



Oxford Cambridge and RSA

Monday 6 June 2022 – Morning

Level 3 Cambridge Technical in Business

05834/05835/05836/05837/05878 Unit 3: Business decisions

PRE-RELEASE

INSTRUCTIONS

- Do **not** take this copy of the pre-release material into the exam.
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INFORMATION

- A clean copy of this pre-release will be given to you with the question paper.
- This document has **4** pages.

Seaton Town Council

Seaton is a town on the east coast of England. In 2020 its population was 108 000. Seaton is a popular seaside resort and in the summer months many tourists visit the town, including day-visitors and residents of its many hotels, guest houses and caravan parks. Its economy is reliant on tourism and the fishing industry. Average incomes in the town are approximately 60 % of the UK average.

Seaton Town Council (STC) is responsible for a number of local services including transport, housing, waste management and economic development. These services are funded, in part, by taxes paid by local residents and businesses. Consequently, the council faces significant financial constraints on service spending.

For years Seaton's residents have complained about traffic congestion and poor parking facilities in and around the town centre, especially in the summer months when tourists try to find one of the few car parking spaces that are free of charge. Shopkeepers and owners of leisure businesses in the town centre and seafront area are concerned that these transport problems reduce the number of local journeys made, negatively affecting their revenue.

At the local government elections in May 2021 political control of *STC* changed. As a result, *STC* announced that its priorities for the next three years would be:

- improving local transport
- supporting local businesses, especially retailers
- seeking efficiencies in council spending, so as to maintain services without raising local taxes.

The service

Many local councils offer a Park and Ride (P&R) service (see Appendix 1). *STC* is no exception. *STC*'s P&R service operates from two car parks on the edge of town, each of which serves cars arriving via one of the two main roads into Seaton. Drivers park their car in one of the two free car parks, then they and their passengers each pay to use a bus which takes them into the town centre or to the seafront area.

STC's P&R service started in 2011. It is mainly used by people living in nearby rural areas who visit the town for shopping or to use its leisure facilities, and tourists visiting the area. The service operates seven days per week during the summer months and weekdays only during the winter months when fewer tourists visit the town.

The problem

In recent years the number of people using *STC*'s P&R service has been in decline. Both car parks now operate at around two-thirds of their capacity in the summer months and around one-third capacity during the winter. Buses are rarely full. In 2021 the P&R service operated at a deficit; it cost £150 000 more to operate than the revenue it earned.

The new political leadership at *STC* wishes to reduce this deficit and has identified three possible options. The Head of Transport Services, Layla Asfor, has been asked to investigate the three options. Layla has asked an external consultant to investigate the impact that each option might have on the usage of the car parks and the number of P&R bus passengers. Layla will report her recommended option, or combination of options, to the council in a few weeks' time.

Option 1 – New bus lanes

The P&R service could be improved if the council were to invest in dedicated bus lanes to take buses directly to the town centre and seafront area. Currently the buses are delayed by traffic when there is congestion on the roads into and out of town. Installation of the bus lanes would take six months.

This option would cost £150 000, 75 % of which would be funded by the national government, the rest by *STC*. Layla has estimated that, as well as the capital cost, additional revenue expenditure of £100 000 would be required. This would fund the additional bus drivers needed to operate the improved service. Layla has estimated that the ARR would be 20 % in the first three years of operation, with a payback period of 23 months.

Option 2 – New car parking charge

This option would require all car drivers to pay a flat-rate charge of £1 to park their vehicles in the car park, whether or not they use the P&R bus. Currently, car drivers do not need to pay to park their cars in the car parks. Consequently, some drivers park their cars in the free car parks but do not travel on the P&R buses. Instead, they continue their journey on foot, or cycle to their destination, be it the town centre or the facilities at the seafront. Some drivers even use the car parks solely as car-sharing pick-up points.

The capital cost of introducing the new parking charge would be £25 000, funded by *STC*. Additional revenue expenditure of £30 000 per year would be required to service the payment collection methods. Layla has estimated that the ARR would be 50 % over the first three years of operation, with a payback period of 15 months.

Option 3 – Close one car park

Both car parks are used by approximately the same number of people. This option would require one of the two existing car parks to be closed. Both car parking sites are leased from local landowners and the lease for one site expires in two years' time. Despite some drivers switching to the remaining P&R car park, this option would reduce the capacity of the P&R service. As a result, fewer bus journeys would be needed.

Layla has estimated that the option would cost £50 000 to implement, funded by *STC*. The combined effect of the impact on revenue expenditure and income means that the ARR is estimated to be 27 % over the first three years of operation, with a payback period of 18 months.

Appendix 1

Park and Ride is a form of integrated transport that allows private transport users to park their vehicles at a large car park and travel into a town or city centre using public transport.

Whilst bus, coach, light rail or suburban train could all provide the public transport services at Park and Ride sites, in the large majority of cases these services are provided by dedicated bus services. In most cases, the user either pays for the bus services and can park their car free of charge or pays for their car parking and travels free of charge on the bus. The dedicated bus services tend to consist of modern low-floor buses that are branded. They operate a frequent service throughout the day, especially during the morning and afternoon peak periods.

The key objectives behind the development of Park and Ride services have been to:

- reduce congestion within town and city centres and along the approach roads to these towns and cities
- reduce the environmental costs that have accompanied increasing traffic levels.

The cost recovery of Park and Ride services is very disappointing within the UK, with recent evidence revealing that only one scheme (Brighton) makes an operating surplus.

Appendix 2

Seaton Park and Ride Service in 2021 – combined usage of both car parks

2021	Total number of cars parked at the P&R car parks	Number of cars parked at the P&R car parks whose occupant(s) did not use the P&R bus service	Number of cars parked at the P&R car parks whose occupant(s) used the P&R bus service	Total number of P&R bus passengers	Number of bus passengers who used the P&R bus service that did not use the P&R car park	Number of bus passengers who used the P&R bus service that also used the P&R car parks
	(a)	(b)	(a) – (b)	(c)	(d)	(c) – (d)
Summer	54 068	1568	52 500	80 000	1600	78 400
Winter	26 784	784	26 000	40 000	800	39 200
Annual Total	80 852	2352	78 500	120 000	2400	117 600



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