

## **Buses Bill – ticketing co-operation**

### **Department for Transport**

### **RPC rating: fit for purpose**

The impact assessment (IA) is now fit for purpose as a result of the Department's response to the RPC's initial review. As first submitted, the IA was not fit for purpose.

### **Description of proposal**

Interoperable smart ticketing schemes introduced by local transport authorities (LTAs) in England allow bus users to pay for travel across multiple LTA regions using a smart ticket, such as a smartcard. LTAs are under an existing duty to act constructively with other LTAs with regards to creating interoperable schemes. This duty applies whenever they seek to make a new smart ticketing scheme or amend an existing scheme.

The proposal would slightly strengthen the existing duty by requiring LTAs to give due and proportionate consideration to co-operating with other LTAs to make schemes interoperable.

### **Impacts of proposal**

LTA delivery and policy managers will incur one-off familiarisation costs. The Department assumes that, in each of the 88 English LTAs, managers will spend three hours familiarising themselves with the proposal. This one-off cost is estimated at £4,000.

LTAs will incur administrative costs when proposing or exploring a potential interoperable scheme. The Department estimates that five LTAs will consider schemes that could become interoperable each year and 30 hours of managers' time will be required to consider interoperability for each of these schemes. The Department estimates these costs at £0.02 million.

All other costs and benefits are dependent on the number of new schemes that become interoperable. The Department states that this change is "*relatively light in terms of its expected impacts*" (page seven) and so cannot be assumed robustly to lead to an increase in interoperable schemes.

However, if the proposal leads to an increase in interoperable smart ticketing schemes this would result in a number of small scale impacts. These include:

- Increased operating costs for LTAs as a result of running interoperable smart ticketing schemes.
- Familiarisation costs and new smart ticketing technology costs for bus operators.
- Increased revenue for bus operators due to increased usage.
- Benefits to bus passengers resulting from more convenient travel experiences.
- An increase in fuel duty paid to the Exchequer.
- Environmental and decongestion benefits.

These benefits and costs are not monetised.

The RPC is able to validate the Department's estimated equivalent annual net cost to business of £0 million. The RPC expects this to be a qualifying regulatory provision that will score as neutral under the business impact target.

## Quality of submission

The RPC raised a number of issues in its initial review of the IA. Several of these issues resulted from a lack of evidence for the Department's previous assumption of two new schemes becoming interoperable as a result of the proposal each year. The Department has now removed this assumption and acknowledged that the proposal may not lead to any new schemes becoming interoperable. Given the small scale of the proposal and the difficulty of obtaining evidence on the behavioural effects on LTAs, this assessment appears proportionate.

As a result of this change, the proposal is not expected to have any direct impacts on business. Nevertheless, if the proposal does lead to more smart ticketing schemes becoming interoperable then it will have direct effects on business. Therefore, the RPC expects this to be a qualifying regulatory provision for the business impact target.

In response to other issues the Department has now included monetised familiarisation and administrative costs for LTAs and has included an EANCB figure of £0 on page one. The Department no longer claims that the policy will result in an OUT under the business impact target.

The Department has not monetised the potential benefits and costs of any schemes becoming interoperable. This appears proportionate as the Department has provided evidence to indicate that the scale of any impacts would be small.

The small and micro business assessment is now sufficient. The proposal is not expected to lead to any new schemes becoming interoperable and so is not expected to impose any costs to small and micro businesses. However the Department explains that, if new schemes do become interoperable, guidance will be issued to LTAs on how to mitigate the costs to small and micro businesses, including by making use of the bus service operators' grant.

### Departmental assessment

Classification	Qualifying regulatory provision (NEUTRAL)
Equivalent annual net cost to business (EANCB)	£0
Business net present value	£0
Societal net present value	-£0.025 million

### RPC assessment

Classification	Qualifying regulatory provision (NEUTRAL)
EANCB – RPC validated	£0
Small and micro business assessment	Sufficient
RPC rating (of initial submission)	Not fit for purpose



**Michael Gibbons CBE**, Chairman