

Committees:	Dates:	Item no.
Planning and Transportation Committee Projects Sub Committee	04/10/2016 11/10/2016	
Subject: Pay & Display Upgrade	Gateway 3/4/5 Detailed Options Appraisal & Authority to Start Work	Public
Report of: Director of the Built Environment		For Decision

Summary

Dashboard

Project status: Amber

Timeline: G4/5 Report (Sept), Mobilisation (Oct), Upgrade (Jan-Mar 17)

Project estimated cost: £100k-£227k

Spend to date: Nil

Overall project risk: Amber

Background

There are currently around 90 on-street parking Pay & Display (P&D) machines in the City offering customers the option to pay for parking by cash. A reduction of about a third is currently underway to reduce operational costs, mainly targeting places where there is more than one machine in close proximity.

These machines are now over 10 years old and approaching the end of their useful life. Machines are becoming more unreliable, spare parts are becoming harder to find and maintenance costs are increasing.

The public can use cash to pay for parking at these machines, or by credit card over the phone. Currently across the City just over 90% of transactions are made by phone, but that still leaves 76,000 cash transactions a year, taking £465,000.

Progress to Date

In March, the Planning & Transportation Committee agreed that both cash and mobile phone payment methodologies should be retained, and the remaining machines upgraded. Members supported the need to retain cash to minimise the equalities impact.

In April, the Gateway 1&2 report to Project Sub Committee authorised the project to move to Gateway 3/4, but subject to a further assessment of whether it was possible to remove the machines and move to a 'phone payment only' option. It also noted the need for an Equality Impact Assessment to be completed.

Proposed Way Forward

Since the last report, officers have focused on three areas of assessment:

- The implications of moving to a fully 'mobile payment only' service;
- An assessment of current cash vs phone payments in the City;
- The experience of other parking authorities in managing mobile payment services.

In summary, this assessment has found that:

- Removing cash as a option removes all resilience from the parking operation in the event the ‘mobile phone’ solution fails; it has a negative impact in terms of equalities; the City has few ways to maintain a retail cash payment alternative; and without a general tariff increase, moving to ‘mobile payment only’ would increase the cost of the service.
- Some parts of the City have seen a major shift to using phone payment (in some places over 98%) and here a fully cashless service could be implemented, but in other areas cash usage is as much as 20%, and here removing cash is unlikely to be welcomed by the public.
- The universal experience of other authorities who have sought to remove cash payment on-street is that they have still had to satisfy a public demand by offering another cash payment alternative. For example, Barnet had to reintroduce P&D machines, and Westminster had to install on-street payment terminals that still take cash.

In conclusion, the mobile payment operators do not recommend using their services as the only payment method, and without the retail cash payment options (such as PayPoint) available to others, a full ‘phone payment only’ solution in the City would carry significant operational and equalities risks.

However, upgrading all the existing machines at this point would not allow the City to test whether drivers parking in the Square Mile are ready to embrace a full ‘mobile payment only’ solution.

Therefore, it is proposed to select areas in the City to move to a ‘phone payment only’ solution based on the current assessment of ‘mobile payment’ usage and monitor public reaction, and where a high degree of cash usage remains, the existing P&D machines will be upgraded. This minimises the impact where cash usage is high, and tests the public’s reaction and operational implications of moving long-term to a fully ‘phone payment only’ solution.

Recommendations

It is recommended that Members agree:

- to upgrade those machines where cash usage remains high in order to address the underlying maintenance issue of aging machines in those areas;
- run a six month cashless trial in areas with very low cash usage in order to gauge the impact and public reaction;
- report back to Members on the results of that trial before deciding to continue with further upgrades or a wider removal of cash payment, albeit should there be immediate adverse consequences of introducing the trial, officers would report this back to Members more quickly.

Main Report

1. Design summary	<u>Implications of ‘Mobile Payment Only’</u> Service resilience: Surveys have suggested that there is mobile phone coverage at the current P&D locations, but relying on ‘mobile payment only’ would leave no resilience in the event of failure, either by the pay by phone system, the phone network
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or an individual's phone. As a result, the phone payment providers do not currently recommend this as a single payment solution.

Equalities Impact Assessment: The EIA has been completed and suggests a negative impact from the removal of all cash payment machines, particularly for the disabled & elderly. An EIA for the removal of some machines (but still retaining some for cash payment purposes) amended this assessment to Low.

Alternative cash payment outlets: In all the case studies we have looked at where a local authority has removed cash payment from P&D machines, the local authority has still offered a cash payment alternative, and in some cases, machines have even been reintroduced due to a significant negative reaction from the public following the removal of cash.

The alternatives to cash have included on-street cash payment terminals, using PayPoint in retail outlets and selling scratch cards in libraries, but local authorities have only tended to remove P&D machines if this alternative was available nearby. For the City, PayPoint in particular is not a feasible alternative as there are very few PayPoint retailers in the City, and fewer still that are open on Saturday mornings when parking still needs to be purchased.

Cost of the service: In line with the vast majority of phone payment authorities, the City currently pays for the phone payment service through the use of a 20p per transaction convenience fee paid by drivers for using this optional service. If the cash option were removed, making phone payment a compulsory requirement, the standard parking tariff would have to be increased to cover this sum, otherwise the true cost of running the phone payment service (around £100k) would outweigh the saving from P&D machine maintenance and cash collection costs (£85k).

Assessment of cash usage vs phone payment in the City

It has been suggested that City drivers in general are technology-savvy and are used to using phone and web payments for things like the Congestion Charge. This implies they are highly inclined to prefer using phone payment for parking, and so may be more willing to accept a shift to a fully cashless payment system.

This may be the case, but our evidence suggests there is a significant variation in the current ratio of phone payment to cash in different parts of the City, from below 2% using cash in some areas to over 20% in others. This would imply that the image of a typical City driver is not necessarily universal.

High Usage: Around 1/3 of the City's parking zones take around 10% in cash, with some even reaching as high as 20%. In these locations, the impact of removing cash payments is likely to be significant. Analysing those areas, they tend to be:

- on the City fringes near residential areas (Baltic St, Fann St, Golden Lane)
- near the Temple (Whitefriars St, Watergate, Temple Ave, Carmelite St)
- a central block (Watling St, Queen St, Old Jewry, Russia Row)
- around Liverpool St station (Liverpool St itself takes over 20% in cash)

Low Usage: Equally, about 1/3 of locations take less than 2% in cash, and here the impact associated with removing cash would be minimal. These areas are more randomly spread, but one concentrated area is around Guildhall, where cash usage in Aldermanbury, Gutter Lane, Gresham St and Wood St is all under 2%.

Overall: This assessment would suggest that although much of the City is business focused and might be assumed to be moving away from cash as a payment method, there are some parts of the City where social conditions or business needs are driving a different form of behaviour. Residential areas still show a reliance on cash of up to 20%, as do other areas where short duration, low value transactions are more the norm.

Experience elsewhere

Westminster: WCC decommissioned all their P&D machines in 2014, but as a result of a high number of social exclusion concerns, they replaced a third of the P&D machines with on-street payment terminals. These still take cash but instead of issuing a ticket to the driver, they send the payment and car registration details to the phone payment database, which registers the payment there. In addition, WCC still offer the option of paying for parking using scratch cards from libraries, post offices and e-pay outlets, and this accounts for around 5% of transactions.

Islington: LBI are looking to gradually reduce the number of P&D machines in the borough, but they have decided they will only do this after making sure that alternative payment options are available. As a result, they still have a significant number of cash machines on-street whilst looking at a PayPoint option through as many as 200 retail outlets.

Barnet: Barnet took the decision to remove all P&D facilities in favour of a 'mobile phone' service 18 months ago, but this decision was reversed in response to a high number of complaints, and a significant number of P&D machines were

	<p>reinstalled.</p> <p><u>Proposed way forward</u></p> <p>The project could proceed on the basis of upgrading all the existing machines, which would ensure all the machines remain operational in the medium term, even where cash usage is extremely low. This would cost the full project budget of £227k, and would not allow the City to test whether drivers parking in the Square Mile are ready to embrace a full 'mobile payment only' solution.</p> <p>The project could also move to a full 'phone payment only' solution; this would meet the Smart City agenda, but it also has significant risks around resilience of the parking service, the impact on those who still choose to use cash, and it would have equalities implications.</p> <p>It is therefore proposed to select areas in the City to move to a 'phone payment only' solution based on the current assessment of 'mobile payment' usage, undertake a six month cashless trial and monitor public reaction.</p> <p>Meanwhile, the machine upgrade will be completed in locations where a high degree of cash transactions remain. This approach tackles the machine maintenance issue where cash usage remains high, but limits the project's immediate spend and tests the public's reaction (as well as the operational implications) of moving long-term to a fully 'phone payment only' solution.</p> <p>Officers will then report back to Members on the results of the cashless trial before deciding to continue with further upgrades or a wider removal of cash payment. However, should there be immediate adverse consequences of introducing the trial, officers would report this back to Members more quickly</p>
<p>2. Delivery team</p>	<p>The project will continue to be delivered by the Transportation & Public Realm team within the Department of the Built Environment, using the City's current specialist supplier of Pay & Display equipment, HUB.</p>
<p>3. Programme and key dates</p>	<p>Project approvals: October 2016</p> <p>Mobilisation & placing orders: October 2016</p> <p>First phase upgrade: January - March 2017</p> <p>'Phone payment only' trial: April – September 2017</p> <p>Review & report to Members: End 2017</p>
<p>4. Outstanding risks</p>	<ul style="list-style-type: none"> • Significant adverse public reaction to the removal of the cash payment option in the trial areas • Single point of failure for parking payment in the cashless trial areas
<p>5. Budget</p>	<p>In terms of resources used so far, all staff time has been (and</p>

	<p>will continue to be) covered by existing resources.</p> <p>If agreed, the equipment upgrade cost would also be met from existing resources, with the first phase upgrade (recommended above) likely to involve around 22 machines at first, costing approximately £88k of the originally identified maximum project spend of £227k.</p> <p>There will be additional minor costs of the cashless trial in relation to new signage and advertising, but again these are expected to be covered by existing resources</p> <p>Finally, as cash payment will still be an option for much of the City, the 'convenience fee' approach to pay for the 'mobile payment' service will be retained without the need to raise the general parking tariff.</p>
6. Success criteria	<ul style="list-style-type: none"> • The upgrade of the equipment in those areas where cash is still heavily used will be completed by the end March 2017. • The cashless trial to be introduced by April 2017, with a report to Members after six months.
7. Progress reporting	A report will be made to Members on the results of the cashless trial by the end of 2017.

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