

ALTERNATIVE FUNDING ARRANGEMENTS FOR CAMBRIDGE PARK AND RIDE SERVICE

To: **Economy and Environment Committee**

Meeting Date: **24 May 2016**

From: **Executive Director, Economy, Transport and Environment**

Electoral division(s): **All**

Forward Plan ref: **2016/033** *Key decision:* **Yes**

Purpose: **To consider a proposal from Stagecoach for alternative funding arrangements for the Cambridge Park and Ride service.**

Recommendation: **Committee is recommended to:**

- a) Note the range of options for funding the Cambridge Park and Ride service;**
- b) Not accept the offer of alternative funding arrangements for the Cambridge Park and Ride presented by Stagecoach;**
- c) Consider whether further work should be undertaken on alternative funding arrangements.**

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1. BACKGROUND

- 1.1 Cambridge is served by five park and ride sites at Trumpington, Madingley Road, Milton, Newmarket Road and Babraham Road. The cost of running the sites is funded through a combination of income from on-site car parking charges and departure charges paid by the bus and coach operators. For 2016/17 the Business Plan requires income of £1,162,751 from car parking charges and £270,000 from departure charges, a total of £1,432,751.
- 1.2 The ridership from the Park and Ride sites has fallen by around 14% since the introduction of the parking charges. This fall has had an impact on the revenue received by the bus company and the departure charge has been waived for the last two years to compensate for this loss, with the assumption that patronage would increase back to previous levels. However, this increase has not occurred and the operator is concerned that the reintroduction of the departure charge will lead to changes being required to the service through a significant increase in price to the user or a reduction in the service level provided.
- 1.3 As a result of their concerns the operator has asked the County Council to consider whether an alternative funding model could both continue to fund the service and increase patronage back to previous levels or higher.
- 1.4 The current system involves fare paying passengers having to buy a ticket to park and a separate ticket to ride, which can be purchased from the same machine. Concessionary pass holders who travel free and users who park and then either walk or cycle also have to pay to park through the same machines. The income from the parking is retained by the County Council and the operator pays a departure charge (when levied) to use the site.
- 1.5 This system has been in operation for approaching two years and although there are still some complaints about the complication of the ticket machines these are a lot less than initially; there are very few complaints about the charge itself.
- 1.6 Work is ongoing to consider further changes to the ticket machines to increase their ease of use. For example, a separate bid is proposed under reserves to implement a wave and pay system into the machines to speed up transaction times.
- 1.7 The main issue with the current approach is that the operator has expressed concerns about their ability to pay the departure charge and retain the current fares and service level. If the current system continues the net effect will be an increase in fares from £2.70 to around £3.

2. MAIN ISSUES

- 2.1 Given the reduction in patronage on the service and perceived concerns about the ticket machines, Stagecoach, the operator has presented an alternative way of funding the sites to Council officers. This is presented below alongside two further alternative options for consideration. Some of the strengths and weaknesses of each of these are shown in the attached appendix 1.

2.2 The “Stagecoach” proposal

- 2.2.1 Stagecoach have presented a proposal which involves a system whereby the parking charge is removed and the service is funded through a combination of increased bus ticket prices and the removal of concessionary fare income. The indicative figure from Stagecoach would be an increased ticket price to £3.50 and a new fare of £2.50 for concessions. 50p from each of these fares would be paid to the County Council, but the County Council would not pay concessionary travel on park and ride services.
- 2.2.2 There are a number of reasons why this proposal is not attractive. In terms of fares, all full paying passengers would pay 80p more than at present so arrivals at the site with more than one person per car would pay more than the current parking charge. In terms of concessions, a £2.50 charge would be levied where there is currently no charge.
- 2.2.3 In terms of the impact on the County Council, there is a risk that it will not be possible to remove concessionary travel benefits and this element would provide around a half of the funding the Council would receive under these proposals. Consequently, there is a risk that the County Council would lose a significant amount of income under this approach. Although other authorities have removed concessions from their park and ride services this does not set legal precedent and the decision would be open to challenge. For these reasons, this option is not recommended.

2.3 Separate parking and riding payment systems

- 2.3.1 This means of operation would retain the £1 charge and the departure charges, but change the method of payment. If it is accepted that the main issue with the current system is that the process is complicated then this may be simplified by changing the method of payment.
- 2.3.2 The current system could be changed in a number of ways but in essence parking would be paid for through one process and the bus fare through another. The simplest method is for there to be ticket machines for parking, which would capture all users of the site, and then bus users pay on the bus. The expectation would be that simplifying the system will encourage users back onto the service, and this in turn would enable the operator to afford to pay the departure charge.
- 2.3.3 Under this arrangement, the ability for passengers to buy a ticket before boarding and to use credit/debit cards would be removed and therefore, could lead to longer queues for the bus whilst passengers pay and thus make the service less attractive to users. However, this could be overcome by having two sets of machines, one for parking and one for riding, but this would still involve a two stage process for fare paying passengers. This system is currently in use on the Busway and appears to work well, although the number of users is significantly smaller.
- 2.3.4 A variation on the above proposal is to move to a pay on departure system. This would mean that passengers would not need to buy a separate parking ticket on arrival, which would speed up their departure. On returning to the site there could then be either a ticket purchased through a separate machine, similar to at an off street car park, or pay at the barrier.

2.3.5 The above approach has some drawbacks, however. The main issue is the cost of installing exit barriers and adapting the sites accordingly. This is likely to take a considerable amount of time to introduce, in addition to the cost involved. If the barriers developed a fault or customers do not buy a ticket or have money available when they reach the barrier this will cause considerable delays to other users waiting to depart.

2.4 Reinroduce the previous system of free parking and current fare structure

2.4.1 This proposal is likely to be the most popular, and the most likely to lead to an increase in patronage. This would mean that the operator would be able to pay the departure charge, but there would be a loss of income of over £1m that would need to be funded from an alternative source. There is currently no obvious alternative funding source. In addition to this, there is the additional income that would be lost from increased use of the sites that is expected in future years. For example, it is expected that if the sites operated close to full occupancy, the income could be in the order of £2m per year.

2.4.2 Although this option is the most likely to increase patronage, this is by no means guaranteed. The passengers that have either found alternative places to park, ways to travel or travel less often may be happy with their new arrangements and won't simply transfer back.

2.4.3 The current parking income is steadily rising through the use of the site by construction workers at Astra Zeneca, and through arrangements being brokered with a hotel near to the Madingley site. These income streams will disappear if the parking charge is removed.

2.5 Assessment

2.5.1 Considering the strengths and weaknesses of the current arrangements against the Stagecoach proposal and the other alternatives presented here suggests that for the time being, the current parking charge and means of levying it are the most appropriate. Members may, however, wish to consider whether further analysis of some of the alternative changing methodologies would be beneficial.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

The following bullet points set out details of implications identified by officers:

- The role of Park and Ride remains critical to the success of the City of Cambridge and its employers and businesses. Park and Ride continues to ensure that car traffic is intercepted at the city fringe and does not add to the existing congestion experienced in the City.
- Even with the recent dip in numbers the annual patronage figure for the 12 months to March 2016 is just under 3.2M passenger journeys.

3.2 Helping people live healthy and independent lives

The following bullet point set out details of implications identified by officers:

- The Park and Ride system offers a convenient way of accessing employment, businesses and public services; hence allowing people to live independently. That role is illustrated by the fact that 25% of journeys made are undertaken by concessionary pass holders.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The following bullet point set out details of significant implications identified by officers:

- The option under section 2.2 retains the current funding mechanism, sections 2.3 and 2.4 involve receiving the income through an alternative mechanism and under section 2.4 no alternative funding stream has currently been identified.

4.2 Statutory, Risk and Legal Implications

The following bullet point set out details of significant implications identified by officers:

- The removal of concessionary fares from Park and Ride services has been achieved by other authorities. However, this does not set legal precedent and previous legal advice has been that such a decision would be open to challenge and there is a risk that this challenge would be successful.

4.3 Equality and Diversity Implications

There are no significant implications for this priority.

4.4 Engagement and Consultation Implications

There are no significant implications for this priority.

4.5 Localism and Local Member Involvement

There are no significant implications for this priority.

4.6 Public Health Implications

There are no significant implications for this priority.

Source Documents	Location
None	

FUNDING PROPOSALS FOR PARK AND RIDE SITES

Current arrangement remains

Strengths – Retains income of around £1m to fund the service.

Although some complaints, many people are now familiar with the system and to change it may cause fresh issues.

No additional resource required to make substantial changes.

Means that people who park but don't ride are charged for using the sites

Weaknesses – Some people still find the system to be difficult to use.

No indication that lost passengers are returning

Fares therefore likely to rise by around 10%

Stagecoach proposal

Strengths – Removes the £1 parking charge

Potentially generates the same income as now

Simplifies the payment process at the machines, but cost to amend machines

Weaknesses – Risk of challenge from concessionary pass holders

Could be seen as a "U turn"

Income not guaranteed, especially if there is a challenge

People who park and don't ride receive free parking but don't use the service

General fare increases to around £3.50

Cost for concessionary pass holders rises from free to around £2.50

Separate parking and riding payments

Pay at machines for parking and on-bus for riding

Strengths – Retains income of around £1m to fund the service.

Clearer what passengers are paying for at each stage

Retains income from people who park and don't ride

If some machines parking only and others ticket only could still enable off bus ticketing

Weaknesses – Passengers have to pay, and possibly queue, twice if paying a fare.

No facility for people to pay by debit/credit card if all machines converted to parking tickets

Could lead to queues for the bus

Cost to amending machines

Pay on exit for car parking and at machine for bus fare (including ANPR for advance payments and short stay)

Strengths – Retains income of around £1m to fund the service.

Clearer what passengers are paying for at each stage

Retains income from people who park and don't ride

Weaknesses – Cost of introducing barriers/associated infrastructure

May not be physically possible to do at all sites

Queues may be caused by people not having the correct means to activate the barrier

Queues caused by broken barriers, or loss of income if barriers then “lifted”.
Cost to amend ticket machines.

Removal of parking charge

Strengths – Will be a popular decision

May lead to increase in usage

More user friendly

Will simplify machines and enable off-bus purchases to continue, including with debit/credit cards

Weaknesses – Loss of £1m income, unless alternative funding stream can be found

Could be seen as a u-turn

People who park and don't ride receive free parking but don't use the service

Cost to amend ticket machines