

<b>Cabinet Meeting</b>	
<b>Meeting Date</b>	16 March 2022
<b>Report Title</b>	Awarding of Contract - Off-Street Car Park Pay Terminals
<b>Cabinet Member</b>	Cllr Richard Palmer, Cabinet Member for Community
<b>SMT Lead</b>	Emma Wiggins, Director of Regeneration and Neighbourhoods
<b>Head of Service</b>	Martyn Cassell, Head of Environment and Leisure
<b>Lead Officer</b>	Alex Wells, Parking Services Analyst
<b>Key Decision</b>	Yes
<b>Classification</b>	<b>Open</b>
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. That the contract for off-street car park pay units be awarded to Supplier A with a lifetime value of £902,685.14 for the supply and installation of 38 units and associated maintenance and payment processing for 7 years, with an option to extend for a further 7 years.</li> <li>2. To delegate authority to the Head of Environment and Leisure and Head of Legal, in consultation with the Cabinet Member for Community, to complete the contract award.</li> </ol>

## **1 Purpose of Report and Executive Summary**

- 1.1 This report provides the background to parking payment transactions in Swale Borough Council car parks. As of January 2022, 55% of transactions for parking in Swale are made through contactless payment options. This proposal continues to allow cash payments whilst introducing an alternative method of card payments and Apple/Google pay on all pay units. It is vital that we offer a choice of payment methods to suit all customer's needs and promote accessibility.
- 1.2 Following a tendering process and evaluation of the bids by an assessment panel of officers, this report requests authority to award the contract to the winning tenderer.

## **2 Background**

- 2.1 Trends towards contactless payment options have shifted naturally over the past 5 years. Contactless payments made up only 23% of all payments in April 2019, increasing to 55%, even during COVID.

- 2.2 This growth is largely down to the success of RingGo working with Swale Borough Council as a cashless parking provider; however, as a result of the trends toward card payments, test units were installed across the Borough which allowed cashless payment methods to ascertain the level of public support for this offering.
- 2.3 With no advertising of this contactless payment feature for the trial payment units, as of January 2022 RingGo accounted for 42.75% of payments at test locations, cash accounted for 39.02% and the new cashless option at pay units accounted for 18.21%.
- 2.4 Trends for cash payments in Swale have shown a persistent decline from 2019 to 2022 (Fig. 1) whilst cashless payments have shown persistent increase over the same period (Fig. 2).

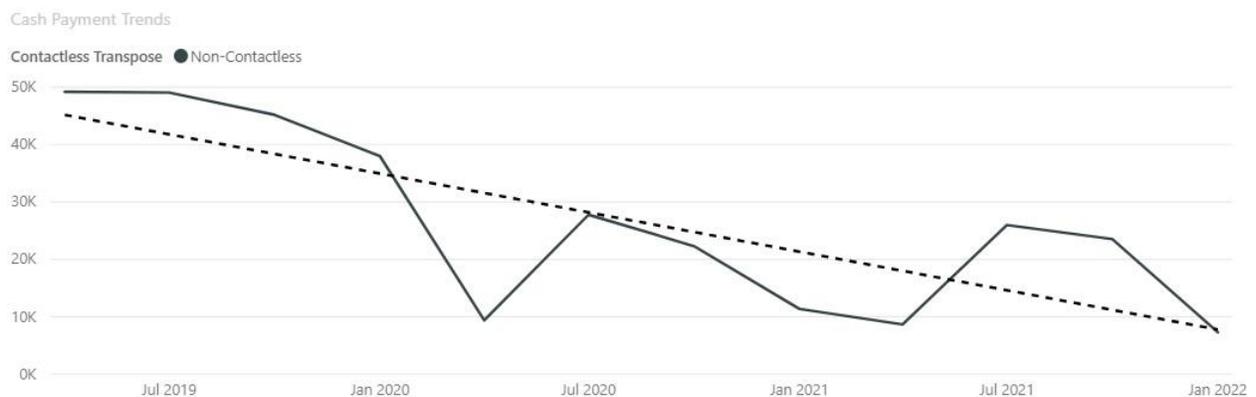


Figure 1

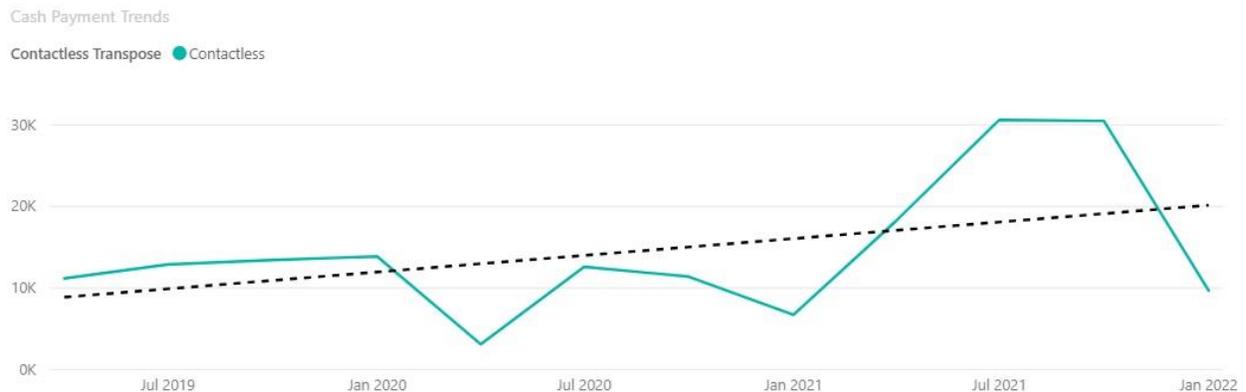


Figure 2

- 2.5 The data shows clear consumer preferences in payment options in favour of cashless options, and new parking pay units will be able to provide additional methods not utilised in trials such as Apple Pay and Google Pay which may further increase useability for new demographics.
- 2.6 The addition of cashless payment options also provides two core improvements to User Experience (UX). Firstly, it improves individual experience by not

requiring customers to prepare specific cash tender and thus simplifying the payment process.

- 2.7 The second benefit is a group benefit of improved turnover time, where the speed of the average transaction should increase as customers only have to 'tap' to pay rather than feed a meter with coinage. This means that customers will have to spend less time queueing during peak time and inclement weather.
- 2.8 Due to the age of the existing units and the complexity of physical components required to process large volumes of cash transactions, existing pay units experience high levels of faults, with 1,731 faults recorded in 2020, in spite of lower usage rates due to COVID.
- 2.9 Of these faults, 35% can be linked directly to cash-related faults. Each of these faults has a financial impact on the Council, whether it's a callout for our Enforcement Contractor, our Operations Team or a callout to the manufacturer. Additional costs can be incurred if replacement parts are required.
- 2.10 New units will improve this, as by providing cashless/contactless payments, they reduce the strain on cash-related components which should reduce the number of associated faults.
- 2.11 This will additionally have a positive environmental impact by reducing the emissions associated with maintenance callouts, as well as those associated with shipping and packaging replacement parts.
- 2.12 The proposed duration of the contract is 7 years with an option to extend by a further 7 years. As parking payment units have not seen much major innovation over the past decade and units have a lifespan of approximately 15 years this is considered a low-risk duration and allows us to defray costs over a longer duration.
- 2.13 Due to the modular nature of the machines, if there are major innovations in the future which would be favourable, it's likely that these could be adapted or fitting to existing units rather than requiring full replacement.
- 2.14 After 7 years, the Council will retain the option to either confirm the next 7 years, replace all units, reduce the total number of units or retrofit/upgrade existing units.
- 2.15 Financial provisions in relation to Civil Parking Enforcement are defined within Section 55 of the Road Traffic Regulation Act 1984. This Act strictly controls how any surplus Fund through Civil Parking Enforcement (CPE) can be used once any deficit in the Fund over the last four years has been balanced and that all financial commitments are considered in the provision of CPE services. Section 55 (4) b allows the council to use any surplus to meet all or any part of the cost of the provision and maintenance of off-street parking accommodation. The proposals within this report therefore meet the legal requirements in terms of appropriate use of surplus Funds associated to Civil Parking Enforcement services.

2.16 The CPE Reserve is currently maintained at £259,641.01 and so full funding for the replacement and installation of 38 pay units can be achieved to enable Parking Services to continue to drive innovation, support the customer experience and improve services.

### ***Procurement process***

2.17 Replacement pay units have been procured following a tender process utilising the Public Contract Regulations 2015. Each of the submissions were evaluated by an assessment panel of officers against set criteria of price alongside a combined quality score.

2.18 Four submissions were initially received; however, despite requesting clarification from the fourth supplier, as an incomplete submission was received, their bid was disqualified in accordance with the terms and conditions in the Invitation to Tender.

### ***Evaluation***

2.19 The evaluation scores (40% price and 60% quality) were as follows:

<b>Company</b>	<b>Price Score</b>	<b>Quality Score</b>	<b>Total</b>
Supplier A	39.51	50.33	89.84
Supplier B	28.43	45.33	73.76
Supplier C	40	49.67	89.67

2.20 The proposed contractor recorded the highest overall score of 89.84. Key elements of the bid included high quality easy-to-use pay units, the addition of payment methods like Apple/Google Pay, a sound audit process and provision of high-quality data to support our data analytics platform.

## **3 Proposals**

3.1 It is recommended that the contract for the supply and installation of 38 pay units in off-street car parks be awarded to Supplier A, for the sum of £902,685.14.

3.2 This will require capital expenditure of £153,642 in Year 1, with ongoing annual expenditure of £22,412.

3.3 Merchant fees associated with processing cashless payments are estimated to be approximately £34,446.51 per annum and are set to increase over time as the volume of contactless transactions increase; however, these fees are paid directly from revenues. Additionally, these will be partially offset by decreases in maintenance costs and cash collection/banking costs.

- 3.3 This report seeks Cabinet Approval to delegate authority to the Head of Environment and Leisure and Head of Legal, in consultation with the Cabinet Member for Community, to complete the contract award.

## 4 Alternative Options

- 4.1 Members could decide to not provide authority. This will mean that the Council will be unable to extend cashless transactions to pay units in off-street car parks whilst relying on pay units working beyond their operational efficiency lifespan. This also increases risk of continued machine down-time and associated costs.

## 5 Consultation Undertaken or Proposed

- 5.1 A trial of units accepting contactless card payments took place in Central Car Park and Albany Road.
- 5.2 With no advertising of these contactless payment features, current data shows that as of January 2022 RingGo accounted for 42.75% of payments at test locations, cash accounted for 39.02% and the new cashless option at pay units accounted for 18.21%.
- 5.3 These findings show that users show considerable preference for cashless payment methods, with nearly 1 in 5 transactions being paid for using the new method.
- 5.4 It's likely this figure will continue to increase as we still project continuous increases across all our cashless options and as options such as Apple and Google Pay are added.

## 6 Implications

Issue	Implications
Corporate Plan	<p>The decision to enter into contract support plan objectives particularly for Priority 4 – ‘Renewing local democracy and making the Council fit for the future’.</p> <p>Continue to reduce dependence on government-controlled funding sources and support staff to find innovative ways to ensure other objectives can be met in the context of diminished resources.</p>
Financial, Resource and Property	<p>Financial implications are detailed within the report under 2.15 / 2.16</p> <p>Merchant fees are expected to increase by £34,446.51 annually due to an increase in card payments. The Cash Security budget</p>

	<p>(6200-45007) is currently set at £55,150 with a total spend of £24,106.94 last financial year.</p> <p>A reduction in cash collections mean that we can offset approximately £30,000 of the estimated increase through the existing budget, with incremental savings to Cash Security expected annually.</p> <p>The remaining annual maintenance and back office costs are to be covered by existing revenue budget lines.</p>
Legal, Statutory and Procurement	<p>Councils are required to procure their services utilising the Public Contract Regulations 2015. The tender process has followed these regulations.</p> <p>The Council's constitution requires all contracts over £100,000 in value to obtain Cabinet authority.</p>
Crime and Disorder	<p>Moving towards more card payments would result in less cash being entered into pay units thus reducing the risks of units being vandalised or damaged from attempted thefts.</p>
Environment and Climate/Ecological Emergency	<p>Card payments reduce the number of cash collection journeys and therefore contributes to reduced emissions related to the parking service.</p> <p>The improved reliability of the units and greater ability to remotely sort errors will also reduce operational mileage emissions.</p>
Health and Wellbeing	<p>Not applicable</p>
Safeguarding of Children, Young People and Vulnerable Adults	<p>No risks identified</p>
Risk Management and Health and Safety	<p>No risks identified.</p>
Equality and Diversity	<p>No risks identified – increasing payment methods likely to increase accessibility across demographics.</p>
Privacy and Data Protection	<p>The contract will be covered by the Council standard terms and conditions. Users will be bound by the company's data protection terms; SBC will not hold any users' data.</p>

## **7 Appendices**

7.1 None.

## **8 Background Papers**

8.1 None.