

**Title:** Bus Service Improvement Plan Account Based Ticketing  
**Report of:** Heather Jones, Head of Enhanced Partnerships  
**Portfolio:** Transport

---

## Report Summary

The Account Based Ticketing (ABT) back-office scheme, also known as Smart Ticket Capping is included with the Bus Service Improvement Plan (BSIP) Delivery Plan. The scheme is now fully developed and the back-office platform for the ABT system will be delivered by Nexus, subject to final approval of the required funding.

The purpose of this report is to request the Chief Executive, in line with agreed delegations, to approve and sign a Grant Funding Agreement (GFA) to the value of £1,360,000 capital, to be covered by BSIP funds, and £917,208 revenue from interest income earned on cash balances held in relation to BSIP. It is intended that the £917,208 of revenue costs will be recovered from public transport operators once the project is in in delivery, this amount will be underwritten by the North East Combined Authority (North East CA). An additional contribution of £500,000 will also be provided by Nexus, resulting in a total investment of £2,777,208.

## Recommendations

The Chief Executive is recommended to approve:

1. £1,360,000 of BSIP Capital spend for the delivery of the back-office system to enable provision of ABT across the region.
2. £917,208 North East CA revenue funding from interest income earned on cash balances held in relation to BSIP to support the delivery of the ABT system.

Following approval, the Grant Funding Agreement (GFA) will be provided to Nexus for signing and sealing. The GFA will then be provided to the Statutory Officer for signature prior to sealing.

### A. Context

#### 1. Background

- 1.1 In April 2022, following a bid for BSIP funding, a total of £163.5 million was allocated to the North East region by the Department for Transport (DfT).
- 1.2 The BSIP sets out a wide range of significant proposed improvements to every aspect of bus services, which we are delivering through the North East Enhanced Partnership, a formal partnership of the North East Combined Authority, bus operators, local authorities and Nexus.
- 1.3 The total allocation was made up of interventions covering 'Customer Service', 'Fares and Ticketing', 'Highways and Infrastructure', and 'Network Improvements'. A variety of projects have been created under each of these headline interventions.
- 1.4 The Account Based Ticketing (ABT) back-office scheme, also known as Smart Ticket Capping provides the travelling public the ability to use the 'Pop' Pay As You Go (PAYG) smart card across Metro, bus and ferry and for fares to be capped at a maximum cost in line with regional capped fare products.

- 1.5 This project is the first step towards achieving the regional ambition of delivering a truly integrated public transport network, as set out in the Mayoral manifesto and the draft Local Transport Plan which was approved for public consultation at the September meeting of the North East Combined Authority Cabinet. This project enables passengers to get the best value fare through daily price capping using an account based ticketing solution. However, it also provides the foundation for and is integral to the next phase of investment for integrated smart ticketing to be delivered through the City Region Sustainable Transport Settlement, which will deliver daily capping using contactless bank cards (cEMV) which is a longer-term aim of the region.

## **2. Current position**

- 2.1. On 30 July 2024, the remaining BSIP budget of £60.811 million revenue and £40.468 million capital, was approved at the North East Combined Authority Cabinet. This included approval of the updated North East Bus Service Improvement Plan which specifically sets out the proposed approach for introducing ABT. Prior to this the proposal was also agreed by the previous Joint Transport Committee (19 March 2024).
- 2.2. An ABT system is a key deliverable of the BSIP. The system will make it easier and more cost effective for passengers across the region to travel by all modes of public transport (bus, Metro, and ferry) by introducing a cap to the cost of travel. This will encourage more people to use public transport.
- 2.3. The system will calculate charges and caps on the back-office engine (truth on server rather than truth on card) which will mean that, compared to the current system, there is no restriction on the number or complexity of caps that are available to passengers.
- 2.4. The ABT system will enable tap-on flat fare and tap on/tap off operation to allow for capping across journey modes and journey patterns.

## **B. Impact on North East Combined Authority Objectives**

The project will support us in delivering our on the transport ambitions to improve bus services and multi-model ticketing as described the Portfolio Plans agreed by Cabinet in July 24. The BSIP will also impact the following objectives of the North East CA:

Connecting communities – the introduction of an ABT capping system will make travelling by public transport more cost effective and will simplify the ticketing system for passengers. This will remove complications that passengers face with the wide variety of ticket options currently available. This will encourage the move from private to public transport and enhancing the connection between communities.

Improving wellbeing – the introduction of an ABT capping system across all modes of public transport will encourage modal shift from private to public transport. The impact of this will be a reduction in air pollution, thereby improving wellbeing across the region.

These activities will enable more people to access education, training and skills by providing cheaper and more cost-effective public transport, contributing to a successful, vibrant north east .

## **C. Key risks**

The key risk of this project is delivery within timescale. In order to mitigate this risk, the North East CA will work collaboratively with Nexus to monitor progress against timescales. The project will have a governance structure that supports the identification and early warning signs of any potential delays. Significant delays will be escalated to the Project Board for consideration of remedial actions to ensure the project is delivered on time.

## D. Financial and other resources implications

The table included below shows the associated project costs and Nexus contribution.

### Expenditure

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
Capital Costs	£33,395	£83,346	£553,646	£689,613					£1,360,000
Revenue Costs				£153,120	£307,322	£308,446	£318,784	£329,536	£917,208
Nexus Contribution				£100,000	£100,000	£100,000	£100,000	£100,000	£500,000
Total	£33,395	£83,346	£553,646	£842,733	£456,27	£308,446	£318,784	£329,536	£2,777,208

It is intended that the £917,208 of revenue costs will be recovered from public transport operators once the project is in in delivery, this amount will be underwritten by the North East Mayoral Combined Authority (North East CA).

Costs expended to date total £116,741 and supported the development of the proposal, including project management, technical and legal support and consultancy fees. Technical assistance costs such as these are eligible as part of the BSIP fund.

## E. Legal implications

The legal implications have been considered by retained specialists in bus legislation, DLA Piper. DLA Piper confirm that the use of BSIP funds is an allowable subsidy and that risks relating to the project have been mitigated. The subsidy note provided by DLA Piper will be published on the government's subsidy database.

A copy of the subsidy control note is available on request.

## F. Equalities implications

The North East CA follows the Public Sector Equality duty and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. In June 2024 the North East CA adopted equality objectives to reflect the different roles of the Combined Authority as an employer, a commissioner and deliverer of services, and a civic leader.

## G. Consultation and engagement

Throughout the development of the BSIP delivery significant consultation took place with a range of stakeholders including Nexus, Bus Operators and ticketing system suppliers.

The investment proposal is fully aligned with delivering the BSIP which was reaffirmed by members of the Enhanced Partnership during the BSIP refresh in June 2024.

At the 7 May 2024 Cabinet meeting a Single Assurance Framework for the North East CA was adopted which set out the key roles and responsibilities in relation to decision-making on the allocation of and the Authority's approach to assurance for all funding streams for which it had responsibility.

At its meeting of 30 July 2024, Cabinet agreed delegated authority to the Chief Executive to progress subsequent business cases and make investment decisions associated with the activity described within the Strategic Portfolio Plans in consultation with the Mayor and relevant Portfolio Holder

subject to the following thresholds which are included within the adopted Single Assurance Framework:

- **Investment approvals up to £500k** are to be approved by the Chief Executive, in consultation with the S73 Officer and Monitoring Officer, under the Cabinet approved delegated authority.
- **Investment approvals over £500k and up to £1 million** are approved by the Chief Executive, in consultation with the Technical Officers Group, S73 Officer and Monitoring Officer, under the Cabinet approved delegated authority.
- **Investment approvals over £1 million and up to and including £5 million** are approved by the Chief Executive, in consultation with the Finance and Investment Board, S73 Officer and Monitoring Officer, under the Cabinet approved delegated authority.

The proposal within this report has been considered by Technical Officers Group and the Finance and Board, and their comments incorporated.

## H. Appendices

None

## I. Background papers

The BSIP is available on the North East Combined Authority website [Bus Service Improvement Plan Schemes \(northeast-ca.gov.uk\)](https://www.northeast-ca.gov.uk)

National Bus Strategy [bus-service-improvement-plans-guidance-to-local-authorities-and-bus-operators-2024.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Joint Transport Committee agenda March 2024 <https://www.northeast-ca.gov.uk/downloads/633/tne-jtcagenda-20feb24.pdf>

North East Combined Authority Agenda pack July 2024 <https://www.northeast-ca.gov.uk/downloads/2768/public-agenda-pack-north-east-ca-cabinet-30-07-24.pdf>

## J. Contact officers

Heather Jones, Head of Enhanced Partnerships, [heather.jones@northeast-ca.gov.uk](mailto:heather.jones@northeast-ca.gov.uk)

## K. Glossary

BSIP – Bus Service Improvement Plan  
GFA – Grant Funding Agreement  
LTA – Local Transport Authority  
North East CA – North East Combined Authority  
UTMC – Urban Traffic Management Centre

## L. Sign-off

1) Cabinet Member: Yes	2) Director/Head of Service: Yes	3) Director of Finance and Investment: Yes	4) Monitoring Officer: Yes
---------------------------	----------------------------------	--	-------------------------------