

Report of[x1]: Executive Director, City Services

To[x2]: Executive Board

Date[x3]: 28th April 2008

Item No[EM4]: 6

Title of Report [x5]: Future Management of City Council operated Park and Ride car parks

Summary and Recommendations

Purpose of report[x6]: 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[x7]: No

Risk[BL8]: Medium

Portfolio Holder[x9]: Councillor Jean Fooks

Scrutiny Responsibility[x10]: Environment

Ward(s) affected[x11]: All

Report Approved by: Finance – Penny Gardner/ Sarah Fogden
Legal – Jeremy Thomas
HR – Sue Shutter[EM12]

Policy Framework[x13]: Oxford Transport Strategy
Oxfordshire Local Transport Plan

Recommendation(s)[x14]:

1. That the Executive Board approves the transfer of the function of operating the Park & Ride sites at Redbridge, Pear Tree and Seacourt on the basis of the Heads of Terms appended to this report.

2. That authority be delegated to the Executive Director City Services, in consultation with the Portfolio Holder 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. This income offsets expenditure and covers revenue costs but is currently insufficient to fund major repairs or improvements.
9. The County Council are not attracted to the relatively simple, and for both parties, relatively low risk approach of 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.

A significant potential disadvantage to the City Council is the loss of direct control over this important aspect of transport and parking services serving Oxford. It is also considered that there should be clearer more proactive discussion between the City and County Council's regarding transport and parking issues affecting the city. During the clarification of the County Council's proposal terms of reference for a liaison meeting have been agreed.

Heads of Terms, including the terms of reference for a liaison meeting, for an agreement to transfer the operation of the Park & Ride services to the County Council have also been agreed. These are attached as Appendix I.

Officers believe that these terms of reference give sufficient clarity for the Executive Board to consider this matter.

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	<p>Opportunity to drive costs and income retained.</p> <p>Retain opportunity to increase fee and therefore significant 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>Give up opportunity to share that risk with County Council.</p> <p>Retain responsibility for capital investment and 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>

Option	Pro	Con
		<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	Potential to find economies of scale of Park and Ride and surface car parks as part of much larger operation.	

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. A transfer on the terms proposed could avoid any capital expenditure for major repairs or improvements during the term of the contract.
19. 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

20. 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 Undertaking (Protection of Employment) Regulations. The County Council has been advised and accepts that protection of employees' rights would be an important issue to secure.
21. The County has been advised that the City Council would also want to be satisfied about pension provision and two tier workforce issues.
22. 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.
23. If it is decided to progress the proposal to transfer formal consultation with staff and trades unions would have to take place.

Legal Implications

24. 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.
25. A lease or other agreement between the City and County Council would be required to transfer the function. It is proposed that the term of the agreement would be ten years with review of break clauses. At the end of the agreement the presumption would be that the sites would return to the City Council. The agreement would place all repair and maintenance responsibilities with the County Council.

Conclusions

26. The financial position is finely balanced between continuing to run the Park and Ride service or transferring to the County Council. In your officers view the policy issues on balance support the proposition to transfer.
27. 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.

Recommendation(s)[x15]:

- 1. That the Executive Board approves the transfer of the function of operating the Park & Ride sites at Redbridge, Pear Tree and Seacourt on the basis of the Heads of Terms appended to this report.**

2. That authority be delegated to the Executive Director City Services, in consultation with the Portfolio Holder to conclude an agreement based of the Heads of Terms approved by the Executive Board 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.

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Background papers[x17]: None

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Heads of Terms – Agreement for the transfer of the management of three park and ride sites from Oxford City Council to Oxfordshire County Council

1. Transfer of function

The City Council currently performs and discharges the function (“the Function”) of the management and operation of the Peartree, Redbridge and Seacourt park and ride car parks within Oxford (“the Sites”). The County Council currently manages and operates two further park and ride car parks on the outskirts of Oxford, Thornhill and Water Eaton. The City Council and the County Council have agreed, under the provisions of s101 Local Government Act 1972 and s 19 Local Government Act 2000, that the Function be transferred from the City Council to the County Council and thereafter discharged by the County Council. To record this transfer the parties will enter into a transfer agreement (“the Transfer Agreement”) which in setting out the terms of such transfer will reflect and contain the matters set out in these Heads of Terms. The parties acknowledge that either within the Transfer Agreement or in associated documentation, the County Council will be granted rights of entry and occupation of the Sites, such rights to commence on the commencement date of and to be co-terminus with the Transfer Agreement.

2. Liaison Committee

The Councils shall implement and maintain a liaison committee with the terms of reference as set out in appendix A. Both Councils will comply with the provisions of the said terms of reference throughout the term of the Transfer Agreement.

3. Term

Subject to any provisions in the Transfer Agreement pertaining to earlier termination, the Transfer Agreement will be for ten years from the commencement date (“the Term”). On termination of the Term the Function will revert to the City Council and all rights over the Sites granted to the County Council will end.

4. Break clauses and review

At the end of each year of the Transfer Agreement there will be a review carried out jointly by the Councils. There will be break clauses at years 3, and 7. Either Council may end the Transfer Agreement on any such date by giving the other Council not less than 12 months notice. [01]

5. If the City Council terminates the Transfer Agreement by implementing a break clause, compensation will be payable to the County Council for any capital investment made by it pro rata to the number of months that the County Council’s operation will have benefited by that investment as compared with the months remaining of the full 10 year agreement. In the event that the City Council terminates the Transfer

Agreement by reason of the material breach of the County Council, no such compensation shall be payable. In the event that the County Council terminates the agreement the County Council shall pay to the City Council all reasonable additional costs incurred in running the service for the remainder of the contract period. The City Council will take all reasonable steps to mitigate those costs.

6, Management and operational costs

All costs, expenses, loss and claims incurred through discharging the Function (including without limitation, all operating, management and staffing/employment costs, whether incurred at the Sites or elsewhere, and all repair and maintenance costs relating to the Sites, and all taxes and any rent or other fees relating to the Sites to be paid to third parties) shall be the sole responsibility of the County Council. These costs have been set out in full by the City Council in their accounts and presented to the County Council. While all such accounts have been calculated and provided in good faith, the City Council gives no warranty as to their accuracy.

Under the terms of the Transfer Agreement (and/or its associated documentation), the County Council shall pay to the City Council the sum of £250,000 per annum throughout the Term, in lieu of additional income and efficiencies demonstrated through the soft market testing of the operation by the City Council. This sum shall be reviewed annually in line with the CPI published in the month before the anniversary of the arrangement.

7. Capital expenditure and improvements

The Transfer Agreement shall set out in general terms the programme of improvements that the County Council intends for the Sites. The County Council will deliver that programme. However, no Capital works or works requiring planning permission shall be carried out at the Sites without the prior permission of the City Council. Such consent not to be unreasonably withheld and in particular not to withhold consents that would prevent the County Council from achieving the efficiencies and income generation activity set out in the results of the soft market testing of the operation by the City Council. Developer Contributions secured for investment at the Sites by the City Council will be passed to the County Council to discharge.

8. Staffing matters

It shall be assumed that TUPE applies to the transfer of the Function, and therefore all relevant City Council staff employed in performing the Function shall be treated as being transferred to the employment of the County Council on the commencement date on their existing terms and conditions of service. The County Council will set out its proposals to ensure compliance with requirements in respect of "two-tier workforce". These proposals will be implemented.

Negotiated changes shall be entirely a matter between the employer and the employees.

The Local Government Pension Scheme shall be maintained for all transferees who are members of the scheme.

The County Council shall ensure that existing trades union recognition is maintained.

The County Council shall ensure that all of the above requirements shall be met however it chooses to execute the Function - whether this is directly in house or via a contractor. Any agreement with a contractor shall reflect the above requirements.

9. Parking Charges

The City Council enters this agreement on the basis that it is the County Council's policy not to charge for parking at the park and ride sites.

The County Council shall not impose any parking fees at the Sites without consulting the City Council. 12 months notice of intention to implement parking fees shall be given.

A firm proposal to impose parking fees at the Sites shall enable the City Council to review the service and if it is judged that to do so would be in accordance with the Council's fiduciary or Best Value duties, the City Council may serve notice and end the Transfer Agreement or negotiate an agreement as to how income received could be shared.

10. Condition

At the commencement and at the end of the Term the Councils shall jointly commission a condition survey. At the end of the Lease the Sites shall be returned to a condition as least as good as at the commencement. If this condition is not met appropriate financial compensation shall be paid to the City Council.

[02]

11. Activities on site.

The Sites shall be used for the purposes of parking of private vehicles associated with the park and ride operation. The City Council recognises that the County Council might want to introduce ancillary commercial services to enhance the running of the operation as planned following the soft market testing exercise undertaken by the City Council. This could include activities to provide a better customer service and/or increase revenue generation.

In regard to all activities undertaken at the Sites, whether directly related to the Function or to any additional or associated services provided at the Sites, the responsibility for compliance with all health and safety legislation shall vest exclusively in the County Council.

12. Branding

The parties shall agree appropriate branding of the park and rides sites to reflect the partnership approach to transport and parking issues in the city of Oxford.

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Terms of Reference
Oxford Transport and Parking Liaison Meeting

The purpose of the Oxford Transport and Parking Liaison Meeting is to ensure that there is good, early and proactive liaison between Oxfordshire County Council and Oxford City Council before firm decisions are taken regarding strategic transport and parking issues affecting Oxford including the operation of the park and ride service.

Existing liaison arrangements on transport and parking matters will be reviewed to avoid duplication

The meeting shall be between the relevant Portfolio Holders of the two Councils supported by Chief Officers. Where the relevant Portfolio Holder is not available a suitably briefed member of the Executive/ Cabinet will substitute.

The meetings shall be held quarterly or as required.

An agenda for the meeting shall be circulated as a draft for comment and then as a final version at least five working days before the meeting.^[03]

The meeting shall not override any statutory consultation procedures but shall supplement those by ensuring that there is dialogue before any such consultation is launched on strategic issues.