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Bus Back Better Support Programme

Support Package 1 – Fares and Ticketing
Webinar

13 February 2023



Q & A



Please submit your questions throughout the webinar.

We will also be producing a FAQ document.

Today's presenters



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1: Stagecoach offers single bus fares for £2 as part of national initiative. (2022). Stagecoach. Available from: <https://m.stagecoachgroup.com/media/news-releases/2022/2022-12-19.aspx>



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Support Package 1

Support Package Purpose

Provide local transport authorities with a better understanding of the fares and ticketing arrangements that are likely to work in practice and how to develop fares and ticketing schemes.

This should empower LTAs and operators to implement fares and ticketing schemes with additional confidence that the ideas they have are evidence-based and to be able to make a convincing case to stakeholders on the merits of the schemes.



2: First Bus completes national deployment of contactless payments. (2018). *Intelligent Transport*. Available from: <https://www.intelligenttransport.com/transport-news/71750/contactless-payments-nationwide/>

Support Package Objectives

This support package will provide you with:



1

An increased level of understanding of best practice and a greater competence in bus fares and ticketing issues than you did previously.

2

More confidence in developing and implementing fares and ticketing schemes.

3

The ability to proceed with the development of fares and ticketing improvement schemes in your local area, which can be captured in your EP plans and schemes.



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Context

Context overview

National policy context

The National Bus Strategy for England (**Bus Back Better**) makes clear what the government wishes to see going forward³:

- Lower fares
- Flat fares
- Fare capping
- Multi-operator ticketing
- Simplicity
- Contactless payment
- Interconnectivity
- Youth fares

³: National bus strategy for England. (2021). *Department for Transport*. Available from: [Bus Back Better \(publishing.service.gov.uk\)](#)

Bus Back Better



Context overview

Achieving the National Bus Strategy vision for ticketing⁴

Vision

- Ability for passengers to travel by bus, assured that the best value walk-on fare available has been paid within the capping regime, across trips with single or multiple local operators.
- Mission 3 of the Levelling-Up White Paper⁵: *By 2030, local public transport connectivity across the country will be significantly closer to the standards of London, with improved services, simpler fares and integrated ticketing.*

Outcomes sought

- Convenience
- Value for money
- Increased public transport usage
- Wider improvements to ensure convenient bus ticketing and easily-understood fares, irrespective of location
- Multi-operator ticketing

Key components

- Contactless payment
- Fares capping, including simplified or flat fares
- Multi-operator ticketing

4: National Bus Strategy Forum January 18 2023. (2023). *Department for Transport*.

5: Levelling Up the United Kingdom. (2022). *HM Government*. Available at: [Levelling Up the United Kingdom: missions and metrics Technical Annex \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/104421/levelling-up-the-united-kingdom-missions-and-metrics-technical-annex.pdf)

Context overview

Challenges

- Legislation
- Competition law
- Cross-border difficulties
- Impact on revenue for operators
- Short-term interventions



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The average bus fare in England rose by 403% between 1987 and 2020.

This increase is significantly higher than for other modes (rail fares rising by 325% and motoring costs by 163% over the same period).⁶

6: National bus strategy for England. (2021). *Department for Transport*. Available from: [Bus Back Better \(publishing.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/97822/bb-2021-01-01.pdf)



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Fare levels and structures

Fare levels and fare structures

Fare levels



Fare levels need to strike a balance between affordability – the price that users are willing or able to pay – and revenue.

Key considerations in setting fare levels

Inflation

Fares have risen sharply.
Long term demand growth is contingent on fare stability.

Fare revenue as main source of income

Substantial cost increases need substantial price rises - discourages use.

Season tickets and customer loyalty

Where there is more than one operator operating services along the same route, season tickets can be used to instil customer loyalty.

Cash and non-cash transaction

Cash incurs higher costs to operators than the use of card / contactless payments.
Cash cannot be fully eliminated.

Concessionary travel

Proportion of bus users returning post-pandemic is lower for NCTS passengers than farepayers.

Simplicity

Many ticket options and pricing structures are not widely understood.

Child fares

Inconsistency of pricing and applicability of child fares.
Additional verification required.

Attracting new users

Potential users cannot always easily find out about fare offers.

Fare levels and fare structures

Fare structures

Customers are too often presented with a confusing variety of tickets, which are difficult to understand. It is recommended that fare structures are as simple as possible.

Key considerations in setting fare structures

Simpler structures

Numerous products and many variations on a core ticket that may not provide best value for users.

New offers

Ticket options have not kept pace with external changes, such as working patterns.

Format

Different formats offer different prices, and each has advantages and disadvantages.

Generating more users

New formats for tickets do not generate more revenue unless new users are generated.

Offset cost savings by reducing cash transactions.

Risks

Simplifying fare structures may reduce revenue unless new users are found.

Fare levels and fare structures

Simplifying payments and ticketing – user view



Although most buses accept smart cards/mobile-tickets/contactless, transactions can still be improved, as payment arrangements is just one aspect of bus use that potential users find challenging.

Possible improvements to fares and ticketing – User view

Payment methods

Traditional cash transactions can be slow and can be susceptible to fraud.

Awareness of other payment types is limited.

Pre-journey price information

Awareness of ticket prices in advance of a journey can be difficult - absence of reliable information or the complexity of the offer / fare variations.

Multiple tickets

Where more than one ticket is needed, the process can be uncoordinated and can cost more compared with a single payment for the whole journey.

Simplicity

The range of tickets can be confusing to less experienced users.

Coordination

Where there is more than one operator, tickets are not usually interchangeable apart from specific area-wide arrangements, which confuses users and complicates journeys.

Fare levels and fare structures

Simplifying payments and ticketing – operator view



Possible improvements to fares and ticketing – Operator view

System incompatibility

Different ticketing systems do not enable ticket validation or data entry.

Multi-operator agreements

Under current competition regulations, operators are not allowed to create pricing cartels.

Can be overcome through EPs with joint agreement on pricing.

Revenue apportionment remains a challenge.

Revenue risk

Bus operators are protective of their established revenue streams and may be unwilling to try other pricing strategies or collaborate with others on ticket initiatives.



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Other considerations

Other considerations

Overview



Integration with other modes

Can facilitate multi-modal sustainable journeys.

Integrated ticketing could allow passengers to pay for all parts (or modes) of their journey in one ticket.

Revenue modelling

Crucial step for bus operators to understand the sources of their income as well as the flow of the income.

Modelling can help optimise fare levels.

Business case

Considered scoping, thorough planning, and justified costing are critical aspects to successfully delivering any new fares and ticketing scheme.

Other considerations

Integration with other modes

56% of passengers would use public transport more if there was a ticket that could be used across all modes⁷

Stakeholder coordination

It is essential that good relationships are built and that a potential scheme has a high-level of support from the outset. It falls to the LTA to help co-ordinate stakeholders and mitigate any concerns.

⁷:Transport for the North (2019) *Integrated and Smart Travel*. Pg 80. Available from: <https://transportforthenorth.com/ist/>

Time

It can take a long time to co-ordinate stakeholders and devise a scheme that everyone is happy to sign up to.

Data confidentiality / data sharing

Operators may not be willing to share their data with other operators, or other third parties, as such data can give insights into commercially sensitive information.

Financial distribution

There is a need to ensure that the revenue from multi-operator ticketing is distributed in a fair manner.

Compatibility of ticketing systems

Technology can sometimes be a barrier to implementing a scheme, such as different ticketing systems used by different modes or operators not being easily compatible.

Other considerations

Revenue modelling

Fare structures

The variety of ticketing and fare structures offered by bus operators may present a challenge in modelling revenue.

Each ticket type will have its own yield.

Concession tickets

Reimbursement is done at LTA level - element of negotiation in determining the rate of reimbursement for the concessionary journeys.

Insufficient funds provided by central government leads to authorities using other funding sources for reimbursement.

Demand projection

Due to demand volatility, the longer the time period of the data used to model, the more reliable the data will be but there are many uncertainties.

Covid-19 has exacerbated the complexity of revenue modelling as recovery varies spatially across the country.

Risk aversion to experimentation

The Covid-19 recovery pathway is still uncertain. As it has yet to be modelled accurately, operators have become more cautious in making changes to their operations that might adversely impact existing revenue.

Other considerations

Business case

Prior to business case development

Strategic relevance	Initiative intent	Who will lead?
Evidence / data requirement	Neighbouring LTAs	Operator response
Operator environment	Deal breakers	Must-haves

During business case development

Revenue	Patronage	Benefits realisation
Measuring success	Evidence / data	Trials
Using the EP	TAG data book	Administrative aspects

Other considerations

Roles and responsibilities



LTA

- Plan schemes
- Provide leadership in driving schemes forward
- Offer advice to operators across their area and adjacent LTA areas so that a comprehensive and effective fares structure can be adopted
- Design the administration and governance framework under which these schemes would operate
- Oversee monitoring and evaluation as the schemes are implemented

Operators

- Set fares
- Collaborate with LTAs to deliver improvements to their ticketing and fares structures and processes
- Identify and clearly communicate any concerns so that innovative solutions can be identified



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Case studies



Robin Hood Card (Nottingham)

Comprehensive Multi-Modal and Multi-Operator Ticketing

A specifically developed, pre-payment smartcard that can be used on buses, trams and local trains within the Nottingham area.

- Nottingham manages the **administration** of the scheme, including issuing cards, and back-office management. This is resource-intensive and costly – consider building an administration fee into the scheme.
- There should be **clear mechanisms for ensuring continuous participation** over set periods of time.
- Ensure the **distribution of revenue mechanism** is clear, logical, and fair. In markets with operators of different sizes, it must be ensured that the market share of small operators is protected.
- Nottingham used funds from the DfT to **help with infrastructure and integration works**. This was essential for testing and helped to remove barriers for operators and contributing to increased buy-in.



Bus Fares Pilot (Cornwall)

Fare discounts to generate patronage and revenue to support lower fares over the longer-term

Simplification of ticketing and reduction of fares across operators in Cornwall.

- Challenges associated with achieving the **right level of discount**.
- Back-office tasks and data analysis requirements were supported by a **delivery partner**.
- **Quarterly review meetings** enable lessons learnt to be captured continuously and adaptations to be made more rapidly.
- Smaller operators work under contract to Go Cornwall bus. This **simplified the operator environment** that Cornwall needs to manage and makes the administration of the scheme much simpler.
- **Marketing** needs to be clearly planned but can be very effective.
- Discussions with **operators** may need to go beyond the local teams to **group level**.

tap on tap off



Flexi Card (Leicester)

A new multi-operator ticketing scheme with no dominant operator

Introduced a three-year multi-operator ticketing roadmap that sets out priorities in a competitive market.

- Getting the operators to **agree to a simple roadmap** over two to three years is useful to create action plans and mitigate continuation risks as key personnel changes.
- **Capitalise on existing good practices** or initiatives that are already in place through meaningful engagements with operators.
- Ensure **consistency in definitions used** in single operator ticketing, such as the definition of child users.
- Ensure the **different stakeholders are involved in the communications** for the scheme as it makes the process feel less centralised, giving operators more ownership and influence.
- **Multi-operators of one mode takes precedence over multi-modes** as the complexity involved in different modes can dilute the multi-operator offer.

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Swift Card (West Midlands)

Multi-Operator Ticketing with a Dominant Operator

An established (10-years) multi-operator ticketing scheme that can be used on buses, trams and certain trains and parking.

- West Midlands was able to convince operators to join the scheme by **understanding the win-wins using data** collected as evidence.
- **Long-term view to success** is important as the changes in West Midlands occurred over a 10-year period with many small steps taken.
- **Scheme resourcing is paramount** as West Midlands had a team of 30 people to manage and oversee their ticketing scheme.
- West Midlands **uses data to catalyse behaviour change** and to do this, Swift usage is expanded to beyond public transport use to better understand non-public transport users.
- A user experience expert is onboard to help create a **user-focused scheme design** by collecting feedback for future improvements.



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Key advice

Key advice

Context specific

1.

Simpler payments.

Advanced payment options.

Debit/credit card, mobile phone and contactless payments.

Inclusivity.

2.

Simpler fares.

Reduced number of ticket type options.

Capping.

3.

Ticketing technology.

Compatible ticketing systems between operators.

One multi-operator IT solution.

4.

New data.

Use to inform fare levels and structure and network planning

Q & A



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Q&A

Pre-submitted questions



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How to understand what fares discounts are most important to people – has any research been done on this?

Is there a standard generation factor that is used for modelling?

How was Brighton and Hove's integrated ticketing system implemented across multiple operators? - In particular how was the agreement for other operators to issue and accept tickets of the main commercial provider, Brighton & Hove Buses, agreed?

Q & A



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Next steps

Completed

Review Technical Note

Webinar



Coming Up

FAQ Document

Support Package materials made available online

Please send any additional questions to Sophie.Zachulski@arup.com and Patrick.Noonan@mottmac.com by COB 15th February 2023

References

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- 4: National Bus Strategy Forum January 18 2023. (2023). Department for Transport.
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- 6: National bus strategy for England. (2021). Department for Transport. Available from: [Bus Back Better \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/97821/national-bus-strategy-for-england-2021.pdf)
- 7: Transport for the North (2019) Integrated and Smart Travel. Pg 80. Available from: <https://transportforthenorth.com/ist/>



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