



CABINET

15TH FEBRUARY 2018

AGENDA ITEM (10)

CAPITAL EXPENDITURE - UPGRADES TO PAY AND DISPLAY MACHINES

Accountable Member	Councillor C Hancock Cabinet Member for Enterprise and Partnerships
Accountable Officer	Claire Locke Head of Environmental and Commercial Services 01285 623000 claire.locke@cotswold.gov.uk

Purpose of Report	To note the implications of a change in legislation relating to unattended chip and pin machines and, as a result, consider the allocation of capital for upgrading pay and display machines across the District.
Recommendation(s)	(a) That the current pay and display machines in the Council's car parks be upgraded to enable them to continue to accept card payments in line with the new legislative requirements; (b) that the current card payment mechanisms be updated to enable chip with no pin, plus 'wave and pay' options; (c) that the requirements of the Council's Procurement Rules be waived to enable the contract for such work to be awarded to Metric as no other supplier can upgrade the existing (Metric) machines.
Reason(s) for Recommendation(s)	Changes to legislation will come into force in June 2018 regulating unattended chip and pin payments made at pay and display machines.

Ward(s) Affected	Abbey; Bourton Vale; Bourton Village; Four Acres; Moreton West; St. Michael's; Stow; Tetbury with Upton; Watermoor
Key Decision	No
Recommendation to Council	No

Financial Implications	The Council has set aside funding in the capital programme for car park improvements, with £300,000 being available for 2017/18. From this, £74,000 was allocated to The Beeches Car Park, Cirencester and, under the previous item on this agenda, a sum of £58,450 is being sought for resurfacing improvements to two Car Parks in Tetbury. If this allocation is approved, the available capital balance for 2017/18 will be £167,550.
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	<p>The cost of each identified option (see paragraph 3.1) is as follows:-</p> <table border="1" data-bbox="561 129 1445 741"> <thead> <tr> <th data-bbox="569 141 780 230">Option</th> <th data-bbox="788 141 1274 230">Description</th> <th data-bbox="1282 141 1437 230">Estimated Capital</th> </tr> </thead> <tbody> <tr> <td data-bbox="569 241 780 539" rowspan="3">A - Upgrade</td> <td data-bbox="788 241 1274 331">(i) Enable 'chip, no pin' and 'wave and pay'</td> <td data-bbox="1282 241 1437 331">£56,000</td> </tr> <tr> <td data-bbox="788 342 1274 472">(ii) Reinstate compliant chip and pin services (29 upgrades and 6 new machines)</td> <td data-bbox="1282 342 1437 472">£82,000</td> </tr> <tr> <td data-bbox="788 483 1274 539">(iii) Enable wave and pay only</td> <td data-bbox="1282 483 1437 539">£56,000</td> </tr> <tr> <td data-bbox="569 551 780 640">B - Replace machines</td> <td data-bbox="788 551 1274 640">33 machines at approximately £4k each</td> <td data-bbox="1282 551 1437 640">£132,000</td> </tr> <tr> <td data-bbox="569 651 780 741">C - Cease card payments</td> <td data-bbox="788 651 1274 741">Fix metal plates to cover card mechanisms</td> <td data-bbox="1282 651 1437 741">£2,000</td> </tr> </tbody> </table> <p data-bbox="561 752 1445 864">It is recommended that option A (i) be pursued and the cost of £56,000 be met from the existing capital allocation for parking improvements in 2017/18.</p> <p data-bbox="561 875 1445 987">The above costs are for hardware and software. Associated banking fees should be comparable to existing costs and, therefore, should be able to be met from the existing parking revenue budget.</p> <p data-bbox="561 999 1445 1099">The Council has set aside further capital funding for car park improvements - for 2018/19 in the sum of £100,000 and for 2019/20 a sum of £150,000.</p>	Option	Description	Estimated Capital	A - Upgrade	(i) Enable 'chip, no pin' and 'wave and pay'	£56,000	(ii) Reinstate compliant chip and pin services (29 upgrades and 6 new machines)	£82,000	(iii) Enable wave and pay only	£56,000	B - Replace machines	33 machines at approximately £4k each	£132,000	C - Cease card payments	Fix metal plates to cover card mechanisms	£2,000
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<p>Legal and Human Rights Implications</p>	<p>There are no Human Rights Implications.</p> <p>The Council cannot continue to offer currently configured chip and pin card services at pay and display machines once the legislation changes are enacted in June 2018.</p>																
<p>Environmental and Sustainability Implications</p>	<p>If the current pay and display machines are replaced, the existing machines may be able to be sold on the open market; however, if a buyer is not found, they would need to be destroyed with little opportunity for recycling of the parts due to the complex build and multiple component materials. Therefore, if achievable, the sale option is preferable in terms of environment and sustainability.</p>																
<p>Human Resource Implications</p>	<p>The changes will be managed by the existing parking team, in partnership with the contractors.</p>																
<p>Key Risks</p>	<p>It may not be possible to upgrade all of the Council's pay and display machines as there are a number of different models in operation.</p> <p>The use of card payments reduces the amount of cash used in transactions which reduces the risk of financial losses to the council from thefts.</p> <p>There is limited risk to the customer from misuse of wave and pay or chip, no pin technology as these payment methods limit the spend to £30 and the highest tariff in the Council's car parks is £12 for multiple days in the Beeches car park, Cirencester.</p>																

Equalities Analysis	Removing the necessity to key in a pin number would be an advantage to those with less dexterity in their hands and, therefore, would improve the service to this group of people.
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Related Decisions	None
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Background Documents	None
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Appendices	None
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Performance Management Follow Up	(i) Implement Cabinet decision(s). (ii) Pay and display machines are monitored daily by the Council and its agents. Car Park performance is reported quarterly to Head of Service and Cabinet Member.
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Options for Joint Working	Not applicable.
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Background Information	
1. <u>Current Position</u>	
1.1 All charged car parks in the District have pay and display machines. The payment options available at all car parks are cash (coin only) and via mobile phone; with payment by card available at the majority of sites. Of the 33 machines, 29 are card enabled, allowing payment by credit and debit cards with pin numbers. The 4 machines with no card readers are relatively new and were purchased in a short time period (due to vandalism and theft) in 2016.	
1.2 The majority of payments are made by cash - 83%; 8% via phone; and 9% by card at the machine. Each payment method has associated costs for the Council.	
2. <u>Reason for Change</u>	
A new regulatory change comes into force in June 2018 which impacts on all unattended (no sales person present) chip and pin devices. The existing chip and pin units in the Council's pay and display machines do not comply with the new regulations, are no longer supported by the manufacturer, and must therefore be replaced or removed. The current card readers cannot be upgraded.	
3. <u>Options</u>	
3.1 The following options have been identified:-	
<ul style="list-style-type: none"> • Option A - Upgrade the existing machines - the current card payments are made by inserting a card into the reader then keying in the pin number. This means the machine has 2 units; the reader and the pin pad. The machines can be upgraded in a number of ways:- <ul style="list-style-type: none"> (i) Replacing the current system with a card slot that does not require a pin number, and in addition a small plate which enables 'wave and pay' (contactless). These upgrades will require capital investment of £56,000 to enable 'chip, no pin' and 'wave and pay'. This upgrade should be compatible with all our machines. This option introduces 'wave and pay' which is becoming a more and more frequently used payment method and is very quick and easy for the customer. 	

(ii) Upgrading the majority of the existing machines with a different card reader and pin pad with associated new software, at an estimated cost of £82,000. The new units are a different size, so the machines will require modifications. The 6 machines in the Brewery Car Park are a slightly different model and cannot be modified. £82,000 includes £24,000 for 6 new machines to enable compliance.

(iii) Upgrading machines with 'wave and pay' only, at an estimated cost of £56,000. This removes the option to insert a card to make a payment. These upgrades should be compatible with all our machines and may cost slightly less than option A (i) due to less equipment. However, it is known that some people do not like the principle of, or use, contactless, largely due to security concerns.

- Option B - Replace all current machines with custom-built machines with latest technology. This option will have the longest lead time as there would be a tender process to replace the current stock, including ground works and down time. For total replacement, the cost will be in the region of £132,000. The majority of machines were purchased in 2014, and are expected to have a 10 to 12 year life expectancy. This would enable all 3 payment options at all locations.
- Option C - Remove the option to pay by card at any location/machine. There is no anticipated capital spend, and we would remove the card slot and plate over the machines at a total cost of £2,000. All locations would then have 2 payment options - to pay by cash or via mobile phone (text, call or via an app).

3.2 The existing machines were supplied by Metric following a procurement process. Each supplier manufactures a unique product and, whilst their functionality may be the same, the design and size of fittings are different. Consequently, only the manufacturer of the machine can provide upgrades. This means that, if an upgrade option is supported, the Cabinet would have to agree to waive the Council's Procurement Rules - however, the circumstances of the situation meets a stated ground on which a waiver can be authorised.

3.3 Option A (i) is preferred as it provides a more affordable and environmentally-sustainable option than replacement, whilst offering the customer continued payment choices. By offering both 'chip, no pin' and 'wave and pay' options, the Council would be offering card payments as a choice for those with and without the 'wave and pay' technology in their cards. This option is also preferable to A (ii) as there is no need to either remember a pin number, or to key it in (so it is easier to use for those with dexterity problems).

(END)