

To: City Executive Board

Date: 21 September 2011

Report of: Executive Director City Services

Title of Report: Future Arrangements for the Management of the City Council's Park and Ride Sites

Summary and Recommendations

Purpose of report: To set out proposals for changes to the management of the Council's three Park and Ride sites in a way that meets the requirements of the City Council's Medium Term Financial Strategy

Key decision: Yes

Executive lead member: Councillor Colin Cook

Policy Framework: Corporate Plan and Medium Term Financial Strategy

Recommendation(s):

1. That taking into account the requirements of the Council's Medium Term Financial Strategy and the savings provided by different working arrangements the Board agrees that a parking charge of £1.50 per day is appropriate at the three Park and Ride Sites within the City of Oxford.
2. To note that the necessary steps are being taken to produce a variation Order to give effect to the changes in the method of payment as set out in paragraphs 10 – 12 and to season tickets and other concessions that might be agreed by the Director for City Services in consultation with the Board Member.
3. To RECOMMEND that Council agree a capital budget in the order of £264k for the purchase of equipment required to operate the service, financed as far as possible from Section 106 receipts and the residual from the redirection and virement of Direct Services budgets.

Appendices to report – Appendix 1 - Table showing impact of a range of fees in balancing the Council's budget position.

Background

1. Budget pressures faced by Oxford City Council and Oxfordshire County Council have led to changes in the way the City Council's Park and Ride services are to be delivered.
2. Three years ago the County Council took over the running of the City Council's three Park and Ride sites - Peartree, Redbridge and Seacourt - subsidising the City Council's costs and loss of income. The Thornhill and Water Eaton sites are outside the City boundary, managed by the County Council and are not the subject of this report.
3. Budget pressures mean that this subsidy (circa £1m) can no longer be afforded by the County Council And, as a consequence, the three Park and Ride sites in the City will return to the management of the City Council, as provided for in the original transfer agreement.
4. It remains the City Council's aspiration to provide a free Park and Ride service for people coming into the City in recognition of the economic and environmental benefits that this brings. However, it is not possible to achieve this in the context of the Council's Medium Term Financial Plan as it would require an additional £1million of savings to the current Council budget savings target of circa £10 million over the next 4 years .
5. In view of this, officers have examined the scope for making substantial savings in the operation of the park and ride sites in order to minimise the financial impact and the level of fees that have to be levied to cover costs.

Park and Ride Operation

6. The three Park and Ride sites in the City are extensive, providing parking to around 1 million commuters, shoppers and visitors a year. The extensive nature of the provision brings with it substantial operational and maintenance costs including a high staffing cost. New operational models have been examined which use new technologies and best practice from other authorities and the private sector.
7. Reflecting the innovative opportunities that these present, the management of the sites will in future be handled through a combination of automatic vehicle recognition and mobile security/enforcement patrols integrated with the rest of the Council's car parks patrol service.
8. This approach will make a significant saving in running costs and enable a lower fee to be charged than would otherwise have been necessary to meet the requirements of the Council's Medium Term Financial Strategy.
9. Reflecting best practice in the industry the charging mechanism should meet the following tests:-

- a. It should not involve pay and display which requires the motorists to purchase a ticket on foot and return to their vehicle to display the ticket;
- b. The charge should be in round numbers and involve no more than 2 coins;
- c. There should be methods of automatic payment by telephone and the internet.

10. It is proposed that the Council's successful mobile phone access to parking payments through the Ringo system should be extended to the Park and Ride sites. This system already accounts for around 120,000 payments a year and is very popular. In addition a web based system to allow single, multiple and season ticket purchases will be introduced.

11. Purchase on foot will be managed through a ticket machine which records the vehicle registration number and does not require a ticket to be displayed on the vehicle.

12. Enforcement will be carried out using Automatic Number Plate Recognition (APNR) units, fitted to patrol vehicles; these units are linked to the charging mechanisms and provide real time information on payments.

13. With these proposals to minimise the management costs of the sites the requirements of the Council's Medium Term Financial Strategy will be met through a daily parking charge of £1.50. This is very competitive with the cost of City centre parking and maintains the gradient in parking charges which falls from the City centre to the park and ride sites at the edges of the City.

Level of risk

14. With appropriate mitigation the risk is assessed as low.

| No. | Risk Description Link to Corporate Objectives | Mitigation | Likelihood | Impact | Score | H= High, M= Medium L= Low |
|-----|---|---|------------|--------|-------|---------------------------------|
| 1. | Income levels not achieved leading to future budget pressures | Set fee with knowledge of "market". Include resistance in budget calculations. Careful budget monitoring. | 3 | 3 | 9 | M |
| 2. | Legal impediment to charging. | Land and property and car parking law issues dealt with. | 3 | 3 | 9 | M |
| 3 | Conflict with bus main operator. | Consult with bus company on proposals. | 1 | 2 | 2 | L |

| | | | | | | |
|---|---|---|---|---|---|---|
| 4 | Failure to implement new operating module leads to employment law issues. | Ensure TUPE law complied with and employment policies. | 2 | 2 | 4 | L |
| 5 | Encourage more use of city centre car parks and cause congestion. | Take great care in balancing budget needs of Council with wider implications. Monitoring after charges introduced. | 2 | 2 | 4 | L |
| 6 | Discourage economic activity through change. | Take great care in balancing budget needs of Council with wider implications. Monitoring after charges introduced. | 2 | 2 | 4 | L |
| 7 | Changes to operational model leads to increased crime. | Ensure sufficient randomly distributed patrols to deter crime. Enhance surveillance using modernized CCTV. Liaise with police re charges. Monitor crime levels and respond accordingly. | 2 | 2 | 4 | L |

Financial Implications

15. The table set out in Appendix A compares the full year effect of a range of potential fee levels compared with the Council's budget and the requirements of the Medium Term Financial Strategy. The Strategy provides for an additional £250k above the amount (£250k) that is included in the base budget that was to have been received from the County Council with effect from 1st April 2012. Hence if no charge is made for parking the deficit to the Council against its Medium Term Financial Plan would be in the order of £1.2million ie. the £500k lost income from the County Council plus the estimated additional cost of operating the services of £674k. A charge of £1 or £1.20 leaves a deficit of around £492k and £357k respectively. A charge of £2 would more than cover the impact on the Council's Medium Term Financial Plan. A charge of £1.50 does not fully recover all costs (of providing the service) but meets the Medium Term Financial Plan requirement, as the costs not being recovered are essentially corporate and departmental overheads which are already borne by the Council; the residual balance of approximately £65k for 2012/13 and the £30k for 2011/12 can be funded through Section 106 income and dilapidations chargeable through the lease to the County Council. A fee of £1.50 would be the lowest level of charging at a convenient round number which will deliver the requirements of the Medium Term Financial Plan and is therefore recommended as the optimum price to be charged.

The £1.50 fee derives from modelling costs and income and relies on the following key assumptions:-

- The costs allow for changes in the method of operation which is likely to lead to a reduction in staffing and subsequent redundancy cost of up to £100k which could be met from the severance budget head.
- The revised method of operation uses Automatic Number Plate Recognition (ANPR) and CCTV technology. With new pay and display machines the estimated capital costs will be around £264k which is not currently included within the Council's Capital Programme. This will be funded via the S106 Monies as these items are Improvements to the Park and Ride Facilities
- The County Council currently hold Section 106 receipts which were previously transferred from the City Council when the car parks were transferred. The estimated amount is likely to be in the region of £788k. It may be possible to use some of these receipts to mitigate running costs such as repairs and maintenance that have been identified to deal with water pooling problems and drainage.
- If the new methods of operation are to be brought into effect there are still a number of employee consultations which need to be undertaken which will take time to complete. Should these not be completed before December then the existing staff structure would continue leading to a financial pressure on the 2011/12 budget of around £50k. Officers would need to mitigate this pressure in other areas of the budget .

Given these uncertainties Council officers will need to review the budget position and consider appropriate action as necessary. .

Climate change / environmental impact

16. The introduction of a charge may result in a minority of people to travel into the City centre or parking on street adjacent to park and ride sites or transferring to public transport rather than paying to park at the park and ride sites. This is difficult to estimate however but the adverse effects are judged to be minimal.

Equalities impact

17. As with all of our parking facilities disabled persons parking will continue to be available. It is not anticipated that there will be any differential impact based on race, gender, disability, sex, age, or religion due to this policy.

Action taken under officer delegated powers

18. There is a Parking Place Order already in force for the sites as the Order was not cancelled when the sites were transferred to the County Council. Car park charges can be altered by issuing a 21 day 'notice of intent' to change the charge. Acting under delegated authority, officers have issued a notice of intent to change the existing charge from zero to £1.50 (and a

related charge of £100 reduced to £50 for prompt payment in respect of non-display of a ticket or overstaying the time purchased. Whilst we have set out the proposed methods of payment in paragraphs 10 – 12, the current Order (which was made in 1998) does not provide for those methods of payment. It simply requires the motorist to purchase a ticket from the ticket machine and to display it on the vehicle. Alterations need therefore to be made to the Order. These alterations cannot be made by notice of intent. Again acting under delegated authority officers have advertised the variation to the Order to introduce the changes in the method of payment.

Legal Implications

19. There is no impediment in the lease or covenants relating to this land which would prevent the introduction of the changes to car park controls referred to in this report.

20. TUPE legislation will apply to the transfer of staff to the City Council. Relevant legislation and Council policy in respect of such matters will be followed and the proposed changes can be accommodated within those.

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List of background papers: The City of Oxford (Park and Ride Parking Places) Order 1998

Version number: 4

Appendix 1

Table showing impact of a range of fees in balancing the Council's budget position in a full year based on 2012/13

PARK & RIDE

| Charging Options | @ £1.00 | @ £1.20 | @ £1.50 | @ £2.00 |
|--|----------------|----------------|----------------|------------------|
| Income | | | | |
| Charge incl VAT | 1.00 | 1.20 | 1.50 | 2.00 |
| Charge Net of VAT | 0.83 | 1.00 | 1.25 | 1.67 |
| Total Income (£) | 681,287 | 816,704 | 973,665 | 1,189,102 |
| Expenditure (£) | | | | |
| Direct Costs (employee, premises, transport, supplies) | 539,551 | 539,551 | 539,551 | 539,551 |
| Support services and other overheads | 134,031 | 134,031 | 134,031 | 134,031 |
| Sub Total Direct Costs | 673,582 | 673,582 | 673,582 | 673,582 |
| Lost Income | 500,000 | 500,000 | 500,000 | 500,000 |
| Net Position Compared to MTFS Deficit/(Surplus) | 492,295 | 356,877 | 199,916 | (15,521) |

Table Showing impact of range of fees in balancing council's budget position for 2011/12

Park & Ride

| Charging Options | @ £1.00 | @ £1.20 | @ £1.50 | @ £2.00 |
|--|----------------|----------------|----------------|-----------------|
| Income | | | | |
| Charge incl VAT | 1.00 | 1.20 | 1.50 | 2.00 |
| Charge Net of VAT | 0.83 | 1.00 | 1.25 | 1.67 |
| Total Income (£) | 336,105 | 402,486 | 479,428 | 585,034 |
| Expenditure (£) | | | | |
| Direct Costs (employee, premises, transport, supplies) | 382,917 | 382,917 | 382,917 | 382,917 |
| Support services and other overheads | 67,015 | 67,015 | 67,015 | 67,015 |
| Sub Total Direct Costs | 449,932 | 449,932 | 449,932 | 449,932 |
| Lost Income | 125,000 | 125,000 | 125,000 | 125,000 |
| Net Position Compared to MTFS Deficit/(Surplus) | 238,827 | 172,445 | 95,504 | (10,102) |

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