



**CAR PARKING PAYMENT METHODS AND UPDATE ON INTERNAL  
AUDIT ACTIONS  
REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY  
DIRECTION)**

**WARDS AFFECTED: HINCKLEY & MARKET BOSWORTH.**

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1. **PURPOSE OF REPORT**

To provide information about different parking payment methods requested by Members of this committee.

To update members on the actions recommended by Internal Audit.

2. **RECOMMENDATION**

That Members note the different payment systems and Officers current assessment that pay and display offers the most cost effective payment collection system for HBBC car parks.

That Members note progress with implementation of internal audit recommendations, and that all recommendations have now been implemented.

3. **BACKGROUND TO THE REPORT**

**ALTERNATIVE PAYMENT METHODS**

The Finance, Audit and Performance Committee requested information of different payment methods for HBBC car parks. All the methods detailed below have previously been fully explored by Officers and rejected primarily due to costs involved either for the car park user or the Council. Whilst these systems may be financially beneficial for councils with larger parking operations they are not viable for the size of our operation. In addition, parking provision in town will be changing significantly in the new 2 years, and Officers are seeking to reduce costs where possible to offset any reduction in income.

**Payment by Mobile Phone** – This has been explored jointly with the Hinckley BID previously and rejected.

**Benefits:** Customers do not have to have the right coins and can extend their stay without returning to their car.

**Additional costs:**

**To Council:** Technology for Parking Enforcement Officers: £1020 set up plus £848 pa revenue; Set up costs of @£1600. Merchant banker costs incurred by the Council (up to 8.8% of the amount paid)

**To Customer:** The customer is charged 20-30p per use; 10p for a reminder text and 10p to extend their stay.

**Conclusion:** Given that 80% of the tickets purchased are for £1 or less, take up by customers will be low as paying by phone will cost them considerable more than payment at the machine. Costs would also increase by 8.8% where customers pay by phone. **Costs prohibitive – not recommended.**

**Payment by Debit/Credit Card** - this has been explored previously but rejected due to cost of replacing machines.

**Benefits:** Customers do not have to have change before parking

**Additional Costs:**

**To Council:** Purchase of new pay and display machines £48,450 (£2850 x17) machines; merchant banker fees apply per transaction (typically 20-30p per transaction); telephone connection and charges per machine estimated at £4080 pa.

**Conclusion:** Consider when pay and display machines require replacement.

**Costs out weigh benefits whilst current machines are all operating successfully.**

**Payment on Foot /exit** - explored previously but rejected as installation and operation of a Pay on Foot system will cost considerably more than Pay & Display in a small car park and the space needed by the entry and exit lanes will be disproportionately high. Pay on Foot is rarely installed in car parks below 100 spaces. NB Only Mount Road has more than 100 spaces (109).

**Benefits:** Customers are able to shop for as long as they want

**Additional costs:**

**To Council:** tickets more expensive; spaces will be lost to allow for barriers thus reducing revenue; ongoing electricity and maintenance costs for each barrier; a typical cost to install a pay on foot system with 1 entry and 2 exit lanes, and 2 pay stations has been estimated at in excess of £100,000; 24 hour release payment and call out systems required. Estimated revenue required per year £20,000.

**To the customer:** customers have to pay for time spent searching for a space in addition to time parked, release charges for lost tickets, charges need to be made to blue badge holders (currently free).

**Conclusion: Costs prohibitive.**

## **UPDATE OF INTERNAL AUDIT ACTIONS**

Finance and audit committee requested an update on recommendations identified from the internal audit review of car parks which took place in September 2013.

**Recommendation 1:** Council should formalise its current arrangements with the Metric Group Ltd for maintenance of pay and display machines.

Update: Metric are the sole supplier for this service. Benchmarking with other LA's has demonstrated we are achieving value for money. New annual maintenance agreement will commence 1/4/2014.

**Recommendation 2:** Recorded reconciliation of maintenance reports and invoices for pay and display machine maintenance.

Update: Invoices reconciled from October 2013.

**Recommendation 3:** The contract for cash collection, counting and banking should be subject to market testing.

Update: Market tested. New contract with existing supplier implemented from September 2013. The banking contract is market tested every 5 years

**Recommendation 4:** The cash collection rota should be amended to address the discrepancies identified.

Update: Rota amended October 2013.

**Recommendation 5:** The Council should discuss error rates in cash collections and banking with the contractor to establish what improvements can be made.

Update: Error rates are monitored by the Car Parks Officer. End of year errors to be reported to the contractor and meeting arranged to seek improvements. Bank has been contacted to investigate the cause of any discrepancies.

**Recommendation 6:** A recorded monthly reconciliation procedure to confirm the amount of cash collected and banked by Kings agrees to the Council's Bank statements needs to be put in place. There should be a supervisory evidenced review of the reconciliation.

Update: Reconciliation procedure commenced October 2013.

**Recommendation 7:** Recorded reconciliation of cash collection invoices

Update: Invoices are checked against the collection sheets and a note is recorded within the Civica system. Implemented October 2013

**Recommendation 8:** Invoices from the Metric Group should only be received and paid for after the agreed maintenance of machines has been completed and verified.

Update: Reconciliation of invoice recorded on Civica before invoice is authorised. Implemented October 2013.

#### 4. FINANCIAL IMPLICATIONS [IB]

##### Payment methods

Estimated costs for alternative payments methods are summarised in the table below:-

	One off cost	Annual cost
	£	£
Payment by mobile	2,620	8.8% of income received
Debit card	48,450	4,080 plus 20-30p per transaction
Payment by foot	100,000	20,000

On the basis that all of the above are deemed capital outlays, all expenditure will require financing. Based on the amounts, these would typically be financed from revenue or through borrowing. The estimated annual cost of borrowing including interest is set out in the table below:-

	Asset Life	Cost
Debit card	5	£11,100
Payment by foot	10	£13,820

One off costs and annual revenue costs would need to be approved in accordance with financial procedure rules

It is not anticipated that offering any of these methods of payment will lead to increased income generation from car parks. Payment on foot would reduce the

number of spaces available and thus reduce income. Given the costs involved, the net cost of providing the car parks service will increase.

#### Internal Audit Recommendations

Finance staff forward data for cash postings to the car parks team on a monthly basis to ensure officers can conduct reconciliations.

5. LEGAL IMPLICATIONS [EC]

None raised directly by this report.

6. CORPORATE PLAN IMPLICATIONS

Car parks contribute to the corporate plan aims of sustaining economic growth and the income generated contributes to providing value for money services.

7. CONSULTATION

Not applicable to this report.

8. RISK IMPLICATIONS

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Increased costs resulting from introduction of different payment methods for car parking	Ensure costs of payment methods are proportionate to the size of the car parking operation.	Caroline Roffey

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

Whilst some payment methods may offer greater choice to customers, all those investigated add additional costs which if passed onto the customers would result in higher pay and display charges which may have an impact on car park usage, the overall revenue received, and the vibrancy of Hinckley town centre.

Some of the payment methods will also necessitate the introduction of charges for blue badge holders.

10. CORPORATE IMPLICATIONS

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications

- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

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Background papers: None

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