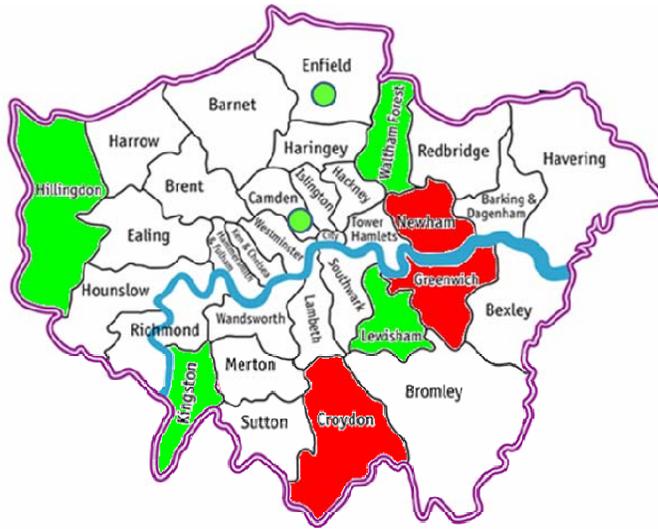


London Card Feasibility Study

Executive Briefing

**30th November 2009
Version 1.1
Prepared by Smartran Ltd**

Smart London Borough Schemes



- 2003 Oyster
- 2004 SCALEGS
- 2005 Newham Library Card
- 2006 Waltham Forest OneCard
- 2007 Kingston Card
- 2008 Lewisham One Card
- 2009 Hillingdon First Card

Also Enfield Schools & Camden school transport

Executive Briefing

In August 2009, Capital Ambition commissioned a feasibility study into the case for a London Card which could be used to improve access to local services and enable a range of pan-London initiatives. The purpose of the study was to update earlier work on the business case, identify new opportunities for use of cards in London and re-assess the feasibility of the London card vision. The feasibility study has determined that there is a much bigger appetite across government agencies such as TfL, GLA, London Libraries, youth organisations, CLOA, NHS London, and the councils for a London Card which has been demonstrated by initiatives like the London Library Change Programme.

The study has confirmed a payback of 2-3 years for borough led schemes and a 2 year window of opportunity to engage London residents with initiatives in health, culture, payment, sport, leisure, the environment and, potentially, transport. In each application the expected payback and potential for improved customer service and efficiency savings are of particular interest in the current economic situation.

Intended audience - This executive briefing is targeted at leaders, decision makers and advisors in the GLA, London Councils and London-wide agencies. The full report is available on request and is intended for heads of service and those charged with implementing service improvements in individual councils and service areas.

Background – Since 2003 Londoners, commuters and visitors have benefited from Oyster, one of the most successful and popular transport smart card schemes in the world. The Oyster scheme includes over 1.2 million concessionary Freedom Passes and 1.5 million young person Zip cards. Early attempts to introduce multi-application cards in 2003/4 in 3 South London Boroughs were found to be uneconomic and unsustainable due to the cost of the card type chosen and contractual complications. Recently, a number of boroughs have rolled out resident cards to provide local benefits and improve access to council services with a sustainable business case (eg the Hillingdon First Card). Increasingly, schools are implementing cashless catering and other applications to improve health, wellbeing, reporting, efficiency and security in their environment. This study also takes account of reduced contractual constraints on TfL and TfL's plans to enable the use of UK standard transport cards (ITSO standard), to rollout a replacement Oyster card and to support contactless bank cards potentially for bus, tube and train.

What has changed to improve the case for a London Card? It is important for leaders and decision maker's to understand what has changed from the position when the South London initiative ended in 2005 to a sustainable proposition today:

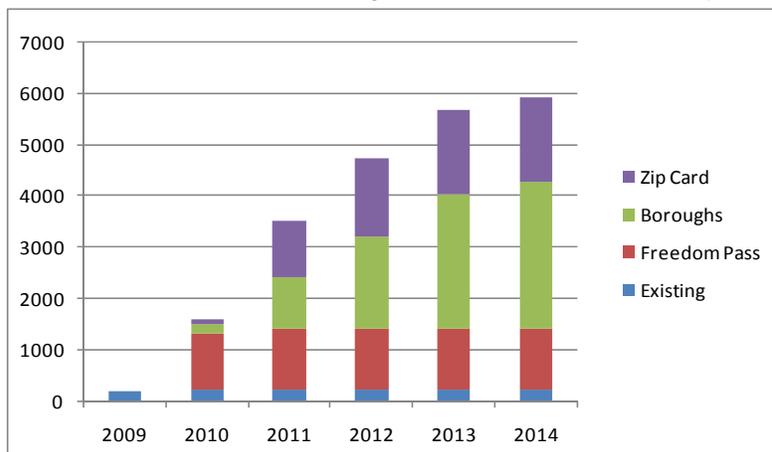
- Card and reader costs have dropped by over 60% making schemes affordable
- Transport focus on contactless cards has stimulated the suppliers market
- Oyster has become widely accepted by residents and commuters in London
- Since 2006, 20% of Boroughs have implemented or planned resident card schemes
- Roll out of concessionary cards has brought smart cards to the older generation
- The opportunity has been identified to use the Freedom Pass in the London Card scheme once it is re-issued in early 2010
- TfL's joint venture with Barclays and the O2 trial have demonstrated that a multiple use, multi agency card is not only feasible but highly valued by card holders

- The Oyster Zip card could also be part of the London Card scheme
- Shared services across government bodies is now a proven method for efficiency gains and reduced costs - the London Card is a very good enabler
- The card is consistent with the One London and Connected London themes as it can be used with shared systems and enable convergence of services
- A single card (and future alternatives such as smart mobiles) for each resident could enable cost effective access to a range of local services and pan-London initiatives as part of a Local Authority business plan. Experiences from other councils indicate that a well implemented scheme will be welcomed by residents.

Borough Business Case – the study has confirmed an improved business case for boroughs wishing to issue a multi-application resident card as a result of reduced/shared costs and broader benefits. The study builds on previous work and includes a borough business case model for up to 15 applications. The model has been trialed with data from 2 boroughs and shows a 2-3 year payback under different scenarios. The model can be customised to the borough profile with only the preferred applications selected. The key business case drivers are a single card replacing many existing tokens, cashless catering in schools and a flexible payment application.

Risks – the study has considered implementation risks and their mitigation. The majority of the technology and applications proposed are already proven in existing UK schemes. The Desfire EV1 4K card type is recommended - it has recently become the default and preferred choice of councils across the UK including TfL. The study is not recommending adoption of smart-enabled mobile phone and other new technology until they are widely adopted in the community. The borough approach assumes an incremental rollout and the ability for residents to opt in/out which will allow risks arising from low/high uptake to be managed and problems to be resolved. Londoners are already familiar with the use of smart cards and the majority is likely to embrace the benefits which yield savings in proportion to take up.

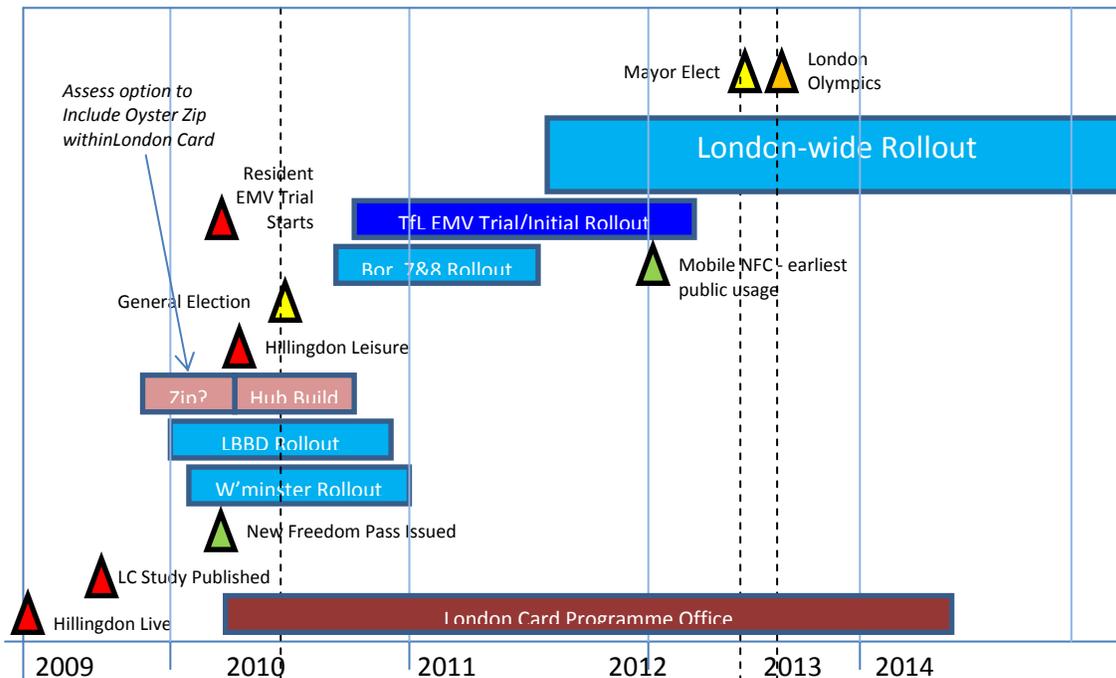
Proposed Approach – the study concludes that boroughs should use new/existing procurement frameworks, and shared infrastructure to issue cards to their residents which can be used to access local services as well as participate in pan-London initiatives (eg Cultural Olympics). A card itself is not a standalone solution and will only be effective in new initiatives when combined with information dissemination, engagement and reward. The London Councils have the closest relationship with London’s residents, including contact information. They have the greatest potential to re-coup benefits, so they are best placed to issue the cards. For Londoners who already carry a Freedom Pass, when re-issued in April, they could be enabled to access services in addition to transport (eg library membership). The wider use of the young person’s Oyster Zip card should be investigated further, while



re-coup benefits, so they are best placed to issue the cards. For Londoners who already carry a Freedom Pass, when re-issued in April, they could be enabled to access services in addition to transport (eg library membership). The wider use of the young person’s Oyster Zip card should be investigated further, while

a contactless card with a payment application could be very attractive for Londoners to use for transport and other payments by 2011. The graph shows the potential growth in the number of London Cards from these different sources up to 2014.

The following chart shows the window of opportunity for rollout of a London Card through multiple issuers with shared services and applications.



Recommendations - based on the feasibility study, the report makes over 30 specific recommendations in the areas of standards, procurement initiatives, interoperability, engagement with key organisations, scheme management and rollout. The recommendations are realistic and achievable which makes the London Card a strong proposition for the GLA and London Councils to take forward. The most urgent actions are to ensure Freedom Passes can be used for basic applications, existing boroughs schemes are implemented consistently and a common memorable brand is identified and publicised for the London Card.

Potential Outcomes with the London Card - Looking forward to 2012 and beyond, the following outcomes and benefits are attainable:

Young People

- Schools able to use existing cards for cashless catering and other applications
- Young people respond to healthy eating and wellbeing initiatives, spanning their school, leisure and social environment with targeted incentives
- Communities, schools and boroughs reward volunteers in growing numbers
- Young Londoners benefit from Euro<26 discounts at home and abroad
- London realises the London Pledge to Looked after Children

- Through brand marketing of the London Card, young people have improved access to cultural initiatives and Cultural Olympic events

Low Income Groups

- Credit Unions offer services to more residents needing financial assistance
- Boroughs and TfL offer flexible low cost pre-paid payment cards to Londoners
- There is improved uptake of concessions and entitlements.

Borough Service Delivery & Efficiency

- Residents have one card to access many public services
- Schools could realise the ambition of completely removing cash by implementing cashless catering whilst improving health, wellbeing, reporting, efficiency and security in their environment
- Students and residents use quick contactless payment function on their card for transport and paying for other services
- Libraries reduce cash takings and have a standard card across London
- Health initiatives would be able to track registrations, uptake and outcomes
- Boroughs develop a single customer account and self-service applications linked to the London Card with step change in data quality
- Residents enjoy discounts and loyalty bonuses with local retailers
- Boroughs issue basic ID/access cards for their own staff, schools and colleges
- A major sponsor adds their brand to the London Card and associated scheme marketing which increases awareness and reduces net rollout costs.

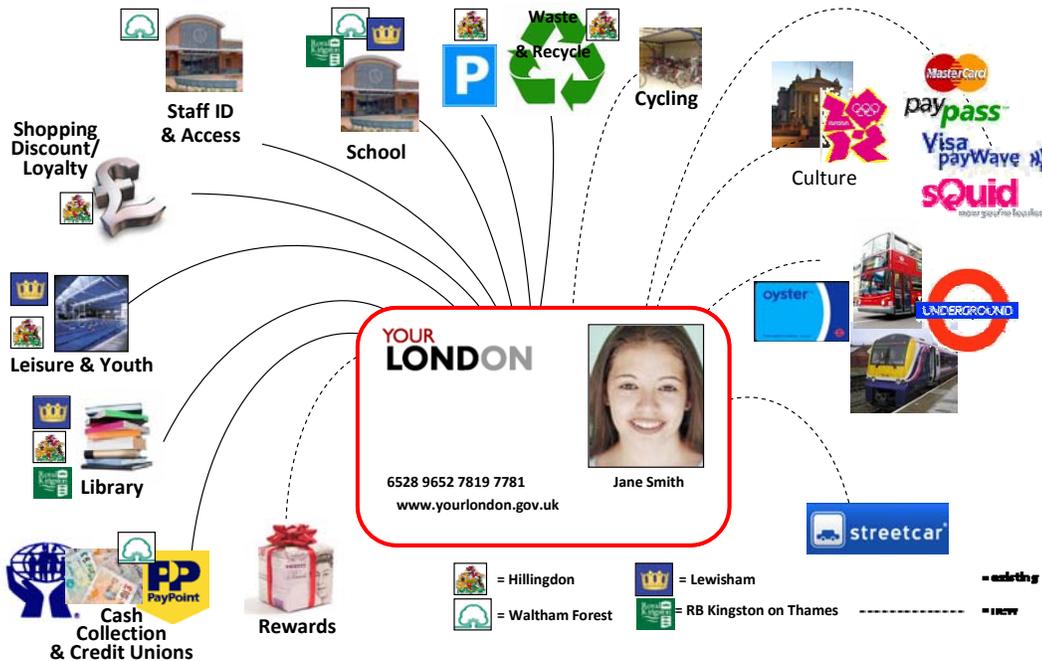
Cultural, Sport & Leisure Activities

- GLA and boroughs promote culture, sport and leisure activities with discounts, privileged access and rewards linked to the London Card
- With reporting data collected by use of London Card, cultural service providers are better able to target and promote specific groups for various initiatives.

Future Opportunities

- The GLA and TfL could initiate a green transport reward scheme for cyclists, walking and use of public transport
- The London Card could be the basis to offer visitor, commuter and tourist propositions.

Conclusion - The feasibility study concludes that there is a strong interest and a compelling case for the introduction of a London Card. This could be delivered in the current financial environment if the Councils, TfL and other agencies work effectively together to realise their shared vision. The Card could be used to access a wide range of services and fit with TfL's future plans for ticketing on bus, tube and rail services which would be popular with London's residents. Extending the benefits to commuters and visitors to London further strengthens the business case and has a strong impact on the payback period of such a scheme and the applications.



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When published, the London Card Feasibility Study report and appendices will be available online via the Capital Ambition website and will include:

- London Card Feasibility Study Report
- London Card Application Specifications
- Analysis of Scheme Costs & Benefits (Business Model)

For previous documents and guidance, including *A Vision for the Your London Card Scheme*, *YLC numbering scheme*, *YLC Web Services Design* and *OneCard School Meals Report* please see:

www.londoncouncils.gov.uk/capitalambition/projects/londoncard.htm.



This study was undertaken and completed by Smartran Ltd
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