



## **WMCA Board**

<b>Date</b>	22 June 2018
<b>Report title</b>	Contactless Payment & Best Value Capping Update
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<b>Report to be/has been considered by</b>	Smart Programme Board – May 2018 Programme Board – 8 June 2018

### **Recommendation(s) for action or decision:**

#### **The WMCA Board is recommended to:**

- (1) Welcome the progress on the delivery of cEMV<sup>1</sup> contactless payment in the West Midlands.
- (2) Agree to the continued work to deliver a “regional broker” to enable a secure link between individual operators systems so that customers can benefit from multimodal and multi-operator “best value capping”.

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<sup>1</sup> cEMV stands for, “contactless Europay, Mastercard & Visa”. This acronym is used to represent the international interoperability standard for contactless bank card transactions.

## **1.0 Purpose**

- 1.1 The purpose of this report is to provide an update on the work to deliver cEMV contactless payment and best value capping and to also set out the agreed approach to ensure interoperability between operators and modes.

## **2.0 Background**

- 2.1 The West Midlands Combined Authority is keen to see the rollout of cEMV contactless payment and best value capping solutions rivalling those delivered in London where a customer can travel using the bank card they already own; and without prior knowledge of the complex fares arrangements as their price will be calculated at the end of the day with a best price promise.
- 2.2 TfWM has been working with local operators and industry experts in an effort to deliver this and significant progress has been made to date.

## **3.0 Progress to date – Operator Deployments**

- 3.1 A number of operators have successfully deployed cEMV contactless payment solutions in the West Midlands. An overview is provided below:

### **Midland Metro**

- 3.2 Customers travelling on the tram can use their cEMV contactless enabled bank card to purchase tickets from the Customer Service Representative whilst on board the vehicle. This has been hugely popular with c. 22% of all on-tram payments made using a cEMV contactless enabled bank card.

### **Diamond Bus**

- 3.3 Customers travelling on Diamond Buses in the West Midlands have been able to pay for their fares on-board the bus using their cEMV contactless enabled bank card for over 12 months. This too has been a success with c.12% of all on-bus payment made using a cEMV contactless enabled bank card.

### **National Express**

- 3.4 National Express has recently delivered a cEMV contactless payment solution that goes further than merely enabling a customer to purchase a ticket using their cEMV bank card as per the two examples above. The National Express solution matches that offered in London where customers are charged at the end of the day and capped at the day ticket price.
- 3.5 This was first successfully tested in Coventry in the first quarter of 2018 before rolling out to the Black Country and then throughout the West Midlands in May 2018.
- 3.6 Early indications are that this has been a success with more than 83k cEMV transactions recorded to date (as at 21 May 2018).

## **4.0 Progress to date - TfWM**

- 4.1 TfWM is focusing on work to ensure that operator systems can communicate between each other and therefore customers can benefit from multi-operator and multimodal best value caps when using their own cEMV bank card or a Swift card.
- 4.2 To support this, TfWM in partnership with Nottingham City Council and Midlands Connect commissioned some work to explore a number of options to deliver the required interoperability. This work was completed in March 2018 with the options presented to the Smart Programme Board who agreed that TfWM should focus its efforts on delivering a “regional broker” that would sit above each operators’ system to enable secure communication so that a customer using different operators’ services can be recognised and therefore a multi-operator or multimodal best value price can be applied.
- 4.3 TfWM, again with Nottingham City Council and Midland Connect has now commissioned further work to develop both functional and technical requirements for the “regional broker” to enable the development of a tender document. This work includes significant consultation with operators and suppliers to ensure we specify a tender that will be both deliverable from a supplier perspective and will also be optimised from an operators’ perspective.
- 4.4 This work will be complete by the end of July upon which we intend to submit a joint funding bid to DfT to enable the delivery of a Midlands wide solution.
- 4.5 TfWM are also keen to ensure that all operators can access cEMV contactless payment solutions including smaller sized operators. Once the technical specification has been developed and therefore there is clarity on the interface between ticket machines and the “regional broker”, TfWM will purchase ticket machines for those operator unable to do so themselves, as per previously agreed by the WMCA Board. These ticket machines will be leased to operators at cost and as such TfWM’s investment will be repaid over time and all operators will be able to participate. An additional benefit of this approach is that it will also provide all operators with the capability to deliver Real Time Information feeds so that customers can understand in real time when their bus is due.

## **5.0 Financial implications**

- 5.1 The work to produce a detailed functional specification and Outline Business Case for the proposed solution will be fully funded by Midlands Connect.
- 5.2 WMCA does not currently have any budget allocation for any further work on Contactless and Capping. The specification and Outline Business Case will form the basis of a funding bid to the DfT which, if successful, should allow WMCA to move forward with the project. The outcome of this decision is expected in late 2018.
- 5.3 In addition, WMCA continues to work with Transport for the North to understand how its programme is developing and whether there is any scope for WMCA to work with TfN to deliver a viable solution.
- 5.4 Whilst there will be cash flow implications for the purchase of ticket machines for operators unable to purchase themselves, the ultimate cost to WMCA will be negligible as the lease costs will cover the full cost of purchase and installation. The purchase will only be undertaken once all of the necessary legal documents have been agreed and signed.

## **6.0 Legal implications**

6.1 There are no direct legal implications associated in regards to the contents of this report. Notwithstanding this, legal is working with the client team to ensure that any intellectual property rights/licences required to progress the regional broker solution are obtained from the consultant commissioned to progress the work referenced in paragraph 4.3 (above) in this report.

## **7.0 Equalities implications**

7.1 There are no known equalities implications associated with the content of this report.

## **8.0 Other implications**

8.1 There are no known other implications associated with this report.

## **9.0 Schedule of background papers**

9.1 n/a

## **10.0 Appendices**

10.1 n/a