

Council

20th October 2022



Title	<i>Parking Order revision (Cashless parking)</i>
Purpose of the report	Key decision
Report Author	<i>Bruno Barbosa – Parking Services Operational Manager</i>
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	<i>Not applicable</i>
Corporate Priority	Recovery Environment Service Delivery
Recommendations	Council is asked to: <ul style="list-style-type: none">• Authorise the Group Head of Neighbourhood Services to proceed with the proposals made in this report and to implement the Spelthorne Borough Council Off-Street Parking Places (Amendment) Order 2022.• Authorise the Group Head of Corporate Governance to publish all notices required to implement the Spelthorne Borough Council Off-Street Parking Places (Amendment) Order 2022.• Authorise the Group Head of Neighbourhood Services in consultation with the Group Head of Corporate Governance to consider and address any objections and to amend the proposals if necessary, following the public consultation.
Reason for Recommendation	With 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 customers and employees. This amended Order would enable the introduction of this additional payment method, to be provided by a supplier selected through the relevant Procurement procedure.

1. Summary of the report

- 1.1 This report seeks to receive Council approval to make an Amendment to the Spelthorne Borough Council Off-Street Parking Places (Amendment) Order 2022, for the introduction of an additional cashless payment method in all car parks that have a regulated tariff under the existing Parking Order.

2. Key issues

- 2.1 Spelthorne Borough Council currently offers a fully integrated pay and display system that enables payment through coins and card/contactless.
- 2.2 Card/contactless transactions derive a processing fee which is paid per transaction, the agreement/contract is shared with Customer Services for their card transactions in the Council Offices, over the phone and online.
- 2.3 There is a growing market for additional parking payment options, using web apps or a personal mobile phone. This is usually referred to as “Cashless” and differs from the existing options as the verification of payment is made through an online portal and through the display of a Pay and Display ticket.
- 2.4 A recent soft-market exercise was conducted 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.
- 2.5 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 most of the total income derived from paid parking.
- 2.6 Existing card payment fees amount to a flat £0.10 per transaction, which is paid by Spelthorne Borough Council to the provider.
- 2.7 “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.
- 2.8 “Cashless” payment methods have grown over the years and are increasing as a preferred payment method in replacement of other conventional methods. As a result, providers have enhanced their product and now offer a wider range of benefits associated with this provision, ranging from enhanced data analysis to integration with other platforms.
- 2.9 All main providers of “Cashless” payment methods are part of large frameworks, so the process of selection of the best provider would be straightforward and less onerous in procurement resources than standard procurement exercises.
- 2.10 “Cashless” payment methods can work alongside existing pay and display facilities, and it is common to see all facilities together in pay and display machines across England.
- 2.11 Spelthorne Borough Council has several car parks that include a nil charge first hour that would need to be integrated with any new payment method.

2.12 The existing Parking Order defines all accepted payment methods in our car parks. It does not include the method commonly referred to as “Cashless Parking,” whereby the customer can make the required payment through means that do not involve the use of the physical payment machines that exist in each car park.

3. Options analysis and proposal

3.1 The Committee is asked to choose one of the following options, with option a) being the recommendation:

(a) Preferred option

- Authorise the Group Head of Neighbourhood Services to proceed with the proposals made in this report and to implement the Spelthorne Borough Council Off-Street Parking Places (Amendment) Order 2022.
- Authorise the Group Head of Corporate Governance to publish all notices required to implement the Spelthorne Borough Council Off-Street Parking Places (Amendment) Order 2022.
- Authorise the Group Head of Neighbourhood Services in consultation with the Group Head of Corporate Governance to consider and address any objections and to amend the proposals if necessary, following the public consultation.

This option enables the addition of this payment method to the accepted payment methods in all car parks with a payable tariff that is included in the Parking Order and does not change or remove any existing terms set in the Parking Order itself.

The proposed wording of the amendment would be:

“The Spelthorne Borough Council Off-Street Parking Places Order 2020 (“the Order”) is amended by:

1. Inserting the definition of “cashless parking” in section 2 – Interpretation, at the correct alphabetical position, which is: “Cashless Parking” means the system of cashless prepayment made via a telephone, smartphone, computer, or other method, to allow a vehicle to park in a parking place for a specified period, with equivalent rights and obligations to those conferred by the purchase of a parking ticket (except with regards to the “relevant position”).”

2. The replacement of section 37. with the following wording:

“37. The driver of a vehicle left in accordance with the provisions of this Order in a parking place, as defined in Section 1 shall immediately make a prepayment to park their vehicle at the price and for the period indicated in Schedules 4 to 7, either by:

a) purchasing a valid parking ticket from a ticket machine situated within the parking place and exhibiting the parking ticket on the vehicle in the relevant position.

b) using cashless parking where available (notices of the approved provider are displayed in the applicable Pay and Display machines, together with the relevant location code/reference and the

applicable transaction convenience charges to be borne by the customer in full)”. ”

(b) Reject the recommendations of this report

This option prevents the introduction of an additional payment method to all our car parks with a payable tariff that is included in the Parking Order, potentially losing customers that prefer such methods to other competitors in the off-street parking market This option involves no changes to the existing Parking Order

4. Financial implications

- 4.1 All financial implications depend on the selected contractor and the charges set within the contract agreement. For the purposes of estimating likely financial implications we based the following projections on up to 40% of current card transactions converting to this new cashless payment method, and using the highest customer charges that are publicised in reports from framework providers.
- 4.2 Parking Services has a current monthly average of around 37,000 card transactions for parking. If 40% of the current card transactions convert to the new cashless payment method, the monthly overall transaction cost to the 14,800 customers would be £3,700 and the potential savings in transaction fees by Spelthorne Borough Council would be around £1,500. Merchant fees are also payable by the customer. These are the fees charged by banks to cover their costs in accepting credit card transactions and typically range between 0.2-0.3%.

5. Risk considerations

- 5.1 The foreseeable tangible risks associated with each Option the Council is asked to consider are:
- (a) **Option 1:**
- i) The service provider fails to deliver the service according to the contractual specification, leading to a gap in service delivery to the standard expected by our customers, which could result in a reduction in customer and income levels from the affected car parks.
- (b) **Option 2:**
- i) Customers seeking alternative payment methods that do not involve the use of physical machines or being in the car park itself at time of payment could gradually choose other competitor car parks and lead to increased shortfall in customer/income levels from our parks with regulated tariffs.
 - ii) In case of unforeseen issues affecting the functionality of the existing payment methods, the lack of payment alternatives can lead to customers choosing to use car parks operated by other competitors in the market, thus leading to increased shortfall in customer/income levels from our parks with regulated tariffs.

6. Procurement considerations

6.1 The recommendation of this report enables the provision of this enhanced service option, which is currently being tendered under approval from the Neighbourhood Services Committee and associated delegation to the Group Head of Neighbourhood Services, dated 14/01/2022.

6.2 If the Council does not approve or support the recommendations of this report, the tender would result in a contract with a service provider for a service that cannot be provided in our car parks with regulated tariffs.

7. Legal considerations

7.1 Legal officers have been consulted in this process, and this report reflects the advice/guidance provided.

Other considerations

7.2 Introducing an additional payment method adds an additional step to the enforcement of payment, with parking officers needing to check the physical payment on the dashboard, then using either an assigned device to check online for payment against a specific registration or through an integrated function on their existing handheld devices used for enforcement.

7.3 The Procurement process for the selection of the best supplier of “Cashless Parking” facilities is ongoing, with delegated powers from the Neighbourhood Services Committee to the Group Head of Neighbourhood Services, with nil cost to Spelthorne Borough Council for purchase.

7.4 The introduction of this additional payment method enables a concrete analysis from Spelthorne Borough Council regarding the actual demand for physical payment machines. This will in due course enable Spelthorne Borough Council to establish if further efficiencies can be made by having this new payment method as the sole payment method available across all Spelthorne car parks. Efficiencies in that regard would equate to the current charges for cash collection, which currently equate to £30k yearly, and for card transaction fees, which currently equate to £45k yearly)

8. Equality and Diversity

8.1 The provision of an additional payment method is not presumed to have a negative impact on any protected characteristics and is 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.

9. Sustainability/Climate Change Implications

9.1 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.

10. Timetable for implementation

10.1 Report to Council for decision to make the Order 20th October 2022
Publish notice in the press and on social media 1st November 2022
Order takes effect 29th November 2022 (subject to the receipt of objections)

11. Contact

11.1 Bruno Barbosa – parking@spelthorne.gov.uk

Background papers: Spelthorne Parking Order

<https://www.spelthorne.gov.uk/article/19592/Parking-Order-2020>

<https://www.spelthorne.gov.uk/article/19593/Parking-Order-2020-List-of-Schedules>

Appendices:

There are none