



SPT Ticketing Update

Committee Strategy and Programmes

Date of meeting 10 May 2019

Date of report 12 April 2019

Report by Senior Director

1. Object of report

To provide an update about SPT's activities in relation to public transport ticketing, including Subway Smartcard ticketing, multi-operator tickets such as ZoneCard, and SPT's role in the Nevis Technologies Joint Venture.

2. Background

SPT has two key roles concerning public transport ticketing:

- As a local transport authority; and
- As a public transport operator (Subway).

SPT is also part of a joint venture company, Nevis Technologies, delivering ticketing solutions for operators throughout Scotland.

SPT also administers the Strathclyde Concessionary Travel Scheme, which is outside the scope of this report and is reported separately to the Strathclyde Concessionary Travel Joint Committee.

3. SPT as Local Transport Authority

3.1 Legislative background (Transport (Scotland) Act 2001)

In relation to multi-modal and multi-operator travel, the Transport (Scotland) Act 2001 requires that an authority such as SPT "*shall from time to time determine what ticketing arrangements should be made available for their area*" and "*whether the required ticketing arrangements are being made available*".

Where required to meet the needs of the travelling public, the authority should then seek to make a "*ticketing arrangement*", which is a voluntary agreement, with relevant operators.

Should it not prove possible to make such an arrangement, the authority may enforce a ticketing scheme, for which participation is mandatory.

Under a previous iteration of the same legislation, SPT determined a requirement for a multi-modal, multi-operator ticket which led to the ZoneCard Ticketing Arrangement

as well as the Daytripper ticket. SPT also administers the Roundabout ticket for rail and Subway travel.

3.2 ZoneCard

ZoneCard is a multi-operator, multi-modal transport ticket covering bus, rail, Subway and ferry. ZoneCard tickets can be purchased with validity from one week up to one year. The ZoneCard ticketing arrangement has been in existence for around 30 years and is administered by SPT on behalf of the participating operators. ZoneCard is governed through a Forum of the main operators (including a representative of smaller operators) and is the largest most successful ticketing arrangement of its kind in Scotland.

More than 450,000 weeks of ZoneCard tickets are sold each year with value exceeding £11million. This revenue is distributed between the participating operators, based largely on analysis of customer self-completion travel diaries.

There has been a declining trend in ZoneCard sales over recent years, and there are a number of challenges associated with the retail and use of the ticket for passengers, operators and for SPT as administrators. The ticket format does not currently represent modern best practice for ticketing.

3.3 ZoneCard recent/ongoing/future developments

- Retendered multiple support contracts

Third-party support is required for many elements of ZoneCard administration. Audit of the travel diary process and allocation of revenue based on the travel diaries are both carried out by third parties to ensure independence from SPT. Each of these contracts has been renewed in recent years following SPT procurement processes and competitive tendering exercises. Some data entry tasks are also outsourced (these will soon be rendered unnecessary by process improvements). SPT also provides an online sales facility for ZoneCard renewal (spt.co.uk/zonecard/sales); the supplier for this was replaced in 2017 providing a substantially improved user and administrator experience, at lower cost compared to the incumbent supplier.

- Rebranding

SPT has refreshed the branding associated with ZoneCard with a modernised style and is gradually rolling this out to all relevant materials, such as ticket wallets, posters and leaflets.

- Online diary

The travel diary process has always been carried out twice a year and involves paper diaries being distributed through sales outlets. This is an extremely resource intensive exercise and requires a significant manual data processing effort.

In 2018, SPT introduced the option for customers to complete a travel diary online. In early 2019, the ZoneCard Forum of operators approved the withdrawal of paper diaries and a move to only offer online diaries, from October 2019. This will have extensive benefits notably:

- Increased flexibility of diary period dates (no longer restricted to a single survey week, surveys can be launched at short notice);

- Potential to increase the number of diaries completed in each survey period;
 - Increased accuracy of travel data recorded;
 - Reduced resourcing required for distribution of paper diaries;
 - Reduced manual data processing; and
 - Improved timescales for confirming revenue allocations based on diary surveys.
- Major review exercise

SPT and the ZoneCard participating operators recognise that there are significant areas of potential improvement in the ticketing arrangement. Starting in 2019 a full review of the ticketing arrangement is being carried out, including:

 - Zone structure
 - Fare structure
 - Ticket format
 - Retail/fulfilment channels
 - Scheme Rules (T&Cs)
 - Customer Information

3.4 Daytripper

The Daytripper ticket offers a day's travel on bus, rail, Subway and some ferries for one adult and two children, or two adults and four children.

Around 20,000 Daytripper tickets are sold each year, with a value of more than £300,000.

The Daytripper ticket may benefit from some modernisation, alternative approaches to providing family/group travel may emerge from the review of ZoneCard ticketing.

3.5 Roundabout

The Roundabout ticket is a commercial arrangement between ScotRail and SPT as operators of the Subway, and allows a customer all-day travel on Subway and rail (within a specified area).

The Roundabout ticket is currently issued in paper ticket form. SPT and ScotRail have commenced the early stages of a project to develop this into a smart ticketing format¹.

4. Subway

4.1 Subway ticketing overview

The Subway carries around 13 million journeys per year and offers a flexible range of convenient and good value ticket options for customers. The best value tickets are available on smartcard, and when purchased online.

¹ http://www.spt.co.uk/documents/latest/SP080219_Agenda9.pdf

Customers have several choices in relation to Subway tickets. "Single use" tickets can be purchased for single, return or all-day travel, at adult and child prices. There are also single and return tickets available for eligible concession card holders.

For single, return and all-day travel, passengers can also use Pay As You Go (PAYG) credit loaded onto a smartcard. This offers better value fares compared with single use tickets, with the total payable in a day capped at the return price (for any number of journeys).

Season tickets are available on smartcard only, for a week, 28 days, 10 weeks, 6 months and a year, and for adults and for children. Season tickets typically offer best value for regular travellers - for example a weekly ticket is better value than paying PAYG fares for five days in a week.

Registered smartcards are available free of charge for adults and children. These require registration online and feature the customer's name and photograph on the card. Customers also have the option to purchase an anonymous smartcard in stations for £3.00.

An anonymous smartcard can only be used for PAYG credit and season tickets up to 28 days (all at adult fares only), while a registered card (adult or child) can also be used for long term season tickets.

Customers can purchase tickets in stations at the ticket office or ticket vending machine. Customers with a registered smartcard can purchase tickets online and seamlessly collect the ticket onto their smartcard the next time they travel on the Subway. Currently season tickets are discounted online to incentivise purchase (reducing queues at ticket offices) and the 10-week season ticket is exclusively available online.

4.2 Recent developments

- Online sales growth

Since launch in 2016, the level of online sales has continued to grow steadily, particularly for season tickets. At the busiest times of year, up to 5% of ticketing revenue comes through online sales and online revenue exceeds some station sales.

- New ticket types

In response to customer demand - including as a direct response to the results of the 2017 Transport Focus passenger survey - new ticket types were introduced during 2018. Specifically, 10-week season tickets and all-day Child tickets were introduced.

- Smartcard interoperability

Working with Transport Scotland and with other public transport operators, SPT has worked to implement 3rd party smartcard acceptance on Subway. This means the following cards can be used for travel and will be treated in the same way as an anonymous Subway smartcard: ScotRail, McGill's, Stagecoach, NX Dundee, Tripper, Transport Scotland commercial bus operators. Transport Scotland is leading on a plan to promote this cross-acceptance of different smartcards.

- Subway SmartApp trial

SPT has been testing an Android mobile app which allows a passenger's phone to be used in place of a smartcard and will be treated by the Subway gates exactly like a smartcard. The Subway SmartApp uses technology called Host Card Emulation (HCE). Following extensive testing and development of the app, SPT has now progressed to offering the app for use by a limited number of paying customers. An exercise has been carried out to gather customer feedback and inform consideration of the future opportunities and benefits of SPT adopting this technology for Subway ticketing.

4.3 Ongoing/future developments

- Concession STR on NEC

Eligible concession card holders are issued with a "single use" single or return ticket for Subway travel, at concession fares (£1.00 single and £1.50 return). A project is currently underway to enable concession Subway travel using the cardholder's National Entitlement Card on the Subway gates where they would be deducted the relevant concessionary PAYG fare.

This could reduce the existing usage of around 500,000 single use tickets per year.

Further details have previously been presented to the Partnership²

- Mobile and other ticketing options

SPT will continue to consider options for mobile ticketing including the Subway SmartApp and other options, including through the Nevis Technologies joint venture. Officers continue to monitor developments in all areas of public transport ticketing to identify feasible options which could benefit passengers.

- Contactless payments

During 2019, contactless credit/debit card payment will be enabled at Subway ticket offices and ticket vending machines along with the implementation of Peer-To-Peer Encryption (P2PE) for card payments, which substantially reduced card processing costs.

Subway ticket sales have already seen a significant shift from cash to card in recent years (more than 50% of revenue has been taken by card since September 2018), and it is anticipated that contactless payments will accelerate that trend while also ensuring a better customer experience.

5. Nevis Technologies

5.1 History/origin of Nevis Technologies

During the development of the Subway Smart Ticketing system, a tendering exercise was undertaken to find a joint venture partner to work with SPT on the back office systems. The selected tenderer was Ecebs Ltd based in East Kilbride; SPT and Ecebs partnered to form Nevis Technologies.

Ecebs were subsequently taken over by Rambus, an American technology company, and the formation of Nevis Technologies was updated accordingly.

² http://www.spt.co.uk/documents/latest/SPTP080319_Agenda9.pdf.

Nevis is governed by a board of directors with representation from SPT and from Rambus, and there is also management group with senior staff from both organisations.

5.2 Customers and projects

Nevis provides smart ticketing back office services to SPT for the Subway smartcard, including the smartcard customer management system and the online ticket sales facility. Nevis also provides these services to other customers including ScotRail, McGill's and Lothian Buses. Nevis is also a supplier to the Glasgow SmartZone (Tripper smartcard for multi-operator bus travel) and provides services on a smaller scale for some SPT Community Transport operators.

5.3 Future role

Nevis Technologies provides a means to develop and test emerging technologies such as host card emulation, and has an important role in the wider ticketing environment across Scotland as Transport Scotland continues to pursue widespread smartcard compatibility across all operators.

6. Committee action

Members are asked to note the contents of this report.

7. Consequences

Policy consequences	<i>The development and delivery of smart and integrated ticketing is a key objective of our Regional Transport Strategy and the Scottish Government National Transport Strategy.</i>
Legal consequences	<i>None within this report.</i>
Financial consequences	<i>None within this report.</i>
Personnel consequences	<i>None within this report.</i>
Equalities consequences	<i>None within this report.</i>
Risk consequences	<i>None within this report.</i>

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