

Date: 29 November 2019

Subject: Metrolink Fares and Ticketing

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

---

**PURPOSE OF REPORT**

To seek approval of proposed changes to Metrolink fares and the introduction of two new Metrolink ticketing products from early 2020.

**RECOMMENDATIONS:**

Members are recommended to:

1. Approve the implementation of a weighted average fare increase of 2.2% in early 2020.
2. Agree to receive a subsequent report in 2020.
3. Approve the introduction of an Early Bird product for Metrolink customers.
4. Approve the introduction of a carnet style Metrolink ticket and delegate decisions on the pricing of this product to the Chief Executive Officer, GMCA & TfGM, in consultation with the GM Mayor.
5. Delegate the decision on the precise implementation dates of both the fare increase and the introduction of the Early Bird product and the Carnet style tickets to the Chief Executive Officer, GMCA & TfGM, in consultation with the GM Mayor.

**CONTACT OFFICERS:**

<u>BOLTON</u>	<u>MANCHESTER</u>	<u>ROCHDALE</u>	<u>STOCKPORT</u>	<u>TRAFFORD</u>
<u>BURY</u>	<u>OLDHAM</u>	<u>SALFORD</u>	<u>TAMESIDE</u>	<u>WIGAN</u>

Eamonn Boylan	Chief Executive Officer, GMCA & TfGM	0161 244 1020
Steve Warrener	Finance & Corporate Services Director	0161 244 1025

Risk Management – N/A

Legal Considerations – N/A

Financial Consequences – Revenue – This would lead to a short-term reduction in income of £0.3m in 2019/20 and £1.25m in 2020/21. For further detail see paragraph 2.7

Financial Consequences – Capital – N/A

Number of attachments included in the report: None

#### BACKGROUND PAPERS:

- Item 12 - Metrolink Fares, GMCA Meeting 29 September 2017

<b>TRACKING/PROCESS</b>		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution.		Yes
<b>EXEMPTION FROM CALL IN</b>		
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
GMTC	Overview & Scrutiny Committee	
N/A	N/A	

## **1 INTRODUCTION**

- 1.1 Greater Manchester has ambitious growth plans over the coming years, with major growth in employment leading to a rapidly increasing population and an urgent need to build new homes. This means our transport network will need to support an additional 600,000 journeys a day across all modes by 2035.
- 1.2 It has never been more important for our transport system to be responsive to the changing city region and its residents and workers, giving the people real choices to change easily between different modes of transport, with simple affordable ticketing.
- 1.3 Earlier this year, the Mayor launched 'Our Network', Greater Manchester's ambitious plan for the next ten years to create a truly integrated, world class transport system, so that getting around the city-region is convenient, accessible and affordable.
- 1.4 Aligned to the 2040 Transport Strategy, and underpinned by the Greater Manchester Strategy, Our Network spans Metrolink, bus, tram train, GM rail, cycling and walking in support of our strategic objectives - enabling 50% of all journeys to be made by sustainable transport modes by 2040 and supporting our objective to achieve carbon neutrality by 2038.
- 1.5 A key element of this ambitious plan is to make our transport system accountable: it needs to be run for the people of Greater Manchester, be locally accountable and respond effectively to our changing city region.
- 1.6 In recognition of this, work has been underway to develop a package of measures to support an inclusive and accountable transport network and underpin Greater Manchester's strategic objectives.

## **2 PROPOSALS FOR CONSIDERATION**

### **Fare Increase**

- 2.1 GMCA / TfGM's medium term financial strategy and the Greater Manchester Transport Fund are predicated on fares increasing by RPI +1% per annum, recognising the increases in operating costs and the required net revenue return required to support the financing of the Transport Fund capital programme.

2.2 Following a four-year 'price freeze' from January 2014, in recognition of the work that was taking place to expand the network into the UK's largest tram system, in September 2017, GMCA agreed, following a Metrolink fares survey, to implement an annual fare increase of RPI+1%+1.33% each year for three years, with the 1.33% being the increase required to recover the 'lost revenue' from the previous price freeze. January 2020 was scheduled to be the third and last of these agreed fare increases.

2.3 However, considering the wider Metrolink challenges during early 2020, including the delayed availability of planned new trams and the resultant capacity challenges during the initial phase of the operation of the Trafford Park Line, it is proposed to limit the 2020 fare increase to a weighted average of 2.2%. This is 2.93% points lower than the previously agreed fare increase of 5.13% (using the published July RPI of 2.8%).

2.4 The proposed adult fares to be implemented in early 2020 are shown in the table below:

Zone(s) Travelled Through	£								
	anytime single	1-day anytime travelcard	1-day off-peak travelcard	7-day anytime travelcard	28-day anytime travelcard	annual anytime travelcard	family 1-day off-peak travelcard	family weekend travelcard	weekend travelcard
Zone 1+2	2.80	4.30	3.50	17.60	60.20	676.00	5.20		
Zone 2+3	2.40	3.50	3.10	15.20	52.00	592.00	4.80		
Zone 3+4	2.40	3.50	3.10	15.20	52.00	592.00	4.80		
Zone 1+2+3	3.80	6.10	4.30	25.40	84.20	967.00	7.10		
Zone 2+3+4	3.20	4.70	3.90	20.40	69.60	769.00	6.90		
Zone 1+2+3+4	4.60	7.10	4.90	31.00	101.80	1154.00	7.30	9.50	6.80
Zone 1 only	1.40	2.70	1.90	10.60	36.40	416.00	3.60		
Zone 2 only	1.40	2.70	1.90	10.60	36.40	416.00	3.60		
Zone 3 only	1.40	2.70	1.90	10.60	36.40	416.00	3.60		
Zone 4 only	1.40	2.70	1.90	10.60	36.40	416.00	3.60		

2.5 The proposed fare change includes the following key features:

- Within the proposed fare increase all single fares would be held at the 2019 level; adult 1-day anytime and off-peak travelcards would increase by 10 pence; and all other fare increase would be capped at 4%.
- Operationally the minimum unit fare increase is 10 pence and fares cannot be set to increase by any lower amount. Consequently, where adult fares have increased by the minimum unit fare increase (i.e. adult 1-day anytime and off-peak travelcards) the corresponding child and concessionary fares have been held at 2019 prices. This means that those child and concessionary fares will be less than 50% of the equivalent adult fare.
- Individual fares would increase within a range of 0% to 5.6% with the highest increases resulting from the impact of applying the minimum unit fare increase of 10 pence on relatively lower value fares (i.e. a £1.80 fare increasing to £1.90). The % fare increases on each adult ticket type are shown in the table below.

Zone(s) Travelled Through	anytime single	1-day anytime travelcard	1-day off-peak travelcard	7-day anytime travelcard	28-day anytime travelcard	annual anytime travelcard	family 1-day off-peak travelcard	family weekend travelcard	weekend travelcard
Zone 1+2	0.0%	2.4%	2.9%	3.5%	3.8%	4.0%	4.0%		
Zone 2+3	0.0%	2.9%	3.3%	2.7%	4.0%	3.9%	2.1%		
Zone 3+4	0.0%	2.9%	3.3%	2.7%	4.0%	3.9%	2.1%		
Zone 1+2+3	0.0%	1.7%	2.4%	3.3%	4.0%	4.0%	2.9%		
Zone 2+3+4	0.0%	2.2%	2.6%	3.0%	3.9%	3.9%	3.0%		
Zone 1+2+3+4	0.0%	1.4%	2.1%	3.3%	3.9%	4.0%	2.8%	3.3%	3.0%
Zone 1 only	0.0%	3.8%	5.6%	3.9%	4.0%	4.0%	2.9%		
Zone 2 only	0.0%	3.8%	5.6%	3.9%	4.0%	4.0%	2.9%		
Zone 3 only	0.0%	3.8%	5.6%	3.9%	4.0%	4.0%	2.9%		
Zone 4 only	0.0%	3.8%	5.6%	3.9%	4.0%	4.0%	2.9%		

- In terms of volumes, the proposed fares would result in 45% of ticket sales (based on sales made between November 2018 and October 2019) being held at the 2019 level; 50% of ticket sales in that period increasing by 4% or less; and 5% of ticket sales increasing by 5.6%.

2.6 Metrolink is operated without public subsidy and the revenues generated cover the costs of operating the network and contribute to the costs of borrowings used to expand the network. As a result, whilst fares must be responsive to the changing city region and its residents and workers, it is important that the long-term revenue projections for the network are maintained.

2.7 It is proposed to bring forward a subsequent report, in 2020, on the overall funding position for Metrolink in the context of these proposals, any proposals that are forthcoming from government following the general election, including proposals for financial support for public transport and any other relevant factors.

### New Products

2.8 The Metrolink network is now carrying more passengers than ever, with more than 44 million passenger journeys made each year. This means there is a need to maximise capacity at peak times by encouraging those that can, to travel outside of peak times where possible.

2.9 Offering more travel choices for those with greater flexibility will help to optimise the use of capacity on the network by releasing capacity for those who have no option but to travel at peak time, when congestion and crowding on our roads and public transport network, including on Metrolink, is most likely.

2.10 Additionally, there is a need to recognise that many employers are increasingly moving towards more flexible working patterns, meaning that many workers are no longer restricted to the traditional 9-5 start and finish times. When considered along with shift workers and part-time workers, this means that there is a large section of the workforce for whom weekly and monthly products may not represent good value for money.

2.11 In recognition of these factors it is proposed to introduce two new Metrolink ticketing products in early 2020.

#### **Early Bird**

2.12 Building on, and learning from, the 'Early Bird' pilot that was launched in November 2018, it is proposed that a revised early morning offer is launched in January 2020. In addition to encouraging existing customers who can, to travel earlier and outside of the weekday peak when trams are less busy, this offer would also seek to encourage new or infrequent customers to use Metrolink and shift towards more sustainable modes of transport.

2.13 The new 'Early Bird' product would be available on the contactless payment channel only and would mean that all customers touching in before 07:00 and making subsequent journeys after 09:30 would be charged the reduced off-peak, rather than the peak, travelcard fare. As there is no evening peak time on Metrolink, the same 'off peak' pricing would apply to those who can travel later in the morning and start their first journey after 09:30.

#### **Carnet Ticketing**

2.14 Alongside the 'Early Bird' product, it is proposed to introduce a carnet style ticket, that would be available to purchase, initially, on the get me there smartcard. It is proposed that the offer is launched initially as a 'pack' of 10 x one-day travelcards, available as zonal peak or off peak tickets. The products would need to be used within a certain period from the date of purchase – for example within 28 days – and would be priced at a discount compared to purchasing the same number of the equivalent daily travelcards individually.

2.15 Further work is required to finalise the pricing proposal for a carnet style ticket and it is requested that this decision is delegated to the Chief Executive Officer, GMCA & TfGM, in consultation with the GM Mayor, to ensure that the product can be introduced at the earliest possible opportunity.

### **3 NEXT STEPS**

3.1 Subject to approval:

- The proposed fare changes will be implemented; and the Early Bird and carnet style products will be introduced, as described above, alongside the fare changes, in early 2020, with the decision on the precise implementation dates to be determined by the Chief Executive Officer, GMCA & TfGM, in consultation with the GM Mayor; and
- A subsequent report will be submitted to the GMCA, in 2020, on the overall funding position for Metrolink.

## **4 RECOMMENDATIONS**

4.1 Recommendations are included on the front cover of this report.