



Operational Officer Decision Record

Where the decision has a financial value of between £100k - £350k and does not have a **significant** impact on two or more wards

1. Subject and details of the matter (to include reasons for the decision and detail of any previous cabinet decision)

In response to a tender to procure cashless parking, a revenue share generating contract was proposed by the winning tenderer. The revenue would be generated from the parking session which is paid by the end customer and is paid to the Council irrespective of whether the motorist has opted for any optional text messages. The cost to the customer for a parking session by way of a phone application, website or instant voice recognition (IVR) would be an additional twenty pence per transaction in addition to the cost of the parking. Optional reminder text messages would be twenty-five pence. This additional cost would not apply to customers who still chose to pay by card at a ticket machine, using contactless or chip and pin.

2. Decision being taken

That the Executive Director, Environment, Economy and Resources, in consultation with the Portfolio Holder for Environment and Transport be authorised to award and subsequently mobilise a revenue generating contract for five years with the council, for a cashless parking provider and to carry out all ancillary actions reasonably arising.

3. Anticipated outcome(s)/benefits

The proposed benefit would be to the council parking budget. The cost to the council for one parking session using a phone application, website or instant voice recognition (IVR) transaction would be £0.11 with an additional reimbursement of £0.25 resulting in net revenue of £0.14 per transaction remitted.

Payment could still be made without any service charge if paying at the ticket machine with cash and by card (chip and pin/contactless).

The pricing schedule for the tender was based on current average usage of one hundred and eighty-three thousand transactions a year. For every transaction at £0.20 paid by the public, £0.25 will be shared with the council to help offset the cost of banking by Pay by Phone. This is a potential revenue share of £25,620 a year. £128,100 over five years.

Current costs for payment by card using contactless or chip and pin at the ticket machine are at a cost to the council at around twenty pence per transaction, this includes secure storage charges at twelve pence and approximately eight pence processing fees.

The budget for the secure storage costs alone was exceeded during the financial year 2021/2022 and costs rose to around twenty-five thousand pounds. Due to the trend in more card usage since the onset of COVID. Additionally, deductions for commission from the amounts remitted by the merchant provider to the council would have been approximately eighteen thousand pounds.

It was indicated during the last tender exercise that to have no service charge to the end user is unusual in the pay by phone industry. Since the enforced removal by government of the agreed twenty pence surcharge for card payments, the council are standing the cost of the public choosing to pay by card, using contactless or chip and pin at a ticket machine.

When the ticket machines were first installed in 2016, and card payments were first made available, the twenty pence surcharge was agreed with finance/council to cover the costs so that the council would not see any detrimental effect on budgets.

We are continually experiencing issues with the card readers in the ticket machines and have had many replacements under a maintenance contract. The cost of the maintenance annual contract is nineteen thousand pounds for forty-three machines

and includes call out fees, replacement parts and repairs. If the machine has a faulty card reader awaiting repair, the pay by phone service provides an alternative option to pay by card.

Ultimately if there was a desire to do so the card readers could be removed from the ticket machines, just allowing payment by coin with an alternative option of a pay by phone service which would require no maintenance or repairs. This would also guarantee that the council would not see a loss for customers making payment by card.

As it currently stands the cost to council will continue to increase for customers making payment by card at the ticket machines. As no surcharge can be legally added to the purchase at a chip and pin reader/contactless service, but this can be legitimately added as a service charge for pay by phone. There is an opportunity for the council to make financial savings if customers currently making contactless/chip and pin transactions at the ticket machines transferred to using a pay by phone service (by app/website/IVR).

If all customers transferred to using the service, then there would be a potential saving of twenty-five thousand pounds in secure card storage costs and a likely gain of eighteen thousand pounds in commission costs. With a further opportunity to earn an additional twenty-five thousand pound from a revenue share contract from customers using the pay by phone service (by app/website/IVR) and having the ability to charge a service charge of twenty pence per transaction.

4. Details of any alternative options considered and rejected by the officer when making the decision

N/A

5. Background documents considered (web link to be included or copies of documents for publishing)

N/A

6. Does the taking of the decision include consideration of Exempt information? If yes, specify the relevant paragraph of Schedule 12A and the reasons

No.

7. Details of any conflict of interest declared by any Cabinet Member who was consulted by the officer which relates to the decision (in respect of any declared conflict of interest, please provide a note of dispensation granted by the Council's Chief Executive)

N/A

8. Monitoring Officer Comments (Monitoring Officer or nominee)

Constitutionally the Executive Director for Environment Economy and Resources has responsibility for exercising all functions in connection with car park management under which these arrangements can be deemed to fall. Although affecting more than two wards the decision is operational as car parking fees and tariffs will not be affected. The decision sought merely widens the modes of paying whilst creating a new revenue stream for the Council.

9. Section 151 Officer Comments (Deputy S151 Officer or nominee)

The contract will help the Council achieve additional net revenue in support of the Council's Medium Term Financial Plan and to reinvest into service delivery within the area.

10. Human Resource Comments (Head of People and Culture or nominee)

There are no direct HR implications.

11. Risk Assessment (in accordance with the Report Writing Guide)

We have no contract with an incumbent Supplier. The implementation and a go live date will need to be agreed with the enforcement software provider and the winning tenderer to align to a new Off-Street Parking Places Order being in place.

Any known risks and new/emerging risks will be reviewed via the implementation proceed and project group meetings. Where any risks will be escalated for guidance/decision.

There is a pre-developed and live interface to the Council's enforcement software (no new development required).

All mandatory implementation costs, such as project management, technical installation support, configuration and integration with the enforcement software

supplier are absorbed by the tenderer and there is no cost to the council. There are no ongoing costs for tariff changes, adding new zones, support costs or upgrades.

The only cost is a one-off payment of £5,000 requested for informational signage at the start of the contract.

Each contract year, Pay by Phone will also provide the council with £10,000 worth of marketing credits which can be used to promote the service.

12. If the decision links to a previous one taken by Cabinet, has the Cabinet Tracker been updated?

N/A

13. Decision Maker(s):

Name: Sharon Wroot

Title: Executive Director, Environment, Economy and Resources

Signed: pp. G A Lonsdale

Dated: 1/7/2022

Guy Lonsdale, Deputy S151 Officer

Signed: REDACTED

14. Consultation carried out with Portfolio Holder(s):

Name: Councillor Stewart Swinburn

Title: Portfolio Holder for Environment and Transport

Signed: REDACTED

Dated: 30/06/2022