

Report to: Transport Committee

Date: 11 January 2019

Subject: **Digital Payment for Travel Strategy**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	

1 Purpose of this report

- 1.1 Transport Committee considered the key issues affecting payment for travel on 25th May 2018 and approved the development of a strategy. This report presents a draft strategy (Appendix 1) and seeks the Committee's endorsement of the key objectives and next steps

2 Policy context

- 2.1 The way in which people travel is changing. Over the past five years there has been a change in the bus travel trends which has included growth in the journeys made by young people, set against an overall decline in levels of bus patronage and a 96% increase in rail travel over the period 2004/5 – 2014/15. How people wish to pay for travel is changing too. The West Yorkshire Tracker survey has shown that more people than ever before own a smartphone and use it to access internet content – in West Yorkshire all respondents to the survey aged 16-44 had access to a mobile phone and about 95% had internet access via a mobile phone.
- 2.2 This Digital Payment for Travel strategy replaces the previous Retail Strategy (2014-2019) and sits alongside the West Yorkshire Bus Information Strategy

2018-2023. These strategies will help to deliver the key objectives of the West Yorkshire Transport Strategy 2040, particularly the target of a 25% increase in bus patronage across West Yorkshire; our emerging Inclusive Industrial Strategy; and the Leeds City Region Enterprise Partnership's Strategic Economic Plan.

3 What have we achieved over the past five years?

3.1 A number of projects have been delivered as part of the previous Retail Strategy (2014-19) that have considerably improved the ease of ticket purchase and assisted in the move towards digital payment (particularly the use of smartcards and apps).

Table 1 – Retail Strategy projects delivered 2014-18

Project/improvement	Details
<p>The Smart Transactions Project</p> <ul style="list-style-type: none"> - All multi modal MCard ticket products are now on smartcard technology - Customers can buy or renew MCards online and at a wide range of retail outlets. 	<p>Delivery of smart ticketing network, including;</p> <ul style="list-style-type: none"> -A new retail network (700 Payzone shops, bus and rail station ticket machines, job centre plus terminals and the Android sales app -New products (for example, Daysaver, Park and ride tickets) - A back office capable of processing the smart taps at rail gates and on bus to help provide the data to reimburse the operators for MCard and the ENCTS (English National Concessionary Scheme)
<p>The CHASE card management system</p> <ul style="list-style-type: none"> - Customers can order smartcards and eligibility passes online 	<p>Delivery of a new online card management system, including;</p> <ul style="list-style-type: none"> -Under 16, 18-18 and 19- 25 card applications -Seniors and Blind & disabled card applications -The transferable pink card -Annual cards including corporate cards -Marketing
<p>Traveller Information</p> <ul style="list-style-type: none"> - Real time information is available on mobile devices and every bus stop in West Yorkshire - Electronic information services at bus stations 	<p>Delivery of enhanced customer information, including;</p> <ul style="list-style-type: none"> -QR and nfc tags at all 14,500 bus stops -Infopoints in bus stations -Multi-stop displays which show groups of bus stops -Open data including links with the Open Data Institute
<p>Web Project</p> <ul style="list-style-type: none"> - The wymetro.com website is the "go to" source of live travel 	<p>Enhanced websites and hosting arrangements, including;</p> <ul style="list-style-type: none"> -A mobile/ tablet friendly website

Project/improvement	Details
information and has the capacity to deliver in times of high demand such as snow days.	-New “cloud” hosting -More robust at scalable in periods of increased demand

3.2 The Retail Strategy set out a number of KPIs including the base year position in 2013/14 - Table 2 summarises progress against these KPIs.

Table 2 - Retail Strategy targets and actual performance

Targets/ KPI's	2013/14 position	2018/19 target	2018 actual ¹
Number of product transactions (bus)	1,433,800	1,901,500 (+30%)	1,379,235
% of face to face compared with self-serve transactions	0% self-serve	28% self-serve (+28%)	38% self-serve (exceeded target)
Number of pass applications	149,000	152,000 (+ 2%)	90,520
On bus versus off bus transactions	38% on bus, 62% off bus	12% on bus (- 32 %), 88% off bus (+ 42 %)	92% (exceeded target)
Number of users	0.582m	+3%	0.616m

4 Key objectives for the Digital Payment for Travel strategy

4.1 The key purpose of the Digital Payment for Travel strategy is to help achieve the patronage targets outlined within the West Yorkshire Transport Strategy and inclusive growth aspirations outlined in the Strategic Economic Plan. In order to achieve these targets the Strategy has four key objectives:

- *Objective 1 – Purchase – making it easy to buy travel;*
- *Objective 2 – Ensuring that the product range fits customer needs and lifestyles;*
- *Objective 3 – Journey – enabling seamless pre purchase; and*
- *Objective 4 – Customer Insight – gaining a better understanding of how customers are travelling and where to focus future product developments.*

Objective 1 - Purchase – making it easy to buy travel

4.2 This will be achieved through providing a variety of channels, some new and some existing, for ticket purchase including online, through provision of an app, through websites and in person at Payzone and ticket vending machines.

¹ April to November 2018

- 4.3 A Mobility as a Service (MaaS) offer which enables customers to purchase from a range of transport modes through an app or web portal. A MaaS offer would have three components:
- Offering access to a range of modes through one payment
 - Account based offering where it is possible to pay at the end of the day or purchase 'bundles' / monthly subscriptions of travel of different modes; and
 - MaaS is usually delivered through mobile technology and immediate fulfilment (this could be using barcode ticketing or the read-write function currently offered through the MCard app);
- 4.4 This objective will also help to improve journey times through encouraging passengers to purchase tickets before travelling.
- 4.5 Key performance indicators will be developed that help measure progress towards this objective. These will include the numbers of MCard journeys made, numbers of bus journeys made by under 19s and changes in MCard bus ticket sales for 19-25 year old products.

Objective 2 - Products – ensuring that the product range fit customer needs and lifestyles.

- 4.6 The Strategy considers the ticket requirements of different customer groups through the generation of robust intelligence via easy, seamless access to ticket/smartcard data supported by insights from primary public transport customer research and the types of tickets that best suit each group, for example, more can be done to develop and promote ticketing products which suit young people, and part time workers.
- 4.7 The strategy will promote inclusive growth by ensuring that a range of tickets are available to users who do not have access to a smart phone or contactless card (or have one but do not wish to use it for paying for travel) is central to achieving our inclusive growth aspirations. Some people's finances don't suit cashless methods so there is a need to ensure that suitable payment methods exist for all user groups. This strategy is not proposing a cashless system of payment but one which promotes and stimulates digital payment. Consideration will be given to the range of ticketing products and retail network available for ticket purchase that are supported by the Combined Authority.
- 4.8 Young people are a key growth market for bus travel - recent improvements have been made to encouraging more young people to travel through the promotion of the MyDay ticket but there is still more work to be done. It will be crucial to work closely with commercial operators in the development of these products. There is also a key role for West Yorkshire Ticketing Company (who own and manage MCard) in this regard. Key considerations for this group will be: to make it easier to purchase tickets; to keep products affordable; and to make products flexible.

- 4.9 Ensuring that the fares available are easy to understand and helping customers to choose the best value ticket are also important. For some groups it may be appropriate to raise awareness/ promote, and where relevant develop the range of ticketing products (for example for group travel and part time workers) and make them available across all digital channels to ensure that it is easy for customers to understand which ticket is the most appropriate to purchase for their journey.
- 4.10 Key performance indicators will be developed that help measure progress towards this objective. These will include the number of product transactions, numbers of bus journeys made by under 19s and changes in MCard bus ticket sales for 19-25 year old products.

Objective 3 - Journey – enabling seamless pre purchase

- 4.11 This will include encouraging passengers to purchase tickets before travel and also encouraging use of barcode and MCard ticketing which have the potential to help improve journey times and reliability. The development of a (MaaS) app will also help make it easier for users to plan their journey then seamlessly book and pay for their journey in one place.
- 4.12 Whilst interactions with drivers on buses will remain important, in future these interactions will be much shorter as many passengers will no longer require confirmation of the fare payable if they have purchased a ticket before boarding.
- 4.13 Likewise, whilst there will be a shift to customers “self-serving”, selecting and buying tickets themselves via automated means such as the app, a physical network of shops such as travel centres will remain important to provide a backup should digital networks fail. Travel centres will be remodelled and repurposed to reflect this change in use.
- 4.14 We will continue to work with Transport for the North in the development of their Integrated and Smart Ticketing (IST) work stream. Areas of work include moving paper operator season tickets to smartcards, providing improved bus operator fares and disruption data, and a back office and “fair price” promise for contactless payments across initially, bus followed by rail in an end of day single payment. Where there are areas which the TfN proposals do not adequately address in terms of providing an inclusive range of tickets, the Combined Authority will work with WYTCL and operators to ensure that ticketing products are developed to address these gaps.
- 4.15 Key performance indicators will be developed that help measure progress towards this objective. These will include the proportion of cashless transactions, the proportions of on and off bus transactions and the numbers of MCard journeys.

Objective 4 – Customer Insight and Data Provision – accessible data for business analysts and customers

- 4.16 The Strategy considers the ticket requirements of different customer groups through the generation of robust intelligence via easy, seamless access to ticket/smartcard data supported by insights from primary public transport customer research and the types of tickets that best suit each group.
- 4.17 This objective supports the other three objectives by:
- Collating intelligence from all available data sources, including operational data and primary public transport customer research, to better understand customers purchase, product and journey choices.
 - Considering how we can optimise information made available to customers to allow them to make informed purchase, product and journey choices.
- 4.18 There are several actions outlined within the Strategy that will help contribute to the achievement of the overall Strategy objectives. These actions will be aligned with the updated Open Data Policy and Transport for the North's IST work stream.

5 Projects and next steps

- 5.1 This Strategy has been developed to reflect a changing environment. It proposes a list of projects to be delivered in the coming 3-5 years together with a series of immediate next steps to be delivered in 2019/20. Requests for capital funding for such projects would be submitted in a separate capital request report.
- 5.2 The immediate next steps for 2019/20 are as follows:
- Complete online pass/smartcard offer (CHASE);
 - Expand range of ticketing products for under 25s;
 - Expand sales of MCards onto mobile apps;
 - Recording of QR code taps in back office;
 - Investigate digital payment options for people who currently rely on cash;
 - Develop tools to derive better intelligence from data; and
 - Transformation project at Travel Centres.
- 5.3 The above will be incorporated into the funding and work programme of the Combined Authority, transport operators and Transport for the North.
- 5.4 Payment technologies are changing in a fast moving environment and it will be necessary to keep this Strategy under continued development. An updated version of the Strategy will be presented to Transport Committee together with an updated work programme and finalised set of KPIs.

6 Financial Implications

- 6.1 There are no financial implications directly arising from this report.
- 6.2 Much of the delivery of the Strategy will be undertaken by the transport sector, however the combined Authority may need to fund specific enabling projects.

7 Legal Implications

- 7.1 There are no legal implications directly arising from this report.

8 Staffing Implications

- 8.1 There are no staffing implications directly arising from this report. A delivery plan will be developed for the projects identified as part of the Strategy and this will be presented to a future Transport Committee meeting for approval.

9 External Consultees

- 9.1 Consultation has been undertaken with external stakeholders (including WYTCL members and Operators) to help shape the objectives and projects included in this Strategy.

10 Recommendations

- 10.1 That the Committee supports the key objectives within the Digital Payment for Travel Strategy as summarised in Section 4 of this report.
- 10.2 That the Committee endorses the next steps set out in Section 5 of this review and that the Strategy be kept under continued development with an updated Strategy to be presented to the Committee in late 2019/20.

11 Background Documents

None.

12 Appendices

Appendix 1 – Digital Payment for Travel Strategy.