

This Report will be made public on 14 April 2022

Report Number **C/21/105**

To: Cabinet
Date: 26 April 2022
Status: Non key
Responsible Officer: Frederick Miller
Cabinet Member: Councillor Ray Field, Cabinet Member for Transport and Digital Transformation

SUBJECT: CAR PARKING PAYMENT OPTIONS

SUMMARY: This report seeks to inform members of the payment options currently available to customers using the council's on & off street parking facilities, and considers further alternatives.

REASONS FOR RECOMMENDATIONS:

Alternative payment options such as contactless card payment machines and automatic number plate recognition (ANPR) will improve the operational efficiency of parking facilities, and will be well received by customers. Adding these additional payment facilities is likely to improve usage. Evidence also suggests that significant operational savings can be made by providing these options.

RECOMMENDATIONS:

1. To receive and note report C/21/105.
2. That the car parking payment options be considered, and the existing facilities continued.
3. To approve the upgrade of 35 existing pay & display machines to accept contactless card payments, at an estimated cost of £27k.
4. To approve the installation of an ANPR system in Sandgate Road Car Park, Folkestone, which will cost around £41k, with Officers reporting back after a 12 month period.
5. To approve the upgrade of 5 machines to units accepting contactless card payments costing a total of £20k.
6. That the overspend of £13k to accommodate the card payment option be met from net revenue saving within Parking Services.
7. That officers review the cash payment facility in all sites 12 months after the introduction of the contactless card payments, and make recommendations on whether or not to continue this payment option.
8. That increased revenue costs for credit and debit card transactions (estimated around £13.5k pa) be funded from cash collection fees and increased revenue.
9. That the minimum value for card payment be set at £1.40 to reduce the operational card payment fees for the council.

1. BACKGROUND

- 1.1 The council currently owns 60 coin-only pay & display machines located in on & off street locations across the district. Around 35 are fairly new and can be retrofitted to accept contactless card payments. The remaining 25 are much older units and cannot be upgraded. There is capital funding available in 2022/23 to replace 5 of these machines.
- 1.2 In addition to the coin-only terminals, the council also offers customers an alternative to pay by credit or debit card via RingGo. This allows customers to pay for their parking without having to visit a parking machine. They simply dial a local number on their mobile phone or use an app to pay the charge. This has been in place since 2010.

2. PAYMENT OPTIONS

COIN-ONLY MACHINES

- 2.1 Coin transactions now make up around 40% of transactions in car parks. It is a quick and easy way to pay for the lower end tariff rates e.g. 60p for 30 minutes. However, the age of some the machines, and the recent problems with the cash collections contract have made them more susceptible to frequent breakdowns. There are also increasing costs for cash collections, machine maintenance and repairs.
- 2.2 It should however be noted that they remain very popular with many customers as there are usually complaints whenever they go out of service. A summary of the breakdown of the costs associated with coin-only machines is shown in appendix 1.

CASHLESS PARKING/RINGGO

- 2.3 Over the years, there has been a shifting trend away from cash parking and towards cashless parking. The pandemic has also nudged more and more customers to using RingGo. Around 60% of transactions in car parks are now done via RingGo. A monthly breakdown of this penetration is shown in appendix 2.
- 2.4 The costs to the council for this payment facility are extremely low. There are no maintenance or repair charges, and no capital expenditure is required for equipment. Customers using the facility pay a 20p service charge and any additional charges for text reminders etc., which goes to the supplier. The only cost to the council is for the card processing fees, which is set at 12p per transaction. One of the huge benefits of this service is the near zero downtime. The cost comparison is shown in appendix 1.

CONTACTLESS CARD PAYMENT MACHINES

- 2.5 Card payment machines allow customers to pay for their parking using contactless card reader or the pin pad. Once the transaction has been approved by the bank, a Pay and Display ticket will be printed for clear display in the vehicle windscreen.
- 2.6 35 of the 60 machines can be retrofitted to allow contactless payments. The total costs quoted for this work is **£ 26,799.40**. This will cover 10 out of the

26 pay & display car parks and all on-street sites, which have recently had new machines installed. Capital funding is available for 5 new contactless machines next year, which will be installed in car parks. This would leave around 20 machines that are spread in 10 car parks without the contactless option. The cost to replace these machines with ones that will accept card payments is £81,840 (£4092 per machine), but this could be reduced by half as some car parks with two or more machines, need only 1 contactless card option. Machines could also be swapped around, but this comes with some risks.

- 2.7 Members should also note the additional revenue costs for maintenance and card transaction fees for coin & contactless machines. Most of this will be offset by reduced cash collection costs and likely increase in revenue. The breakdown is shown in appendix 1.
- 2.8 There is a slightly higher transaction fee (14p) for the card processing and banking, which has to be carried out according to the Payment Card Industry Data Security Standard (PCI DSS). This requires the terminal provider to be accredited with a PSP acquirer for card payment processing. Unlike retail card payments, the banking standards applied to terminals in an unprotected environment are more stringent.
- 2.9 To lower the costs for card payment fees, the council has the option to add a minimum value for card use e.g. £1.40, which is the proposed 1 hour car park tariff for 2022/23. This would mean any transactions below £1.40 will not incur a fee. Around 10% of the 700,000 annual transactions are for tariffs below 1 hour so the potential savings from having a cap is significant.

AUTOMATIC NUMBER PLATE RECOGNITION (ANPR)

- 2.10 ANPR allows cameras to identify and record the vehicle number plate as the motorist approaches the car park. The barrier automatically raises and admits the customer. The customer then goes about their business and returns to make payment. As the motorist approaches the exit, the ANPR camera will identify the vehicle, confirm the payment has been made, and allow the vehicle to exit. As an added feature, users can also register online, drive in and out of the carpark, and the payment calculated and taken from their registered card details.
- 2.11 The benefits of the ANPR system includes:
- Increased revenue (motorists are obliged to pay for the exact period they have parked in order to exit);
 - Ticketless system;
 - Savings in staff costs due to reduced enforcement;
 - Fewer appeals (huge reduction in penalty charge notices);
 - Greater flexibility (Exempt list to allow certain vehicles).
- 2.12 Clearly not all car parks will be suitable for ANPR due to difficulties with access. Another challenge is the huge capital outlay (£40k - ~£100k) per car park. Car parks that do not generate significant revenue will not be suitable for this level of investment. Officers have identified 17 of the 26 pay & display car parks that could potential benefit from an ANPR system. The list of potential car parks (subject to further investigations) is shown in appendix 3.

- 2.13 Sandgate Road car park is the most suitable car park for an ANPR system due to it having clearly defined entry/exit points, and significant annual revenues. Officers have sought quotations for ANPR to be installed in this car park. The total costs quoted for this project is **£41k**. Officers believe the introduction of ANPR in this car park will certainly be worth the investment.

3. RECOMMENDATIONS

- 3.1 There is already £75k capital provision in 2022/23 for costs towards further parking payment options (£60K), and 5 replacement machines (£15k).

Officers recommend the following:

- 3.2 That the existing payment options (coin machines and RingGo) are continued in all on and off-street sites.
- 3.3 To upgrade 35 of the existing pay & display machines to accept card payments. The total cost for this upgrade is **£27k**. Officers will ensure that at least one card payment machine is located in all heavily used car parks.
- 3.4 That an ANPR system costing **£41k** be trialed in Sandgate Road car park for a period of 12 months. Officers will report back to Cabinet after this trial on the benefits of the new system, with potential recommendations to:
- a) roll out ANPR to further car parks; and/or
 - b) replace the remaining 20 machines with new ones that will accept card payments.
- 3.5 That the 5 new replacement machines be upgraded to units accepting card payments costing a total **£20k**.
- 3.6 That the overspend of £13k to accommodate the card payment option be met from net revenue saving within Parking Services.
- 3.7 That savings from cash collections, and increased revenue, be used to cover the new annual credit and debit transaction fees (estimated around £13.5k) under the new card payment system.
- 3.8 That the minimum value for card payment be set at £1.40 in order to reduce the card payment fees. Customers wishing to spend below £1.40 for their parking will still have the option to pay with cash or RingGo.
- 3.9 The rollout of a contactless card payment option in on and off street sites, and ANPR in Sandgate Road car park, would result in further reduction in cash payments. It is therefore proposed that officers also review the use of the cash payment option 12 months after the introduction of the contactless card facility, and recommend whether or not the alternative to pay with coins should still be offered.

4. RISK MANAGEMENT ISSUES

4.1 There following risks have been identified:

Perceived risk	Seriousness	Likelihood	Preventative action
ANPR system failures	Medium	Medium	Officers to have access to Intercom system to allow motorists in and out. System will be trialed for 12 months.
Sufficient savings not realised to cover increased maintenance and card transaction fees	Low	Medium	Officers to work with Comms to ensure adequate publicity is given to the additional card payment facilities. Signage within car parks will be enhanced to reflect this.

5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

5.1 Legal Officer's Comments (TH)

There are no legal implications arising from the contents of this report. Following the trial should the Council wish to proceed with the rollout of ANPR into further car parks and/or replace the remaining 20 pay & display machines with card payment units, a procurement exercise will need be considered.

5.2 Finance Officer's Comments (TM)

As stated this report is requesting an additional £13k for the ANPR project. The £13k can be funded by the existing revenue budget for cash collections, plus any additional income generated as outlined by this report.

5.3 Diversities and Equalities Implications (FM)

There are no equality and diversity implications in this report. Disabled badge holders will continue to have 3 hours free parking in all car parks. Blue Badge holders wishing to continue using Sandgate Road car park will be asked to register so that their vehicle details will be included in the exempt list for 3 hours free parking. All pay & display machines will be disability compliant.

5.4 Climate Change Implications (OF)

Greenhouse gas emissions e.g. reducing emissions from travel, increasing energy efficiencies etc. Cashless, ANPR and RingGo alternatives lead to reduction in emissions from reduced emissions from cash collections.

Waste: Reduce, reuse, recycle and compost e.g. reducing use of single use plastic – some of the alternatives proposed will result in reduction in paper used for printing parking tickets, which will reduce waste production.

6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting.

Frederick Miller- Transportation Lead Specialist
Telephone: 01303 853207
Email: frederick.miller@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

None

Appendices:

- Appendix 1: Cost comparison sheet
- Appendix 2: RingGo penetration for off-street
- Appendix 3: Potential ANPR sites