

<p>CABINET MEETING – 14TH APRIL 2010</p> <p>EXECUTIVE SUMMARY SHEET – PART I</p>	
<p>Title of Report:</p> <p>NORTH EAST SMART TICKETING INITIATIVE – COLLABORATION AGREEMENT</p>	
<p>Author(s): Executive Director of City Services</p>	
<p>Purpose of Report: The purpose of the report is to obtain approval to enter into formal collaboration with the other Councils in the north east region to deliver the North East Smart Ticketing Initiative (NESTI) project.</p>	
<p>Description of Decision: Cabinet is recommended to:-</p> <ul style="list-style-type: none"> i) Approve full participation in the NESTI project ii) Authorise the completion of the Collaboration Agreement with the other Councils 	
<p>Is the decision consistent with the Budget/Policy Framework? Yes</p>	
<p>If not, Council approval is required to change the Budget/Policy Framework</p>	
<p>Suggested reason for Decision: The introduction of smart ticketing in the north east will improve the overall experience of using public transport and by removing one of the perceived barriers encourage greater use of public transport. It is important that the city council is fully involved with the NESTI project.</p>	
<p>Alternative options to be considered and recommended to be rejected: The city council is not obliged to sign the collaborative agreement but if it does not then the opportunity for direct involvement in delivery of the project and the opportunity to influence project outcomes will be lost.</p>	
<p>Is this a “Key Decision” as defined in the Constitution? Yes</p>	<p>Relevant Scrutiny Committee: Environment and Attractive City</p>
<p>Is it included in the Forward Plan? No</p>	

NORTH EAST SMART TICKETING INITIATIVE – COLLABORATION AGREEMENT

Report of the Executive Director of City Services and the Chief Solicitor

1.0 Purpose of the Report

1.1 The purpose of the report is to obtain approval to enter into formal collaboration with the other Councils in the north east region to deliver the North East Smart Ticketing Initiative (NESTI) project.

2.0 Description of Decision

2.1 Cabinet is recommended to:-

- i) Approve full participation in the NESTI project
- ii) Authorise the completion of the Collaboration Agreement with the other Councils

3.0 Background

3.1 Nexus has been working informally with the Tees Valley Joint Strategy Unit Northumberland and Durham County Councils and key transport operators to develop a regional project that will deliver smart ticketing infrastructure throughout the north east. The infrastructure consists of ticket machines on bus and at Metro stations, card readers and validators on buses together with the back office systems to support the implementation of smart ticketing products (also known as transport smartcards)

3.2 A transport smartcard is a credit card sized plastic card that contains an embedded microchip that stores information about the user's travel entitlements. A widely recognized and successful example is the Oystercard system operated by London Transport. The traveller typically buys travel products in advance which are then added to the microchip on the smartcard. When the traveller boards a public transport vehicle or enters a station, instead of purchasing or displaying a ticket or pass, they must present their smartcard to a machine (reader) that checks their entitlement to travel.

3.3 Most public transport smartcards are 'contactless' meaning that no physical contact is needed between the smartcard and the reader. Instead the traveller need only place the smartcard within the vicinity of the reader. As technology evolves smartcards themselves may be replaced by other electronic devices that can store information and be read by a reader, notably mobile phones and USB devices.

- 3.4 Smartcards are already used widely by many businesses and councils to make it easier for customers to access services and to build a closer relationship with the customer that helps the design of future services and rewards loyalty. It is also possible for other applications to be stored on a single smartcard.
- 3.5 The introduction of transport smartcards will modernise the process of paying for the use of public transport and will reduce boarding times. It should also be possible to pay only once for public transport travel that involves different modes (bus, Metro, heavy rail etc); that may be provided by different operators and that may cross district boundaries.
- 3.6 Nexus and its partners have been successful in obtaining approval from the Department for Transport for the transfer of £10 million from the North East Regional Funding Allocation to the Integrated Transport Block Allocations of the local authorities in the north east. The North East Leaders/Elected Mayors at their meeting on 7th October 2009 approved the initiation of the NESTI project; approved the use of the additional funding recently made available to finance the development and implementation of the project and approved the creation of a Partnership Board and governance structure.

4.0 Proposals

- 4.1 In order to formally establish the project and its delivery arrangements it is necessary for each partner to enter into a collaboration agreement which sets out the roles and responsibilities of the partners. The duration of the agreement is five years from 1st April 2010.
- 4.2 The collaboration agreement also sets out the governance arrangements for the project. In particular the lead authority is to be the Integrated Transport Authority (ITA) which will be accountable to the North East Leaders Board. A project board consisting of one representative from each of the parties including this Council will be established to act as an advisory and consultative body to the ITA. The ITA, insofar as it is legally able to do so will engage Nexus to manage the NESTI project.
- 4.3 This Agreement does not bind the Council to either (a) any expenditure or other financial commitment beyond the contribution of the existing RFA allocation for the project, as set out in Schedule 3 of the Agreement or (b) entering into any subsequent contractual commitments. The only proviso to this is that each authority may be required to be a member of ITSO (ITSO Ltd produce the specification to provide interoperability for smart ticketing schemes) and to pay its appropriate annual membership and operating fees. For the five Tyne and Wear local authorities, these fees will in fact be paid by Nexus under the Tyne and Wear transport funding arrangements.
- 4.4 Schedule 5 of the Collaboration Agreement contains the Outline Business Plan for the project as developed so far. Clause 3.6 of the Agreement contains the proposed commitment by the ITA to produce a more detailed costed projected programme for the Leaders' Board approval within 3 months of all parties signing the Collaboration Agreement.

4.5 In order to allow full engagement in the NESTI project it is proposed that the city council joins the proposed collaboration.

5.0 Reason for the Decision

5.1 The introduction of smart ticketing in the north east will improve the overall experience of using public transport and by removing one of the perceived barriers encourage greater use of public transport. It is important that the city council is fully involved with the NESTI project.

6.0 Alternative Options

6.1 The city council is not obliged to sign the collaborative agreement but if it does not then the opportunity for direct involvement in delivery of the project and the opportunity to influence project outcomes will be lost.

7.0 Relevant Considerations

The Chief Solicitor and Director of Financial Resources have been consulted and their comments are incorporated in the report.

Financial Implications

There are no direct financial implications associated with the collaboration agreement. The transfer to the NESTI project of the additional Integrated Transport Block allocation having been previously agreed as part of the 3rd Capital Review

8.0 Background Papers

Report to North East Leaders/Elected Mayors meeting 7th October 2009

Draft text of Collaboration Agreement 22nd March 2010

