

# Transport for the North Scrutiny Committee Meeting– Item 8

**Subject:** Integrated Smart Travel Programme (IST) Progress Update

**Author:** Alastair Richards, IST Programme Director

**Sponsor:** Barry White, Chief Executive

**Meeting Date:** Thursday, 22 November 2018

## 1. Executive Summary:

1.1 The Integrated and Smart Travel (IST) Team - working closely with the Department for Transport (DfT) Sponsor Team, Local Authorities and commercial bus and rail operators - has again achieved some key milestones on the IST Programme this month.

The IST Programme comprises the following three Phases:

- a) Phase 1 – Integrated Travel Smartcard Organisation (ITSO) Smart Cards on Rail has launched with the public and is now continuing to be rolled-out progressively from East to West - interoperable smart ticketing across the whole rail network in the North by the end of 2018;
- b) Phase 2 – Information on Bus and Light Rail which is enhancing the fares and disruption information, and making this available as open data for these modes across the North by the end of 2019; and
- c) Phase 3 – Introduction of 'pay as you go' account-based ticketing using contactless bank cards in 2020 on bus and light rail and heavy rail in 2021.

This report provides the Scrutiny Committee with an update on what has been achieved in the various Phases and the activity in the next phases of the programme.

## 1.2 [Phase 1](#)

Implementation has continued as follows:

- a) August 2018 - The Technical Trial Area between Hull – Scarborough (Northern) and Malton to Scarborough (Transpennine) to prove each system in isolation and then interoperability between each other is complete and now open to the public;
- b) November 2018 – The rollout for 'ITSO Belt' Phase deploying at all the Northern and Transpennine owned and operated stations throughout the North is progressing starting in the East and working West;

- c) December 2018 – ‘ITSO Belt’ complete including the switch of RailPass products on Merseyrail and commencement of the ‘ITSO Belt and Bridges’ Phase deploying at all the stations throughout the North owned and operated by Train Operating Companies (TOCs) other than Transpennine and Northern; and
- d) April 2019 – Completion of the ‘Belt and Bridges’ Phase and start of Phase 2 of the Merseyrail network deploying platform validators, building on the Phase 1 smart retailing that is already operational across the Merseyrail network. Enhancement to the retailing channels for customers to purchase and collect smart tickets across the North.

The current forecast spend of £18.46m including Optimism Bias and OPEX is in line with that approved in the Full Business Case (FBC) and despite delays in approvals delaying spend, delivery is progressing to plan – a breakdown of the budget and the implementation timeline is shown in Appendix 1.

### 1.3 [Phase 2](#)

The Full Business Case for Phase 2 (FBC2) was approved by the DfT Local Regional Transport Investment Committee on the 06 November and we are now waiting on the Secretary of State (SoS) and Her Majesty’s Treasury (HMT) confirmation before awarding contracts. Memoranda of Understanding (MOUs) were received from 5 Combined Authorities and 14 of the Local Transport Authorities provided signed letters of support for the FBC2. The team have been focusing on coordination with the DfT Bus Open Data initiative and working with Local Transport Authorities (LTA’s) to detail and agree the Target Operating Model of how to integrate the Phase 2 initiatives with existing systems.

- 1.4 We included final costs of £5.6 million in the FBC for Phase 2, £3.7m of cost plus £0.22m contingency and £1.65m optimism bias. For information a more detailed cost breakdown and timeline is presented at Appendix 2.

### 1.5 [Phase 3](#)

Following approval of the IST Phase 3 (Account Based Back Office Ticketing) Outline Business Case, we launched the formal procurement. In response to the Contract Notice we received 19 Standard Qualification submissions from interested suppliers for Lot 1 and Lot 2. Evaluation of these was completed and 7 suppliers were shortlisted and the Invitation To Tender (ITT) documents on 15 October. ITT submissions are due to be received on the 14 January 2019. The parallel procurement for the Merchant Acquirer had the contract notice issued on 22 October and the Standard Qualification documents are due back from potential suppliers on 23 November. The timeline for Phase 3 is presented in Appendix 3. As a result of the delayed approvals, a significant amount of Phase 3 spend has been moved into next financial year as well as contingency and optimism

bias amounts compared to the original budget for 2018/19. DfT are aware of this.

## 1.6 **General**

This report provides the Scrutiny Committee with visibility of progress and the next steps for the IST programme, the next report to the TfN Partnership Board and Members Board is planned for December 2018.

## **2. Recommendations:**

2.1 The Executive Board is asked to note the progress made with the IST Programme and specifically to:

- a) Note the plans and associated expenditure for the Implementation Phase of the ITSO on Rail - Phase 1 project roll-out across the North;
- b) Note the progress made with the approval of the Full Business Case for Phase 2 by DfT Local and Regional Transport Investment Committee (LRTIC);
- c) Note the progress with the procurements for Phase 3 and the reallocation of funding between financial years.

## **3. Issues:**

- 3.1 On Phase 1 implementation, there have been issues with the final testing of the Central Back Office being provided by Rail Delivery Group (RDG), using up all the contingency and putting the rollout under time pressure but we expect to achieve the ITSO on Rail - Phase 1 Implementation Plan as scheduled.
- 3.2 Work has continued with Local Authority partners on preparing their internal business cases for the medium term operating model for Phase 2. As reported earlier MoU's and Letters of Support have now been received. The issue that is being actively managed is to work with Authorities to confirm that operating costs of the Phase 2 outputs can be met on an ongoing basis from business savings.
- 3.3 We have worked with the larger bus operators to finalise the requirements and now issued these to the down selected suppliers for Phase 3. The issue remains that operators remain extremely sensitive to the commercial offers due to be returned in January from the market.

## **4. Considerations:**

- 4.1 A detailed update on the delivery of the Account Based Back Office Ticketing – Phase 3, will be presented at the Scrutiny Committee Meeting.

**Appendices:**

**Item 10: Appendix 1** – Phase 1 (ITSO on Rail) forecast spend & timeline

**Item 10: Appendix 2** – Phase 2 (Bus and Light Rail Information) Full Business Case Costs and timeline

**Item 10: Appendix 3** - Phase 3 (Account Based Back Office Ticketing) Charts forecast spend & timeline