

NON EXEMPT

HAVANT BOROUGH COUNCIL

CABINET

3 February 2016

RELEASE OF CAPITAL FUNDING TO PROCURE NEW PARKING METERS

Parking and Transport Manager

FOR DECISION

Portfolio: Cabinet Lead – Cllr Tony Briggs

Key Decision: Yes

1.0 Purpose of Report

- 1.1** To approve the release of Capital funding to allow for the procurement of new parking meters across the Borough.

2.0 Recommendations

- 2.1** The full amount of funding £201,168 is released to enable the procurement of new parking meters as set out at Option 4 below.

3.0 Summary

- 3.1** HBC currently has 27 pay and display car parks across the Borough including Beachlands. Within these pay and display car parks there are currently a total of 52 Cale parking meters.
- 3.2** These parking meters are now over 10 years old and no longer provide the data required to enable a fully comprehensive review of charges. This data includes number of paid parking sessions, quantity parking sessions paid for at a particular time of day, day of the week and month of the year.
- 3.3** Both the parking meters and spare parts for repairs are now no longer manufactured.
- 3.4** There is currently an average annual income of £1,098,000.00 taken via these meters.
- 3.5** The existing meters only take coin payment
- 3.6** The team is currently trialling a new meter in Civic Centre East with card payments in addition to coin.

4.0 Subject of Report

- 4.1** This report recommends a full replacement of all parking meters across the Borough. Other options have been considered and rejected as set out below.

Option 1 – Do nothing

- 4.2 The current meters and spare parts for repairs are no longer manufactured. On average there are ten meter faults per month. The result of this being that a total meter failure could be imminent resulting in a loss of income to the Council. On average there are ten meter faults per month.
- 4.3 Meter reinstatement in Beachlands car parks is due to be set up by March 2016. Experience shows that the meters kept in storage will result in faults once reinstated. This increases the likelihood of meters becoming redundant.

Option 2 – Rolling replacement of existing meters

- 4.4 Existing meters will continue to deteriorate and maintenance costs associated with repairs are likely to increase. This will result in a steady loss of income to the Council. The lack of data available for reviews will remain lost and only partial data would be available to use from the replaced machines.
- 4.5 A rolling replacement programme will incur additional costs in comparison with a full replacement of all meters as less meters will be purchased at a time.

Option 3 – Remove all meters and use pay by phone option only

- 4.6 This option requires a small initial capital cost however, it significantly limits the options available to the public which is likely to result in a reduction in income.

Option 4 – Full replacement of all meters

- 4.7 This option provides a number of benefits. Customers have a choice of payment options. Data will be available to help shape future delivery of the service. Maintenance costs will be kept to a minimum.

Advantages

- Parts and replacements readily available
- Offer of more payment channels for the customer – Chip and pin and wave and pay
- Possible reduction in cash collection costs due to other payment options being used
- Initial saving in maintenance costs and little would be required
- Ability to utilise better insight data of many types from the meters remotely
- Ability to update and upgrade meters in future
- Better price when procuring due to number of meters being purchased and can use a framework

- Increased reliability compared to old meters
- Reduction in visits to meters due to alerts set in remote back office software
- Solar powered so reduction in carbon emissions and electricity usage

Disadvantages

- Larger initial capital costs
- Ongoing costs for software

5.0 Implications

5.1 **Finance:** The cost for the recommended option is £201,168 (See Appendix 1 for estimated costs)

5.2 **Legal:** There is a framework from which the meters can be procured (ESPO 509 Parking Management Solutions) therefore this in no requirement for a EU procurement

5.3 **Strategy:** These proposed processes and charges support the following themes set out in the Corporate Strategy; financial sustainability, innovation and creativity and public service excellence.

5.4 **Risks:** The risks associated with not replacing the meters are:

- The Council could lose the mechanism for making charges within the car parks therefore potentially reducing the income by up to £1,098,000 as the machines become redundant
- Results in poor customer service
- Increasing maintenance costs
- No insight data available to enable review of charges or customer usage and trends
- More staff down time checking meters prior to calling out contractor meaning loss of enforcement time and income

The risks associated with replacement of the meters are:

- Issues with linking the IT and remote web based options with Hampshire IT infrastructure
- Depending on choice of manufacturer the new meters become quickly out-dated

5.5 **Communications:** Once agreed all stakeholders

5.6 **For the Community:** It is anticipated that the new meters will provide an enhanced service, which is more efficient than current provision being provided. It will allow for the public to utilise a choice of payment channels.

5.7 **The Integrated Impact Assessment (IIA) has been completed and concluded the following:** There are no concerns about the proposals having a differential impact, unless option 4 was to be implemented and there then would be an impact on customers with no mobile phones or the inability to use them.

6.0 **Consultation** This report has been produced in consultation with the following:

Simon Little – Service Manage - Finance

Appendices: **Appendix 1 – Financial Appraisal**

Background Papers:

Agreed and signed off by:

Legal Services: 26 January 2016

Executive Head of Governance & Logistics: 26 January 2016

Relevant Executive Head: 20 January 2016

Portfolio Holder: 20 January 2016

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FULL METER REPLACEMENT

	Year 0 £	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £
Implementational Costs						
New Machines	(188,188)					
Spare Boxes	(7,592)					
Modem per box	(4,888)					
Credit card set up	(500)					
Subtotal	(201,168)	0	0	0	0	0
Ongoing Costs						
Machine Maintenance-New machines			(15,496)	(15,496)	(15,496)	(15,496)
Sim card and back office-new machines		(6,240)	(6,240)	(6,240)	(6,240)	(6,240)
Tariff upgrade if required-new machines			(280)	(280)	(280)	(280)
Subtotal		(6,240)	(22,016)	(22,016)	(22,016)	(22,016)
Ongoing Savings						
Machine Maintenance-Old machines		14,800	22,200	29,600	37,000	44,400
Subtotal		14800	22200	29600	37000	44400
Ongoing Income Generation						
Potential increased income from increased methods of payment		5,325	10,650	10,650	10,650	10,650
Subtotal		5,325	10,650	10,650	10,650	10,650
Total	(201,168)	13,885	10,834	18,234	25,634	33,034

Payback Period Calculation

Total	(£ 201,168)	£ 13,885	£ 10,834	£ 18,234	£ 25,634	£ 33,034
Net Costs Undiscounted	(£ 99,500)					
Payback Period	No Payback Years					

Payback calculated on Rate of Return on Short Term Cash Investments

<i>Discount Rate 0.681%</i>	1.0000	0.9932	0.9865	0.9798	0.9732	0.9666
Net present value at 0.681%	(£ 201,168)	£ 13,790	£ 10,690	£ 17,870	£ 24,950	£ 31,930
Payback Period	No Payback Years					