

# Neighbourhood Services Committee

13<sup>th</sup> January 2022



<b>Title</b>	<i>Cashless Parking</i>
<b>Purpose of the report</b>	Key decision
<b>Report Author</b>	<i>Bruno Barbosa – Parking Services Operational Manager</i>
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	<i>Not applicable</i>
<b>Corporate Priority</b>	Clean and Safe Environment Financial Sustainability
<b>Recommendations</b>	<b>Committee is asked to:</b> <ul style="list-style-type: none"><li>• Authorise the Group Head of Neighbourhood Services to introduce “Cashless” payment as an approved payment method in The Spelthorne Borough Council (Off-Street Parking Places) Order</li><li>• Agree for the transaction charges to be paid directly by the customer, in addition to the existing tariff charges.</li><li>• Authorise the Group Head of Neighbourhood Services to enter into a procurement exercise to tender for a Cashless parking provider.</li><li>• Delegate the appointment of the contractor to the Group Head of Neighbourhood Services in consultation with the Chair and Vice Chair of the Neighbourhood Services Committee</li><li>• Authorise the Head of Corporate Governance to complete any legal documentation necessary to implement the new contract.</li></ul>
<b>Reason for Recommendation</b>	With more and more people choosing to pay by card, it is essential that car parks have alternative payment options available  A cashless parking system negates the need for excessive handling of cash and frequent use of popular touchpoints, protecting both customer and employees.

## 1. Key issues

- 1.1 Spelthorne Borough Council currently offers a fully integrated pay and display system that enables payment through coins and card/contactless.

- 1.2 Card/contactless transactions derive a processing fee that is paid per transaction, and the agreement/contract is shared with Customer Services for their card transactions in the Council Offices, over the phone and online.
- 1.3 There is an emergent market for further payment options for parking, mainly through the use of web apps or a personal mobile phone. This is normally called “Cashless”, and mainly differs from the existing options by the verification of payment not being through the display of a Pay and Display ticket and instead the verification is made through an online portal.
- 1.4 A recent soft-market exercise was carried out with major national providers of “Cashless” payment facilities for parking, and that exercise has informed this report in terms of options, consideration, and financial implications.
- 1.5 Since March 2020 (first measures placed by Government to address the Covid-19 pandemic), Card payments became the preferred payment method at our Pay and Display terminals, and since January 2021 this payment method also now accounts for the majority of total income derived from paid parking.
- 1.6 Existing card payment fees amount to a flat £0.10 per transaction, which is paid by Spelthorne Borough Council to the provider.
- 1.7 “Cashless” payment methods carry a service charge per transaction, but the charge can either be paid by Spelthorne Borough Council post-transaction, or paid by the customer separately as an additional charge to the provider.
- 1.8 “Cashless” payment methods have grown in market penetration rates, meaning that they are increasingly a preferred payment method in replacement of other conventional methods, so providers have enhanced their product and offer a wider range of benefits associated with this provision, ranging from enhanced data analysis to integration with other platforms.
- 1.9 All main providers of “Cashless” payment methods are part of large frameworks, so the process of selection of the best provider would be relatively straightforward and less onerous in procurement resources than standard procurement exercises.
- 1.10 “Cashless” payment methods can work alongside existing pay and display facilities, and its fairly common to see all facilities together in pay and display machines across England.
- 1.11 Spelthorne Borough Council has a number of car parks that include a nil charge first hour that would need to be integrated with any new payment method.

## **2. Options analysis and proposal**

- 2.1 The Committee is asked to choose one of the following options, with option a) being the recommendation:
  - (a) Authorise the Group Head of Neighbourhood Services to introduce “Cashless” payment as an approved payment method in The Spelthorne Borough Council (Off-Street Parking Places) Order, and for the transaction charges to be paid directly by the customer, in addition to the existing tariff charges;

- i) Analysis: This option has minimal to no costs to Spelthorne Borough Council to implement, and delivers a potential saving in transaction fees compared to existing payment methods. By the processing fee being additional to the tariff, the customer would in effect pay more for their parking session through this method than by using the other payment methods, but the presumed benefit/convenience of “Cashless” as a payment method can be construed as added value to the customer that can be charged accordingly by the supplier.
- (b) Authorise the Group Head of Neighbourhood Services to introduce “Cashless” payment as an approved payment method in The Spelthorne Borough Council (Off-Street Parking Places) Order, and for the transaction charges to be paid directly by Spelthorne Borough Council per transaction;
- i) This option bears significant additional upfront costs per transaction for Spelthorne Borough Council (Ring Go charges payable by a client per transaction can amount to as much as £0.25 per transaction, plus a 3% merchant fee, for example), compared to the current flat fee of £0.10 payable for card transactions at the Pay and Display terminal. If this payment was to become the preferred by customers, Spelthorne Borough Council could see the tariff net income reduced by as much as £75k per year and the tariff would be likely to require a proportionate increase to compensate for the additional costs of this payment method.
- (c) Reject the introduction of “Cashless” payment as an approved payment method in The Spelthorne Borough Council (Off-Street Parking Places) Order, with the current payment methods being considered sufficient and proportionate to the needs of its customers.
- i) This option means no change to the current provision.

### **3. Financial implications**

3.1 Parking Services has a historic peak average of around 420k yearly card transactions, and a current monthly average of around £37k card transactions for parking. Assuming a 40% penetration rate of this new payment method (meaning that 40% of all transactions become cashless instead of cash/card at the terminal) for each of the above 3 options, below are the estimated financial implications for a full financial year:

- (a) £92k transaction fees and £19k in merchant fees, in an estimated total tariff income of £626k for this payment method.
- (b) £0.00 (nil) transaction fees and £0.00 (nil) in merchant fees, in an estimated total tariff income of £626k for this payment method (estimated total additional fees paid by customers of £92k, across a total of 368k transactions).

(c) No additional fees or charges applicable.

#### **4. Other considerations**

- 4.1 Introducing an additional payment method adds an additional step to the enforcement of payment, with officers having to check the physical payment on the dashboard, then using either an assigned device purely to check online for payment against a specific registration or through an integrated function on their existing handheld devices used for enforcement.
- 4.2 To add a payment method for parking in our car parks, an amendment needs to be made to the existing Parking Order, which would need to be approved by the relevant executive and elected bodies, followed by a period of public consultation that legally must be for a minimum of 21 days.
- 4.3 Once a “Cashless” payment method is added to a Parking Order, the timeframe of implementation would depend solely on the length of time required for the procurement exercise, followed by the length of time required for physical roll-out of the scheme by a provider (indicative timeframes of physical roll-out were estimated by one supplier to be as little as 4 to 5 weeks).

#### **5. Equality and Diversity**

- 5.1 The provision of an additional payment method is not presumed to have a negative impact on any protected characteristics, and it's in fact presumed to have a positive impact on accessibility and inclusion by adding options to customers that rely on alternative interaction methods based on their personal devices.

#### **6. Sustainability/Climate Change Implications**

- 6.1 If this additional payment method has a significant adoption, it will contribute to a reduction in consumables used by existing Pay and Display machines (paper tickets). Main providers of these services also have schemes to contribute to carbon neutrality, such as local tree planting schemes.

#### **7. Timetable for implementation**

- 7.1 For implementation of the recommendation, a Legal revision of the Parking Order would be initiated, which normally takes a minimum of 6-8 months, including consultation. The procurement of a provider, as a call-out from a framework, can take around 3 months for selection and drafting of Terms. Physical roll out of the scheme was estimated by suppliers to take between 1-2 months. Total estimated implementation timeframe would this be between 8 and 12 months, depending if the procurement and roll-out can be concurrent with the Parking Order Legal revision.

**Background papers: There are none.**

**Appendices:  
There are none**