

## Spend to Save Fund - Parking Operations Project Bid

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City of Edinburgh Council

27 January 2005

### Purpose of Report

- 1 To refer a recommendation by the Executive that the Council approve the allocation of £100,000 from the Spend to Save Fund to allow an extension to the mPARK system.

### Main Report

- 2 At its meeting on 14 December 2004, the Executive considered the attached joint report by the Directors of City Development and Finance proposing an extension to the trial into the use of mobile telephones as a means of paying for on-street parking.
- 3 Approval was sought to extend the mPARK system to all parking ticket issuing machines within the existing Controlled Parking Zone on a five-year contract and to similarly enable any machines which were installed during the five year period.
- 4 The Executive agreed:
  - a) To approve the expansion of the mPARK system to all parking ticket issuing machines within the existing Controlled Parking Zone on a five-year contract and to similarly enable any machines which were installed during the five-year period
  - b) To recommend that the Council approve the allocation of £100,000 from the Spend to Save fund for this project.

## Recommendation

- 5 That the Council approve the allocation of £100,000 from the Spend to Save fund for the project.

**DONALD ANDERSON**  
Leader of the Council

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<b>Appendices</b>	Report no E/366/04-05/CD&F by the Directors of City Development and Finance
<b>Contact/tel</b>	Louise Williamson : Tel : 529 4121 e-mail : <a href="mailto:louise.p.williamson@edinburgh.gov.uk">louise.p.williamson@edinburgh.gov.uk</a>
<b>Wards affected</b>	City wide
<b>Background Papers</b>	Minute of the Executive of 14 December 2004

## Parking Operations – payment of on-street parking charges by mobile telephone

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### Executive of the Council

14 December 2004

### Purpose of Report

1. To seek the Executive's approval to extend the mPARK system to all parking ticket issuing machines within the existing Controlled Parking Zone on a five-year contract, and to similarly enable any machines which are installed during the five year period.

### Introduction

2. The Executive approved a report from the Director of City Development, recommending a one-year public trial and feasibility study into the use of mobile telephones as a means of paying for on-street parking, on 25 February 2003.
3. Payment by mobile phone involves the user pre-registering with Itsmobile either on-line or by calling from their mobile telephone. At this stage, the user specifies whether they would like to be billed retrospectively on their credit card bill or use the Royal Bank of Scotland Group Fastpay scheme.
4. The scheme – called mPARK – is particularly suitable for people who have to park in Edinburgh regularly, although it can be used by once-only or first-time visitors to the City. Business users account for the majority of transactions. The system prevents fraud, and the risk to the Council is minimal. It can also be configured to send a message to the user's mobile phone, informing them that the paid period is about to expire.
5. The original report indicated that a detailed analysis of users, costs and revenues would be undertaken at the end of the trial period, and a decision taken on whether the scheme should be abandoned, adopted in its current form, or rolled out to every pay and display machine in the city.

## Main report

6. The trial commenced on 31 October 2003, and the system was introduced to all 266 pay and display ticket issuing machines in the core and central areas, and to 4 machines in the peripheral area, of the Controlled Parking Zone (CPZ). Since the launch of the service, a total of over 3,200 people have registered – 2,850 credit card users and 400 City of Edinburgh Council employees.
7. During the trial year, there were a total of 50,670 mPARK transactions worth a total value of £122,493, and the average value of a transaction was £2.42. During the same period the average cash transaction in the core and central areas was approximately £1.59.
8. This means that the average mPARK transaction was 52% higher than the average cash transaction. The additional revenue from mPARK payments can be considered as the contribution of the scheme towards the costs of operating the scheme.
9. Appendix 1 shows that the actual cost to the Council during the trial year was approximately £67,000 (i.e. expenditure exceeded revenue by £67,000). However, over £66,000 of this expenditure was in the form of one-off set-up and advertising costs.
10. A survey of 100 users has been undertaken, and shows overwhelming support for the scheme (see Appendix 2). 88% of those questioned found registration easy or very easy, while 82% found using the system easy or very easy. Only 2% found using the system difficult. 92% said that they would use the system more often if it was extended to the peripheral area.
11. Suggestions for improving the existing service included: -
  - 28 respondents would like the ability to purchase time in shorter increments,
  - 23 would like the transaction process to be faster,
  - 13 would like more machines to be enabled, and
  - smaller numbers would like to be able to pay by American Express or debit card, or for SMS reminders to be free.
12. Problems experienced included: -
  - 8 respondents have experienced service problems, and
  - 4 have received SMS reminders despite not knowingly requesting them.
13. In summary, both the financial outcome and the feedback from users strongly support expansion or, at the very least, retention of the system. All of the above suggestions and problems will be investigated should this report be approved.

## Financial implications

14. Either option would require a contract with the service provider for five years. There would be an additional one-off cost of either £87,500 or £100,000 payable in the first year. In order to be able to retain and expand the mPARK system, a commitment has to be made to one of these options now. Although the one-off costs are not payable immediately, an assurance that funding will be in place at the end of the financial year is required at this point, by the service provider.
15. The Director of Finance has invited Service Directors to submit proposals for additional projects to be met from Spend to Save funding. It had been hoped that all proposals would be considered jointly in February 2005, and that the fund would be allocated at that time. For the reasons outlined in paragraph 14 it is considered necessary to allocate £100,000 from the Spend to Save fund now. This will be paid to the service provider in April 2005 and repaid to the fund during the next four years.
16. The one-off payment would, in part, be used by the service provider to employ someone to promote the system to the business community in Edinburgh. In that case, and combined with further marketing initiatives, the target of having 4.5% of all transactions by value undertaken by mPARK by the end of the first full year of service appears to be realistic.
17. The one-off payment and all operational costs would be covered by the increased value of mPARK transactions relative to cash transactions.
18. The contract would include a guarantee that, if the target level has not been reached by the last month of the first year, the service provider would have to refund 25% of the initial one-off payment. If the average number of transactions in subsequent years is below the target level, a similar amount would be refundable at the end of each year. This would guarantee that, even if the system continued to operate at current rather than target levels, the 'spend to save' fund would be reimbursed for all expenditure within four years.
19. Maintenance fees will be capped at the cost for 500 machines irrespective of how many more machines are added within the existing CPZ or in any future extension of the CPZ.
20. On this basis, extending the system throughout the entire CPZ is the most economically advantageous option.

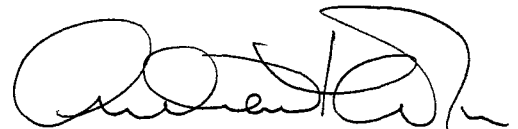
## Recommendations

21. To approve the expansion of the mPARK system to all parking ticket issuing machines within the existing Controlled Parking Zone on a five-year contract, and to similarly enable any machines which are installed during the five year period.
22. To approve allocation of £100,000 from the Spend to Save fund for this project.



**Donald McGougan**  
Director of Finance

1st December 2004.



**Andrew Holmes**  
Director of City Development

2.12.04.

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<b>Appendices</b>	Cost comparison
<b>Contact/tel</b>	Mr Brian Butler - 0131 469 3650
<b>Wards affected</b>	All.
<b>Background Papers</b>	Report to the Executive 'Parking Operations - Alternative Payment Options for On-street Pay and Display Equipment' – 25 February 2004

### Appendix 1: Cost of mPARK trial

Value of mPark transactions (£)	122493	
Number of mPark transactions	50670	
Average value of mPark transaction (£)	2.42	
Average value of cash transaction (£)	1.59	
Contribution per transaction (%)	52.1	
Equivalent value of cash transactions	80565	
Margin (£)		41928
less:		
Set-up costs	30000	
Marketing costs	36827	
Maintenance costs	32320	
Call charges	1018	
Clearance fees	9252	
Total costs		109417
Cost of trial		-67489

**Appendix 2: Summary of user survey**

Method of registration	User status	Ease of registration						Ease of Use						Use more *
		VE	E	A	D	VD	Total	VE	E	A	D	VD	Total	
Phone	Current	11	13	0	1	0	25	11	12	2	0	0	25	23
	Lapsed	4	17	2	1	1	25	7	14	3	1	0	25	22
Online	Current	11	11	2	1	0	25	8	11	6	0	0	25	23
	Lapsed	12	9	1	2	1	25	8	11	5	1	0	25	24
	Total	38	50	5	5	2	100	34	48	16	2	0	100	92

Key

- VE      very
- easy
- E        easy
- A        average
- D        difficult
- VD      very difficult

\* Use more                      User would use the system more often if it was extended to peripheral area.



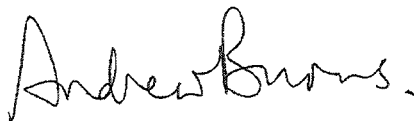
Agenda item:

Report title: **Parking Operations – payment of on street parking charges by mobile telephone**

In accordance with the Council's Standing Orders, the contents of this report have been noted by the appropriate Executive Member.

Without prejudice to the integrity of the report, and the recommendations contained within it, the Executive Member expresses his/her own views as follows:

Signed:



Date: 2<sup>nd</sup> December 2004

**For information** – Standing Order 57(1) states:

“Heads of Department will prepare reports, with professional advice and recommendations, on matters requiring decisions by the Executive:

- a report seeking decisions on matters of corporate strategy, corporate policy and corporate projects will be submitted direct to the Executive
- a report seeking decisions on matters relating to the special responsibilities allocated to an individual member of the Executive will be submitted, in the first instance, to that member. The member will add his or her own recommendation to it before submission to the Executive. Where the Executive member disagrees with the advice and the recommendation of the officers, the Executive member will also state his or her reasons.”