



West Midlands
Combined Authority

WMCA Board

Date	15 January 2021
Report title	Midland Metro Penalty Fare
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Report has been considered by	Transport for West Midlands Decision Making Meeting Strategic Officers Transport Group Strategic Leadership Team

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Note the background to the existing Midland Metro Penalty Fare regime.
- (2) Note the proposed changes to the Penalty Fare amount and payment system.
- (3) Approve the proposal to commence consultation on a new Penalty Fare amount and two-tier system as detailed within.

1. Purpose

- 1.1 To inform WMCA Board of the proposal to make changes to the Midland Metro Penalty Fare and payment system and to seek from the WMCA Board, approval to commence consultation on the new Penalty Fare and two tier system in accordance with the Midland Metro (Penalty Fares) Order 2019.

2. Background

- 2.1 On the 13 September 2019 WMCA Board approved the policy of moving to an off tram 'Buy Before You Board' (BBYB) ticketing system on West Midlands Metro (WMM). The project will be delivered in Winter 2021 to align with the opening of the Metro extension to Edgbaston Village. The new BBYB ticketing system requires all tickets to be purchased off-tram and the tram must not be boarded without valid authority to travel. Revenue Protection Inspectors (RPIs) will be introduced to conduct random compliance checks and issue Penalty Fare Notices where necessary.
- 2.2 WMM currently operates a penalty fare regime in accordance with section 4 of the Midland Metro (Penalty Fares) Act 1991. The Act states that 'If a person travelling on a Metro vehicle, on being required to do so by an authorised person, fails to produce a fare ticket or general travel authority, he shall be liable to pay a penalty fare if required to do so by an authorised person.' The current Penalty Fare is £10 (set by s. 5 (1) of the Act) and must be paid within 21 days following the day on which the journey is completed.
- 2.3 Experience from other networks that operate similar Penalty Fare schemes with BBYB ticketing systems suggest that it is important that the level of the Penalty Fare is set sufficiently high to act as a deterrent to those inclined to take a chance, whilst not being too high to be viewed as unfair by key stakeholders, including magistrates. The current £10 Penalty Fare level set by the Act is, at only c2x the adult single cash fare and considered an insufficient deterrent.

Comparison with other systems

Network	Penalty fare	Comments
Manchester Metrolink	£100 standard fare reduced to £50 if paid within 14 days	BBYB – enforced
Croydon Tramlink	£80 reduced to £40 if paid in 21 days	BBYB – enforced
Docklands Light Railway	£80 reduced to £40 if paid in 21 days	BBYB – enforced
Nottingham Tram	£50	BBYB - enforced
Tyne & Wear	£20 Penalty £30 admin fee if not paid in 21 days	BBYB – enforced
Edinburgh	None £10 onboard fare payable to a Ticketing Services Assistant	BBYB and Ticketing Services Assistant on each tram
Sheffield Supertram	£10	Conductors onboard – not regularly enforced
Blackpool	None	Conductors on tram

- 2.4 The table above sets out the level of Penalty Fare employed on other light rail systems in the UK for comparison.

Proposed Change in Penalty Fare Level

- 2.5 We anticipate that the headline end to end single fare at the commencement of BByB will be £4.50, incorporating the new extensions to Edgbaston Village and Wolverhampton Station.
- 2.6 We also anticipate that the revenue protection regime will ensure that there is between a 1 in 10 and 1 in 20 chance of a passenger having their ticket checked on any journey. It would therefore be appropriate to set the Penalty Fare at 20 times the single fare which would suggest a £100 penalty fare level should be introduced when full penalty enforcement commences (allowing for inflation). This principal for setting the Penalty Fare has previously been accepted by the Secretary of State in approving the Penalty Fare for Tramlink Nottingham.
- 2.7 Within the UK tramway industry, it is also widely practised that if paid within a specified time prior to the due date, then the Penalty Fare amount is reduced by circa 50%. Whilst the timeframes for both payment of the Penalty Fare and the reduced amount vary across tramways; they are typically between 28 and 14 days. Adopting this principal it is suggested that in parallel to changing the Penalty Fare amount, a two tier payment system is introduced, where by the Penalty Fare must be paid within 28 days, or if paid within 14 days a 50% discount is applied, beginning with the day following the day on which the journey is completed. Offering a discount for early payment acts as an incentive for swift payment. Evidence from other networks suggests that the recovery rate of this reduced amount is significantly higher and less costly to process, than trying to recover the full amount.
- 2.8 Failure to pay the Penalty Fare within 28 days commencing the day after the issue of a Penalty Fare Notice will make the passenger liable to prosecution for a fares offence under the Midland Metro Byelaws (maximum penalty £1000).

Authority to Approve

- 2.9 On 8 December 2017 the WMCA Board passed a resolution authorising the submission of a Transport and Works Act Order (TWAo) to seek necessary powers for WMCA to make changes to the penalty fares on Midland Metro (including increases and a two-tier system). The application for the TWAo was submitted to the Secretary of State for Transport on 27 February 2018. The Order was approved and made on 10 September 2019. This conferred powers upon the "Executive," West Midlands Combined Authority to from time to time:

- a) *vary the amount of the penalty fare*
- b) *alter the period within which the penalty fare is paid and*
- c) *permit the penalty fare to be reduced if paid to the Executive within a shorter period, as specified*

Before making the changes WMCA must consult:

- a) *the Secretary of State and other consultees*
- b) *such persons or bodies representative of local authorities*
- c) *such persons or bodies representative of those who travel on the Metro and*
- d) *such other persons or bodies, as the Executive considers it appropriate to consult.*

- 2.10 The outcome of the consultation must be considered by WMCA before granting final approval to implement the changes. This paper seeks authority to commence the consultation.

3. Financial Implications

- 3.1 WMM is currently operated by Midland Metro Limited (MML), a wholly owned subsidiary of WMCA. WMCA therefore indirectly assumes revenue risk on WMM and need to ensure MML has robust revenue protection measures in place. An appropriate penalty fare regime is fundamental to this to act as a deterrent to potential fare evaders. By seeking the changes as proposed WMCA will be protecting future revenues which contributes to the continued and successful delivery of Midland Metro operation.

4. Legal Implications

- 4.1 The measures discussed in the body of this paper are supported by the relevant legislative provisions. Legal are accordingly, providing assistance to ensure the required legal processes are followed to achieve the changes to the Penalty Fare amount and the introduction of the two-tier payment system; designed to improve management and revenue protection across the West Midlands Metro tram network.

5. Equalities Implications

- 5.1 An equalities impact assessment has been completed for the proposed changes. This has considered best practise/lessons learned from other light rail systems where similar changes have been implemented.
- 5.2 Customers have always had the option to buy Metro tickets on board. An interim period is needed before the enforcement of larger penalty charges to ensure that all customers, including more vulnerable customers, have a clear understanding of the new arrangements both in terms of off-board ticketing and penalty fare levels.
- 5.3 A soft launch approach is considered best practice which should involve a sufficient transition period of a number of months to ensure passengers are fully informed of what BBYB ticketing involves and the consequences of not being compliant.
- 5.4 As part of this soft launch, it would be beneficial to have WMM employees available across the tram network to support passengers with purchasing their tickets via the off-board ticketing machines.
- 5.5 Alongside this, an effective promotional period well in advance of the introduction of BBYB ticketing is vital in order to inform the WMM customer base of the changes. The changes need to be very visible across the tram network before and post-implementation to make sure customers are fully aware of the BBYB ticketing system. Moreover, communication needs to also be targeted at key equality and disability groups in the region.

6. Inclusive Growth Implications

No implications.

7. Geographical Area of Report's Implications

- 7.1 The implications of this report are not isolated to a geographical region but are applicable to all passengers traveling in West Midlands Metro.

8. Other Implications

- 8.1 This paper has been shared with the WMCA Media team who have advised that they have no further comments.

9. Schedule of Background Papers

None