DWP Department for Work and Pensions

Evidence review of smartcard schemes in local authorities

By Andrew Wood, Kate Downer and Annalise Toberman

This report provides the findings from an evidence review conducted by RS Consulting on behalf of the Department for Work and Pensions, examining smartcard schemes that local authorities (LAs) have implemented. Its overall aim is to draw together good practice and learning points as they relate to scheme implementation. The review explores a range of issues, including the services included within smartcard schemes; citizen participation in schemes; use of data to improve services; dissemination of information to users and prospective users; communications activities; and how schemes have been evaluated.

It focuses on how smartcards can be an enabler for older people, and can also help with the planning and delivery of services.

Key findings

- LAs' motivations for introducing smartcards can be grouped broadly into intended benefits for users, and intended benefits for authorities themselves.

- Smartcards can give users simplified access to services. This has the potential to improve quality of life, where access allows the user to benefit independently from local services.

- Schemes tended to follow two broad models: 'generalist' cards, available to all residents, and 'specialist' cards intended to meet a specific need for a defined subset of the population.

- A principal benefit of smart delivery is the ease with which services can be joined together. This entails using the smartcard to access one service, while simultaneously promoting take-up and awareness of another.

- Card services were not typically aimed at older people specifically, although those in this group were frequent users of certain services, particularly concessionary bus travel. Only in rare cases had authorities marketed to older people specifically.

- LAs' encouragement of card take-up was often 'passive'; for example, increasing schemes' appeal by adding new services. The degree of 'active' promotion varied, but was typically low.

- Both internal and external factors can influence the long-term sustainability of schemes. Sufficient funding is imperative. The approach of the scheme managers and the support of the wider authority can both play key roles in schemes' success.

Methodology

The study consisted of analysing existing, publicly-available information and related evidence, supplemented by discussions with the chosen LAs. After applying a qualitative scoring mechanism to assess potential LAs with smartcard schemes in place, the research team secured the participation of seven, visiting each one between September and December 2010.

The LAs that participated were Bolton Council, Bracknell Forest Council, Caerphilly County Borough Council, Cumbria County Council, Derbyshire County Council, Dundee City Council/the National Entitlement Card (NEC) and Merseyside Improvement and Efficiency Partnership.

Research findings

Types of smartcard scheme

LA smartcard schemes tended to follow two broad audience models: 'generalist' and 'specialist'.

Generalist cards covered in the evidence review were available to all residents. Either all users received the same smartcard, and chose to use the applications relevant to them, or they received pre-tailored cards, configured to provide the user with the relevant applications from a 'menu'. Generalist schemes may make the financial outlay needed to put the scheme infrastructure in place more acceptable because the card has the scope to add wide-reaching benefits.

Specialist card schemes were intended for a subset of people within the LA. The authority had often identified a particular need which it felt able to address most effectively using smart technology: this need had driven the choice of services delivered via the smartcard. LAs may opt for specialist schemes because they value a more focused benefit to a specific user group. These schemes may also prove attractive if generalist schemes seem prohibitively large-scale. The user group may be relatively small in number, but the benefits they receive through the scheme can be significant.

Although a card does not need to be fully smart in order to perform its functions, creating a smart-enabled card from inception opens up the possibility of adding future smart applications. The planned card services and the benefits they are intended to deliver are a crucial component of the smartcard proposition for a convincing business case.

Smartcard services

The LA smartcards in the evidence review tended to include certain 'core' service capabilities. These were general access to travel, leisure and library services, and retail discounts. Additional services included:

- leisure services beyond general access, e.g. free access for users with special needs;
- health and exercise initiatives, e.g. smoking cessation projects;
- library services beyond general access, e.g. lower rates for special groups;
- Meals on Wheels payments via Direct Debit;
- audio travel information at bus stops;
- cashless e-purse payments at retailers and for catering.

The card services were not typically aimed at older people specifically, although older people were frequent users of concessionary bus travel, and some other applications were more likely to be used by this age group. These included retail discounts and Meals on Wheels. Applications added to the card after an initial selection of core services were often related directly to the original service offering. However, others expanded the smartcard into new areas. An authority's health and leisure services might form a partnership, promoting healthier lifestyles in an initiative delivered through the smartcard.

A concept that emerged as important was that of creating 'joined-up' services, the smartcard being used to access one service, while promoting take-up of another. This can create higher levels of service engagement and card usage, making it potentially beneficial both to LAs and cardholders.

External organisations, including the Integrated Transport Smartcard Organisation (ITSO) and Local Authority Smartcards Standards e-Organisation (LASSeO), have worked to facilitate the addition of other services to transport smartcards. LASSeO's technical specification allows LAs to share cards' uses between transport and other services. Transport services can be created to meet ITSO's own specification, which allows interoperability between different modes of transport, different locations and different types of ticketing products.

Benefits of smartcards to card users

Motivations for adopting smartcard technology can be grouped broadly into those intended to benefit end users, and those intended to benefit the authority itself.

A key benefit of smartcards is that they allow LA services to be delivered in a simplified way. Generally, the user needs to complete the application process only once in order to access all the available services.

A smartcard can be configured to grant users, including specific groups of users, easier access to both local and national services, and ultimately improve their lives. A smart system may additionally

allow an LA to offer personalised services in a sensitive way.

Smartcard schemes can also offer financial benefits to the user such as retail discounts. By giving financial incentives, schemes may even encourage user participation, as well as having the potential to boost the local economy.

To date, benefits specific to older people have generally been related to increased service accessibility. Specifically, age-related benefits for older people were likely to be a combination of concessionary bus travel, retail and leisure discounts. They also benefited from features such as e-purse functionality – eliminating the need to carry cash in some circumstances – and the need to only carry one card.

Benefits of smartcards to local authorities

The LAs aimed to achieve benefits that would outweigh, or at least counterbalance, the high cost of setting up and running a smartcard scheme.

Once the card and its infrastructure have been rolled out, further services can in theory be 'bolted on' to the system with lower set-up costs than a standalone scheme would incur. Therefore, while smartcard schemes are more expensive than non-smart to roll out, they arguably deliver greater value.

With a smart scheme in place, the LA's administrative costs should decrease in the long term due to the automation of manual and paper-based procedures. Fewer hours and less storage space are eventually needed to administer a single smart scheme than separate non-smart ones.

A smartcard may offer the possibility to make additional financial savings and efficiencies. For example, delivering a service such as concessionary bus travel through a smartcard facilitates centralised, streamlined data collection and transparent, accurate invoicing for reimbursement from central government.

Some authorities have also identified benefits associated with the management data created by smartcard usage, which may help to achieve improvements to service provision and delivery. Data can be used to provide services that are more closely tailored to users' needs and preferences: Caerphilly County Borough Council calculated from card usage data, for example, that demand for Zumba classes was not being met by existing instructors, and responded by training more of them.

More broadly, authorities often sought to enhance their presence both locally and nationally by implementing a scheme.

The development and launch of a scheme can encourage joined-up thinking and working between service departments in an LA. Similarly, where cards have been developed through working partnerships, as with the NoWcard and the NEC, working relationships can be forged between multiple LAs and other agencies.

Operational issues

Authorities had encountered and overcome various operational issues. These included:

- potential issues when working with external providers;
- organisational resistance towards a new card and new procedures;
- hardware breakdowns;
- user concerns relating to data collection and storage, or of photographs being taken for cards.

Driving and monitoring card take-up

Encouragement of smartcard take-up was often 'passive', with authorities making schemes more appealing by adding services and ensuring it was straightforward to apply for a card. The extent to which LAs engaged in more 'active' promotional activity varied a great deal and was likely to reflect variations in available resource and budget. Only in rare cases had LAs in the review attempted to market their schemes to older people specifically.

Few authorities had monitored the impact of their efforts on card take-up or carried out scheme evaluation more generally. Few smartcard teams looked at management data other than overall take-up figures. Reasons for this included the need to prioritise actually developing the smartcard scheme over conducting systematic evaluation, as well as the fact that evaluation had rarely been requested or expected.

Scheme funding and sustainability

Various internal and external factors can influence schemes' sustainability in the long term. These include the security of funding for the scheme from the LA's cabinet and from central government, and the way the scheme managers perform their role.

Funding for the scheme is crucial, and is especially relevant in the current economic climate. The LAs had secured funding for smartcard schemes in different ways, reflecting their individual circumstances and challenges and their different intentions in launching a scheme.

The individuals in charge and the support that they generate from the wider authority can both play key roles in schemes' success and survival. Several of the schemes covered in the evidence review owed years of successful operation to the commitment of the teams and individuals running them.

Conclusions

A range of factors may influence the design and development of a smartcard scheme. It is important to perceive the scheme as something fluid, and as a process rather than a product. The portfolio of services a user can access using a card is likely to shift over time: this should be borne in mind from the outset. This fluidity is potentially a source of strength but may itself create problems in evaluating the scheme against certain goals.

Principal benefits of smart delivery include improved services and the ease with which they can be accessed and joined together. To date there are few services accessed or delivered by smartcards that are designed specifically for older people. But there is scope to increase these beyond transport, often a core service that usually functions as an important driver of take-up.

The way a scheme is managed may influence scheme development significantly. However, every LA has different circumstances, needs and objectives to address, and will do so in its own way. The need to sustain a smartcard scheme should not be underestimated. Although there is reasonable scope to future-proof a scheme from a technological perspective, various political and human factors can shape its progress, evolution and ultimate success.

This evidence review is part of a wider project on smartcard technology. Forthcoming research (2012) by the National Centre for Social Research evaluates the effectiveness of smartcard technology in practice. It explores how the technology can provide access to and encourage the take up of services and ease the application process.