



Hotel Scratch Card Car Park Permit Scheme 2015-16

City of York Council

Internal Audit Memo

Responsible Officer: Acting Director, CES

Service Managers: Head of Parking Services & Head of Transport

Date Issued: 26th January 2016

Introduction

- 1.1 Hotel and guest houses can currently purchase books of 30 car parking scratch cards which can then be issued to their guests one at a time for parking in council car parks. They offer a significant discount on daily parking rates within car parks, however concerns have been raised about potential fraudulent use and profiteering as well as whether the discount is appropriate.
- 1.2 As a result the scheme has been suspended subject to this piece of work and a broader policy review of this scheme with a view to launching a new fairer system that would hope to significantly reduce or eliminate the fraudulent use and profiteering. A revised proposal is planned to be submitted to the Director of CES for a decision as soon as possible.

Objective of the audit

- 2.1 The purpose of this review was to:
- document the current system for issuing the hotel scratch card permits;
 - establish the controls currently operating and whether they are appropriate;
 - identify the current cost of the scheme to the council;
 - provide advice in relation to the new version of this scheme.

Findings

- 3.1 There is currently no policy document which sets down how the scheme operates. This is unlike other parking permit schemes which have policy documents on the council's website. As a result there is no record of which hotels qualify for the scheme, nor are any checks made when scratch cards are issued that they qualify.
- 3.2 Currently books of 30 scratch cards cost £130 meaning each card is worth £4.33. However, the cost for residents parking a car for a full day in a non premium car park is £14 which rises to £26 in the Council's premium car parks. This means that hotel guests are able to park their cars at a considerably cheaper rate than local residents whilst at the same time this also increases the likelihood of premium car parks becoming full. This results in the council losing potential car park income.
- 3.3 The Parking Services team estimate that 500 books of 30 scratch cards are supplied to hotels by the council each year. Therefore if the parking charges for local residents were used and the current demand for hotel parking permit scratch cards remained the same then this would generate an additional £145k of additional car park income.
- 3.4 Local residents purchasing a monthly or annual season ticket cannot transfer the season ticket to another vehicle and are committed to using it on most days each month. This is different to the hotel parking permit scheme where the 30 scratch cards will be used by many guests. Local residents also cannot purchase a book of scratch cards at a cheap rate that they could then use over the course of a year.
- 3.5 It is possible for hotels to charge guests more than £4.33 for a scratch card. This can be done by including an amount greater than £4.33 either within the guest's hotel bill or as a separate element. The audit did not undertake any tests to confirm whether this has been done because the hotel would be under no obligation to tell guests how much money they have charged for the overnight car parking within the guest's hotel bill.
- 3.6 Scratch cards could be used by employees of the hotel or their family and friends. As long as a valid scratch card was completed and placed in the car window, parking enforcement officers would not

know whether the vehicle owner was a hotel guest or not and would therefore not issue a penalty charge notice if the scratch card was being used by an inappropriate person.

- 3.7 The wording on the scratch cards are brief and do not specify that they should only be used by hotel guests, should not be transferred to another vehicle or used in other inappropriate circumstances.

Conclusions and Recommendations

- 4.1 The following issues should be considered when the new scheme is introduced.
- 4.2 A policy document for the scheme should be produced which sets down how the scheme will operate. The policy document should be sent to every hotel on the scheme as well as attached to the council's website.
- 4.3 Hoteliers may object to increasing parking charges for their guests as it will increase the amount they charge for hotel rooms. Hoteliers may also claim this will potentially reduce the numbers of guests at their hotel and visitors to York, therefore the council should make clear the reasons for the increase in costs of the scratch cards. Given that hoteliers may claim the increased parking charges will have a detrimental impact on the number of visitors staying in York's hotels, consideration should also be given whether members should be consulted as well as the Director of City and Environmental Services if the cost of the scratch cards is increased substantially.
- 4.4 If the council charged hotels the same amount of money for scratch cards as local residents would pay to park their cars overnight then, assuming the demand stayed the same, this should generate an additional £145k in parking income. Consideration should be given to the consequences to the council's budgets of this additional income.
- 4.5 The writing on the scratch cards should make the following issues clear:
- The car parks that cannot be used with the scratch card if premium car parks are excluded from the scheme.
 - The scratch card is for 'Guests of Hotels only' rather than the current wording which states 'Hotel Parking Permit'. This would make clear that the scratch cards should not be used by employees, friends and family of the hotel owner.
 - Hotel guests cannot re-sell or transfer the scratch cards to another vehicle.
 - Mis-use of the scratch card could result in a fine or exclusion from the scheme.
- 4.6 Checks should be made when hotels purchase hotel parking permit scratch cards to ensure they are only sold to legitimate hotels.
- 4.7 A record should be kept of the books of scratch cards sold to each hotel to identify instances of them being used fraudulently.