

<b>Committee(s)</b>	<b>Dated:</b>
Planning & Transportation Committee – for decision	<b>12 December 2017</b>
Port Health & Environmental Services – for information and comment	<b>21 November 2017</b>
<b>Subject:</b> Introduction of Emission Based Tariffs for On-Street Parking & Cashless Parking	<b>Public</b>
<b>Report of:</b> Director of the Built Environment	<b>For Decision</b>

### Summary

This report recommends the introduction of a new tariff for on-street parking charges based on variable charging according to their emissions. The report proposes a lower charge for electric (other zero emission capable vehicles), a medium charge for newer petrol and diesel vehicles and a higher charge for more polluting older petrol & diesel vehicles. The aim being to promote the issue and, in some small way, encourage motorists to use more environmentally friendly vehicles. It is proposed to introduce the new tariff in the first quarter 2018/19 allowing for statutory notification and system changes to be made.

In addition, the report recommends the implementation of cashless parking across the majority of the City with a significant further removal of Pay & Display (P&D) machines, only retaining those machines at locations where cash continues to be a popular method of payment.

Members are reminded that a six-months cashless parking trial was implemented in May 2017 so adverse reaction and equalities impact of removing the option of paying cash for on-street parking could be monitored. This report also outlines the successful outcome of that trial, which was introduced in the vicinity of Guildhall.

This report also advises that in future those wanting to pay using coins will be required to pay the higher charge regardless of vehicle type which it is hoped will encourage more payments by phone and as a result an opportunity to remove more P&D machines as they become redundant.

### Recommendation(s)

Members are recommended to agree to:

Emission Based Tariff-

- Commence the statutory process for the introduction of a new tariff structure for on-street parking charges based on vehicle type and emissions as outlined paragraph 11 of this report.

Cashless Parking –

- Remove most of the Pay & Display machines for on-street parking payments in the City with the exception of those locations that continue to receive a relatively high level of cash payments, and commence the statutory process to remove the convenience fee of 20p currently applied to each mobile phone parking transaction .
- Delegate to the Director of the Built Environment authority to consider all consultation responses and representations in response to the proposal to introduce a new tariff structure and to determine whether or not to make the necessary Order (subject to being satisfied that no major new issues or significant public concern has arisen during the consultation process). If major new issues or significant public concern have arisen the decision whether or not to introduce the new tariff structure and remove the convenience fee will be brought back to Planning & Transportation Committee.

## **Main Report**

### **Introduction of New Emission Based On-Street Parking Tariff**

#### Background

1. As part of the Service Based Reviews, Members agreed in February 2015 to increase the hourly rate for on-street parking (P&D) from £4 to £4.80 (purchased in blocks of 15 minutes at a cost of £1.20 each). This increase was implemented on 6 April 2015 and no further increases have taken place since this date. This report recommends the introduction of an emissions based tariff for on-street parking charges to help incentivise motorists to use more environmentally friendly vehicles and promote awareness of the issue generally.

#### Emissions Based On-Street Parking Charge

2. Improving air quality is one of the Corporation's major objectives and an increasing concern for residents and businesses. Current levels of pollution negatively affect the health of the City's population and in turn its status as global city and leading economic and commercial centre.
3. The current City of London Air Quality strategy was introduced in 2015 and seeks to reduce exposure to pollution through transport related initiatives and raising awareness of air quality issues. There are 10 policy areas, one of which is to seek opportunities for a significant reduction in emissions associated with road traffic in the Square mile.
4. Parking policy plays a key role in supporting the City's initiatives to improve air quality through the issue of Penalty Charge Notices for idling engines (coaches), and provision of electric vehicle charging points installed in City off-street car

parks. The introduction of emissions based tariff for on-street parking is another measure aimed at improving air quality.

5. Diesel is considerably more polluting than petrol. In particular older diesel vehicles (pre 2015) and older petrol vehicles( pre 2005) generally generate the highest pollution. The introduction of emissions-based on-street parking charges, (where in essence “the polluter pays”) is aimed at encouraging greater use of electric vehicles and other zero emission capable vehicles, at the same time as reducing fossil fuel combustion to create a cleaner, healthier environment. Raising parking tariffs and introducing emissions-based tariff not only manages demand and encourages other modes of travel but is also expected to assist in discouraging use of higher polluting vehicles.
6. Fuel type charging has already been introduced in Westminster and it is believed that other neighbouring authorities such as Islington and Camden will soon follow suit. The Mayor of London has also introduced a surcharge on older polluting vehicles driving into the Congestion Charging Zone. Through the adoption of similar initiatives, the City not only aims to reduce pollution levels but also avoid the risk of drivers of older diesel and petrol vehicles choosing to park in the City to avoid higher emission based charges already introduced by neighbouring authorities.
7. RingGo (Cobalt Technologies Ltd) replaced the previous provider for mobile phone parking (PaybyPhone) on 2 March 2017 following a competitive tendering exercise that took place in January 2017. Over 96% of all on-street parking payments are now made using mobile phone technology.
8. The service provided by RingGo can be adapted to allow automatic vehicle checks to be undertaken. In summary the mobile phone payment system can be modified to allow real time DVLA look ups for each vehicle, and depending on fuel type and age apply the relevant charge. The RingGo system can be re-configured to make this adjustment at a cost of approximately £65,000 (first year) and £54,300 for annual licence and operational fees in subsequent years.
9. The number of motorists opting to pay for parking in the City using the traditional P&D machine has significantly reduced in recent years, although there are some areas that continue to have a relatively high intake of coin as outlined in the attached appendix. The P&D machines do not have the mechanism or sophistication to distinguish different types of vehicle e.g. those that are electric, petrol, or diesel as there is no DVLA look up facility in the same way as the mobile phone payment option. Drivers wanting to pay by cash using a P&D machine will therefore have to pay the higher rate of payment, although drivers can opt to pay the discounted parking charge through the RingGo system. This position is likely to encourage more customers to pay for parking using mobile phone.
10. Civil Enforcement Officers contracted by Indigo Parking UK Ltd will use existing systems to determine if correct payment has been made through the RingGo system or alternatively by the Pay & Display ticket displayed on the dashboard of

the vehicle. No special enforcement equipment is required and no change in enforcement procedures is necessary.

## Proposal

11. It is intended to introduce a variable car parking tariff regime broadly in line with the Mayor of London's Ultra low Emission Zone ( ULEZ) criteria which he advises will now be introduced in April 2019. The Mayor's scheme penalises non ULEZ compliant vehicles entering central London. That is for diesels those non Euro 6 compliant ( typically built prior to 2015) and for petrol those non Euro 4 compliant( typically built prior to 2005).
12. The following table illustrates the proposed tariff structure based on vehicle classification e.g. electric/hydrogen/hybrid, petrol (pre/post 2005) and diesel (pre/post 2015). Data on the percentage of vehicles in each category of charging is indicative and has been taken from another central London authority that has already introduced a similar tariff structure provided by RingGo:

<b>Vehicle Type</b>	<b>Electric/ hydrogen/ hybrid Vehicle* (20p per 15 min reduction)</b>	<b>Petrol 2005 onwards (increase 10p )</b>	<b>Diesel ( 2015 onwards (increase 10p)</b>	<b>Diesel (prior to 2015), petrol (prior to 2005) &amp; payment at P&amp;D Machine (increase 50p)</b>
<b>15 minutes</b>	£1.00 per	£1.30	£1.30	£1.70
<b>Per hour</b>	£4.00	£5.20	£5.20	£6.80
<b>% of Vehicles in each classification</b>	5%	36%	26%	33%

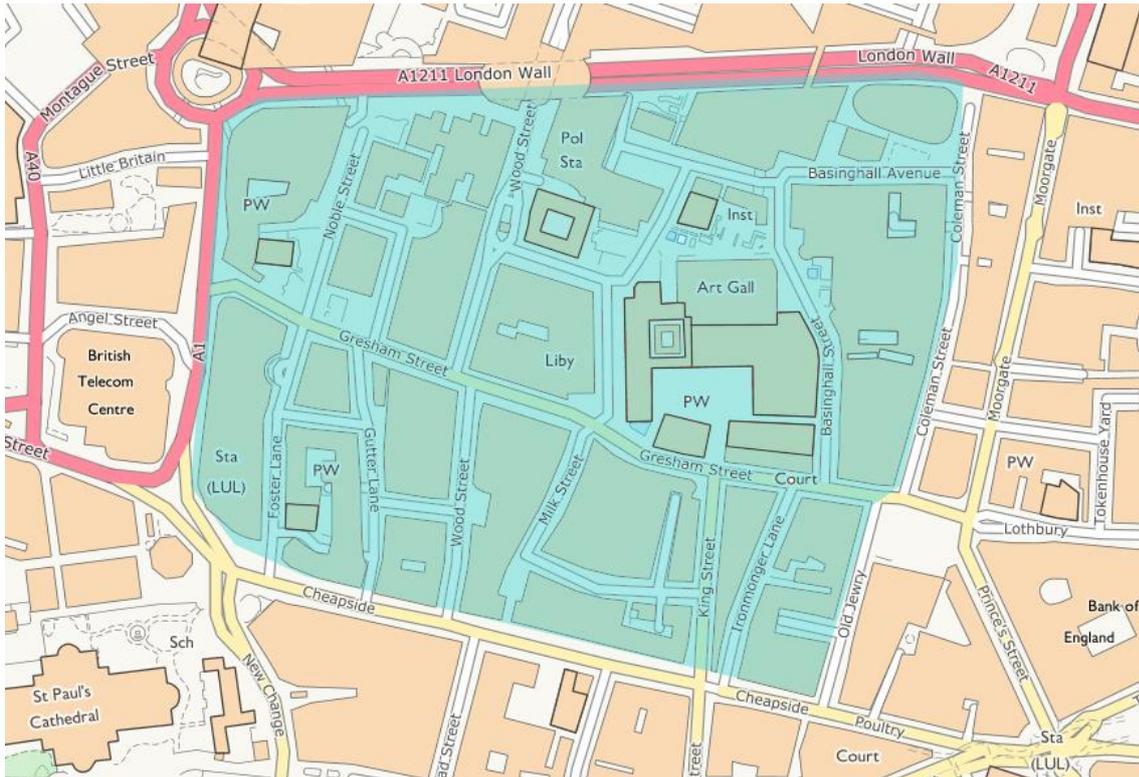
\*Current level of parking charge applies

13. The charges above reflect a proposed 20p per 15 minute reduction in the current tariff to help incentivise use of 'Zero Emission Capable' vehicles.
14. The tariff structure is based around the forthcoming ULEZ charging categories as explained above. This provides a common position with the Mayor's ULEZ scheme and therefore, should be more readily understood by drivers.
15. It should be noted that this policy change may result in a move towards greater use off street parking which is in line with current policy of encouraging 'off street' rather than 'on street' parking. However it is proposed to explore a similar approach for our 'off street' car parks in due course, although it is known that this is not currently possible due to the limitations of existing equipment.
16. It is proposed to introduce the new emissions based tariff on 2 April 2018. This proposed date will allow for the statutory consultation process to take place, the implementation of a comprehensive communication strategy, robust testing of new systems and contractual changes to be made to third party providers i.e. RingGo.

## **Cashless Parking**

### Background

17. Members are reminded that at their Committee on 10 March 2016, it was agreed to retain a cash option of payment for on-street parking charges through the Pay & Display (P&D) machines. It was also agreed to review the number of P&D machines at locations where cash payments were low with a view to reducing provision where this was practical. In addition Members asked that a cashless parking trial be introduced to determine the impact on users of removing a cash option for parking payments.
18. Whilst industry advice recommends that local authorities in England and Wales should continue to offer customers the option of paying for parking using cash, the success of mobile phone parking in the City means that over 96% of all parking payments are now made using this method with a minority of customers still opting to pay by cash.
19. In the last 18 months 41 P&D machines have been removed or taken out of service (including those for the cashless parking trial). There are currently 75 still in operation including chip & pin enabled machines located in coach bays. As the majority of machines are now more than 10 years old and approaching the end of their useful life, a programme of machine upgrade was agreed in 2016 (Planning & Transportation Committee 4 October 2016) with 22 machines replaced at those locations that take a relatively high level of cash payments. The upgrade of these machines was successfully completed in March 2017.
20. A cashless parking trial was introduced on 15 May 2017 in the vicinity of Guildhall to test the impact of a mobile phone payment only arrangement. Since its introduction, only one customer complaint has been received suggesting that the negative impact of withdrawing the option of paying by cash is minimal. P&D machines were not removed as part of the trial, but taken out of service with signage installed to indicate to customers that payment must be made by mobile phone.
21. The streets that are incorporated into the trial are outlined in the map below:



22. There are 26 locations (served by 36 P&D machines including coach bays) in the City where payment by cash continues to be relatively high and as such there is strong justification for continuing to offer customers a cash payment option through the provision of Pay & Display machines (P&D) at these locations. These locations are outlined in the attached appendix and tend to be on the City fringes near residential areas, around the Temple and Liverpool Street station.

### Convenience Fee

23. The mobile phone payment contract with RingGo is operated at no cost to the City as the convenience fee covers the cost of providing the service and is added to the parking charge paid by the customer. If an extensive rollout of cashless parking took place, there is arguably no justification in continuing with the convenience fee as motorists would have no other payment option (with the exception of those locations that might continue to be served by P&D machines as outlined in the appendix). It is therefore proposed to remove the convenience fee at the same time as introducing the new tariff.

24. Members are also advised that there are plans to ban credit and debit card surcharges on Visa and Mastercard payments from January next year following a directive from the European Union. Whilst the 20p convenience fee is not a surcharge on the card payment but a charge to cover the cost of providing the service, by continuing to add a convenience fee to a mobile phone parking payment is likely to attract adverse reaction from drivers.

25. At present the income generated from the convenience fee is approximately £100,000 pa.. However with the proposed changes in the tariff for on-street parking, including the introduction of a higher charge for more polluting vehicles, the additional cost of no longer applying the convenience fee is expected to be off-set by an increase in revenue raised from the parking tariff review. Details of this are outlined further in the report.
26. P&D machine maintenance costs for 2017/18 are budgeted at £54,000, with additional costs of around £5,000 for consumables and £18,000 for cash collection services. Although long-term machine maintenance costs will be reduced with the removal of the majority of P&D machines, they will not be eliminated altogether with an element of costs for maintenance, consumables and cash collection remaining for the small number of machines still in operation..

### Risks

27. Although mobile payment technology is popular and a high number of customers use the RingGo service, removing a high number of P&D machines and limiting the options to pay by cash at most locations in the City introduces risk and vulnerabilities. However this proposal still retains an element of cash payment for on street parking, and cash payments continue to be offered in the City's off street car parks.
28. Whilst the RingGo service is reliable with a current system availability of 99.9%, without a cash alternative the system is not fully resilient. The system of payment is also dependent on customers having a mobile phone that works across all locations and does not take into account variances in mobile phone coverage e.g. "black spots" that exist in the City.
29. On a national basis, cash continues to be the preferred payment option for parking and few local authorities have moved to a fully mobile payment solution. Removal of paying by cash to a mobile only payment solution is dependent on having a valid credit or debit card, and a working mobile phone. The outcome of an Equalities Impact Assessment highlights this as a minimal risk.
30. Whilst street clutter in the City would be reduced through the removal of P&D machines, additional on-street signage is required to show tariff information, conditions of use and indicate the payment method. The costs associated with this have been estimated to be in the region of £20,000, which can be met from local risk funds.

### **Corporate, Financial & Strategic Implications**

31. Parking charges are set at a level to manage demand and meet the City's transport policy aims. The previous uplift of charges introduced in 2015 resulted in an increase in parking income of approximately £120,000. Through the introduction of emissions-based tariff the projected increase in income for 2018/19 is anticipated to be in the region of £180,000 net taking into account

costs associated with the removal of the convenience fee and signage, and savings achieved in machine maintenance and cash collection as outlined in the table below. Although the purpose of introducing the tariff change is not simply to generate income but instead aimed at incentivising the use of more environmentally friendly vehicles, as well as covering costs of administration.

32. Whilst it is difficult to accurately estimate the additional revenue generated through the introduction of a new tariff structure it is expected to be in the region of £400,000 (net £180,000 in 2018/19). This increase in income will be used to offset the cost of implementation and removal of the convenience fee that is currently applied to mobile phone payments. Indicative costs are outlined in the following table:

<b>£</b>	<b>Financial Year 2018/19</b>
Additional Income	(£400,000) estimated
System Changes (RingGo)	£65,000
Removal of Convenience Fee	£100,000
Additional Signage	£20,000
Removal of Machines (based on £400 per machine)	£20,000
Reduction in maintenance costs based on fewer machines	(£30,000)
Reduction in cash collection charges based on fewer machines	(5,000)
Behavioural Change e.g. reduction in older vehicles using City streets to park.	£50,000
<b>Net Income</b>	<b>£180,000</b>

33. The City is authorised to operate and set parking charges under Section 46 of the Road Traffic Regulation Act 1984. In exercising its functions under the Road Traffic Regulations Act 1984 the City, as traffic authority must have regard to amongst other things, the provision of adequate parking facilities and securing the expeditious, convenient and safe movement of vehicles and other traffic (including pedestrians) having regard to the amenity, the national air quality strategy and any other relevant matters. The environmental benefits of the proposals are consistent with these considerations.

34. In accordance with section 55 of the Road Traffic Regulations Act 1984, income received from on-street parking charges is held in the On-Street Parking Account, which can only be used by the City for highway improvements and other traffic related or environmental measures. Additional costs associated with the introduction of emissions-based tariff and removal of the convenience fee can be legitimately covered by this surplus.

35. There is a requirement to publish proposals on the introduction of parking charges prior to changes made to the Traffic Management Orders. This will be done through publication of the proposals in the local press in accordance with the Local Authorities Traffic Order (Procedure)(England & Wales) Regulations 1996. In addition, a coordinated communication strategy to include signage, posting on social media, website information and leaflet distribution will be undertaken.
36. The proposed tariffs will support wider policy objectives to reduce traffic and emissions from remaining vehicles. A full review of parking, both on and off street will be undertaken during the development of the City Corporation's Transport Strategy. The review will include further analysis of the potential to use parking charges and restrictions such as electric only parking bays to incentivise the switch to less polluting vehicles.
37. These proposals link to the City's Strategic Aims of providing modern, efficient and high quality local services and policing within the Square Mile for works, residents and visitors with a view to delivering sustainable outcomes. The continued provision of reliable and effectively managed on-street parking places also supports the City's transport policy objectives including those to improve air quality in the City.
38. Failure to meet the air quality limit values could result in fines being imposed on the United Kingdom, which could be passed down to local authorities under the Localism Act 2011. The Mayor of London has recently published a draft Environment Strategy that details that London Boroughs and the City of London could introduce emission based parking charges as part of their statutory duties to improve air quality.

## **Conclusion**

39. Subject to the recommendations in this report being approved, and to the outcome of the consultation and press notices, it is proposed that all the changes are put into effect in quarter 1 2018/19. Subject to there being no major issues or significant concerns arising from the consultation.
40. The necessary Traffic Management Orders to bring the tariff into force will be made under the Director's delegated authority. If any major issues or significant concerns emerge the proposal will be reported back to Planning & Transportation Committee to decide whether to make the Order to bring the proposed tariff into force.

## **Ian Hughes**

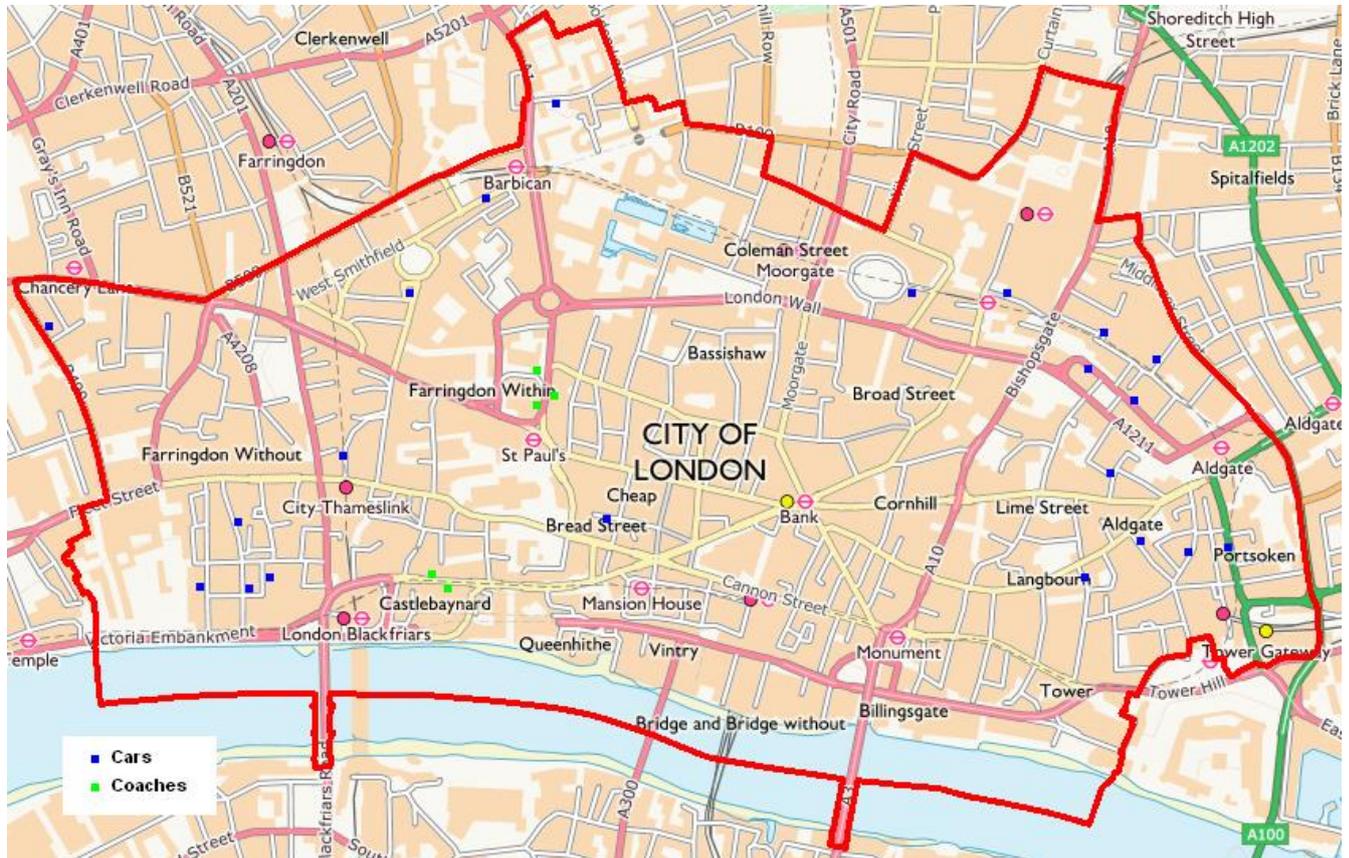
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## Appendix 1 Pay & Display Machine Locations

The following map illustrates the proposed locations for P&D machines (highlighted by blue dots)



The specific locations are outlined in the table below:

West Smithfield	John Carpenter Street	Chancery Lane	Devonshire Square	Liverpool Street
Giltspur Street	Temple Avenue	Finsbury Circus	Coleman Street	Creechurch Lane
Long Lane	Carmelite Street	Fann Street	Harrow Place	Limeburner Lane
Houndsditch	Mark Lane	Minories	Whitefriars Street	Watling Street
Jewry Street	Lloyds Avenue	Monument Street	Finsbury Circus	Laurence Poutney Hill
Queen Street				