

EXETER CITY COUNCIL

**EXECUTIVE
1 JULY 2013**

**COUNCIL
16 JULY 2013**

PAY BY PHONE PARKING

1 PURPOSE OF REPORT

- 1.1 To seek Members' approval to introduce mobile phone 'cashless' parking in City Council car parks.

2 BACKGROUND

- 2.1 In recent years an increasing number of local authorities and other organisations (in particular the rail network) have introduced a system of paying for parking by mobile phone. As a result it has become a well established payment option that is seen to have significant advantages for customers, avoiding the need for them to carry large amounts of loose change and providing the facility for parking periods to be topped-up remotely. Essentially the system works by customers dialling a local rate number (displayed on car park signs) and paying for the parking they require via pre-registered credit or debit card. The supplier makes their profit by charging a "convenience fee" to the customer for every mobile transaction that is made.
- 2.2 Officers have been approached periodically over the years by various providers anxious to offer this service in the Council's off-street car parks. Historically, these discussions have not progressed as the business case, up until now, has not been persuasive (the downside for the Council being the proportion of parking income that is lost as a result of the traditionally high merchant costs associated with the credit and debit card transactions). However, competitive pressures have now driven merchant costs down significantly to the point where the system has become a more viable business proposition.
- 2.3 Viewed in terms of the Council's key strategic objectives around economic growth and supporting successful businesses, it is clear that a system of 'cashless' parking has many advantages and is likely to enhance Exeter's image as a destination of choice. It would also extend the flexibility of payment options beyond what is already provided in some locations by pay-on-foot, with the result that people's shopping and visiting times would not be curtailed by concerns about overstaying their parking periods. The system is already in operation in most on-street locations in the city and has also been introduced in a number of neighbouring local authorities. In light of all these considerations, officers believe it is appropriate to recommend that the 'pay by phone' system now be introduced to the City Council's pay & display car parks.
- 2.4 Because there are several competing providers of cashless parking, and there is potentially substantial value to the contractor as a result of the convenience fees attached to mobile phone transactions, there will be a need to tender for the contract in order to comply with procurement regulations. It is anticipated that the contract can be awarded and the system in place by 1 October 2013 or as soon as possible thereafter, and that the initial contract be set up to run until December 2015 (with the option of further extension for one year). This would enable any continuing arrangements to be negotiated in partnership with other local authorities which currently have separate contracts, but where a joint procurement framework in future may be able to deliver economies of scale and drive down merchant costs still further.

- 2.5 The Council's Parking Places Order will also need to be amended to reflect the introduction of the 'pay by phone' system and, as is usual practice, it is recommended that authority to consider any objections be delegated to officers in consultation with the Leader of the Council and the Portfolio Holder for City Development.

3 FINANCIAL IMPLICATIONS

- 3.1 The financial implications for the Council are difficult to quantify precisely at this stage as they will depend upon the merchant costs offered by the successful contractor and the level of take up by customers. However, for the purposes of giving Members an indication of financial impact, experience elsewhere suggests that merchant costs will be approximately 3.5% of card income and take-up (in the first year) around 8% of customers. The potential loss of income in the first year, therefore, would be expected to be of the order of £14,850 (from total fee income of c. £5.3m).

4 RECOMMENDATION

4.1 That Members

- (i) approve the introduction of 'pay by phone' to City Council pay & display car parks from 1 October 2013 (or as soon as possible thereafter) and authorise officers to tender and let an initial contract until December 2015 (with the option of extension for a further year).
- (ii) approve an Amendment to the City of Exeter (Civil Enforcement Off Street Parking Places) Order 2012 to enable 'pay by phone' parking and authorise the Assistant Director Public Realm in consultation with the Leader of the Council and Portfolio Holder for City Development to consider any objections to the amended Order.
- (iii) agree that, subject to consideration of any objections, the Order be made and sealed.

ROGER COOMBES
ASSISTANT DIRECTOR PUBLIC REALM

Local Government (Access to Information) Act 1972 (as amended)
Background papers used in compiling this report:-

None