



Meeting:	Executive Member for Economy and Transport Decision Session
Meeting date:	20/02/2024
Report of:	James Gilchrist - Director of Environment, Transport and Planning
Portfolio of:	Councillor Kilbane, Executive Member Economy and Transport

Decision Report: Cashless parking decision

Subject of Report

1. A budget decision was made by Full Council in March 2022 to make a saving on the cash collection contract by removing the option for customers to pay cash for parking.
2. Given a new administration a report was taken to the July 2023 Executive Member for Economy and Transport Decision Session and a decision was made to commence a consultation on the removal of cash payments from the parking estate.

This report provides feedback on the results of this citywide cashless consultation and request the Executive Member to consider whether cash payments should be accepted for parking.

3. This and the previous report need to be considered in the context of the serious financial position of the council and the need to find ways to drive efficiency and the fact that cash use has significantly reduced over the last few years.

Benefits and Challenges

4. While the use of cash for parking payments has dramatically dropped and continues to do so, the following benefits and

disadvantages were developed following consultation with officers and stakeholder groups.

- savings on costs of collecting cash from the machines (currently circa £60,000 a year) would partly achieve previous budget decisions.
 - reduced maintenance costs (non-cash machines cost less to maintain).
 - reductions in thefts and damage associated with machines that collect cash.
 - new equipment provides an opportunity to allow for other innovations, including flexible charging regimes such as dynamic pricing.
5. However, the consultation has identified challenges with such a decision. The following points are a summary from the consultation that can be found in annexes B to P: -
- have no other choice but to pay by cash
 - do not currently have access to contactless methods
 - do not have a smart device or know how to work one
 - do not have bank cards
 - find ticket machines are not visually or physically accessible or simply difficult to use
 - need to avoid leaving a digital trail

Policy Basis for Decision

6. The previous budget decision is relevant and has set the current situation where cash payment is permitted but the cost of the contract for collecting and banking the cash is not in the budget. Furthermore the increasing pressure on the council to find ways to save and meet the £40m saving required to be saved over the next 3 years.
7. In the emerging Local Transport Strategy the principle that private cars for people who have a choice to choose a more sustainable mode are at the bottom of the transport hierarchy continues.

Financial Strategy Implications

8. In the 2022/23 budget the savings for cash collection was taken by Full Council to remove cash payments from the parking estate. This saving was £90,000. Following a review and rationalisation of collection requirements, due to the reduction in cash use, the cost for processing cash has fallen to circa £60,000
9. If the decision is to not move to cashless payments only, then the budget or the savings will need to be found elsewhere to make up this saving.

Recommendation and Reasons

10. The Executive Member is asked to review the report and the consultation results to inform decisions on the following 5 items: -
 - a) To note the cashless parking consultation results as contained with annexes B to P.

Reason: to ensure that decisions are informed by and give due regard to the views of residents and the impacts of any change.
 - b) to remove cash payments and offer pay by phone as the only way to pay on street for pay and display.

Reason: to give effect to the Full Council Budget Decision. These are the machines most in need of replacement, the level of investment required to replace them and add debit, credit, pre-paid cash card and contactless cannot be justified.
 - c) retain cash payment at Bootham Row and Castle Car Parks for those who cannot use the app or do not have access to a card.

Reason: gives effect to the consultation that has identified impacts of going cashless on people, some of whom will have protected characteristics. The two car parks recommended are the Gold Standard car parks identified in the access review.

Background

11. As part of the 2022/23 Full Council approved a budget to stop accepting cash from car parking machines and save on the cash collection contract worth circa £60,000, but to consult before making a change.
12. Last July the Executive Member for Economy and Transport approved a consultation on making the parking estate cashless payments only.
13. As the budget decision was made the money to pay the cash collection is not in the budget and therefore the saving has not been achieved. It should be noted that since July the council financial position has worsened.
14. There are different ways you can pay for parking without using cash, other cashless payment options include:
 - Debit/credit cards
 - Pre-paid cash cards
 - Contactless payments
 - Pay by phone
 - Season Tickets
15. However, it should also be noted that the cash machines only accept coins not notes when using cash.
16. Marygate is already a cashless car park and on street the only option is cash or pay by phone.
17. The pay by phone service does not require a smartphone where information and car details can be provided over the phone to an operator.
18. Any blue badge holder can park for free in any disabled or standard parking bays in car parks and on street pay and display locations, resident parking zones and up to 3 hours on double yellow lines as long as their blue badge is displayed and in date.

19. Given the low number of cash payments we are consistently seeing reducing year on year we know that
 - 19% of all transactions are cash. That is 50% on street but drops to 16% off street.
 - Cash makes up just 10% of income
20. From a national perspective, despite the national fall in cash use, a recent national retail survey reported in early December 2023 of national cash use increasing from 15% to 19% for retail spend. Link below to the BBC news article: -
<https://www.bbc.co.uk/news/business-67636571>
21. York has not accepted cash in the contact centre for around 15 years and this is in accordance with the council's income policy. If a customer of the contact centre wants to pay cash, they can use any PayPoint outlet but will need a bar code.
22. York is not the first council to consider moving its parking services cashless only payments indeed a number of other Local Authorities have already removed cash payments. Like York they offered pay by phone service as well as card and contactless payments where possible.
23. The following list, provided by our supplier (Pay by Phone), shows other councils who have adopted this approach already: -
 - Brighton and Hove
 - Newcastle
 - Lambeth
 - Barking & Dagenham
 - Lewisham
 - Newham
 - Royal Borough of Kensington
 - Chelsea
 - Gloucester County Council
 - Southwark

- Harrow

24. Some Councils have extended the use of the PayPoint service that allows the customer to visit a PayPoint location (newsagent etc) to pay cash for their parking. However, they report the use of this service is extremely low.
25. Brighton and Hove Council were in a similar position to York now. They had machines that were no longer serviceable and would have required significant funding to refurbish and update. With the decline in their cash payments that dropped to circa 3% of their overall transactions. They therefore determined it was no longer viable to accept cash or have on street parking ticket machines, so they moved to pay by phone only with the PayPoint option for their on street parking but when cashless and retained payment card and contactless payments, with pay by phone in the car parks.
26. City of York Council has around 90 machines, over half of which are over 20 years old. They have increasingly obsolete technology and will be affected when the 3G network is turned off. Keeping these machines going is increasingly costly. The council will need to replace these machines shortly. Therefore, the specification of the machines is important, machines which accept cash are significantly more expensive.
27. Currently the Council has 56 machines on street (62% of the total). The only way to pay on street is either cash or pay by phone. The cost of cash collection from these machines is approximately £17,000. The oldest machines most in need of replacement are on street with a handful of them in car parks.
28. The remaining 34 machines (38%) are within car parks and offer card or contactless in addition to pay by phone and cash. The cost of cash collection from these machines is approximately £43,000.

Consultation Analysis

29. The development of the consultation was informed by a number of officers and representative groups including the York Older People's Assembly and disability forums. The consultation went live from the 23rd October and concluded on the 4th December.

30. The consultation was supported by an extensive social and printed media communications and promotional exercise including stickers on all parking ticket machines, emails to all Councillors. Posters and hard copies of the consultation were also sent across the city's libraries and West Offices.
31. As a result we received 793 consultations over this period where the findings of this can be found in annexes B to P. Some Councillors also emailed in separately where the majority expressed their support for a move to cashless only.
32. Officers who assisted with the processing of consultation returns, observed this response rate as being very good compared to other consultations.
33. A summary from this exercise is in the Annex B and the second tab is a summary of some of the responses received. Other tabs are the results of each question asked and responses to them.
34. In reviewing the responses it is clear that the majority of respondents wanted to see the council maintain the acceptance of cash use for parking, citing a few reasons including some can only use cash or it helps them to budget their spending rather than using card/contactless or pay by mobile payment methods.
35. There were some criticisms of the Pay by Phone App including its ease of use, general network stability (what happens if the network goes down or there is no phone signal) and the costs of using this.
 - Some found the use of the pay by phone app difficult to use.
 - The occasional but inevitable mobile phone signal dropping out and how to pay when this happens with the fear that some will risk being issued a PCN.
 - The additional costs when using the pay by phone service compared to no fees for using cash, contactless and payment cards.
36. While the first two items are part of the course with mobile apps and the subjectivity of how an app is designed for ease of use, the administrative fee seemed to be the biggest item of concern from the consultation.
37. As a result of this feedback, we have worked with the supplier to see how this fee could be reduced to make this service more

attractive. Unfortunately they cannot reduce their fee where it has to be understood that this is a privately operated service that does need to cover its costs. Going forward this fee will be reviewed when the contract expires in spring 2025 prior to any agreed extension up to a further 2 years. The attraction of using the pay by phone service is the convenience and flexibility this brings to pay for your parking, without the need to going to the parking ticket machine and being able to top up your parking at any time and place. It is considered that users of this do find this attractive but the reduction in the fee may see the use of this service increasing.

38. If customers do find it difficult to use the app, the pay by phone service can be contacted over the phone to speak with an operator who can take payment. If the network does drop out then as with any issue like this, the customer would be expected to try again but all the areas are within the city where there should be good mobile phone network coverage.
39. Feedback on the app will be passed to the supplier but the main issue was the cost of using the app over other payment methods. As a result of this feedback on the fee, this will be reviewed when the current contract expires with Pay by Phone.
40. In conclusion, the consultation showed the majority of respondents were not disabled and most used cashless options. It is also interesting to see that Marygate was the most used car park, which is a cashless only car park. However cost of living and general views of some not wanting to or can't use the Pay by Phone service were cited as reasons to retain cash as a payment option which was the majority view in the consultation.
41. As can be seen in annexes B to P there was still a significant number who said they can only pay by cash with some mentioning reasons why and how this would impact on them if cash were taken away.

Options Analysis and Evidential Basis

42. The parking estate is considered separately.

On Street Parking (Pay and Display)

43. For on street parking the three options are as follows:
 - a) to remove cash payments and offer pay by phone as the only way to pay on street.
 - b) in addition to pay by phone to offer debit, credit, pre-paid cash card and contactless, which has never been offered for on street pay and display parking in York
 - c) to offer card/contactless and allow cash payments
44. Option a) does not require a cash collection contract and would contribute approximately £17,000 towards the saving. The council has never accepted card or contactless for on street pay and display so removing cash would only leave pay by phone. There would be some capital required for the removal of the machines and some reinstatement works, up to the value of £25,000 but this would be taken from existing budgets. There are further operational costs of providing physical ticket machines that include maintenance, electricity, tickets and transaction fees. The estimated average cost per machine is £550 so the removal of 56 machines would lead to a further saving of £30,800.
45. Option b) would require new machines at an estimated cost of £224,000. With no ongoing cash emptying required and no savings from removing machines.
46. Option c) would require more expensive machines that can sort and accept cash. The cost of new machines to facilitate option c would be an estimated £280,000 with an ongoing revenue cost of approximately £17,000 per annum for the emptying of the machines. There would also be no operational savings from providing the machines.
47. Officers would therefore rule out option c on the basis of budget impacts both capital and delivering the previous council decision to remove cash payments.
48. Option b would mitigate some of the comments received in the consultation, but significant investment would still be required to deliver option b) and the new signage proposed in option a could point out the nearest car park with other payment options were

accepted.

49. In light of the current financial constraints, the roll out of new machines across the parking estate is not affordable. Please note that no decision is being made in this report to replace machines, rather set the policy for when any replacements are made, but the policy does impact on the likely cost of replacement.
50. On that basis officers feel that option a) is the recommended option.

Car Parks

51. For car parks the following options have been developed:
 - a) to offer pay by phone, debit, credit, pre-paid cash card, contactless and season tickets as the only way to pay in car parks.
 - b) in addition to option a) retain cash payment in a single car park for those who cannot use the app or do not have access to a card.
 - c) in addition to option a) retain cash payment in two car parks for those who cannot use the app or do not have access to a card.
 - d) to retain cash payments in all car parks for those who cannot use the app or do not have access to a card.
52. Option a) is to not accept cash payments in car parks, this change would achieve the maximum saving of £43,000 from the cash collection contract for car parks.
53. Whilst option a) delivers the previous council budget decision. The consultation results highlight the potential impact on some people. To mitigate this impact cash could be retained in some or all car parks.
54. A recent review has identified 2 gold standards car parks, which are Castle and Bootham Row car parks. One of the reasons these were chosen in this access review is that they cover the north and the south of the city and allowing those travelling from the East or West to choose which car park they wanted to access.

55. However, it should be noted that in November 2023, the council's new Executive reconfirmed the re-purposing of the Castle Car Park to support the delivery of a revised Castle Gateway Masterplan, with retained Blue Badge parking for which the Council chooses not to apply a charge. Therefore should cash payments be retained at Castle it may need to be reviewed again in the future.
56. If 1 or 2 car parks were chosen, the costs of providing cash collection would be £31,000 for 1 car park and circa £15,000 if 2 car parks continued to accept cash. This would give further savings of £28,000 or £23,000
57. If option d is chosen there would be no revenue saving from the cash collection contract and the full cost of approximately £43,000 would continue for cash collection and processing from car parks.
58. Despite the response rate to the consultation, the council took in over 1.5 million parking transaction in the calendar year /2023 where the total income from cash is only 10%, so this decision relates to significant annual income where the rapid decline in cash is evident as are the costs associated to accept cash as a payment.
59. 94% of the income that the council collects relate to transactions in off street car parks with just 6% percent for on street pay and display, so the impacts identified in the consultation are much more likely to occur in car parks. In terms of income 10% now comes from cash, 52% from cards and 38% from the mobile phone app.
60. In terms of making the decision it is a judgement call for the decision maker who should give due regard to the impact of the decision to go cashless with no mitigations in car parks.
61. As the Executive Member will be aware, this is a contentious issue across the city and the country for those who either choose to pay by cash or those that can only pay by cash. Work to develop the cashless consultation flagged up initial benefits and challenges that are summarised in this report and a summary of the

consultation responses is attached in annexes B.

62. Following this decision officers will review develop an initial business case for replacement parking machines, officers will include options for flexible pricing models such as dynamic pricing to reflect demand and usage.

Organisational Impact and Implications

63. The following are comments and **implications** from relevant Service Areas.

- **Financial**, contact: Chief Finance Officer.

Members as part of the Council Budget in 2022/23 agreed a saving of £90k from the withdrawal of cash collection from council car parks. Following a review and rationalisation of cash collection it has been possible to reduce to costs of collection to £60,000.

The options for savings suggested in the reports are as follows

	Cash Collection Savings	Running Cost Savings	Total Saving
Removal of On Street Machines	£-17,000	£-30,800	£-48,200
2 Off Street Car Parks to collect cash	£-23,000		£-23,000
Total (2 car parks)	£-40,000	£-30,800	£-70,800
1 Off Street Car Park to collect cash	£-5,000		£-5,000
Total (1 Car Park)	£-45,000	£-30,800	£-75,800

The report identifies that should the Executive Member agree to the recommendations the required recurring saving can be achieved. There will be one off costs incurred to remove the machines however these will

need to be absorbed within the parking account and the recommendation does lead to not having to incur capital expenditure in replacing 56 physical parking machines. In the two years since the saving was agreed, the parking account was able to absorb the saving from additional revenues. That cannot be assumed into 2024/25 as significant savings in that year have been recommended.

- **Human Resources (HR)**, There are no HR implications for the service regarding a move to cashless parking. Any impact on roles within the council's finance team as a result of there no longer being a requirement to reconcile cash payments collected by the contractor will need to be assessed and managed.
- **Legal**, The Council's statutory powers to charge for parking and to set the method by which any charge is to be made derive from section 45 of the Road Traffic Regulation Act 1984.
- **Procurement**, any proposed works, or services will need to be commissioned via a compliant procurement route under the Council's Contract Procedure Rules and where applicable, the Public Contract Regulations 2015. All tenders will need to be conducted in an open, fair, and transparent way to capture the key principles of procurement. Further advice regarding the procurement routes, strategies and markets must be sought from the Commercial Procurement team.
- **Health and Wellbeing**, Cashless parking itself does not have a direct impact on health. However, the overall shift towards cashless transactions and digital payments, including cashless parking, can have both positive and negative implications for health. Most of the impacts are considered within the report and have been highlighted in the consultation. The inclusion of mitigation for disabled access is noted as a positive.
- **Environment and Climate action**, removing cash machines on street would remove clutter from streets allowing more space on street for pedestrians and wheelers.
- **Affordability**, for those users on low incomes if they are unable to afford to access technology/phones or do not have the skills to use them or use cash to live within limited budget, as demonstrated by the public consultation this report will have a significant effect on them being able to use the car parks if this decision is made. The public consultation captured views where it was found that paying

for cash allowed customers to better control their spend and budget. For those on low incomes this is especially important.

To mitigate these impacts the following will need to be considered before the new ticketing system is installed:

- Clear communications in the run up period to the change about the new forms of payment and points of contact for support
 - Point to existing support within communities where residents can get digital support such as digital cafes which can help with using mobile phones to access and pay for services
 - Advice on where to find information on low cost data/phone deals
 - Easy to follow instructions on making online, in app and pay by phone payments
 - Promotion of low cost alternatives such as Park & Ride
 - A reminder of other available solutions for older and disabled people to facilitate travel solutions including the Blue Badge Application Process, and other travel permits such as bus permits.
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- ***Equalities and Human Rights***, The Council recognises, and needs to take into account its Public Sector Equality Duty under Section 149 of the Equality Act 2010 (to have due regard to the need to eliminate discrimination, harassment, victimisation and any other prohibited conduct; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it in the exercise of a public authority's functions).

 - An Equalities Impact Assessment has been carried out and is annexed to this report at **Annex A**.

 - ***Data Protection and Privacy***, as there is no personal data, special categories of personal data or criminal offence data being processed, there is no requirement to complete a

DPIA. This is evidenced by completion of DPIA screening questions AD-03177.

- **Communications**, contact: *Head of Communications*.
- **Economy**, contact: *Head of City Development*.

Risks and Mitigations

64. The following risks have been identified.
- a) Moving to cashless payments only. Likely reputational impacts from those negatively affected by the decision to stop accepting cash payments for parking. Whilst the savings for cash collection have been taken from the 2022/23 budget decision, the increasing budgetary pressures the council is in facing is a key factor to take into consideration. A decision made on the consultation findings will ensure there is due consideration in place and reasoning for this decision.
 - b) All other payments for owning a vehicle are pushed online or over the phone where cashless payments are taken, which is the way the UK is moving to as evidenced in the significant reduction in cash use. However for items such as road tax it is still possible to pay for this via a local post office. So this can be seen as following the other services for those owning a vehicle and in line with the growing national trend towards cashless payments only however by not having a cash option to pay for your parking, there will be many customers hit by this where their comments can be seen in Annex A and how this would impact on them.
 - c) Ensuring everyone is aware of these changes and the options available to them. Officers will work with CYC Communications to make sure the decisions of this report are communicated as effectively as possible and working with the represented groups whose members will be mostly impacted on by these changes including highlighting the use of prepaid payment cards as an alternative for those who use cash.

Wards Impacted

65. All wards.

Contact details

For further information please contact the authors of this Decision Report.

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Background papers

<https://democracy.york.gov.uk/ieDecisionDetails.aspx?ID=6885>

Annexes

- Annex A - Equalities Impact Assessment (EIA)
- Annex B - Cashless Parking consultation summary
- Annex C - Cashless Parking consultation Q1 responding type
- Annex D - Cashless Parking consultation Q2 blue badge holder or carer
- Annex E - Cashless Parking consultation Q3 how often do you park
- Annex F - Cashless Parking consultation Q4 journey length
- Annex G - Cashless Parking consultation Q5 pay for parking
- Annex H - Cashless Parking consultation Q6 concession parking

- Annex I - Cashless Parking consultation Q7 car parks used
- Annex J - Cashless Parking consultation Q8 on street parking location
- Annex K - Cashless Parking consultation Q9 removal of cash impacts
- Annex L - Cashless Parking consultation Q10 removal of cash on street impacts
- Annex M - Cashless Parking consultation Q11 removal of cash in res park areas
- Annex N - Cashless Parking consultation Q12 support for cashless
- Annex O - Cashless Parking consultation Q13 parking machines comments
- Annex P - Cashless Parking consultation are you a carer