

## THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

**CABINET – 26 OCTOBER 2006**

### **REPORT BY THE EXECUTIVE DIRECTOR FOR TRANSPORT, ENVIRONMENT AND LEISURE SERVICES**

#### **INSTALLATION OF IMPROVED SECURITY TO PAY AND DISPLAY MACHINES**

*Cabinet is recommended to approve the virement of £276,237 from over budget Pay and Display (P and D) income to finance the supply and installation of a clam unit in all 471 high tariff P and D machines. Fitting these clam units will eliminate paper jamming of these machines and generate further financial benefits for the Council. The payback period is approximately 2 years.*

**FOR DECISION**

#### **1. INTRODUCTION**

- 1.1 The Cabinet is requested to consider a virement of funds from the anticipated over-achievement of P and D machine income to finance the supply and installation of a clam unit to each of the high tariff P and D machines. Fitting clam units will virtually eliminate the jamming of these machines and also have other financial benefits to the Council. This report supports and gives further information to the proposal contained in the Quarter 2 Budget Monitoring Report.

#### **2. BACKGROUND**

- 2.1 For several years the Council has experienced varying degrees of paper jamming of its P and D machines, resulting in loss of revenue to the Council, a reduction in machine availability, numerous complaints from residents and visitors, and additional operating costs.
- 2.2 The worst year was 2002/03 when the Council suffered a substantial loss of revenue.
- 2.3 Corrective action was taken by the Council, including an increase in the number of Metric engineers on site to service non operational P and D machines, and establishing a team of officers to patrol the Royal Borough and clear those machines jammed with paper.

- 2.4 This corrective action proved very successful for a period of time and substantially recovered the Council's financial position regarding the P and D operation. However there was a significant cost incurred in maintaining this corrective action.
- 2.5 Paper jammers have continued to be active in various parts of the Royal Borough and officers have investigated various options to frustrate the activities of paper jammers and do so at a lower cost.
- 2.6 Nose Cones were fitted to all machines between April and June 2004 at a cost £30,000. At first these reduced paper jams from 1500 month to about 100 a month, but since then the paper jams have increased again.
- 2.7 The nose cones have been a reasonable success in combating paper jammers, but their greatest benefit has been that they have prevented internal damage to the machines. Before nose cones were fitted the monthly cost for replacing damaged parts was £25,000 per month, it is now about £1,500 a month.
- 2.8 Despite the best endeavours of the Council and its officers paper jammers persist in the Royal borough, and about 250 P and D machines are jammed each week.

### **3. NEED**

- 3.1 Metric has now developed internal mechanical components for their P and D machines, which combat paper jammers, they are called clam units as they open in a clam fashion.
- 3.2 A clam unit operates in the following manner. A piece of paper is inserted into the coin slot, causing any subsequent coin to get stuck. The customer will then press the reject button on the machine, this activates the clam unit to open up and reject both the coin and the piece of paper. This action also clears the machine and it becomes fully operational again.
- 3.3 The clam units are designed so as to minimise any damage caused by jammers using wire and such like to hook out coins. They can also identify and reject almost all foreign coins,
- 3.4 Since October 2005 40 P and D machines in the Royal Borough have been fitted with clam units. Experience to date confirms that the clam units are very successful in combating paper jamming, as there has not been any paper jams in the machines fitted with the clam units.
- 3.5 The clam units have also prevented the use of most foreign coins, which currently cost the Council about £500 per week in lost revenue. In addition the number of P and D machines requiring maintenance has reduced from 40 per day to 15 per day.

### **4. OPTIONS**

4.1 The Council currently has 800 P and D machines of which 40 have been fitted with clam units. The Council has a further 60 clam unit in stock ready to be fitted. Officers are proposing to eventually fit clam units to all remaining 740 P and D machines.

4.2 Option 1

There is the option to retain the status quo, but officers are of the view that this is not desirable as it does not offer best value for money or the highest standard of service delivery

4.3 Option 2

Fit clam units to all remaining 740 P and D machines as a single project.

Following negotiation with officers Metric has advised their best price for the supply and fitting of a clam unit and new front panel is £637.44 provided the order is for a minimum of 250 units. The unit price will not decrease if the order is for 700 units.

The total cost for the supply of 700 clam units and new front panels, and fitting 740 clam units and front panel is £447,708. Metric has indicated that supply and installation could be completed this financial year if required.

4.4 Option 3

Fit the clam units in two stages as funding is made available

Stage 1 to include all 471 P and D machines in high tariff areas at a cost of £276,237. This would include using the 60 clam units currently held in stock. Stage 2 would include the remaining 269 P and D machines at a cost of £171,471.

Stage 1 could be completed this financial year with stage 2 being completed next year.

## **5. FINANCIAL IMPLICATIONS**

5.1 The total cost of the project is £447,708 – stage 1 £276,237 and stage 2 £171,471. At present there are no funds budgeted for this project.

5.2 It is proposed that stage 1 is funded this financial year by a virement of funds from the over budget P and D income that is being generated this year. Currently P and D income for 2006/2007 is £900,000 over budget on a seasonally adjusted basis (£600,000 on a straight line basis).

5.3 Virement of £276,237 from over budget P and D income to P and D expenditure to fund the supply and installation of 471 clam units (stage 1) will still enable achievement of the Quarter 1 forecast of £17,990,150 for year end P and D income, which is £500,000 over budget.

- 5.4 Once all P and D machines have been fitted with the new clam units, annual savings of at least £200,000 will be available, including:
- Reduction in annual maintenance labour and materials - £130,000 pa;
  - Reduction in the number of officers clearing paper jams - £50,000 pa;
  - Increase in revenue as foreign coins will be rejected - £20,000 pa
- 5.5 There will also be the potential for increased revenue due to greater machine availability as well as the intangible benefits from a reduction in complaints and improved on street enforcement.

## **6. LEGAL IMPLICATIONS**

- 6.1 There are no legal implications

## **7. PERSONNEL IMPLICATIONS**

- 7.1 Officers involved with clearing paper jams have fixed term employment contracts. Any reduction in staff can be absorbed within other Parking activities or through routine staff turnover.

## **8. EQUALITIES IMPLICATIONS**

- 8.1 There are no equalities implications.

## **9. RECOMMENDATIONS**

- 9.1 It is recommended that:
- a) Option 3 is approved.
  - b) Approval be given for the virement of £276,237 from P and D income for 2006/2007 to fund stage 1 of option 3 as included in the Quarter 2 Budget Monitoring Report elsewhere on the Cabinet Agenda.

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**Background papers:** none

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