

Customer Service and Operational Performance Panel



Date: 13 July 2017

Item: Cash Free Trams

This paper will be considered in public

1 Purpose

- 1.1 The purpose of this paper is to update the Panel on the proposal to conduct a local engagement exercise with stakeholders and users prior to considering whether London Trams (LT) should convert to a cash free ticketing system, similar to that already adopted by London Buses

2 Recommendation

- 2.1 **That the Panel notes the paper.**

3 Background

- 3.1 This paper outlines a proposal for a new ticketing model for LT, based on a fully electronic solution utilising contactless payment methods, Oyster and pre-purchased paper travelcards and national rail through tickets and the consequential removal of ticket vending machines (TVMs) at tram stops. The first step in this process is to conduct an engagement exercise with stakeholders and users.
- 3.2 The tram system opened in 2000, built and operated by the private sector. In 2008 TfL acquired the assets and has made substantial improvements since then. In 2016 there were 29 million journeys made on the network.
- 3.3 The tram network has a strong record of customer satisfaction, averaging 90 per cent over the last four quarters, and consistently delivering over 99 per cent of planned services.
- 3.4 The London Rail 10 Year Strategy for Customer Service has a strand specific to LT. This will deliver TfL's 'Every Journey Matters' objective and have the customer at the heart of what we do, listening to their travel experiences, providing them with an excellent value for money service and investing to improve journeys.
- 3.5 Paying for travel is a key part of the customer experience. Common with all TfL services, Trams accept Oyster and other contactless payment methods along with multi-modal tickets and the ability to purchase a paper ticket from a TVM at every tram stop. The current TVMs were installed when the system opened in 2000 and are now approaching the end of their useful life.

- 3.6 The TVMs do not accept payment by bank card and there is no ability to service Oyster. Only 10 of the 70 TVMs accept polymer notes and all will require investment to accept new coinage that was introduced earlier this year. This lack of functionality is a cause of customer frustration. The TVMs are considered life expired in their current configuration.
- 3.7 With the need to replace the current TVMs, TfL has explored the option of replacing the existing TVMs with the new Electra machines from Cubic. It was originally anticipated to install the new machines from 2016 at a capital cost of £2.8 million with ongoing maintenance costs of £0.5 million.
- 3.8 A review of usage found that only a very small proportion of tram passengers use a TVM, with sales only accounting for less than 0.3 per cent of journeys, as can be seen in the graph contained in Appendix 1.
- 3.9 In light of the very low and declining demand and the costs associated with replacement, the April 2016 budget review suspended the replacement project.
- 3.10 We will need to consider the extent to which the Croydon Tramlink Byelaws and Penalty Fares Order and Conditions of Carriage will need to be revised following any changes made to the ticketing regime.

4 Proposal and Stakeholder Engagement

- 4.1 Based on the low usage of TVMs and the high replacement costs, this paper recommends that TfL undertakes local engagement with passengers and local stakeholders on moving LT to cash free ticketing, and for the removal of TVMs from stops.
- 4.2 In considering the proposals the following should be noted:
 - (a) currently, 99.6 per cent of passengers never use a TVM on the tram network. A similar figure for pre-cash free buses was that 99 per cent of bus passengers did not need to purchase a ticket from the driver;
 - (b) over half of paper tickets are sold from only 10 stops. East Croydon TVMs account for 14 per cent of the tickets sold on the network;
 - (c) a significant number of passengers using TVMs at the moment have other means of payment. Research carried out on TVM users indicated that around 92 per cent of passengers have other means of payment for their journey. This is an average of less than one person per stop, per day requiring a TVM for travel purchase;
 - (d) there are a range of other options for cash purchasing travel that exist. The vast majority of tram stops have Oyster retailing near to the stop, either at a TVM provided by a third party (TOC), or at an Oyster Ticket Stop.

At the few locations where no immediate facilities exist, a pro-active campaign would highlight the need for passengers to pre-plan journey payments and examine off-system sales opportunities similar to advice given by London Buses.

- (e) TVMs, as they currently exist, are obsolete as mechanisms of payment in the near future. The increasing use of multi-modal Oyster, ITSO (National Rail contactless cards), retail contactless payment cards and mobile devices (including TfL App, Apple Pay and Android Pay) to pay for travel has made buying paper tickets at the immediate time of travel inconvenient and expensive to the customer;
- (f) Electronic ticketing offers significant benefits and better value to users in the following ways:
 - (i) a contactless single ticket costs £1.50 compared with £2.60 from TVM;
 - (ii) the availability of fare capping for multiple journeys;
 - (iii) the 'Hopper' facility is not available on paper ticket; and
 - (iv) ability to purchase travel products quickly and conveniently through Oyster and the TfL App.
- (g) removal of TVMs increases stop security. The absence of cash held in devices eliminates the risk of theft, and will also remove some of the factors potentially encouraging anti-social behavior. The 'open' location of most tram stops further increases this risk;
- (h) 'Cash free Buses' has been a success on London Buses: and
- (i) any cost savings can be re-invested. LT can make significant capital and operating cost savings by removing TVMs. The savings from this initiative could be re-invested in improving the tram travelling experience and enhancing the network.

5 Equality and Diversity

- 5.1 Under section 149 of the Equality Act 2010, TfL must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation, as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. Due regard that is appropriate in all of the circumstances must be had at the time decisions are taken, and is an ongoing obligation. This may involve removing or minimising any disadvantage suffered by those who share a relevant protected characteristic, taking steps to meet the needs of such people, and encouraging them to participate in public life or in any other activity where their participation is disproportionately low. The protected characteristics under section 149 are: age, disability, gender reassignment, pregnancy and maternity, race, sex, religion or belief, and sexual orientation. Compliance with this obligation may involve treating people with a protected characteristic more favourably than those without the characteristic.
- 5.2 An Equality Impact Assessment has been undertaken and although the relative numbers of people impacted is low, research suggests that elderly non-London residents may be impacted by this change. They are unlikely to hold an Oyster Card and because the English National Concessionary Bus Travel Scheme pass is not valid on trams and may need to purchase a ticket from a TVM. This will be mitigated by appropriate publicity. The Equality Impact Assessment will be

considered again following responses to the engagement exercise and made available at the time of any decision to implement the proposal.

6 Next Steps

6.1 The next steps for this project are:

- (a) undertake stakeholder pre-engagement in July 2017 consisting of a stakeholder workshop with representation from passenger/user groups (London TravelWatch), local council officers and councillors, local MPs, business groups and other local community groups;
- (b) their opinions and suggestions will help to mitigate against possible customer concerns and will help inform the public consultation exercise due to commence in early September ; and
- (c) the outcome is expected to be published in January 2018.

List of appendices to this report:

Appendix 1: Graph showing decline in paper ticket sales

List of Background Papers:

None

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Appendix 1: Graph showing decline in paper ticket sales

