

## PLYMOUTH CITY COUNCIL

**Subject:** Local Sustainable Transport Fund Bid – Smart Ticketing  
**Committee:** Cabinet  
**Date:** 13 September 2011  
**Cabinet Member:** Councillor Wiggins  
**CMT Member:** Director for Development and Regeneration  
**Author:** Andy Sharp, Public Transport Controller  
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**Ref:**  
**Key Decision:** No  
**Part:** 1

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### Executive Summary:

Following a successful bid through the Department for Transport's (DfT) Local Sustainable Transport Fund (LSTF) Plymouth City Council (PCC) has been awarded £2.98 million to aid the transition to smart bus ticketing throughout the South West. PCC hosted the bid on behalf of 15 Local Authorities in the South West region. The bid was submitted under a Delegated Decision on 15 April 2011 and the DfT announced on 5 July 2011 that PCC was successful. The £2.98 million is a mix of revenue and capital funding and will be delivered between 2011/12 and 2012/13.

The bid enables a further phase to an existing project in the South West, which PCC are already working on to equip buses with smart ticketing equipment and the necessary back office systems. The existing project is a capital project within the Transport block. This award is a 3<sup>rd</sup> party funding arrangement and no further PCC funds are required to deliver the LSTF part of the overall project.

The delivery body for this bid will be South West Smart Applications Ltd (SWSAL). SWSAL are a public private, not-for-profit company, limited by guarantee, established to deliver the DfT vision for Smart and Integrated Ticketing throughout the South West. The company was launched in October 2010 by the Rt Hon Norman Baker MP, Parliamentary Under Secretary of State for Transport, the company is hosted by the University of Plymouth.

The owners of SWSAL are the 15 SW Unitary and County Highway Authorities in the South West, and the 15 major bus operators in the region. The Company has four Local Authority and four Bus Operator Directors and an independent Chairman. Andy Sharp, an employee of Plymouth City Council is currently named as a deputy director.

Approval is now sought from PCC's Cabinet to accept the bid and proceed with this phase of the smart ticketing project.

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### Corporate Plan 2011-2014:

The overall smart ticketing project, of which this LSTF bid will contribute to, directly supports all four corporate priorities both locally within Plymouth and across the region: Delivering Growth, Reducing Inequalities, Raise Aspirations and Providing Value for Communities. In addition to these priorities is the central role this bid award places Plymouth regionally, which

is an excellent way of building upon the Heart of the South West Local Enterprise Partnership.

## **Deliver Growth**

### ■ Connectivity

- The smart ticketing standard, ITSO, is an international specification which is an essential requirement in the future to allow interoperable travel between different modes and across transport provided by different companies. This is the standard which all 3000 buses in the region will be brought up to, even before major urban centres such as London and Manchester. It is a requirement of all new rail franchises.
- Smart ticketing will significantly improve bus boarding times and significantly reduce the demand for cash fares which naturally take longer to process.

### ■ Economic growth

- Commercial bus operators face difficult times ahead with reductions in concessionary travel reimbursement, increased fuel costs and a reduction in their fuel duty rebate from the DfT. This project will assist with funding to all bus companies in the region and in doing so will release not only an expected uplift in passenger numbers bringing greater revenue, reduced fuel costs through faster journey times but also a specific enhancement in the fuel duty rebate for running an ITSO ticketing scheme.

### ■ Improved road journey times

- Speeding up bus boarding times will reduce any adverse affects of delays on the entire road network.

### ■ A sustainable environment

- Significant emission savings are detailed in Annex A of the submitted bid which is attached as appendix A of this document. A highlight regionally is a total of nearly 13,000 tonnes of carbon saved over the next four years.
- The simplicity of the new form of ticketing and the benefits of speeding up journey times are predicted to have a 2% uplift in bus patronage; reducing private car journeys.

## **Reduce Inequalities**

### ■ Movement across the City

- The project will set the foundations in place for future interoperable tickets enabling easier travel across all areas of the City but specifically in this context between socially deprived areas of the City and those offering employment, leisure and health facilities. The scheme will assist with removing barriers to transport associated with the complexity of existing ticketing.

## **Raise Aspirations**

### ■ Increase number of people visiting the City

- The project will enable easier travel both within the City and across the region. The ITSO ticketing standard as detailed below will eventually be available on trains which will provide unprecedented connectivity between transport modes. This improvement in using public transport will make Plymouth far easier to visit.

## **Provide Value for Communities**

- Reducing emissions
  - Smart ticketing will help to reduce the environmental impact of transport activities by encouraging a greater uptake of more sustainable travel, thereby assisting the viability of the city centre and local businesses. Modal switch to public transport travel will help to reduce congestion and the associated lost hours to businesses and services, thereby improving the local economy. Significant emission savings are detailed in Annex A of the submitted bid which is attached as appendix A of this document.
  
- Value for money
  - This regional award of £2.98 million comes without any additional commitment for expenditure from PCC than is already committed and underway. The benefits to the economy, environment and opportunities for the people of the City are significant. By working as a region it has been possible to achieve benefits of scale without, without which would make the project unviable for at least the foreseeable future in Plymouth alone.

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## **Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land**

The project value of £2.98 million is made up of £2.225 million revenue and £0.755 million capital. The project will be delivered over 2011/12 and 2012/13 fully financed from grant funding.

Whilst SWSAL will be the delivery body for the LSTF bid PCC will remain the accountable body for the grant. PCC will ensure that liabilities under the grant conditions are appropriately shared by way of a legal agreement with the partner Local Authorities which form South West Smart Applications Limited.

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## **Other Implications: e.g. Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:**

As accountable body, PCC assumes the risks of grant clawback or ineligibility of spend. In order to mitigate these risks, appropriate legal agreements will be put in place in line with the terms and conditions of the grant with the partner Local Authorities which form SWSAL.

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## **Recommendations & Reasons for recommended action:**

The cabinet are asked to approve acceptance of the grant and proceed with this phase of the smart ticketing project in Plymouth and the region.

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## **Alternative options considered and reasons for recommended action:**

Cabinet could not approve the bid award from the DfT.

- The £2.98 million would be lost to the region and recouped by the DfT's LSTF fund and awarded to other Local Authorities.
  - The Smart Ticketing project would be partially delivered in the region meaning only partial benefits detailed against the Corporate Plan would be achieved.
  - Risk to reputational damage for PCC from the regional Local Authorities, Bus Operators, the University of Plymouth, the DfT and other stakeholders.
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**Background papers:**

Submitted LSTF Bid: Smart ticketing throughout all South West England, [www.plymouth.gov.uk/lstf](http://www.plymouth.gov.uk/lstf)

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**Sign off:**

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|-------------------------------------|--|-----|--------------|----|--|--------------|--|----|--|---------------|--|
| Fin                                 | KFD<br>evF1<br>112<br>002<br>8<br>18/0<br>8/11 | Leg | MS/I<br>2620 | HR |  | Corp<br>Prop |  | IT |  | Strat<br>Proc |  |
| Originating SMT Member Clive Perkin |  |     |              |    |  |              |  |    |  |               |  |

## **1. Introduction**

1.1 Plymouth City Council was asked by SWSAL in March 2011 to be the host Local Authority for the regional submission of a bid through the Local Sustainable Transport Fund which will help enable smart ticketing on all bus services. The bid for £2.98 million was successful with notification from the Department for Transport (DfT) in July 2011. Although SWSAL will deliver the outputs of the bid the DfT has specified that the grant must be paid to and administered by Plymouth City Council. The grant enables a further phase to the existing project in the South West, as part of which PCC are working to equip buses with smart ticketing equipment as part of the existing £80k capital project within the Transport block. This existing project and associated spend has been used as matched funding to assist with securing the LSTF bid. However, no further PCC funds are required to deliver the LSTF part of the overall project.

## **2. Background**

2.1 South West Smart Applications Ltd (SWSAL) is a public private, not-for-profit company, limited by guarantee, established to deliver the DfT vision for Smart and Integrated Ticketing throughout the South West. Launched in October 2010 by the Rt Hon Norman Baker MP, Parliamentary Under Secretary of State for Transport, the company is hosted by the University of Plymouth.

2.2 The owners of SWSAL are the 15 SW Unitary and County Highway Authorities in the South West, and the 15 major bus operators in the region. SWSAL's other key stakeholders include Passenger Focus, Forum for the Future, Department for Transport Ticketing Division and the Confederation of Passenger Transport. The Company has four Local Authority and four Bus Operator Directors and an independent Chairman. An employee of Plymouth City Council is currently named as a deputy director.

2.3 SWSAL has been highly successful in supporting its Local Authority and Bus Operator members through being awarded over £2m in grant funding from the South West Council. This previous award has been utilised by PCC to deliver the existing £80k capital project detailed above. More details about SWSAL can be found at [www.SWSAL.co.uk](http://www.SWSAL.co.uk).

2.4 Match funding from existing committed regional funds, was used to support this bid to the LSTF on behalf of all South West Local Authorities. Therefore there is no additional spend required by Plymouth City Council.

## **3. What the bid will deliver**

3.1 The bid supported the LSTF 'essential criteria' in supporting the local economy, reducing congestion, improving reliability, as well as reducing carbon emissions. It also satisfied the 'desirable criteria' by improvements to air-quality, accessibility, and wider environmental benefits. In summary, the bid will deliver:

- The ITSO interoperable technical ticketing specification for smartcard ticketing on all registered local bus services in SW England;
- Europe's 1<sup>st</sup> regional open access pay-per-use ITSO Head Office Processing System (HOPS) and Card Management System, this the technical back office system required to process smart card data;
- England's 1<sup>st</sup> regional E-money transport ticketing platform. Electronic money is basically stored money on a smartcard which is deducted for basic purchases such as bus travel, news papers etc;
- ITSO migration support for Community Transport and Community Rail Partnerships, which will facilitate improved integration with other transport forms in the future.

#### 4. Hosting the LSTF Bid

4.1 Plymouth City Council are pleased to have been invited by SWSAL to host the £2.98m LSTF submission, which follows in the tradition of previous partnership working by PCC with both the University, and the Regions Highway Authorities, such as the 1999 successful bid by PCC for funding Traveline in the SW.

#### 4.2 Role of SWSAL:

- Prepare the bid application for PCC & obtain all letters of support before submission;
- Manage all aspects of project delivery and delivery finance, overseen by the SWSAL Board;

#### 4.3 Role of Plymouth City Council:

- Receive awarded funds from the DfT and transfer to the University for delivery;
- Submit the claim forms and progress reports to DfT as required by the LSTF process (completed for PCC by SWSAL).
- Appropriate indemnity and audit arrangements to be in place.

#### 5. Spend profile

| £K      | 2011/12 | 2012/13 | Total |
|---------|---------|---------|-------|
| Revenue | 830     | 1395    | 2225  |
| Capital | 305     | 450     | 755   |
| Total   | 1135    | 1845    | 2980  |

#### 6. Risk

6.1 As Accountable Body, PCC assumes the risks of grant clawback or ineligibility of spend. In order to mitigate these risks, appropriate legal agreements will be put in place in line with the terms and conditions of the grant with the partner Local Authorities which form SWSAL.