

## Smart and Integrated Ticketing Strategy – Q&A

The smart and integrated ticketing strategy aims to increase the spread of smart and integrated ticketing in England. It was informed by a consultation which ran for 10 weeks and closed on 28 October. 122 responses were received which were generally very positive. A summary of consultation responses is included in the strategy document at Annex B.

### Background

#### 1. Why have a ticketing strategy?

Smart ticketing can have significant benefits for passengers and encourage modal shift towards public transport and away from private cars. This can help the Department deliver its aim of transport that works for everyone and reach our five strategic goals, including cutting carbon emissions and supporting the economy.

Research suggests that smart ticketing could result in net benefits of over £1bn per year.

#### 2. Why now?

Smart ticketing is still not widespread outside London. This means that there remains a significant opportunity to shape the eventual landscape of smart ticketing in England and ensure that the potential benefits are fully delivered.

### Scope

#### 3. Are there plans for a national smartcard?

The focus of the strategy is on developing local schemes that are interoperable. This means that a smartcard issued in one part of the country could be used to load and travel using tickets purchased in another part of the country. However, as 63% of consultation respondents believed that it would be of assistance, if in the strategy the Department commits to conduct an assessment of whether to implement a national smartcard.

#### 4. What will happen to operators/local authorities/passengers who don't want to change to smart ticketing?

There are no plans to make smart ticketing compulsory at present. However, we believe that the benefits are compelling and in time all parties will adopt this approach out of choice.

## **Timescales**

### **5. What has the Government done so far to encourage smart ticketing?**

A considerable amount. To encourage take up of smart ticketing we assisted in the creation of ITSO Ltd to develop a specification and have subsequently sponsored the organisation. We provided £35m for the introduction of the concessionary bus pass as an ITSO smartcard and included smart ticketing in all recently let rail franchises.

### **6. When is the strategy expected to deliver universal smartcard coverage?**

The Department has set a key target of smart ticketing schemes, similar to the Oyster scheme but using the ITSO specification, in England's major conurbations by 2015. It is expected that these schemes will form the basis for further expansion, with the result that there will be access to at least some local smart ticketing in all areas of the country by 2020.

## **Funding**

### **7. Who will pay for the introduction of smart ticketing?**

Where costs fall will depend on the design of the scheme. In general we would expect that local authorities and transport operators would pay. There remain routes by which smart ticketing schemes could get central funding such as Major Schemes bids and Integrated Transport Block funding.

The Department will also be making a one-off fund of £20m available to the nine largest urban areas in England, excluding London, in order to bring smart ticketing to the greatest number of people most quickly. This targeted funding is expected to provide infrastructure that can form the starting point of more extensive roll out of schemes.

There are no plans for a centrally funded rollout of smart ticketing.

### **8. Why doesn't the Government just pay for smart ticketing?**

Operators and local authorities also derive benefits from smart ticketing so it is not appropriate for the Government to wholly fund smart ticketing infrastructure, particularly when it can be used for commercial benefits.

Central government assistance for smart ticketing schemes is available through existing funding channels and through the £20m one-off fund which is being made available to the nine largest urban areas in England, excluding London, to implement smart ticketing schemes.

### **9. Surely this will make it more expensive for passengers during a time of financial difficulties?**

Smart ticketing can deliver cost savings and benefits to operators as well as local authorities and passengers, so there is no reason that passengers will necessarily pay higher fares.

## Other

### **10. What's wrong with a bit of paper as a ticket - haven't you got bigger fish to fry?**

Research suggests that integrated smart ticketing could result in net benefits of over £1bn per year, which makes it a fish worth frying.

### **11. What about the elderly - how are they going to cope with this new technology?**

Smart technology is intended to make things easier for the passenger. The concessionary bus pass is already a smartcard and being used as such by many older people where there are smart readers on buses.

### **12. Isn't this just spy in the sky so the Government knows our every movement?**

No. There is no need to encode any personal data on a smart card, and smart ticketing schemes must comply with all relevant privacy laws, including the Data Protection Act (DPA) 1998. The Government takes privacy issues very seriously and in the strategy commits to preparing a Privacy Impact Assessment and related guidance on privacy for local schemes.

### **13. Are you just trying to make the introduction of things like road pricing easier. Once you've got the technology in place it's just a small step to expanding it to tolls?**

No. The aim of the strategy is to increase smart ticketing on public transport.

### **14. The strategy is very urban centric. Why are you discriminating against rural areas?**

The Department is not discriminating against rural areas.

At the moment, there is a stronger business case for developing smart ticketing schemes in urban areas. However, once infrastructure has been delivered in these areas the marginal costs of extending the scheme into rural areas will be significantly reduced.

The aim of the strategy is to ensure that this happens as soon as possible.

### **15. In the consultation you said that smart ticketing could bring about benefits of over £2bn per year, now you're saying over £1bn. Why the change?**

The change is due to revised (and probably more conservative) assumptions in the calculation as a result of consultation responses. The Department still feels that the overall business case is very strongly positive.

## **The Smart Ticketing Funding Allocation**

### **16. Why has the funding been made available?**

To encourage interoperable smart ticketing schemes in England. Funding has been awarded in order to speed up the spread of smart ticketing in England and bring smart ticketing to the greatest number of people most quickly.

**17. How much funding has been made available?**

There is up to £20m available, split between 2009/10 and 2010/11. Each of the nine urban areas is entitled to up to £1.1m per year.

**18. If the benefits from smart ticketing are so great, why is the additional funding needed?**

Although there are considerable benefits, smart ticketing does require up front investment in the necessary infrastructure. The funding has been made available to assist with this investment and scheme design.

We believe that this targeted funding will put infrastructure in place that can form the starting point for wider rollout of integrated smart ticketing schemes throughout the country.

**19. How were the recipients of the funding chosen?**

The Department's aim is to bring smart ticketing to the greatest number of people most quickly. The nine recipients of the funding are the largest urban areas in England (excluding London) in terms of population. They are also nine of the ten (excluding London) congestion PSA target areas and account for over 50% of the bus trips made outside of London.

**20. Why was London excluded?**

The Department is already funding smart ticketing in London through the ITSO on Prestige project, which will make the Oyster estate compatible with ITSO.

**21. Why have no urban areas from the East of England been included?**

The urban areas were chosen solely on the basis of population. Unfortunately none of the urban areas in the East of England have a high enough population.

**22. In the consultation, you mentioned a £20m smart ticketing competition. Why the change?**

Consultation respondents were not supportive of the idea of a £20m competition on the grounds that it could result in further pilots. The Department has taken this on board and revised its approach to create a fund that it hopes will be used to develop functional schemes which could form the basis for wider rollout.

**23. Why is this money being given to local authorities, not bus operators?**

The Department believes that local authorities are best placed to lead local integration and smart ticketing schemes. Consultation responses suggested that there is a clear desire from local authorities to take on this role.

Bus operators will also receive incentives in the form of the revised Bus Service Operators Grant. This will pay an 8% higher rate of BSOG to each bus equipped with ITSO smart ticketing equipment. This could be worth around £800 per year.

**24. What local authorities really need is this £20m investment to plug the funding gap concessionary fares has caused - why don't you divert the money there?**

We are confident that there is enough funding in total for concessionary fares. The majority of funding for concessionary travel is through RSG and this is a wholly separate funding stream.