

# Transport for the North Board

**Subject:** IST Programme

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**Sponsor:** Barry White, Chief Executive

**Meeting Date:** Thursday 18 February 2021

## 1. Executive Summary:

- 1.1 Given the current funding position that DfT has not agreed to the Spending Review request for IST funding for 2021/22, this paper sets out the consequences and recommends formal closure of the IST Programme.

## 2. Background

- 2.1 The Integrated and Smart Travel (IST) programme was created to transform the public transport passenger experience across the North by working in mutually beneficial partnerships with operators, local authorities and suppliers. The overall intention was to have an easy, consistent and familiar travel experience throughout our region which to help make public transport the preferred choice for travel across the North of England. A funding envelope of £150m across multiple phases was agreed in 2015.
- 2.2 The First Phase was 'Smartcards on Rail', working with train companies Northern Rail, TransPennine Express and Merseyrail to introduce smartcards for season tickets customers. Around 80% of rail season ticket holders had converted to smartcard seasons prior to the onset of the Covid 19 pandemic and the success of this Phase in delivering real improvements for passengers demonstrates the value of TfN's partnerships and skills creating a new era of seamless and convenient travel across our region. The second part of this smart card enablement successfully delivered Flexi-season capability across a large swathe of the North's rail network, featuring rail products more focussed on the less-frequent commuter, an essential product for a post-Covid world.
- 2.3 The Second Phase was focussed on customer information, collaboration and innovation, where IST successfully created an open-data-driven approach and extended it to include disruption information for bus, light rail and ferry. This data is made available to passengers through

LTA mobile apps and websites and increasingly through commercial 3rd parties such as Moovit, Citymapper and shortly, Google. These successful systems help passengers stay informed about their travel plans and provide greater choice about the journey they choose to take. Phase 2 also included the provision of a fares data entry online system for DfT's national use as part of the BODs programme, utilising TfN's focussed skillsets in this area. In Phase 2, IST has successfully brought together best practice and innovation from across the sector, delivering joined up travel solutions.

- 2.4 The focus of the Phase 3 was to deliver a region-wide 'fair price promise' using an Account Based Back Office Ticketing (ABBOT) and multi-modal, multi-operator pay-as-you-go travel areas in the North of England using contactless bank cards. As the project progressed, fast moving and relatively low cost market led contactless solutions were introduced by bus operators, and given the unregulated nature of this market without any compulsion to adopt an integrated system, there was insufficient commitment from enough operators to continue with the procurement. As an alternative, TfN Board agreed to refocus Phase 3 by using success in delivering smartcard season tickets to enable contactless, pay-as-you-go travel on rail and in a Phase 4 to support local smart ticketing to complete the digital enablement of public transport across the North with our Local Transport Authority partners. Programmes have been developed for coordinated, localised schemes that introduce contactless pay-as-you-go ticketing across bus, light rail and ferry. Proposals were submitted to DfT but were held up pending the outcome of the Spending Review.
- 2.5 An Innovation Partnership procurement was launched as a starting point for Phase 4 digital enablement but, following receipt of the funding letter, it was stopped in January 2021.

### **3. Department for Transport (DfT) Funding**

- 3.1 The DfT's Funding Settlement letter dated 4<sup>th</sup> January 2021 indicated that no further funding was to be made available by DfT for the continuation of the Transport for the North (TfN) Integrated and Smart Travel (IST) Programme or for the delivery of its Spending Review submission. It also stated that contactless on rail would be delivered by rail reform, saying: "The Department will be considering cost-effective delivery models and funding streams to roll out PAYG to urban and regional commuter areas, including the north, as part of wider rail reforms, and we will keep in close contact with you as these proposals develop."
- 3.2 TfN responded to DfT communicating that the decision to cease funding the IST programme entirely was incredibly disappointing – particularly

given the identification of key contactless initiatives that could be developed quickly and have been awaiting a funding decision for several months.

- 3.3 Specifically, the £33m requested for the year ahead would have delivered contactless payment on rail, light rail and buses in partner geographies across the North – a key element in providing travellers with the confidence to use public transport as we recover from the pandemic.
- 3.4 TfN have tried a variety of approaches to DfT to see if even limited funding could be made available for quick wins and we continue to have discussions with DfT's Acceleration Unit to look at in year opportunities. However, as yet, no funding has been secured, and any such funding if agreed would be on much more limited basis. Therefore, this paper seeks the Board's agreement to wind down the IST Programme.

#### **4. Consequences of Closure**

- 4.1 If the IST programme is closed, proposed extensions to Phases 1 and 2, together with Phases 3 and 4, and the Phase 5 and 6 proposed in the Spending Review submission, will not go ahead.
- 4.2 IST closure will result in some partners being unable to deliver smart capability as planned as their smart aspirations were largely captured within the TfN SR submission. Partners will need to rethink how to achieve those ambitions and to apply for funding through other channels.
- 4.3 IST closure may impact the return of customers to public transport in the short term and the speed of exit from Emergency Measures in the medium term.
- 4.4 Following closure, TfN will be less able to interface to RDG, DfT rail and other parties in delivery of PAYG on rail and TfN may no longer have Digital Travel specialists – essential to achieving the required STP outcomes.

#### **5. Programme Closure Process**

- 5.1 The key tasks required to close the programme have been identified and a closure plan will be finalised if TfN Board agrees that closure should proceed. The closure plan will include:
- Residual deliveries of minor software upgrades and final platform validators will be concluded in February and March.
  - Final costs settled with suppliers on Phase 1 and 2.

- Lessons learned and closure documents will be made available to TfN and partners.
- Programme archive will be made available to partners.
- Stakeholder relationships will be handed over to others where applicable.
- Disruption Data and Open Data service will be transferred to an LTA partnership working through a lead LTA, with this task likely to extend into f/y 21/22 due to the complexity of contract assignment.
- Closure costs within f/y 20/21 are already budgeted.
- The HR Team will advise on next steps in terms of employee consultation once the closure plan for programme is finalised and agreed.
- DfT has agreed that it will meet the costs of completing Phases 1 & 2 and of the winding-down of the programme (for example, TfN recently received a further £1.5m of grant in relation to Phase 1). TfN will provide a cost schedule to the department, based upon the business planning activity that is currently underway, that sets out those costs.
- As well as the Phase costs this will include the costs of programme team support to finalise this activity, the costs of the closure of the programme (including any potential redundancy costs), and costs that have previously been specifically agreed (such as the IST contribution to the lease costs for the Leeds office through to September). TfN will also highlight any areas of uncertainty or contingency that need to be considered and agreed.

## **6. Post Closure Options**

6.1 The business planning process is considering options to retain Smart Travel functionality in TfN, funded out of TfN's core budget. The options are broadly:

1. Wind down the programme and TfN retains no IST capability.
2. Wind down the programme but fund a smart travel/fares capability in Strategic Rail, with a budget of c£100k.
3. Wind down the programme but allocate c£500k in 2021/22 to smart travel to either develop a business case or carry out a small pilot project.

These are being worked through and the business plan presented to the March Board will include a recommended approach.

## **7. Recommendation**

7.1 It is recommended that the Board:

- Notes the cessation of funding for the IST Programme.

- Agrees the winding down of the IST Programme and that a closure plan is being finalised.
- Notes that the winding down process will continue into 2021/22 and that DfT will provide funding to cover the cost of winding down the programmes.
- Note that the business plan paper to TfN's March Board will set out any proposal to retain an IST capability funded from TfN's core budget.

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**List of Background Documents:**

There are no background papers to this report.

**Required Considerations**
**Equalities:**

Age	Yes	<b>No</b>
Disability	Yes	<b>No</b>
Gender Reassignment	Yes	<b>No</b>
Pregnancy and Maternity	Yes	<b>No</b>
Race	Yes	<b>No</b>
Religion or Belief	Yes	<b>No</b>
Sex	Yes	<b>No</b>
Sexual Orientation	Yes	<b>No</b>

<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Equalities	A full impact assessment has not been carried out yet.		Jeremy Acklam

**Environment and Sustainability**

Yes	<b>No</b>
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Sustainability / Environment – including considerations regarding Active Travel and Wellbeing	A full impact assessment has not yet been carried out.		Jeremy Acklam

**Legal**

<b>Yes</b>	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Legal	The legal implications have been considered and are included in the report.	Julie Openshaw	Dawn Madin

**Finance**

<b>Yes</b>	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Finance	The financial implications have been considered and are included in the report.	Paul Kelly	Iain Craven

**Resource**

<b>Yes</b>	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Resource	The resource implications have been considered and are included in the report	Stephen Hipwell	Dawn Madin

**Risk**

<b>Yes</b>	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Risk	Risks and consequences of the closure have been outlined in the report.	Haddy Njie	Iain Craven

**Consultation**

Yes	<b>No</b>
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Consultation	A consultation has not been carried out yet.		Jeremy Acklam