



Scottish Concessionary Travel Implementation Project Plan

Project Plan Overview Report

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Executive Summary

This report has been prepared by MVA on behalf of the Scottish Executive and provides a high level strategic plan to facilitate the implementation and ongoing operation of the National Concessionary Travel scheme from April 2006. It also provides guidance where there are interfaces with the associated projects that are implementing the Transport Application and the Entitlement Card.

The plan identifies a number of key task areas that need to be covered by the implementation plan these are:

Project Governance

There needs to be strong management of the implementation project and effective decision making that will allow problems to be dealt with and issues resolved. The governance must include the ability to deal directly with the associated projects and ensure that the any risks that may affect implementation of the CT scheme are mitigated. This group is referred to as the Implementation Progress Group (IPG). It will oversee the work of the task groups established with specific remits and outputs. Where appropriate the IPG will consult with a stakeholder reference made up of a wide cross section of the relevant organisations who will be involved in the delivery of the national scheme.

The task groups will be headed by task leaders from both within the Executive or seconded from external sources. The majority of input to the tasks will come from individuals in the stakeholder community who wish to contribute to the processes. It is however important that the task groups are not so large that they become ineffective.

Legislative Issues

This needs to cover two task areas, firstly the details of the scheme from an operator perspective and secondly the scheme in terms of who is eligible for the concessions being set up. Whilst the wider skills of members of the task groups need to differ they are both likely to be headed by the same person as the final outputs all need to become part of the legislation and contracts that define the national scheme.

The formulation of the legislation and operator contracts is a key part project plan and needs to be largely completed by summer 2005.

Technical Issues

The technical aspects of the project cover a wide range of tasks and four have been identified that affect both operators and Transport Scotland in respect of the operation of the national scheme.

At an operator level this will involve the mechanics of collecting data on buses and dealing with issues about passes. At the higher levels it needs to look at the data required for reimbursement, the means of gathering and collating it and of then processing it into values that equate to reimbursement payments to the operators. Within this there is a requirement to define the technology that will undertake these tasks and the systems that will protect the processes from fraud or abuse. There are



also technical inputs regarding the definition of the concessionary product as a smart card product within the ITSO environment in a manner that will ensure that data the passes work on buses and data is correctly returned to the reimbursement processes.

The priority attached to the technical issues is variable, some tasks need to provide outputs that will feed into other work areas both internally and externally quickly in order that procurement processes that have already commenced can be completed. Elsewhere within this area the need for outputs is less urgent as it there are project components required from other sources before actions can be completed.

Organisational Issues

The organisational aspects of the project look at how the body within Transport Scotland responsible for the National Concessionary Travel scheme will be set up in order to take over its operation in April 2006. In addition there needs to be planned and co-ordinated wind-down of the existing local schemes, as well as ongoing support for the non-bus concessions that many provide.

The set up of the body to administer the CT scheme and the migration of the current schemes are treated as two separate tasks although there are many synergies and opportunities that arise from both, particularly in respect of the need to employ the staff who will take on the management of the national concession within Transport Scotland. The report contains a recommended organisational chart that reflects both the use of technology to gather and analyse data but that also draws upon current best practice regarding the management of concessionary fares across the UK.

The priority attached to these tasks is relatively high with a need to have in place by January 2006 the full team that will operate the scheme. It is therefore necessary to have the outputs that will enable this to take place by the summer of 2005.

The Critical Path

There are interdependencies through out the project both obvious and concealed, the report highlights these and the need to ensure that the output requirements from other areas of work are not overlooked on either side. It also emphasises the need to have the ability to put in place corrective actions where there is a definite risk that the national concession scheme will not be delivered.



1 The Project Plan

1.1 Introduction

1.1.1 This report sets out a high level strategic plan for the implementation and ongoing operation of the National Concessionary Travel scheme.

1.1.2 -The project has been evolving during that the preparation of this report. Consequently some of the identified tasks have been superceded, or agreement has been reached to tackle them in a slightly different manner. The report focuses on the National Concessionary Travel scheme but does include commentary on issues that are being tackled by other project streams where the outputs or issues are complimentary.

1.1.3 Given the nature of the way in which the project is being delivered some of inputs are outside the immediate control of the project manager for the concessionary travel element. However they remain on the critical path for that scheme and consequently they are identified within this project plan, in order that there can be clear understanding of how and when they must be delivered.

1.1.4 There are three key delivery streams associated with the delivery of this project, as shown below. The individual within the Scottish Executive who is leading the work is also shown:

- the National Concessionary Travel Scheme (Debbie Sheldon);
- the Transport Application (Jonathan Young); and
- the Entitlement Card (Jim Kinney).

1.1.5 In the remainder of the report each of the core issues affecting the National Concessionary Travel scheme is considered and the outputs needed to define the scheme are identified. Additional tasks and outputs will be identified during the process and these will be added to the project plan as they arise.





2 Project Governance and Management

2.1 Overview

- 2.1.1 At the very outset of the Project there is a requirement to establish a structure for the day to day management of the concessionary travel project and the tasks that are required to be undertaken in order to ensure delivery of the end objectives. This needs to have input from the other projects that have a direct impact on the delivery of the national concessionary scheme.
- 2.1.2 The proposed structure that suggested is drawn from our experience assisting Translink in Northern Ireland in managing the implementation of their Integrated Ticketing and Concessionary Travel Scheme between 2000 and 2005. It is a fluid structure that maintains constant and cohesive overall control but can also be modified to ensure that new tasks or problems can be dealt with and managed as they arise. Most importantly it is a structure that avoids 'development by committee' because specific individuals or teams have responsibility for tasks, each of which is a component within the overall scheme. This should, if implemented correctly, allow the Project Manager to oversee all the tasks and only intervene when specified deadlines are at risk or when issues that can not be resolved at a lower level arise.
- 2.1.3 In order to establish the precise form of project governance it will be necessary to undertake a brief review of the projects aims, the key stakeholders and the proposed Project Plan put forward by MVA. To a certain degree this has already been done within the Project Plan and a proposed structure along all the key stakeholders have been identified within its requirements. This work should ensure that that the review can be complete within 10 days of the project start. The proposed structure is discussed in the following sections.

2.2 Concessionary Travel Implementation Progress Group

- 2.2.1 The proposed primary oversight and management of the project will be undertaken by an **Implementation Progress Group (IPG)**. This group would be concerned with:

- ensuring that all three inter-dependent work streams are co-ordinated within Scottish Executive;
- ensuring that there is a single point of contact with external bodies (including stakeholders) for all matters of debate and decision on the concession project, irrespective of internal SE work stream;
- ensuring that the individual project teams maintain a coherent overall approach in the face of opposition to key strands of the overall concept, and are able to consider the 'next best' approach over all three component strands;



- overseeing all advice to Ministers and proposed legislation to maintain consistency and the requisite flexibility for future expansion.

2.2.2 It is suggested that the IPG is chaired by the head of TD2 (Jamie Ross) and includes:

- the Concessionary Travel project manager (Debbie Sheldon);
- the project sponsor (Tom MacDonald);
- the Transport Application lead officer (Jonathan Young);
- the Entitlement Card project (transport lead-officer - Stuart Forrest); and
- the Entitlement Card lead-officer (Jim Kinney).

2.2.3 This group needs to oversee the work required for the implementation of the concessionary travel project and should be supported by teams responsible for the delivery of each task identified, together with appropriate technical support to maintain the overview. The input of advice and work from task groups and other advisors will where required be direct to the IPG.

2.2.4 It is envisaged that the IPG will meet on a regular basis with predetermined dates set for 2005/06 and possibly early into 2006/07.

2.2.5 We have considered the case for including individuals from the operators and other stakeholders on the IPG. These people could provide input based on current experience and outward reassurance on the progress of the project. However it is clear that such an involvement would lead to a potential conflict of interest in many cases, and could jeopardise the delivery of a coherent project.

2.2.6 We therefore believe that stakeholder involvement needs to be managed separately in view of the range of relationships which must be accommodated – commercial negotiation, transition planning, transfer of financial responsibility and liabilities, progress chasing, project co-ordination; marketing etc. The proposed approach to ensure that this takes place is the establishment of a 'Stakeholder Reference Group' who will meet regularly with the IPG. These meetings will not be used to determine policy on the implementation of the National Concessionary Travel Scheme but will be used as an opportunity to sound out issues and decisions.

2.2.7 The makeup of the Stakeholder Reference Group will include operators, CPT, ATCO, COSLA and other bodies that are considered to be affected or involved in the establishment or operation of the national scheme. This will be in addition to any other input or contribution to other elements of the project such as task groups.



2.3 Task Groups

2.3.1 The Project Plan is based around a number of key work themes each of which has at least one and in several cases many specific outputs that are components of the final scheme. In order to manage each task area specific groups will be set up to undertake the required work on each task. A Task Manager for each work stream would report to the IPG initially. The benefits of this approach being:

- it will enable the wider stakeholder group (operators and local authorities) to participate in development and therefore have ownership of the end outputs;
- it ensures that existing knowledge and experience are brought into the project;
- it distributes the workload more widely; and
- it does not compromise the high-level management of the project.

The IPG would however take the ultimate decisions.

2.3.2 The Project Plan identifies three broad areas of work each of which contains more specific areas that require examination. The major areas are:

- legislative issues;
- technical issues; and
- organisational issues.

2.3.3 Where appropriate the work required will be undertaken by appropriate groups of people from the whole stakeholder community who have appropriate experience to contribute to the debate and formulation of outputs. In other cases the outputs will be single tasks undertaken by either the project manager, or other individuals:

- eligibility criteria – defining who is eligible for the available concessions and what is required as proof of entitlement;
- concessionary travel product administration - detailing the requirements associated with the management of the concessionary travel product(s) within the Transport Application;
- reimbursement payments – examination of the processes of calculating operator reimbursement, including the volume and value of travel made;



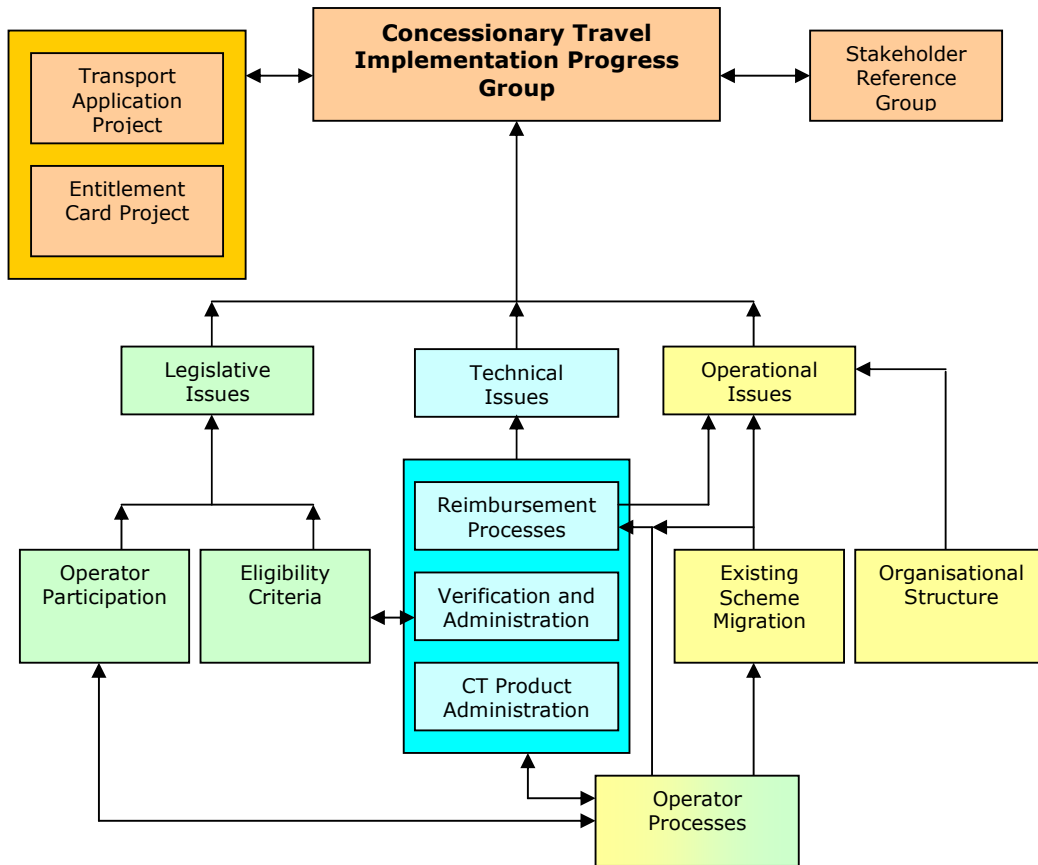
- administration and verification – the establishment of the functions required to support and administer the reimbursement payments once operational;
- existing scheme migration – the issues surrounding the transfer of the bus elements of the current local authority concession schemes to the national scheme and the means in which other residual local concessions will be continued;
- operator participation – examination of the processes for ensuring the inclusion of operators within the national concessionary scheme;
- legislation – drawing together the outputs of other task groups to define the relevant orders associated with the legislation;
- operator process – the requirements of/from operators within the national concessionary scheme; and
- organisational structures.

2.3.4 Several of these areas require direct interface with the Transport Application project and the Entitlement Card project. In this respect they will either provide outputs to these projects or require inputs from them in order to ensure the completion of the Concessionary Travel project. Appropriate means of ensuring effective communication between the projects will be established to ensure that inter-dependencies are effectively managed.

2.3.5 Other tasks will collectively form the inputs to further tasks and these inter-relationships are shown in the following diagram.



Figure 2.1 Relationships and Interdependencies



2.3.6 It is probable that the overall Project Manager will be directly involved with all of these areas but not always in the capacity of its leadership. The leadership of some tasks will require tact as it is clear that the leadership may be best suited to either a stakeholder representative or a third party depending upon the required outputs. This approach raises issues as to how the project is resourced by the Executive as the majority of stakeholders have their own day to day business interests to manage as well. It is therefore important at the outset of the project to spend time discussing with stakeholders who have been identified as having a potential contribution to make as to how and to what level they can contribute. This may involve secondments or agreed resource contributions.

2.4 Communications

2.4.1 As previously indicated there is a substantial need for co-operation and collaboration between the work of the National Concessionary Travel scheme project and the other projects. It is not, at this stage, proposed to involve these projects directly on each task group, however there is a recognised need to ensure that where there are common interests that effective communication can take place.



2.4.2 It is proposed that this communication takes place in two ways:

- informal – seeking thoughts and comments on the questions and outputs as a means of informing the work;
- formal – undertaken by the IPG where an output of a task has been completed and is being handed over to another project, or where informal communication has failed to provide the required inputs.

2.4.3 Awareness also needs to be carefully considered and means by which decisions or issues are disseminated need to be established in order to ensure that there is appropriate consensus of any potentially controversial aspects of the project. This needs to be taken both before and after decisions have been reached.



3 Legislative Issues

3.1 Overview

3.1.1 The legislation contained in the Transport (Scotland) Bill provides wide ranging powers for the Executive to establish a National Concessionary Fare Scheme. The precise details of its operation and scope are left to more detailed orders that now need to be prepared. The key elements that require definition during the implementation of the scheme are:

- the definition of eligible journeys (this is most applicable where an individual journey originates or ends outside Scotland);
- the definition of an eligible person (this is most relevant to the disabled criteria);
- the definition of eligible services (this is most relevant to define services that will be outside the scheme such as tourist services, excursions and tours, contract and special services, etc); and
- the details of the concession being offered.

3.1.2 Other aspects that are required to be defined are:

- the process for joining/leaving the scheme – for operators and for individual concession holders – specifying the event or source of information which will trigger inclusion;
- the technical specification to be met for any new service/operator joining the scheme – ETM and data transfer – and the requirements to provide information to support reimbursement (eg fare tables, declaration of average adult fare etc);
- the technical definition of aspects of reimbursement (eg “average fare” or “fare foregone” basis) and the data to be provided to support a claim;
- the administrative provisions for reimbursement, including payments on account and claw back arrangements where services cease to operate;
- financial monitoring and the process for capping expenditure;
- an appeals process.

3.1.3 It is our understanding that all the necessary orders need to be available by August 2005 for legal checks before being issued. The precise time line for these checks and the final issue of the participation orders is yet to be clarified.



3.1.4 A clear strand in the legislation will need to be the timeline for establishing the full, smart card enabled scheme. This needs to be linked to sanctions against parties who are tempted to delay the finalisation of the scheme for their own benefit.

3.1.5 The contract also needs to cover the ETM project – because this involves significant grants to private companies – with sections covering (inter alia):

- use of the equipment for services which are not eligible for concessions;
- increase/decrease in fleet operating within Scotland after the initial issue of equipment;
- future upgrading;
- use for other smart card ticketing applications.

3.2 Eligible Journeys

3.2.1 The concession schemes operated by Dumfries and Galloway, and Scottish Borders Councils allow travel into England (Carlisle and Berwick respectively). With the introduction of the Scottish National Scheme these will be the only cross boundary journeys which need to be defined. Issues to be addressed in the definitions include:

- precise details of the limits to travel;
- reimbursement;
- any involvement of English operators/buses with the added complication of ETM equipment and smart card acceptance;
- if there will be any reciprocal arrangements for residents of Cumbria/Northumberland.

3.2.2 The national concession scheme also includes a restricted number of ferry journeys for Island residents. These will need careful definition to maintain equity but also to give a manageable scheme.

3.2.3 Long distance journeys on express services will be included in the scheme. These may require some pre-planning (and booking) which will need to be reflected in the scheme definition.

3.3 Eligible People

3.3.1 Key issues which will need to be addressed include:

- definition of residency (for all concessions);



- definition of disability;
- age limits – to give flexibility for the future as pension limits change or as funding becomes restricted;
- choices between concessions for certain elderly and disabled people – eg Taxicard in place of bus concession.

3.4 Eligible Services

3.4.1 One of the major administrative overheads of the current concessionary schemes is the need (by each local authority) to serve participation notices on operators for each change of service registration. This requires continuous monitoring of registrations being submitted and various other administrative processes. The framework established in the new legislation and the high reimbursement rate could offer an opportunity to simplify this process potentially to the point where operators would 'opt out' of involvement unless their service falls into one of the designated types that are not included.

3.4.2 A simplified approach to the inclusion of services requires:

- a clear definition of the services which are excluded as a matter of course – principally tourist services, special services operating at premium fares etc;
- a requirement to offer the concession on all registered services on the basis of the agreed financial and administrative terms;
- a series of procedures adopted to cover: new operators, new operating bases, new services, changes to services etc, where these will be tied to the reimbursement formula adopted (because of the requirement to submit supporting information at different levels of precision);
- a mechanism to require the inclusion of other services where this is deemed to be in the public interest.

3.4.3 If a simplified approach is adopted there will be some possible implied conditions on entry to the bus market:

- fitment of an appropriate ETM;
- participation in the data exchange infrastructure;
- acceptance of the reimbursement mechanism.

These conditions will need to be on 'a no better no worse' basis, so no existing operators could be deemed to have an advantage through the 'free issue' of new ticket equipment.



3.5 The Concession being Offered

3.5.1 The basic concession is simple – free travel on local bus services at all times. However this needs clarification for the user and the operator, in terms of:

- a definition of 'local bus services';
- a definition of 'all times' – in relation to night services etc;
- a clear definition of the limits on the use of a companion pass;
- a clear understanding that concession passengers have no precedence over other passengers (or vice versa);
- a clear definition of any rules surrounding pre-booking;
- a clear definition of the ferry service concession.

3.6 Tasks to be Undertaken

3.6.1 Based upon the above issues and discussion two core and one subsidiary areas of work have been identified that are required in order to fulfil the need to ensure that the legislation to establish the National Concessionary Travel Scheme is in place, these are:

- operator participation and service inclusion;
- eligibility for the concession; and
- operator processes.

3.7 Task 1 - Operator Participation and Service Inclusion

3.7.1 The role of this team is to define and where appropriate establish the information required for the completion of the legislative framework.

Key Questions

3.7.2 The key tasks and questions for those working on this are:

- What should be defined in the legislation and what should be defined in the contracts?
- Definition of the processes by which operators and appropriate registered services are brought within the National Concessionary Travel scheme;
- Definition of an eligible bus service (and exemptions);
- Definition of the boundaries of the scheme where services operate beyond Scotland;



- Definition of additional services (life-line ferries/river ferries/inter-island ferries);
- A definition of what the reimbursement amount covers;
- What financial and technical assistance will the National Concessionary Travel scheme provide to bus and ferry operators in order to ensure that they have suitable equipment for its operation (*this is a question that must be answered in partnership with the Transport Application project*).

Outputs

3.7.3 The key outputs required from this task and based upon the above questions are:

- Advice on the division between legislative content and contractual content;
- all legislative content requirements;
- the full scheme definition (what is included and what is not);
- if there should be scheme participation agreement for issue to operators whose services fall within the scheme definition;
- a contract in respect of new ETM provision and the use of the equipment for wholly commercial smart card ticketing;
- clawback arrangements.

Participants

3.7.4 The likely stakeholders in this group will include:

- the National Concessionary Travel project;
- concessionary travel managers/transport authorities; and
- operators/CPT.

External Influences and Dependencies

3.7.5 As can be seen several of the questions that must be answered are directly associated with the Transport Application project and can only be dealt with in partnership with that project.

Risks and Dependencies

3.7.6 The Transport Application project is the only major external influence that affects the legislative aspects of the operator participation. It is not



perceived to be a major risk, although the inability to agree the long term funding and grant aid mechanisms would delay the completion of the legislation and the issue of participation notices to operators.

3.7.7 The outputs of the work ie the legislation and the participation orders will be served on operators. However the direct involvement of operators in the formulation of the legislation should minimise the risk of conflict at this late stage.

3.7.8 The major risks identified are:

- failure by the Transport Application project to get all operators to agree to the use of smart card enabled ETM's;
- failure by the National Concessionary Travel project to agree with operators on precisely what the reimbursement rate includes and the basis for its calculation.

3.7.9 The major dependencies are:

- a contract from the Transport Application for ETM provision to the operators and the uses to which the equipment may be put.

3.8 Task 2 - Eligibility for the Concession

3.8.1 The role of this team is to define who will be eligible for the National Concessionary Travel scheme and ensure that this information is presented in the legislation and associated orders in a manner that allows coherent implementation. This includes both the age defined concession and the disability concessions.

Key Questions

The key tasks and questions for those working on this are:

- Is entitlement based upon residency of Scotland on a full or partial basis i.e. will a second home owner from England be able to claim the concession? If not, how will this be managed?
- Does the age basis need to be formulated in the legislation in a manner that would allow alteration to reflect future changes to the retirement age or as a means of reducing overall expenditure on the scheme?
- What categories or types of disablement will allow entitlement to a disabled concessionary pass?
- How will disabled eligibility be assessed and by whom?



- How will the temporary disabled entitlement be managed?
- If there is a cost associated with disability assessment who will meet this?
- How often will the elderly and disabled concessionary travel products be renewed and what eligibility criteria need to be assessed when that takes place?

Outputs

3.8.2 The key outputs required from this task and based upon the above questions are:

- legislative content in respect of eligibility;
- clear and enforceable eligibility criteria for all categories of entitlement;
- the mechanisms of assessment where entitlement is discretionary;
- the processes of concessionary product renewal and the frequency of this.

Participants

3.8.3 The likely stakeholders in this group will include:

- the National Concessionary Travel project;
- disability awareness groups associated with transport eg MACS; and
- concessionary travel managers/transport authorities.

External Influences and Dependencies

3.8.4 The major external influences to this area are the Entitlement Card project and the Transport Application project, the former being the more significant. This Entitlement Card project will have responsibility for the issue of cards with the concessionary travel product to those people defined as eligible.

3.8.5 The definitions agreed by the National Concessionary Travel project need to be taken and applied within the Entitlement Card project universally across Scotland for the CT scheme. The application process will be provided and managed by the entitlement card project, although all data collected as a result will be given to Transport Scotland. This is also vital as it is both the means of auditing the accuracy of the application process and of analysing the take up and use of the concessionary travel product.



- 3.8.6 There are also some outputs to the Transport Application associated with the defining of the concessionary travel products within the ITSO environment. This is unlikely to be required before the legislation deadline.

Internal Influences and Dependencies

- 3.8.7 The outputs of the work by this team will directly influence the objectives and outputs of the work being undertaken by the group looking at the verification and administration processes for the National Concessionary Travel project (see Section 4)

Risks and Dependencies

- 3.8.8 The major risks identified are:

- failure to agree eligibility criteria for applicants.

- 3.8.9 There are no major dependencies.

3.9 Task 3 - Operator Processes

- 3.9.1 This area of work is both legislative and commercial. It covers the requirements of operators into the overall processes and how these fit with the work of the national concessionary scheme. The work required in this area is discussed in the section on technical issues.



4 Technical Issues

4.1 Overview

4.1.1 The implementation of the National Concessionary Fare scheme requires a number of technical issues to be addressed. These are associated with the processes that will enable concessionary travel to be implemented and administered.

4.1.2 Three core areas of work have been identified although these are completely interlinked and have direct relationships with organisational and legislative issues. The core tasks identified are:

- reimbursement processes;
- verification and administration process; and
- concessionary travel product administration.

4.1.3 In addition there are links to work on:

- eligibility (Task 2);
- operator processes (Task 3); and
- existing scheme migration (Task 7).

4.2 Reimbursement Processes

4.2.1 The intention is to deliver a national scheme that will use smart card technology from the outset to deliver the proof that travel took place. However we should be aware of the risk that this facility may not have been rolled out completely and it may not be complete until later in 2006. It is therefore vital that processes are in place that can accommodate:

- current non-smart 'button push' generated records in a variety of formats;
- improved non-smart generated records from an audit point of view eg all operators and services issuing tickets for the 'shadow' fare; and, in due course;
- smart card generated records.

4.2.2 In order to validate a claim for payment Transport Scotland must be able to make a judgement on the quality of the claim, in respect of:

- the number of concessionary journeys made;



- the validity of the journeys made – was the passenger a valid concession holder;
- the value of the journeys – on whatever basis of valuation is agreed.

4.2.3 Each of these steps has a level of uncertainty associated with it, arising from both the methods of measurement and also the opportunities for dishonesty by both passengers and the operator. The introduction of the smartcard system is justified mainly by the reduced opportunity for dishonesty. The systems adopted in the interim must:

- maintain current levels of validation as a minimum; but also;
- not require a level of resources which are out of line with the long term requirements.

4.2.4 The interim systems are clearly open to greater abuse than the eventual smart card solution. In order to minimise this risk it is recommended that during any interim phase data should be gathered both as a paper submission from the operator and also in its raw module format (or a manually compiled summary of cash fares where ETMs are not currently in use) to allow for independent comparative analysis. It is unclear whether this approach would be universally acceptable to the operators as it implies that a significant volume of commercial data would be submitted in order to allow statistically based comparisons of claims over time and across operators - for example changes in the ratio of concession to fare paying passengers. As a result an open debate over this issue is required.

4.2.5 In order to ensure that the concessionary travel project delivers outputs that are relevant to the concessionary fare scheme it is vital that appropriate consideration is given to these issues when drafting the secondary legislation that will support the operation of the scheme. This may be required to mandate the availability of all relevant data required to generate appropriate reimbursement values, although clearly with safeguards that protect the data from any further use or analysis. The issues surrounding the content of the legislation that will support the scheme are examined in far greater detail in later section.

4.3 Concessionary Travel Payments to Operators

4.3.1 There are two elements to the payments being made as apart of the national concessionary fare scheme:

- the reimbursement value – **already agreed by CPT** at £0.736 in the £1 of the average single adult fare;
- the value against which the payment is paid, with a range of options which differ in both financial impact and also administrative



complexity – the main alternatives for consideration are - (i) average adult fare for the service used, or average adult fare for the network or operating unit; (ii) fare foregone for the journey made.

4.3.2 The acceptance of the reimbursement rate **by CPT**, with the agreement that there will be no additional payments for extra costs, is a significant step forward in the introduction of the scheme. However there are significant issues remaining to be resolved, which require some underlying analysis before firm recommendations can be made:

- the scheme must remain within the allocated budget each year (of £159m in 2006/07, £163m in 2007/8) and therefore a financial model will be required to monitor payments against seasonalised budget profile - based upon trends in patronage over the current year both in the local scheme schemes in Scotland, and if feasible from the first year of the Welsh¹ and Northern Ireland national scheme;
- a method of 'capping' payments if the budget is likely to be exceeded must be agreed and included within the scheme description;
- there needs to be agreement on the definition of 'adult fare', as many adult passengers do not pay the full fare as published in the service fare table – returns, day tickets, multi journey and period tickets all reduce the average fare paid by fare paying passengers – the extent of alternative ticket types varies by operator and area and current practice in this matter also varies; appropriate provisions will need to be incorporated in the scheme description;
- where (if) reimbursement is tied to a published fare scale there will need to be a mechanism to ensure that this fare scale is realistic - one which is used to charge the majority of adult fares on the route or corridor – appropriate provisions will need to be incorporated in the scheme description to ensure this;
- the level of reimbursement needs to be accepted by other (non CPT) operators.

4.3.3 It is not clear if any financial modelling to establish the adequacy of the allocated budget has been carried out. This is required as a matter of urgency and can be carried out using existing information for the Scottish schemes, supplemented by budget phasing data from elsewhere.

¹ Data is available from Wales that shows the percentage spend across each calendar month in various authorities.



4.3.4 The question of how the value of each concessionary journey is calculated is potentially contentious, as it has significant impact on:

- the amount finally paid, and also the balance between different operators and service types;
- the amount of data required to substantiate a claim, and particularly the amount of information about non concession passengers which would need to be passed to Transport Scotland.

4.3.5 At the high level there are two broad options:

- each concession journey is individual measured and the appropriate 'adult' fare determined; or,
- a proxy for the value of each concession journey is used, based on the travel patterns of other (fare paying) passengers.

4.3.6 Both broad approaches are currently in use in Scotland. From a theoretical standpoint the first of these methods is to be preferred, because:

- there is a growing body of evidence which suggests that the travel patterns of concession holders in free schemes does not mirror that of fare paying passengers – crucially journeys in urban areas are on average shorter and in rural areas longer than the average which can give a big disparity in payments to operators;
- this method of calculation requires no information about commercial passengers.

4.3.7 However the approach does need:

- information about every concession journey – service, location and length;
- an agreed 'shadow' fare for concession journeys on each service, network or operating unit.

With a full Smart ticketing system this is possible, even without exit processing of cards or 'state destination' on boarding. Data mining techniques can be used to give journey length distributions by service, which are to a level of statistical that exceeds current surveyed methods (60% rather than 1% of passengers). However the method is computationally demanding and may be subject to bias.



4.3.8 The alternative is to base reimbursement on some agreed measure of 'average adult fare'. This can be calculated at various levels of precision - service, network, operator, region: The majority of payments (by value) in the current schemes are made on the basis of some form of 'average adult fare' basis. This method requires operators to submit some information concerning commercial services, with the level detail determined by the level of precision required in the calculation.

4.3.9 There also needs to be agreement on the frequency and timing of payments to operators. Concessionary travel payments will represent a major component of income of most operators and therefore the timing of payments will have a significant effect on cash flow. Payment on account is a feature of most current schemes and it is likely that this principle will need to be carried forward to the new scheme. The precise details will need to be included in the scheme description.

4.4 Concessionary Travel Product Administration

4.4.1 Whilst this is the responsibility of the Entitlement Card project, it is vital that the national concessionary project makes clear those requirements that emanate from its project plan. These have been broadly identified as follows:

- identification of eligible residents, what are the criteria of entitlement and how do we find out who these people are;
- distribution of application forms to those identified as having entitlement;
- the process of verifying applications;
- the issue of the entitlement card with the transport application and appropriate concessionary product;
- the despatch of all appropriate data to Transport Scotland.

4.4.2 The process of determining the methodology and operational set up of pass issue needs to be started early, despite the fact that is unlikely to be required to be operational until at least January 2006, possibly later. Based upon experience elsewhere it is envisaged that the 'bulk' issue in the run up to April 2006 will be outsourced to a third party purely on a capacity to produce basis. Thereafter the option remains to outsource production but is more likely that it will be brought back to a more localised arrangement, not least to enable rapid issue of replacement cards and cards to new entrants.

4.4.3 The debate also remains as to how many local authorities will be in a position to issue 'entitlement cards' by January 2006. Whilst some may gain impetus to make progress through the concessionary scheme this will not be universal. Therefore it is inevitable that in some areas entitlement card that



only contain the concessionary transport application will have to be issued. However these represent a platform onto which local authorities could develop applications over time without needing to meet the more immediate deadlines set by transport. It is however vital to settle the type of card early in this process.

- 4.4.4 The local authority role as citizen card issuers provides an appropriate platform for the concessionary product, although there are considerable implications and specific requirements for this to be undertaken. These requirements should not be underestimated in their complexity.

4.5 Key Tasks

- 4.5.1 The primary tasks that must be fulfilled (although not direct outputs of this project) in order to ensure that concessionary passes are available to all those who have applied are:

- identification and procurement of the appropriate media device (smart card), this will include its ITSO approval and certification;
- procurement of suitable bureau facilities for the bulk issue of applications between November 2005 and April 2006; where citizen cards are being issued this will need to be negotiated with the relevant local authority;
- procurement and installation of suitable card encoding and printing devices for ongoing card production, on the assumption that this role will be returned to a local basis. This equipment will all require ITSO compliance;
- design of the application forms, of which there will be at least two (over 60 and disabled) and possibly several if one is to also include those for the visually impaired and other groups;
- agreement on the eligibility criteria for disabled applicants and those requiring a 'companion pass'
- agreement on the processes associated with application validation;
- creation of the appropriate ITSO products (it is assumed that their will be 'flavours' of the concessionary product in order to facilitate evaluation of take up and use by various categories of entitlement and/or authority of residence);
- card design, despite the desire to avoid social stigmatisation some form of high impact visual identity will need to be shown on the card or wallet, this will need to fit with existing authority card designs but also be consistent across the whole of Scotland to ensure driver recognition and acceptance;



- some visual 'local' identity must be retained where the concession also provides access to discounts on rail or other public transport services not covered in the National Scheme.

4.6 Smart Cards

4.6.1 The major choice is that of dual interface cards or contactless cards, and the current absence of a serious contender for former is unlikely to be overcome in sufficient time for this project. The issue therefore becomes 'what if we go contactless at the outset using Mifare 4k cards?' This may enable a universal concessionary transport card to be issued in time for April 2006 with the remaining space on the card available to local authorities for development of their own applications. The minimum input by local authorities in this option being sufficient artwork for one side of the card. The alternative is a mixed approach that allows flexibility of card choice from within the ITSO range of media devices. Thus Edinburgh could adopt a high specification dual interface card and Dundee could retain their preferred Mifare 4k strategy.

4.7 Card Issue

4.7.1 The transport application requires specific card production capability that conforms to the requirements of ITSO to be in place. This equipment, whilst in most cases capable of issuing both ITSO and non-ITSO cards would not otherwise require ITSO certification. It is therefore assumed that the integration within the transport environment will be a responsibility of the Transport Application Project.

4.7.2 The need to process up to 1.2 million applications between late 2005 and April 2006 will necessitate that the bulk of card production is outsourced to specialist bureaus capable of handling such volumes. Upon completion the ongoing capability could revert back to the local authorities (or their agents) if they are equipped to process applications and produce ITSO smart cards. A procurement process to identify the costs and supplier options is required at an early stage, although there are many ancillary decisions and other procurements that must be made before this can take place. These include:

- establishing the full ITSO back office environment (a transport application responsibility);
- establishing the means by which concessionary product holder information will be stored and collected (a transport application and concessionary travel responsibility);
- establishing the local authority framework for card management (an entitlement card responsibility in association with Concessionary Travel); and



- agreeing a card design for the concessionary pass types (a concessionary travel and entitlement card responsibility).

4.7.3 Once these key issues have been resolved it will be feasible to approach the market seeking bids to provide the capability to issue all the cards with the transport application and the concessionary product in a manner that ensures that all the data created in that process is correctly gathered and distributed to its correct owner(s).

4.8 Application Process

4.8.1 Initial indications from the Scottish Executive are that application forms for over 60's will be issued on using the existing GRO database, which include age and address. It is not known if this is an automated process undertaken in one go and therefore requiring a universal application form. The precise definition content and layout need to be agreed at an early stage. It is also assumed that the mail shot can include those residents whose 60th birthday will fall between that date and 31 March 2006 (this was done in Northern Ireland through the use of the Department for Work and Pensions database).

4.9 Application Form Verification

4.9.1 As the application form will be pre-populated the majority of applicants will then not need to complete the entire application form and only need to take a photo and suitable proof of identity and address and entitlement to the local authority or other body for it to be verified and despatched to the bureau for production. Where the information is incorrect (ie change of address or name spelt wrong) this can be corrected at the point of vetting subject to suitable proof being provided.

4.10 ITSO Product Administration

4.10.1 All cards will be produced from the outset with the ITSO shell and the appropriate TYP 16 IPE plus reserved space for TYP 2 IPE (Stored Travel Rights) mandated by ITSO at shell creation. It is recommended that rather than use a single IPE for all concessions that several flavours be established which will permit:

- identification of the council of residence, using the 'cost centre' field;
- identification of the concession type (over 60/disabled) including the nature of disability where appropriate (by broad categories);
- identification of additional entitlement so that this can be managed through ITSO enabled terminals where appropriate (eg rail concessions).



4.10.2 By doing this, analysis of take-up and use of passes by various definitions can be undertaken. Whilst such analysis is feasible from the data held centrally on the card holder the methodology to extract it is time consuming and unsuitable for ad hoc reporting, whereas the alternative approach produces instant reports by category on a daily basis.

4.11 ITSO Data Capture

4.11.1 This task is the responsibility of the Transport Application project. The aims of this element are the creation of an architecture using smart card technology that will permit the development of integrated transport and ticketing in Scotland. Concessionary travel will be the first truly interoperable product within this environment with the ability for any card to be accepted on any bus in Scotland.

4.11.2 ETM replacement is required for two purposes in the project:

- to facilitate the simplified collection of transaction data associated with concessionary travel in Scotland from all bus operators in order to reimburse them for fares foregone; and
- to facilitate the introduction of smart cards to ensure the accuracy and auditability of the concessionary travel reimbursement process.

4.11.3 In respect of priority, smart card technology is important but secondary and the Project Plan developed reflects this from a practical perspective. Whilst the technology of smart cards is established and the ITSO specification was published in March 2004 the availability of components that comply with the ITSO specification remains sufficiently incomplete that a complete ETM and back office is not yet available. This situation is currently unlikely to improve to the point where items can be bought 'off the shelf' from suppliers until at least early 2006. However the scale of this procurement if handled carefully and patiently offers the opportunity to coerce the suppliers to put greater resource and effort into the completion of ITSO compliant products such that they may become available in mid to late 2005 through an ITSO 'Conditional' certification route. In terms of the overall project objectives this gain in time would be sufficient to commence ETM replacement during 2005.

4.11.4 The initial phase of work is centred upon defining the high-level system requirements for ETMs to a point where an OJEC Notice can be issued on behalf of the whole scheme (this was undertaken for the transport application on 21 March 2005). This will then allow a period in which the more detailed requirements can be defined and prepared into a tender document (the aim of the transport application being to issue a tender in mid May 2005).



4.11.5 The tactical aspects of the procurement with respect to securing supplier compliance to delivering the ITSO based aspirations should not be underestimated. The involvement of third parties including both operators and ITSO further complicates this process.

4.12 Requirements Specification

4.12.1 It is unclear what information currently exists as to ETMs in use and the functions that they undertake. Many ETMs are linked to secondary systems, most notably real time information systems or radio systems. These links need to be protected and replaced in any procurement exercise. Some work has already been done to identify the specific requirements of all bus operators in Scotland and needs to be pursued rapidly as part of the work being undertaken by the transport application.

4.12.2 This work has now commenced and it is envisaged that every bus operator in Scotland will be contacted during April 2005 by MVA. This process will identify both the quantity of ETMs that will be required and some of the back ground issues such as the means by which information on concessionary travel is passed to local authorities within the current system.

4.13 OJEC

4.13.1 A Pre Information Notice has already been prepared and was issued on 21 March 2005 for the 'Transport Application'.

4.13.2 There remains no procurement process in place for the smart cards that the concessionary scheme and the transport application both require. However this is understood to be in hand by the entitlement card project, with the aim of an initial procurement notice by May 2005.

4.14 Tender

4.14.1 The process that has been adopted will allow pre-qualification information to be used to assess whether suppliers are capable of delivering the required outputs and if they should be on the final tender list.

4.14.2 The transport application tender process seeks:

- the supply of ITSO compliant ETMs and sales points;
- the supply of ITSO compliant back office systems; and
- the supply of consultancy advice.



4.14.3 It is envisaged that tenders for the supply of these goods and services will be issued in early May upon proper completion of a full scoping exercise with the bus operating community. It is recommended that in order to manage the risks associated with ITSO compliance (see 8.5) the tender process must include:

- demonstration of a working, fully compliant, system prior to the acceptance of any tender;
- liquidated damages covering failure to deliver components to the agreed schedule.

4.15 ITSO Compliance

4.15.1 It is vital for the integrity of the scheme that it be built to an open specification that allows free choice for operators to procure equipment from suppliers. To this end the only suitable option is the ITSO specification.

4.15.2 All suppliers will be required to demonstrate the ability to install fully compliant ITSO systems by April 2006 in order to qualify for the tender process. There is considerable risk associated with this and suppliers have sought, and achieved, considerable delay to the delivery of ITSO systems in the UK by a combination of processes. At present the most common tactic is the offer to deliver 'partially' compliant systems with later upgrade (at a cost) to full compliance.

4.15.3 The scale of the Scottish procurement should help to break the current cycle of delay in achieving full ITSO compliance. This will require that all operators and parties within the process remain fully committed to the ITSO specification and make it completely clear that they will not consider equipment that is not fully compliant with the requirements of the specification.

4.16 Implementation

4.16.1 The process of implementation of the new ETM equipment and smart cards will require that there is considerable co-ordination between the transport application project which has responsibility for implementation and the concessionary travel project which will be responsible for the processes associated with the data that is generated. This will include the provision of detailed project plans that allow a complete understanding of when specific operators will swap from the generation of existing data formats to smart card data formats.



4.17 Tasks to be Undertaken

4.17.1 Based upon the above issues and discussion there are three core issues and two subsidiary areas of work that have been identified and that are required to provide the systems and processes that will enable the National Concessionary Travel scheme to be launched and operated. These are:

- the reimbursement process;
- verification and administration of the processes;
- concessionary travel product administration;
- operator processes; and
- existing scheme migration.

4.18 Task 3 – Operator Processes

4.18.1 The role of this area is to cover the issues that will affect operators in respect of the processes and requirements of recording concessionary travel journeys, submitting claims and receiving reimbursement.

Key Questions

4.18.2 The key tasks and questions for those working on this task are:

- What processes to capture on-bus transactions are in place if new ETMs and smartcards are not fully rolled out to all operators?
- How will operators submit claims in a 'non-smart ETM' scenario?
- Should paper tickets be issued for concessionary travel as a zero value transaction?
- Should destination be asked and recorded?
- What are the processes for drivers presented with a hot-listed or non functional concessionary travel product and will the entitlement card be withdrawn from the holder and a receipt issued?
- What data will Transport Scotland require from the new ETMs to calculate the average adult fare and the number of concessionary travel transactions, or will this simply be an auditable operator declaration?
- How will data be extracted from bus operator systems?
- How will the concession scheme operate on 'life-line' ferry services?
- How frequent will data extraction be?



- What records will be left with operators to verify the accuracy of a reimbursement payment?
- What protection will be in place to ensure that data extracted for the concessionary travel reimbursement process is only used for that purpose?
- What opportunities exist to use the concessionary travel data for wider transport planning purposes and how such uses protect the commercial interests of operators?
- What inputs and ongoing support must be provided by bus and ferry operators to support the equipment required for the *scheme (this is a question that must be answered in partnership with the Transport Application project)*;
- A financial strategy and business case for ongoing funding of ETM systems associated with the concessionary scheme;
- What can bus and ferry operators use equipment provided for the national scheme for *(this is a question that must be answered in partnership with the Transport Application project)*.
- Who 'owns' data associated with concessionary travel journeys?
- What access will operators have to the identity of concessionary travellers?
- Will applicants be invited to receive marketing information from operators such as timetable updates for services they use?
- Will operators be required to provide supporting information such as faretables?

Outputs

4.18.3 The key outputs required from this task and based upon the above questions are:

- a working claims submission procedure for a 'non-smart' scheme;
- a functional and auditable method of recording concessionary pass acceptance on buses and ferries;
- an agreement or contract with the operators on the ownership of the concessionary travel data and the uses to which it can be put;
- methodology and processes for transferring card hot-lists from the entitlement card systems via the transport application to the on-bus equipment (and return acknowledgements when found);



- procedures for drivers presented with defective or hot-listed cards.

Participants

4.18.4 The likely stakeholders in this group will include:

- the National Concessionary Travel project;
- transport authorities/concessionary travel managers; and
- operators/CPT.

External Influences and Dependencies

4.18.5 The major external influence on the operator processes is the Transport Application project through its work on ETM replacement and the need to ensure that the hardware and software installed is capable of providing all the information required to undertake reimbursement. In order to ensure this is the case the National Concessionary Travel project needs to ensure that its requirements are made available to those specifying and procuring new ETMs.

4.18.6 There is also a need to provide output to the Entitlement Card project in respect of card design in order to ensure that drivers are aware of what is acceptable in the event that smart card technology is not fully deployed by April 2006.

Risks and Dependencies

4.18.7 The major risks identified are:

- failure to have operational new ETMs at all operators;
- failure to capture data through smart card transactions;
- failure to establish the methodology for an interim 'non-smart' reimbursement system;
- failure to define robust and enforceable systems to remove ineligible or broken cards from circulation.

4.18.8 The major dependencies are:

- input from operators to install new ETMs and smart card systems;
- data from operators that will allow reimbursement to be calculated;



- technical input from the Entitlement Card project on card hot-listing processes.

4.19 Task 4 – Reimbursement Processes

4.19.1 The role of this group is to establish the processes within Transport Scotland that will receive and handle claims and make payments to operators.

Key Questions

4.19.2 The key tasks for those working on this topic are:

- What is the reimbursement basis? Is it against the average 'full' adult single fare or the 'average' adult fare including discounted adult tickets?
- An agreed means of calculating and auditing the average fare and the frequency of this event;
- What are the financial accounting periods going to be?
- On the basis that information is received daily from operators what will the frequency of reimbursement payments be to operators?
- What software is required to process claims?
- Is there suitable software that can be used to calculate reimbursement payments, either from a software supplier or an existing scheme?
- What format will the data outputs from ETMs and the respective back office systems be (in addition to the prescribed records in ITSO XML)?
- What are the likely reports necessary to provide analysis of the National Concessionary Scheme beyond reimbursement payments to the operators?
- Where will Transport Scotland be located, in order that IT and communication systems receiving data from operators can be established?
- What is the payment process from Transport Scotland to operators and the frequency?
- How will retrospective adjustments to payments be undertaken?



Outputs

4.19.3 The key outputs required from this task and based upon the above questions are:

- agreement of Reimbursement rate definition;
- an agreed means of calculating and auditing the average fare and the frequency of this event;
- specification of all data requirements (content and format) for the reimbursement calculation;
- recommendations for reimbursement system (software) for the processing of data and creation of payments to operators;
- procurement or development of the software required;
- definition of the IT hardware required to support the reimbursement processes and data collection;
- procurement of the IT architecture required;
- an administrative process for data gathering for the reimbursement process if smart cards are not the sole data source.

Participants

4.19.4 The likely stakeholders in this group will include:

- the National Concessionary Travel project;
- operators/CPT;
- Transport Application project; and
- concessionary travel managers/transport authorities.

External Influences and Dependencies

4.19.5 There most significant external dependency from this group are the inputs to the Transport Application project in respect of the data formats required for the processing of claims.

Risks and Dependencies

4.19.6 The major risks identified are:

- the need to operate a mixed scheme with both paper and smart card records being received for reimbursement claims.



4.19.7 The major dependencies are:

- the establishment by the Transport Application project of an operational smart card scheme for concessionary travel;
- agreement with the operators on the means and frequency of calculating average fares against which reimbursement is paid.

4.20 Task 5 – Verification and Administration

4.20.1 This area of work looks at how the process of reimbursement and verifying the authenticity of claims is ensured. The work required is closely associated with that of tasks 4 and 6.

Key Questions

- What audit trail will exist to verify data submitted to the reimbursement process and will audits be carried out on data that has been electronically generated?
- How will fraudulent use claims by operators be dealt with?
- How will fraudulent use of the concession by entitlement card holders be dealt with?
- What monitoring processes will be needed to be put in place to identify fraud?

Outputs

4.20.2 The key outputs required from this task and based upon the above questions are:

- definition of the role that the internal audit function will undertake;
- definition of the role of external audit in respect of auditing third parties such as operators;
- definition of the processes for handling fraud by operators;
- definition of processes for handling user fraud.

Participants

4.20.3 The likely stakeholders in this group will include:

- the National Concessionary Travel project;



- concessionary travel managers/transport authorities; and
- an audit capability.

External Influences and Dependencies

4.20.4 There are a number of major external influences and dependency to this area of work. These include the Entitlement Card project that will be responsible for the issue of cards and the mechanisms by which cards being misused can be handled. There needs to be clear proof in advance of card issue that these processes exist.

Risks and Dependencies

4.20.5 The major risks identified are:

- failure to define robust audit processes for the whole system of reimbursement.

4.20.6 The major dependencies are:

- establishment by the Entitlement Card project of robust systems that prevent fraudulent applications for the concession;
- establishment by the Transport Application project of secure ITSO processes that ensure the integrity of data received from operators.

4.21 Task 6 – Concessionary Product Administration

4.21.1 This area of work is focused on two areas that relate to the administration of the scheme in respect of the ensuring that entitled residents can apply and receive the National Concession and that there are processes in place that will verify this process.

Key Questions

- Where will future applicants obtain application information from?
- Who will be responsible for promoting the national concessionary travel scheme and what funding will exist to undertake this?
- How will data (name, address etc) captured when a concessionary product is issued be passed to Transport Scotland?
- Will cards need to have a visible external expiry date?
- How will replacements passes be issued and lost or stolen passes hot-listed;



- How long will the concessionary product be valid for on entitlement cards?
- What information does the Transport Application need in order to procure and define the concessionary product in the ITSO environment?
- How many variations of the product should exist? It would be sensible to ensure that the local authority area in which a person is resident should be captured when a journey is made.
- How will the concessionary travel product be modified in the event of changes to scheme rules?
- When an Entitlement Card is lost or stolen what processes will be in place to issue a new one with the concessionary product (if required) and how will this process be recorded and the old card withdrawn from circulation?

Outputs

4.21.2 The key outputs required from this task and based upon the above questions are:

- a marketing, promotion and application strategy;
- a definition of the ITSO requirements and product breakdown;
- concessionary product replacement processes;
- definition of the data required for product management and reporting.

Participants

4.21.3 The likely stakeholders in this group are:

- the National Concessionary Travel project;
- concessionary travel managers/transport authorities; and
- operators/CPT.

External Influences and Dependencies

4.21.4 The major external influence to this work area is the Entitlement Card project which will be responsible for the issue of passes with the Transport Application and the concessionary travel product. There needs to be clear understanding between all of these projects as to who is responsible for the



delivery of each element of the process and who is responsible for the definition of the element.

- 4.21.5 Clearly the National Concessionary Travel project needs to define what its operational requirements are in order that the other elements can define and procure their systems.

Risks and Dependencies

- 4.21.6 The major risks identified are:

- failure by the Entitlement Card project to deliver a card application process that issues cards to entitled residents in an auditable manner;
- failure by the Transport Application to correctly define the ITSO requirements and thereby prevent the cards from being read on buses;
- failure to agree a robust set of processes to withdraw hot-listed concessionary travel products.

- 4.21.7 The major dependencies are:

- failure by the National Concessionary Travel project to define its eligibility criteria and not enable the application process to be set up;
- failure by the Transport Application to deliver smart card systems on all buses by April 2006;
- failure to procure a definitive list of residents entitled to the concession.

4.22 Miscellaneous Issues

- 4.22.1 There are a number of other questions that exist that are not specific to a particular task group or that relate to the work of the other project streams that they may have to be answered in a different manner. These questions are set out below:

- Where will the list of current eligible residents be drawn from and will this source be able to pre-populate application forms?
- What data is required from an applicant? (name, address, phone, email, date of birth, etc)
- What proof of entitlement is required for the specific classes of eligibility set out with the concessionary travel scheme?



- Where within Transport Scotland or the Scottish Executive will long term funding for equipment required for the National Concessionary Travel scheme belong?
- Who will administer payments associated with the product that are due to ITSO, will this be associated with the Transport Application or the Concessionary Travel scheme?





5 Organisational Issues

5.1 Overview

5.1.1 The national concessionary travel scheme has been expected for some time. Since the formal announcement there has been much reaction and some concern that:

- the scale of the transition process has been underestimated;
- some of the nuances and complexities of current schemes have been overlooked;
- the need to understand residual functions of the local authorities in relation to other concessions that they currently offer.

5.1.2 It is clear that the current scheme managers (or the individual local authorities in the case of Strathclyde) have a number of possible roles in the future scheme:

- the interface with the eligible local population on a continuing basis through the process for issuing cards with concession travel validity to residents;
- the continued management of concession schemes which fall outside the national entitlement;
- as the 'operator' of supported services where the local authority takes the revenue risk.

5.1.3 The key positive aspects of the scheme in its current form are:

- a unified national approach that can be promoted to the public as part of the Executive's and local authorities policies aimed at increasing the use of public transport;
- the opportunity to assist in the creation of a national platform for the wider development of smart card technology by local authorities;
- that it will allow authorities to develop applications beyond transport when they are ready to, it does not mean 'you must start now' as the concessionary application can be issued on a card ready for wider use;
- the use of technology that can aid local authorities and regional partnerships in the development of multi-operator ticketing products;
- a means of facilitating improved management of public transport across Scotland by the use of improved ETM technology; and
- it will enable local authorities to retain the relationship between themselves and their residents through the entitlement card issue process and the ongoing management of those cards.



5.2 Requirements

5.2.1 The primary inputs from local authorities during the development and implementation stages of the national concessionary scheme will be:

- the transition processes;
- maintenance of residual concessions;
- work with the entitlement card project.

5.3 Transition Processes

5.3.1 Each local authority is currently operating its own concessionary fare scheme and has in place the appropriate means for reimbursement. These systems all need to be migrated with the minimum inconvenience to residents into the national scheme. In the event that complete migration to smart cards has been achieved then the process of accomplishing this will be considerably simplified. It must be acknowledged that the scheme may not be operational on 2 April 2006 will only be partially smart card enabled and there will be considerable amounts of data that are only received in forms similar to those currently in place.

5.3.2 It is not suggested that local authorities be retained within the process but it is essential that their processes are understood in order to ensure that operators can provide the required information to Transport Scotland.

5.3.3 At a pass issue level there remains a requirement to continue issuing passes for the current local authority schemes up until mid March. Work between the entitlement card project and the local authorities needs to examine how and when only new passes will be issued, at a similar level there is also an argument that the current 'local' passes retain their validity for a fixed period of time beyond the introduction of the national scheme, although such validity may only be at the original local level. The wider requirements of the pass issue process are looked at in a separate section.

5.4 Residual Concessions

5.4.1 Many of the current local schemes offer concessions that have not been included in the national scheme. These include free or reduced cost rail travel, ferry services and in a limited number of cases air travel between islands.



5.4.2 It is understood to be the intention of all these schemes that these concessions be maintained for residents of the local authority. This has two implications:

- the processes associated with reimbursement of operators must be continued;
- that residents eligible for the concessions can be identified.

5.4.3 The concessionary travel project needs to ensure that the resources to undertake the former are left in place and appropriately funded, since they are currently generally administered in conjunction with the local bus schemes.

5.4.4 The identification of entitlement for 'local' concessions is a requirement that must be agreed between both the local authorities concerned and the entitlement card project.

5.5 Organisational Structure and Responsibilities

5.5.1 Transport Scotland does not formally come into existence until 1 April 2006 but the majority of staff, processes and architecture to set up its operation and support its ongoing work will need to be in place by early 2006 at the latest in order to manage the concessionary fare scheme and the transport application from the scheme start as well as assist in the implementation process. Clearly much of the project resource on set up is being undertaken within the proposed project structure but this will need to include the ability to hand completed work streams over to the appropriate elements within Transport Scotland.

5.5.2 A key requirement of the implementation of national concessionary travel scheme is the need to establish the operational structure which will support its ongoing operation. Transport Scotland has been identified as the body that will take on this national role from the local authorities.

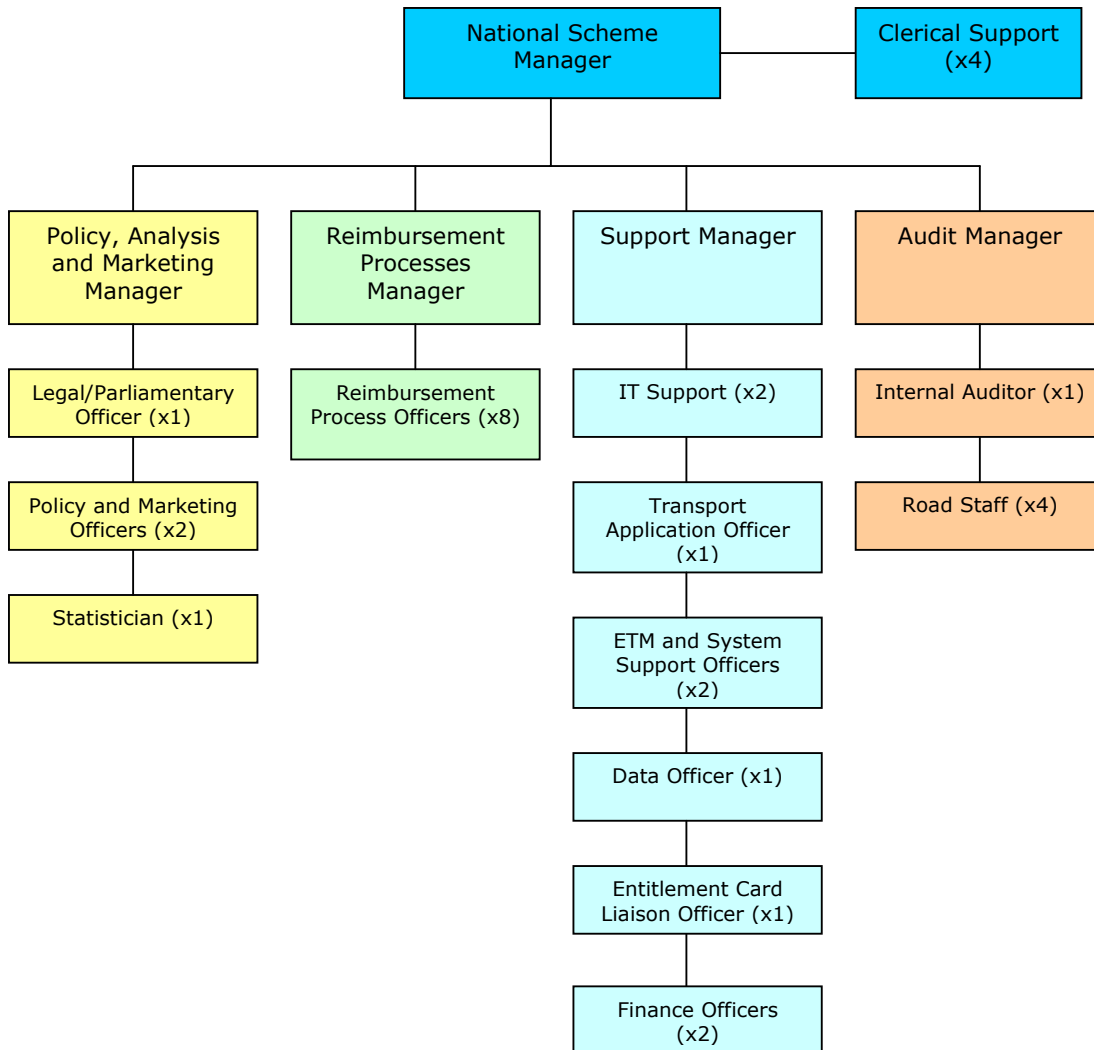
5.5.3 The Project Plan identifies the work that is required in the sphere of the concessionary travel functions of Transport Scotland. This will require some knowledge or thought about the wider structure of the organisation but is not wholly dependant upon it.

5.6 Functions and Staffing

5.6.1 It is assumed that all the staff required for the operation of the National Concessionary scheme will be in place by January 2006. There is some risk that this may deplete the resources of the current functions in local authorities.



5.6.2 In the following diagram we have illustrated the proposed structure based upon experience in other UK schemes and the specific methods of operation that Transport Scotland will be developing. This plan reflects the operational model that is required rather than the implementation model which is discussed separately.



5.6.3 The four key functions that have been identified as being directly related to the management of the concessionary travel scheme are:

- policy, analysis and marketing;
- reimbursement processes;
- support; and
- audit.



Scheme Management

- 5.6.4 The proposed team for the management of the National Concessionary Travel scheme will be headed by a manager reporting directly to the board of Transport Scotland. This will be a senior post filled by someone whose is both experienced in concessionary fares and in the political and management issues that will surround its operation.
- 5.6.5 It is assumed that they will be supported by approximately four administrative staff who will work with the manager, the section head and their teams.

Policy, Analysis and Marketing

The role of this team will be to deal with the external interfaces of the National Concessionary Travel scheme, this includes:

- dealing with parliamentary questions (finance, costs, take up etc);
- responding to questions from politicians;
- advice on policy regarding the scheme and its future development;
- statistical analysis of the scheme for ongoing evaluation and input to bodies such as the Transport and Travel Statistical Advisory Committee (TTSAC); and
- marketing and promotion of the scheme.

- 5.6.6 The suggested staff requirement for this section is four staff plus a section head.

Reimbursement Processes

- 5.6.7 The role of this team will be to undertake all the processes associated with the generation of reimbursement values for operators, this includes:

- registering operators and appropriate services entitled to participate in the scheme;
- application of data (volume, average fare and reimbursement rate) to the reimbursement systems to generate operator payments; and
- calculation and audit of the average fare values.

- 5.6.8 The suggested staff requirement for this section is eight staff plus a section head. However this is based upon the assumption that the average fare will be calculated by operators themselves and submitted to Transport Scotland with an audit certificate on an operator or network basis. This would still



require auditing and part of the role of four of the staff would be to undertake this on a regional basis. Within the section there would be four reimbursement staff each with responsibility for a region, possibly bases upon the Regional Transport Partnership areas. In the event that a different approach to determining average fare is agreed this number of staff may increase significantly, as may the back office system development costs and maintenance.

Support

5.6.9 The role of this team will be to provide all appropriate support for the other functions, including:

- IT support, all hardware, software and communications operated by the scheme;
- transport application management, all issues surrounding ITSO and the ITSO shells and products owned by National Concessionary Travel scheme;
- ETM and system support, providing help and advice to operators and local authorities who have equipment that forms part of the ETM environment;
- data management, looking after records associated with travel, product ownership and requests to access data generated by the scheme;
- entitlement card liaison, dealing with the local authorities and other bodies who wish to use or issue cards that will or may contain the Transport Application;
- finance, the processes of making payments to operators, paying suppliers and administering licences etc.

5.6.10 The suggested staff requirement for this section is nine staff plus a section head.

Audit

5.6.11 The objective of this team is to protect the integrity of the national scheme both internally and externally. The functions that will be undertaken are:

- internal process audit;
- payment and claims audit; and
- on the road validation.



- 5.6.12 The suggested staff requirement for this section is five staff plus a section head. It is suggested that four of the staff are operational and based around Scotland carrying out checks on bus as required. The one remaining officer will undertake the internal audits.
- 5.6.13 Through out all of these sections there is a need to undertake a many tasks and interface with a wide variety of other bodies. The following sections examine these roles and relationships in greater detail.

5.7 IT and Communications Architecture

- 5.7.1 The gathering and management of data on concessionary travel and other agreed information produced by ETMs will require a substantial communications and IT network to be developed. This will link operators with Transport Scotland. In the ITSO model data flows can be direct from the transport operator or card issuing point to Transport Scotland. An ITSO HOPS which will be the home of the Concessionary Travel product (IPE) and any other products that Transport Scotland own and manage along with the systems required to calculate fares and reimbursement values. Where a local or regional body has a residual involvement in the process (through the provision of additional concessions on rail or as a card issuer for example) there access to relevant data would be through Transport Scotland. This significantly simplifies the system architecture and reduces the cost of implementation, with no loss of functionality compared with a system with intermediate processing of the data.
- 5.7.2 The scale of these requirements, even with smart card technology, is significant. The current Strathclyde scheme has over 450,000 eligible residents over 60, of who over 350,000 hold a concessionary pass. In addition there are over 60,000 residents holding a disabled entitlement. The scheme currently requires 20 staff for administration of the scheme even with considerable IT architecture to support the process. The national scheme is likely to have over 1.1 million eligible residents for the over 60 pass alone.
- 5.7.3 There are other models for the operation of the 'transport products' which include the outsourcing of product management to a third party. A decision needs to be made as to the preferences here in order that tenders for procurement can be constructed in a manner that achieves the desired outcome. The risk being that failure to do so may result in an operational model that does not fit the requirements of the scheme or that delivers inferior results at inflated costs.
- 5.7.4 The major risk with outsourcing is the failure or inability by either the supplier or the customer to deliver what was agreed at the outset. In addition, variations as needs evolve tend to be costly compared with a directly procured systems (due to risk/penalty of disrupting the initial core system). Whilst management of the concessionary travel product by a third



party may be attainable it may not be possible to compel operators to follow this approach for commercial tickets. Similarly a supplier may not fulfil the obligations set out and the both Transport Scotland and other bodies involved in the process are left with the requirement to support card holders or the reimbursement data processes.

- 5.7.5 It would therefore be preferable to ensure that a working system is designed, built, delivered and then 'owned' by Transport Scotland. This would allow other models of management to be adopted at a later date without the attendant risks relating to project specification. It is therefore important to ensure that the procurement process results in the ownership of equipment and software by Transport Scotland rather than a lease or licence which cannot be transferred to a third party.

5.8 Local Authority Relationships

- 5.8.1 The relationship with all the local authorities in Scotland needs to be clearly defined at an early stage within the project as it has impacts upon both transition to the National scheme and its ongoing operation. Consequently issues surrounding the engagement of local authorities in to the processes are a recurring theme within the Project Plan. The key areas that have been identified as requiring transition or possible ongoing local authority input, as agents of Transport Scotland are:

- transition from the existing schemes to the national scheme;
- small operator ETM management, including revenue data analysis; and
- the concessionary travel application process, including application verification, card issue and product 'retailing'.

- 5.8.2 During transition some or all local authorities may remain within the chain for the gathering of data from operators for reimbursement processes if, as is probable, full ETM roll-out has not been completed. Once operational in April 2006 the option exists to use local authorities as the first point of contact for concessionary travel data being gathered from operators until such time as the ETM replacement project is complete.

- 5.8.3 There is considerable significance in understanding the current schemes and the need for ensuring coherent transition between local and national concessionary fare schemes. This arises through the existence in many schemes of non-mandatory additional concessions, notably for rail services, that do not form part of the national scheme. It is assumed that all of these 'local' concessions will continue to exist and will need appropriate levels of local support. Equally important is the need to acknowledge the wide variation in current reimbursement processes between authorities. This ranges from the sophisticated techniques used by Strathclyde through to relatively simple processes in many rural areas. It is therefore unlikely that



any of the current schemes can be 'just switched off' on 31 March 2006 and all will require some form of wind down of the bus elements to accommodate the resolution of additional cost claims and other reimbursement issues that originate in the local schemes. Where 'local' concessions continue to exist some provision will also be required to support these.

5.8.4 Once the Transport Application ETM replacement project is complete there may be a number of roles for the local authority which need to be carefully defined and understood:

- the local authority may be the operator of a service for the purposes of concessionary travel reimbursement – where the service is operated as a 'gross cost contract' and all the revenue falls to the authority – and there will need to be agreement on the mechanism for reimbursement in this case (to the actual operator or the LA);
- the local authority provides the 'depot' computing facilities for small operators, and therefore takes on some responsibilities for maintaining supporting data in the system (eg fare tables);
- the local authority might separately be given access to all data relating to supported services for the purposes of managing the supported service network – this is outwith the current agreement with operators but must be included in the design.

5.8.5 Within the process of ensuring that all residents have a pass that will give them access to the national concessionary travel scheme by April 2006 it is vital that a coherent application and issue process is agreed by August 2005. The primary responsibility for the development and delivery of this process will lie with the Entitlement Card Project and the Transport Application. However in order to ensure that the end outputs match the business requirements the concessionary travel project must have considerable input to the process. The key issues that have been identified are:

- the card platform – is interoperability only sought for transport or is it eventually going to be mandatory between local authorities? The former will allow individual authorities to choose from the full range of ITSO defined media, but the latter will require that they all also chose between a contact or contactless approach. At present there are already known to be a differing approaches with some authorities seeking to use dual interface cards such as the JCOP card and others who wish to base development upon contactless technology such as the Mifare 4k card. The concessionary travel project must be at the heart of this debate and not allow it to deviate in any way that might delay the acquisition of cards and their issue in late 2005/early 2006.;



- the application process (over 60's) – what data is required and how will it be captured? The working assumption (to be confirmed very quickly) is that the GRO will be used to identify all eligible residents over 60 in Scotland and that each will be sent a standard (partially completed) application form for the concessionary travel product by GRO. This will then be returned to their local authority for approval, data entry and card production including the addition of the ITSO shell and concessionary travel product. The concessionary travel project and in due course Transport Scotland need to ensure that the integrity of this process is established and maintained by local authorities;
- the application process (disabled) – what are the criteria for eligibility and what proof is required? The working assumption is that all existing disabled pass holders will be issued with a new pass with validity that equates to their current entitlement. Where a companion pass has been issued this will also be replaced on the same basis. **We strongly recommend that** new applicants are subject to a universal set of eligibility criteria, which should be based on a review from 'first principles' of the rationale for issuing concessions to this group of people. It should be the case (but this may be difficult to achieve politically) that all existing disabled pass holders will be validated against the new criteria when their initial pass expires. The Executive and in due course Transport Scotland need to ensure that the integrity of this process is established and maintained by local authorities;
- the application process (companion pass) – this is potentially the most contentious area of the scheme with operators, because of the perceived level of abuse, leading to a direct and un-reimbursed loss of commercial revenue. We suggest that this is a specific question within the project plan which is separated from the critical path to avoid any interference with the main streams of work;
- pass issue – who will undertake initial bulk issue and who will support ongoing issue and replacement? It is assumed that as the concessionary product will be resident on a local authority owned card that the majority of the process will be determined by the authorities in partnership with the Entitlement Card project, although in the knowledge that this must be undertaken in full compliance with the ITSO specification. The concessionary travel project and in due course Transport Scotland must be in a position to ensure that all required data relating to shell and product ownership are passed to their systems in an ITSO compliant manner. There are also very considerable inputs by the transport application project to this element of work.



5.8.6 It is therefore not possible to permit this work (pass issue and card procurement) to be undertaken in anything other than a fully integrated manner with the main concessionary project and the transport application project. All are inextricably linked but the only one that will potentially fail irrevocably if there are problems in the issue of cards is the national concessionary travel scheme.

5.9 Operator Relationships

5.9.1 As with local authorities the relationship between Transport Scotland and operators needs to be established at an early stage in the project and appropriate means of communication and consultation put in place. There are two aspects to the operator relationship:

- commercial – the concessionary travel scheme; and
- technical – ETM systems and smart cards.

5.9.2 The interface with operators will primarily be in respect of the gathering of data on concessionary travel usage via smart card transactions, or possibly button press records if smart card introduction is later than April 2006. This will require that the ITSO architecture linking the ETMs with the back office systems are supplied and maintained to ITSO compliance, a responsibility that will need to be shared by the operator and Transport Scotland, although it is clear that the operators expect all costs incurred in doing so to be met by Transport Scotland.

5.9.3 The relationship with the operators has a number of stages, each with different requirements:

- options for the operation of the national concession scheme **prior to** the completion of the re-equipping of the bus fleet and the nationwide introduction of Smartcards;
- **completion of the initial ETM replacement programme** by the transport application project together with the nationwide implementation of Smartcard, and the transfer of ongoing responsibility for support of the new ETM environment to Transport Scotland;
- **transfer of the ownership**, and responsibility for maintenance, of the ETM infrastructure to the operators;
- **continuing operation and development of the ETM infrastructure** to embrace developments in the concessionary travel scheme, a dynamic market in bus service development including the entry/exit of operators, and fleet changes.



5.9.4 These relationships and responsibilities need to be set out in detail within the scheme rules. Key issues which need to be addressed include:

- the actual or perceived impact on competition of the requirement to fit an ITSO compliant ticket machine to any bus operating a local service in Scotland;
- the claw back arrangements for ticket equipment funded by Transport Scotland;
- the enforcement regime to ensure compliance with the ETM requirements;
- the ownership and conditions of use of ETM functionality delivered as part of the ETM project.

5.9.5 Other potential areas of contention include:

- ITSO costs - at the outset in a purely concessionary scheme, there should be no impact on operators as they are not required to be part of the ITSO environment in any way. If they introduce commercial products within the ITSO environment this would no longer apply and there will be a requirement to reapportion costs and potentially ownership of some ITSO components;
- the nature of additional costs incurred through smart card technology - the operators have indicated that there will be costs for maintenance that do not currently exist. Elsewhere these are generally absorbed for the bus equipment due to the indivisibility of the ETM, card reader and depot system but computer equipment relevant only to the concessionary scheme is usually the responsibility of the local authority.
- new software costs - in recent years there has been a trend away from the sale of back office software to a more licensed base approach that allows upgrade and support. The vast majority of operators currently have software that is not licensed and will be compelled into an environment where this is no longer the case. The major issue being that they would have ended up in the same situation had they upgraded their equipment even without smart cards.

5.9.6 These costs are inextricably linked to issues of ownership and on-going maintenance/support. They are also clearly linked with the reimbursement for the cost of carrying a concession passenger and so there is a need to clearly identify what (if any) items are genuinely additional to the normal costs of a well run transport business.



5.9.7 If the use of the ETM data outputs and overall system architecture is stretched beyond concession smart cards to embrace other data that is relevant to local authorities, Regional Partnerships or Transport Scotland this will also need to be defined and appropriate agreements put in place.

5.10 Concessionary Travel Claim Validation

5.10.1 The process of claim validation is covered in full detail in Section 4.2 and 4.3. It is intended that all data will be captured automatically using smart card technology that is compliant with the ITSO specification. This will ensure that transactions are generated in a secure environment on bus and then passed to the reimbursement systems in a manner that prevents modification.

5.10.2 In the event that the collection of shadow fares will not be possible through out Scotland due to its general absence in the current schemes and the time penalties that requesting alighting stage data would incur. As a consequence the majority of data being received by the reimbursement systems will only contain the following information:

- date and time of the transaction;
- card identity;
- product type;
- service number; and
- boarding stage.

There will be no data associated with the fare that should have been paid from the majority of operators although in some specialist cases such as long distance inter-urban operation by Scottish Citylink its use would be entirely appropriate.

5.10.3 In these circumstances it will be necessary to generate by other means the average fares against which payment must be made. There are two approaches to this:

- data mining, which will generate shadow fares for each journey;
- application of average fares for specific services, depots, over entire networks or operators.

5.10.4 It is not considered relevant to collect the entire commercial data set from operators and calculate average fares by these means. The appropriate alternative would be too to agree with operators that they will provide audited figures for average fare for agreed time periods and that this will be used for all reimbursement calculations.



5.10.5 The function of the reimbursement process within Transport Scotland is thus to match the number of eligible journeys made and recorded using smart cards with the appropriate average fare value for the services or operators. Payment can be based upon this simpler calculation.

5.11 Concessionary Travel Payment Processes

5.11.1 In the majority of the current local authority schemes operators are paid on account to ensure that cash flow is not compromised. The precise methodology of this process is dealt with as an issue for Task Group 1 as it must be defined in the legislation or contracts that administer the scheme.

5.11.2 There are also issues surrounding how the payment process will fit within the wider structure of Transport Scotland as much of the mechanic of the payment will be part of a wider financial administration role that it has both internally and externally.

5.12 Audit Processes

5.12.1 Auditing claims and the processes of reimbursement will need to be undertaken as an ongoing task. There are three dimensions to this process though:

- the validity of claims submitted by operators in respect of the volume of travel;
- the validity of the average fare submissions; and
- the integrity of the processes within Transport Scotland that calculate payments to operators.

5.12.2 The first two processes will need to be supported internally by Transport Scotland and it is suggested that whilst all operators must submit audited average fare figures for each period as a basis for reimbursement that Transport Scotland undertakes random spot checks of the data at operators to prove the integrity of the figure. The operators should also provide sign off of these figures annually by their External Auditors and provide a certificate to the effect (method uses by Centro for operator returns). Operators can be mandated through the contract to process data within the new ETM systems that will ensure that this can be easily undertaken.

5.12.3 The integrity of the volume data should be secured by the use of ITSO that the inability of operators to create false records without smart cards. However a degree of monitoring is required and Transport Scotland will need to ensure that there is a capability to identify cards that are potentially being used to generate false records.



5.12.4 The audit of the processes within Transport Scotland is assumed to be a task that will be undertaken by central government auditors on a regular basis.

5.13 Tasks to be Undertaken

5.13.1 Based upon the above issues and discussion there are two core issues that need to be examined and associated questions resolved. These are:

- the migration processes from the existing schemes to the national scheme; and
- the organisational required to support the national concessionary scheme.

5.14 Task 7 – Migration

5.14.1 The role of this group will be to examine all the issues surrounding the migration from the existing local authority managed concessionary schemes to the new national scheme.

Key Questions

5.14.2 The key tasks and questions for those working on this task are:

- What is the quality of current concessionary pass holder databases?
- What are the current concession schemes?.
- What additional 'local' concessions exist that may be retained for residents of that area?
- Where there are 'local' concessions how will these be administered and how will entitlement be denoted?
- How are the existing schemes administered, and what can be learnt from these processes?
- How will existing operator/local authority relationships regarding ETM systems and real time information be undertaken in the national scheme? (*This is an issue derived from the Transport Application project and how it will manage the ETM systems at small operators*).
- What is the wind down period for each scheme during which reimbursement for 2005/06 will still be being corrected and adjusted?



Outputs

5.14.3 The key outputs required from this task and based upon the above questions are:

- the source(s) of data for the residents entitled to the national concession;
- details of all residents currently in receipt of a disabled or companion pass;
- in which current schemes does existing local authority 'support' expenditure need to be protected to maintain concessions that are either within the national scheme or external to it but retained for local residents;
- financial requirements to support existing 'local' schemes;
- the financial requirements of existing local bus concession wind down in 2006/07.

Participants

5.14.4 The likely stakeholders in this group will include:

- the National Concessionary Travel project; and
- concessionary travel managers/transport authorities.

External Influences and Dependencies

5.14.5 The major externality here is that of the local authorities responsible for the current schemes, however they are seen as an integral part of the group being set up to look at the issues and are therefore not truly external.

Risks and Dependencies

5.14.6 The major risks identified are:

- failure by local authorities to engage fully in the migration process.

5.14.7 The major dependencies are:

- input from existing concessionary schemes.



5.15 Task 8 – Organisational Structure

5.15.1 The role of this group is to define and set up the concessionary fares team at Transport Scotland.

Key Questions

- What is the operational budget for the administration of concessionary fares?
- What will be 'core' Transport Scotland functions and what will be purely concessionary travel functions?
- How will the scheme be audited and by whom?
- How will transaction data gathered by the national scheme be managed, given that much of it will be commercially sensitive?
- How will personal data on holders of the concessionary product be managed and who will have access to the data?
- Will Transport Scotland seek to use personal and transaction data for any other purpose other than the Concessionary Scheme ie planning purposes or marketing? If so how and by whom will this be managed?
- Is there a need to employ staff to monitor the scheme in the field?
- Who will provide the interfaces with operators and local authorities in respect of the collection and distribution of data from ETMs?
- Who will be responsible for the recruitment of staff into Transport Scotland and when will this take place?

Outputs

5.15.2 The key outputs required from this task and based upon the above questions are:

- a programme for the recruitment of staff;
- staff pay grades and relevant skills required;
- recruitment information (roles and responsibilities);
- the costs of staffing and operating the concessionary administration function;
- the location of the unit;



- a programme for installing hardware, systems and a communications network to administer concessionary travel;
- definitions of the support available to operators for ETM and smart card systems.

Participants

5.15.3 The likely stakeholders in this group will include:

- the National Concessionary project;
- concessionary travel managers/transport authorities;
- the Scottish Executive/Transport Scotland.

External Influences and Dependencies

5.15.4 The major external influences to the project are other areas of work being undertaken by the Scottish Executive in respect of establishing Transport Scotland. The same relationship is also a dependency in that there is a requirement to obtain information from others that will directly affect the establishment of the department that will administer the operation of the National Concessionary Scheme.

Risks and Dependencies

5.15.5 The major risks identified are:

- failure to have staff in post in advance of the National Concessionary Scheme start;
- ill defined budgets for the operation of the scheme.

5.15.6 The major dependencies are:

- the establishment by the group setting up Transport Scotland of the wider organisation structure in which the concessionary fares management will take place.



6 Migration and Implementation

6.1 Introduction

6.1.1 This section looks at two issues:

- the critical path for implementation;
- the resources required for implementation.

6.1.2 The recommendations made all draw upon the tasks, inputs and dependencies that are discussed in previous sections. Clearly additional tasks will come to light and these must be dealt with commensurate with their seriousness or urgency.

6.2 Critical Path

6.2.1 In the following section we recommend the order in which tasks are handled and their relationships to each other in respect of which must be completed in order to facilitate others. Some assumptions have had to be made where tasks feed into the work of other projects, although all timescales are based upon previous experience.

6.2.2 In the following table all the outputs defined within each task are identified and the relationships with other tasks or final deliverables indicated. Where the output has a direct impact on the delivery of the National Concessionary Travel scheme this is shown in a red box.

Table 6.1 Task Dependencies and Completion Dates

Task Ref.	Output Description	Completion By	Dependencies (Ref/Outcome)
1a	Division of contractual and legislative content	June 2005	1b, 1c, 2a
1b	Legislative requirements	August 2005	1d, 2a, Legislation
1c	Full scheme definition	August 2005	1d
1d	Operator Participation Notices Issues	September 2005	CT Scheme introduction
1e	Operator contract for ETM replacement, their wider use and the data collected via CT smart cards	July 2005	1d, ETM procurement
1f	Agreement on clawback arrangements for over payments	September	1c
2a	Eligibility criteria for legislation	August 2005	1b, Entitlement card issue process



Task Ref.	Output Description	Completion By	Dependencies (Ref/Outcome)
2b	Eligibility documents for public use	August 2005	Entitlement card issue process
2c	Entitlement assessment mechanisms	August 2005	2b, Entitlement card issue process
2d	Renewal and replacement processes	December 2005	-
3a	Operational claims submission process for operators	January 2006	CT Scheme introduction
3b	Functional and auditable means of recording pass acceptance	January 2006	CT Scheme introduction
3c	Agreement with operators on data ownership	August 2005	1d,
3d	Hot list management	November 2005	Smart card scheme introduction
3e	Driver procedures for handling hot listed cards or CT products	March 2006	Smart card scheme introduction
4a	Specification of data requirements	August 2005	4b
4b	An agreed means of calculating and auditing average fares	August 2005	1d, CT Scheme introduction
4c	Reimbursement systems specification	August 2005	4d
4d	Procurement of reimbursement software	September 2005	8f
4e	Definition of IT hardware required to support reimbursement	August 2005	4f
4f	Procurement of IT hardware	October 2005	8f
4g	Administrative processes for a non-smart system	January 2006	CT scheme introduction
5a	Role of internal audit function	September 2005	8b
5b	Processes for operator fraud	August 2005	1d
5c	Processes for user fraud	March 2006	Smart card scheme introduction



Task Ref.	Output Description	Completion By	Dependencies (Ref/Outcome)
6a	Marketing, promotion and application strategy	October 2005	Entitlement card issue process, Smart card scheme introduction
6b	Definition of ITSO requirements and product structure	October 2005	Entitlement card issue process, Smart card scheme introduction
6c	Lost and stolen product replacement processes	March 2006	Smart card scheme introduction
6d	Product management and reporting outputs	January 2006	-
7a	Sources of data for issue of application forms	August 2005	Entitlement card issue process
7b	Current recipients of disabled or companion concessions	August 2005	Entitlement card issue process
7c	Details of other local authority concessions requiring continued funding	December 2005	7d
7d	Ongoing financial support for local concessions	December 2005	7e
7e	Residual funding in 2006/07 for wind down of current bus schemes	December 2005	-
8a	Staff recruitment program	September 2005	CT Scheme Introduction
8b	Staff pay grades and relevant skill requirements	September 2005	8c, 8d
8c	Recruitment information	October 2005	Recruitment process, CT scheme introduction
8d	Staffing and operational costs of the National Scheme	September 2005	-



Task Ref.	Output Description	Completion By	Dependencies (Ref/Outcome)
8e	Location of the Transport Scotland	September 2005	8f
8f	Hardware, software and communications installation program	September 2005	CT scheme introduction
8g	Definition of support services to operators in respect of smart card systems	December 2005	-
Ext 1	ETM procurement process	August 2005	Smart card scheme introduction
Ext 2	Entitlement card procurement process	August 2005	CT scheme introduction
Ext 3	Card issuance start	December 2005	CT scheme introduction
Ext 4	ETM Replacement Implementation	April 2006	Smart card scheme introduction
Ext 5	Transport Scotland Staff Recruitment	December 2005	Ext 6, Ext 7, CT scheme introduction
Ext 6	Test Systems with Transport Application	January 2006	Smart card scheme introduction
Ext 7	Non-smart test environment	March 2006	CT scheme introduction

6.3 Resources

6.3.1 In the following section we look at the staffing and resource requirements for the implementation phase of the project and the interaction that this has with the establishment of the operational model put forward in Section 5.

6.3.2 It is recommended that the overall scheme manager and all the section heads be appointed at an early stage in order to enable them to undertake the tasks that will be relevant to their sections on going operation once the scheme is established. In the following table we have taken the tasks and related these to the relevant section heads described earlier. We have also included additional input that would assist the work and that forms part of the ongoing administration of the scheme.



6.3.3 The table does not include anticipated input from other stakeholders including operators and local authorities to the overall processes. Nor does it include all the staff who will form the operational version of the Concessionary Travel scheme, however these staff do all need to be in post by January 2006, and at which point they can contribute to the ongoing implementation tasks.

Table 6.2 Migration Responsibilities and Staffing

Task	Section Responsibility	Other Potential Input Requirements
Task 1 - Operator Participation and Service Inclusion	Policy, Analysis and Marketing Manager	Policy Officer
Task 2 - Eligibility for the Concession	Policy, Analysis and Marketing Manager	Policy Officer
Task 3 - Operator Processes	Reimbursement Manager	IT Support Officers Audit Manager
Task 4 - Reimbursement Processes	Reimbursement Manager	Support Manager Audit Manager IT Support Officers
Task 5 - Verification and Administration	Reimbursement Manager	Policy, Analysis and Marketing Manager Audit Manager Marketing Officer
Task 6 - Concessionary Product Administration	Support Manager	Transport Application Officer
Task 7 - Migration	Scheme Manager	
Task 8 - Organisational Structure	Scheme Manager	Support Manager

6.3.4 As it is unlikely that the actual post holders referred to above will be in place until late 2005, it will be necessary for the Executive to put in place appropriate team leaders drawn from both internal and external sources who can manage these tasks and ensure delivery of the outputs specified and any others that arise during the process.

6.3.5 In order to minimise the overall resource requirements and in recognition that there is considerable task synergy we recommend that whilst full time positions are required that individuals may have responsibility for more than one task. In this context it is suggested that Task 1 and Task 2 are overseen by the same person as both deal with inputs to the legislation although the precise consist of the team on each will be different. The scale



of Tasks 3, 4 and 5 is such that one person is considered insufficient during implementation therefore it is suggested that a person be brought in on a part time basis to cover the operator aspects, possibly from the operators. This would leave the core reimbursement Tasks 4 and 5 to one person. Task 6 is largely technical relating to products at both a commercial and in the way they act as smart cards and therefore interfacing with the Transport Application and Entitlement Card Project. It is therefore, most suited to a person with appropriate technical knowledge and experience who could guide this task and undertake the work on a part time basis. The final Tasks 7 and 8 are potentially ones that should be overseen by the overall project manager for the Concessionary Project, and can be undertaken by one person.

6.3.6 In addition to the task leaders who will undertake the leadership of the tasks there is also a need to provide appropriate secretarial and administrative support for the whole project, this should be at least one person at the outset although additional resources may become necessary as the project develops.

6.3.7 In respect of the consists and make up of each group, there is no right or wrong size although experience suggests that too many people on a task no matter how well meaning their intentions is likely to prevent effective decisions and outputs being delivered. It therefore suggested that no group exceeds 8 – 10 people and where ever possible should be around 5 – 6 people representing different fields of interest or experience.

6.3.8 In summary there needs to be:

- the equivalent of five task leaders (although two of these may be part time and one may be the overall Concessionary Project Manager); and
- administrative support of at least one person possibly rising to more as the project progresses).

