Business and Regulatory Impact Assessment

Title of Proposal
Establishment of the National Smart Ticketing Advisory Board (NSTAB)

Purpose and intended effect
Background
Transport Scotland supports the delivery of interoperable smart ticketing and payment services on public transport across Scotland. Transport Scotland is working to deliver the ministerial vision that "*all journeys on Scotland's bus, rail, ferry, subway and tram networks can be made using some form of smart ticketing or payment".* While progress is being made, both by Scottish Government (a delivery strategy is in place) and commercial public transport operators (an Operator Smart Steering Group is in place), this has been piecemeal and at times has taken longer than desired to deliver enhancements. In addition, as operators have pursued different smart ticketing mediums, there is a lack of consistency for the customer, often causing confusion and negative perception of public transport.

As a result, the public have not seen the benefits on offer as quickly as anticipated, nor have the benefits been fully realised. This is especially visible where multiple operators or modes are involved.

The Transport (Scotland) Act 2019 imposed a requirement on the Scottish Ministers to establish an advisory committee to be known as the National Smart Ticketing Advisory Board (NSTAB) ("the Board") to advise the Scottish Ministers on the strategy for smart ticketing, including development of a technological standard for smart ticketing.

Objectives
The intention of the legislation is to establish the Board and make provision about the Board, including provision about those matters detailed in section 27C(4) of the Transport (Scotland) Act 2001 (inserted by section 43 of the Transport (Scotland) Act 2019) which states:

27C(4) - The Scottish Ministers may by regulations make provision about the Board, including provision about—
   (a)the appointment, removal, and replacement of members,
   (b)the remuneration of members (including as to payment of a member's expenses),
   (c)the process by which the Board makes decisions.

The Board is to advise the Scottish Ministers on smart ticketing arrangements, strategic direction for smart ticketing and payments, as well as the national technological standard for smart ticketing.

Rationale for Government intervention
The rationale for establishing the Board comes from the wider context of smart ticketing in Scotland. Most public transport operators in Scotland recognise and accept that the travelling public expect to see modern systems in place on public transport, that make the use of smart ticketing and payment widespread, consistent, and easy to use. Most of the larger operators in Scotland have already invested in systems necessary to facilitate this, but interoperability across all public transport modes and all of Scotland cannot happen unless all operators are using a common technology platform. In addition, the public transport market in Scotland is a mix of regulated and de-regulated, which brings a layer of complexity and competing

priorities for strategic direction for smart ticketing in Scotland. These are the key rationale for government intervention. A focused strategic direction and common technology platform would help ensure that:

- Passengers can access smart ticketing or payment on the major public transport modes across Scotland.
- There is a consistent customer experience to give the public confidence in using public transport.
- A common technology standard will better enable integration between modes and improve and simplify ticket offerings
- There is good governance of current and future delivery of smart ticketing in Scotland, ensuring that all key stakeholders can contribute to decision making, with a collaborative vision.

As such, a Board is required to enhance this governance structure of smart ticketing. For the Board to be effective, clear expectations, boundaries, and powers, which will be guided by secondary legislation are required. This will ensure that the Board operates to the required standard as a trusted source of unbiased advice.

The Board aims align with the National Performance Framework, contributing to 2 of the National Outcomes:

- Our public services are high quality, continually improving, efficient and responsive to local people's needs.
- We reduce the local and global environmental impact of our consumption and production.

Consultation
Within Government
There is an internal Smart and Integrated Ticketing (SIT) Programme Board comprising of representation from the main modal policy areas – bus, rail, and ferry – that has met since 2016 to progress smart ticketing.

Transport Scotland officials have met with other sponsor teams of public bodies to discuss the establishment, governance, and appointment methods of new Boards. These public bodies include:

- Mobility and Access Committee Scotland
- Scottish Fuel Poverty Advisory Panel

There has also been regular engagement with the Public Appointments Team and the Public Bodies Unit to advise on the establishment of the Board and appointing methods. A working group on the establishment of NSTAB is held once a fortnight and includes representation from the Concessionary Travel and Integrated Ticketing Unit, as well as a member with experience of sponsoring another public body, the Scottish Roadworks Commissioner. It oversees the day-to-day management of the establishment, reviewing of risks, and advice on appropriate next steps.

More widely, Transport Scotland officials have met with Scottish local authorities and Regional Transport Partnerships (RTPs) to discuss and progress the smart ticketing and payments agenda. NSTAB establishment has been discussed at Association of Transport Co-ordinating Officers (ATCO) and RTP meetings

Public Consultation

The "Membership of the National Smart Ticketing Advisory Board" consultation was undertaken in late 2021, with the results published in March 2022 (LINK). The table below shows the responses by group type.

Type of respondent	Number
Groups:	
Individual	24
Transport Operator	5
Regional Transport Partnership	4
Local Authority	8
Passenger/User Group	4
Interest Group	7
Technological Group	1
Total Groups	**29**
Individuals	**24**
TOTAL	**53**

Non-confidential responses were published to the Scottish Government website on 11 March 2022 along with an independent analysis of the consultation responses.

Overall, there was support for the suggested framework for NSTAB, with many of the responses providing very detailed insights into the practical considerations of establishing such a board. The responses received were largely in favour of establishing NSTAB, with only a single response opposing 'smart ticketing' as a general policy area. Based on this consultation, the following recommendations were made to the Scottish Ministers:

1. Board membership will be open on a sectoral basis, with a specific view to seek relevant representation from supplier/technical members, alongside passenger and mobility groups, as well as transport operators and related public bodies.
2. A Chairperson will be appointed initially on a three yearly basis.
3. Secretariat duties will be handled predominately via Transport Scotland officials, with support from NSTAB members, also on a three yearly basis.
4. Arrangements will be reviewed after an initial period of three years, with a view to amending the arrangements if necessary.
5. NSTAB operates with twelve voting members, comprised of six operator representatives and six passenger group and public sector members. There should be three non-voting advisory posts, for the purpose of directly informing the board on key technical and accessibility matters.
6. NSTAB members have the right to write to the Scottish Ministers independently where they dissent from the formally agreed recommendations put forward by the Board. We will require the board to have a written policy on a standard form and procedure for this.
7. Provision will be made for members to apply for reasonable out of pocket expenses when required, including provision for a small ex gratia payment for time spent. Board

positions are offered on a volunteer basis, remuneration for expenses is not a wage, and members will not enter an employer/employee relationship with Transport Scotland or the wider Scottish Government.

8. Costs for Transport Scotland secretariat support will be met by Transport Scotland.
9. NSTAB will be constituted to allow members to make recommendations to the Scottish Ministers on appointment, removal, and replacement of board members, and to recommend expansion of membership when appropriate.

A summary of consultation responses can be found at:
https://www.transport.gov.scot/media/51278/membership-of-the-national-smart-ticketing-advisory-board-consultation-analysis.pdf

Business
To develop the policy for establishing the National Smart Ticketing Advisory Board, the following face to face interviews were conducted during the development of the Transport (Scotland) Act 2019:

- **Docherty's Coaches**, Colin Docherty, Owner (26/03/2018, Auchterarder)
- **Prentice Coaches**, Ross Prentice, Owner (28/03/2018, Haddington)
- **Stagecoach Bus**, Robert Andrew, MD Scotland (29/03/2018, Glasgow)
- **Orkney Ferries**, Andrew Blake, Ferries Manager (03/04/2018, Orkney)
- **Comhairle nan Eilean Siar**, David Smart, Transport Manager (04/04/2018, Stornoway)
- **Shiel Buses**, David McGillivray, Owner (5 April 2018, Fort William)
- **Whitelaw's Coaches**, Sandra Whitelaw, Owner (6 April 2018, Stonehouse)

Additionally, Transport Scotland officials have engaged with the Operator Smart Steering Group (OSSG) on the throughout 2022 and in early 2023 to discuss in greater detail the establishment of NSTAB. The OSSG has representatives from:

- Transport Scotland
- McGill's Buses
- Confederation of Passenger Transport (CPT)
- First Bus
- Stagecoach
- West Coast Motors
- Lothian Buses
- Whitelaw Coaches
- ScotRail
- CalMac
- NorthLink Ferries
- Traveline Scotland
- Strathclyde Partnership for Transport (SPT) Subway
- Edinburgh Trams

Separate face to face meetings have also been held to discuss the details of establishing NSTAB with:

- CPT, Duncan Cameron, Scotland Chair (18/05/2022)
- COSLA – 17/05/2022
- ATCO – 25/05/2022
- RTPs – 11/05/2022

Email discussions were held to discuss the details of establishing NSTAB with:
- COSLA, 13/05/2022
- Edinburgh Trams, 13/05/2022
- ATCO, 13/05/2022
- RTPs, 13/05/2022
- SPT, 13/05/2022
- Community Transport Association (CTA), 13/05/2022
- CPT (Duncan Cameron), 18/05/2022
- Scotrail, 19/05/2022
- CalMac, 19/05/2022
- NorthLink, 19/05/2022
- CoMoUK, 12/05/2022
- Sustrans, 18/05/2022
- CPT (Paul White), 24/05/2022
- Rail Delivery Group (RDG), 24/05/2022

Options
Sectors and groups affected
- Public transport sector – both publicly owned and commercial transport operators will be affected across bus, rail, ferry, subway, and tram as they will be expected to be represented on the Board.
- Local government – local transport authorities and RTPs will be affected as they will be expected to be represented on the Board.
- User groups and interest groups will be affected as they will be expected to be represented on the Board.

Options
Section 43 of the Transport (Scotland) Act 2019 inserted section 27C into the Transport (Scotland) Act 2001. Section 27C imposes a legal requirement on the Scottish Ministers to establish the Board, and also confers a power on the Scottish Ministers to make regulations about the Board, and details specific matters which may be provided for in the regulations. There is, therefore, an expectation that the Scottish Ministers will exercise this power to make regulations about the Board, and, indeed, this is conveyed in the explanatory note accompanying the Act which states (at paragraph 300) "The process for appointing and remunerating members is to be set out in regulations made by the Scottish Ministers (section 27C(3) and (4))". As such, failing to make these regulations is no longer a feasible option.

The options below are based on the requirement that the Board must be established and considered the scale and scope of the need for secondary legislation.

1. '**Do nothing'**
The Transport (Scotland) Act 2019 requires that a National Smart Ticketing Board is established. Under 'Do nothing' a Board would be established but there would be no secondary legislation developed around the appointment, removal or replacement of members, or the remuneration or process by which the Board makes decisions. The Board would therefore be extremely flexible in approach, expectations, governance, and membership.

2. '**Non-regulatory'** –

The Transport (Scotland) Act 2019 requires that a National Smart Ticketing Board is established. As with 'Do nothing', there is no secondary legislation developed around the appointment, removal or replacement of members, or the remuneration or process by which the Board makes decisions. However, in this option there is an agreed framework between the Scottish Ministers and the Board agreeing certain expectations, roles, responsibilities, and processes.

3. **Legislate** –
The Transport (Scotland) Act 2019 requires that a National Smart Ticketing Board is established. In this option secondary legislation is developed on the appointment, removal and replacement of members, the remuneration of members (including as to payment of a member's expenses), and the process by which the Board makes decisions.

Benefits
1. '**Do nothing**'
The National Smart Ticketing Advisory Board would be established, but without any regulated governance around the operation of the Board, the appointment of members, and the remuneration of the Board. As such, it presents risks to the effective governance of the Board and does not create anything meaningfully different from the existing Operator Smart Steering Group (apart from altered membership).

There is also an expectation on the part of the Scottish Parliament that the Scottish Ministers will exercise the power to make regulations conferred on them by section 27C(4), and so failing to make those regulations would be frustrating Parliament's expectations and probably lead to questions/criticisms from Parliament.

This lack of structure would have several impacts. Firstly, it would mean the Scottish Ministers would have less control over the delivery of the Board's work, their policy objectives, and the management of their 'good governance'. Secondly, the Board that would be established will carry less gravitas and could be open to more challenge regarding its strategic advice and recommendations, based on the membership, which would not be formally appointed. The Board would not present a balanced, trusted source of advice. This would impact the efficient and focused strategic and operational development of smart and integrated ticketing in Scotland.

Effectiveness – low
Suitability – poor
Quality – poor
Value – low

2. '**Non-regulatory**'
The National Smart Ticketing Advisory Board would be established with an agreed framework between the Scottish Ministers and the Board. This would include expectations around how the Board makes decisions, remuneration, and appointments. It would, in effect, be the secondary legislation in option 3 but not legally enforceable.

As such, it is plausible that this could result in a more effective Board than option 1, however, without the legal weight of the operation of the Board, it is still highly likely that the governance of the Board would not be as structured than if legislated. Additionally, there would be less Ministerial control over formal approval of the Board's proposed workplan and

so less certainty that the Board will advise on the Scottish Ministers' priorities. The Board would not necessarily present a balanced, trusted source of advice.

As a non-regulated Board, it could push for attracting more women to apply for roles but would have to be cautious to comply to the Equalities Act 2010 and not demonstrate positive discrimination.

As with option 1, there is also an expectation on the part of the Scottish Parliament that the Scottish Ministers will exercise the power to make regulations conferred on them by section 27C(4), and so failing to make those regulations would be frustrating Parliament's expectations and probably lead to questions/criticisms from Parliament.

For the strategic development of smart and integrated ticketing, this option would have the same impacts as option 1.

Effectiveness – low
Suitability – poor
Quality – poor
Value – low

3. **Legislate**
This option provides much greater benefits as it enhances option 2 by providing secondary legislation on how the Board makes decisions, remuneration, and appointments. The legislation will make the governance structure much stronger, with clearer roles, responsibilities, and powers.

It also provides greater certainty to the Scottish Ministers that the Board will deliver and advise on the Scottish Ministers' priorities. The legislation also means that the Board's membership is managed in a proportionate manner to maximise the quality of advice. This would greatly enhance the governance of smart and integrated ticketing in Scotland and result in a Board which is a key trusted source of advice.

Furthermore, a Board with legislated governance will have a stronger identity within the marketplace, with greater power to bring about consistency and maturity to smart and integrated ticketing governance.

Whilst this is legally possible with the 'Do nothing' and 'Non-regulatory' options, adding NSTAB to Acts typical for public bodies to ensure certain powers and process are followed aligns to this 'Legislate' option. The Acts that the Board could be added to include:
- Gender Representation on Public Boards (Scotland) Act 2018 – affirmative regulations. ("Representation Act")
- Public Records (Scotland) Act 2011 – affirmative order. ("Records Act")
- Public Services Reform (Scotland) Act 2010 – (Schedule 5) – affirmative order. ("Reform Act")
- Ethical Standards in Public Life etc. (Scotland) Act 2000 – negative order. ("Ethical Standards Act")
- Freedom of Information (Scotland) Act 2002 – negative order. ("FOISA")

Adding NSTAB to Acts relevant to public bodies will enhance the governance of the Board. For example, with regards to the Representation Act, this means NSTAB appointments

would be subject to the Representation Act. The Board would be legally committed to working toward achieving the gender representation objective and the Scottish Ministers could use the positive action provisions set out in that Act to give preference to women candidates in certain circumstances. Evidence indicates that diversity on Boards helps organisations to perform better, because:

- The organisation is recruiting from the widest possible talent pool.
- There is greater understanding of customer, stakeholder, and workforce requirements.
- The Board benefits from diverse perspectives.
- The Board exercises more balanced decision making and better risk management.
- It will have an improved organisational reputation

Effectiveness – High
Suitability – High
Quality – High
Value – High

Costs
1. '**Do nothing**'
   Likely costs for this option just include travel expenses for members to attend Board meetings. There will be no requirement to provide remuneration or other expenses to members. As such, short term costs will be low.

   In the longer term, because of the risk of poorer strategic governance of smart and integrated ticketing, the risk of inefficiencies is expected to be higher. This is because operators will be required to continue to invest in new technology, but without a possible technological standard advised by the National Smart Ticketing Advisory Board. This could lead to a poor return on investment as it would be disjointed across Scotland, and result in more sporadic technological changes. It could also result in increased inequalities between urban and rural areas as operators seek to target the areas with greatest return on investment.

   Even in a 'Do nothing' scenario it is likely that research and development consultancy services would need to be procured to support advice on a technological standard. This is currently estimated to be on average approximately £50,000 per annum – the figure may be higher but less frequent (i.e., £150,000 every 3 years). This cost is likely across all options as smart and integrated ticketing will still be expected to advance.

   As such, total annual costs are estimated at around £50,000. Plus, Transport Scotland secretariat costs are estimated at £15,000 per annum.

   As a result, few additional costs arise from this option, but it creates longer term inefficiencies.

2. '**Non-regulatory**'
   This option has neither short-term cost benefit nor long-term cost benefits.

   To be inclusive to members, it is more likely that voluntary remuneration would be available to members not in receipt of another form of expense for their time. The daily rate would be expected to be £194 for Members and £238 for the Chair, in line with similar advisory committees. With around 25 days for the Chair and 15 days for Members, should all 16

members claim this full amount (which is unlikely as many members will be in receipt of remuneration from their organisation and won't be able to claim twice), then total annual remuneration costs would equate to £49,600.

However, with these additional costs, the strategic governance of smart and integrated ticketing is not necessarily significantly improved as there would be no legal 'weight' to the Board. This would still result in the longer-term inefficiencies to the industry as option 1.

As per the 'Do nothing' option, research and development work would likely be required to be commissioned to inform the development of smart and integrated ticketing, including a technological standard at approximately £50,000 per year.

Some costs could also be experienced in outreach to attract greater applicants; however, this is expected to be low, and not materially different between the three options.

As such, total annual costs are estimated at:
- Feasibility fees: £50,000 (as per option 1)
- Remuneration: <£50,000 (if all members claim remuneration)
- Total = <£100,000 per annum
- Plus Transport Scotland secretariat costs ~ £15,000 per annum

Due to the greater costs and little enhancement in the strategic benefit, this results in a poorer cost to benefit ratio than option 1.

3. **Legislate**
This option creates long term benefits.

The costs of this option are like option 2, with expenses and remuneration offered to those members not in receipt of another form of remuneration.

The only additional costs above option 2 are the costs associated with laying the legislation which is £425 per Scottish Statutory Instrument (Regulations plus policy notes plus BRIA). It is envisaged that four SSIs will be necessary which would total £1,700. These are one off costs and are considered negligible in the overall costs:
- One for laying the NSTAB Regulations
- One for adding NSTAB to the Representation Act
- Another for adding NSTAB to Acts via negative order (FOISA and Ethical Standards Act)
- A final for adding NSTAB to Acts via affirmative order (Reform Act and Records Act).

A BRIA was completed for the Gender Representation on Public Boards (Scotland) Bill in 2018. It summarised that public authorities could experience minimal costs in the areas of childcare expenses and awareness raising/outreach events.

As per the 'Do nothing' option and option 2, research and development work would likely be required to be commissioned to inform the development of smart and integrated ticketing, including on a technological standard at approximately £50,000 per year.

As such, total annual costs are estimated at:

- Feasibility fees: £50,000 (as per option 1)
- Remuneration: <£50,000 (if all members claim remuneration)
- Legal fees: the one-off £1,700 legal costs for laying the required Scottish Statutory Instruments.
- Total = <£100,000 per annum
- Plus Transport Scotland secretariat costs ~ £15,000 per annum

This results in a preferable cost to benefit ratio when compared to options 1 and 2 as the quality and effectiveness of this option is much higher, but for similar costs as option 2.

This is the preferred option

Scottish Firms Impact Test

The following questions are a selection of the questions asked during face-to-face discussions during the development of the Transport (Scotland) Act 2019, and the consensus view from BRIA consultees is summarised alongside each question. Details of engagement held on the operational detail of establishing NSTAB is also included.

1. **Questions relating to the NSTAB during the development of the Transport (Scotland) Act 2019**
   o How would you see your interests in the Advisory Group being best represented to align with your business interests?
      ▪ Stagecoach expects to play a leading role in the Advisory Group, Whitelaw are currently on the OSSG, and most smaller operators would be comfortable having their interests represented by CPT.
      ▪ For Orkney Ferries, as a smaller – and remote – ferry operator, it was important that there was a ferries subgroup, noting also that several aspects of ferry travel are quite different to bus or to rail.

   o Do you think the advisory group should be broadly the same shape and size as the current Operator Smart Steering Group?
      ▪ Subject to the points above, all consultees agreed it should, and recognise benefit of bringing in LA and Bus User representation to augment existing operator representation

2. **Further engagement with business following the Transport (Scotland) Act 2019**
   • The outcomes from these face-to-face interviews, along with a public consultation, formed the basis of the provisions for the Transport (Scotland) Act 2019. Since then, development of the secondary legislation has been advised from the 'Membership of the National Smart Ticketing Advisory Board' consultation, and engagement at the Operator Smart Steering Group, meetings, and one-to-one email discussions with Association of Transport Co-ordinating Officers (ATCO) and Regional Transport Partnerships (RTPs)
   • A key focus for those spoken to concerns the duties of the Board, its membership, and the associated time commitment.
      ▪ We have clarified the membership structure, designed to be a balance between operators and users/funders. RTPs and ATCO were also very keen for rural/urban balance, hence we are also considering that as a priority for the Board, along with the balance of modes and public versus private.

- Ferry operators raised concern over the representation of the ferry industry, as there is no overarching industry representative. As such, this has been considered in the appointment process, and we expect to invite applications from operators who believe they can fairly represent the industry and pass information on. It is possible that the OSSG could have additional ferry operators join, or a new ferry subgroup formed, to propose matters to be raised to NSTAB.
- Based on feedback, to attract the right type of members, we have reduced initial estimates of member time commitment from 20 days to around 15 days. Whilst the time commitment is not expected to be legislated, it nevertheless forms a fundamental part of the appointment process and is key for appointment the right members onto the Board.
- We also expect the Board to meet virtually by default to reduce any potential time/cost burden of travel.

Competition Assessment
- Will the measure directly or indirectly limit the number or range of suppliers?
  No
- Will the measure limit the ability of suppliers to compete?
  No
- Will the measure limit suppliers' incentives to compete vigorously?
  No
- Will the measure limit the choices and information available to consumers?
  No

Test run of business forms
No new forms for business as part of these proposals.

Legal Aid Impact Test
N/A

Enforcement, sanctions, and monitoring
1. '**Do nothing**' –
   - Without any further power to manage the governance of the strategic development of smart and integrated ticketing in Scotland, there would be little opportunity for enforcement, sanctions, and monitoring, as this is a 'Do nothing' option. It would continue similar to today, with Transport Scotland being secretariat and member of a voluntary National Smart Ticketing Advisory Board (currently Operator Smart Steering Group).

2. '**Non-regulatory**' –
   - As per option 2, an agreed framework between the Scottish Ministers and the Board would provide greater opportunity for monitoring of the governance of the Board. However, there would still be minimal opportunity to enforce or provide sanctions as there would be no legal weight behind the governance and the Scottish Ministers' role in the Board.

3. **Legislate** –
   - Legislating on the governance of the Board provides the greatest opportunity to monitor and enforce the governance structure. The Board will be required to follow certain procedures, and this will be monitored by the Transport Scotland sponsor unit.
   - Additionally, the Board will be legally required to create an annual workplan and review the previous year's achievements. This will be submitted to the Scottish Ministers who

will be required to approve, approve with modifications, or reject the Board's proposed workplan and therefore will have oversight of the Board's effectiveness.
- o Should the Board not be performing, then the Scottish Ministers will have the legal power to remove or replace members.
- o Additional reporting will be required by NSTAB depending on the Acts it is added to. For example, the Representation Act requires public authorities to report on progress two-yearly their most relevant corporate document.
- o Currently there are no sanctions attached to non-compliance.

Implementation and delivery plan
- Secondary legislation is due to come into effect on 12 May 2023 regarding the formation of the National Smart Ticketing Advisory Board. If the Scottish Parliament approve the addition of NSTAB to the Representation Act, then this will come into force on the 26 May 2023.

Post-implementation review
- Through the formal reporting process and regular engagement with stakeholders, both through advisory group the Scottish Government will monitor the effectiveness of the legislation and identify any areas where there is evidence that the regulations need to be reviewed/revised.
- We propose that the introduction of this legislation be reviewed after a period of 3 years.

Summary and recommendation

Options 1 and 2 generate the most inefficiencies for business in the longer term as the development of a technological standard would be impacted by the poor governance of smart and integrated ticketing in Scotland. Option 3, which enhances the governance with regulations, solves this by providing greater certainty on the governance and therefore the strategic development of smart and integrated ticketing.

The cost of establishing the National Smart Ticketing Advisory Board with secondary legislation on the governance arrangements is low (predominately just remuneration for members that request it, and costs of the delivery of the workplan), particularly when compared to the clearer direction and strategy that will be formed, leading to stronger investment decisions. Total annual costs are estimated at £100,000 (plus £15,000 Transport Scotland secretariat costs), but this is subject to the level of requested remuneration and the specific workplan costs. Any costs arising from the identification of a new national technological standard will be explored via a BRIA when the policy is being developed.

The recommendation is therefore to provide regulations (option 3) on how the National Smart Ticketing Advisory Board operates.

Summary costs and benefits table
1 – Do nothing
2 – Voluntary
3 - Legislation

Option	Total benefit per annum: - economic, environmental, social	Total cost per annum: - economic, environmental, social - policy and administrative
1	Effectiveness: low, Suitability: poor, Quality: poor, Value: low, Waste: high **The National Smart Ticketing Advisory Board would be established, but without any agreed or regulated governance around the operation of the Board, the appointment of members, and the remuneration of the Board.** • As such, it presents risks to the effective governance of the Board and does not create anything meaningfully different from the existing Operator Smart Steering Group. • Economic – Due to the risk of poorer governance, this increases risk of waste. In the longer term, because of the risk of poorer strategic governance of smart and integrated ticketing, the inefficiencies are expected to be higher. This is because operators will be required to continue to invest in new technology, but without a possible technological standard advised by the National Smart Ticketing Advisory Board. This could lead to a poor return on investment as it would be disjointed across Scotland, and result in more sporadic technological changes. It could also result in increased inequalities between urban and rural areas as operators seek to target the areas with greatest return on investment. • Environmental – The enhancement of smart and integrated ticketing would be stifled as would the attractiveness of model shift to more sustainable modes of transport due to the governance of the Board. • Social – The benefits to society of smart, integrated ticketing would be stifled by the governance of the Board, impacting the timely delivery of integrated tickets.	Total annual costs are estimated at around £50,000 due to research and development consultancy work, such as advising on a technological standard for smart ticketing. (Plus, Transport Scotland secretariat costs ~ £15,000 per annum) **Poor cost to benefit ratio**
2	Effectiveness: low, Suitability: poor, Quality: poor, Value: low, Waste: high **The National Smart Ticketing Advisory Board would be established with an agreed framework between the Scottish Ministers and the Board.** • This would include agreed expectations around how the Board makes decisions, remuneration, and appointments. It would in effect be the secondary legislation but not legally enforceable. • To be inclusive to members, it is more likely that voluntary remuneration would be available to members	Feasibility fees: £50,000 (as per option 1) Remuneration: <£50,000 (if all members claim remuneration) Total = <£100,000 per annum (Plus, Transport Scotland secretariat costs ~ £15,000 per annum)

	not in receipt of another form of expense for their time. The daily rate, if requested, would be expected to be £194 for Members and £238 for the Chair. With around 25 days for the Chairperson and 15 days for Members. Should all 16 members claim this full amount, then total annual remuneration costs would equate to £49,600. • As this is the non-regulatory option, NSTAB would not be added to other Acts relevant to public bodies which ensure good governance, process, and provide additional duties. NSTAB would not be able to be added to the Gender Representation on Public Boards (Scotland) Act 2018, or the Ethical Standards in Public Life etc. (Scotland) Act 2000. • However, with these additional costs, the strategic governance of smart and integrated ticketing is not necessarily significantly improved above option 1 as there would be no legal 'weight'. This would still result in the longer-term inefficiencies to the industry as option 1, creating more waste. Therefore, the impacts on economic, environmental, and social are the same as option 1.	Due to the inability to enforce any of the governance, this option provides no strategic benefit over option 1. **This results in a poorer cost to benefit ratio than option 1.**
3	**Preferred option** Effectiveness: High, Suitability: High, Quality: High, Value: High, Waste: low **The National Smart Ticketing Advisory Board would be established with an agreed and legislated framework between the Scottish Ministers and the Board.** • This option provides much greater benefits as it enhances option 2 by providing regulations on how the Board makes decisions, remuneration, and appointments. The regulations will make the governance structure much stronger, with clearer roles, responsibilities, and powers. • NSTAB would also be added to other Acts relevant to public bodies to ensure good governance and process and provide the Board and Scottish Ministers with additional duties. This includes the intention to add the Board to the Gender Representation on Public Boards (Scotland) Act 2018. • It also provides greater certainty to the Scottish Ministers that the Board will deliver and advise on the Scottish Ministers' priorities. The legislation means that the Board's membership is managed in a proportionate manner to maximise the quality of advice. This would greatly enhance the governance of smart and integrated ticketing in Scotland and result in a Board which is a key trusted source of advice.	Feasibility fees: £50,000 (as per option 1) Remuneration: <£50,000 (if all members claim remuneration) Legal fees: the one-off £1,700 legal costs for laying the required Scottish Statutory Instruments. Total = <£100,000 per annum (Plus, Transport Scotland secretariat costs ~ £15,000 per annum) This consists of the research costs as per option 1&2, plus potential remuneration of members. A BRIA was completed for the Gender Representation on Public Boards (Scotland) Bill in 2018. It summarised that

• As with option 2, remuneration would be available to members not in receipt of another form of expense for their time.	public authorities could experience minimal costs in the areas of childcare expenses and awareness raising/outreach events
• Furthermore, a Board with legislated governance will have a stronger identity within the marketplace, with greater power to bring about consistency and maturity to smart and integrated ticketing governance.	
• Economic – Greater benefits as there will be longer term certainty to the market of the development of smart ticketing and a technological standard reducing waste.	This results in a preferable cost to benefit ratio when compared to options 1 and 2 as the quality and effectiveness of this option is much higher, but for similar costs as option 2.
• Environmental – The delivery of enhanced smart and integrated ticketing would likely be quicker than options 1 and 2 and result in public transport ticketing supporting modal shift sooner.	
• Social – The benefits to society will be realised sooner as the governance of the Board will be stronger, resulting in quicker delivery of smart and integrated ticketing enhancements.	**As such, this is the preferred option**

Declaration and publication
The Cabinet Secretary or Minister responsible for the policy (or the Chief Executive of non-departmental public bodies and other agencies if appropriate) is required to sign off all BRIAs prior to publication. Use appropriate text from choices below:

Sign-off for Final BRIAs:
I have read the Business and Regulatory Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits, and impact of the policy, and (b) that the benefits justify the costs. I am satisfied that business impact has been assessed with the support of businesses in Scotland.

Signed:

Date: 14th March 2023

Minister's name   JENNY GILRUTH
Minister's title   MINISTER FOR TRANSPORT.

Scottish Government Contact point:
George Beale-Pratt