

## **CASHLESS PARKING – SIX MONTH MONITORING REPORT**

REPORT OF: Divisional Leader – Commercial Services & Contracts  
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Wards Affected: All Wards  
Key Decision: No  
Report to: Scrutiny Committee for Customer Services and Service Delivery  
Date: 20<sup>th</sup> March 2019

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### **Purpose of Report**

1. To provide the Scrutiny Committee for Customer Services and Service Delivery with an overview of the first six months of the Cashless Parking project since its successful introduction in July 2018.

### **Recommendations**

2. The Committee are asked to note the contents of this report.
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### **Background**

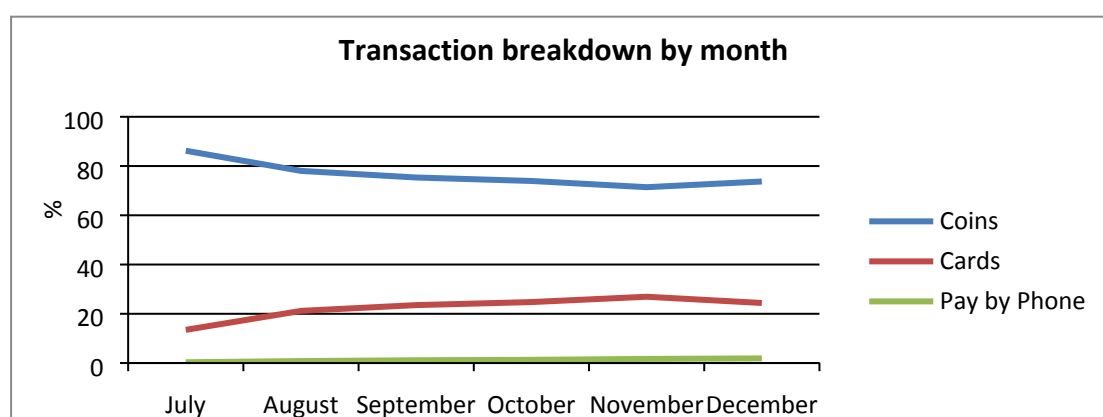
3. In the 2018/19 budget, the Council allocated £179k from capital reserves, to invest in utilising digital platforms to improve services through the introduction of alternative payment methods for parking in off street car parks.
4. This investment was made in response to demand from residents, commerce and visitors to the District for a modernised service to improve the customer experience by providing the option to pay for parking by an alternative to cash. By increasing the range of payment options, it was anticipated that there would be the potential to improve length of stay and number of transactions in the town centres to support the local economy whilst also improving compliance.
5. The cashless parking project involved the replacement or upgrading of 42 of the 45 off-street pay and display machines to ensure all machines could accept payment by credit / debit card via contactless, chip and pin, android and apple pay platforms. There is no extra charge to customers paying for parking via the machine.
6. Every car park retained the ability to pay by cash. Thirteen of the 42 pay and display machines located in the Districts high volume car parks were installed to only accept card payments.
7. Three pay and display machines in the Martlets multi – storey car park, Burgess Hill were not replaced due to the anticipated closure of the facility as part of the town centre redevelopment programme

8. In addition to the provision of new machines, a 'pay by phone' option was also introduced via Mipermit, a module of Chipside, the bespoke parking digital platform introduced in January 2018. Pay by phone was launched in tandem with the machine replacement programme. Each car park is allocated a unique number so customers can pay for parking via app, website, telephone or text message. Payment can be made up to seven days in advance and also provides the convenience of being able to extend your stay without having to return to the car park. A convenience charge of 10p is passed to the customer for using the pay by phone platform, which is an industry standard fee and is taken by the provider.
9. The implementation of the cashless parking project was phased by town over a 3 week period in July 2018, and by the end of the month all town centre car parks were offering cashless parking options.
10. Introducing a modernised service via cashless payment options is not without cost to the Council, as bank fees are incurred for the processing of card payments. These exact costs were hard to accurately predict as they are subject to many variables such as number of transactions, tariff charges, payment platforms and processing fees.

### Pay & Display Transactions

11. Pay and display transaction data is collected from the machines and through the Mipermit software, providing valuable information to enable the accurate measurement and analysis of levels of business in the Councils car parks.
12. During the first six months of the cashless parking operation (July – December 2018) a total of 856,851 pay and display transactions were recorded.
13. At the end of December 2018, 76% of these transactions were being made by cash, 23% by card at the machine and 1% were via pay by phone. This represents a total of 24% of transactions being made via cashless platforms six months after implementation. Each month there has been a growth in the shift of business from cash to cashless payment methods, and whilst there is an expectation that this will continue to grow, it is not anticipated that cashless payments will overtake cash payments in the foreseeable future.

The graph below demonstrates the breakdown of transactions by payment method, by month during the first six months of operation.



14. Transaction behaviour in each town follows the overall pattern highlighted above, but there are variations that will be impacted by local factors such as customer behaviour and provision of car parks. The table below demonstrates the overall transaction behaviour by payment method, by town.

(\*It is important to note that one Burgess Hill car park does not offer payment by card.)

<b>Transactions by payment method (%) July – December 2018</b>			
	<b>Coins</b>	<b>Cards</b>	<b>Pay by phone</b>
<b>District Total</b>	<b>76</b>	<b>23</b>	<b>1</b>
Burgess Hill *	84	15	1
East Grinstead	75	24	1
Haywards Heath	73	26	1

15. Initial analysis to establish any impacts on stay lengths during this period demonstrates that there appears to be a 2% shift in transaction behaviour for this current financial year compared to the year end 2017/18 data. The table below indicates the breakdown in transactions between these two time periods. It is too early to say that this is a direct result of cashless parking or an impact of local economic conditions.

<b>Time Period</b>	<b>Tariff Period</b>	<b>Transactions</b>	<b>Percentage of overall transactions</b>
July - Dec 2017	0 - 2 hours	714,390	82%
July - Dec 2017	2 - 6 hours	155,353	18%
<b>July - Dec 2017 Total Transactions</b>		<b>869,743</b>	
July - Dec 2018	0 - 2 hours	687,885	80%
July - Dec 2018	2 - 6 hours	169,046	20%
<b>July - Dec 2018 Total Transactions</b>		<b>856,931</b>	

## Financial Implications

16. Of the actual pay and display income collected between July – December 2018, 83% was by cash, 16.5% by card at the machine and 0.5% via pay by phone.
17. As seen, the large majority of transaction income is cash based and no additional processing charges are incurred on cash income as a result of the cashless parking project. However the Council has to pay for the machines to be emptied. It should be noted that with 13 machines now only taking card payments, (and therefore not requiring emptying), ongoing cash collection revenue savings of £11.5k has been reported in the budget.
18. The income taken by card at the machine is subject to processing costs. These costs vary subject to the type of card used and the value of the transaction. In addition, there is also a transaction fee charged by the machine provider of 12p. To date these charges equate to an average of a 19p fee per transaction made by card payments at the machine.

19. The income taken via pay by phone is also subject to processing costs which again, vary subject to the type of card used and value of the transaction. To date, these charges equate to an average of 0.04p fee per transaction made by the pay by phone platform making it a much cheaper cashless parking platform for the Council.
20. After the first six months of operation, the processing charges for cashless parking are resulting in a 4% loss of income for the Council. This equates to £38k of income lost to processing charges in the first six months. This is in line with the business case which estimated that processing charges would be in the region of 4%. A full year figure of £78.5k has been reported in the 2018/19 budget

### **Feedback and Review**

21. Overall, customer feedback for the cashless parking project has been positive, and the modernisation of the service to introduce the convenience of card and pay by phone payment options has been welcomed across the District.
22. However, as with any customer facing service developments there were a small number of initial, minor issues to overcome but as the new systems have embedded these have significantly reduced.
23. The main issues were:
  - Managing customer behaviour changes to encourage use of different payment methods and alternative pay & display machine locations
  - Reluctance to use cards to pay for low charge tariffs. This has been primarily from a more mature demographic but the data shows that this is not a wider issue.
  - Reluctance to pay an extra 10p for the convenience of pay by phone for low charge tariffs, however the data shows that this is not a wider issue and it is a certainly a platform preferred by long stay customers.
  - Overcoming user error when using card payments at machines (often cards are withdrawn too early or presented twice) and entering incorrect vehicle registration marks into the pay by phone system.
  - Coins forced into card only machine card readers. One reader was damaged and required replacement, the others were resolved.
  - Service interruption by airtime provider and bank networks which led to card payments being interrupted for short periods.
  - O2 international network failure preventing card payments for a 24 hour period.
  - Less flexibility to offer special tariffs in car parks (for example at Christmas) without incurring additional programming costs

### **Conclusions**

24. Six months after the cashless parking project implementation, the indications are all positive and the service has embraced the opportunities provided by utilising new digital platforms to provide an improved customer service.

25. The data demonstrates that cashless parking has been well received by customers; the migration from cash to cashless parking platforms has grown each month and now accounts for 24% of all pay and display transactions.
26. To date, processing charges associated with delivering cashless parking are as predicted, accounting for a 4% (£38k) loss of income.
27. Predicted revenue savings of £11.5k have partially offset the loss of income from a reduction in cash collections.
28. The usage and impact of cashless parking will continue to be monitored with the data informing service developments as part of the forthcoming Parking Strategy refresh.