

**Report to the  
Transport for South Hampshire and Isle of Wight  
Joint Committee**

**Date:** 7 June 2013  
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**Subject:** Smart Ticketing

**Purpose of this Report**

To update Members on the delivery of the smart ticketing element of the Local Sustainable Transport Fund (LSTF).

**Recommendation**

- (a) That the Joint Committee notes the progress made regarding the smart ticketing project.**

**Introduction**

1. This report will focus on the following areas:
  - (a) background;
  - (b) project overview; and
  - (c) scheme delivery.

**Background**

2. In March 2010 MVA Consultancy (MVA) was commissioned by Southampton City Council on behalf of Transport for South Hampshire and Isle of Wight (TfSHIoW) to develop a business case for providing or grant-aiding elements of a smart card system for the TfSHIoW area.
3. The aim for the Local Authority Partners is that of a fully interoperable, ITSO compliant offer (UK's defined technical standard for smart ticketing), executed in partnership with the South Hampshire Bus Operators' Association ("SHBOA") which will enable technological links between operators and additional transportation modes. It is anticipated that this technological infrastructure upgrade will provide

the best possible products to transport users; make public transport seamless, easier to use and cheaper; as well as promoting growth of the sector.

4. The smart ticketing project was approved as part of the LSTF Major Bid “A Better Connected South Hampshire” by the Joint Committee.
5. A smart ticketing specialist is now in post and has been working across the TfSHloW partners to deliver the project since January 2013.

### **Project Overview**

6. The smart ticketing project is made up of three separate deliverables.
7. The deliverables are:
  - (a) the procurement of an Asset Management System – Host Operator Processing System (AMS-HOPS) back office;
  - (b) grant funding for ferry and small local bus operators; and
  - (c) the delivery of a ‘smart’ Solent Travelcard.

### **AMS-HOPS Procurement**

8. One of the main deliverables is the procurement of a centralised smart ticketing back office system or AMS-HOPS.
9. The chosen system will replace the current back office contracts for each of the TfSHloW partners. The AMS-HOPS is a core central component in every ITSO scheme. It facilitates the management of products/keys and data flows. It is also an essential part in the delivery of the English National Concessionary Travel Scheme, a Scheme which the Department for Transport (DfT) has required local authorities to issue passes using ITSO-enabled smartcards since 2008. The new back-office system procurement will ensure ‘business as usual’ for all passholders, whilst providing the foundations upon which to deliver the other commitments within TfSHloW smart ticketing project.
10. In addition to the core AMS-HOPS requirement, a number of optional additional elements of functionality are being added to the procurement to assist TfSHloW in delivering the smart ticketing project and which may be called upon over the lifetime of the contract. These include:
  - (a) Card Management System (CMS) for the management of cards/media devices that have been issued;
  - (b) card bureau/card production, either hosted by a third party or to support the printing of cards inhouse;
  - (c) reimbursement and payment software;
  - (d) Multi Journey (carnet) and Stored Travel Rights/Season Ticket (STR) balance, management software; and
  - (e) payment and revenue apportionment software.

## **Grant Funding**

11. Similar to the Better Bus Area Fund (BBAF), the grant funding is designed to provide small local bus and ferry operators with the funding to install the necessary smart ticketing equipment. This includes: electronic ticket machines (ETMs); ticket vending machines (TVMs); handheld validators; validator POSTS; and sales office equipment. Larger bus operators (Stagecoach, Go-Ahead and First) have already implemented ITSO compliant equipment, this contribution was accounted for during the preparation of the original bid.
12. Terms and conditions of the funding will require operators to introduce flexible journey-backed products, such as the Solent Travelcard. Operators may also consider introducing their own commercial smart ticketing products. Funding will be made available in accordance with State Aid rules.
13. Should funds permit, a further phase of the project is also being considered covering new innovative areas of smart ticketing payment technology, such as EMV (Europay, MasterCard and Visa) and Near Field Communication (NFC). EMV allows for contactless payment via a contactless enabled bankcard, whilst NFC would work via a mobile or smart phone device.

## **'Smart' Solent Travelcard**

14. The Solent Travelcard (STC) is an existing bus-only, multi-operator product. The aim of the TfSHIoW smart ticketing project is to work with the product owner, SHBOA, to transform the product into a 'smart' multi-modal travelcard.
15. The current aspiration is to introduce a daily, weekly and monthly smart product. These could be purchased to cover the entire STC zone, or Southampton and Portsmouth city zones. A pay-as-you-go product is also being considered as a potential future offering.
16. Coastal ferry services (e.g. Gosport and Hythe) will also be given the opportunity to join the STC. It has been proposed that the product offering would mirror that of the current unlimited bus product. The final product offering will be subject to a commercial agreement between SHBOA and the ferry operators. Negotiations are presently on-going in this respect.
17. It is proposed that ferry services to the Isle of Wight (IoW) would add-on their products to the Solent Travelcard to create a joint ticket. This would be on the basis of travel into and out of the area, plus unlimited travel within the area. The final offer would be subject to a commercial agreement between SHBOA and the Isle of Wight ferry operators.

## **Scheme Delivery**

### HOPS Procurement

- (a) A detailed specification has been drafted and shared for comments with all of the TfSHIoW authorities. These were drafted by Southampton City Council (procurement lead).
- (b) The Pre-Qualifying Questionnaire (PQQ) was released via the Supply Southampton website on 22 March 2013. The PQQ closed on 26 April 2013. Seven suppliers registered an interest in the contract. Following the PQQ stage, approved suppliers will be issued with the Invitation to Tender Document; this includes a detailed specification along with a series of questions and method statements, which will be evaluated in accordance with set criteria.
- (c) The contract is expected to be awarded in June/July 2013, with the implementation process estimated to take around six months.

### Grant Funding

- (a) Documentation to support grant funding to small local bus and ferry operators is currently being drafted. MVA has been developing a specification to identify the equipment requirements. It is important that any equipment purchased by operators meets the national ITSO standard.
- (b) When applications for funding are received they will be reviewed to ensure they meet the necessary terms and conditions. Once awarded, funding will need to be spent and equipment installed and tested within six months.
- (c) The grant funding process is on target to be completed within the 2013/2014 financial year.

### 'Smart' Solent Travelcard

- (a) Monthly meetings have been taking place between SHBOA and TfSHIoW to establish and draft the 'smart' STC business rules and the scheme agreement.
- (b) SHBOA has agreed to introduce variants of the current STC, including a Southampton and Portsmouth 'city' zone product. It is proposed that coastal (non Isle of Wight) ferry services will offer the same unlimited travel for a set fee, as currently provided by the existing bus only product (subject to a commercial agreement between SHBOA and the ferry operators).

- (c) Add-on products are proposed for ferry services operating to the Isle of Wight. This will require a commercial agreement between ferry operators and SHBOA.
- (d) As this is a multi-operator product, considerable time is being invested to ensure that any technical limitations between the bus operator suppliers are minimised and do not prohibit the interoperability of the STC scheme. A workshop has been organised to finalise both the business rules and scheme agreement in May 2013.
- (e) Following the agreement of the business and technical rules, testing and the installation of equipment will need to be undertaken. The delivery of a 'smart' STC by October 2014 is still on target.

Section 100 D - Local Government Act 1972 - background papers

**The following documents disclose facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of this report.**

NB the list excludes:

1. Published works.
2. Documents which disclose exempt or confidential information as defined in the Act.

TITLE	LOCATION
TfSH Smart Card Governance Report v1.3 2011	Transport for South Hampshire/ MVA
TfSH Smart Card Business Case Report v4.4 2011	Transport for South Hampshire/ MVA
LSTF Bid Submission "A Better Connected South Hampshire"	Transport for South Hampshire/ MVA
TfSH Smart Ticketing Ferry Operator ITSO Acceptance Report 2012	Transport for South Hampshire/ MVA
LSTF Smart Ticketing Delivery Options Report June 2012	Transport for South Hampshire/ MVA