

EXECUTIVE BOARD - November 2018

Subject:	Public Transport Contactless Payment Delivery Strategy
Corporate Director(s)/Director(s):	Chris Henning, Development and Growth
Portfolio Holder(s):	Cllr David Liversidge
Report author and contact details:	Richard Wellings, Principal Public Transport Officer. Email: richard.wellings@nottinghamcity.gov.uk Tel:0115 8764896
Subject to call-in: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Key Decision: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Criteria for Key Decision:	
(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	
and/or	
(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	
Type of expenditure: <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital	
Total value of the decision: £3,400,000	
Wards affected: All	
Date of consultation with Portfolio Holder(s):	
Relevant Council Plan Key Theme:	
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 checked="" type="checkbox"/>
Adults, Health and Community Sector	<input type="checkbox"/>
Children, Early Intervention and Early Years	<input type="checkbox"/>
Leisure and Culture	<input type="checkbox"/>
Resources and Neighbourhood Regeneration	<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
<p>Nottingham City Council have been awarded £2.4m from the Department for Transport National Productivity Investment Fund (NPIF) for the delivery of contactless payment on public transport in Nottingham. The city is now ready to proceed and award grant funding to Nottingham City Transport, Nottingham Express Transit, and trentbarton. A portion of the funding will also be retained by the council to upgrade our own link buses to accommodate contactless payment. This funding will see the implementation of Phase 1 of Nottingham's Contactless Payment approach which will deliver the following for public transport users and operators by April 2020:</p> <ul style="list-style-type: none"> • Passengers able to use their bankcards, mobile phones or smart watches to pay for journeys using contactless, with payment deducted directly from their bank accounts. • Automation of payment for both multi operator and single operator fares with no manual intervention from drivers or requirement to issue paper tickets. • Multi operator day and weekly fare capping available across Nottingham City Transport, Nottingham Express Transit and CT4N bus and tram services. With fares capped in line with the existing Robin Hood Pay As You Go fare structure within the Robin Hood network area. • Single operator fares for Nottingham City Transport, Nottingham Express Transit, CT4N and trentbarton made available through contactless payment. • Contactless payment readers installed on all Nottingham City Transport, trentbarton and Nottingham City Council buses currently operated by CT4N. 	

- Contactless payment readers installed on all tram platform validators and inspection devices.
- Implementation of the back office system required to manage and allocate payments to public transport operators.

Exclusions

trentbarton are currently reviewing their preferred system supplier for contactless payment. This decision will influence whether they are incorporated into phase 1 of Nottingham's contactless payment project as outlined above. If trentbarton opt for a system that is not compatible with the solution that Nottingham Express Transit and Nottingham City Transport have opted for. It will be incorporated into multi-operator day and weekly fare capping during a 2nd phase of the smart ticketing programme as part of either the proposed *Midlands Connect Regional Brokerage System*, enabling contactless payments between different ticketing systems or via a locally developed solution.

It should also be noted that "short-hop" functionality included in daily caps for contactless payment is outside of the scope of this project. This is due to the delay to the delivery of the core single and multi-operator functionality that would arise and the currently prohibitive cost of its implementation. It's delivery is further be complicated by the need for exit readers on buses. Although not included in this project Nottingham City Transport intend to include to offer contactless payment for "short –hop" and "group" tickets through work not funded by this grant, but this will require driver intervention and be a standard retail transaction rather than incorporated in the capping mechanism and fare structure for contactless payment which will reflect the existing Robin Hood Pay As You Go fare model.

Exempt information:

An appendix to the report is exempt from publication under paragraph 5 of Schedule 12A to the Local Government Act 1972 because it Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings. Having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because the report contains legally privileged advice.

Recommendation(s):

- 1. Agree the phase 1 contactless payment approach which will deliver multi-operator fares with capping will on Nottingham City Transport, Nottingham Express Transit and CT4N services initially, with other operators joining in phase 2 of the programme once the Midland Connect Regional Brokerage system or a locally developed solution has been implemented.**
- 2. Delegate authority to the Corporate Director for Development and Growth to approve the grant funding to Nottingham City Transport as the lead contractor for the required back office system. With Nottingham Express Transit, Nottingham City Transport and trentbarton also grant funded to purchase the required contactless payment reader hardware, subject to appropriate governance and contract arrangements which protect the council being established.**

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 the technological solution that will be taken forward to deliver the move to account based ticketing and contactless payment for public transport in Nottingham. Nottingham City Transport and Nottingham Express Transit, have selected INIT as their

preferred ticketing supplier with trentbarton currently undecided on the supplier they would like to commission for their delivery of contactless payment. Other local operators have not expressed an interest to participate in the rollout of contactless payment as part of this project, and therefore are not included in phase 1.

- 1.2 Midlands Connect, the new sub-national transport body for the West and East Midlands is developing a regional brokerage system that 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 The implementation of phases 1 and 2 of Nottingham's Contactless Payment approach will incrementally deliver full multi-operator fares across Nottingham and eventually lead to integration with public transport operators across the Midlands Region.
- 1.4 Phase 1 will see Nottingham City Transport, Nottingham Express Transit and Nottingham City Council supported buses services currently operated by CT4N grant funded in order to achieve the delivery of contactless payment for multi-operator fares and individual operator fares across the local network. Trentbarton will also receive funding to support the delivery of contactless payment for their individual operator fares during this phase on the proviso that as part of phase 2 of the project they can demonstrate that their chosen ticketing supplier will be able to work in tandem with the INIT system chosen by Nottingham City Transport and Nottingham Express Transit. Trentbarton integration into the Nottingham Contactless multi-operator fare structure is expected to be achieved via the Midlands Connect backed regional brokerage system or a locally developed solution has been implemented. An additional fall back option is full integration of other ticketing systems with the INIT system to create a full Nottingham contactless system if the regional brokerage system is delayed or not funded by central government.
- 1.5 In the interim and in lieu of the delivery of the Midland Connect regional brokerage system multi-operator fares on contactless will be delivered on Nottingham City Transport, Nottingham Express Transit and our own contracted bus services. This represents approximately 85% of the local public transport market. This strategy will further enhance the integration of public transport locally. Whilst also facilitating the payment of single operator fares through contactless, a development which will be welcomed positively by regular, casual and new public transport users.
- 1.6 The existing Robin Hood Scheme will be retained for both season ticket and Pay As You Go passengers, providing an option for those passengers who do not have access to contactless payment, or those who wish to continue to benefit from multi-operator fares across Nottingham City Transport, Nottingham Express

Transit, trentbarton and CT4N bus and tram services. Cash fares will also be retained.

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. Contactless payment for public transport has been enthusiastically welcomed by visitors and tourists in London. Similar benefits are expected to be accrued in Nottingham. 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 contactless payment will ensure that passengers always benefit from the best value fare option, delivering equity across the network.
- 2.2 In 2017, All local bus operators were offered the opportunity to work with Nottingham City Council on an application into the National Productivity Investment Fund to secure funding to deliver contactless payment. Operators not covered by this project or who declined the opportunity to participate will be able to be incorporated into multi-operator contactless payment fares structures as part of phase 2 once the Midlands Connect Regional Brokerage system or a locally developed solution has been implemented.
- 2.3 Following discussions with project partners. It has been accepted that the contractual grant funding agreement will stipulate that Nottingham City Transport, with the largest share of the local public transport market will be appointed as the lead contractor, with grant funding for the central implementation and system hosting costs transferred to them. Nottingham Express Transit and Nottingham City Council will enter into a partnership agreement with Nottingham City Transport on this basis with a further agreement drawn up on how the contactless payment system will be managed, revenue distributed, bank account held and recurring costs met. Nottingham City Council will only be liable for their proportion of the recurring costs related to their supported services. Nottingham City Transport, Nottingham Express Transit and Nottingham City Council will also receive funding to make the requisite upgrades to their ticketing systems and card readers to enable the acceptance of contactless payment on their services. The current project allocations for the scheme capital costs are as follows:
- NCT Central Implementation Costs - £1.364m
 - NCT Vehicle Equipment - £0.457m
 - NCC Vehicle Equipment - £0.190m
 - Tramlink Platform Equipment - £0.475
 - Trentbarton Vehicle equipment – £0.480m

- 2.4 Installation costs of the vehicle hardware will be met through Nottingham City Council and public transport operator match funding.
- 2.5 Major Projects have formed a Project Assurance Group as part of the project initiation process. This will ensure appropriate controls and gateway reviews are in place to support the successful delivery of the project. Grant funding arrangements will be put in place with each operator that include provision for funding clawback and fully protect the interests of the council. A gateway review will be completed and signed off prior to the full initiation of the contactless payment project.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Postpone the delivery of phase 1 of the contactless payment project and wait until the Midlands Connect Regional Brokerage System has been implemented so that full multi-operator contactless payment can be delivered across different ticketing systems. This has been rejected as timescales for the delivery of the Regional Brokerage system have not been finalised and are outside of the scope of the NPIF funding award.
- 3.2 Continue with phases 1 and 2 of the Contactless Payment Project delivering individual operator contactless payment and multi-operator fares across operators with INIT systems in phase 1, with operators with other system suppliers added to the multi-operator contactless payment offer in phase 2 via the regional brokerage system or the fall back option of integration with the INIT platform. This is the preferred option.
- 3.3 Please see the attached appendices detailing the project governance structure and programme subject to approval.

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

- 4.1 A report was approved in July 2018 which accepted the £2.4m grant from the Department for Transport National Productivity Investment Fund (NPIF). The report in July also outlined the total cost of the project which included £0.500m contributions from Nottingham City Council (funded from the Feasibility Reserve) and NCT, taking the total cost to £3.4m.
- 4.2 The table showing total funding is as below and was included in the July report.

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	2.100	1.300

- 4.3 This report provides further detail on the scheme and paragraph 2.3 shows the split of project allocations totalling £2.966m across partners.

The remaining £0.434m will be spent on installation costs and project management.

- 4.4 The financial comments in the July report stated that NCC are acting as the lead partner and will accept the grant on behalf of the partnership and will make necessary payments across the partnership. Paragraph 2.3 shows the amounts of those payments.
- 4.5 As stated in the July report should the final cost be more than the grant amount, the onus will be on the operators to find the additional funds as the grant was secured on the understanding that the system quoted for in the bid would be procured. There is no financial pressure on the Council from this project. The report in July outline information that was required to meet the grant conditions.

Susan Tytherleigh, Finance Business Partner, 10 October 2018

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

- 5.1 Please see the exempt legal advice note

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

- 6.1 N/A

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 N/A

8 REGARD TO THE NHS CONSTITUTION

- 8.1 N/A

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 N/A

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 National Productivity Investment Fund Bid