

ALTERNATIVE FUNDING ARRANGEMENTS FOR CAMBRIDGE PARK AND RIDE SERVICE

To: Economy and Environment Committee

Meeting Date: 9th February 2017

From: Executive Director, Economy, Transport and Environment

Electoral division(s): All

Forward Plan ref: Not applicable **Key decision:** 2017/005

Purpose: To consider alternative funding arrangements for the Cambridge Park and Ride service.

Recommendation: Committee is recommended to:

- a) Note the alternative options available for funding the park and ride service;
- b) Keep under review a range of opportunities for such alternative funding and in the meantime, continue to charge for parking at the Park and Ride sites; and
- c) continue to explore with the Greater Cambridge City Deal the option of allocating funding from the proposed Workplace Parking Levy in order to achieve the aim of free parking at the Park and Ride sites.

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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.
- 1.2 The ridership from the Park and Ride sites has fallen by around 14% since the introduction of the parking charges. In order to consider how best to move the service forward, Economy and Environment (E&E) Committee members provided a list of options to consider in June 2016. This list was added to by officers and then all County Council and City Deal Board Members were invited to add to the list. The final list is attached as appendix 1.

2. MAIN ISSUES

- 2.1 In broad terms all of the proposals will need to find alternative funding equivalent to the current Business Plan income requirement of £1,162,751. This figure will rise over time as inflation increases some of the core costs such as maintenance and staff salaries.
- 2.2 Listed below are the full set of points that officers have been asked to consider as part of this process. These are explored with analysis of the practicalities, benefits, dis-benefits and financial implications where applicable. Further work on these may be necessary depending on the views of Committee.
- 2.3 Any financial implications of the alternative proposals are explored under the individual sections in this report. However, any change to the current arrangement will remove an opportunity for the County Council to continue to receive close to £1.2m per annum, and also remove any opportunity to increase this revenue if required in future years by increasing the charge.
- 2.4 ***A joined up approach taking into account City Deal work on Work Place Parking, and Cambridge Joint Area Committee Parking Review;***
 - 2.4.1 Consideration of a joined up approach linking Greater Cambridge City Deal proposals and Park and Ride provision is already taking place. City Deal work on a Workplace Parking Levy (WPL) is in the early stages of development, but early indications are that this is a potential area for funding towards Park and Ride in the future. Initial analysis of consultation responses suggests that this would be a popular approach and it is estimated that WPL could generate between £7m and £11m per annum; only a proportion of this funding would therefore be required to offset the Park and Ride income target. However, this would mean that this portion of funding would be unavailable for other projects and the City Deal Executive Board would need to consider this in coming to a decision.
 - 2.4.2 The next step in delivering a WPL scheme is to begin a consultation with businesses and residents to shape the final area, the fee structure and the exemptions. This process is likely to take at least 3-4 years to complete and is therefore not a short term solution to finding alternative funding for Park and Ride.

2.4.3 It has also been suggested that the New Homes Bonus element of the City Deal funding could cover the cost of running the park and ride sites. However, there are already a number of calls on this funding and the impact of the recent changes to New Homes Bonus means that the City Deal is likely to have reduced New Homes Bonus in the future in the future and if this source were to be used, It would be necessary to ensure there is a sustainable form of funding until the WPL became available.

2.4.4 Linked to WPL is a review of on-street parking controls – including additional Residents' Parking Zones (RPZ). This will ensure that the Workplace Parking Levy does not displace parking to nearby streets to the detriment of local residents and businesses in these areas. The aim is to ensure that the limited on-street parking is maintained as required for residents, local businesses and neighbourhood shopping areas to ensure they continue to thrive. The Cambridge Joint Area Committee has reviewed the Residents' Parking policy in Cambridge and this will shortly be considered by the Highways and Community Infrastructure Committee. The parking review, however, offers little help in terms of funding for parking at Park and Ride sites. Any residents' parking fees must only cover the cost of providing the scheme.

2.5 ***The impact of using any money available in the on- street parking fund to subsidise Park & Ride costs and investment.***

2.5.1 The on-street parking fund currently stands at around £1.9m per annum, and is allocated through the Highways and Communities Infrastructure Committee. However, this is currently fully committed for 2016/17 in the following areas.

City Council Shop Mobility Scheme	50,000
Park and Ride	22,000
Cambridge Business Improvement District	12,000
Real Time equipment Maintenance	137,000
Highways Management Centre	160,000
Rising Bollards	58,000
Drummer Street maintenance	49,000
Concessionary Fares in Cambridge	287,000
Traffic surveys	20,000
Local Highway teams – South Cambs and City	1,132,000

2.5.2 The majority of these functions are carried out by the Council's Local Infrastructure and Street Management group, which includes the Integrated Highways Management Centre and Highways Maintenance teams. The two external functions are the City Council Shop Mobility Scheme and Cambridge BID.

2.5.3 If income is transferred from the on-street parking fund to Park and Ride, this will require removing it from another area to which it is currently committed, creating a pressure for these services. At present, there are no alternative means of funding the works that are paid for from the on street fund and so the likely consequence would be a cut in the works that it currently pays for.

2.6 *Bringing the Park & Ride bus service in-house and whether this would bring a larger income stream to the Council – looking to how this works in Oxford and other cities;*

2.6.1 Although there are some local authority run bus companies, most have ceased trading or been acquired by other bus groups since the introduction of the 1985 Transport Act. Oxford Bus Company, for example, was acquired by The Go-Ahead Group in 1994. More significantly, there have been no new local authority bus companies created in the same time period. In order to bring the Park and Ride service in-house, significant upfront investment would be required. It is calculated that 24 vehicles, including spares, would be required to operate the current ten minute level of service, and these vehicles cost around £190k each. This would require an investment of £4.5m, although it may be possible to lease the vehicles. Even with leasing, however, a number of upfront payments are normally required and the long term cost is likely to be more expensive than buying the vehicles upfront. In addition to the cost of vehicles there are other associated costs, the most significant being a depot, including maintenance facilities, for the vehicles. There will also be ongoing costs of staff, insurance, management, fuel, etc. Industry average figures suggest that a bus costs £160k per annum to operate, which for 24 vehicles is £3.84m per annum.

2.6.2 Current passenger figures show around 3,170,000 trips per annum on Park and Ride services. Around 25% of trips in the county are taken by concessionary pass holders. In terms of income generation these 25% of journeys would equate to £792,000. The remaining 75% of passengers pay on average £1.50 per trip, which equates to £3,566,000, giving a total projected income of £4,358,000 and an estimated net surplus of £518,000 over operating costs. This figure is not sufficient to offset the income from parking charges and is based on a “best case” scenario, and doesn’t, in particular, include the cost of acquiring and setting up a bus depot, the cost of the investment and makes no allowance for risk such as the impact of competition.

2.6.3 For example, the current Park and Ride agreement is an open access one which means that as long as certain timetable and vehicle standards are met, any operator can set up a Park and Ride service. The significance of this is that if there was an in-house bus service operation it is possible that a competing operator could continue to provide services in competition. This would increase the number of journeys available to the public, but would reduce the amount of business, and income, to each of the operators. There is a high risk that this approach would lead to high costs to the authority with insufficient income to meet the operating costs. This approach is therefore likely to further erode the additional income required to offset the parking charges. It is perhaps significant that although the option is available for any alternative operator to provide a Park and Ride service none have done so.

2.7 *Cuts elsewhere within the County Council services that may be needed if income from the park and ride sites was not available.*

2.7.1 This is not a proposal that can be fully explored in this paper. Other funding streams from within ETE, such as Residents’ Parking Zones and on-street parking, are covered but funding from elsewhere within the County Council would need to be examined through General Purposes Committee or Full Council. However, given the current position of the Council, it is almost certain that such funding would require cuts to other Council services.

2.8 *The potential to work with Cambridge City Council to identify alternative funding, such as off street parking income.*

2.8.1 Discussions have commenced with Cambridge City Council officers to discuss any opportunities of accessing the off street parking income. These discussions are ongoing and in particular, it may be beneficial for links to be established between the charges/fares at car parks and Park and Ride provision, accepting that increased use of Park and Ride may have an adverse effect on off street car parking revenue for the City Council. Any such decisions would clearly, any such decisions would be for Cambridge City Council to make.

2.9 *The potential in an earlier proposal from Stagecoach for them to operate the Park and Ride sites.*

2.9.1 Stagecoach are still prepared to operate the Park and Ride (P&R) sites, but initially they would be unable to take responsibility for all the current expenditure. They would staff the sites from 09:00 – 18:00, although this is a reduction on the existing hours of 07:00 – 18:30. Stagecoach are not able to take on responsibility for the current business rates liability or maintenance costs, and would like the departure charge waived. However, if patronage was to increase to the previous level, or preferably higher, then they would consider taking on more of the responsibilities.

2.9.2 Looking at the short term opportunity, the current cost of providing coordinators at the P&R sites is £350k, and the income from departure charges around £250k. In reality this would therefore only reduce the cost to the County Council by £100k, and this saving is therefore insufficient to offset the revenue loss if the parking charges were removed. Officers will continue to discuss future options with Stagecoach if patronage figures rise sufficiently.

2.10 *The potential for other charging mechanisms.*

2.10.1 If a decision is made to continue to charge for parking at Park and Ride sites there is an opportunity to revisit whether there are alternative methods of collecting the charge. Any changes to the charging mechanism will involve additional cost and if there is a longer term aim of removing the charge this cost may not be the most appropriate use of resources.

2.10.2 Alternative charging methods could include the introduction of separate machines for the payment of the parking charge and bus tickets, the removal of the option to buy bus journey tickets from machines with payment on bus only, the introduction of a pay at barrier scheme on departure. As an example, the cost of changing to a barrier system is estimated to be between £800k and £1m, and will not necessarily remove queues and delays. Most car parks have a steady stream of departures but the nature of a ten minute bus service is that these departures are condensed into a short period of time.

2.10.3 Work is already underway to improve the current payment systems. As well as ticket machines on site and the option to prepay online a new option of enabling payment through Ringo has recently been introduced. Members agreed earlier in the year to invest in upgrades to the ticket machines that will enable contactless payments to be made, and the machines will be upgraded to enable faster payments to be made. The broadband

infrastructure has also been improved so that the card payment speeds should be improved once the upgraded machine parts are in place, which is estimated to be before the end of March. In addition, it is intended to remove a page and button on the machines at the same time to try to simplify the process.

- 2.11 The above demonstrates that whilst there are options for funding of the park and ride sites, these are limited and all have an opportunity cost given the current financial constraints for the Council.
- 2.12 In addition to this, it should also be noted that with only about 55% occupancy of the sites at present, the income generating potential of the sites with the £1 charge is significant and certainly well over £2m which could help to offset other cuts to services that will be required as the Council's budgets reduce in the coming years.
- 2.13 It should also be noted that there is no certainty that if the charges are removed, the lost patronage will be recovered. The reduction happened as a one off and patronage has remained relatively stable since the charge came in. Therefore, it is quite possible that patronage has just settled at a new level and that amongst passengers, the charge itself is not now acting as a deterrent to travel. In this respect, Stagecoach have indicated to officers that it is the operation of the ticket machines rather than the charge that they are most concerned about.

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 dip in numbers the annual patronage figure for the 12 months to November 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 within this category.

4. SIGNIFICANT IMPLICATIONS

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

- Resource Implications – The resource implications are discussed in the main body of the report.
- Statutory, Legal and Risk – There are no significant implications within this category.
- Equality and Diversity – There are no significant implications within this category.
- Engagement and Communications – There are no significant implications within this category.
- Localism and Local Member Involvement – There are no significant implications within this category.
- Public Health – There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Sarah Heywood
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Yes Fiona McMillan
Are there any Equality and Diversity implications?	Yes Tamar Oviatt-Ham
Have any engagement and communication implications been cleared by Communications?	Yes Matthew Hall
Are there any Localism and Local Member involvement issues?	Yes Tamar Oviatt-Ham
Have any Public Health implications been cleared by Public Health	Yes Tess Campbell

Alternative funding for Cambridge Park and Ride

At the Economy and Environment Committee meeting on Thursday 6 June members agreed to ask officers to undertake work on alternative funding arrangements, to prepare a comprehensive list on the issues raised in the debate and to circulate the list for initial comments to the members of the Committee to ensure all options have been identified.

Please see the list below which includes proposals raised by Members at the meeting and additional proposals from officers.

To consider:

1. A joined up approach taking into account City Deal work on Work Place Parking, and Cambridge Joint Area Committee Parking Review;
2. the potential for achieving the ideal aim of free parking at Park & Ride to discourage people from driving in and the implications of this;
3. the impact of using any money available in the on- street parking fund to subsidise Park & Ride costs and investment;
4. whether bringing the Park & Ride bus service in-house would bring a larger income stream to the Council – looking to how this works in Oxford and other cities;
5. the full financial implications of any alternative proposals;
6. cuts elsewhere within the County Council services that may be needed if income from the park and ride sites was not available;
7. the potential to work with Cambridge City Council to identify alternative funding, such as off street parking income;
8. the potential in an earlier proposal from Stagecoach for them to operate the Park and Ride sites;
9. the potential for other charging mechanisms