

**Report of:** Executive Director, City Services

**To:** Executive Board

**Date:** 21<sup>st</sup> April 2008 **Item No:**

**Title of Report :** Future Management of City Council operated Park and Ride car parks

### Summary and Recommendations

**Purpose of report:**

To report on a review of the management of the future of the City Council Park and Ride car parks. To report an offer made by the County Council to take on the management of the sites, making parking free of charge and integrating their operation into the wider Transport Plan for Oxfordshire.

**Key decision:**

No

**Risk:**

Medium

**Portfolio Holder:**

Councillor Jean Fooks

**Scrutiny Responsibility:** Environment

**Ward(s) affected:**

All

**Report Approved by:**

Finance –  
Legal –  
HR -

**Policy Framework:**

Oxford Transport Strategy  
Oxfordshire Local Transport Plan

**Recommendation(s):**

**That authority be delegated to the Executive Director City Services, in consultation with the Portfolio Holder and Group Leaders of the Liberal Democrat, Labour and Green party groups to conclude an agreement for the transfer of the function of the management and**

**operation of the City Council's three park and ride sites to the County Council.**

1. The City and County Councils share the policy objective of reducing car use, particularly within the Oxford Ring road and especially repeat journeys such as those made by commuters. Both Councils have therefore supported and co-operated over the development of park and ride facilities to serve the city and associated policy initiatives such as Controlled Parking Zones in residential areas which were subject to heavy on street parking by commuters. Reducing traffic movements in the city is seen as key to securing improvements in air quality.
2. The City Council operates three of the five park and ride sites servicing the City being those at Redbridge, Seacourt and Pear Tree. The County Council operates the other two sites. The City Council makes a £1 charge per visit whereas parking at the County Council sites is free. Currently the service breaks even in revenue terms but there is no surplus to fund capital repairs and improvements.
3. Officers have been investigating how the value for money offered by the sites operated by the City Council could be improved so that this important transport service for Oxfordshire could be enhanced whilst not being a burden to the taxpayers of the City alone. Part of that process has involved a 'soft' market testing exercise, which has focused on consultation with alternative potential operators about how they would improve value for money from the sites.
4. The market testing exercise has led us to believe that the service could be run at a surplus of around £250k per annum.
5. Cost reduction ideas include:
  - a) re-allocation of staff duties and rotas to reduce overall numbers of staff required.
  - b) Reducing transaction costs by moving the majority of users to cashless automated payment systems.
6. Income generation ideas include:
  - a) Maximising advertising potential
  - b) Improving income collection and minimisation of abuse by use of technology such as Automatic Number Plate Recognition (ANPR)
  - c) On-site services such refreshments, newsagents and car valeting.
  - d) Growth in the use of the sites.

7. The County Council is keen to see all of the park and ride sites serving the city managed together as part of the Oxfordshire Local Transport Plan. As part of that they would make the parking at all sites free of charge
8. Currently the City Council charges £1 per visitor providing an income of £700K per annum.
9. The County Council are not attracted to the relatively simple, and for both parties, relatively low risk approach of re-compensating the City Council for lost income if parking were made free. Essentially this is because the Council would prefer the sites to be managed together to provide a single commonly managed service for the customer. In addition there is an opportunity to gain economies of scale. The proposal for transfer also facilitates integration with the overall bus strategy. The county and Oxford Bus Company are keen to develop a Quality Partnership specifically for park and ride to include ticketing, new vehicles, branding and improved journey time reliability.
10. The County Council has studied our soft market testing exercise and predictions and following much discussion have agreed that they should contribute £250k per annum for a transfer of the function for each of the next 10 years.
11. It is recognised that in principle a transfer to the County Council would provide a more coherent service and would achieve the objective of costs being borne by all of the tax-payers of the county rather than just the city.
12. Apart from the financial details there appears to be a number of advantages to the County Council's proposal:-
  - a. A consistent approach to managing all 5 park and ride sites will provide a clearer more joined up approach to both visitors and residents of Oxfordshire. It will enable a co-ordinated approach to actively managing the available space and eliminate any competition between sites.
  - b. The County's intention to make parking at all sites free will make the transition from car to bus more attractive. It provides an opportunity to invest in Park and Ride services consistently so that improvements to service are available to all users irrespective of the direction they are travelling into Oxford.
  - c. The County's Local Transport Plan set out plans to improve the bus journey between Park and Ride sites and the city centre. It also rolls out many controlled parking zones to reduce the amount of commuter parking available within residential areas of Oxford.

- d. The County Council recognizes the need to expand Park and Ride to cater for increased use following the above measures and to facilitate city centre development such as Westgate and the wider West End Renaissance. In addition they are also looking at Satellite Park and Ride that would reduce the need for people to drive from neighbouring towns such as Bicester.
- e. The County Council would continue to improve park and ride services throughout any period of agreement with the City Council. They are currently planning to introduce a number of variable message signs on the approaches to Oxford. These will be providing travel information to road users including directing them to park and ride spaces. The aim of all of these measures is to reduce congestion within the city boundary to provide more reliable journey times and to improve customer experience. All of these will help to make Oxford a more attractive destination for residents of the County and visitors.
- f. The Councils would work together to utilize current developer contributions and also generate further contributions to the Park and Ride. This will help to facilitate many of the above improvements.

## Options

- 13. The options open to the City Council are:
  - a. Retain the service. Drive the potential increase in income and cost reductions and maintain the potential for a price rise in the future;
  - b. Transfer the function of the management and operation of the car parks to the County Council ( with the consequence of granting a 10 year lease) on the basis of their offer;
  - c. Retain the service and carry out firm market testing of the park and ride service along with the remainder of the off-street parking service.
- 14. At this time we believe that we only have sufficient information to decide whether or not to transfer the function to the County Council. A full market testing exercise is likely to reduce the operational costs of the park and ride service. However the agreement with the county council compares favourably with this and presents a lower risk option.
- 15. In outline the pros and cons of the options are:

| Option          | Pro   | Con   |
|-----------------|---|---|
| Retain In-house | Opportunity to drive costs and income retained.<br><br>Retain opportunity to increase fee and therefore significant | Give up opportunity to share that risk with County Council.<br><br>Retain responsibility for capital investment and |

| Option   | Pro   | Con   |
|--|---|---|
|  | <p>income in future.</p> <p>Maintains flexibility around service design and alignment.</p> <p>Preserves option to market test alongside surface car parks.</p>                                    | <p>repairs.</p> <p>Financial risk associated with cost reductions retained by City Council</p> <p>Less easy for Park and Ride service to be managed as an integrated countywide transport service.</p> <p>Potentially lose some of the benefits highlighted above.</p> <p>City would have to direct some of capital programme towards maintenance of sites.</p> <p>Rise in fees combined with rising bus fares becomes disincentive to park and ride.</p> |
| Transfer to County                             | <p>Service managed as part of countywide Transport Plan.</p> <p>Financial risks transferred to County Council.</p> <p>County picks up capital expenditure during the 10 year contract period.</p> | <p>Forgo potential for increase in fee and therefore significant rise in income.</p> <p>Diseconomies of scale of splitting park and ride from surface car parks.</p>  |
| Outsource Park and Ride with surface car parks | <p>Potential to find economies of scale of Park and Ride and surface car parks as part of much larger operation.</p>  |   |

### Financial Issues

16. With the 'retain in-house' option the Council has to manage the risks associated with driving service improvements but retains the option to increase income significantly in the future through a fee rise. However this is not without significant risk due to the overall cost of park and ride rising above the level of the rest of the public transport services in the area. This could result in the operators deciding to remove the commercial service from the specific park and ride routes.

17. The transfer of the function to the County provides greater financial certainty, cushioning of the risk around delivery of service improvements but gives up the opportunity of a fee rise for the period of the contract but avoids capital expenditure for the same period. There is a guaranteed revenue contribution of £250k per annum.
18. In the case of a transfer substantial support costs would remain with the City Council. We would take steps to reduce these through re-aligning work, restructuring and turnover.

### **Staffing Implications**

19. By transferring the function 10 Park and Ride staff would transfer to the County Council and then almost certainly on to their contractor. The terms and conditions of those staff would be protected under the Transfer of Understanding (Protection of Employment) regulations. The County Council has been advised and accepts that protection of employees' rights would be an important issue to secure.
20. The County has been advised that the City Council would also want be satisfied about pension provision and two tier workforce issues.
21. Relevant staff and the Trades Unions have been advised of the proposal from the County Council indeed the possibility has been discussed at staff meetings over recent months. At this stage the principal concern is about the protection of terms and conditions and pension rights if a transfer were to take place with general resistance to that proposition.

### **Legal Implications**

22. Whilst all of the options are subject to the Council's general fiduciary and Best Value duties the transfer of the function to another local authority does not constitute procurement under the Public Procurement Regulations.
23. A lease between the City and County Council would be a necessary consequence of the agreement to transfer the function. The lease would place all repair and maintenance responsibilities with the County Council.

### **Conclusions**

24. The financial position is finely balanced between continuing to run the Park and Ride service or transferring to the County Council. The transfer proposal nets the City Council £250k per annum without any delay or risk. When the potential for enhanced income from a price rise is discounted for timing of when an increase might be implemented and

risk of reductions in users there is little difference over the proposed life of the contract.

25. In your officers view the policy issues on balance support the proposition to transfer.
26. Officers are satisfied that adequate protections can be put in place to protect the terms and conditions, pensions and trades union recognition for transferring staff.

|                           |   |
|---------------------------|---|
| <b>Recommendation(s):</b> | <b>That authority be delegated to the Executive Director City Services, in consultation with the Portfolio Holder and Group Leaders of the Liberal Democrat, Labour and Green party groups to conclude an agreement for the transfer of the function of the management and operation of the City Council's three park and ride sites to the County Council.</b> |
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**Background papers:** None

