monmouthshire
sir fynwy

SUBJECT: **COMMISIONING OF PAY-BY-PHONE IN MONMOUTHSHIRE'S CAR PARKS** **MEETING:**   **INDIVIDUAL CABINET MEMBER (Cllr Jane Pratt)** **DATE:**   **18th August 2021** **DIVISION/WARDS AFFECTED: ALL WARDS**

1. PURPOSE:

1.1 To consider the proposal to commission PaybyPhone to provide an additional payment method within our car parks.

2. RECOMMENDATIONS:

2.1 To agree to the proposal to direct award to PaybyPhone to provide an additional payment method for users of our car parks with the 4p fee per transaction absorbed by the Council.

3. KEY ISSUES:

3.1 The Covid 19 pandemic has seen a reduction in cash use in our car parks and therefore a greater reliance on card payment. Unfortunately, ongoing issues with poor signal connection to some of our Pay and Display machines within our car parks are resulting in queues, cancelled transactions, lost revenue and customer complaints. On several recent occasions, the machines have failed for entire car parks, meaning both income and enforcement fines are lost, because we cannot effectively enforce for non-payment when the machines are defective and use of cash is avoided during the pandemic. These issues have been raised with the responsible company but resolution is slow (an issue being tackled in its own right).

3.2 Some customers have expressed concern about the clarity of the machine functionality, which although clearly set out via on-screen instructions and consistent with machines throughout South East Wales, various inputs including car registration are required. The Covid 19 pandemic also raised concerns from customers about touching the keypads, and although customers need to take responsibility for their own hygiene, for example using their own sanitiser as required, in addition to our cleaning regime during the pandemic, it is likely that anxiety about the virus will continue for the medium term. This applies to using keypads and the use of cash.

3.3 PaybyPhone is one of a number of providers offering a service that allows customers to use their mobile phone to buy car parking tickets. It is a simple process to register and the system records car details and bankcard details if the customer chooses, leaving the only required inputs as location (using a car park reference number that is clearly displayed on site, if GPS on the phone has not located you) and duration of stay. The service also provides an option to receive a text reminder when your ticket is due to expire, and provision to buy an extended ticket enabling you to stay in town for longer. The fee for the text messages is paid by the customer.

3.4   A Car Parking Review commenced in 2020 but was then suspended due to Covid 19 additional work and other workload/resource challenges. It is currently on hold but there are a few aspects, such as PaybyPhone that can be concluded outside of the full review. The use of alternative technology such as this was a recommendation agreed by Economy and Development Select Committee at its meeting on 2nd November 2020:

Recommendation 8: that measures be investigated to resolve mobile signal strength to ticket machines.
This work has commenced and can be completed outside of the review.

Recommendation 9: that the benefits of a mobile phone payment system be explored.
This work has commenced and can be completed outside of the review, and is the subject of this report.

Recommendation 10: that the benefits and disbenefits of technology-based changes be explored, including use of a mobile phone payment system, advance live signage and a different payment system.
This work has commenced in terms of a) pay-by-phone and b) identifying costs of a barrier (pay on exit) system. The latter findings will be fed into the review alongside live signage ideas. In the short term we are tidying up the current signage (and complying with Welsh Language standards) by refurbishing the existing signs with sticky back plastic as a temporary improvement. In some cases new temporary signs will be required. Permanent replacement signage is on hold pending completion of the review so that it reflects any resulting changes.

3.5   Although other service providers are available, only two currently offer a bilingual service, which is essential to comply with our Welsh Language Standards. PayByPhone currently operates in seven Welsh Authority areas as well as a number of railway station car parks. They have zero set up costs and a two year trial contract, which fits neatly with the likely duration of the Car Parking Review and implementation of any potential outcomes. Changes to fees are easily and quickly made by notifying PaybyPhone. Enforcement Officers would need to check for pay and display tickets in the car windscreen and check their handheld devices to see if a ticket has been purchased for that vehicle.

3.6   This additional payment option still relies on mobile phone strength, as do the existing pay and display machines. However, unlike the machines, customer mobile phones can be relocated within the vicinity to establish better signal strength. Moreover, local residents and workers would logically subscribe to a mobile phone provider that has good signal in their area (admittedly this would not be the case for visitors and tourists).

3.7   Informal benchmarking has been undertaken with the Vale of Glamorgan, which has similar challenges of rurality, mobile signal strength and demographic profile. The Vale of Glamorgan Council had previously experienced similar complaints from customers regarding the length of wait to pay and display due to machine speed and signal strength when making card payments. VoG officers advise that:

- PayByPhone have been reliable, fast and helpful throughout the set up process and ongoing.

- Have been outstanding in setting things up with finance
- Project managed the whole set up
- Have fully trained staff on back office functions
- Signal tested the locations and supplied free signal boosters where required.

Negatives have been:

- Initial problems with WorldPay, though this was at the Council's side
- People who were using an old PaybyPhone app could not make payment initially, though this was down to the users not updating the software.

3.8 Another nearby Authority is considering switching to PaybyPhone because they are unhappy with the service provided by their current provider due to poor customer service in resolving issues that arise.

3.9 Procurement advice is that we can direct award to PaybyPhone under the EPSO framework (Lot 3 Cashless Parking Solutions), providing we can evidence that we are getting value for money (a combination of the Pricing Schedule and market knowledge). Officers are satisfied that this is the case.

3.10 In procuring PaybyPhone, there are two payment options:

1) The PaybyPhone 4p charge comes off MCC's ticket income, e.g. a 2 hour ticket at £1.50 remains £1.50 to the customer, PaybyPhone receives 4p, MCC receives £1.46; or
2) The customer pays a 5p charge, which is added to the normal car parking tariff, e.g. a 2 hour ticket at £1.50 becomes £1.55 to the customer. PaybyPhone receives 4p, MCC receives £1.51.

In addition, MCC would be charged 3% of PaybyPhone ticket sales income for banking reconciliation arrangements. Finance colleagues have confirmed that this is a cost-effective option compared to extra in-house resource.

3.11 Given the ongoing car parking review, it is considered that any changes to customer charges outside of that full process would be inappropriate. It is therefore proposed that no additional charge is incurred by the customer (Option 1 above). This can be reviewed as part of the car parking review in due course. Option 1 will have a slight impact on car parking fee income, however we believe that impact will be offset by other factors, namely:

- Reduced costs of cash collection due to fewer cash transactions;
- Fewer occasions when car park income is lost due to the Pay and Display machine card payment facility failing, because customers will have the PaybyPhone and cash payment options;
- As above, fewer occasions when parking enforcement is suspended (which we currently do when the machine card payment facility goes down, combined with the Covid 19 concerns about cash use). With cash and PaybyPhone options, there will be no excuse for not paying;
- The option to extend your stay by paying extra would help support local businesses as shoppers/visitors would feel less compelled to leave when their pre-purchased ticket expires;

- Fewer machines will be needed in our car parks, and fewer people will be queuing to use them.

A SWOT analysis is provided at Appendix 2.

4. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):

4.1 The proposal introduces an additonal payment method for customers. Experience elsewhere suggests that a stereotypical view that older generations are less likely to use new mobile phone based technology is not necessarily true, and in any case cash and card payments will be retained as alternative means of payment. It provides an alternative format for payment for people with sight or mobility difficulties that find using the machines difficult. It is proposed that the Council absorbs the 4p charge to PaybyPhone for ticket sales rather than adding it to the ticket price paid by customers using the service. Customers will need to pay for additional optional services such as text message reminders.

5. OPTIONS APPRAISAL

5.1 Table One below therefore provides an options appraisal of the proposal:

Options	Benefits	Risks	Comments/Mitigation
Do Nothing	• Full car parking income is retained	• Ongoing complaints from customers about machine card payments, downtime affecting income from tickets and PCNs and resource for other enforcement work	This is not a sensible option
Procure PaybyPhone and cover the 4p transaction cost (option 1)	• Improved service for customers with no increased cost; • Easy for visitors and shoppers to extend their stay, supporting local businesses; • Fewer complaints and less downtime affecting income and officer time; • Fewer ticket-dodgers who do not have change or cards for payment and gamble on not getting caught.	• Additional checks for Civil Enforcement Officers to make rather than simply checking windows for tickets • 4p loss per ticket sale	This is the preferred option. The equipment should make checking PaybyPhone tickets sales easy and quick. Future improvements such as ANPR will help further.
Procure PaybyPhone and the customer covers the 5p additional cost (option2)	• Improved service for customers with minimal increased cost; • Easy for visitors and shoppers to extend their stay, supporting local businesses;	• Perception that parking fees have been increased by stealth; • Additional checks for Civil Enforcement Officers to make rather than simply	The reputational and political risk mean the preferred option is to absorb the 4p per ticket loss.

		checking windows for tickets	
	• Fewer complaints and less downtime affecting income and officer time; • Fewer ticket-dodgers who do not have change or cards for payment and gamble on not getting caught.		

6. REASONS:

6.1 PaybyPhone offers an additional payment method for car park users, addressing some of the customer feedback received regarding queues, delays and difficulty using the pay and display machines, and providing an easy way for visitors and shoppers to extend their parking ticket duration. This will help support local businesses with longer dwell time and less pressure to return to the car to either buy another ticket or leave.

6.2 Given the ongoing car parking review, it is considered that any changes to customer charges outside of that full process would be inappropriate. It is therefore proposed that no additional charge is incurred by the customer and the Council absorbs the 4p loss per ticket purchased via PbP (Option 1 above). This can be reviewed as part of the car parking review in due course. Based on the assumptions set out in section 7, Option 1 is expected to result in a marginal additional income.

7. RESOURCE IMPLICATIONS:

7.1 **Financial savings:**
The following projections have been calculated using 2019-2020 car park income data, as 2020-2021 income was severly affected by the pandemic and associated lockdown rules.

Option 1: the preferred option
We currently pay Capita 1% of all income from the pay and display machines, so this will reduce as more people use PbP, however the 1% will still be payable on the remaining card and coin transactions. Assuming 50% of people use PaybyPhone, the card transaction costs would reduce from £10,600 to approximately £5,000, resulting in a saving of £5600;

We currently pay £32,000 for coin collection, which would reduce to £18,000 due to fewer coin transactions and based on 50% take up of PbP, resulting in a saving of £14,000;

The impact of machine card payment failure on both income and issuing PCNs would also reduce, because two alternative means of payment remain available (cash and PbP). On average, it is commonplace for each machine to go down for three days in a 12 month period, resulting in lost income of approximately £12,000 per annum.

Total financial savings: £31,600

Costs:
We would lose 4p per PbP ticket bought – this would result in an estimated loss in income of £18,000 based on a 50% take up of PbP;

We have to pay 3% of income to PbP for their banking – The estimated cost of banking would be £19,000 based on 50% take up of PbP.

Total costs: £37,000

Net financial impact: cost of £6,400

Potential additional income:
If the PbP customer opts to use additional services such as the text message reminder service, the Council would receive 50% of the text message cost (10p). Estimating that 50% of PbP customers opt to use that add on service, this would result in additional income of £11,250

Potential total financial impact of option 1: saving of £4,850

Staff resource savings:
There would be fewer pay and display machines to go wrong and therefore require fixing, which would save officer time in both travelling to the machine(s) causing the complaints and fixing them.

Option 2:
The alternative proposal is that the customer pays the additional 5p per PbP ticket, of which the Council receives 1p and PbP receives 4p. Assuming 50% of customers use PbP, this model would result in additional ticket income to MCC of £4,500.

Potential total financial impact of option 2: saving of £28,350

8. **CONSULTEES:**
Car Parking team including CEOs – support the proposal have met with the provider and seen the service demonstrated
Highways Management team – support the proposal
Enterprise DMT – support the proposal as offering an improved customer service without a financial impact.
Economy and Development Select Committee has seen a presentation by PaybyPhone in November 2020 and supported the proposal for mobile phone based payments as an additional service
Procurement Team – comments summarised at para 3.9
Finance Officer – comments provided at section 7. Support the proposal.

9. **BACKGROUND PAPERS:**
None

10. **AUTHOR:**
Mark Hand (Head of Placemaking, Regeneration, Highways and Flooding) and Neil Rosser, Car Parks and Civil Enforcement Manager

11. **CONTACT DETAILS:**
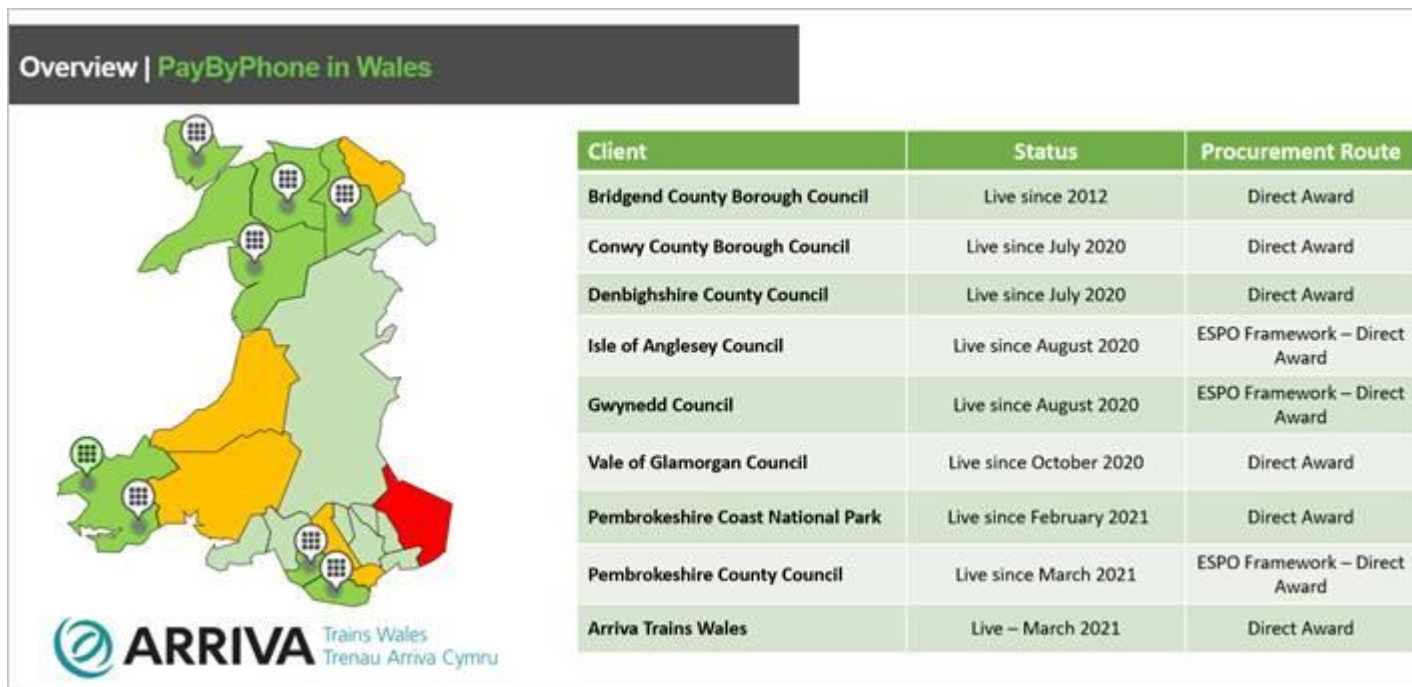**E-mail: markhand@monmouthshire.gov.uk/ Tel**: 07773 478579

Appendix 1: Information about PaybyPhone
Appendix 2: SWOT analysis
Appendix 3: Wellbeing of Future Generations Equalities Impact Assessment

Appendix 1: Information about PaybyPhone

PaybyPhone is currently live in 7 different Welsh LA, as you can see from the map below those councils in green are currently live with PayByPhone:


Overview | PayByPhone in Wales

Client	Status	Procurement Route
Bridgend County Borough Council	Live since 2012	Direct Award
Conwy County Borough Council	Live since July 2020	Direct Award
Denbighshire County Council	Live since July 2020	Direct Award
Isle of Anglesey Council	Live since August 2020	ESPO Framework – Direct Award
Gwynedd Council	Live since August 2020	ESPO Framework – Direct Award
Vale of Glamorgan Council	Live since October 2020	Direct Award
Pembrokeshire Coast National Park	Live since February 2021	Direct Award
Pembrokeshire County Council	Live since March 2021	ESPO Framework – Direct Award
Arriva Trains Wales	Live – March 2021	Direct Award

Additionally, I'm currently in talks with 5 additional welsh councils (amber in the map) who are interested in introducing PayByPhone at different stages of the year, Flintshire and Ceredigion will be the next councils to launch our solution in Wales as they are keen to have the service up and running in time for the summer.

Furthermore, last month PayByPhone launched across all Arrive Trains Wales locations, so our solution is now available across the whole of Wales in 25+ locations, one of those being in Monmouthshire. As you can see from the above graph, the way that the councils and entities have

procured for our solution has been varied, depending on the value of the contract they have chosen to either go through a direct award or the ESPO Framework and Direct Award to PayByPhone that way.

With regards to the performance and reception of our solution, when we launched in North Wales last August across four neighboring authorities we process over 60K transactions and for that month PBP was the preferred method of payment for motorists across all four councils – see stats below.
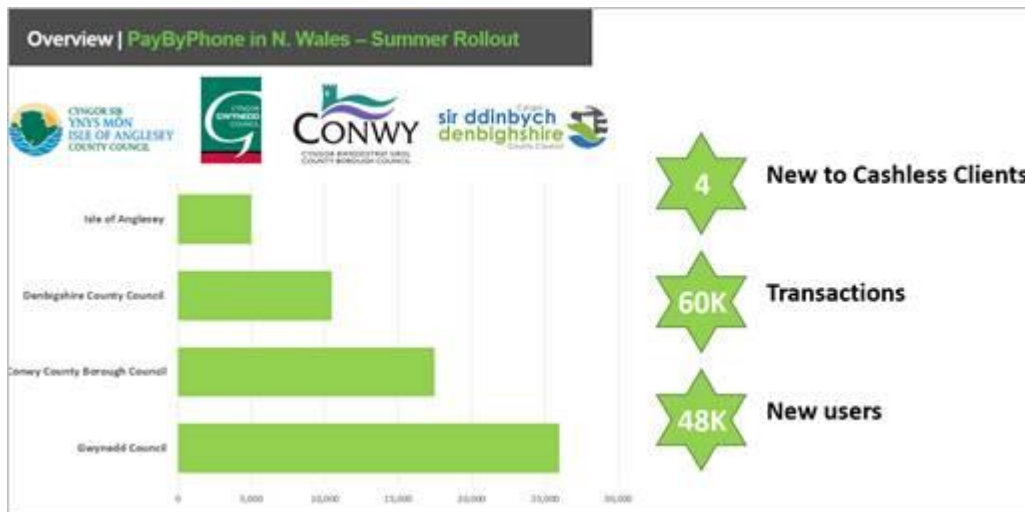
Due to the current climate and motorists being extremely conscious of handling cash, minimising touchpoints to prevent the spread of COVID-19 is crucial. Therefore, PayByPhone is working very closely with all our clients to provide adequate signage and a bespoke marketing campaigns for every council aimed at helping them tackle the spread of COVID-19 and raising awareness of the many benefits of using a cashless solution when paying for their parking through our 'No need to queue, No need to Touch' campaign:

Appendix 2: SWOT analysis

Strengths	Weaknesses
- PayByPhone has already expanded within Wales in the last 12 months they are currently contracted to a number of LAs - There is no need for new machines of any description at any sites. The most that would be required is a booster if the signal strength is not adequate. Boosters are supplied at the expense of PayByPhone not MCC. - Having spoken to other LAs, PayByPhone has been a benefit to them in many ways (please see main body of the report for details) - PayByPhone works with a user-friendly app that can also advertise events and tourist attractions upon opening, or be used for MCC comms; - Paying for car parking will be made easier with less scope for errors. This will make visits to our towns more positive experiences and give a better first impression for tourists; - The customer can extend their stay without returning to the vehicle. Easy to use software is installed on the CEO's handsets, which will alert them to out of time tickets. - PayByPhone has an excellent reputation for its services and this could increase the reputation of MCC through its parking services section; - PayByPhone is one of only two companies that currently offers a bilingual (Welsh language) service	- The new CEO handheld software and back office functions will be new to the department and require additional training for staff. PayByPhone offers this training free of charge. - The more LAs that are signing up to this solution the further down the waiting list MCC will become. - Other LA's are already offering this service, which is believed to be a step towards boosting their economy and helping local businesses. - The public would have to become used to the new method of paying for parking, though pay and display machines will remain for the foreseeable as an alternative for those that which to use them. - There's a perception that older people are less willing or able to use this technology, however experience elsewhere suggests this is not necessarily the case.
Opportunities	**Threats**
- PayByPhone are already looking at technological advances. ANPR is already being trailed and will be operational on the CEO's handhelds and will speed up the process of checking vehicle owners have paid and displayed - Customers will become used to this method of payment and be able to extend stays without returning to the car. Also having no contact with any equipment such as Pay and Display Machines. - The Pay by Phone solution is ever growing in the UK, having been expedited by the threat	- It is possible that not all customers will be happy with the technological approach, however coin and card payment will remain as options. - That other LA's will continue to adopt this approach and MCC will be left behind.

of Covid 19. MCC would be a part of this ever growing technological advancement, keeping up to date with other LAs for a consistent approach for visitors. • Acknowledging market demand and giving car park users what they have requested. • Any form of pay and display machine failure renders car parking enforcement impossible. Pay by Phone gives users an alternative method of payment to alleviate having to obtain cash for the machines and thereby increasing the possibilities of contracting Covid 19. Also allowing enforcement to continue with this alternative payment method being available. • Environmental impact is lessened as there will not be such a demand for the pay and display tickets and power for the machines. • Reduced queuing to use the pay and display machines, which has been a cause of many complaints for us for nearly 2 years now.	