

**Cabinet
20 September 2016**

**Head of Community and
Environmental Services Report No. COMM1618**

**CAR PARKING SERVICE – REPLACEMENT OF PAY & DISPLAY MACHINES AND
RELATED MATTERS**

Purpose

- This report explains the proposed approach to the replacement of the Council's Pay and Display machines used for taking payments in off-street car parks and for on street parking places. In addition it identifies a number of related matters for Cabinet consideration.

Introduction

- The Council's existing Pay and Display machines have reached the end of their life and ideally, we will install the new machines before 1 March 2017, as they will be pre-programmed to accept the new £1 coins thus avoiding the need to reprogramme our current machines.
- In line with the Council's approach to channel shift and customer expectations the new machines will offer customers a wider choice of payment options including credit / debit cards, cash, pay by phone and by bankcard payment registered on a mobile phone such as Apple Pay, making it easier to pay, without the need to contact the Council. The new machines will all be easier to use, secure, fast and reliable with improved coin performance and have the capability to report faults centrally.
- The Council will continue to offer permits to residents, businesses and commuters which can be paid for online.

Payment Options

- Cash is still the main method used by customers to pay for parking. Our current machines do not give change and do not extend the time on the ticket resulting from overpayment. The new machines will show on tickets the time actually paid for, removing overpayments.
- The new machines will also provide credit / debit card readers with both chip and pin and contactless, removing the need for customers to search for change and reduce our level of cash collection. A merchant is required to process payments for which they charge around 22p per transaction. It is proposed to pass this onto customers as a convenience fee and we would ensure this is clear at point of sale.

- Some Local Authorities that do not pass on the convenience fee include a minimum payment for credit/debit cards to reduce both the number of customers using it to high tariff charges only and the transaction fee charges to the Council. This does however reduce the customer's choice of payment method.
- It is also proposed to offer Pay by Phone. This is now a common service across the country and we can potentially start implementation in advance of the new machines being installed. It tends to be used at long stay sites and allows the customer to pay for parking using an App, online or by calling. The benefit is that customers will pay for the time they use and will prevent the need to rush back to the vehicle encouraging more dwell time particularly in the town centres. There is no ticket involved and the Civil Enforcement Officer identifies that the vehicle has paid on their hand held equipment. There is a convenience fee of around 20p to the customer and the standard phone call / text message charge which will be made clear at point of sale.

Other options considered

Pay on Foot

- This is generally only suitable in high volume multi lane car parks, which must be secure and barrier controlled, with staff permanently available to rectify any barrier issues. Due to the costs involved in creating additional entrance and exit points and that the Council does not have the volume of customers, it would not be cost effective to introduce at this time, but could be introduced when appropriate.

Permits

- Permits are offered by the Council and are generally taken up by businesses and commuters. They are more convenient as they do not require a visit to the machine to purchase a ticket, require no cash handling and customers can purchase car park permits in monthly, quarterly and annual instalments online, making it easier for them to access our services. We will be introducing a weekly option and for all permit holders, reducing administration costs by issuing them virtually, which the Civil Enforcement Officers will recognise on their new hand held devices. Night and weekend permits are also available for residents who need to use our car parks for overnight parking.
- The Council does provide permits free of charge as part of our support to voluntary / charitable organisations. It is suggested that how these are provided in future be considered as part of the broader review of support to such organisations.

Advertising

- Some machines offer high definition video screens, which can be used for advertising when the machine is not involved in a transaction. When triggered by a customer the machine displays the day specific charges and information and as everything is on a video screen, there is no requirement for tariff boards. This will be considered as part of the procurement process.

Smart cards

- The Rushmoor Smartcard was successful when introduced in early 2000, providing an alternative to cash payment at the machine. Technology has improved and customers want to pay for their parking as conveniently and securely as possible. The use of Smartcards is reducing and the provision of credit / debit cards, pay by phone and permits will provide a suitable alternative for most customers. We have already replaced some Smartcards used by voluntary / charitable organisations with a new permit scheme. These are easier to audit, as they are vehicle, car park and day specific.
- Smartcards offered by the Council allow customers to preload credit onto their cards, and pay at the machine through a separate card reader. There is no online charging option for Smartcards and they continue to require charging either at the Council offices, to any sum, which involves staff time, or at the machine to a maximum of 15 coins or £30.
- In terms of replacing the Pay and Display machines of the four major suppliers on our framework, three offer the Smartcard option. Of the remaining three, two offer all the payment options on one machine with the other one requiring a separate stand-alone machine as it is unable to accommodate both a credit/ debit card reader and a Smartcard reader. A stand-alone machine would increase costs, street clutter and in some locations would be impractical. The continuation of Smartcards will therefore restrict our choice of machine and the need for additional readers will make them more expensive to both purchase (circa £20k for inclusion in 100 machines) and maintain. We will need to recall all Smartcards and replace them with cards that are compatible with the new machines.
- During 2015/16, there were 2,300 Smartcards transactions at the Council offices comprising new card purchases, recharges, replacements and 65 Plus concessions. Of these 1,900 were face to face at the customer services unit and 400 were processed by the Parking Support Officers comprising mainly corporate cardholders and parking concessions. There has also been a significant reduction in the number of customers using Smartcards, with the value of purchases reducing from £330k pa to £160k pa due to businesses ceasing to purchase cards for their staff. The number of residents claiming the 65 Plus parking concession which is provided as credit on the Smartcard has fallen from 600 in 2014/15 to 400 in 2015/16.
- If we remove, the Smartcards in favour of the other payment methods where customers self-serve this will reduce our staff commitment in both the Customer Services Unit and Parking Management by around one FTE.
- For the above reasons officers are recommending that the Council phase out the use of Smartcards. The withdrawal of Smartcards would need to be promoted as soon as possible in advance of any new machines being provided and customers would be

encouraged to use outstanding credit during this phasing out period. We would stop selling and recharging smartcards with immediate effect.

65 Plus concession

- The Council currently offers a concession (£50 credit for payment of £25) for residents over 65 years of age, which is provided on a Smartcard. The discontinuation of the Smartcard would not prevent the Council from continuing to offer the concession as this could be provided through a permit system or Pay by Phone, the details of which would need to be agreed. Alternatively given the Council's need to achieve financial sustainability this is an appropriate time for members to review whether to continue to offer the 65 Plus concession. As with the Blue Badge review, where holders now pay for parking, there is no evidence to suggest that those residents aged 65 Plus taking up the concession are more economically disadvantaged than other customers. Members may wish to consider targeting any concession by reducing car-parking charges to those who are financially disadvantaged or cease the concession completely.

Financial Implications

- The Council received £1.5m income from Pay & Display during 2015/16 (£1.1m from car parks and £400k on street). The average ticket purchase is £1.
- The cost to the Council of purchasing 100 machines, (£250k for the standard machine) with credit / debit card readers (£100k) would be around £350,000. The installation costs will be around £25,000 and we may need to fund new signage which would be around £15,000. If card readers were provided in high volume areas only the cost of 100 machines with 32 card readers would reduce to around £280,000. These costs are indicative as we are holding a mini competition with the main suppliers to secure best value and some of these costs will be offset from the Civil Parking Enforcement Account. £400k has been allocated in the capital programme for 2016/17 to replace these machines.
- It is proposed that the customer cover any convenience fees and this would be made clear at the machines. If the Council choose to accept this charge based on a potential 15% take up and an average ticket of £1, the processing payment would cost around £50,000 pa. This cost would increase as the use of cards becomes more popular, with a 100% take up costing around £330,000 pa. The use of cards and cost to the Council could be reduced by setting a minimum ticket price for use of credit / debit cards to say £2.
- The removal of Smartcards will release around one FTE to higher value work. This would also save £20,000 on the additional cost of providing Smartcard readers in the new machines. The IT system required to administer the smartcard database will be between £2,000 and £5,000 p.a. Not all machine models are able to accommodate both a credit/debit card reader and a smartcard reader, meaning that either we restrict our procurement options or we purchase additional machines at each location, which is

impractical. We anticipate that without Smartcards, the majority of this income will transfer to either Pay & Display income or permits, as customers continue to use our facilities.

- The cost to the Council of providing the concession based on the 65 Plus continuing to use our parking is around £10,000 pa.

Summary

- The Council needs to replace pay and display machines, which have reached the end of life. This provides an opportunity to give our customers more choice and convenience on how they pay. This will be achieved by offering credit/debit card readers, cash, Pay by Phone and permits. Customers will receive parking time based on how much they pay, removing any overpayment issue.
- To protect our levels of income the Council will inform customers that the transaction fees associated with the use of credit / debit cards and Pay by Phone will be passed onto them as a convenience fee for being able to access these additional payment options.
- It is recommended to phase out the provision of Smartcards as demand has significantly reduced, we are providing suitable alternatives and ongoing provision will incur additional costs in both the purchase and maintenance of machines and in officer time involved in their provision and recharging. It is recognised there will still be some customers that prefer the Smartcards.
- Members views on continuing to provide the 65 Plus concession is sought.

Recommendations

Cabinet are recommended to;

- 1) agree the proposed approach for replacing the pay and display as set out in this report
- 2) endorse the phasing out of Smartcards
- 3) consider the approach to the future of the 65 Plus concession

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