

Approval to use ESPO Framework 509 Parking Management Services, Lot 3 Cashless Parking Solutions, to appoint a provider for mobile phone systems payment services

Date: 24th August 2022

Report of: Parking Manager, Communities Housing and Environment

Report to: Chief Officer Elections & Regulatory

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

To authorise the use of the ESPO framework 509 Parking Management Solutions and approve an award of contract mobile phone payment systems with PAYBYPHONE LIMITED, for 2 years with 2 optional extensions of 12 months each, under the terms of ESPO 509. The contract will commence on 10.1.23. The estimated value of the contract is £60,000 per year.

Recommendations

- a) To authorise the use of the ESPO framework 503 Parking Management Solutions and approve an award of contract mobile phone payment systems with PAYBYPHONE LIMITED, for 2 years with 2 optional extensions of 12 months each, under the terms of ESPO 503. The contract will commence on 10.1.23. The estimated value of the contract is £60,000 per year.

What is this report about?

- 1 The Council budgets to collect about £9m per year in parking fees. About half comes through cash payment in parking machines and the other half through Ring go which is a product provided by Park Now. About 2 million transactions annually are made using the service. Due to problems with theft there are 6 tariff areas (out of 14 areas in total) without machines meaning that all payments are processed using the system. It is therefore essential that the Council continues to provide this service.
- 2 There have been some issues with customer service with the current provider during the contract. In particular, their service is now fully automated and there is no opportunity for a customer to speak to somebody. In many cases the customer contacts the Council instead meaning that we are dealing with the call instead of the company. PAYBYPHONE LIMITED continue to provide a call centre to deal with these enquiries.
- 3 The company is well established in the market with several core cities and London boroughs under contract. The major set up cost for a transfer of providers is for the metal signage that is a legal requirement in on street locations where cashless parking is the only payment method available. We have about 800 of these signs in Leeds. For shorter contracts these signs are charged at £55 each but for arrangements of 2 years and longer this charge is waived by PAYBYPHONE LIMITED. Therefore a 2-year contract is proposed, with 2 optional 12-month extensions to allow for a longer arrangement if this is deemed suitable at the time.

What impact will this proposal have?

- 4 There will be some disruption with a change of provider as existing customers need to re-register with the new company. However many Leeds users will already be registered as a result of using the service elsewhere (it is used in North Yorkshire, Sheffield and Manchester for example), and the company carry out a publicity campaign to encourage take up before the go live date. We have experience of this process in Leeds when the product changed from Parkmobile to Ringgo in 2020 and there were no complaints received.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

Yes

No

- 5 No formal consultation has taken place. However there has been a rise in complaints about the current provider and this has been taken into consideration.

What are the resource implications?

- 6 Card payments are typically split into 2 elements, a transaction fee which is charged by the software provider for handling the transaction, and a banking fee which is charged by the bank for providing the funds. Usually the transaction fee is fixed whilst the banking fee varies according to the provider and is usually based on a percentage of the value. The Council passes these costs on to the customer who pays a 15p fee to use the system.
- 7 The Council pays the banking fee through our own corporate provider, so the costs involved in this contract are the transaction fee and the signs that need to be displayed to advise the

customer. There are 10 companies listed under the relevant Lot of the ESPO Framework (Lot 3) which is entitled Cashless Parking solutions. Most of the companies listed offer car park based systems which are not suitable for on street parking, for example camera based ANPR of the type used in retail car parks, or cannot show experience of managing high volume local authority contracts. There are 3 main providers with a suitable product.

8 The price comparison has been calculated on 2 million transactions and 800 metal signs.

Supplier	Transaction cost	Annual transaction cost	Signage	Total
Just Park	6p	£120,000	£44,000	£164,000
Park Now	5p	£100,000	£0	£100,000
PAYBYPHONE LIMITED	3p	£60,000	£0	£60,000

9 The current contract is at 5p a transaction so this represents a 40% saving.

What are the key risks and how are they being managed?

10 The main risk would be a service failure which puts the Council's income at risk. However this is not considered a significant risk as we are using an experienced supplier. The parent company of PAYBYPHONE LIMITED is Volkswagen so they are financially stable. The ESPO Framework is OJEU compliant and ESPO will have undertaken due diligence checks when appointing Park Now onto the Framework.

11 The operation of pay parking generates significant revenue for the Council. Pay parking is also part of the traffic management plan for the City which aims to tackle congestion, reduce travel times, encourage public transport use, and improve air quality.

What are the legal implications?

12 This is a significant operational decision, and it is not subject to call in.

Options, timescales and measuring success

What other options were considered?

13 The Council does not have the capacity to carry out this work ourselves, so the options were to use the ESPO or carry out our own tender exercise. There are considerable administrative savings in using the ESPO and the prices are considerably lower than those paid by the Council when we carried out our own procurement in previous years.

How will success be measured?

14 The system needs to operate so that it is convenient for customers and the service with the parking fees collected and allocated correctly. The payment data needs to link with the enforcement system in real time so that penalties are not issued in error. Parking services will monitor performance to ensure that this is done.

What is the timetable and who will be responsible for implementation?

15 The current contract ends on 9.1.23

Appendices

- Equality Impact Assessment.

Background papers

- None