

## Project Appraisal and Scrutiny Committee Recommendation

<b>Project Name</b>	Upgrade to Chip & pin facilities within car parks
<b>Committee</b>	Environment Scrutiny
<b>Portfolio</b>	Climate Change and Growth
<b>Committee Date</b>	Urgent decision
<b>Executive Councillor</b>	Clare Blair
<b>Lead Officer</b>	Sean Cleary

### Recommendation/s

#### Financial recommendations –

The Executive Councillor is asked to recommend this capital scheme (which is not included in the Council's Capital Plan) for approval by Council and for incorporation in the medium term strategy.

Executive councillor is asked to recommend the expenditure of these funds once incorporated in the capital plan

- The total capital cost of the project is £80,000, and it is proposed that this funded from car parks equipment R&R fund
- There are no revenue implications arising from the project.

#### Procurement recommendations:

- The Executive Councillor is asked to approve the carrying out and completion of the procurement of implementation of chip and pin payment equipment and software upgrade at all of the Cambridge City Council car parks.
- If the quotation or tender sum exceeds the estimated contract value by more than 15% the permission of the Executive Councillor and Director of Finance will be sought prior to proceeding.

## 1 Summary

### 1.1 The project

*Provide a brief description of what the project is (ie what will be purchased/created).*

Target Start date	<b>February 2011</b>
Target completion date	<b>Grand Arcade March 2011 Other car parks September 2011</b>

### 1.2 The Cost

Total Capital Cost	<b>£80,000</b>
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Capital Cost Funded from:

Funding:	Amount:	Details:
Reserves	<b>£0</b>	
Repairs & Renewals	<b>£0</b>	
Section 106	<b>£0</b>	
Other	<b>£80,000</b>	<b>LAPE surplus</b>

Revenue Cost

Year 1	<b>£0</b>
Ongoing	<b>£0</b>

### 1.3 The Procurement

It is proposed that the Council will enter into three contracts as follows:

- a. The chip and pin equipment for the Grand Arcade car park will be sought from the existing supplier at this site, EA Amano, to maximise the benefit of the Council's long-term maintenance agreement with this contractor. The value of this element of the project is estimated to be £40,000
- b. It is proposed that the upgrade of the Parkeon equipment at the Council's other car parks will be carried out by Parkeon to ensure compatibility with the existing equipment and to maximise the benefit of the existing long-term maintenance agreement. The value of this element of the project is estimated to be £40,000

It is for these reasons that an exemption under 5.1.5C of the Contract Procedure Rules will be sought from the Director of Environment to allow us to implement the above arrangements.

- c. The upgrade of Grand Arcade involves entering into a temporary contract for a period of approximately 8 months for the delivery of card processing payments to cover the period from implementation to the completion of a card payment processing tender exercise and the appointment of a single supplier to manage all our card payments collectively across all car parks.

The approximate value of the temporary contract which is expected to last for approximately 8 months is £34,850.

A waiver will be sought to permit this contract to go ahead without the requirement to request quotations or to go out to tender so that the Grand Arcade can be added to the arrangements in place with Six Card Solutions for the remaining car parks. Given the short duration of this contract this is considered to be the most cost effective solution.

## **2 Capital Project Appraisal & Procurement Report**

### **2.1 What is the project?**

The project is to install and upgrade Cambridge City Council's car parks existing pay stations and systems software with the latest

chip & pin equipment in order to be compliant with Payment Card Industry (PCI) regulations that will come into effect as of December 2011. PCI Compliance is the Payment Card Industry Data Security Standard, a worldwide benchmark mandated by card schemes for the protection of cardholder identity and transaction information.

If Cambridge City Council is not compliant with the standard the authority could face substantial fines imposed by card schemes or be permanently barred from accepting card payments, should a security breach occur.

Grand Arcade car park currently only accepts card payments by magnetic strip. However, the processing bank will not continue to accept these after March 2011. Therefore, the Grand Arcade car park must be chip and pin compliant by this date.

The remaining multi-storeys & 2 pay & display car parks already accept chip and pin but this equipment needs to be upgraded to be fully PCI compliant by November 2011. It is therefore recommended that all work be carried out as one project.

Various alternatives to an upgrade were considered:

Grand Arcade car park

- To do nothing, meaning that we would be unable to accept any card payments after March 2011 due to being non-PCI compliant. This would have a significant detrimental impact on our customers. 35% of car parking fees are paid by card and this figure is expected to increase
- Replace all of our current equipment within the Grand Arcade car park with new equipment that would be PCI compliant but at a considerable cost to the authority

Having considered the alternatives, an upgrade (which will extend the life of the equipment by approximately 2-3 years) is recommended as the most cost effective solution.

Remaining car parks

- To do nothing, meaning that we would be unable to accept any card payments due to being non-PCI compliant after November 2011. In 2010 25% of car parking fees were paid by card
- Replacing all of our current equipment with new equipment is unnecessary as the equipment is less than 2 years old

Therefore upgrading the existing machinery and software packages into our existing equipment and meeting PCI compliances is recommended as the most cost effective solution.

Without this upgrade Cambridge City Council Car parks will be unable to continue to accept card payments. This will result in a significant financial loss and reputation to the authority, as customers will be unable to pay for their parking by using their payment cards.

Bibit, who currently process the card payments at the Grand Arcade car park will be unable to continue this function once chip and pin has been installed as they are only able to process magnetic strip payments. Bibit have been contacted to advise that our contract with them will be cancelled. No penalty fees for cancellation of contract are expected.

An alternative card handler has needed to be sourced. We currently have a contract with Six Card Solutions for this service at all our other car parks and we wish to enter into a short term interim contract with them so we can continue to accept card payments at the Grand Arcade car park. This contract would start at the installation of chip and pin at the Grand Arcade and continue to approximately September 2011 when a card processing tendering exercise will be completed allowing for one supplier to manage future card payments at all the car parks.

## **2.2 What are the aims & objectives of the project?**

The project will allow for all Cambridge City Council's car parks to continue to take chip and pin card payments and thereby protect substantial potential future revenue streams to the Council from car parking.

## **2.3 Summarise the major issues for stakeholders & other departments?**

Card payments are currently accepted in all Cambridge City Council multi story and 2 pay & display car parks. 25%-35% of parking fees are paid with cards and usage is increasing at all sites showing that this facility is important to the general public. If card

payments could not be accepted it would therefore be a significant reduction in the quality of service and resulting loss in reputation.

Without the ability to accept card payments, due to not meeting Payment Card Industry (PCI) compliance, there would be a financial impact on the authority as it has been seen previously that when we are unable to accept card payments many parking fees cannot be paid. It is possible that the inability to pay with a payment card in the car park could deter the general public from using the car parks and so in turn could affect the local economy.

## **2.4 Summarise key risks associated with the project**

The main risk that this project aims to mitigate is the risk that the Council would be unable to accept card payments if it was not compliant with PCI standards by the dates set out in this report, If we were unable to accept card payments there could be a reduction in car park usage as well as:

- A significant negative financial impact on the local economy due to a possible reduction in usage of the car parks and visitors to the City
- The general public will be unable to pay for parking by use of payment cards.
- Significant financial loss of revenue from car parking charges as a result of not accepting card payments
- The authority loss of reputation.
- Negative public relations
- Payment of parking fees by cards reduces the associated risks of holding and handling cash
- Non Payment Card Industry compliance (PCI) could result in the authority facing substantial fines imposed by card schemes or result in permanently being barred from accepting card payments, should a security breach occur

The project will deliver a much-improved security aspect with the introduction of chip and pin and the Grand Arcade, which currently does not have this and is non-PCI compliant. It also allows for a consistent approach in the management of card processing.

## 2.5 Financial implications

a. Appraisal prepared on the following price base: 2010/11

There are not any additional foreseeable cost implications

## 2.6 Capital & Revenue costs

<b>(a) Capital</b>	<b>£</b>	<b>Comments</b>
Building contractor / works	0	
Purchase of vehicles, plant & equipment	80,000	Funded from LAPE surplus
Professional / Consultants fees	0	
IT Hardware/Software	0	
Other capital expenditure		
<b>Total Capital Cost</b>	<b>80,000</b>	

<b>(b) Revenue</b>	<b>£</b>	<b>Comments</b>
	0	
<b>Total Revenue Cost</b>	<b>0</b>	

## **2.7 VAT implications**

There are no adverse VAT implications to this project

## **2.8 Other implications**

The project will deliver a much-improved security aspect with the introduction of chip and pin and the Grand Arcade, which currently does not have this and is non-PCI compliant. It also allows for a consistent approach in the management of card processing.

## **2.9 Estimate of staffing resource required to deliver the project**

In-house management team will project manage customer service related issues throughout the project. Finance and legal services are required to prepare and administer the contract for this project

## **2.10 Identify any dependencies upon other work or projects**

It will be necessary for the equipment upgrade to be completed before the software changes can be implemented. EA Armano need to upgrade their current equipment with chip and pin facilities at the Grand Arcade before the card processing company can install their software to allow for handling of card payments.

There are no dependencies at the other car parks

## **2.11 Background Papers**

N/A.

## **2.12 Inspection of papers**

Author's Name	Sean Cleary
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Author's phone No.	01223 458287
Author's e-mail:	Sean.cleary@cambridge.gov.uk
Date prepared:	27/10/10





