REPORT TO: POLICY AND RESOURCES COMMITTEE - 14 APRIL 2008

REPORT ON: NATIONAL ENTITLEMENT CARD - e-PURSE

REPORT BY: CHIEF EXECUTIVE

REPORT NO: 223-2008

1.   **PURPOSE OF REPORT**

        To seek the Committee's approval to undertake a pilot on behalf of the National Entitlement Card that seeks to trial an electronic purse on the smartcard for use in commercial retail outlets and transport operations.

2.   **RECOMMENDATIONS**

        It is recommended that the Policy and Resources Committee:

2.1   agree to the trial of an electronic purse in Dundee on the National Entitlement Card

2.2   support the use of an electronic purse for self service transactions in Council owned establishments where relevant

3.   **FINANCIAL IMPLICATIONS**

        The costs of this project will be met by the National Entitlement Card funds.

4.   **BACKGROUND**

4.1   Dundee City Council is the lead local authority for the National Entitlement Card (NEC) programme. The National Entitlement Card Project Group at its meeting on 18 February decided to introduce an 'e-purse' onto the NEC. An e-purse will enable citizens to place money on to the card and spend those funds at participating outlets. Members may be familiar with the concept of 'tap and go' systems from major banks and other smartcard schemes such as the Oyster card in London which are generally targeted towards low value payments. An e-purse enables speedy low cost self service transactions.   The NEC programme office have been working with a company to introduce such a system in Scotland and selected Dundee as the ideal first city to deploy it on a trial basis before rolling it out to the other local authority areas that have expressed an interest.

4.2   The company that the NEC is working with is called sQuid. sQuid has a open payment network configured using the same smartcard technology as the NEC.   sQuid is independent of banks and financial institutions and is a prepaid card, not a debit or credit card. sQuid has its own network and does not require the same system that Mastercard and Visa use to transact. As with the NEC, sQuid is socially inclusive and cardholders do not require a bank account to quality for a sQuid purse on their smartcard.

4.3   Without any large legacy overhead sQuid is able to offer the lowest transaction fees in the prepaid payment industry. This makes it attractive to smaller retail outlets and operations that in the main have low transaction values (e.g. bus ticket, coffee shop, taxi). The NEC programme office has negotiated a deal with sQuid that would significantly limit the cost to each participating local authority (circa £5,000 per annum) and includes a credit back incentive to the NEC programme for a growth in the number

of transactions in the system. There is therefore a potential revenue stream to the NEC from the commercial operation of the e-purse.

4.4   The NEC programme office is contributing to the development of the interface between the NEC card management system and the sQuid network. sQuid will be appointing a sales team to communicate with Dundee retailers and they will install the required terminals in participating retail outlets. It is proposed to introduce the operational pilot scheme in September 2008.

5.   **POLICY IMPLICATIONS**

5.1   This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

5.2   There are no major issues at this stage in the development of the e-purse in Dundee and the above issues will be reviewed as part of the evaluation of the pilot phase.

6.   **CONSULTATIONS**

All local authorities through their participation in the National Entitlement Card programme have been consulted on the epurse proposals. The NEC board has approved the overall project proposal for an epurse. The Depute Chief Executive (Support Services), Depute Chief Executive (Finance) and the Head of Finance have been consulted on the contents of this report.

7.   **BACKGROUND PAPERS**

NEC Project Board minutes 18 February 2008.

Alex Stephen
Chief Executive ………………......................………………   04/04/2008