



## SPT Ticketing Update

**Committee** Strategy & Programmes

**Date of meeting** 20 November 2020

**Date of report** 4 November 2020

### Report by Assistant Chief Executive

#### 1. Object of report

To provide an update about SPT's activities regarding 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.

##### 2.1 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. SPT as Local Transport Authority

#### 3.1 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).

More than 385,000 weeks of ZoneCard tickets were sold during 2019-20 with value exceeding £10.4million (sales were affected by the coronavirus pandemic in the last few weeks of 2019-20). This revenue is distributed between the participating operators, based largely on analysis of customer self-completion travel diaries.

There has been an ongoing declining trend in ZoneCard sales over recent years, and there are a number of challenges associated with the retailing 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, but continues to provide a convenient and good value ticketing option which suits many regular commuters using more than one mode of public transport.

#### 3.2 ZoneCard recent/ongoing/future developments

- Streamlined processes including online services

Third-party support is required for some elements of ZoneCard administration. The allocation of ticket revenue to operators is based on a twice-yearly travel diary survey. 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.

A number of process improvements have been introduced in recent years, and the diary survey in October 2019 was the first online-only survey. This removed the need for (externally procured) printing of paper diaries. This also removed two main steps in the analysis of diary results, one of which was carried out internally and one which was externally procured.

- Major review exercise

SPT and the ZoneCard participating operators recognise that there are significant areas of potential improvement in the ticketing arrangement. The need for change has been amplified by the events of 2020 with the coronavirus pandemic having a dramatic effect on travel-to-work patterns.

During the summer of 2020, consultants appointed by SPT have been working to establish a new, simplified Zone Structure and a new approach to revenue allocation, as the first steps in modernising the ZoneCard ticketing arrangement. This work has been carried out in close cooperation with the major ZoneCard operators, and agreement has been reached to work towards a smart ZoneCard format with a simplified Zone Structure.

- Impact of coronavirus pandemic

The SPT ZoneCard team has been mainly working remotely since mid-March 2020 due the coronavirus pandemic and lockdown. The team has continued to handle customer enquiries throughout and processed more than £240,000

in refunds from mid-March to mid-June for tickets no longer required due to lockdown.

Since May 2020, ZoneCard team members have been working in the office one day per week to carry out essential tasks, particularly processing ticket orders for essential customers (the main customer being the NHS). Gradually this work has expanded to support broader travel requirements for return to workplaces and school.

ZoneCard ticket sales were severely affected by lockdown, the number of ticket weeks sold being reduced to less than 10% of the normal level in April and May 2020. Between August and October 2020, sales have averaged around 25% compared to the previous year.

SPT and the ZoneCard participating operators have remained in regular discussion regarding ZoneCard revenue and arrangements for ongoing payments to operators.

The ZoneCard participating operators have agreed to keep ZoneCard prices unchanged for 2021.

### 3.3 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 18,000 Daytripper tickets were sold in 2019-20, with a value of more than £300,000 (sales were affected by the COVID-19 pandemic in the last few weeks of 2019-20).

The Daytripper ticket is produced in a complex printed format, with scratchcard panels used to validate the date of use. This makes the ticket expensive to produce, without any of the benefits of a modern/digital ticket format.

It is likely that the Daytripper ticket is not sustainable in the long term in its current format. SPT will seek to maintain a suitable ticket offer for customers who currently use Daytripper, through the ZoneCard review exercise.

- Impact of coronavirus pandemic

The primary purpose of Daytripper is for leisure trips by family groups. Daytripper ticket sales were severely affected by the pandemic, reducing to 1% of normal levels at the height of lockdown (April 2020) and recovering to over 30% by August 2020.

### 3.4 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, however customers have the option to purchase both Subway and ScotRail smart tickets onto a single smartcard (provided by Subway, ScotRail and other operators).

## 4. Subway

### 4.1 Subway ticketing overview

The Subway normally carried (before the coronavirus pandemic) 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.

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

- Concession STR on NEC

Smart concession Subway travel for eligible National Entitlement Card holders was introduced in late 2019.

From December 2019 to October 2020, there were over 200,000 smart concession journeys on the Subway (more than 150,000 of which were in the period December to March). These smart journeys saved more than 130,000 disposable single and return tickets being issued, as well as offering increased convenience for concession customers.

- Online sales growth

Since launch in 2016, the level of Subway online ticket sales has continued to grow steadily, particularly for season tickets. At the busiest times of year, up to 7% of ticketing revenue is derived through online sales and online revenue exceeds some station sales.

- Smartcard interoperability

Since early 2019, customers have been able to use a range of third-party smartcards for Subway travel, and during the second half of 2019 Transport

Scotland launched a national campaign of publicity around smartcard interoperability. In February 2020 (the last full month before the coronavirus lockdown) there were 13,000 journeys made on the Subway using ScotRail smartcards, as well as 46,000 using National Entitlement Cards and a handful using other third-party smartcards.

- Process improvements

Ticket products can now be made available for a smartcard remotely by the SPT smartcard team, and will load to a customer's card when they pass through a Subway ticket gate. Previously a customer would have to visit a Subway ticket office to have this carried out manually.

An example use case for this would be a customer with £5 PAYG credit loaded to a National Entitlement Card, whose card became faulty. It is now possible to make the £5 available to be collected at the ticket gate the first time the replacement card is used.

This change also automates an audit trail for the creation of ticket products and frees up station staff time to concentrate on supporting customers in other ways.

- Impact of coronavirus pandemic

The Smartcard Enquiries team have been working remotely since mid-March 2020 and have continued to handle customer enquiries throughout. For a short period of time, enquiries were by email only, but phone enquiries are now being taken as normal.

As extensively reported elsewhere, travel on the Subway and consequently ticket sales have been significantly affected by the pandemic and lockdown.

In the emerging landscape of increasingly flexible working arrangements, Subway has a ready-made smart ticketing solution in the form of Pay As You Go credit which offers maximum value and flexibility for customers.

No price increases have been applied to Subway tickets in 2020, the last price change was in April 2019.

The proportion of ticket sales paid by debit/credit card has increased significantly during 2020, reaching 59% in the four weeks ending 10 October. At ticket vending machines, more than 80% of sales were paid by card in the same period.

#### 4.3 Ongoing/future developments

- Mobile and other ticketing options

SPT continues to consider options for mobile ticketing, 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. A new app, allowing customers to read the contents of a Subway smartcard, and download tickets directly to a smartcard, is currently being prepared for launch to customers, for both Android and Apple devices.

- Contactless payments

Card payments at Subway ticket offices and ticket vending machines are currently taken using chip-and-pin devices which have been in place since the ticketing system was installed in 2013.

The existing devices do not allow for contactless card payments. A project is ongoing to replace all payment devices with contactless-enabled equipment, which will allow contactless payments up to £45, including with Apple Pay and Android Pay on mobile phones.

This work is being carried out by the ticketing hardware supplier Scheidt and Bachmann. Alongside the introduction of new hardware, Point-to-Point Encryption (P2PE) is being introduced for payment card data handling, providing enhanced data security.

Contactless payment will provide increased convenience for customers, and is particularly important in light of the coronavirus pandemic. Transaction times at ticket office and ticket vending machines will be reduced, while SPT will benefit from reduced cash handling requirements. The move to P2PE also delivers reduced transaction handling costs for SPT.

This project is now in the final stages with completion expected by February 2021.

## **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. During 2019, the smart ticketing part of Rambus was purchased by the global payments company Visa. With each of these changes, the formation of Nevis Technologies was updated accordingly.

Nevis is governed by a board of directors with representation from SPT and from Visa, and there is also a 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). Nevis supplies 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 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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