalties would be levied in circumstances where the user does not conform to the terms of use.

Out of bay	£5	Applied if the bike is locked away from a parking Bay (excluding paused journey)
Out of zone	£10-80	Applied if a bike is locked outside of the scheme zone, typically £10. Increase to £80 if the bike is not returned within 24hrs.
Unlocked	£10	Applied to the user when they fail to lock a bike and the control room are required to end the journey.

4. Financial Implications

- 4.1. The total forecast capital and revenue cost associated with the development, implementation and 5 years of operation of the GM Cycle Hire scheme is £16.96m.
- 4.2. As set out above, at its meeting on 25 June 201, GMCA approved the release of up to £11.88 million (inclusive of previously approved development cost funding of £1.31 million) of MCF funding for the Greater Manchester Bike Hire scheme (Phase 1), with the remaining c£5 million of funding sourced from income from bike hires and sponsorship revenue income from user charges (c£4 million) and sponsorship (c£1 million) over the five year period. A relatively simple set of assumptions was applied in developing the financial model including informed assumptions around Tariff, Usage, VAT and Transaction Charges.
- 4.3. The financial model that was used to inform the Full Approval Business Case and the associated funding release has been updated to incorporate the tariff proposal detailed in section 2 and updated assumptions including in relation to ride durations and the projected profile of use between mechanical bikes and e-bikes and the associated average revenue per ride. Subject to achieving the forecast level of usage the tariff proposal is projected to generate revenues in excess of those included in the Full Approval Business Case and would therefore offer opportunities to consider incorporating promotional and discounted offers in the early operational phase and throughout the contract and/or funding for the development of Phase 2 of the scheme.
- 4.4. If the usage achieved in the early stages of the operation is below the levels forecast mitigation measures such as additional marketing, promotion and stakeholder engagement will be employed to generate increased interest and usage of the scheme.
- 4.5. Usage data will be monitored continuously throughout the operation at a local and scheme wide level to highlight and effectively target any necessary mitigation measures.
- 4.6. Should usage consistently fall short of the forecast, the scale or term of the operation can be varied to ensure that costs can be managed within budget.

5. Next Steps

- 5.1. Subject to approval, the tariff proposal will be incorporated into marketing activities throughout October ahead of the initial scheme launch in November; and will be reflected in the Beryl IT Service System, App and website ahead of the scheme launch.

- 5.2. Scheme usage data and customer feedback will be monitored continuously at a local and scheme wide level to inform future decisions in relation to the tariff. The data will be evaluated following the launch of the scheme to determine whether any amendments to the tariff including introducing minute bundles and other offers should be subsequently considered.

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