

Date: **27 January 2017**

Subject: **Smart Ticketing**

Report of: **Tony Lloyd, GM Interim Mayor, Portfolio Lead for Transport and
Jon Lamonte, Chief Executive, TfGM**

PURPOSE OF REPORT

To advise GMCA on TfGM's plans for smart ticketing later this year and to explain TfGM proposals to partner with Transport for the North to deliver the "back office" infrastructure needed to support a future account based payment system.

RECOMMENDATIONS:

Members are recommended to:

- (i) note TfGM's plans to extend the availability and range of smart ticketing to Metrolink and multi-modal on smart cards from summer 2017; and
- (ii) agree to partner with Transport for the North to develop the IT infrastructure needed to support contactless account-based ticketing in Greater Manchester and across the North.

CONTACT OFFICERS:

Jon Lamonte	0161 244 1020	Jon.Lamonte@tfgm.com
Stephen Rhodes	0161 244 1092	Stephen.Rhodes@tfgm.com

RISK/ FINANCIAL/ LEGAL CONSEQUENCES/DETAILS

Risk Management – N/A

Legal Considerations – N/A

Financial Consequences – Revenue - N/A

Financial Consequences – Capital - N/A

BACKGROUND PAPERS:

Smart Ticketing, GMCA 30 June 2016.

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution (paragraph 14.2) or in the process (paragraph 13.1 AGMA Constitution) agreed by the AGMA Executive Board:		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 AGMA Scrutiny Pool on the grounds of urgency?		No
AGMA Commission	TfGMC	Scrutiny Pool
N/A	N/A	N/A

1. INTRODUCTION

- 1.1 The GMCA paper of 30 June 2016 explained the programme of work underway to develop a business case for a future contactless account-based payment service to support the objectives set out in the Greater Manchester Transport Strategy for 2040 of simpler, more flexible and integrated ticketing to encourage more people to use public transport.
- 1.2 2017 will see the extension of the current get me there smart card solution to introduce commercial smart ticketing for those customer travelling on Metrolink or using a range of GMTL (Greater Manchester Travelcards Ltd) owned Tram/Bus tickets.
- 1.3 We are also planning a phased introduction of new contactless smart ticketing options to customers, starting with a simple product set on Metrolink from 2019 and progressing to all modes and a more sophisticated set of products.
- 1.4 One of the main customer benefits of contactless account-based smart ticketing is that customers will no longer need to pre-plan their journeys in order to be sure of getting the best value. An account-based system will be able to automatically piece together the journeys a customer makes in a given day or week, to charge the best value price whatever the mix of modes used or the number of journeys made. To do all this processing, we need to procure (among other things) an IT system called a 'back office'.

2. EXTENSION OF 'GET ME THERE' SMART FOR TRAM AND TRAM/BUS TICKETING THIS YEAR

- 2.1 Building on existing investment and infrastructure that is already in place, 2017 will see an extension of the current get me there smart card solution that was launched in 2015 to support multi-operator bus travel. This development will enable customers to purchase the current range of Metrolink tickets and travelcards, and a number of products from the suite of multimodal tickets made available by GMTL (Greater Manchester Travelcards Ltd).
- 2.2 The solution will see the introduction of Smart across a range of retail channels, enabling products to be loaded onto compatible smart cards including get me there cards, English National Concessionary Cards (ENCTS) and the child Igo card. These same cards can be used for multi-operator bus travel.
- 2.3 To ensure maximum flexibility, appeal and availability, customers will continue to be able to use cash to purchase their smart card travelcards and tickets.

3. COLLABORATION WITH TRANSPORT FOR THE NORTH

- 3.1 TfGM is developing a multi-modal, multi-operator smart integrated ticketing solution for Greater Manchester; TfN has a very similar approach for the whole of the North; both solutions will be delivered through contactless account-based ticketing where the complex processing logic is performed by an intelligent back office, which needs to be procured. We have been working closely with TfN to assess how much common ground there is between our respective plans and have identified that our core requirements could be built to meet the needs of both organisations.
- 3.2 The back office will be high-value and the skills needed to develop it are scarce. We believe there is a strong case on efficiency grounds alone that instead of the two organisations in parallel procuring virtually the same software which will then need to be integrated to ensure customers can travel seamlessly across the North, we should seek to formally partner with TfN to procure a single back office capable of serving customers in Greater Manchester and across the North, and which could in due course be used by other transport authorities and operators, subject to suitable commercial agreements being reached with relevant parties.
- 3.3 Moreover, there is clear customer benefit from having a single back office as this reduces the integration/performance risk and will ensure that from the start the smart ticketing system used in Greater Manchester is compatible with other systems in use across the North. Should we build a Greater Manchester only back office, it is likely that we would need to upgrade or integrate it with TfN's, leading to increased time delays, cost or even wasted investment.
- 3.4 By collaborating with TfN we can also share the risk that is inherent in a project of this scale and complexity. Moreover, TfN's smart delivery programme has central Government backing and associated funding. While expected funding contributions have not been discussed in detail at this stage, TfN have stated that there is an assumption that TfN may invest capital to enable the back office delivery, but the ongoing costs of running the back office 'service' will be met by those operators / transport providers utilising it.
- 3.5 The largest bus operators active in the North of England are also considering the benefits of partnering with TfN to deliver a single back office capable of serving all modes across the North of England and beyond. As part of any collaboration with TfN it is strongly recommended that a wider invitation is made to all bus and rail operators to participate.
- 3.6 Although the proposed collaboration with TfN will involve designing and delivering a back office capable of serving the whole of the North and even beyond, local pricing and ticketing acceptance agreements would remain a separate matter for local transport authorities including TfGM to pursue bilaterally with operators/GMTL.
- 3.7 We therefore recommend that we enter into a formal partnership with TfN to develop a single back office for account-based ticketing that is capable of

serving customers across the North. Subject to the Combined Authority's endorsement of this approach, we will prepare a Memorandum of Understanding or similar with a view to formally establishing a collaborative working relationship with TfN (and other parties such as bus operators).

- 3.8 We have made it clear to TfN that our continued involvement is dependent on the joint solution meeting the evolving needs of GM. A key principle, should TfGM choose or find itself forced to leave the joint back office partnership at any stage, is that we will need to have contractual mechanisms already in place to minimise any delays or costs to the TfGM programme.
- 3.9 Delivery of the solution will be via a phased approach. We are working towards commencing this delivery in 2019 through to 2022 and beyond as the solution is extended to accommodate other modes and city regions. This is in line with the timetable reported to the Combined Authority on 30 June 2016.

4. RECOMMENDATIONS

4.1 Members are recommended to:

- (i) note TfGM's plans to extend the availability and range of smart ticketing to Metrolink and multi-modal on smart cards from summer 2017; and
- (ii) agree to partner with Transport for the North to develop the IT infrastructure needed to support contactless account-based ticketing in Greater Manchester and across the North.

Dr Jon Lamonte

Chief Executive, TfGM

