

## EXECUTIVE BOARD – 31 July 2018

<b>Subject:</b>	Public Transport Project Funding (Smart ticketing)
<b>Corporate Director(s)/Director(s):</b>	David Bishop, Deputy Chief Executive/Corporate Director, Development and Growth
<b>Portfolio Holder(s):</b>	Councillor David Liversidge, Portfolio Holder for Transport and HR
<b>Report author and contact details:</b>	Richard Wellings, Principal Public Transport Officer. Email: <a href="mailto:richard.wellings@nottinghamcity.gov.uk">richard.wellings@nottinghamcity.gov.uk</a> Tel:0115 8764896
<b>Subject to call-in:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Key Decision:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Criteria for Key Decision:</b>	
(a) <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	
<b>and/or</b>	
(b) Significant impact on communities living or working in two or more wards in the City	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Type of expenditure:</b> <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital	
<b>Total value of the decision: £3,400,000</b>	
<b>Wards affected:</b> All	
<b>Date of consultation with Portfolio Holder(s):</b>	
<b>Relevant Council Plan Key Theme:</b>	
Strategic Regeneration and Development	<input type="checkbox"/>
Schools	<input type="checkbox"/>
Planning and Housing	<input type="checkbox"/>
Community Services	<input type="checkbox"/>
Energy, Sustainability and Customer	<input type="checkbox"/>
Jobs, Growth and Transport	<input type="checkbox"/>
Adults, Health and Community Sector	<input checked="" type="checkbox"/>
Children, Early Intervention and Early Years	<input type="checkbox"/>
Leisure and Culture	<input type="checkbox"/>
Resources and Neighbourhood Regeneration	<input type="checkbox"/>
	<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>	
<p>Acceptance of the funding from the National Productivity Investment Fund (NPIF) will enable the existing Robin Hood Ticketing system to be upgraded across the local public transport network and further develop the delivery of integrated travel between buses, trams and different operating companies. This upgrade will make payment simpler and facilitate the introduction of account based ticketing (traditional smartcards linked to bank accounts to pay for travel and calculate best fares), and contactless payment - that will deliver payment for travel and calculation of best fares using both bank cards and other mobile devices such as phones and tablets.</p>	
<b>Exempt information: State 'None' or complete the following</b>	
None	
<b>Recommendation(s):</b>	

- |   |
|---|
| <b>1. Accept the grant offer of £2,400,000 from the Department for Transport to deliver the contactless payment project.</b>  |
| <b>2. Delegate Authority to the Corporate Director for Development &amp; Growth in consultation with the appropriate Portfolio Holders to agree the final contactless payment strategy with the local public transport operators via Partnership arrangements if at all possible.</b> |
| <b>3. Delegate Authority to the Director for Traffic and Transport to approve the procurement of the required goods and services to deliver the contactless payment project (reader upgrades and back-office systems).</b>  |

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 Officers have been working with local transport operators via the Robin Hood partnership - the existing smart ticketing governance and development partnership, to establish a recommended technological solution to be taken forward to deliver the move to account based ticketing and contactless payment for public transport in Nottingham. There has been a preference expressed via the Robin Hood partnership's operators group for multiple suppliers to be considered on an open platform ticketing solution, which will allow for local and regional growth of the ticketing offer and fare structures.
- 1.2 Midlands Connect, the new sub-national transport body for the West and East Midlands is developing a regional brokerage system which will support the local approach to smart ticketing that Nottingham's operators through the Robin Hood partnership would like to take forward. The regional brokerage system being developed by Midlands Connect will be able to process payments between different ticketing technology suppliers, which fits our ambitions locally for multi-operator integration and meets the needs of our local operators in terms of them being able to make individual decisions on individual ticketing suppliers.
- 1.3 Waiting for the Midland Connect regional brokerage system to be developed might mean it takes a little longer to deliver the multi operator product on contactless, with multi-operator fare capping not delivered until at least 2020/21 at the earliest. But it would also mean the scheme could be developed beyond the existing Robin Hood Partnership in both the geographical area and available ticketing products.
- 1.4 A more detailed report will be submitted to portfolio holder in due course for consideration of the options to progress the development of the existing smart ticketing offer, along with the partnership's recommended way forward to deliver an account based ticketing and contactless payment solution, to enable balanced decisions on options to be taken

In the meantime this report seeks permission to draw down the grant, and the necessary delegations to progress matters when decisions are ready to be taken,

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 The ubiquity of contactless and account based payment, whether via a traditional bank card or mobile phone platforms such as Apple Pay and systems such as PayPal, has created an expectation amongst existing, potential, casual and regular public transport users that this type of payment option is available on local transport networks. The addition of these

payment options simplifies ticketing, removing another barrier to public transport use. Full integration across the local public transport network and the introduction of account based ticketing and contactless payment will also ensure that passengers always benefit from the best value fare option, delivering equity across the network.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Reject NPIF funding and leave operators to deliver individual account based ticketing and contactless payment schemes with no commitment to multi-operator integration.
- 3.2 Accept NPIF funding and progress account based ticketing and contactless payment through the Robin Hood Partnership securing a commitment from all parties to multi-operator integration. This is the preferred option.
- 3.3 Developing a solution at odds with some of the key operators, that enhances the chances of fragmentation. Not the preferred option.

### **4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

- 4.1 Nottingham City Council were awarded a grant of £2.4m following a successful bid application to the National Productivity Investment Fund. The grant will be paid in instalments through 18/19 and 19/20.
- 4.2 The grant conditions require the Chief Executive and the Chief Internal Auditor to supply confirmation of the appropriate spend of the grant and the Principal Public Transport Officer must ensure that all records are kept and all conditions are adhered to and that this declaration is sent at the appropriate time.

The grant also requires an element of match funding and the funding profile is as below:

Source:	18/19	19/20
	£m	£m
DFT Grant	1.600	0.800
LA Contribution	0.250	0.250
Third Party contribution	0.250	0.250
Total	<b>2.100</b>	<b>1.300</b>

- 4.3 The LA contribution is being funded from the Feasibility Reserve and approval for this was given in a report on Robin Hood Smartcard Development (Executive Board July 2016).

The Third Party contributions will come from the partners and the need to make such contributions will be required as part of their agreement when accessing the funding for the system upgrade.

- 4.4 Nottingham City Council are acting as the lead partner and will accept the grant on behalf of the partnership and make the necessary payments for the system implementation across the local public transport network. As agreement across the partnership is not yet in place as to which system will be used, delegation is recommended to the Corporate Director to approve the final system and ensuring that the system can be delivered within the amount of grant required. A quote for upgrade of the current closed system was obtained and submitted as part of the bid to show that the £2.4m would be sufficient. Should the final cost be more than the grant amount, the onus will be on the operators to find any additional funds as the grant was secured on the understanding that the system quoted for in the original bid would be procured.

Susan Tytherleigh

Strategic Finance Business Partner – Development and Growth

30.05.18

## **5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)**

- 5.1 The City Council must ensure it complies with the terms of the grant agreement with the Department for Transport. The grant agreement may specify conditions that apply to the procurement of the supplies and services to deliver the contactless payment system in addition to compliance with the City Council's own Financial Regulations. All discussions and decision making involving local operators must comply with applicable regulatory and competition requirements

Andrew James Team Leader

(Contracts and Commercial)

04.06.18

## **6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)**

- 6.1 None

## **7 SOCIAL VALUE CONSIDERATIONS**

- 7.1 None

## **8 REGARD TO THE NHS CONSTITUTION**

- 8.1 None

## **9 EQUALITY IMPACT ASSESSMENT (EIA)**

- 9.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because:

Roll - out of contactless payment will not negatively affect any citizens. Payment systems for those without bank accounts will be retained to ensure that no one is excluded.

Yes



Attached as Appendix x, and due regard will be given to any implications identified in it.

**10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

10.1 None

**11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

11.1 National Productivity Investment Fund Bid